

Financial Projections 2023-2027 and Valuation

AGBA

April 2023



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Objectives of this Document

This Document intends to:

- Lay out and explain the key drivers of revenue, costs and earnings of each of the four business units of AGBA Group
- Provide AGBA Management's projections for 2023 to 2027
- Express AGBA Management's views on valuation methodologies and valuation ranges

This Document should be read in conjunction with other Company's disclosures and its 'Business Highlights' of March 7, 2023

Should you have any questions, please do not hesitate to contact us at:

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AGBA Group – Four Key Business Lines

1

Distribution Business:

- Personal financial advisory business to individuals
- >1,500 licensed financial advisors
- Selling insurance, investments and other financial products

2

Platform Business:

- Full-service platform serving brokers, banks, family offices
- “Financial supermarket” with almost 2,000 financial products

3

Fintech Business:

- Collection of FinTech investments
- Financial return
- Knowledge transfer

4

Healthcare Business:

- One of the largest healthcare management organizations (“HMO”) in Hong Kong / Macau
- >800 doctors in the network

Key Drivers of Growing Topline

1

Independent Financial Advisors (IFA)

- #1 independent financial service provider in Hong Kong.
- 1,500+ financial consultants generating > HK\$ 1bn in annual commissions.
- Distributing almost 2,000 financial products and services from global premier financial brands.

2

Alternative Distribution Channels

- Developing targeted retail and commercial distribution channels to sell insurance, investment products, loans.
- Incubating new sales teams, adopting bank RM teams, partnering with corporate teams.
- Reaching different customer segments, optimizing reward structures, product mix and operational support.

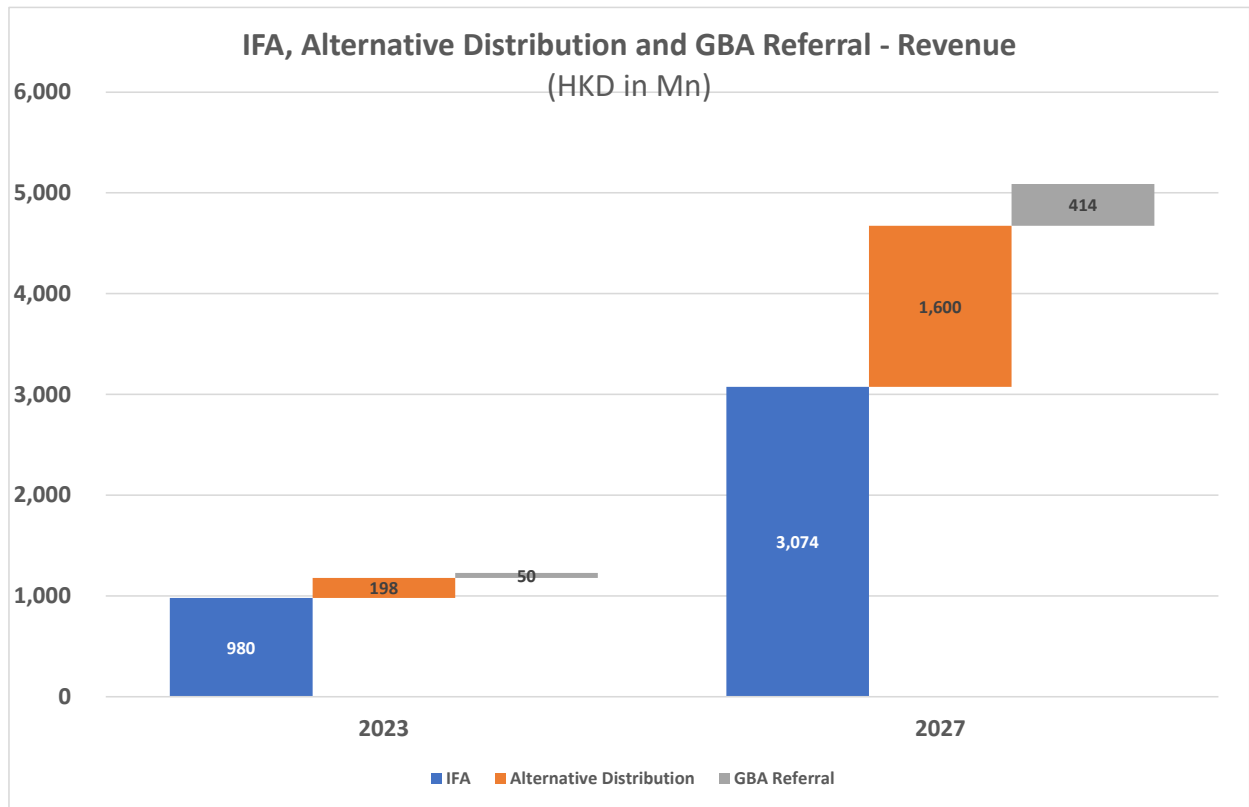
3

Greater Bay Area (“GBA”) Referrals

- Re-opening of Mainland border, pent-up demand.
- Direct referral teams, as well as corporate partnerships.
- Hong Kong-based support infrastructure.



