

Initiation Report – December 22, 2023

Analyst Barry Sine *is initiating coverage of Society Pass, Inc. with a Buy rating and a \$4 price target.*

- Society Pass is, in our opinion, a relatively straightforward GARP investment story. It provides a variety of online digital services, primarily in five fast-growing Southeast Asian countries.
- The company operates two profitable high-growth business units, both of which are planned to go public via NASDAQ IPOs in 1H 2024.
- One is a digital marketing agency, Thoughtful Media Group or TMG, which provides digital advertising services to major global corporations and smaller local businesses utilizing the major social media platforms.
- The other, NusaTrip, is an online travel agency, targeting the Southeast Asia travel market and available globally via its app and website.
- Society Pass also has three other businesses we consider call options on future growth.
- Together, we value these businesses at \$4.00 per SOPA share and expect the two upcoming IPOs to highlight this value.

Rating	Buy	Earnings Per Share				
Target Price	\$4.00	FYE - December				
Ticker Symbol	SOPA	2022	2023E	2024E	2025E	
Market	NASDAQ	1Q - March	(\$0.30)	(\$0.20) A	(\$0.05)	(\$0.05)
Stock Price	\$0.26	2Q - June	(\$0.31)	(\$0.12) A	(\$0.05)	(\$0.04)
52 wk High	\$1.28	3Q - September	(\$0.39)	(\$0.14) A	(\$0.04)	(\$0.03)
52 wk Low	\$0.23	4Q - December	(\$0.37)	(\$0.07)	(\$0.03)	(\$0.02)
		Year	(\$1.38)	(\$0.51)	(\$0.17)	(\$0.14)
Shares Outstanding:	32.9 M	Revenue (\$mm)	\$5.6	\$9.2	\$17.5	\$25.5
Public Market Float:	13.5 M	EV/Rev	0.3X	0.2X	0.1X	0.1X
Avg. Daily Volume	722,212	EBITDA (\$mm)	(\$18.9)	(\$10.0)	(\$1.3)	\$0.3
Market Capitalization:	\$8.5 M					
Institutional Holdings:	2.6%					
Dividend Yield:	0.0%					

Senior Executives		Common Ownership Profile		
		Shareholder	Shares ('000)	% of Total
Peter DeChiara	Chairman	swisspartners Marcuard Heritage AG	150.0	0.5%
Raynauld Liang	Chief Executive Officer	Geode Capital Management LLC	137.3	0.4%
Patrick Soetanto	Chief Operating Officer	Sheets Smith Wealth Management	135.0	0.4%
Yee Siong Tan	Chief Financial Officer	BlackRock Fund Advisors	129.1	0.4%
Howie Ng	Chief Technology Officer	The Vanguard Group, Inc.	96.2	0.3%
Rokas Sidlauskas	Chief Marketing Officer	Insiders	14,404	43.8%

Risks/Valuation

- Business segments compete with larger, better capitalized competitors.
- Cash is declining, but the new CEO is now focusing on profitability.
- Company has received a NASDAQ de-listing notice but has a plan to regain compliance.
- We value SOPA shares using an Enterprise value to revenue to growth (ERG) methodology, with a blend of comps reflecting its mix of businesses.

Company description: Society Pass is a high-growth acquisitive internet services company offering advertising, travel, retail, and telecom services in the fast-growing Southeast Asia region. It ties its offerings together under its Society Points loyalty program. Our model shows it approaching positive EBITDA as it shifts from its early growth strategy to a focus on profitability under its new CEO.

Growing Rapidly and Nearing EBITDA Inflection

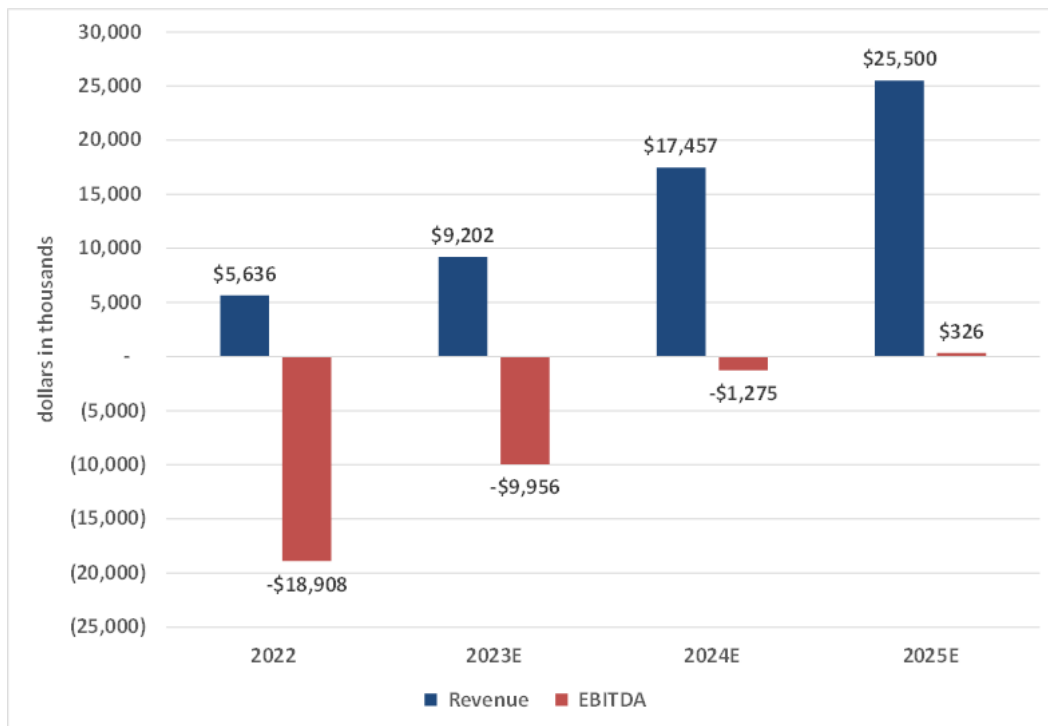
We initiate coverage of Society Pass with a Buy rating and a \$4 price target. The company is an internet services company with major businesses in digital advertising, online travel booking, online retail, telecom and loyalty points:

- Thoughtful Media – Bangkok – digital advertising
- NusaTrip – Jakarta – online travel booking
- Next Generation Retail (NGR) – Ho Chi Minh City – online retail
- Gorilla Mobile – Singapore – mobile telecom MVNO
- Society Points – Manila – loyalty points program

The company went public in 2021 and through the first two years of its existence as a public company it focused on growth and acquisitions under charismatic founder Dennis Nguyen, while consuming cash. The COO, Ray Liang, was promoted to CEO in October and has adopted a more conservative strategy focusing on getting to profitability, even shedding some small business units (food and beverage) and scaling back its unprofitable online retail business while it looks for vertical integration distributor acquisitions to give it a more profitable business model.

As the charts below show, Society Pass has achieved its initial goal of rapid top line growth and is making progress on reducing its EBITDA losses. Our model shows it getting to positive EBITDA in 2025, consuming less than half of the \$8 million cash on hand until then.

Revenue is Growing and EBITDA Nearing Breakeven



Source: Company reports and Litchfield Hills Research LLC

As noted later in this report, we value SOPA shares at \$4 each using a blend of advertising, online travel and SuperApp comps and an EV/revenue metric adjusted for growth similar to the PEG multiple (ERG or enterprise value to revenue to growth).

The two main risk factors we see are first, that the company competes with much larger companies in its verticals. But we also view this as an advantage. For example, in advertising, the large global agencies only offer digital as one of many products, sometimes outsourcing this to TMG in Southeast Asia, while digital is TMG's only business. In travel, NusaTrip has optimized its model for Southeast Asian consumers, forging direct ties with the plethora of ultra-low-cost-carriers (ULCCs) in the region such as AirAsia and offering options for unbanked customers. Expedia, for example, does not customize its products in a similar manner for the region.

Secondly, is that fact that Society Pass has received a delisting notice from NASDAQ, with a May 2024 deadline to come into compliance. Again, as outlined in this report, we see multiple levers it can pull to avoid this, and management and the board are focused on this.

Southeast Asia is the Hottest Economy on the Planet

In our opinion, the Southeast Asian market is likely to be the fastest growing region in the world over the next decade. The reasons for this include:

- Movement away from China
- Young, tech savvy populations
- Business friendly governments

Our opinion is shared by the U.S. government. In researching this report, we were graciously hosted by the trade mission at the U.S. embassy in Singapore. The U.S. government has set Singapore as its regional hub with its embassy sandwiched in between the British and Australian embassies. The trade professionals at the embassy discussed why the US government believes economic growth in this region will be so strong. They ticked off the same countries SoPa is active in as their top priorities. Their mission is to help US businesses succeed – for example helping Boeing sell airplanes, and Microsoft sell software, as they put it. Obviously, the US government focus is also driven by geopolitical considerations, but for our purposes it is reassuring that the US government, with its massive resources, has come to the same conclusion as this analyst (with his meager resources): Southeast Asia is the place to be.

SoPa's markets, as defined by the five countries it currently operates, plus Malaysia, which it plans to enter via Thoughtful Media in 2024, can be characterized as having young populations with fast economic growth and plenty of growth to go before catching up to the U.S. GDP per capita is less than 8% of the U.S. level.

One aspect of these countries is the cultural importance of education and hard work. Unlike in the U.S., governments provide little or no social safety net. For example, ironically while the U.S. government under conservative Republican President Trump provided trillions in economic support payments during Covid, communist Viet Nam provided nearly nothing, letting businesses fend for themselves (which is why current SoPa subsidiary Leflair failed during this time). This strong work-ethic culture provides SoPa with a ready base of both customers and hard-working employees, dozens of whom we have met with.

Residents spend much of their waking day on their mobiles. As noted, we had cell phone data service from Gorilla Mobile during our trip. Nearly every transaction, from taxis to payments, was done via our mobile phones, and we found ourselves scanning dozens of QR codes in the two weeks we were there.

Singapore is the New Southeast Asia Economic Hub

While SoPa's legal headquarters is in Nevada, its real headquarters is in Singapore. Its only operating business in the country is Gorilla Mobile, but we expect it to launch Thoughtful Media and NusaTrip there in 2024. During our visit, Singapore was as booming as ever with heavy traffic, airport activity, and nightlife. Singapore is benefitting as major corporations move their Asian regional headquarters out of Hong Kong due to changes there. Due to its open status as a free market economy with a stable democratic government, it is the predominant choice of companies seeking to move.

Singapore is tiny in both size (277 square miles) and population (6 million people) but makes up for it in wealth with a GDP per capita of \$78,000, three percent more than the U.S. Fans of the movie *Crazy Rich Asians* are familiar with the wealth and luxury lifestyle of many of Singapore's wealthiest residents. As noted, Singapore is benefitting from an exodus of corporate, regional headquarters from Hong Kong as China increasingly applies its more controlled style of government to Hong Kong, the former financial capital of the region. Singapore also has minimal import tariffs making consumer products, especially luxury goods, much cheaper. On our 2022 flight from Singapore to Vietnam, we witnessed numerous groups of young women toting bags containing thousands of dollars of luxury products with brands such as Louis Vuitton and Gucci. Singapore is also a travel hub with significant inbound and outbound travel, setting up the need for consumers to buy travel SIM cards for their cell phones, which is the market Gorilla serves. Society Pass has its headquarters in a Class B building in a neighborhood of class A office towers. Its Gorilla Mobile unit is also headquartered there. All of its key executives have offices there and its CEO, CFO, CTO and general counsel are based there.

