

ASFH Investor Webinar YE24 Earnings & Q&A Transcript 27 March 2025

This transcript has been edited to assist readability whilst maintaining the 'voice' of all contributors.

AsiaFIN CFO Angel Cham 0:37 Good afternoon and good morning to everybody.

First of all, [our Group CEO] KC will talk about the opening, and then the agenda that we are going through today, MC, can you go to next slide? So we will talk a little bit about AsiaFIN and then after that we will continue with our financial plan and our results for year 2024 and also our expansion plan. Then we will end the call with our Q&A session. So now I pass it to KC to start the call. KC.

AsiaFIN Group CEO WONG KAI CHEONG (KC) 1:29 Thank you, Angel. MC can I have the next slide.

The purpose of these few slides is to give some highlights to those that are new to the company or that don't know us very well and also to give some updates of what's happening within AsiaFIN Group. OK, next slide please.

We have realigned our mission and vision. So our opportunity is for AsiaFIN to tap into markets of more than 1 billion people. We have realigned this to focus on the whole world, but excluding China and India.

Our vision is to be the leading service provider to financial institutions.

Our Mission at AsiaFin is to advance to a global player from a regional upstart. Next slide please.

We have always been an Asian company. We are a fully Asian company. We are listed only on the US market with the symbol ASFH OTCQB.

We provide solutions to banks and businesses in Asia and the rest of the world. Now we have offices in Malaysia, Hong Kong, Thailand. Soon we will move beyond Asia. Next slide please.

This is the structure of the company after we have acquired StarFIN holdings, which has been renamed as Insite MY Holdings and then we also have the acquisition or the joint venture company Ksp AsiaFIN which started last year. Next slide please.

The team - let me just highlight some changes in the team. Next slide, please. In terms of the management team right now, there's four of us.

Mr Robin Hoo, who used to be our group CEO, has decided to retire this year, but we have the full team now, so I'm now Group CEO, Angel is CFO, Mr Ng Kai Thim is CEO of of the three companies InsiteMY, InsiteMY Systems and InsiteMY Innovations and [he also runs] OrangeFIN Asia and OrangeFIN Academy. Eddie Razak runs our TellUS Report [business], so this is the senior management team. OK, next slide please.

Effective July 2024, we have a four member board, comprising of myself [Group CEO KC Wong] and Dato' Doctor Sean Seah, Dr Ramesh Louis and Shibu Vadaketh. Doctor Ramesh is heading the audit committee with the help of Mr Shibu. So, besides appointing two independent and honest executive directors, which is Doctor Ramesh and Mr Shibu we have also formed an audit committee and from July [2024] onwards they have been responsible for the liaison with the auditors, so our PCAOB auditors, next slide please.

Just to highlight what our focussed business looks like - we have been traditionally doing fintech [since 2005] - payment processing, cheque clearing and the RegTech business. [The] RegTech business [was started in 2010], we started the RPA business in 2018 and then 2023-2024 we started the ESG [business].

In this year's 10K reporting, you may have noticed we have also been doing segment reporting, so Fintech, RegTech and RPA segments, we have been reporting I think in more detail, Angel [CFO] will give us the details.

ESG has not been reporting separately it is reported under RegTech but the good news is since this year we have published on our website our ESG sustainability report. So those who are interested to know our ESG footprint, please download the report from our website. Next slide please.

So for those who don't know, we are present in eight countries now, Malaysia, Singapore, Philippines, Myanmar, Thailand, Indonesia, Pakistan and Bangladesh. Very soon we will be adding one more country.

We are currently serving about 90 plus banks and a 100 plus corporations because of our new businesses in RPA and in the E-invoicing under RegTech in which we serve non-banks. Next slide please.

Financial results, 2024, I will just cover a very high level before I pass it back to Angel. So 2024, we have just to give one or two highlights. 2024, our improvement, we have improved about 8.8% actually it's 8.9%, but I like the 8.8% better, OK. We have improved our business [revenues] from \$3.1 million to \$3.382 million.

With good results coming from RegTech, mainly because of our E-invoicing business, our Fintech business has always been contributing, so the results are quite similar to the year before. But The Reg tech business exceeded [YE23]. It should have actually been even more, but I think because of the slower decision [making] of the banks there's overflow into this year [coming, YE25], OK. More details we will cover with Angel. Next slide please. I pass it to Angel.

AsiaFIN CFO Angel Cham 9:08 Thank you KC. MC, can you go to next slide. I'm going to run through the financial results for year [ended] 2024.

First of all, we are looking at the slide for our gross profit. We have grown the gross profit \$23,000. However, the gross profit margin declined 3 percentage points to 42.1% compared to 45.1% in year 2023. Within our term of accounting, salaries are grouped into the cost of sales.

We have made significant investment in our RPA this year as we enter a new market, which is Thailand, because of our accounting policy, this investment actually impacted our gross profit. Next slide please.

