Society Pass
SOPA $1.94
Buy  Target: $8.00

Southeast Asia eCommerce Super-App With Billion Dollar Potential – Initiate at Buy / $8 Target

• We initiate coverage of Society Pass with a Buy rating and an $8 price target.

• The company aspires to create the next super-app in Southeast Asia. Comparable success stories such as Lazada, GoTo and Grab have all been accorded multi-billion valuations.

• Led by entrepreneurial CEO Dennis Nguyen and a strong team of business unit CEOs and country managers operating under a matrix management structure it operates in the luxury goods, food/beverage, media and telecom segments tying them all together with a planned loyalty points program call Society Points.

• Each of its eight business units operate in industries experiencing torrid growth. In Southeast Asia, consumers are younger and more tech-savvy than in the U.S. and they have enthusiastically embraced the mobile internet e-commerce revolution.

• The company operates in five countries all with vibrant open economies, recovering from Covid lockdowns and now seeing dynamic growth: Singapore, Vietnam, the Philippines, Indonesia and Thailand. Its next group of five target countries is equally dynamic.

• The eight business units are:
  o Leflair – a Vietnam luxury goods flash sale e-commerce company akin to Groupon.
  o NusaTrip – an Indonesian travel website company serving the region akin to Expedia.
  o Gorilla Networks – a Singapore-based MVNO using a novel blockchain strategy to serve the mobile phone travel market.
  o Mangan – the largest restaurant delivery company in the Philippines akin to GrubHub and DoorDash.
  o Handycart – a Hanoi, Vietnam restaurant delivery company poised to enter Saigon.
  o Pushkart – a Philippines supermarket delivery company akin to Instacart.
  o #HOTTAB – a Vietnam restaurant and hotel terminal and back-end software management platform.

• Key risk factors all revolve around execution. SoPa must upgrade its apps, win and retain customers, expand across its region, and successfully execute on its loyalty points strategy. We have personally met dozens of members of their team and visited their offices in four countries and believe they are up to the job.
Society Pass
701 South Carson Street
Carson City, NV 89701
+1.65.6518.9382
http://www.thesocietypass.com

Rating | Buy
--- | ---
Target Price | $8.00
Ticker Symbol | SOPA
Market | NASDAQ
Stock Price | $1.94
52 wk High | $77.34
52 wk Low | $1.49
Shares Outstanding: | 23.8 M
Public Market Float: | 15.6 M
Avg. Daily Volume | 2,641,039
Market Capitalization: | $46 M
Institutional Holdings: | 5.4%
Dividend Yield: | 0.0%

| FYE - December | 2021 | 2022E | 2023E | 2024E |
--- | --- | --- | --- | --- |
1Q - March | ($0.15) | ($0.30) | A | ($0.23) | ($0.16) |
2Q - June | ($0.59) | ($0.26) | ($0.23) | ($0.19) |
3Q - September | ($1.08) | ($0.26) | ($0.22) | ($0.17) |
4Q - December | ($4.83) | ($0.29) | ($0.21) | ($0.12) |
Year | ($3.69) | ($1.07) | ($0.90) | ($0.84) |

| Revenue ($mm) | 2021 | 2022E | 2023E | 2024E |
--- | --- | --- | --- | --- |
EV/Rev | $0.5 | $7.2 | $29.3 | $59.8 |

| EBITDA ($mm) | 2021 | 2022E | 2023E | 2024E |
--- | --- | --- | --- | --- |
EV/EBITDA | ($4.3) | ($10.0) | ($5.6) | $4.5 |

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Dividend Yield: | 0.0%

Common Ownership Profile

| Shareholder | Shares ('000) | % of Total |
--- | --- | --- |
Dennis Nguyen | 431.8 | 1.8% |
Bien Kiat Tan | 156.0 | 0.7% |
Pamela Aw-Young | 149.5 | 0.6% |
Raynauld Liang | 130.6 | 0.5% |
Xanne Leo | 122.4 | 0.5% |
Legal & General Investment Management | 431.8 | 1.8% |
BlackRock Fund Advisors | 156.0 | 0.7% |
Parametric Portfolio Associates LLC | 149.5 | 0.6% |
SSgA Funds Management, Inc. | 130.6 | 0.5% |
Geode Capital Management LLC | 122.4 | 0.5% |
Directors and Officers | 10,624 | 44.7% |

Capitalization

| Market Value Basis ('000) | 07/22/2022 | % |
--- | --- | --- |
Long-Term Debt | $811 | 5.1% |
Market Value of Equity | 48,149 | 288.6% |
Less: cash | $30,968 | -193.8% |
Enterprise Value | $15,993 | 100.0% |

| Book Value Basis ('000) | 3/31/2022 | % |
--- | --- | --- |
Long-Term Debt | $811 | 1.9% |
Other Liabilities | 1,252 | 3.0% |
Book Value of Equity | 39,562 | 95.0% |
Total Capital | $41,625 | 100.0% |

Source: Company reports and Spartan Capital Securities estimates

Company Description

Society Pass aspires to be the next major Southeast Asia super-app. It owns eight companies in the food/beverage, luxury goods, telecom and media sectors and plans to tie these together with its Society Points loyalty program.
Southeast Asia eCommerce Super-App
With Billion Dollar Potential

We initiate coverage of Society Pass (SoPa) with a Buy rating and an $8 price target. It is an e-commerce company operating in five countries in Southeast Asia in the travel, food/beverage, luxury goods, telecom, and social media public relations sectors. Most of its businesses have been acquired recently, and most were at rock bottom valuations because the businesses were devastated by the pandemic and are only now recovering. As we discuss in this report, we traveled to four key countries where SoPa operates and met with dozens of employees, including most country managers and business unit CEOs. As we write in this report, it has retained the entrepreneurial spirit of its acquisitions, and each business brings some type of innovation to its business. Its businesses also typically only operate in single countries today, but we expect each to expand across all five countries (and eventually five more). Tying it all together is the company’s plan to launch its Society Points loyalty program, where consumers can earn and spend points on products or services from each business unit.