Vietnam is Now a Roaring Dragon with a French Flavor









Vietnam is a bustling center of activity in the region. We visited Ho Chi Minh City (HCMC), formerly Saigon, the capital of the old South Viet Nam. We had visited many Chinese cities in the 1990s, such as Shenzhen at the beginning of that country's economic boom, and HCMC has a similar vibe. On our trip from the airport at night, we noticed an active café culture and dozens of ubiquitous motorbikes at every intersection. We have found that the prevalence of these vehicles is a good economic indicator of an emerging economy as young workers use money from their first jobs to buy low-cost transportation.

HCMC is an architectural mix of classic French architecture from the colonial era and very modern office towers that would be at home in any western city. We noted that the lights were burning at 8 o'clock at night, and workers were visible through the windows working, including at several tech startups we passed. While Vietnam is a Communist-ruled country, its government has taken the lightest approach to control we have seen in a communist country. The internet at both our hotel and on our mobile was fast and open. Unlike

some other communist countries, the internet is not censored as far as the sites we visited, including western news sites. A fast, open internet is critical for the success of an e-commerce company like SoPa, and in our extremely limited sample, it passed the test.

Viet Nam is Thoughtful Media's largest market with its multi-channel network (MCN) business operating there. It is also home to the now scaled back Leflair internet retail operation and two recent NusaTrip travel business acquisitions, vLeisure and VIT.

Southeast Asian Countries are Young and Booming

	Population	Median Age	GDP 2022	GDP/Capita	vs. USA GDP/Cap	GDP Growth	GDP Growth	SoPa Businesses
Core Markets								
	Vietnam	<i>millions</i> 104.8	<i>billions</i> \$408.8	\$3,901	5.2%	2022 8.0%	2024E 6.2%	LeFlair Thoughtful Media NusaTrip
	Indonesia	279.5	\$1,320.0	\$4,723	6.3%	5.3%	6.3%	Nusatrip Thoughtful Media
	Philippines	116.4	\$404.3	\$3,473	4.6%	7.6%	5.9%	Thoughtful Media SoPa Loyalty
	Singapore	6.0	\$466.8	\$77,798	103.9%	3.6%	2.7%	Corporate HQ Gorilla Mobile
	Thailand	69.8	\$495.4	\$7,098	9.5%	2.6%	3.6%	Thoughtful Media
Existing Markets		576.5	31.8	\$3,095.3	\$5,369	7.2%	5.2%	4.9%
Expansion Markets								
	Malaysia	34.2	\$407.0	\$11,901	15.9%	8.7%	4.5%	
Core Markets		610.7	31.8	\$3,502.3	\$5,735	7.7%	5.6%	4.3%
For Comparison								
	USA	339.7	\$25,440.0	\$74,890	100.0%	1.9%	1.2%	
	China	1,413.1	\$17,960.0	\$12,710	17.0%	3.0%	4.6%	

Source: CIA World Factbook and World Bank

Philippines is Growing Rapidly and Back Under Marcos Rule

Beginning in the 16th century, Philippines became a Spanish colony, and the Spanish influence is still notable today. After losing the Spanish-American War, Spain ceded the Philippines to the US in 1898. Again, this influence is notable, particularly with a history of a large military presence in the country during World War II and the Cold War. Philippines was granted its independence on American Independence Day, July 4, in 1946, upon the end of the Second World War. It has the youngest population among SoPa's five-country core markets, with a median age of just 25.4. This bodes well for economic growth, technology usage, and the e-commerce businesses SoPa operates.

Philippines inaugurated a new president in 2022, Ferdinand Marcos, Jr., the son of the well-known former president. Whatever his faults, the senior President Marcos presided over a period of strong economic growth. His son is following in his path, with a pro-business government. The Philippines is an archipelago, with 1,700 islands driving domestic air travel demand. Society Pass has a strong, new Thoughtful Media outpost there and its global head of marketing is headquartered there and is the country manager. SoPa loyalty is also headquartered in Manila.

Indonesia is the World's Fourth Largest Country by Population, Offering Tremendous Opportunity

Indonesia is large in size but less wealthy, with a population of 280 million and a GDP per capita of \$4,700 or about 6% that of the US. It too is growing rapidly, but more western lifestyles are igniting the ire of the majority local Islamic population (87%), leading to a local terrorist bombing problem, so growth has been limited. As an archipelago with 18,000 islands, it is also a strong market for ultra-low-cost carrier (ULCC) airlines with demand for both domestic and international travel. NusaTrip is headquartered there, and its Thoughtful Media has a strong presence, via two recent acquisitions and significant organic growth. Society Pass' Chief Operating officer, and NusaTrip CEO, is based at its Jakarta headquarters.

Thailand's Constitutional Monarchy Also Offers Opportunity

Thailand has been a constitutional monarchy since a peaceful revolution in 1932 and is currently ruled by King Maha Vajiralongkorn Bodindradebayavarangkun. With a GDP of half a trillion dollars, Thailand is the third-largest economy in Society Pass's five-country core market territory. However, today its only operation there is the headquarters and second-largest market of social media advertising company Thoughtful Media Group. But Thailand possesses the same characteristics as Philippines, Vietnam, and Indonesia in that it has a fast-growing economy and free-market-minded government. So, we see an opportunity for each of the other four businesses to enter this market, driven by the advertising expertise of TMG. With a population of 70 million, Thailand is the smallest of the five core countries except for Singapore from a population perspective.

Thoughtful Media Thriving with Renewed Asian Focus

Society Pass acquired Thoughtful Media Group (TMG) in July 2022 for \$2.1 million and, in our opinion, it has proven to be the company's best acquisition. TMG is well positioned both industry-wise as a social media advertising agency and geographically serving the same five countries targeted by the SoPa group. We see TMG growing to \$12 million in revenue in 2024, versus \$6.6 million this year, and \$17.5 million in 2025. And it is profitable in standard GAAP terms generating \$750k in net income in 2022. At 5x 2025 revenue, the valuation comes to roughly \$88 million. This value should be affirmed early next year as SoPa pursues its announced plan to take TMG public via NASDAQ IPO, which we expect in 1Q. While our multiple is higher than that of traditional ad agencies, we would argue that TMG will achieve far faster growth for five reasons:

1. It solely targets the social media subset of advertising which is growing faster than the traditional ad categories also targeted by larger agencies such as print and broadcast.
2. It solely serves the high-growth Southeast Asia region. Today it operates in the high-growth countries of Thailand, Vietnam, Indonesia and Philippines. With two planned new markets in 1Q 2024, it will operate across all of the countries in the region with reasonably modern economies in an area encompassing over 600 million people that advertisers are eager to reach.
3. TMG organically moved into new countries, such as the Philippines in 3Q 2023. It plans to enter Singapore and Malaysia in 1Q 2024, following its customers.
4. TMG is acquisitive. Its second largest country market and likely largest next year, Indonesia, is the result of two acquisitions: More Media for \$10,000 in December 2022 and Newave for \$130,000 in June 2023. These acquisitions are sourced, due diligenced and funded by parent SoPa's balance sheet, but with the IPO, it expects to have its own balance sheet and publicly traded shares.
5. Through the acquisition of Newave, TMG now has over 10,000 influencers or creators registered on its platform.

Since acquiring TMG it has dramatically transformed it from a company operating out of California and Thailand to a Southeast Asia-centric company. At the time of the acquisition, it had just 17 employees and \$5.8 million in 2021 revenue compared to 75 employees now and our forecast for \$12 million in revenue in 2024 and \$18 million in 2025. TMG was founded in 2010 in Los Angeles by Dan Thorman who ran it until the 2022 acquisition. It entered the Thai market in 2014 and the Vietnamese market in 2016. The pandemic was beneficial for the company as commerce and advertising moved online due to lockdown of the offline economy.

We recently visited the company's headquarters in Bangkok meeting CEO Kriangkrai Chaimongkol, the company's sizable Indonesia office meeting country manager Ilham Nizam and team and its Philippines office meeting country manager Billy Soo and team.

Photos TMG HQ and Customer Products



Source: Litchfield Hills Research LLC

MCN Operates as a Talent Agent and Producer for Influencers

TMG has two main lines of business and four aspirational businesses. Its largest business is its multi-channel marketing (MCN) or platform business. Under this model, it essentially acts as an agent and production company for influencers or key opinion leaders (KOLs) as they are known in Southeast Asia. Its original MCN market was Thailand and last year, Vietnam was its largest market. The terms channel or platform refer to social media networks including YouTube, TikTok and Instagram. It has roughly 10,000 influencers on its platform. Of these 180 are under contract for MCN services, and it is constantly adding more, partially offset by about 10% annual churn.

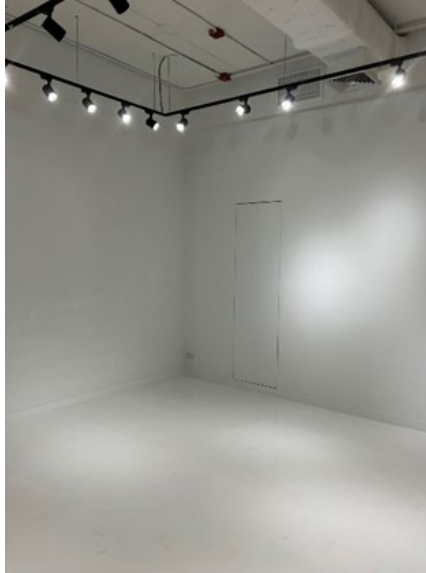
Vietnam	100
Thailand	70
Indonesia	5
Philippines	5
Total	180

TMG has a full-time in-house team of influencer "hunters" who are constantly scouring the internet for up-and-coming influencers who would benefit from the company's services and who the company believes can generate significant revenue. TMG acts as a super-agent and producer for its influencers providing three key services:

1. Creator revenue sharing – under this model TMG helps creators produce their content, introduces them to brand sponsors, reviews content for compliance with copyright laws and social media rules, and distributes it through one of the roughly 1,000 channels it operates on these platforms. While the influencers are the real customers in our view, from a GAAP perspective the social media platform is the customer, so SoPa and TMG show YouTube as large customer. However, the real value is in acquiring, servicing and retaining influencers. YouTube is merely the platform used to distribute this content. Under this model, TMG retains a portion of revenue, typically 10%, and distributes the rest to the influencer. Once influencers learn the tricks of the trade from TMG, they often realize they can operate independently without paying a commission to an intermediary, so TMG is constantly refreshing its pool of influencers.
2. Talent management – for a fixed fee, TMG will work with influencers to develop their strategy. The digital advertising market is constantly changing in terms of what the best distribution platform is, what trends viewers are interested in, how to attract brand sponsors, how to produce content and how to attract viewers. Since TMG does this thousands of times every day across its business and markets, it offers its talent an unparalleled perspective on how to grow their businesses.

3. Production – TMG runs its own in-house production team, including a large production studio at its Bangkok headquarters as well as studios in Jakarta and Ho Chi Minh City. They tailor the storytelling process and cutting-edge visuals to what is working with consumers in each of their markets. As we discuss later, the company is looking to leverage the tools and team it has built to create online content, television programs and movies.