OK, so now we go to the EBITDA. The figure we presented here is the Adjusted EBITDA in which we have already subtracted the investment cost for the RPA in year 2024 in order to provide visibility on our underlying EBITDA generation. The Adjusted EBITDA has grown by \$55,000 and the Adjusted EBITDA margin increased 90 basis points to 9.5% in 2024 compared to 8.6% in 2023. Please note that while our Adjusted EBITDA margin has been improved, migrations of new and some existing product to the cloud has served to

increase fixed cost [by a] small amount as we are moving off premise. Next slide please.

Now we come to the net cash from operations. So net cash from operations improved from negative to positive in year 2024. The improvement was over \$554,000. It has been driven by a structural change to our working capital management approach. We have been able to pass all our going concern tests as a result. And we expect this to be a structural change. In the normal cost of business, the changes in our working capital policy allow us to demonstrate the progress we have made in terms of cash generation, which was not previously clearly visible. Next slide please.

And then we come to cash [and cash equivalents]. Cash has grown 6.2% to \$1.3 million in year 2024 compared to \$1.2 million in year 2023. While we are having significant investment to come, we are pleased to be able to show that the underlying business is heading in the right direction for cash accretion. This trend helps to derisk our business, improve our weighted average cost of capital and reduce future dilution as we are likely to raise additional equity for growth in the future.

I have completed my slides on financials. I'm happy to take questions in the Q&A session later. Now I pass back the slides to KC.

AsiaFIN Group CEO WONG KAI CHEONG (KC) 12:48 I'm gonna just cover a little bit more of what we are going to do in terms of our expansion plan for the group. Next slide please.

We have started the TellUS Report company since 2024, we are looking at ESG. Today we had an ESG seminar, we have about 50 people coming in to attend the seminar from countries like Malaysia, the Philippines, Indonesia and even from Pakistan. We are focusing on ESG reporting in three countries, Malaysia and Philippines and Singapore for this year [2025]. Next slide please.

In terms of the RPA expansion, as mentioned by Angel, we have actually started the joint venture, we have put in some investment into Thailand. We are also looking at growing the market in Philippines and Indonesia with our OrangeWorkforce cloud SAAS system. We intend to cover the rest of ASEAN [and] we did an exploratory Nordic tour last year [2024], covering Finland, Sweden and Denmark, so we are also exploring how we can expand into the Nordics region. This will allow us to compete with the bigger players like UI path. Next slide please.

In terms of cheque clearing, it's still a very viable business. Our Fintech business is focused on two types of payment, cheque clearing and the other one is the ISO 222, which is what some of you are familiar with things like DuitNow, PromptPay, PayNow and all those kind of payments. We are sitting in between the banks but in cheque clearing we are going to focus on the Kingdom of Saudi Arabia, KSA [market].

In KSA we are targeting the Central Bank. And then focusing on some of the other banks within the KSA, we are packaging our AI cheque clearing product that includes our OrangeWorkforce, RPA products, OK, next slide.

We have just had a team come back from the US that has attended an acceleration programme. I think now they call [it] a QUAY acceleration programme, based in New York City. They [the team] have completed the programme and have touched base with some players and banks over there [in the USA]. So we hope that we will be able to expand into the US...Not this year because our focus is Saudi Arabia, planning for next year [2025]. Next slide please.

In terms of the ASEAN [region], we are focusing on four companies that we want to grow, InsiteMY international, which is Philippines, KSP AsiaFIN, which is Thailand, PT Murni Bintang International, which is our Indonesian partner and then of course the TellUS Report. Next slide.

This what we want to do for the four regions. Next slide.

That's all I have. I think we pass it back to Shibu.

Q&A

MC 17:00 Anyone have any questions?

ACF Equity Research - Christopher Nicholson 17:04 Yes, I have a question. Can you hear me?

MC 17:09 Yes, can.

ACF Equity Research - Christopher Nicholson 17:11 Would you like me to ask my question?

MC 17:14 Yes, please.

ACF Equity Research - Christopher Nicholson 17:15 OK. Thank you. So I have two questions. My first question is for KC.

KC, can you help us understand some of the challenges that there are in growing a business like yours in current market conditions? Small businesses often have quite a lot of challenges, especially in a growth environment. If you could talk us through your personal experience or what you see the challenges as?

AsiaFIN Group CEO WONG KAI CHEONG (KC) 17:49 Can I answer that question first or you want to ask your second question or let me answer.

ACF Equity Research - Christopher Nicholson 17:51 Yes, I'll ask the second question, which is for Angel. Angel, I just wanted to be clear, if the working capital change you feel is now structural and that we can look forward to a better net cash from operations as we go forward, not necessarily positive but better working capital management if that's a permanent change?

And also if someone could help us and explain when we might see ESG revenues as a separate revenue line.

AsiaFIN Group CEO WONG KAI CHEONG (KC) 18:30 While Angel digest's that question, I will answer the first question. OK, I think the challenges are always there because in our business there is always competition. But the way we work is of course within our own territory whether it's in Malaysia or in Thailand, we are in charge of our way of doing things and we focus on competing directly with all the competition.