We believe that SoPa is a rare microcap with a billion-dollar market cap potential. To achieve such status, a company must operate in a large enough market. Just its five core markets alone have a combined GDP of $2.8 trillion, and the e-commerce market is in the hundreds of billions and growing rapidly. SoPa mainly serves the e-shopping, travel, food/beverage, media and telecom spaces with eight operating subsidiaries. We view four as well-established and four as works in progress with potential. These are:

1. **Leflair** – luxury goods, flash sale e-commerce company operating in Vietnam with plans to expand to the Philippines and Indonesia later this year.
2. **NusaTrip** – a travel website in Indonesia that works across the region and globally. The acquisition has been announced and is scheduled to close on August 5th.
3. **Thoughtful Media Group** – Los Angeles and Thailand-based social media marketing company using its roster of thousands of well-known Southeastern Asian influencers to serve both US multi-national brands as well as the large number of Southeast Asian conglomerates operating in multiple industries.
4. **Gorilla Networks** – a Singapore-based mobile phone service reseller that uses a unique blockchain technology turning things like phone numbers and rate plans into data on its blockchain. The company is revamping its website and plans to relaunch in September.
5. **Mangan** (pronounced mon yon) – a Philippines-based restaurant delivery company now serving northern Luzon Island, which plans to expand to the capital – Manila – now that it is part of the well-capitalized Society Pass. Mangan is the leader of three food and beverage companies in the group.
6. **Handycart** – a Vietnam-based restaurant delivery company serving restaurants in Hanoi with plans to expand to the much larger Ho Chi Minh City (HCMC or Saigon) market this year.
7. **Pushkart** – a Philippines-based supermarket delivery company that serves the corporate pantry, B2C and consumer markets with plans to expand its consumer business now that it is part of Society Pass
8. **#HOTTAB** – a restaurant ordering terminal and back-end management system operating in Vietnam and the Indonesian luxury hotel market. An expansion business plan is in the works as Society Pass will need to hire a small number of sales reps to visit restaurants and hotels.
In our view, the three most relevant comparisons of companies that built multi-billion-dollar Southeast Asia e-commerce businesses would be Alibaba’s acquisition of Lazada, which valued it at $4 billion, GoTo’s April IPO in Indonesia, which valued it at $26 billion, and Grab, which completed a SPAC merger in December valuing it at $40 billion. Even with the collapse in the prices of former SPACs, this one is still trading at $11 billion. So SoPa has the potential to obtain a massive market capitalization. To get there, it faces numerous challenges, including building scalable apps and spending the money to win and retain customers. Based on our extensive due diligence and meetings with dozens of Society Pass executives and employees, we are confident it can do so. And the market is clearly there.

**Fig 1: Society Pass Peers Have Obtained Billion Dollar Valuations**

<table>
<thead>
<tr>
<th>Company</th>
<th>Valuation Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lazada</strong></td>
<td>Acquired by Alibaba in transactions totaling $4 billion from 2016 - 2018.</td>
</tr>
<tr>
<td><strong>Grab</strong></td>
<td>December SPAC merger valued it at $40 billion, now at $11 billion</td>
</tr>
<tr>
<td><strong>GoTo</strong></td>
<td>April 2022 Indonesia IPO valued it at $26 billion, now at $24 billion.</td>
</tr>
</tbody>
</table>

*Source: Company reports and Spartan Capital Securities estimates*

The genesis of SoPa came about when founder Dennis Nguyen was at a coffee shop where he lived at the time in Newport Beach, California. He noticed so many patrons booking events at websites such as OpenTable and buying goods through e-commerce sites like Groupon. The thought of creating a company to become a horizontally integrated e-commerce company in Southeast Asia was born. We liken SoPa to what Masayoshi Son has done with SoftBank, headquartered out of Japan, although with an exclusive focus on e-commerce and the Southeast Asian region. Unlike SoftBank, with its numerous multi-billion-dollar deals, SoPa’s transactions are relatively small, typically paying just a few hundred thousand dollars in cash, plus stock and earnouts to owner/managers who stay on.

**Southeast Asia is Growing Rapidly With a Young, Tech-Savvy Population**

SoPa currently operates in five southeast Asian markets and has disclosed ambitions for five more markets in its SEC filings. Of the current five, Singapore looks more like a developed country with GDP per capita on par with the US. With the changes taking place in Hong Kong, Singapore is fast becoming the regional financial capital, with thousands of companies locating their regional headquarters there, two local companies in the Fortune 500 and nine in the Forbes Global 2000. We would describe the other four as emerging markets, with Vietnam’s rapid growth moving it from frontier country status.

These countries comprise a collective GDP roughly 12% that of the US, with a population of 70% greater. Compared to China, they comprise a GDP of about 16% and a total population of about 40% of that of China. GDP per capita ranges from 98% that of the US in Singapore to just 5% in Vietnam. While long-term growth expectations are much greater for the region, given their young and still rapidly growing populations and increasing GDP per capita, this trend has been masked by the pandemic. Economically, the pandemic was deeper in the region, and the recovery is about a year behind the US, in our opinion.
Key Differences Between Southeast Asia and the US Relevant to Investors:

- Younger, more tech-savvy populations.
- Local stars, not American celebrities, dominate social media.
- Much faster economic growth.
- Laissez-faire governments support entrepreneurs but do not provide backstops like Payroll Protection Plan in the U.S.
- Internet is mostly mobile, not desktop.
- Luxury goods and travel demand is growing rapidly.
- Since the region is comprised of distinct countries as opposed to US states, there are border challenges (e.g., mobile plans don’t work region-wide) and opportunities (e.g., shipping out of low tariff countries to save costs).

While many investors not familiar with the region view it as homogenous, we see distinct differences and opportunities in each market. For example, Indonesia is a democracy with a large population of 277 million (82% of the US) and is rapidly growing. It was a former Dutch colony gaining independence in 1949, and the Dutch influence is still evident. However, it also faces a homegrown Islamic terrorist problem with bombings in the capital in recent years. Visitors to Jakarta will note an increased security presence. It is also an archipelago of 18,000 islands, 6,000 of which are inhabited, although about half the population lives in the capital. Thus, demand for domestic air travel is significant since one cannot visit islands by car. Singapore, on the other hand, is tiny in size and population but has a high per capita income, allowing residents to afford to buy more products and engage in more travel. Vietnam and Thailand both have populations over 100 million, with consensus projections for around 7% GDP growth in 2023. While it is ostensibly a communist country, Vietnam has the most open, capitalist economy, based on our observations.

We see trends of younger populations, faster growth, and greater acceptance of the mobile web driving consumer demand for SoPa’s services. For example, regional travel is very popular, and the region supports dozens of ultra-low-cost carrier (ULCC) airlines, which are the airlines NusaTrip primarily does business with. Regional travelers also need mobile data plans due to the fragmented nature of the telecom market across the region, setting up demand for Gorilla. Young consumers are also starting to buy luxury goods, driving demand for Leflair’s products.