TMG Production Studio at Bangkok Headquarters



Source: Litchfield Hills Research LLC

In 2022, platform revenue was \$5.7 million or 92% of revenue. It has declined in 2023 due to the transition from the pre-acquisition Los Angeles focus to the more Southeast Asia-centric focus and loss of some influencers. This has been more than offset by phenomenal (480%) growth in its PDA business and with the renewed focus of the influencer hunter teams, MCN is growing sequentially. The MCN business has generated a 14% gross margin through the first nine months of 2023 versus 16% in 2022. Profitability has dipped negative with so much startup activity, but we expect the growing topline to overtake the increase in SG&A expense seen this year with a return to GAAP profitability in 2024.

Premium Digital Advertising (PDA) Serves Major Consumer Brands

PDA was just 8% of revenue last year but with both business and personnel acquisitions revenue has increased 480% in the first nine months of 2023 and now comprises 38% of revenue. It provides digital ad agency services to major corporations such as Nestle, Pepsi, Toyota and LG. The advertising world has changed dramatically from the 1960s portrayal of ad agency McCann and Tate in the popular *Bewitched* TV series. While many of the large cap comps to TMG still provide such services, TMG is on the bleeding edge of ad technology solely providing these services. That's one of the key reasons why we believe that TMG ought to command a sizable premium to old-school ad agencies like Omnicom (OMC – FactSet consensus rating Hold) or Interpublic (IPG – FactSet consensus rating Overweight).

- Influencer Marketing
- Social Listening and Reputation
- Social Media Advertising
- Video Advertising
- Content Marketing
- Search Engine Advertising
- Display Advertising
- Native Advertising
- Email Marketing

Now the big advertising agencies can do these things too, but digital is all TMG does, whereas large traditional companies also do old school media such as billboards, radio and broadcasting just like in the HBO Series *Mad Men*.

One thing that has not changed from the days of McCann and Tate or *Mad Men* is the importance of personal relationships in winning ad contracts. Brands are still trusting their reputation to the agency and want to know their contact at the agency. We met some of TMG's

superstar PDA salespeople like Yenny Stutts, sales manager in Indonesia, and Billy Soo who is the MTG country manager and top salesperson in Philippines. Ms. Stutts was recruited in to join TMG after the Newave acquisition, whose executives she knew, and brings an enormous rolodex which she shares with the other sales reps. On the day we visited she was having dinner with the owner of the exclusive distributor of a major Japanese consumer electronics brand whose account, if won, would allow TMG Indonesia to fully meet their 2024 revenue targets. Mr. Soo's specialty is video games, and his first hire specializes in music, with relationships with the three major record labels. Both are already doing business with the customers they brought over, and Mr. Soo is actively recruiting sales reps with live contact lists for other industry verticals. In one example Mr. Soo gave us, the company has been retained by a major record label for one song on a new album by a major, globally known music star. Their assignment in this case was to hire a dozen well-known food influencers to play the artist's song in the background of their next social media video post. TMG gets dozens of such assignments daily so while it may not be considered recurring revenue from a GAAP basis, the brands keep coming back to them because they know that TMG performs.

While MCN and PDA make up nearly all of the company's historical revenue, it also has four fledgling revenue lines it is working on: social commerce, music entertainment, content production and sports marketing.

Social media commerce consists of selling products through social media postings. In one example TMG's CEO showed us, a TikTok influencer was touting a perfume brand with a sales link below. There has been some news in the media about social commerce in Indonesia, including a recent *Wall Street Journal* article. We just completed an extensive round of emails with SoPa and TMG management, as well as the team in Indonesia on this topic. The bottom line is that the changes are unlikely to impact outside of Indonesia and for Indonesia it should be a net positive now that TikTok has implemented a workaround.

What happened was TikTok's ecommerce unit (TikTok Shop) was doing so much business and under-cutting local merchants, that the Indonesian government passed regulations banning direct sales within social media apps. This could have impacted TMG, but TikTok partnered with Tokopedia for online sales, so now it can resume this business. This is important for TMG since it receives a percentage of the revenue its influencers generate from product sales. Rapid growth for its influencers on TikTok shop means rapid revenue growth for TMG. Instagram Shop and Facebook market were not impacted since they only provided a link to a sales website and did not sell in their app. Management does not see any potential similar legislation in its other markets.

Thoughtful also has early plans to produce music events using its array of influencers, social media tools and corporate clients to make these events successful. The company was planning its first such event in December at a 1,500-person venue, and it lined up a sponsor, proving the business case. However, it was looking so successful that that sponsor now wants a larger venue, so it will be held in the New Year. While this business is being incubated in Indonesia, we are curious to see if it will also be adopted in the Philippines, where the number two sales rep has a strong relationship with all three major music labels and is already doing business with them.

While it already produces short videos for its brand customers with its content production facilities, Thoughtful also expects to produce TV shows and movies on its own. We were a little hesitant to hear that the company would be producing movies, given the multi-million-dollar production costs in the U.S., but the country manager, Ilham Nizam, assured us that they could produce quality movies for under \$200,000. TMG Indonesia has partnered with nationally famous Indonesian actor Ario Bayu, and he happened to be in their offices during our visit. He is very cordial and brimming with ideas for projects. Mr. Bayu is perhaps best known for his on-screen portrayal of Sukarno, the founding president of Indonesia (their George Washington) in two successful movies. The major buyers of content today are the streaming platforms like Netflix, and they are looking for productions that cater to local audiences, in addition to showing Hollywood blockbusters.

Lastly, the company is planning a sports marketing business for 2024. It currently has nothing confirmed but has made proposals to clients.

We Think TMG Can Profitably Generate \$12 Million in Revenue in 2024 and \$18 Million in 2025

As noted, we visited the TMG offices in Thailand, Indonesia and Philippines (but not Vietnam as we forgot to apply for a visa in time). Management in each country was very open with us, sharing their new client prospecting process for the PDA business, their funnel and revenue budgets. When we visited management was still honing their budget process. We have haircut the country expectations, for example, we model \$4 million in revenue for Indonesia whereas the local team think they can do \$5 or \$6 million and just one contract they are pitching is for \$5 million.

We take a very conservative approach to modelling TMG revenue, only forecasting revenue for the existing MCN and PDA product lines, and only for the existing countries. We have not factored anything in for the relatively new business lines. Note that our estimates are for TMG as part of Society Pass, with intercompany revenue eliminated. On a standalone basis, post-IPO, reported revenue will be slightly higher (as it would include SoPa inter-company revenue), as would our revenue-based valuation estimate.

Thoughtful Media Ought to Generate \$18 million in Revenue in 2025, Plus Contributions from New Markets and Services

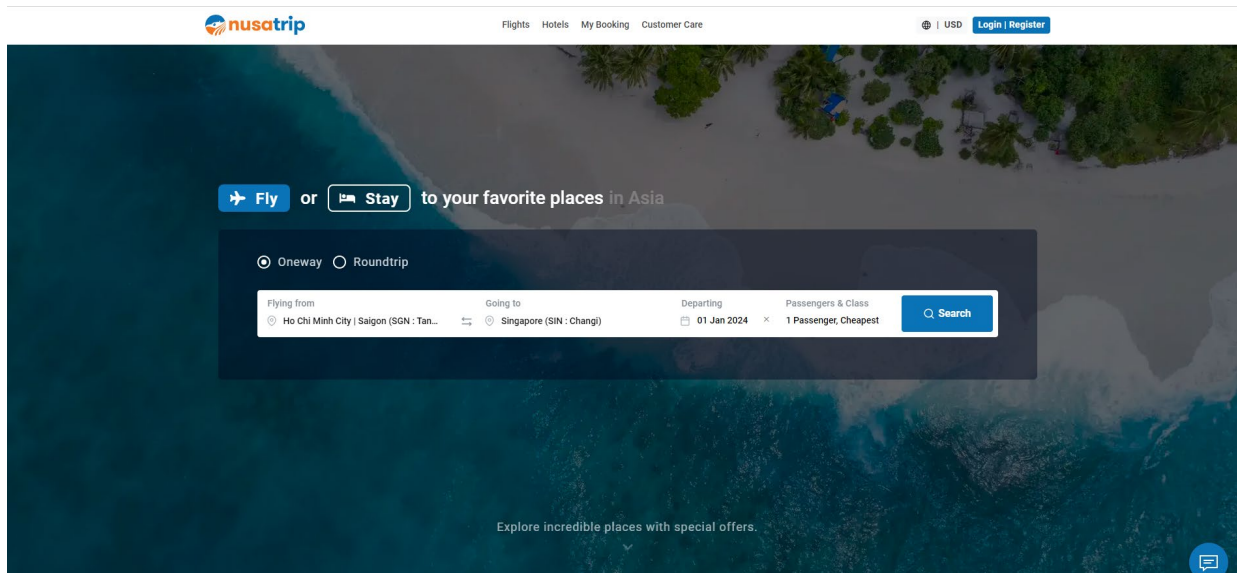
	2021	2022	2023	2024			2025
				MCN	PDA	Other	
Indonesia				-	4.0	-	4.0
Vietnam				3.0	1.0	-	4.0
Thailand				1.0	1.0	-	2.0
Philippines				-	2.0	-	2.0
Malaysia				-	-	-	-
Singapore				-	-	-	-
Total	\$5.8	\$6.2	\$6.6	\$4.0	\$8.0	\$0.0	\$12.0

Source: Company reports and Litchfield Hills Research LLC

NusaTrip Provides Online Travel, Customized for Southeast Asian Consumers

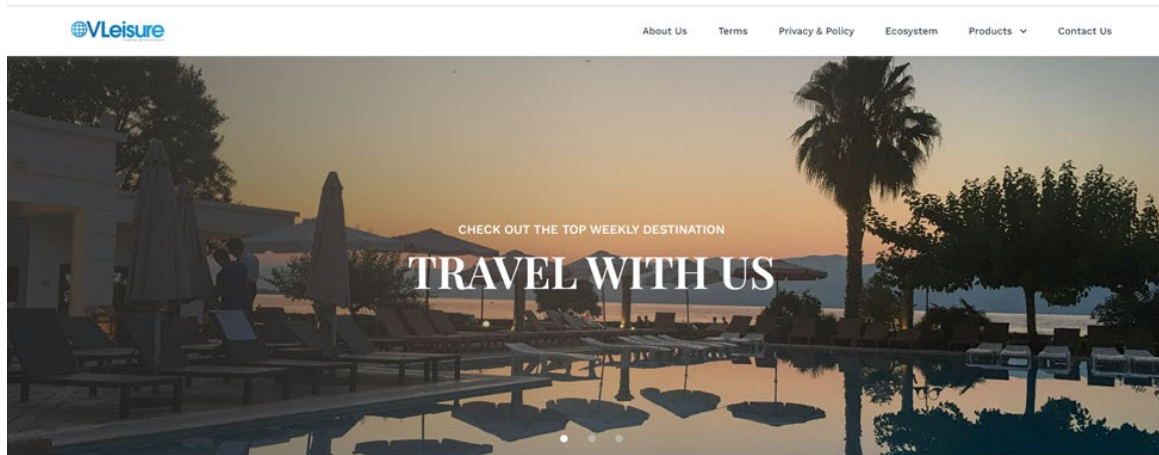
Society Pass acquired NusaTrip in August 2022 from Indonesian telecom conglomerate PT Moratelindo. The business was reeling from the collapse in travel due to Covid, and its parent was unwilling to invest in it. So, while the purchase price was not disclosed, we suspect that SoPa was able to negotiate a bargain purchase price. NusaTrip was founded in 2013 by French entrepreneur Hans Ebenhahn who wrote much of the soon-to-be-updated Java code that still works well today.