Obviously we still work with partners even in Malaysia, we work with partners that are strong in their own domain. Our philosophy is always to look for the number one and number two that are in the industry that we are in. So for example where we wanted to go into the Philippines, we worked with a company that is not the number one, but is the number two in cheque clearing in the Philippines. And we supported them. And then from there we grew and we had 10 banks in the Philippines because of our partnership there. So yes, we couldn't cover the 100 banks there, so we chose 10 banks, but 10 of the larger banks in the Philippines. Our entry strategy is the same in all the other countries. But of course sometimes the market forces, the competition or sometimes

our partners face challenges. But we have always been blessed with good partners even as we now go into new territories, we have always been focused on getting the right partner first. Build up that relationship with the partner and then we start selling. OK, so that's my experience [over] 25 years.

ACF Equity Research - Christopher Nicholson 20:30 Thank you, KC.

AsiaFIN Group CEO WONG KAI CHEONG (KC) 20:30 I hope I can see you. Thank you, Angel.

AsiaFIN CFO Angel Cham 21:29 OK. Thank you, Christopher. Good question. [Working capital] actually has been in our thoughts as we are growing, [our aim is to be] more stable on the cash front and we have made a couple of structural changes on our working capital [management]. We want to remain this way to keep having cash flows positive.

We want ESG to report as a separate segment because of its future potential. Within ESG we actually have two parts. One is the technology where we help all the companies to report comparison the data. The other part of ESG, is that we are able to provide consulting services. Consulting services could be a strong part of ESG that will make sense to remove out from indirect reporting. Does that answer your question?

ACF Equity Research - Christopher Nicholson 22:47 OK, Angel. Yes, that that's a really good answer. Thank you. Can I press you both and ask when you think you might separate out that [the ESG] line so we could see the revenues?

AsiaFIN CFO Angel Cham 23:01 We started ESG at the end of 2023. [ESG stands for Environmental Social and Governance, it is a relatively new revenue line for ASFH]

AsiaFIN CFO Angel Cham 23:18 So we started all this in 2024 - ESG product development and market research and thinking which industry and which part we want to target. So I think we will try for one more year in 2025 and hopefully by 2026 we can split it off and report it as a different business segment.

ACF Equity Research - Christopher Nicholson 23:45 That's great. Thank you very much.

AsiaFIN CFO Angel Cham 23:55 OK. We pass it back to [the] MC. Any more question from the floor?

MC 24:05 Any [more] questions? Hello, looks like no more questions. Shall we end the meeting?

ACF Equity Research - Christopher Nicholson 24:25 If there are no more questions from the floor, I do have one final one.

MC 24:31 Yes, please.

ACF Equity Research - Christopher Nicholson 24:32 Are you prepared to share anything about your capital investment profile? Obviously we saw with, I think it was the RPA unit, that there was extra investment for Thailand growth. I believe that's correct, is that what you said? Are we likely to see further capex in 2025 for growth?

AsiaFIN Group CEO WONG KAI CHEONG (KC) 24:57 OK, let me answer that question, Angel. Market expansion has always been what we want to do. We have just now shared about a few, the four companies that we are we are targeting [to grow]. So obviously we want to help these four companies grow further this year. We are focusing on growing in the ESG market via TellUS Report. We have seen some, even a lot of interest, OK, especially, for example, when we had a seminar today, there was a lot of interest both from the Philippines and even from Malaysia. So we are going to further invest into the ESG business, OK, because this is the business of the future. Besides that we also are targeting countries that I mentioned just now, Indonesia, Philippines and then of course Thailand, we will continue to [invest in] we have only supported them very little. Because of the limitation in the Thai market, we can only support so much, but we believe that the Thai market will grow further. If needed we will also put in more investment into that area. Looking westwards, just as I mentioned the Saudi market, I also mentioned the US market. That is the expansion that we're looking at. Obviously we do not have enough funds to do this today.

Our business today is primarily focused on Malaysia. If you look at our 10K, all the businesses [revenues] come from Malaysia. That's because all our invoices are [issued] from Malaysia. So you see only a Malaysia [geographic] sector there [in the 10K]. We want to start other sectors coming in and grow like this.

We have always been profitable all these 25 years, cash flow positive, but the AsiaFIN Group i.e.at the head office level, there's always been you know [costs] obviously, and obviously AsiaFIN [Group] does not generate annual revenue. So we're [AsiaFIN Group] is depending on all the subsidiaries to generate revenue. So now the subsidiaries need to generate more revenue to support the operations of the US [holding] entity [AsiaFIN Group].OK, so that's the plan that we have, as I have explained here to you, Christopher.

ACF Equity Research - Christopher Nicholson 27:53 Thank you very much, KC. Appreciate it.

AsiaFIN Group CEO WONG KAI CHEONG (KC) 27:53 Thank you. If there are no other questions?

MC 27:58 Any more questions?

AsiaFIN Group CEO WONG KAI CHEONG (KC) 28:05 OK. We want to thank everyone for attending this meeting.

Investor Contact

KC Wong, Group CEO

investor.relations@asiafingroup.com