The next five target markets include three frontier market countries: Laos, Cambodia, and Myanmar, and two emerging markets. Malaysia has been an economic miracle, with GDP per capita now at 16% of US levels, and tiny Brunei has a GDP per capita nearly half that of the US.
### Fig 2: Southeast Asia Offers Youth, Growth and Opportunity

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>103.9</td>
<td>31.9</td>
<td>$362.6</td>
<td>$3,491</td>
<td>5.1%</td>
<td>2.9%</td>
<td>LeFlair</td>
<td>Ngo Thi Cham</td>
</tr>
<tr>
<td>Indonesia</td>
<td>277.3</td>
<td>31.1</td>
<td>$1,190.0</td>
<td>$4,291</td>
<td>6.3%</td>
<td>3.7%</td>
<td>Handycart</td>
<td>Patrick Soetanto</td>
</tr>
<tr>
<td>Philippines</td>
<td>114.6</td>
<td>24.1</td>
<td>$394.1</td>
<td>$4,349</td>
<td>5.0%</td>
<td>5.7%</td>
<td>Nusatrip</td>
<td>Arbie Pagdanganan</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.9</td>
<td>35.6</td>
<td>$397.0</td>
<td>$67,048</td>
<td>98.3%</td>
<td>7.6%</td>
<td>Thoughtful Media</td>
<td>Raynauld Liang</td>
</tr>
<tr>
<td>Thailand</td>
<td>69.6</td>
<td>39.0</td>
<td>$506.0</td>
<td>$7,265</td>
<td>10.7%</td>
<td>1.6%</td>
<td>Thoughtful Media</td>
<td>Jittra Cheng</td>
</tr>
</tbody>
</table>

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<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>33.9</td>
<td>29.2</td>
<td>$372.7</td>
<td>$11,004</td>
<td>16.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>16.7</td>
<td>26.4</td>
<td>$27.0</td>
<td>$1,613</td>
<td>2.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Laos</td>
<td>7.7</td>
<td>24.0</td>
<td>$18.8</td>
<td>$2,430</td>
<td>3.6%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>54.8</td>
<td>29.0</td>
<td>$65.1</td>
<td>$1,187</td>
<td>1.7%</td>
<td>-18.0%</td>
</tr>
<tr>
<td>Brunei</td>
<td>0.5</td>
<td>31.1</td>
<td>$14.0</td>
<td>$29,312</td>
<td>43.0%</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For Comparison</th>
<th>Population</th>
<th>Median Age</th>
<th>GDP/Cap 2021</th>
<th>GDP/Cap 2023E</th>
<th>GDP Growth 2021</th>
<th>GDP Growth 2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>337.3</td>
<td>38.5</td>
<td>$23,000.0</td>
<td>$68,180</td>
<td>100.0%</td>
<td>5.7%</td>
</tr>
<tr>
<td>China</td>
<td>1,410.5</td>
<td>38.4</td>
<td>$17,730.0</td>
<td>$12,570</td>
<td>18.4%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Source: Population - CIA World Factbook; Economic - World Bank
Region is Characterized by Work Ethic, With Red Tape and Network Technology Challenges

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. This provides SoPa with a ready base of both customers and hard-working employees, many of whom we met with. At the time of our visit in late June/early July, SoPa had roughly 120 employees but 200 pro forma for pending acquisitions.

Residents spend much of their waking day on their mobiles. We did not have service on our phone in Singapore during our trip, but we bought local SIM cards when we landed in Vietnam, the Philippines, and Indonesia. Nearly every transaction, from taxis to payments to getting our mandatory Covid test, was done via our mobile phones, and we found ourselves scanning dozens of QR codes in the week we were there.

Singapore is More Than Just Crazy Rich Asians

While SoPa’s legal headquarters is in Nevada, its real headquarters is in Singapore. Its only operating business in the country is Gorilla Networks, but eventually, we expect it to launch all of its businesses in each of its markets. 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 $67,000, about equal to the US. 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. 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 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. SoPa’s Leflair previously warehoused its inventory in Singapore and shipped from there to avoid the tariffs and will likely do so again with capital from Society Pass.

Vietnam is Now a Roaring Dragon

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 mobile (we bought a Viettel SIM card) 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. Our VPN was not blocked, and we could catch a baseball game live from the US before heading off to our meetings. 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.

**The Philippines is Growing Rapidly and Back Under Marcos Rule**

Beginning in the 16th century, the 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. The Philippines granted its independence on American Independence Day, July 4, in 1946, upon the end of the Second World War. Perhaps because of this history, it has the youngest population among SoPa’s five-country core markets, with a median age of just 24.1. This bodes well for economic growth, technology usage, and the e-commerce businesses SoPa operates. The Philippines inaugurated a new president on the day we visited, 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. Most articles we have read on the subject expect his son to do the same. Former first lady Imelda Marcos is the new president’s mother and attended the inauguration. She was infamously known for her collection of luxury shoes and moved back into Malacanang Palace just as Leflair plans to re-enter the market selling luxury goods, including shoes. The Philippines is also an archipelago, with 1,700 islands driving domestic air travel demand. Society Pass has a strong food and beverage business in the country with both its Mangan restaurant delivery business and its smaller Pushcart supermarket delivery service.

**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 277 million and a GDP per capita of $4,300 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. The only Society Pass business currently operating in Indonesia is NusaTrip, but the market appears prime for each of the verticals the company operates in. We met with one of the founding executives of Moratelindo, which is selling NusaTrip to Society Pass. Moratelindo is one of the largest telecom carriers in the country, with 23,000 kilometers of terrestrial and undersea fiber, a wireless business, a data center business, and a video service. The company is also well-connected politically and remains a good friend of Society Pass. Moratelindo also continues to host NusaTrip at its data centers.

**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 second largest economy in Society Pass’s five-country core market territory. However, today its only operation there is the regional headquarters of recently acquired social media public relations company Thoughtful Media Group (TMG). But Thailand possesses the same characteristics as the 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 seven businesses to enter this market, driven by the PR expertise of TMG. With a population of 70 million, Thailand is the smallest of the five core countries except for Singapore. Given the lack of an operating business, we did not visit Thailand on our pre-initiation due diligence trip. We expect numerous
developments from Society Pass in the country over time as it launches travel, e-commerce, and food and beverage services in the country tied together with its Society Points program. Stay tuned.

**Society Pass Operates a Matrix Management Structure With Business Unit CEOs Driving Revenue, and Country Managers Controlling Expenses**

Dennis Nguyen has a background in finance and investment banking. He has two bachelor’s degrees and three graduate degrees, including a JD and an MBA. He started his career as an analyst with Nortel during the 1990s telecom boom. He has held investment banking positions with Citibank, Credit Agricole, and Daiwa. From 2002 to 2016 he held a long stint with New Asia Partners, which is a venture capital fund. Here he sat on the boards of several companies which successfully conducted IPOs.

Mr. Nguyen explained his management style and how he has organized the company. Management consists of a top C suite level, and below that is a matrix of country managers and business unit managers. Southeast Asian businesses have a very high concentration of female executives, and SoPa’s four-person C-suite is half women and four of its five business unit heads (at the time of our visit) were women.

The key job of country managers is administration and finance, with a focus on cost control. Budgets are set at the start of the year and reviewed and adjusted monthly. The business unit managers run the business and are judged on revenue generation and forward-looking KPIs such as building customer bases.