NusaTrip Website



Source: Company reports

vLeisure Website



Source: Company reports

The name NusaTrip comes from the Indonesian word for island, which is nusa. With a population of 280 million, the fourth largest in the world, and 6.3% GDP growth expected for 2024, the country offers a robust domestic market. NusaTrip focuses on six high-growth emerging countries in the region, although its app works globally, including in the U.S. (We suggest that investors download it and try it.) It offers over 650,000 hotels and over 500 airlines globally and has booked travel to almost every large and mid-sized city in the world, including ones as remote as Fairbanks, Alaska. It integrates with travel global distribution systems (GDC) such as Sabre and Agoda and has direct links with its core ultra-low-cost carrier (ULCC) airline partners in the region, the largest of which is AirAsia. Setting up these direct links was difficult as a startup, but now that NusaTrip is the third-largest travel website in Indonesia, it has no difficulty working with hotel and airline partners. About 90% of B2C revenue comes from booking flights and 10% from hotels. We see this as an opportunity since hotel travel spend is typically much more than 10% of total trip costs for both leisure and business travelers. About two-thirds of customers are local to its core markets. About 40% of revenue comes from tourist B2C bookings and the rest from its B2B business, which serves travel agents via API links to their own systems.

Air travel is rebounding strongly globally, and travel in each of the company's markets is above pre-Covid levels. The key exception is China, which we discuss below.

In our discussions with management the elevator investment pitch for NusaTrip is that it has the best app, and payment methods tailored for the many unbanked consumers in the region, allowing for Venmo-like transfers or physical payments at local merchant partners. This is not a trivial feat in the air travel market as travel agents can only hold inventory for a limited time, so it is difficult to allow the customer time to go to a retail store and make a payment, but NusaTrip has done it.

Their app and website are about to make a giant leap forward in January as they go from the 2002 Java 1.4 programming language to the current 17.0 introduced in 2021. We have already seen changes, such as the ability to purchase baggage allowances with AirAsia. The new software underpinning should allow for faster searches, but also more features. To realize internal synergies, they expect to add Gorilla Mobile eSim travel data and the ability to earn Society Points shortly after the new software is in place.

In April 2023 NusaTrip ventured outside of Indonesia to Vietnam where it acquired vLeisure, which is a B2B hotel management software company headquartered in Ho Chi Minh City. Society Pass already had an office there hosting its Leflair online retail business, so there were some overhead synergies. vLeisure's platform offers the following services:

- Property Management System
- Point of Sales
- Channel Management
- Booking Engines & Travel Agencies Portals
- Revenue Management System
- Customer Data Platform
- Loyalty & Data
- Sales & Marketing Outsourcing
- Sales & Marketing Representation
- Hotel Management

- Hotel Consulting & Advisory
- Revenue Management

Travel agencies need to be certified in each country they operate in by the International Air Transport Association (IATA) which issues them numeric codes used to interface with airlines, hotels and GDS providers. NusaTrip is IATA certified in Indonesia and in July 2023 the company acquired small IATA-certified Vietnam travel agency Vietnam International Travel and Service (VIT). Founded in Vietnam in 2016, VIT operates inbound and outbound ticketing businesses targeted at corporate and travel tour segments. NusaTrip's business plan calls for acquisitions of other IATA-licensed travel agencies throughout Asia Pacific, including Philippines, Thailand, Singapore, Malaysia, Hong Kong, China, India and UAE, as they morph NusaTrip into a regionwide travel hub. The identities of IATA certified travel agents are publicly available, so it's only a matter of NusaTrip doing its research and negotiating some deals. We expect the transactions to be relatively modest in size, with the real prize being the certification which NusaTrip can then leverage for its online business.

The sleeping giant in the Asian travel market is the huge Chinese outbound market. China has a middle class of over 700 million people, and after enduring some of the most draconian Covid lockdowns in the world, they are ready to travel again. We have not yet seen this resurgence start, but sources we have seen, such as AviationWeek, suggest it will finally occur in 2024. In November 2023, NusaTrip partnered with Guangzhou Junwei International Travel Service Co. Ltd., which is a B2B travel provider in China. Junwei has strong relationships with Chinese airlines and travel agencies. We look for this partnership to grow, and perhaps turn into an acquisition by NusaTrip.

Travel Website Shootout Shows NusaTrip Holding its own Versus Larger Competitors



We tested NusaTrip's website, and three others on two trips. The other websites were its Indonesian competitors Tiket.com and Traveloka.com and we used Expedia.com as a control. The first trip we searched was a weekend shopping trip from Jakarta to Singapore, which is a typical trip in the region. All four gave us similar itineraries, with AirAsia shown first. All were within a few dollars of each other with Expedia was the cheapest at \$88.14, NusaTrip was the cheapest of the local websites at \$89.62 which it noted include a \$0.84 platform fee, Traveloka next at \$90.03, and Tiket.com last at \$95.24. Tiket.com originally quoted a price of \$86.52 but when we checked again a few minutes later, the price had risen. Traveloka's site noted that reschedule is available, while Tiket.com noted that reschedule and refund are not allowed, while the others did not mention this. Both NusaTrip and Expedia allowed us to buy baggage service. NusaTrip automatically added a \$2.10 travel insurance fee, which could be deleted. Overall, NusaTrip was very competitive on this trip and its user experience was similar to the other local sites. All of them quoted each flight separately after plugging in the search criteria, while Expedia quoted the full roundtrip price.

We next tested these sites with a more extensive trip requiring a layover – Miami to Jakarta. Tiket.com featured Cathay Pacific and United flights and indicated that rescheduling and refunds are allowed. They showed a \$1,551.70 itinerary with two connections and a one stop itinerary for \$2,073.23. Traveloka had the cheapest itinerary, with two stops and flights on American and Cathay. NusaTrip offered a two-stop United itinerary for \$1,912.70 and what we considered the most practical, a Qatar one-stop itinerary for \$2,091.59 including an added \$0.84 platform fee. It again automatically added trip insurance, but this was prominently displayed and easily removed. Expedia's bargain fare was on multiple airlines with two stops including one for nine hours at JFK and another for seven hours in Abu Dhabi, which we considered impractical due to the long layovers, high probabilities of missed connections (with no protection since the itinerary was on different airlines) and high probability of lost luggage. When we specified one-stop, Expedia showed us a \$2,049.00 itinerary which included a JetBlue codeshare on a Qatar flight. The simplest itinerary turned out to be booking directly with Qatar for \$2,078.70. Again, NusaTrip was competitive, offering the best itinerary at a competitive price, just \$13 more than booking directly with Qatar. Once they offer the added benefit of earnings Society Points, we expect them to be even more competitive.

We purchased two AirAsia flights for our trip to the Society Pass markets. Booking was smooth and effortless and, importantly, we received an AirAsia confirmation code. As a budget carrier, AirAsia does not include necessary features like baggage service or seat assignments. NusaTrip, at the time, did not allow customers to book extras on their websites. But with the AirAsia confirmation code we were able to go the AirAsia website, and using its surprisingly efficient chat feature, buy both. We note that NusaTrip now allows customers to purchase baggage service on its website, but not seat assignments.

Forecasting NusaTrip revenue involves taking into account several factors. First, and foremost, is the fact that the local travel market is still reviving from the Covid shutdowns. Air travel in each of NusaTrip's six core markets has now rebounded above pre-Covid levels, but just barely in many cases. While we have been impressed with NusaTrip's app and website, and believe that it offers several competitive advantages including the ability for the large, local unbanked population to buy online travel, we expect the great leap forward in its underlying software to significantly speed up its app and website, and allow it to offer new features. One of these that management discussed was an AI-based hotel suggestion service. NusaTrip has historically been nearly all airfare, but typically travelers also buy hotel stays and with NusaTrip competitors, they have done it on the same app. The NusaTrip AI feature will look at clues such as the traveler's itinerary and, for example if it's a midweek trip to a major city it will assume it's a business trip and suggest business hotels. If it's a short weekend excursion or to a beach resort area, it will suggest resort hotels. It is already adding travel insurance by default.

The next two key features we look for early this year are adding Society Pass's Gorilla Mobile (discussed below) eSIM service and the ability to earn Society Points to the website. We have not factored this in as it has not yet occurred and technology projects have a tendency to get delayed, even with a strong CTO (see below). Another synergistic benefit we learned on our due diligence trip is that the advertising geniuses at Thoughtful Media, who is co-located with NusaTrip in Indonesia, have proposed an advertising services contract to NusaTrip. We think that TMG's young influencer driven advertising programs are ideal for NusaTrip as much travel in Southeast Asia are by the large populations of young people, just making their first meaningful paychecks and owning their first smartphones, ready to start exploring the world. We have also not factored in Chinese travel as that transaction is so new, we don't know how well it will work out. And lastly, as noted, the company has identified nine additional key markets where it plans to make travel agent acquisitions to give it IATA certifications. Presumably, with this certification it is an easy step to roll out the app to a new market.

For the first three months of 2023, NusaTrip generated \$1.4 million in revenue. We look for a \$600k 4Q to give it \$2.0 million in revenue for the year, although this is below management expectations and not much more than the \$556k the company generated in 2Q for the summer travel season. We could easily see over \$1 million in revenue in the quarter. However, we don't like to initiate coverage with a Buy rating on a stock, have investors invest, then have the company's stock come under pressure because it missed our overly aggressive estimates. For 2024, we forecast \$4.5 million in revenue, with \$3.5 million coming from airfare and \$1.0 million from hotel travel.

We forecast a 73% gross margin in 2024, rising to 76% in 2025. Since the company's business is mainly automated, with little human intervention or variable costs as volume increases, revenue increases should result in rising margins. It is our understanding that NusaTrip is already at or near breakeven in terms of cash flow and profitability, so our forecast implies strong cash flow generation, although we don't break this out in our Society Pass model.

We Think NusaTrip Can Generate \$6 Million in Revenue in 2025, Plus Gorilla Contribution

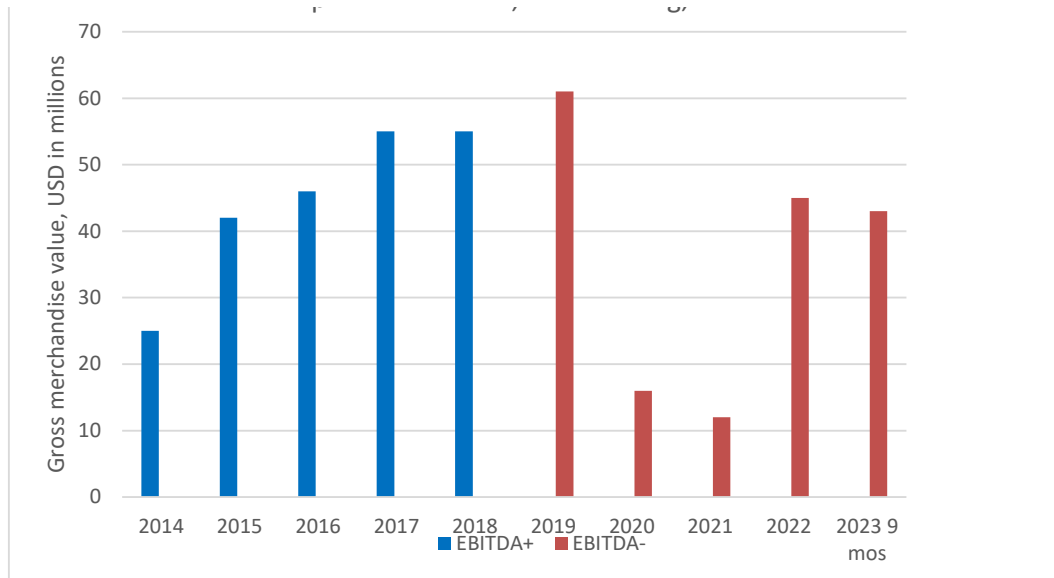
	<u>2022</u>	<u>2023E</u>	<u>2024E</u>	<u>2025E</u>
Airfare	0.39	2.03	3.50	
Hotel	-	-	1.00	
Gorilla	-	-	-	
	\$0.39	\$2.03	\$4.50	\$5.80

Source: Company reports and Litchfield Hills Research LLC

NusaTrip also discloses its gross merchandise value (GMV), or the gross dollar amount of all travel it books. As is shown in the figure below, this soared to \$60 million, before the pandemic. It recovered to \$43 million in 2022 and has already hit \$45 million for the first nine months of 2023. So, it should have a record year this year, and approach \$100 million within the next two years.