Grow Topline Revenue*



4.1X

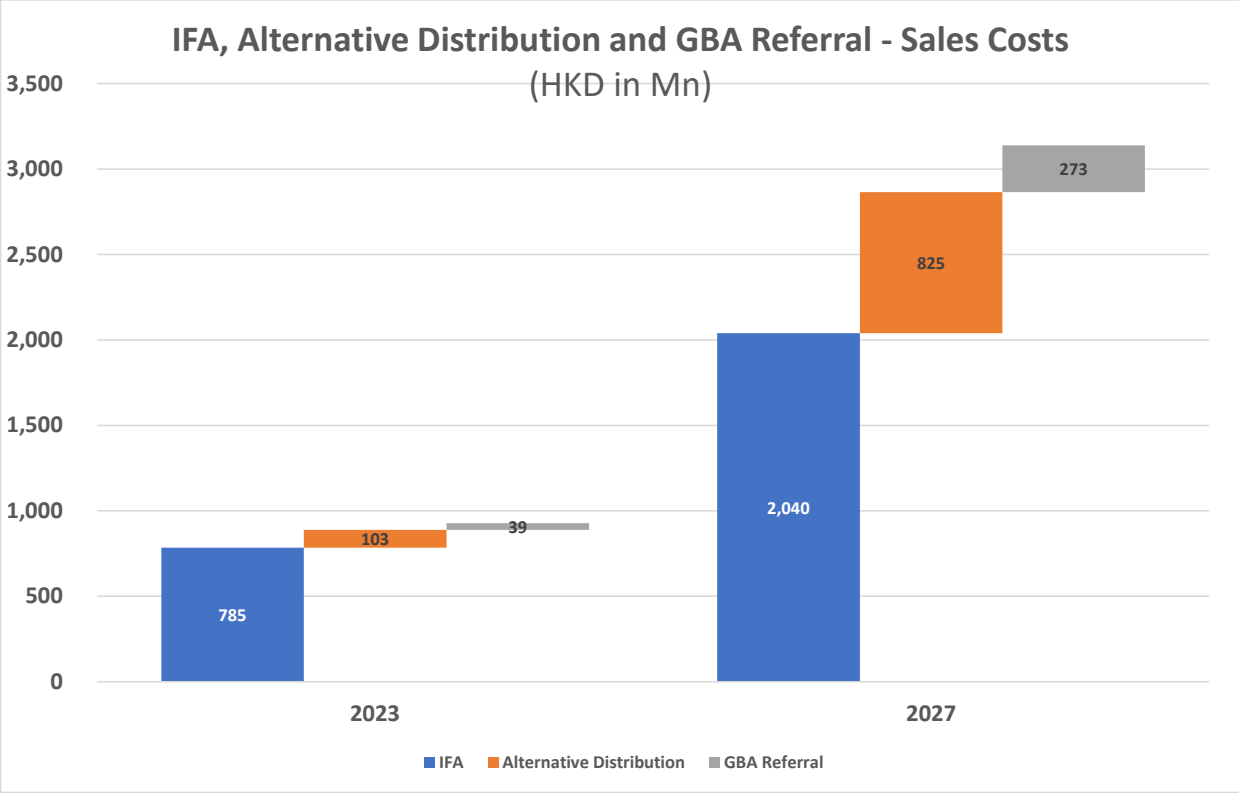
Distribution Business:

Revenue: **HK\$1.2bn** **HKD5.1bn**

* Financial projections from 2023 - 2027



Invest in Sales*



3.4X

Distribution Business:

Cost of Sales:

HK\$927m

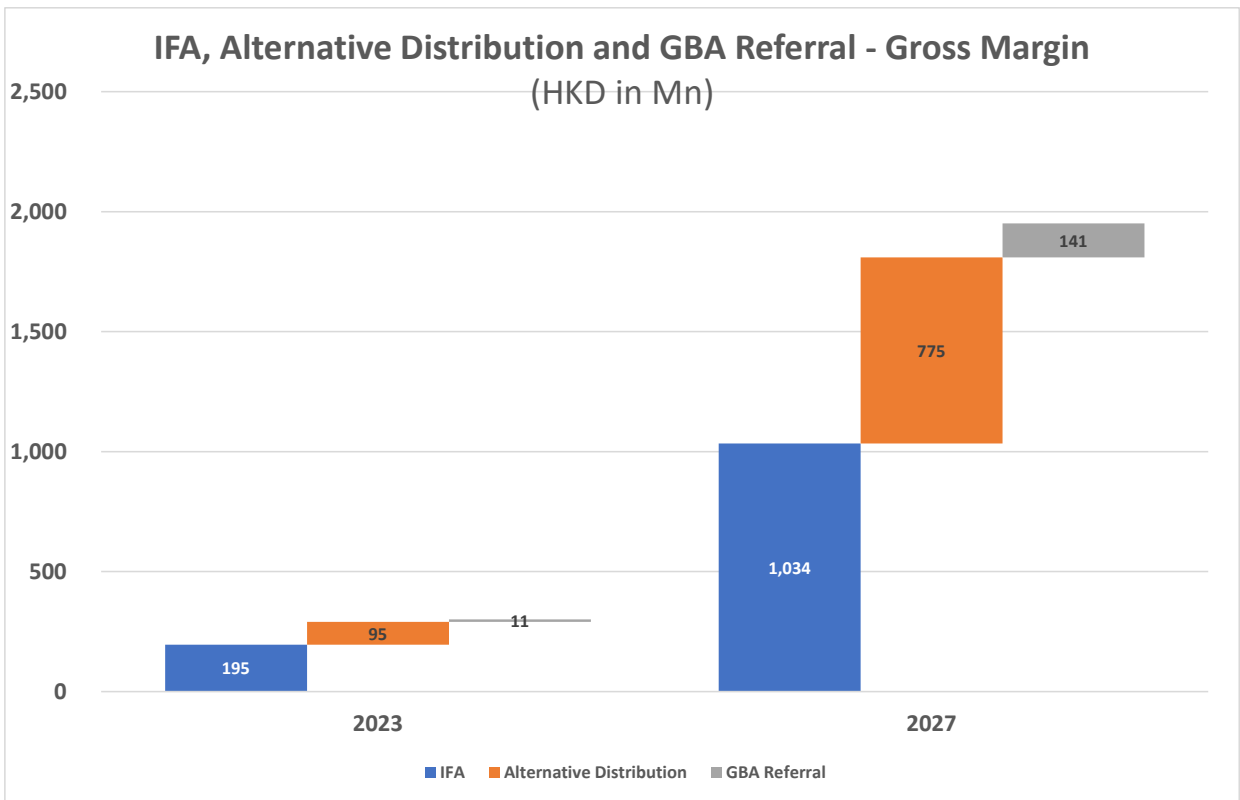


HKD3.1bn

* Financial projections from 2023 - 2027



Generate Step Change in Gross Margin*



6.5X

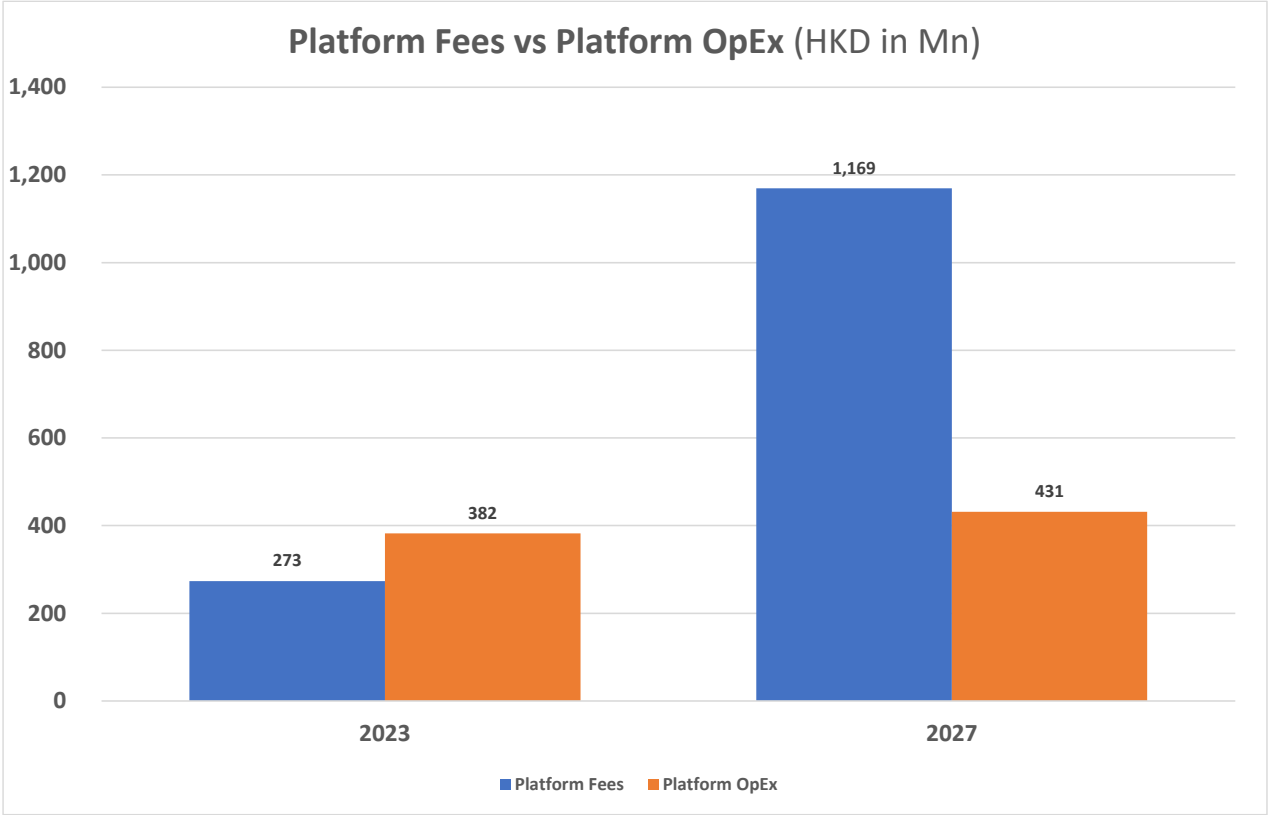
Distribution Business:

Gross Profits: **HK\$301m** **HKD2.0bn**

* Financial projections from 2023 - 2027



Provide Scale to Platform Business*



Platform Business:

Margin:

NM



63%

* Financial projections from 2023 - 2027



AGBA Group – 2023 Projections

HK\$ Mn	Distribution	Platform	FinTech	Corporate	Eliminations	Group
Income Statement						
Distribution Revenue	1,216.6	---	---	---	---	1,216.6
Platform Revenue	---	273.5	---	---	(273.5)	---
Financial Revenue	---	---	---	---	---	---
Other Revenue	11.7	11.9	---	---	---	23.6
Total Revenue	1,228.3	285.4	---	---	(273.5)	1,240.2
Sales Costs	(926.9)	---	---	---	---	(926.9)
Gross Margin	301.4	285.4	---	---	(273.5)	313.3
Platform Costs	(273.5)	---	---	---	273.5	---
Distribution Margin	27.9	285.4	---	---	---	313.3
Direct Expense	(171.3)	(166.9)	---	(294.2)	---	(632.4)
IT Expense	(54.7)	(53.4)	---	---	---	(108.0)
Indirect Expense	(132.4)	(161.8)	---	294.2	---	0.0
Total Expense	(358.4)	(382.0)	---	---	---	(740.4)
Profit Before Tax	(330.4)	(96.6)	---	---	---	(427.1)

- Distribution Business “pays” platform fees to Platform Business.
 - Platform fee = revenue for Platform Business = cost for Distribution Business = eliminated for Group.
- Each of the Businesses, as well as Corporate, incur “Direct Expense” (staff, rent, admin, etc.).
 - Corporate expenses are 100% re-allocated to the businesses as “Indirect Expense”.