The company describes its management structure as three levels, but we describe it as more of a matrix style, with five country managers and seven business unit managers with one manager running two businesses. We have met in person with three of the five country managers, visited SoPa offices in Singapore, Vietnam, the Philippines, and Indonesia and met in person with five of the eight business unit managers, and have done Zoom calls with the others. In all of our meetings, the business unit manager and country manager both attended when possible, and we went out for lunch or dinner with them – they all seemed to get along well and bring complementary skills.

The stories behind the board members are also worth understanding since the company’s PowerPoint presentation does not do them justice. While founder and CEO Dennis Nguyen is the chair, the company’s secret weapon is vice-chair Bien Kat Tan who brings connections across the region and has introduced many of the M&A transactions. Upon closure, he recently became co-CEO of TMG and is introducing it to many of the numerous family-owned conglomerates that are common in the region, each operating multiple consumer businesses. Each board member has personally invested at least half a million dollars and some much more. Jeremy Miller is an up-and-coming GOP politician in Minnesota and is an FoD (friend of Dennis) from when the CEO was a university professor there. Miller brings a strong financial background to the board. Complementing this is board member Linda Cutler’s strong legal background. She is the most active participant in board meetings after Mr. Nguyen and is a stickler for legal details, particularly the company’s regulatory filings. So, the company benefits from an experienced in-house counsel (she is the former Deputy General Counsel at $40 billion agricultural conglomerate Cargill). Lastly, John Mackay is out of London and is the co-chair of investment banking firm SP Angel there. So, it’s a compact, five-person board, all of whom were personally recruited by Nguyen, that is well structured for a fast-growing acquisitive company like SoPa.
### Fig 3: C-Suite Members Bring Wealth of Experience

<table>
<thead>
<tr>
<th></th>
<th>Chief Executive Officer</th>
<th>Age: 52</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dennis Nguyen</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td><strong>Focus</strong></td>
<td><strong>Years</strong></td>
</tr>
<tr>
<td>Society Pass</td>
<td>Founder and CEO</td>
<td>2018 - Present</td>
</tr>
<tr>
<td>New Asia Partners</td>
<td>Chairman</td>
<td>2002 - 2016</td>
</tr>
<tr>
<td>Daiwa Capital Markets</td>
<td>Vice President</td>
<td>2002 - 2002</td>
</tr>
<tr>
<td>Credit Agricole</td>
<td>Associate Director</td>
<td>1999 - 2002</td>
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<th>Vice Chairman</th>
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<tr>
<td><strong>Company</strong></td>
<td><strong>Focus</strong></td>
<td><strong>Years</strong></td>
</tr>
<tr>
<td>Society Pass</td>
<td>Chief Financial Officer</td>
<td>2019 - Present</td>
</tr>
<tr>
<td>Connex Capital</td>
<td>Financial Director</td>
<td>2013 - 2019</td>
</tr>
<tr>
<td>Primeforth Capital</td>
<td>Associate Director</td>
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<td>Sino-Environment Technology</td>
<td>Chief Financial Officer</td>
<td>2008 - 2010</td>
</tr>
<tr>
<td>Hyflux Ltd.</td>
<td>Senior Investment Manager</td>
<td>2005 - 2008</td>
</tr>
<tr>
<td>The University of Queensland</td>
<td>Bachelors - Commerce</td>
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<tr>
<th></th>
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<tr>
<td><strong>Pamela Aw-Young</strong></td>
<td></td>
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<tr>
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<td><strong>Title</strong></td>
<td><strong>Years</strong></td>
</tr>
<tr>
<td>Society Pass</td>
<td>Chief Operating Officer</td>
<td>2021 - Present</td>
</tr>
<tr>
<td>Li and Fung</td>
<td>VP - Operations</td>
<td>2011 - 2016</td>
</tr>
<tr>
<td>Diageo</td>
<td>Supply Chain Director</td>
<td>2007 - 2008</td>
</tr>
<tr>
<td>Nike</td>
<td>Product Delivery Director</td>
<td>2001 - 2008</td>
</tr>
<tr>
<td>University of San Francisco</td>
<td>Masters - Supply Chain</td>
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<tr>
<td>University of San Francisco</td>
<td>BS - Computer Science</td>
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*Source: Company reports and Spartan Capital Securities estimates*
SoPa Has Eight Business Units in Luxury Goods, Food/Beverage, Travel, Telecom and Media

SoPa lists M&A as one of its key strategies. It has completed seven deals to date, with one announced and on track to close on August 5, and has dozens more in the pipeline at any time. This part of the report is probably not going to age well as there is so much activity, but we seek to provide a snapshot as of our publication date. From a macro perspective, what Mr. Nguyen is doing is raising capital in the U.S., with $40 million raised in two public offerings to date and $31 million on the balance sheet as of the end of March, and deploying it on acquisitions and operations – primarily marketing to build customer bases – in Southeast Asia. This provides an investor relations challenge as many U.S. investors work off of their U.S.-centric knowledge bases, which are sometimes not applicable in Southeast Asia. With this report, we seek to provide a bridge in this knowledge gap.

Like the U.S. and the rest of the world, Southeast Asian businesses were decimated by the 2020-2021 pandemic. Unlike in the U.S., these countries had had very few support programs such as the massive trillion-dollar Payroll Protection Program (PPP) during the Trump administration in the U.S. As a result, many of the businesses SoPa is targeting are extremely weak financially but were thriving pre-pandemic and are starting to come back now. A good example of this is Leflair, SoPa’s luxury consumer products business, which did $11 million in revenue in 2019 and was the third largest e-commerce company in Vietnam with strong brand name recognition but went bankrupt in 2020. SoPa bought it, restructured, and relaunched it in September 2021, generating roughly $400,000 in revenue in 4Q 2021, its first full quarter after the relaunch. Prospective annual revenue is in the tens of millions, in our opinion. SoPa paid a minimal amount for it and kept on the French entrepreneurs who founded it and continue to run it. We see many, many more such opportunities on the horizon, with some closed, some announced but not yet closed, and dozens in process but not yet disclosed. Each typically operates in a single country, but with SoPa’s financial support and a common tech infrastructure, it plans to launch each in its existing five-country core market, and eventually, to 10 countries across Southeast Asia, tying them all together with the Society Pass loyalty program.

While Leflair is the best example, all of its acquisitions were hard-hit by the pandemic. As noted, the pandemic had a more severe economic impact in Southeast Asia than in the U.S. due to the lack of massive government support programs. Ironically, communist Vietnam took a more capitalist approach to the pandemic than the nominally capitalist U.S., using the bankruptcy process to sort things out. This approach seems to have worked out well, with Leflair a key example surviving bankruptcy and thriving again.