As noted, Society Pass has announced plans to undertake a NASDAQ IPO of NusaTrip in 2024, which we would anticipate around the second quarter. Within our Society Pass valuation, we value NusaTrip at roughly \$30 million or 5x our 2025 revenue estimate of \$6 million. As we show in the comps section, online travel comps trade at 4x 2024 estimated revenue, with 10% average expected growth. This equates to a 38x ERG multiple – enterprise value to revenue to growth (similar to a PEG multiple) under the theory that faster growing revenue streams are worth more. At an ERG multiple of 38x, NusaTrip would have a \$65 million enterprise value, and this is before the aforementioned strategic actions boost revenue beyond our forecast.

NusaTrip Was Profitable, and Growing, Until Covid

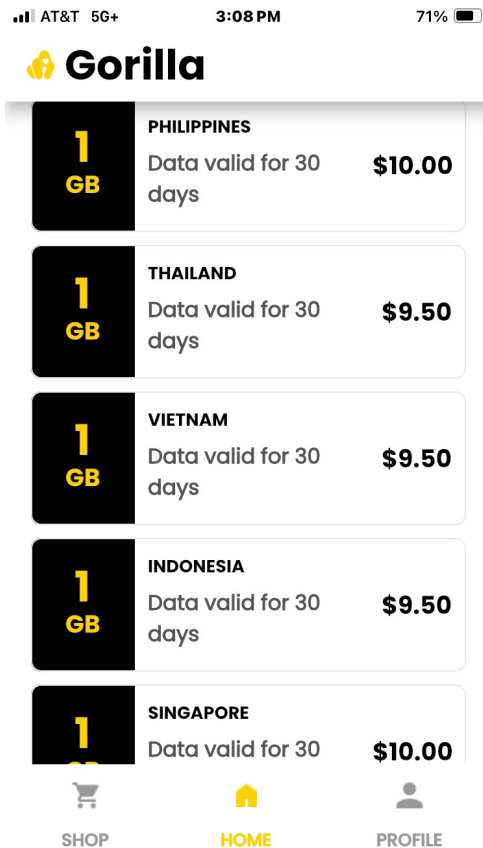


Source: Company reports

Gorilla is Making the Mobile Telecom Travel Roaming Experience Easy

Gorilla Mobile is a Singapore-based MVNO mobile phone service provider founded in 2019, which Society Pass acquired in June 2022. Society Pass has dramatically improved Gorilla since acquiring it, and we were able to successfully use it on our most recent multi-country trip to Southeast Asia.

Gorilla focuses on the travel roaming market. Travel roaming costs are very high, and the current solutions often do not work. For example, in 2022 we purchased a travel roaming package from AT&T prior to our Asian due diligence trip encompassing seven countries. It never worked, we were unable to fix it using online troubleshooting on AT&T’s website, and their support line was closed during daylight hours in Asia. We wound up having to buy SIM cards in each country at roughly \$10 to \$30 each, but then we were assigned a new local number and temporarily lost access to our U.S. number. These costs add up. So, from our experience, a working, convenient eSIM product like Gorilla would revolutionize this market. In Southeast Asia, most customers are on prepaid plans that do not offer international travel as the more common postpaid plans from US carriers sometimes do. The other issue is traveling SIM customers buy much more data than they need, and it expires worthless. Not with Gorilla.



Source: Company reports

Gorilla has a 100% functional app that we used. We purchased a data package for each of the five countries we planned to visit, activated the data plan over the free airport Wi-Fi network when we landed, and, for the most part, it worked. Gorilla uses eSIM technology, which is still in its infancy, but is clearly the future. Under the old method, travelers would typically stop at a kiosk at the local airport when they landed and buy a physical SIM card. With Gorilla, it's now virtual and app based. It does take some initial work to initially set up the eSIM and Apple support was a bit rusty in helping us, but eventually figured it out. Virtually every phone for sale or in use today supports eSIM. Society Pass plans to integrate Gorilla into NusaTrip, and like it does today with insurance, it can offer a data package by default. And when a consumer ends their trip with unused data, they plan to let them convert them to Society Points.

Gorilla buys its data in bulk from a Belgium company called BICS, which originally stood for Belgacom International Carrier Services. Belgacom is the incumbent phone company in Belgium. Gorilla offers regional data packages for the European Union, China, Oceania, North America and Japan/Korea (no Africa or South America yet) and more countries than we can count. The home page on its app offers convenient 1GB plans for Indonesia, Thailand, Singapore, Vietnam and Philippines, all for \$10.

Gorilla revenue now shows up under the data revenue line item, which reflects data sold under the old business model, and does not yet reflect sales under the new model described above. Forecasting this business is difficult, since it is just becoming operational and is not yet live on the NusaTrip platform, but we have it growing to \$1.4 million in 2025. If NusaTrip succeeds in selling every customer a \$10 data plan for every country they visit, revenue would be significantly higher. So, we view this business as more of a call option today.

Next Generation Retail Looking for Distributor Acquisitions

SoPa's Next Generation Retail (NGR) business today consists solely of a scaled back Leflair, a Vietnamese online fashion retailer, but it still has plans to build a profitable online retail vertical. SoPa acquired Leflair in June 2021, bringing on founder Loic Gautier. Until the pandemic, Leflair was one of Vietnam's top three e-commerce companies. It had raised \$12 million in venture capital with rounds in 2015, 2016, and 2018, making it one of the ten largest venture-backed companies in the country with tremendous media buzz. These investors wanted the founders to pursue a high-investment, high-growth strategy, understanding that this would result in losses in the early years. Just prior to the pandemic, they were working on a \$40 million next round of financing.

Leflair had grown rapidly, generating \$11 million in revenue in 2019 with 200 employees and 120,000 loyal customers in Vietnam and Philippines and warehouses in Singapore and Hong Kong to minimize the sometimes-onerous import tariffs in the region. As the founders drank French champagne celebrating New Year's 2020, they were on track to do \$20 million in revenue in 2020 with plentiful capital from the venture community. But unbeknownst to them, Covid clouds were on the horizon.

Most internet usage in Southeast Asia is mobile, and this is true for Leflair's young, largely female clientele. Its app or mobile site offers rapidly changing flash sales of brand-name fashion, beauty, and home products. We liken its flash sale strategy to Groupon, although Leflair sells luxury goods. Because these offers are short-lived and rapidly changing, consumers return to Leflair repeatedly, often checking for new sales several times a day. Since relaunching, the company has built back to a customer base of about 150,000 customers with an average order size of \$50.

Leflair sells goods in the fashion, beauty, and home goods categories. Among its best-selling brands are Nike and Adidas. It does not compete in the super-premium category categorized by brands such as Gucci and Chanel. Those products are available for sale about 25% cheaper in nearby Singapore, so consumers will drop \$100 on a ULCC flight to save a thousand dollars on a \$5,000 purse (setting up demand for SoPa's NusaTrip). While the average Leflair order size is roughly \$50, the key to the business model is to increase the frequency of customer purchases via its addictive flash sale model.

But the pandemic killed the business since they were built for growth and did not have adequate capital to survive a downturn, so when the Vietnamese government locked down the country, including its warehouses, it quickly failed filing for bankruptcy in May 2020.

SoPa acquired it in June 2021, rehired workers, retained the co-founders, and relaunched the business, building on the momentum and pre-pandemic buzz. Relaunching in September 2021, they did \$482k in revenue that year and \$434k in 1Q 2022. However, as Mr. Gautier explained to us during our visit in 2022, the company really needed to own distribution rights to be profitable, rather than splitting profits with distributors. Given Society Pass's renewed focus on profitability, it has greatly scaled Leflair back, generating just \$87k in revenue in 3Q 2023, versus \$645k in the year ago period. Its gross margin was just 7% in 2022 and was negative in 2Q 2023.

Mr. Gautier is now a consultant to the company, looking for acquisitions and the chance to rejoin the company with a more profitable business model. In June 2023 it announced a major retail acquisition with plans to acquire the Apple retail business in Indonesia from Australian stock exchange listed Story-I. It operates 26 retail stores in nine cities with 300 employees and roughly \$30 million in annual revenue. We imagine that SoPa would leverage this business for its online retail business. The deal was scheduled to close in September, but we understand that, while it is still on, due diligence issues have delayed the close. Just this one transaction would be a game changer for SoPa retail, and we expect more to be announced.

For now, we model just \$200k per quarter in revenue in 2024 and 2025 with a 10% gross margin and likely negative, but minimal, EBITDA.

SoPa Loyalty Points Complete the Vision

The vision of Society Pass is to tie everything together with its Society Pass loyalty program in which consumers can earn and redeem points for Society Pass products. It now envisions opening this program to third party merchants in 2024. The most successful example of this is the world's first loyalty program, American Airlines AAdvantage program. It now counts Citibank and Barclays, partner airlines, car rental companies, retailers and others as partners for earning and redeeming its loyalty points. Society Pass has announced agreements with payment platforms Stripe and 2C2P and CoinSmart for crypto payments. We look for acquisitions for this platform too, positioning it fourth in line for a potential IPO.

It is not yet open to users with US phone numbers so we could not test it. Society points are available on the Gorilla app and once the major upgrade of NusaTrip is done, one of the CTO's next priorities is to add Society Points. SoPa Loyalty is now headquartered in Manila, where the group CMO is also located.

Food and Beverage Has Been Exited

It's no longer relevant for investors in Society Pass but in doing research one may come across the fact that the company was previously in the food and beverage delivery business à la Door Dash, Uber and Grab. Post-IPO, when the company was more flush with cash and focusing on a growth strategy, in line with market sentiment at the time, it was focusing on growth. It was also mirroring the super-app strategy of multi-billion companies such as Uber and Grab. But Door Dash and Grab both have negative LTM EBITDA margins while Uber's margin is just 4%, so it's not a great business even for the giants. Fast forward to 2023, the focus is now on profitability and a new, more conservative CEO is running the business. So, one of the food delivery businesses was sold to the company's partner and the other two were shut down. The good news is that all three were acquired at negligible valuations, so not much was lost. While these

were obviously bad bets, we note that, in our opinion, Thoughtful Media and NusaTrip are already winning bets, likely to get better, while the other two sector acquisitions, Gorilla Mobile, and Leflair, look poised for success.