Note: Projections do not include Healthcare Business



AGBA Group – Road Ahead

HK\$ Mn	AGBA Group					CAGR
	2023	2024	2025	2026	2027	
Revenue	\$1,240	\$2,334	\$3,186	\$4,126	\$5,111	42%
Sales Costs	(927)	(1,592)	(2,019)	(2,507)	(3,138)	36%
Gross Margin	313	742	1,167	1,619	1,972	58%
Expense	(740)	(694)	(717)	(759)	(801)	2%
Profit Before Tax	(\$427)	\$48	\$450	\$860	\$1,171	NM

As % of Revenue						CHG
Revenue	100%	100%	100%	100%	100%	---
Sales Costs	(75)	(68)	(63)	(61)	(61)	13%
Gross Margin	25	32	37	39	39	13%
Expense	(60)	(30)	(23)	(18)	(16)	44%
Profit Before Tax	(34)%	2%	14%	21%	23%	57%

Key Value drivers:

- Sustained revenue growth (top-line growth above 40% CAGR).
- Improved gross margin (ability to negotiate lower commissions, develop lower cost channels).
- Improved efficiency (modest growth in corporate overhead, substantially lower legal fees, better control of direct business costs).

Note: Projections do not include Healthcare Business.



AGBA Group – 2027 Projections

HK\$ Mn	Distribution	Platform	FinTech	Corporate	Eliminations	Total
Income Statement						
Distribution Revenue	5,110.6	---	---	---	---	5,110.6
Platform Revenue	---	1,169.3	---	---	(1,169.3)	---
Financial Revenue	---	---	---	---	---	---
Other Revenue	---	---	---	---	---	---
Total Revenue	5,110.6	1,169.3	---	---	(1,169.3)	5,110.6
Sales Costs	(3,138.2)	---	---	---	---	(3,138.2)
Gross Margin	1,972.3	1,169.3	---	---	(1,169.3)	1,972.3
Platform Costs	(1,169.3)	---	---	---	1,169.3	---
Distribution Margin	803.0	1,169.3	---	---	---	1,972.3
Direct Expense	(190.6)	(194.5)	---	(312.6)	---	(697.6)
IT Expense	(45.2)	(58.6)	---	---	---	(103.8)
Indirect Expense	(134.4)	(178.2)	---	312.6	---	---
Total Expense	(370.1)	(431.3)	---	---	---	(801.4)
Profit Before Tax	432.9	738.0	---	---	---	1,170.9

Note: Projections do not include Healthcare Business.

Summary Valuation



AGBA Group – Valuation Today (Trading Multiples)

Comparable Trading Statistics	Based On:	Median Multiple	Benchmark	Resulting Value
<u>2023E</u>				
Distribution Business	Revenue	2.5x	\$954.8	\$2,387.0
Platform Business	Revenue	6.0x	273.5	1,640.9
Fintech Business	AuM	80.0%	222.6	178.1
Total				4,206.0
<u>2024E</u>				
Distribution Business	Revenue	2.2x	\$1,736.8	\$3,876.7
Platform Business	Revenue	5.4x	530.2	2,840.4
Fintech Business	AuM	71.4%	289.4	206.7
Total				6,923.8
Average Valuation				\$5,564.9

Distribution Business:

- Lower margin business: 2 - 2.5x multiple.
- Revenue = revenue **less platform fees.**
 - To avoid double-counting.
- *Value: HK\$2.4-3.9bn.*

Platform Business:

- Long-term high margin: 4 - 6x multiple.
- Revenue = **platform fees**
- *Value: HK\$1.6-2.8bn.*

Fintech Business:

- Discount to AuM of about 20-30%.
- *Value: about HKD 200m.*

Note: Projections do not include Healthcare Business.



AGBA Group – Valuation Today (Discounted Cash Flow)

DCF Analysis	PV Cash Flows	Terminal Value	Total
IFA	(\$137.0)	\$1,331.6	\$1,194.6
Alternative Distribution	95.5	748.3	843.9
GBA Referral	22.2	230.1	252.3
Digital	(28.9)	37.3	8.4
Distribution Business	(48.1)	2,347.3	2,299.2
Platform Business	907.4	4,001.9	4,909.3
Fintech Business	238.8	0.0	238.8
DCF Value - Key Business Lines	1,098.1	6,349.2	7,447.3
Non Core Divestments	97.6	0.0	97.6
DCF Value - Total	\$1,195.7	\$6,349.2	\$7,544.9

Notes:

- Non-Core Divestments = estimated sales proceeds.
- Cost of capital (discount rate) = 12%.