Leflair Offers Vietnam Women Fashion Flash Sales Several Times a Day

Leflair is an online luxury goods, flash sale e-commerce company in Vietnam that was acquired out of Covid-related bankruptcy in June 2021, with operations relaunched in September 2021. The company is today Society Pass’s dominant source of revenue, representing 98% of revenue in 1Q 2021. Leflair was founded by two French co-founders with experience in e-commerce in the region. Given Vietnam’s strong history as a French colony, which today is recalled fondly, having French nationals run a lifestyle business feels natural. Even today, Ho Chi Minh City is called the Paris of Asia, and classic French architecture and gardens dominate with wide boulevards and plantings in the medians. The founders bring a wealth of experience to the company. Loic Gautier, now CEO, worked for Groupon in France, then joined Lazada in Vietnam before co-founding Leflair. Leflair’s flash sale model closely resembles that of Groupon. We pointed to Lazada as one of the successful multi-billion dollar Southeast Asian companies to which we compare Society Pass. He met fellow Frenchmen Pierre-Antoine Brun at Lazada, and Mr. Brun is now CTO of Leflair.
### Fig 4: SoPa's Eight Business Units Cover Multiple Verticals and Countries

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<thead>
<tr>
<th>Business Unit</th>
<th>Website</th>
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<tr>
<td><strong>Leflair</strong></td>
<td><a href="https://leflair.com/en">https://leflair.com/en</a></td>
<td>June 23, 2021</td>
</tr>
<tr>
<td>Source: Company reports and Spartan Capital Securities estimates</td>
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</tr>
<tr>
<td>Fashion flash sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Markets: Vietnam with 2022 launches in Philippines and Indonesia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO: Loic Gautier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comps: Groupon</td>
<td></td>
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<tr>
<td><strong>NusaTrip</strong></td>
<td><a href="https://nusatrip.com">https://nusatrip.com</a></td>
<td>August 8, 2022</td>
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<tr>
<td>Online travel</td>
<td></td>
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<tr>
<td>Markets: Indonesia base, but works globally</td>
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<td></td>
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<tr>
<td>CEO: Hans Ebenhahn</td>
<td></td>
<td></td>
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<tr>
<td>Comps: Travelocity, Booking.com, Expedia</td>
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<td><strong>Thoughtful Media</strong></td>
<td><a href="https://www.thoughtfulmedia.com">https://www.thoughtfulmedia.com</a></td>
<td>July 11, 2022</td>
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<td>Social media public relations</td>
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<td>Markets: USA, Thailand, Vietnam, Philippines</td>
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<tr>
<td>Co-CEOs: Bien Kiat Tan / Daniel Thorman</td>
<td></td>
<td></td>
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<td>Comps: Dolphin Entertainment</td>
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<td>Mobile blockchain network</td>
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<td>Market: Singapore</td>
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<tr>
<td>CEO: Xanne Leo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comps: Tracfone, Spectrum Mobile and Xfinity Mobile</td>
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<td><strong>Mangan</strong></td>
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<td>Restaurant delivery</td>
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<td>Market: Philippines</td>
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<td></td>
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<tr>
<td>CEO: Vince Briones</td>
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<tr>
<td>Comps: DoorDash, GrubHub</td>
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<tr>
<td>CEO: Seo Jin Ho</td>
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<td>Comps: DoorDash, GrubHub</td>
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<td>CEO: Michael Lim</td>
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<td>Comps: FreshDirect, Instacart, Peapod</td>
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<td><strong>#HOTTAB</strong></td>
<td><a href="https://hottab.net">https://hottab.net</a></td>
<td>November 18, 2019</td>
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<td>Restaurant terminals and software</td>
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<td>Market: Vietnam</td>
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<td></td>
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<tr>
<td>CEO: Seo Jin Ho</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comps: Micros, Block</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Company reports and Spartan Capital Securities estimates
Fig 5: Society Pass Business Unit Websites

**LeFlair**
https://leflair.com/en

**Thoughtful Media Group**
https://www.thoughtfulmedia.com

**Nusatrip**
https://nusatrip.com

**Mangan**
https://mangan.ph/

**Handycart**
https://handycart.vn

**Pushkart**
https://pushkart.ph

**Gorilla**
https://gorilla.global

**#HOTTAB**
https://hottab.net

Source: Company reports and Spartan Capital Securities estimates
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.

**Fig 6: Leflair Headquarters in Ho Chi Minh City, Vietnam**

Leflair had grown rapidly, generating $11 million in revenue in 2019 with 200 employees and 120,000 loyal customers in Vietnam and the 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 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. They look on track to generate $7 million in 2022, with a re-entry into the Philippines market and new market entry into Indonesia planned for later this year.

Based on the newfound momentum, SoPa intends to use Leflair as the first of its subsidiaries to list a minority stake, so each business unit will have its own balance sheet to fund growth and acquisitions and a publicly available valuation to better achieve fair value in the market, as opposed to being one of the parts in a sum of the parts business of the parent, Society Pass.
Fig 7: Leflair Sells Fashion, Beauty and Home Goods Via Flash Sales Several Times a Day

Source: Company reports and Spartan Capital Securities estimates

Fig 8: Leflair Was Riding High Before the Pandemic With 2020 Revenue Projected at $20 Million

Source: Company reports and Spartan Capital Securities estimates

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 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 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. Key data points are as follows, but these are from just a few months since the relaunch, and so management will have a better sense over time:

- Customer acquisition cost $20-30, with ~60% from Google and Facebook.
- Average order size = $50.
- Orders/customer/month ~ 1.
- Annual revenue per customer = $300-400, but a bit early to say definitively since it has been less than a year since the relaunch.
- Gross margin = 15%, with a 20% to 25% target next year.
- Lifetime customer value = $1,500, but again a bit early to say definitively since it has been less than a year since the relaunch.
- Best customers have LCV of several thousand dollars.
- Things like re-opening a Singapore warehouse, using TMG for social media marketing, and increasing loyalty with Society Points should all improve the economics of the model.

Mr. Gautier patiently tutored us on the unique dynamics of the supply chain for retail products in Vietnam and the region and how tariffs play a major role in distribution. While many of the luxury goods Leflair sells in Vietnam are also made there, they are exported to regional manufacturer warehouses in large quantities and then imported back in, facing high import tariffs. In Southeast Asia, brands like Nike and Estee Lauder have exclusive distributors that Leflair and others buy from. These distributors also often operate their own small street-level stores in cities.