Technology Roadmap Set to Vault the Company to the Next Level

Society Pass is almost purely a technology driven company relying on social media at Thoughtful, its app and website at NusaTrip, a complex tech underpinning to drive Gorilla and an even more complex tech infrastructure for the core Society Points loyalty program. During our visit to SoPa headquarters in Singapore, we sat down with its CTO, Howie Ng. Key tech milestones are as follows:

1. Upgrade NusaTrip from its original Java 1.4 architecture (released 2002) to the modern 17.0 version (released 2021). This represents a massive leap in technology by over a decade with the new version going live in parallel with the old in January 2024. With Java 17.0, the platform should run faster and more reliably but more importantly it will be easier to add enhancements like hotel bookings and Gorilla eSim cards.
2. Integrate Gorilla into NusaTrip. Travel eSIMs are a natural addition to the airfare and hotels NusaTrip now sells and SoPa has its own in-house telecom unit using advanced eSIM technology so it can be bought right over the app. So, we see this as a natural progression and group synergy.
3. Upgrading the Society Points loyalty app, getting it running with NusaTrip and expanding usage. As of now, no one has yet spent any SoPa loyalty points although the ambition is to make this a key part of the company's strategy, with a potential fintech IPO down the road. It is already integrated with Gorilla, but they are doing minimal business while they refocus to a more profitable model. Leflair, NusaTrip and Gorilla are a start but in 2024, with the infrastructure purring, the company looks to open it up to numerous other merchants.

Well-Rounded Regional Management Team

We have met with most of the members of the management team both during our trip to the company's offices in June 2022 and our most recent visit in November 2023 in preparation for this report.



Source: Litchfield Hills Research LLC

Raynauld Liang – CEO

Based in Singapore and constantly travelling the region, Mr. Liang ascended to the CEO role in October 2023, succeeding founder Dennis Nguyen. Mr. Liang was formerly CFO of the company and brought an impressive resume to Society Pass including a stint at IBM as a finance manager and running his own company advising on IPOs. He has a degree in accounting from Queensland University in Australia. In our history of covering the company, we were impressed with the fact that despite the complexity of Society Pass's financials –

operations in five countries with five currencies – it reliably filed its SEC filings. In our opinion, they are more comprehensive, detailed and informative than those of many other similar sized companies we have covered.

We sat down with Mr. Liang in the company's offices in Thailand to discuss the transition and upcoming developments. Mr. Liang candidly admitted that he is more conservative than his predecessor, Dennis Nguyen. Mr. Nguyen is still the controlling shareholder and an actively involved consultant. He is very charismatic, successfully leading the company through its 2021 IPO and deploying cash on a number of mostly successful acquisitions, all of which were done at post-Covid discounts to pre-Covid levels. But the company also burned cash and experimented with new businesses such as food delivery.

Under Mr. Liang, the focus is on getting to free cash flow positive (which we expect in 2024) and profitability (which we expect in 2025). We followed up on these remarks with his replacement as CFO, Yee Siong Tan to hone our model. Mr. Liang is of Chinese descent and speaks both English and Chinese. He lives in Singapore with his family. When we met with him, he was about to embark on a trip to China. Society Pass's NusaTrip has already announced an agreement to work with a Chinese travel agency, and we expect the torrent of outbound Chinese tourist to eventually resume. NusaTrip will now benefit from this torrent.

Patrick Soetanto – COO and NusaTrip CEO

Mr. Soetanto is both the company's COO and CEO of NusaTrip and is based out of Jakarta. We first met him during our visit to Jakarta in June 2022 when he was Indonesian country manager looking for acquisitions in the country. Since then, SoPa has closed on NusaTrip and vaulted TMG Indonesia to the head of that group via two significant, but economical acquisitions. So, we were gratified to see Mr. Soetanto's (much deserved in our opinion) dual promotions. He is a quiet, competent executive and one of his team members privately remarked to us how well received his management style is, even as he has had to eliminate some staff from before the NusaTrip acquisition. In our November 2023 visit, we spent a full day with the NusaTrip team and saw his well-regarded lieutenant, NusaTrip CMO Anson Neo in action as he led the presentation and discussion freeing up Mr. Soetanto for his broader role while still giving NusaTrip strong leadership. Mr. Soetanto has his hands busy assisting TMG Indonesia with further strategic actions in his home country while also leading the NusaTrip charge to acquire IATA-certified travel agencies in other countries to give NusaTrip a region-wide business.

Yee Siong Tan – CFO

Mr. Tan is based out of Singapore and previously worked under Mr. Liang when he was CFO, so he has seamlessly stepped into the role. We expect a continuation of the high-quality filings we have seen from the company in the past. Mr. Tan earned his degree in Commerce from Rahman University in Malaysia, was a partner in an accounting firm and is a member of the accounting professional organizations in both the U.K. and Singapore. With SoPa's own filings, and the preparation for two business unit IPOs planned for 2024, Mr. Tan is extremely busy. He did graciously take several hours out of his busy schedule to sit down with us at the company's headquarters in Singapore. We walked through the financial statements line by line to help us better understand the drivers and improve our model. In this process we found him to have an encyclopedic mind with even the most minute detail readily at hand. Despite all of the work on his plate, he cheerfully gave us as much time as we needed, even enjoying a Singapore lunch with this analyst.

Howie Ng – CTO

Mr. Ng is also an extremely important, and highly competent, member of the team and he too is based out of Singapore. SoPa is a tech company running almost exclusively on its technology. As we discussed in the technology section, the company is undertaking numerous mission-critical software upgrades, but Mr. Ng expressed confidence even when we pushed back on the aggressive schedule. He does have an in-house tech team but also relies on outsourced Indian programmers. He has a degree in Computer Sciences from the University of Singapore and cut his teeth as a senior consultant at Deloitte Consulting. His bio notes that he has worked on projects involving blockchain, mobile apps, decision support systems, B2B marketplaces and ERP implementations – all areas SoPa needs. He only joined the company in October 2022 and must be wondering what he got himself into. We have seen a marked increase in the pace of completed technology projects under Mr. Ng. As we utilize the company's various apps and website (Gorilla and NusaTrip for example) we see they are working and greatly improved. More importantly, he also seems to have a handle on the still daunting technology roadmap ahead. Maybe by 2025 he will be able to take a vacation.

Rokas Sidlauskas – CMO

Rokas is the group CMO, and Philippines country manager based out of Manila having also joined the company fairly recently, in September 2022. He brings a wealth of digital economy experience including a stint at a privately held TMG competitor. SoPa's sole operating business in the Philippines is TMG and he is well integrated into that. We would describe his role as more of a matrix type role, providing marketing support for each business unit in each country. This is quite a task due to the diversity of the business units and the diverse nature of its markets, each having a separate language and culture derived from prior colonial eras (e.g., French in Vietnam, Spanish in Philippines, etc.) After our meeting in Philippines, he was off to Vietnam where SoPa/NusaTrip recently acquired a hotel B2B booking business and where it is looking to acquire consumer product distributors so it can resume growing Lefair, albeit with a focus now on profitability. We suspect that he also had something to do with the company's exit from food delivery as he explained to us the poor economics of this industry globally. This comports with the overall theme we heard from the CEO, CFO and others on the newfound focus on profitability. Mr. Sidlauskas earned his undergraduate degree from the University of West of England in Bristol and started his career in the UK before moving to Malaysia, then Vietnam and now Philippines. In addition to his internal role, he has also become the de facto investor relations spokesperson presenting the company's story at investor conferences.

Kriangkrai Chaimongkol (Nueng) – Thoughtful Media CEO

Nueng is based in Bangkok and joined Thoughtful in April 2023 from ADK, Japan's third-largest ad agency, where he ran the company's Thailand operations. Before that, he worked for several other regional advertising firms including with the major U.S. ad agency J. Walter Thompson in Bangkok. With Thoughtful teeing up for an early 2024 IPO, he is now in the hot seat. We sat down with him in the Thoughtful Bangkok headquarters where he had just returned from a new client pitch session.

Pete DiChiara – Board Chair and General Counsel

Mr. DiChiara is the company's long-time General Counsel and stepped into the board chair role earlier this year when the founder stepped away. We spent a good deal of time with him last year as he joined us for our trip around the region to the company's business units and caught up with him this year in Indonesia. His SoPa office is at the company's headquarters in Singapore. Mr. DiChiara is physically tall and brings impressive experience as an attorney having worked for several major law firms, a stint at Ernst & Young, as an auditor and a role as CFO. He earned his JD from Pace University and his BA in Accounting from the University of Notre Dame. As such, Mr. DiChiara has settled into the role of respected, and knowledgeable elder statesman at Society Pass and we have found him to be an invaluable straight-shooting point of contact. As General Counsel, one of the things we discussed with him is the handful of nagging legal matters the company discloses. Last year, he described one as minor, likely to be settled, despite the fearsome sounding legal language, and sure enough, the company disclosed in its 10-K that the matter had been settled for a measly \$15,000 despite initial claims for \$3 million.

Focus on Profitability Should Increasingly Show in the Numbers

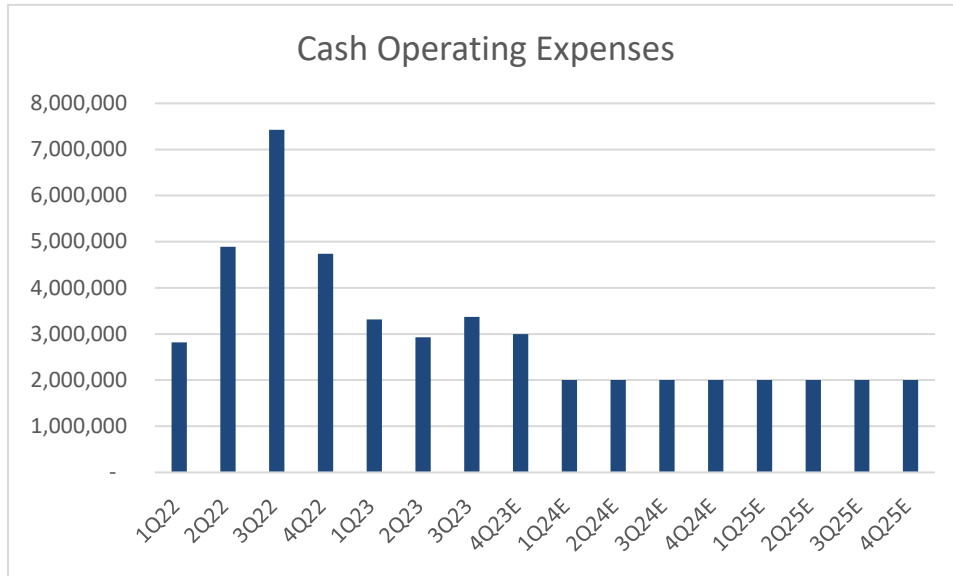
Our detailed forecast is at the end of this report. The bottom line is we expect revenue of \$9.2 million in 2023, \$17.1 million in 2024 and \$25.1 million in 2025. We are close to consensus for 2023 and 2024 but below in 2025. For 4Q 2023, we expect very strong sequential revenue growth with the Newave team and Philippines hires in place for the full quarter at TMG. For NusaTrip, we have the double benefit of the Covid rebound and holiday travel season. We are confident that all of these factors should drive significant revenue growth, but just how much remains to be seen.