Distribution Business:

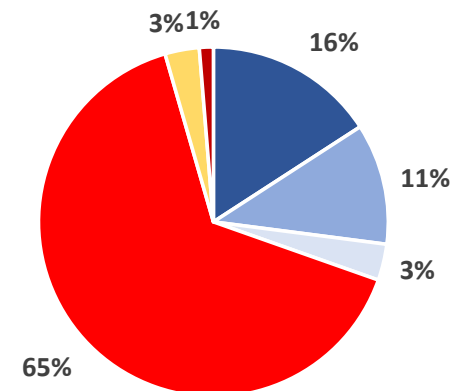
- Value: about HK\$2.2bn

Platform Business:

- Value: about HK\$4.9bn

Fintech Business:

- Value: about HKD 250m



■ IFA ■ Alternative ■ GBA ■ Digital ■ Platform ■ Fintech ■ Non Core

Note: Projections do not include Healthcare Business.

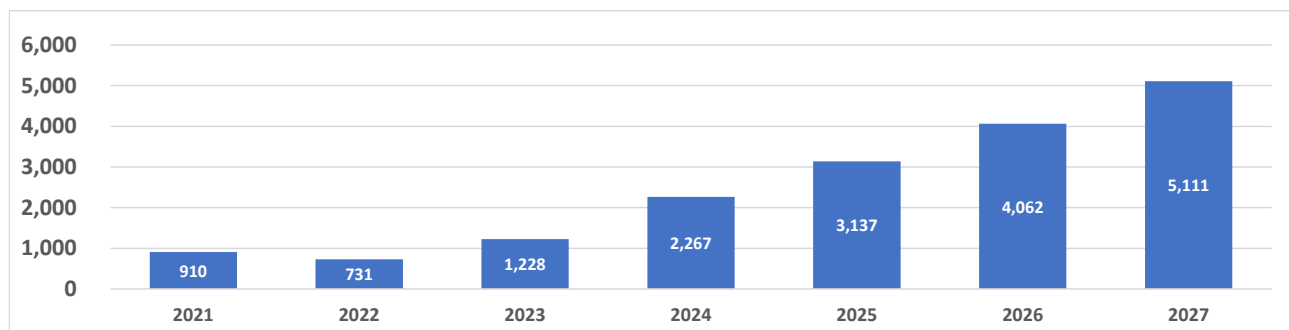
Key Business Line Projections

Distribution Business

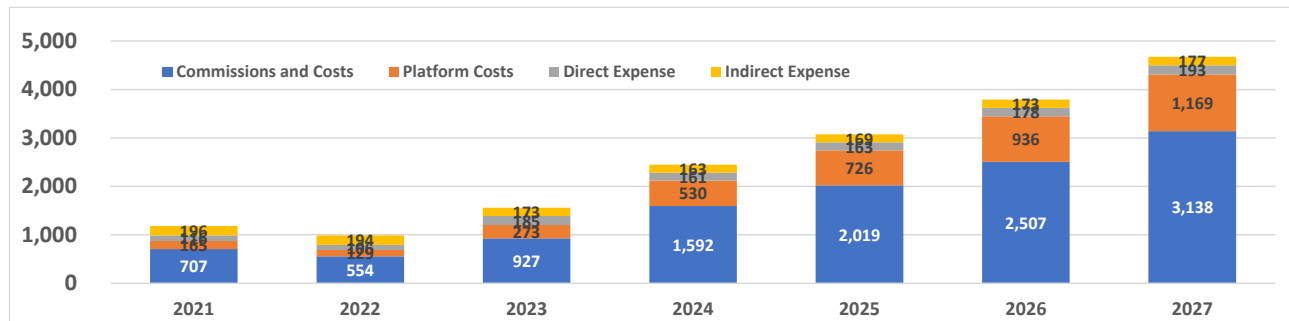
2023 – 2027 Projections



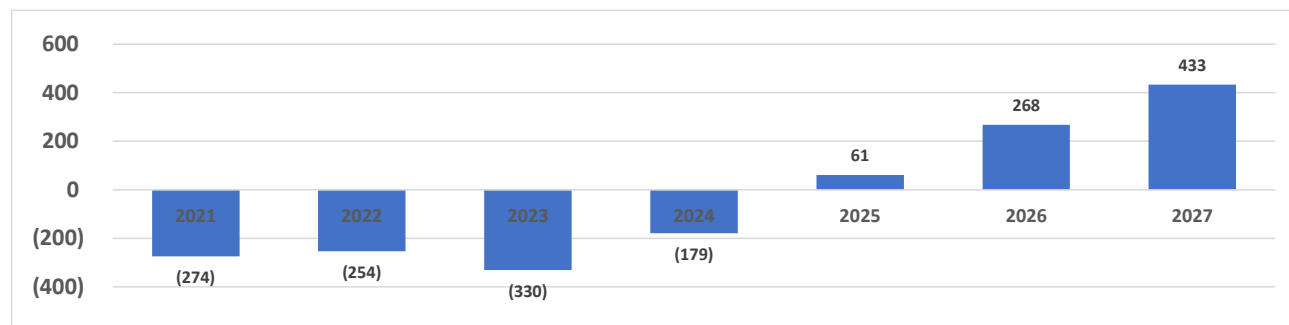
Revenue (HK\$ in Mn)



Expense (HK\$ in Mn)



Profits (HK\$ in Mn)



Consists of:

- IFA
- Alternative Distribution
- GBA Referrals
- Digital

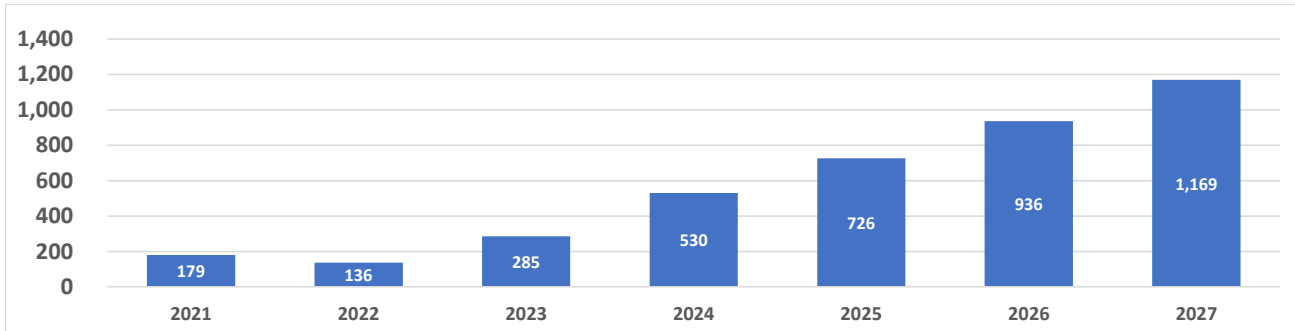
Note: revenue shown before deducting Platform Fees.

Platform Business

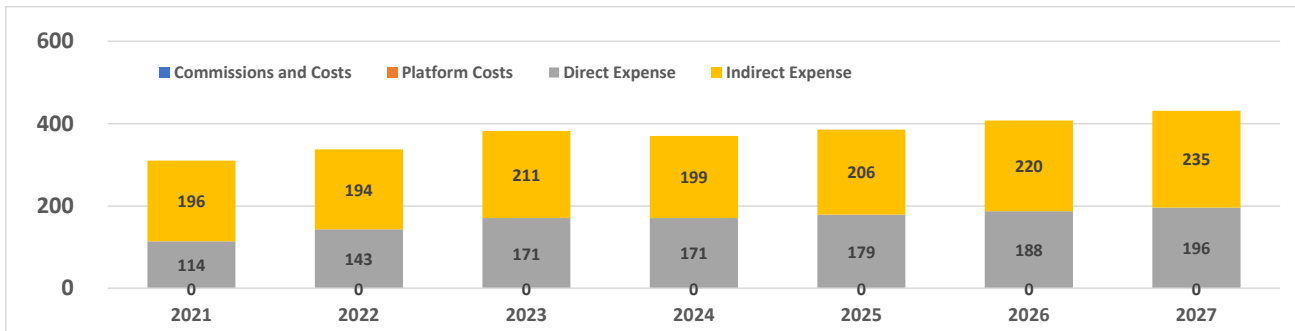
2023 – 2027 Projections



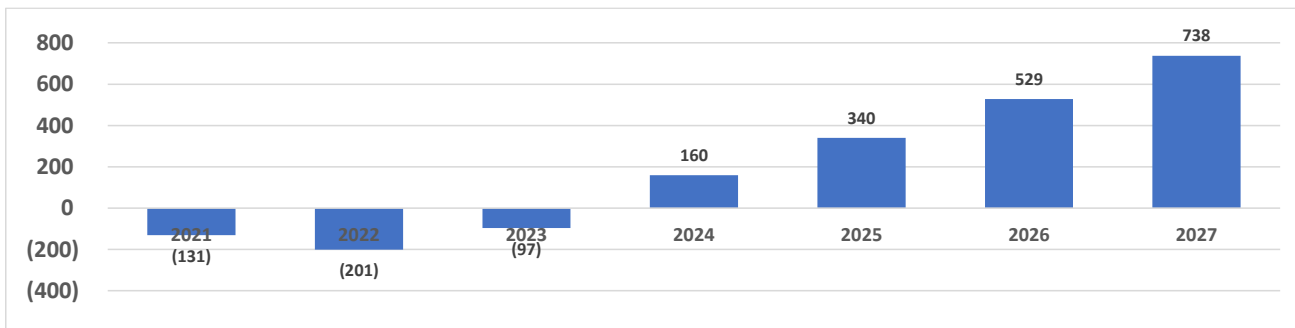
Revenue (HK\$ in Mn)



Expense (HK\$ in Mn)



Profits (HK\$ in Mn)