<table>
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<th>De minimis</th>
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<tr>
<td>Malaysia</td>
<td>$110</td>
<td>0%</td>
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Source: Company reports and Spartan Capital Securities estimates
Import tariffs are as high as 40% in Vietnam and Indonesia but as low as 7% in more affluent markets like Brunei and Vietnam. Thus, in the high tariff markets, Mr. Gautier explained there is actually a shortage of luxury goods, presenting a challenge for a company whose business is to offer luxury goods at a discount. Leflair has several ways to address this. This first is its team of young specialists who have developed relationships with distributors and communicate with them several times a day, obtaining product inventory and negotiating attractive pricing. Leflair apparently treats its employees well as they stayed in touch with each other and their distributor contacts during the bankruptcy, and the core group readily agreed to rejoin Leflair when it was relaunched. We see the same dynamic in the Philippines, where SoPa’s country manager Arbie Pagdanganan is a former Leflair employee and told us that she keeps in touch with many former Leflair workers there, who are also eager to rejoin upon the relaunch later this year. These unsung employees are a key to the business model, so it is a positive to see such loyalty even after losing their jobs.

Prior to the pandemic, the company operated warehouses in Singapore and Hong Kong from which it would ship goods to high tariff countries. Each country sets a “de minimis” level, below which there is no tariff, and generally, Leflair orders fall under these values. Now part of Society Pass, we look for Leflair to re-establish a warehouse in Singapore, dramatically increasing its gross margin. Given the tremendous amount of luxury good counterfeiting, consumer trust is a key issue, and Leflair prevents this by dealing exclusively with the brands or their authorized distributors directly.

The other, longer-term, and more significant strategy is for Leflair to become a distributor itself either by signing deals with luxury goods brands or using SoPa capital to buy up distributors. This would be one use of capital if Leflair embarks upon its own public listing, as we expect.

Almost immediately upon resuming operations last September, Leflair picked up where it left off. Part of this, as noted, was its ability to bring back the key employees with distributor relationships, but more importantly, loyal customers have flocked back to the site. The company now has about 150,000 loyal customers versus about 120,000 in 2019. Management had expected to generate $20 million in 2020 before the bankruptcy, and this is now possible in 2023, although our estimate is more conservative at $12 million. We factor in late 2022 launches in the Philippines and Indonesia in our 2023 forecast and also look for market launches in Singapore and Thailand relatively soon. SoPa’s TMG, with its array of young influencers in the region, should prove very useful in this regard, as fashion and beauty product sales are driven by what the influencers are using.

**Fig 10: Leflair is Rebounding Like a Phoenix Out of the Ashes of Bankruptcy**

Source: Company reports and Spartan Capital Securities estimates
NusaTrip: Trip to Anywhere, Let’s Go

NusaTrip is an Indonesian online travel website that works across the region and globally. It was founded in 2013 by current CEO Hans Ebenhahn. The acquisition by Society Pass has been announced in the Jakarta newspapers and is scheduled to close on August 5th. We had an opportunity to meet with Mr. Ebenhahn at NusaTrip headquarters in Jakarta. We believe he built a truly differentiated travel app whose capabilities exceed those of well-known US travel websites such as Expedia. Mr. Ebenhahn is a French national with undergraduate and MBA degrees from the University of Tours in France. His first job was with the French tech company iBazar, which eBay acquired in 2002. Mr. Ebenhahn was well regarded enough by eBay that they retained him and moved him to corporate headquarters in San Francisco. They then moved him to their Southeast Asia office in Singapore, where he stayed until 2007, when he left to join more entrepreneurial organizations while staying in the region.

Fig 11: NusaTrip Headquarters in Jakarta

Source: Company reports and Spartan Capital Securities estimates

When he decided to set out on his own, he decided on the online travel market, noting that this is generally the first e-commerce application in new markets. The name NusaTrip comes from the Indonesian word for island, which is nusa. With a population of 277 million, the fourth largest in the world, and 5% GDP growth expected for 2022, 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 2,000 hotels and 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 technology company Sabre but has direct links with its core ultra-low-cost carrier (ULCC) airline partners in the region, the largest of which is Lion Air. 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 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 70% 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.
NusaTrip has three key technology advantages. First, its proprietary internally developed flight engine fare intelligence system which uses artificial intelligence machine learning technology to find the best flights for customers. Mr. Ebenhahn boasted that his technology can do things that even major U.S. travel websites like Expedia cannot do. When we traveled to Asia for due diligence for this report, we used several such sites, and they came up with crazy results like $16,000 fares with four or five connections, including ULCCs such as Frontier Airlines. We wound up flying Qatar Airways for around $2,000 in economy class. After meeting Mr. Ebenhahn, we downloaded the NusaTrip app and ran a search. It came up with the optimal Qatar Airways itinerary we found through hours of trial and error. Even for domestic U.S. routes, such as LaGuardia to Miami, it found better fares. So, we believe his boast. While fancy technology is nice, the bottom line is that NusaTrip offers consumers more options at lower prices.

The second innovation is direct, negotiated, custom technology links with the ultra-low-cost airlines prevalent in the market. These include AirAsia, Lion Air, Citilink, Super Air Jet, and Wings Air. On our flights in and out of Jakarta, we noted numerous planes from these airlines on the tarmacs. For other airlines and hotels, it uses standard industry links from Sabre.

The third innovation is in payments. Unlike the U.S., credit card payments are much less prevalent, with fees as high as 10% and a high rate of failed transactions. Only 7% of Indonesians even have credit cards. So NusaTrip built its own platform utilizing direct bank transfers. Its proprietary system has links with over 100 Indonesian banks to facilitate direct payments. In travel, once the travel site finds a fare with an airline, it only has a few minutes to purchase, or the price may rise, or the inventory becomes unavailable. NusaTrip’s payments platform can process payments within this short window, so it can process payments and grab the tickets before the airline inventory is lost.

NusaTrip did about $55 million in gross transaction value in 2019 before the pandemic (GAAP revenue is about 10% of this), but this fell to just $10 million during the pandemic. While US travel has rebounded past 2019 levels, the recovery is in an earlier stage in Southeast Asia, with capacity still just about 30% of 2019 levels. But it is rebounding strongly now, and we expect very strong growth over the next few years. American travelers have demonstrated strong pent-up demand, selling out flights and theme parks, and we expect the Southeast Asian market to do likewise. In the first half of 2021, NusaTrip reported gross transaction value of $17 million, 70% more than all of 2021, and we expect around $25 million for the second half.

Because of the financial damage, we believe that Society Pass is acquiring NusaTrip at an ideal time and attractive price. The seller was PT Mora Telematika Indonesia or Moratelindo, a large conglomerate operating a 23,000-kilometer terrestrial and inter-island fiber optic network, a wireless business and web hosting centers in Indonesia. For Moratelindo, NusaTrip was a relatively insignificant, non-core holding, so they did not fully fund its growth ambitions. We expect Society Pass to remedy this.