For 2024 we have detailed how we get to our TMG and NusaTrip revenue numbers based on our due diligence meetings with the teams. As noted, we forecast anything that's new as zero, so we are probably too conservative. We think that some wild cards to the upside are possible, such as major movie or music production events at TMG, but with no history, we prefer to wait to see how things play out. For the smaller NGR, Gorilla Mobile and Society Points revenue line items, we have just used minimal place-holder revenue forecasts, but again, as we have discussed, the company has big plans for each.

The other wildcard is acquisitions. The company has said it is looking to acquire IATA certifications in nine new markets. TMG has been acquisitive and could be more so if it raises capital in an IPO. And the Next Generation Retail team is beating the bushes for acquisitions. It has already announced the acquisition of an Indonesian Apple retailer, which would move the needle revenue-wise, but due diligence is taking longer than expect.

The other notable aspect of our forecast is that we expect a gradual move toward EBITDA breakeven, and our cumulative EBITDA losses of \$3.1 million are less than the \$8.2 million in cash last reported on September 30th. So, unlike many loss-making microcap peers, we think that SoPa has the balance sheet to get to profitability. As we noted repeatedly in this report, under new CEO Ray Liang, the focus is now on profitability. We heard this message from executive after executive and in every country we visited. The unprofitable food delivery business has been exited and the retail business has been throttled back until it adds vertical integration in the form of distributors to give it a profitable business model. CFO Yee Siong Tan walked us through some of the details on getting to profitability is possible. He pointed us to the fact that SoPa reports its cash expense, separate from its GAAP accounts, every quarter. As is seen from the chart below, cash expense is declining. We bring it down to \$2 million per quarter, but management discussed an even lower range in our meetings.

Cash Expenses Declining Rapidly With New Focus on Profitability



Source: Company reports

Growing revenue, and reduced operating expenses bring us to positive EBITDA in the fourth quarter of next year, and the full second half of 2025. For all of 2025, we look for positive EBITDA of \$326k. So, in our opinion the company is on the brink of profitability. This is important for the share price since it is our experience that companies with self-sufficient business models, versus those that still need to raise capital, command higher valuations.

What's Not in Our Model?

Society Pass has discussed a number of planned strategic initiatives that should bring significant revenue, but that are not yet done and so we don't model them in.

- TMG plans to enter Singapore and Malaysia in the first quarter, following key customers who have asked them to provide digital advertising in those markets. Each could bring in another \$1 million in revenue. Singapore is easy as SoPa already has office space at its corporate headquarters.
- TMG plans to ramp its new social commerce, music, production and sports businesses. Until we see some track record, its difficult to model these.
- Next Generation Retail has announced the acquisition of Indonesia Apple distributor PT Inetindo from Australian public company Story-I for \$1.85 million. For 1H F23 it generated \$14 million in revenue, up 28% from its 26 branded retail stores, and is profitable. We understand the due diligence is taking longer than expected, but this deal would be significant.
- NusaTrip has announced plans to acquire offline travel agencies in nine markets, which would also give its online business IATA accreditations.
- The company continues to be acquisitive overall. It looks very different at year-end 2023 than it did at year-end 2022 and we expect the same a year from now.

We Value SOPA Shares at \$4 Per Share One Year Out

Comparables table at end of report

Valuing Society Pass, and other emerging growth microcaps, is not straightforward and must consider a number of factors. First, we are back in yet another microcap winter with share price declines of 90% or greater over the last year not uncommon. Microcaps tend to go through massive swings from extreme over-valuation to extreme under-valuation. We would judge that we are in a period of extreme undervaluation.

Market values are increasingly driven by quantitative computerized trading, not by fundamental investors. Quants now represent more than half of all trades in the US markets and trades set prices. Quant models often trade without regard for fundamentals, or a full understanding of growth prospects and we think this is now the case.

We can find numerous large cap comparables, but no direct microcap comps. Microcaps tend to trade at discounts to their large cap comparables due to liquidity and more investors focus on large caps to drive their market values close to their intrinsic values.

Society Pass is difficult to comp since it is a small, fledgling super-app, but the only super-app comps, like Grab in Asia and Uber in the US are multi-billion behemoths that boast the liquidity and fundamental valuations that SOPA shares do not.

In addition, Society Pass has a negligible enterprise value as its market cap is roughly equal to its cash value. Given how well SoPa has deployed cash to date, we would argue that this cash balance will wind up having more value than just the cash value today, but we can't ascribe values to transactions that have not yet occurred. SoPa has been a frugal buyer of assets, buying at low valuations. While it had some misses in food and beverage, its travel and digital advertising acquisitions have been home runs.

We Value SOPA Share at \$4

	<u>Thoughtful</u>	<u>NusaTrip</u>	<u>Rest</u>	<u>Total</u>
Rev. 2025E	\$17.50	\$5.80	\$2.20	\$25.50
Multiple	<u>5.0x</u>	<u>5.0x</u>	<u>3.0x</u>	
Valuation	\$87.50	\$29.00	\$6.60	\$123.10

	<u>Current</u>	<u>Target</u>
Shares outstanding	32.86	32.86
Price	\$0.27	\$4.00
Market cap.	8.71	131.44
Cash 9/30/2023	8.28	8.28
Debt	-	-
Enterprise value	0.43	123.16
2025E revenue	\$25.50	25.50
EV/revenue	0.0x	4.8x
Comps	2.9x	2.9x
Discount	99%	-66%

Source: Company reports and Litchfield Hills Research LLC

Society Pass's largest segment is Thoughtful Media. The two major US ad agencies are still largely focused on old economy ad models whereas TMG is 100% digital utilizing tools like social media and influencers. The two large comps deservedly have lukewarm consensus analyst opinions on their shares. Advertising comps trade at 1.34x 2024E sales. Versus just 0.04x for SOPA shares. Factoring in growth, to reflect SOPA's rapid expected growth versus the negligible growth for advertising comps, SOPA shares trade at an ERG multiple – EV to revenue to growth – of 0.05x versus 35x for comps.

Comps for NusaTrip, SoPa's online travel agency have businesses that are more closely matched as they are all modern, online companies. Travel comps trade at 4.11x their 2024 estimated revenue on average, or about 38x their expected growth rate for 2024, which is an average of just 10%.

FactSet does identify a number of Asian comps that do not trade in the US, but these are too illiquid with no analyst estimates for them to be useful comps.

Lastly, there are the super-apps, Goto, Uber and Grab which have an average 18% expected revenue growth for 2024, and trade at 2.7x 2024E revenue or 13.5x their growth rate.

If we average all these companies together, we get an average 2.77x 2024 estimated revenue and 27.5x estimated growth. Again, SOPA shares don't even trade at an EV/Revenue of 1x and even less factoring in their growth.

Another way to look at is to value each of the two main businesses, Thoughtful and NusaTrip, each at 5x revenue. We then value the remaining revenue streams at 3.0x expected revenue. On a simple multiple basis, this values SOPA shares at a premium to comps. However, taking into account the significantly faster expected growth rate of Society Pass it represents a discount based on the enterprise value to revenue to growth multiples. We don't think it's controversial to say that a company with faster growth potential should command a premium valuation.

Both of these methods support our \$4 price target.

Key Risk Factor is Microcap Winter

Microcaps have been heavily beaten down this year. Unless this asset class comes back into favor, we think it is doubtful that shares like SOPA shares can perform well.

The next key risk factor is operational performance. As we document in this report, we visited SoPa operations in four countries and met with dozens of employees. We reviewed product and technology plans, their sales funnel methodology and the competitive landscape. The two core businesses are currently hitting their numbers and doing so profitably. We also spent several hours with the CFO and understand the company's commitment to reducing corporate overhead and expect it to hit cash flow neutral in 2024. So, while performance is still a key risk until the numbers are in, we are comfortable that it's manageable.

We would also note that with the share price under \$1 Society Pass has received a NASDAQ delisting notice with a May deadline to come into compliance. Delisting from the NASDAQ to the over-the-counter market would be damaging to the shares, in our opinion, but the board has multiple levers it can pull. First, would be closing out 2023 with a strong set of numbers. Second, by May the Thoughtful IPO should be complete, providing a valuation benchmark on its largest business. Third, and less palatable, would be using some of the company's cash hoard for buybacks. But this cash is much needed, and in our view, far more valuable, to be used for acquisitions. Additionally, in our experience, buybacks are no panacea for a low share price. And fourth, the company can always do a reverse stock split. We view this as a bad option as shares tend to trade back down after reverse splits, but it's far preferable to being banished from the NASDAQ.

Have SOPA Shares Bottomed?

Lastly, we note some positive trading activity in SOPA shares. Like the rest of the microcap universe, SOPA shares declined sharply for the first nine months of the year. But in the last three months we see support with heavier volume. The first thing required for a downtrend to reverse to an uptrend is for a stock to stop falling. This has happened. The noticeably heavier volume signals increased buying and the fact that the share price has made a bottom during this period suggests that enough of the trading activity is driven but buyers to form price support. The charts do not yet show a reversal to the upside, but if the macro market conditions continue to improve, and if SoPa hits the milestones we outline in this report, we think a rally is indeed possible.

SOPA Shares Have Bottomed for the Last Three Months



Source: FactSet Research Systems Inc.

Society Pass Inc. – Revenue and COGs Forecast

Dollars in thousands, except per share data
Fiscal years ended Dec. 31

	2023E					2024E					2025E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
Milestones															
Online Ordering	257,602	112,169	87,201	100,000	556,972	200,000	200,000	200,000	200,000	800,000	200,000	200,000	200,000	200,000	800,000
YoY growth	-40.7%	-76.7%	-86.5%	-85.9%	-75.5%	-22.4%	78.3%	129.4%	100.0%	43.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Digital Marketing	1,283,774	1,510,960	1,784,695	2,000,000	6,579,429	1,500,000	2,000,000	3,500,000	5,000,000	12,000,000	3,000,000	3,500,000	5,000,000	6,000,000	17,500,000
YoY growth			47.3%	44.7%	NM	16.8%	32.4%	96.1%	150.0%	82.4%	100.0%	75.0%	42.9%	20.0%	45.8%
Online ticketing	486,707	556,042	390,384	600,000	2,033,133	900,000	1,000,000	1,200,000	1,400,000	4,500,000	1,000,000	1,200,000	1,600,000	2,000,000	5,800,000
YoY growth			9.7%		NM	84.9%	79.8%	207.4%	133.3%	121.3%	11.1%	20.0%	33.3%	42.9%	28.9%
Data	14,302	6,369	2,977	3,000	26,648	2,000	5,000	50,000	100,000	157,000	200,000	300,000	400,000	500,000	1,400,000
YoY growth			12.6%		12.2%	-86.0%	-21.5%	1579.5%	3233.3%	489.2%	9900.0%	5900.0%	700.0%	400.0%	791.7%
#HOTTAB acq. 11/18/19															
Hardware	195	-	3,809	-	4,004										
Software	-	1,692	-	-	1,692										
Total	195	1,692	3,809	-	5,696										
YoY growth	-98.2%	-84.6%	3212.2%	-100.0%	-76.2%										
Total revenue	2,042,580	2,187,232	2,269,066	2,703,000	9,201,878	2,602,000	3,205,000	4,950,000	6,700,000	17,457,000	4,400,000	5,200,000	7,200,000	8,700,000	25,500,000
YoY growth	358.9%	338.3%	10.7%	2.3%	63.3%	27.4%	46.5%	118.2%	147.9%	89.7%	69.1%	62.2%	45.5%	29.9%	46.1%
Cost of Sales															
Online	235,246	124,489	77,061	90,000	526,796	180,000	180,000	180,000	180,000	720,000	180,000	180,000	180,000	180,000	720,000
As a percent of revenue	91.3%	111.0%	88.4%	90.0%	94.6%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Digital	964,161	1,306,684	1,457,213	1,600,000	5,328,058	1,050,000	1,400,000	2,450,000	3,500,000	8,400,000	2,100,000	2,450,000	3,500,000	4,200,000	12,250,000
As a percent of revenue	75.1%	86.5%	81.7%	80.0%	81.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Ticketing	76,477	95,067	110,862	180,000	462,406	270,000	300,000	336,000	392,000	1,298,000	260,000	300,000	384,000	460,000	1,404,000
As a percent of revenue	15.7%	17.1%	28.4%	30.0%	22.7%	30.0%	30.0%	28.0%	28.0%	28.8%	26.0%	25.0%	24.0%	23.0%	24.2%
Data	18,646	14,708	7,055	6,000	46,409	4,000	10,000	100,000	200,000	314,000	400,000	600,000	800,000	1,000,000	2,800,000
As a percent of revenue	130.4%	230.9%	237.0%	200.0%	77.3%	200.0%	200.0%	200.0%	200.0%	285.5%	200.0%	200.0%	200.0%	200.0%	2545.5%
Software sales	61,813	69,125	54,311	-	185,249										
As a percent of revenue															
Hardware	-	-	-	-	-										
As a percent of revenue															
Total COGS	1,356,343	1,610,073	1,706,502	1,876,000	6,548,918	1,504,000	1,890,000	3,066,000	4,272,000	10,732,000	2,940,000	3,530,000	4,864,000	5,840,000	17,174,000
	66.4%	73.6%	75.2%	69.4%	71.2%	57.8%	59.0%	61.9%	63.8%	61.5%	66.8%	67.9%	67.6%	67.1%	67.3%
Gross Margin	686,237	577,159	562,564	827,000	2,652,960	1,098,000	1,315,000	1,884,000	2,428,000	6,725,000	1,460,000	1,670,000	2,336,000	2,860,000	8,326,000
	33.6%	26.4%	24.8%	30.6%	28.8%	42.2%	41.0%	38.1%	36.2%	38.5%	33.2%	32.1%	32.4%	32.9%	32.7%