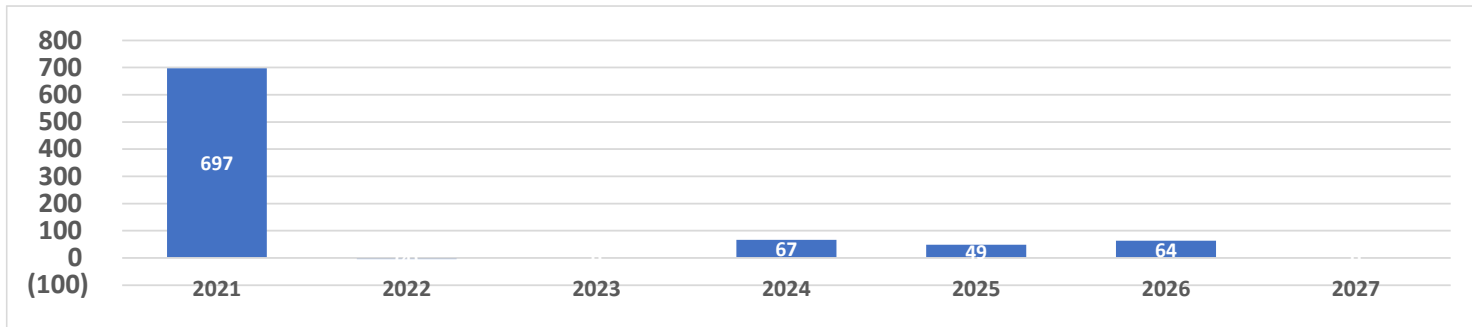


Fintech Business

2023 – 2027 Projections

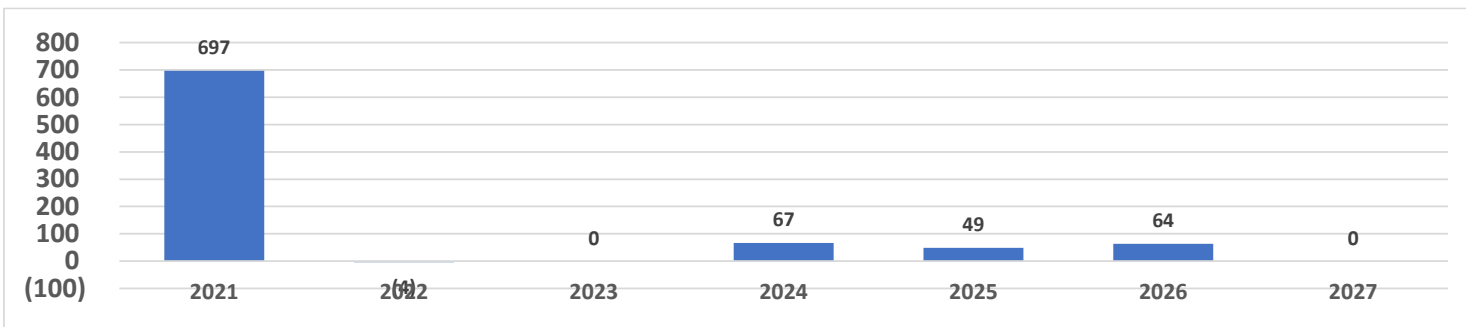


Revenue (HK\$ in Mn)



Expense (HK\$ in Mn)

Profits (HK\$ in Mn)