While Society Pass has not disclosed the purchase price for NusaTrip, we suspect they are getting a good deal due to the motivated seller and distressed nature of the local travel market. But comparable travel websites are garnering billion dollar plus valuations in the market. Indonesia’s Traveloka was founded in 2012 and raised $1.4 billion prior to the pandemic. It is reportedly in talks for another $200 million round, led by BlackRock. It had over 3,000 employees at the peak and 43% of the Indonesian online travel market, versus just 85 employees at NusaTrip. Hence, it is presumably much larger (or much less efficient), so we don’t view NusaTrip as having anywhere near the same valuation. Still, investments in Traveloka do demonstrate the attractiveness of the market.

The other notable online travel provider in Indonesia is Tiket.com. It was founded in 2011 and acquired by local conglomerate Djarum Group in 2017 for an undisclosed price. We don’t have financial data on it either, but estimates are that it has around 1,200 employees. Recent news reports suggested it was the target of a SPAC recently valuing it at $200 million, which fell through and is now looking at merging with Blibli, which is also owned by Djarum, in another bid to create a super-app. Again, this suggests active investor interest in the Indonesian online travel market and the attractiveness of NusaTrip, even if it is smaller than Traveloka and Tiket.com.
It is still early, but we can certainly see the vision of NusaTrip as part of the Society Pass vision. Online travel fits well with food/beverage, telecom, media and luxury goods. Its Society Pass loyalty points program is to be integrated so consumers can earn and spend points across NusaTrip and other SoPa companies. We spent a good deal of time with SoPa’s country manager, Patrick Soetanto – a Jesuit-trained graduate of Loyola Marymount College – and he is actively looking at other potential local acquisitions. Leflair is likely to launch in Indonesia later this year, and we expect to see other verticals such as food and beverage filled relatively soon.

Financially, NusaTrip was profitable and growing through 2018, with gross merchandise value of roughly $55 million in 2017 and 2018, suggesting GAAP revenue of approximately $5 million. With the pandemic and travel shutdowns, revenue plunged sharply, and NusaTrip fell into the red. Its owners did not view it as strategic so it used internal debt financing for operations rather than its owners investing additional capital. We understand that SoPa is acquiring it for a nominal amount but taking on these liabilities. While Indonesian air traffic capacity is still only around 30% of pre-pandemic levels, NusaTrip revenues are rebounding sharply as the company sees the same cabin fever and pent-up consumer travel demand as is so evident in the US and Europe this summer. Our model has it doing $5 million in revenue in 2023 and $10 million in 2024. In our discussions with management, we learned that the hotel market has been largely untapped by NusaTrip, with hotel bookings at just 10% of revenue. Post the acquisition they plan to enter into the same type of close marketing relationships with hotels that management has so successfully built with ULCC airlines. Its technology also works globally, and setting up payment relationships similar to those in Indonesia is relatively straightforward. Regional travel via the many ULCCs is popular in all of the countries SoPa serves, so with additional capital, we see this expansion as a natural. In terms of synergies, NusaTrip travelers will also likely need eSIMs, sold by Gorilla, and TMG's army of social media influencers can market the service. Singapore is a major inbound shopping destination across the region since its low tariffs allow merchants to sell super-premium luxury goods at a 25% discount to other markets. Lastly, once it is up and running, consumers will be able to both earn Society Points for booking trips on NusaTrip and cash in Society Points earned on other SoPa businesses to pay for travel booked on NusaTrip.
Thoughtful Media Group Thoughtfully Gets Its Clients Message Out Using Influencers

Thoughtful Media Group (TMG) is a Los Angeles and Bangkok-based social media public relations firm that uses its relationships with thousands of influencers popular in Southeast Asian countries to help brands achieve consumer awareness. Its customers are both US global brands and the many local brands in the region. It is an MPN, which stands for multi-platform network, marketing through channels such as TikTok, YouTube, and Facebook. It generated $5.8 million in revenue in 2021, and Society Pass acquired it very recently, on July 11, 2022 for an undisclosed amount.

- Uploaded over 675,000 videos to date.
- Videos have been viewed 80 billion times.
- Network of 263 YouTube channels.
- 85 million subscribers to channels.
- Average monthly viewership of 600 million.
- Also on Dailymotion, TikTok, Instagram, Facebook and WeChat.

Current co-CEO Dan Thorman founded Thoughtful Media in 2010. Per his LinkedIn profile, Mr. Thorman’s career has been highlighted by technology, entrepreneurialism, and a strong interest in philanthropic organizations. He has known Society Pass Vice Chairman Bien Kiat Tan for over a decade, and Mr. Tan introduced TMG to Society Pass. Upon closing, he became co-CEO. While this business is different than the company’s other luxury and food/beverage businesses, we see it as a strong fit. We see some analogies with another company we cover, Dolphin Entertainment (DLPN – Hold) which is going about integrating public relations with product companies in the opposite manner, assembling a roster of complementary PR firms first, and then leveraging them to take interests in other companies (for example a hotel/theater in New York and a packaged cocktail company), using its PR prowess to build the brands. For SoPa, it already has a number of established brands, so it can leverage TMG to widen their appeal, especially as each branches out from its home country to the entire region.

TMG has thousands of well-known influencers in its database, although it relies on a core of about 250. Social media influencers are an interesting phenomenon. They are typically young people who have built a strong online presence through YouTube, Instagram, or some other platform built a group of followers who regularly watch their videos and market their services to endorse consumer products. Their followers almost slavishly follow their recommendations, buying the products or services they endorse. But influencers typically have national, not global, followers, so brands must optimize which ones they are dealing with based on what product/service they are trying to sell and in what market. This is where TMG comes in. They have built the loyalty of brands through a track record of successful ad campaigns and can optimize the message, the platform, and the messengers to achieve their client’s desired result. TMG creates a web-based dashboard for each client’s campaign using data from sources such as Google Analytics, so it can precisely measure the outcome of each ad campaign. This is the holy grail in advertising: giving brands feedback on the returns they are getting on their ad campaigns so they can spend more on what works, and less on what doesn’t and therefore increase revenue.

TMG runs campaigns in Thailand, Vietnam, the Philippines, and China, where it is actually the largest MCN (multi-channel network) or MPN. Its customer base is largely well-known US brands, with Ford, AIG, and the Las Vegas tourism bureau featured in its intro video. Mr. Thorman described a current campaign for
Stanley/Black & Decker. Obviously, one would not use the same influencers to sell power tools that one uses for cosmetics, but that’s where TMG comes in. Corporate social responsibility (CSR) media campaigns are a big, new thing tying into the current ESG fad, and TMG is an early pioneer in this market. CSR was a $20 billion market in 2020 and growing rapidly.