Source: Company reports and Litchfield Hills Research LLC

Society Pass Inc. – Income Forecast

Dollars in thousands, except per share data
Fiscal years ended Dec. 31

	2023E					2024E					2025E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
Revenue	2,042,580	2,187,232	2,269,066	2,703,000	9,201,878	2,602,000	3,205,000	4,950,000	6,700,000	17,457,000	4,400,000	5,200,000	7,200,000	8,700,000	25,500,000
YoY growth	358.9%	338.3%	10.7%	2.3%	63.3%	27.4%	46.5%	118.2%	147.9%	89.7%	69.1%	62.2%	45.5%	29.9%	46.1%
Seq growth	-22.7%	7.1%	3.7%	19.1%	-	-3.7%	23.2%	54.4%	35.4%	-	-34.3%	18.2%	38.5%	20.8%	-
Cost of Revenue	1,356,343	1,610,073	1,706,502	1,876,000	6,548,918	1,504,000	1,890,000	3,066,000	4,272,000	10,732,000	2,940,000	3,530,000	4,864,000	5,840,000	17,174,000
Gross Margin	686,237	577,159	562,564	827,000	2,652,960	1,098,000	1,315,000	1,884,000	2,428,000	6,725,000	1,460,000	1,670,000	2,336,000	2,860,000	8,326,000
As a percent of revenue	33.6%	26.4%	24.8%	30.6%	28.8%	42.2%	41.0%	38.1%	36.2%	38.5%	33.2%	32.1%	32.4%	32.9%	32.7%
Operating Expenses															
Sales and marketing	130,684	98,714	236,874	270,300	736,552	260,200	320,500	495,000	670,000	1,745,700	440,000	520,000	720,000	870,000	2,550,000
As a percent of revenue	6.4%	4.5%	10.4%	10.0%	8.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Software development	13,919	15,209	12,649	12,000	53,777	100,000	125,000	150,000	175,000	550,000	100,000	125,000	150,000	175,000	550,000
As a percent of revenue	0.7%	0.7%	0.6%	0.4%	0.6%	3.8%	3.9%	3.0%	2.6%	3.2%	2.3%	2.4%	2.1%	2.0%	2.2%
General and administrative	5,991,886	3,879,049	4,455,546	3,000,000	17,326,481	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000
As a percent of revenue	293.3%	177.3%	196.4%	111.0%	188.3%	96.1%	78.0%	50.5%	37.3%	57.3%	56.8%	48.1%	34.7%	28.7%	39.2%
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Income	(5,450,232)	(3,415,813)	(4,142,605)	(2,455,300)	(15,463,850)	(1,762,200)	(1,630,500)	(1,261,000)	(917,000)	(5,570,700)	(1,580,000)	(1,475,000)	(1,034,000)	(685,000)	(4,774,000)
Other Income															
Interest income	39,986	59,208	-	-	99,194	-	-	-	-	-	-	-	-	-	-
Interest expense	(352)	(300)	(278)	-	(930)	-	-	-	-	-	-	-	-	-	-
JV Incomr	-	-	816	-	816	-	-	-	-	-	-	-	-	-	-
Other income	20,999	48,729	224,667	-	294,395	-	-	-	-	-	-	-	-	-	-
Pretax Income	(5,389,599)	(3,308,176)	(3,917,300)	(2,455,300)	(15,070,375)	(1,762,200)	(1,630,500)	(1,261,000)	(917,000)	(5,570,700)	(1,580,000)	(1,475,000)	(1,034,000)	(685,000)	(4,774,000)
Taxes	614	1,054	746	-	2,414	-	-	-	-	-	-	-	-	-	-
FX adjustment															
Non-controlling interest	(95,286)	6,028	(56,117)	(40,000)	(185,375)	(40,000)	(40,000)	(40,000)	(40,000)	(160,000)	(40,000)	(40,000)	(40,000)	(40,000)	(160,000)
Net Income	(5,294,927)	(3,315,258)	(3,861,929)	(2,415,300)	(14,887,414)	(1,722,200)	(1,590,500)	(1,221,000)	(877,000)	(5,410,700)	(1,540,000)	(1,435,000)	(994,000)	(645,000)	(4,614,000)
Diluted shares outstanding	27,082,949	28,171,523	28,483,858	32,483,858	29,055,547	32,484,858	32,485,858	32,486,858	32,487,858	32,486,358	32,488,858	32,489,858	32,490,858	32,491,858	32,490,358
Seq change	1,780,743	1,088,574	312,335	4,000,000	-	1,000	1,000	1,000	1,000	-	1,000	1,000	1,000	1,000	-
EPS	(\$0.20)	(\$0.12)	(\$0.14)	(\$0.07)	(\$0.51)	(\$0.05)	(\$0.05)	(\$0.04)	(\$0.03)	(\$0.17)	(\$0.05)	(\$0.04)	(\$0.03)	(\$0.02)	(\$0.14)
EBITDA															
Gross margin	686,237	577,159	562,564	827,000	2,652,960	1,098,000	1,315,000	1,884,000	2,428,000	6,725,000	1,460,000	1,670,000	2,336,000	2,860,000	8,326,000
Less: cash expenses	(3,312,918)	(2,927,505)	(3,368,443)	(3,000,000)	(12,608,866)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(8,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(8,000,000)
EBITDA	(2,626,681)	(2,350,346)	(2,805,879)	(2,173,000)	(9,955,906)	(902,000)	(685,000)	(116,000)	428,000	(1,275,000)	(540,000)	(330,000)	336,000	860,000	326,000

Source: Company reports and Litchfield Hills Research LLC

Society Pass Inc. – Comparables

Ticker		Price Last	Cap \$ millions	EV \$ millions	LTM Rev \$	2022 Revenue	Growth vs. 2021	2023E Rev \$	Growth vs. 2022E	2024E Rev \$	Growth vs. 2023E	EV/Rev. 2024	E/R/G
SOPA	Society Pass, Inc.	\$0.28	8.47	0.582	9.14	5.64	984%	9.04	60%	15.74 15.74	74%	0.04x	0.05x
Advertising Comps													
OMC	Omnicom Group Inc	\$86.80	17,180.67	21,555	14,499.50	14,289	0%	14,624	2%	15,242	4%	1.41x	33.46x
IPG	Interpublic Group of Companies, Inc.	\$32.85	12,581.68	14,563	10,851.90	10,928	7%	9,466	-13%	9,701	2%	1.50x	60.54x
STGW	Stagwell, Inc. Class A	\$6.08	733.45	3,086	2,639.67	2,703	169%	2,562	-5%	2,789	9%	1.11x	12.48x
UCPA	United Communications Partners Inc.	\$0.00	3.72	1.621	49.53	51	-3%						
VSME	VS Media Holdings Limited Class A	\$0.42	8.44			9	-17%						
Average							43%		-5%		5%	1.34x	35.49x
Travel Comps													
BKNG	Booking Holdings Inc.	\$3,479.12	121,386.16	123,757	20,630.00	17,090	56%	21,274	24%	23,585	11%	5.25x	48.32x
ABNB	Airbnb, Inc. Class A	\$146.60	93,831.20	90,484	9,600.55	8,399	40%	9,853	17%	10,992	12%	8.23x	71.20x
EXPE	Expedia Group, Inc.	\$145.99	20,270.49	22,928	12,570.00	11,667	36%	12,834	10%	14,070	10%	1.63x	16.93x
TRIP	TripAdvisor, Inc.	\$19.28	2,660.41	2,615	1,752.00	1,492	65%	1,769	19%	1,937	9%	1.35x	14.22x
Average							49%		18%		10%	4.11x	37.67x
Foreign Comps													
1620-HK	Cinese International Group Holdings Lim	\$0.01	10.30	3.840	7.28	5.85	-19%						
1235-HK	Travel Expert (Asia) Enterprises Limited	\$0.02	8.23	(5.246)	11.60	5.14	289%						
TTT-VN	Tay Ninh Tourist Trading JSC	\$1.36	6.21	10.767	6.22	6.20	119%						
5706-TW	Phoenix Tours International, Inc.	\$2.29	167.05	149.933	56.14	6.80	27%						
5136-JP	tripla Co.,Ltd.	\$9.51	52.89	21.073	8.45	6.42	0%	8	29%	11	37%	1.86x	5.03x
Average							109%		29%		37%	1.86x	5.03x
Super Apps Comps													
GOTO-ID	PT GoTo Gojek Tokopedia Tbk	\$0.01	6,400	5,089	913	764	141%	952	25%	1,187	25%	4.29x	17.40x
UBER	Uber Technologies, Inc.	\$61.86	127,299	139,092	35,952	31,877	83%	37,108	16%	42,733	15%	3.25x	21.47x
GRAB-US	Grab Holdings Limited Class A	\$3.15	12,161	8,548	2,208	1,433	112%	2,344	64%	2,831	21%	3.02x	14.52x
9988-HK	Alibaba Group Holding Limited	\$9.18	177,265	116,418	129,751	126,703	-5%	132,120	4%	144,529	9%	0.81x	8.58x
Average							83%		27%		17%	2.84x	15.49x
Average of all companies							66%		16%		14%	2.81x	27.01x

Source: FactSet Research Systems, Company reports and Litchfield Hills Research LLC

Disclosures:

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