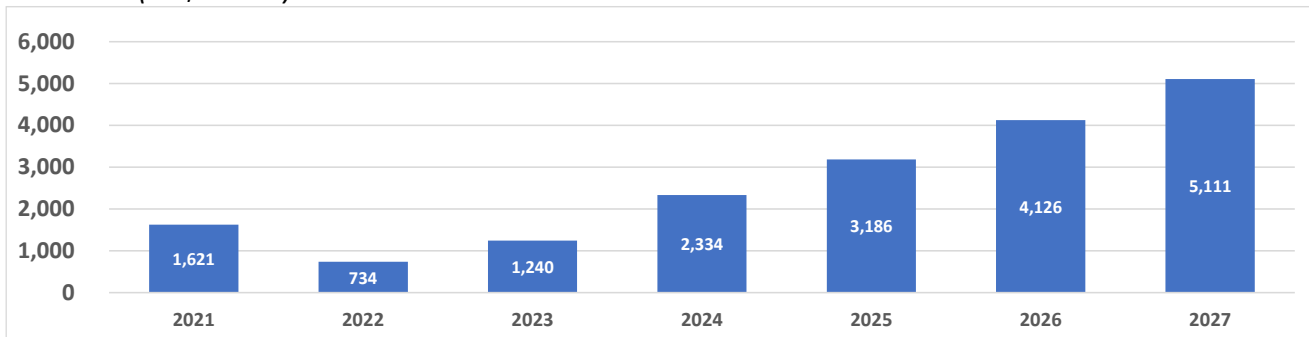


AGBA Group

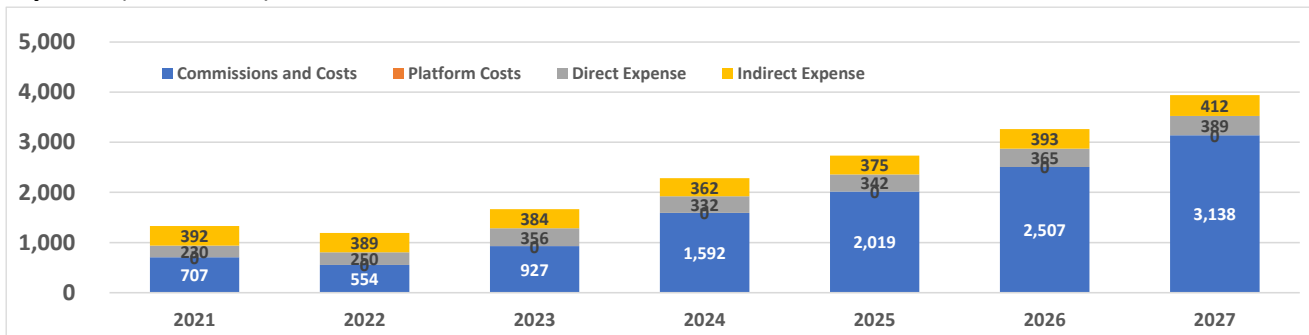
2023 – 2027 Projections



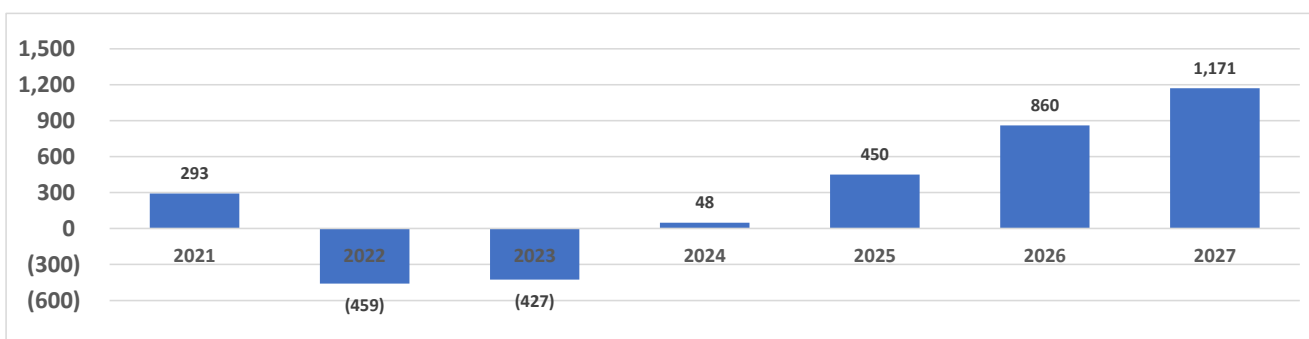
Revenue (HK\$ in Mn)



Expense (HK\$ in Mn)



Profits (HK\$ in Mn)



Consists of:

- Distribution Business
 - IFA
 - Alternative Distribution
 - GBA Referral
 - Digital
- Platform Business
- Fintech Business

Note: Projections do not include Healthcare Business.

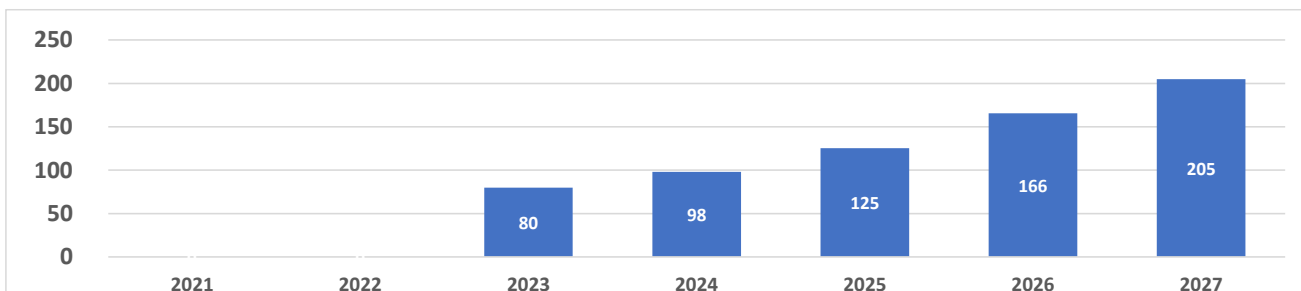
Appendix

Healthcare Business

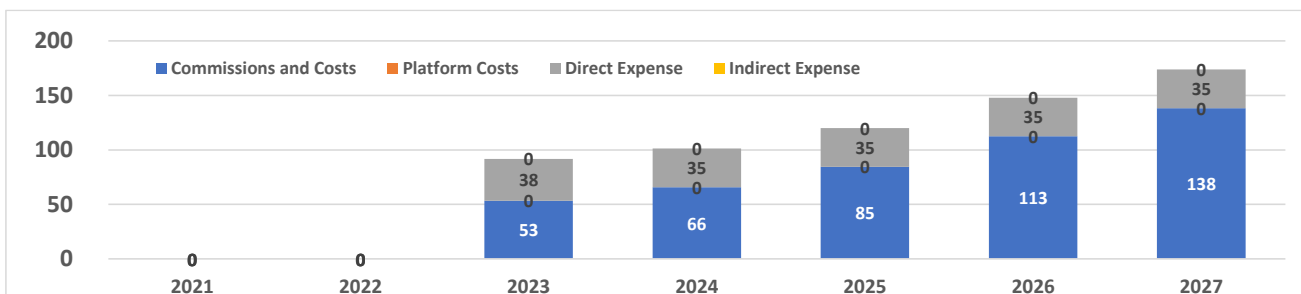
2023 – 2027 Projections



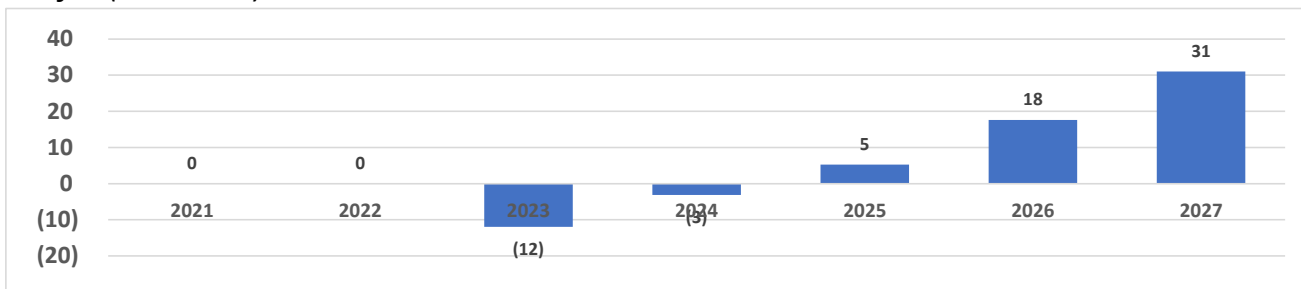
Revenue (HK\$ in Mn)



Expense (HK\$ in Mn)



Profits (HK\$ in Mn)



- Projections shown for illustrative purposes.
- Not included in AGBA Group projections.
- AGBA Group currently holds 4% of Healthcare Business.

Note: revenue shown before deducting Platform Fees.

THANK YOU

For further information, please visit www.agba.com



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