

A2A GN Ltd

Creating a B2C online economy

A2A GN listed on June 19 after raising \$9,350 or 55,000 shares at \$0.17 a share. A2A GN wholly owns A2A Holdings, a company incorporated in Malaysia, which in turn wholly owns A2A Global Network, a data technology platform. At 31 December 2017, a2a had 359 merchants registered on its platform, 587 entrepreneurs and approximately 70,000 consumers, including 35,000 members. The company also hosts 178 e-markets on its platform including Lazada, Zalora, Hotels.com and Malaysia Airlines and this contributed to a three-fold increase in members in Q4 2017.

Business model

A2a has created a data technology platform to which it attracts merchants, consumer members, other e-marketplaces and affiliated partners. Its goal is to develop an ecosystem of data accumulation and data analytics to benefit its members, through loyalty points and cash rewards, deliver business insights to its merchants and enable enterprises to harness the platform for more effective sales and marketing. The company is headquartered in Kuala Lumpur, Malaysia, and has satellite offices in Jakarta, Indonesia and Hanoi, Vietnam. It has also set up an office in Sydney.

Consumers who sign up to a2a can use the platform to purchase goods online from participating merchants, or offline by presenting the a2a mobile app at point of purchase. Purchases earn loyalty points with a2a. Members pay a one-time fee of A\$10 to join a2a and are able to convert their loyalty points earned for cash. Users may earn loyalty points but do not have the option of redeeming for cash. At 31 December, the platform had more than 70,000 consumers, 35,000 of which were members.

Merchants/affiliate partners pay a2a a joining fee and a percentage margin on all transactions with consumers. A2A currently earns 79% of its revenue from commissions on sales with merchants. These commission rates range from 2-20% depending on the affiliate partner's industry. Merchants are also offered a subscription service to receive data analytics from the marketplace.

A2a intends to also secure income from advertising, subscription fees from enterprises using the technology, software and services, such as data analytics, on the platform and from consulting fees for on-demand engagement for specific reports and research.

Historical Performance

A2A GN has grown rapidly since it was established in 2016. The company posted revenue of \$1.116m in CY17, almost a five-fold increase on CY16. The company is still loss-making as it establishes its presence in Australia and Asia. Its Chairman, CEO and Executive Director have provided a guaranteed undertaking to provide up to \$1m to the company in the 12 months from listing so that a2a can meet its obligations.

Earnings history (A\$m)

Year ended	Revenue (A\$m)	EBITDA (A\$m)	NPAT (A\$m)	EV/Revenue (x)
Dec-16	0.242	(0.752)	(0.798)	104.6
Dec-17	1.116	(0.866)	(0.919)	22.7

Source: Company data

Shares Summary

Share Code	A2A
Share Price	\$0.17
Market Capitalisation	\$26.11M
Number of Shares	153.5M
Net Cash (pro forma) at 31 Dec '17	\$0.79M
Share Registry	Boardroom Pty Ltd

RaaS 5-Point Score* = 1/5

Revenue increasing (1); EPS increasing (0); Return on Capital Employed [ROCE] (0); EBIT interest cover >3x (0) Gross Operating cash flow/EBITDA >90%(0)

Upside Case

- Strongly committed board and senior management team with skin in the game
- Operations in high-growth countries with low online penetration
- Established consumer and merchant base

Downside Case

- Limited operational history as incorporated on 8 September 2017
- Liquidity risk, 67.22% of the company held by insiders
- Operating subsidiary still loss-making potentially requiring additional capital

Board of Directors

Non-Exec Chairman	Tai Shoo Loo
Chief Executive Officer	Saw Leng (Vivian) Yue
Executive Director	Yee Mun Loo
Non-Exec Independent Dir	Chih Chong
Non-Exec Independent Dir	Martin Labo Pudun

Catalysts

- Shift to profitability

Comparative Companies

TME.AX, KGN.AX

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* The RaaS 5-Point score is based on the company's performance in its last reported full year. Past performance is not a reflection or guarantee of future performance.

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FINANCIAL SERVICES GUIDE

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Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 11th May 2017

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- how we transact with you
- how we are paid, and
- complaint processes

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