Historically, TMG has had a strong relationship with Google and its YouTube platform, but as YouTube loses share to TikTok, this platform is now its main one. It also heavily uses WeChat – the dominant super-app in China and globally for the Chinese diaspora, Dailymotion, Instagram, and Facebook. TMG and Google have a strong, symbiotic relationship despite the size difference. Google is taking steps to win back its crown and overtake TikTok and strongly supports TMG’s Asia expansion.

We see significant synergies from the SoPa acquisition running both ways. The first of which is Mr. Tan’s array of high-level business contacts in the region. On our Zoom call with him and Mr. Thorman, he rattled off an array of Southeast Asian conglomerates. When we googled each one, we found that they each have an array of consumer products companies in their portfolios that could benefit from TMG’s services.

As noted, TMG can also create market-specific campaigns for each company in Society Pass’s growing portfolio. There are plenty of open desks at the SoPa offices we visited, and TMG plans to use some of these to re-enter Vietnam soon and likely other countries down the road. Mr. Thorman explained that having a local presence is important to winning new business. Conversely, TMG’s Thailand office gives SoPa a foothold in that important country which we expect it to leverage by having its other business units enter that market.

We take a conservative approach in forecasting TMG results, similar to other SoPa business units. The acquisition closed in mid-2Q, but we assume zero revenue for that quarter. For 2021, the company generated $5.8 million in revenue, and revenue was trending lower due to the pandemic impact on many of its customers. So, we conservatively model $2 million for 4Q 2022, implying an $8 million run-rate. Management believes a $10 million run-rate is realistic. One challenge impeding growth for an independent TMG was a lack of capital. TMG incurs ad campaign expenses upfront, but its ad agency or brand customers don’t pay for several months. SoPa has adequate capital to accelerate growth. For 2023 we ramp revenue up to $9 million, and for 2024, $11 million. Given our above description of the business, the recovery from the pandemic, and the synergies with Society Pass, this should be conservative. Unlike other SoPa business units, which have to build or relaunch their apps, TMG uses no in-house proprietary technology, so it’s more about winning ad campaigns and successfully launching them. The other revenue potential is social commerce, where the products are actually sold through the social media ad campaign. TMG, like others, is in the early stages of this, but it has the potential to deliver more revenue at higher margins than its traditional business. In announcing the acquisition, Society Pass cited an estimate from consulting firm Accenture that social commerce will be a $1.2 trillion business by 2025 with a 25% CAGR.
Gorilla Networks Hopes to Become the Big Gorilla of Mobile Travel Phone Plans in Southeast Asia

Gorilla Networks is a Singapore-based MVNO mobile phone service provider founded in 2019, which Society Pass acquired on June 3, 2022. The acquisition was a twofer as Gorilla’s CEO, Xanne Leo, has stayed on and also taken the role of Society Pass CTO, using her extensive blockchain knowledge to support the development of the company’s critical loyalty points app.

Gorilla focuses on the travel roaming market. Travel roaming costs are very high, and the current solutions often do not work. For example, 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 each, but then we were assigned a new local number and temporarily lost access to our U.S. number. These costs add up. Companies with significant amounts of travel, like major investment banks, spend millions on data roaming. Gorilla would be ideal for their needs. 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 do. The other issue is travel SIM customers buy much more data than they need, and it expires worthless. Not with Gorilla.

Most MVNOs have negative margins, and the industry has a history of poor results with investors unless an MVNO has an edge, such as the major U.S. cable companies (e.g., Comcast’s Xfinity Mobile and Charter’s Spectrum Mobile). Most just purchase the data needed for each customer on a wholesale/revenue share basis, on a customer-by-customer basis. Like the successful MVNOs in the U.S., such as Comcast and Charter, Gorilla buys large amounts of data in bulk, paying a lower unit price. It buys data in blocks from Vodafone in Europe and a large aggregator in Hong Kong. So, when a customer does not use all their data in a given month, Gorilla still owns it, unlike the traditional model where both the customer and the MVNO let the unused data expire worthless. Gorilla thus keeps 100% of its ARPU and does not have to share it with its wholesale carrier partners. It pays an average of just $1.35 per gigabyte, and most customers rarely use all their data. So, it has the capability of being a much more profitable. Gorilla plans work in over 160 countries.

We view Gorilla as more of an MBNO rather than a traditional MVNO because the secret to its business is its heavy reliance on blockchain technology, associating phone numbers and unused minutes with blockchain tokens. Its customers can then utilize the unused minute tokens for other products, send them to others, and use them to offset their bills. Eventually, other Society Pass products like travel from NusaTrip is to be part of the greater Society Points program that Gorilla is planned to be part of.

Gorilla’s proprietary Web3 blockchain technology revolutionizes the telecom industry that had relied on the same backend technology for decades and gives Gorilla tremendous technology advantages automating the following functions:

- Port in number for local customers.
- Issue new number for travel roaming customers.
- Uses eSIM technology, which has been available on new phones since Apple launched the iPhone XR four years ago.
- Uses NFT blockchain technology converting the following to tokens:
  - Phone numbers
o Data plans

o Gorilla GO loyalty points

• GO points can be used to pay bills, transferred to friends and family, or used for other products using the proprietary SwitchBack function.

• GO points are to be integrated with Society Points, so eventually points earned on Gorilla can be redeemed with other SoPa businesses and vice versa.

**Fig 13: Gorilla Requires eSIM Tech in Phones, But This is Now Widely Available**

• iPhone 13 models: Can have up to two active SIMs—either two eSIMs, or one eSIM and one physical nano-SIM card

• iPhone XR, XS, 11, 12 models: Can have one eSIM and one nano-SIM

• Samsung Galaxy S20 and newer: Supports eSIMs. Can have two active SIMs, but check the specifics on your particular model

• Samsung Galaxy Z Flip, Fold, and newer: Can have one eSIM and one nano-SIM

*Source: The Wall Street Journal*

Gorilla initially targeted the international travel market and will still do so, but as part of the broader Society Pass program, it now plans to offer benefits to domestic customers. Once Society Pass is fully up and running, with loyalty points tokenized using Gorilla technology and implemented across its portfolio of companies, it should be highly attractive. For example, a Vietnamese Gorilla customer (once it launches there) could use unused minutes tokens to buy a luxury purse at Leflair or order dinner from Handycart. The possibilities are endless, and the value of the entire ecosystem expands with each synergistic acquisition.

Southeast Asia represents a large travel market, and SoPa already has operations in Singapore and Indonesia, home to the first and fourth place airports by numbers of passengers. In high tourism markets, like Thailand, they can capture inbound tourist traffic, and in the highly affluent market of Singapore, it can serve the wealthy outbound travel market. Even small markets like Vietnam have a strong outbound travel market; our flight from Singapore to Saigon was filled with numerous groups of young women toting bags from their purchases of high-end luxury products like Louis Vuitton and Gucci. In the region, prepaid service is dominant, and most Southeast Asian wireless carriers do not offer international travel options to their prepaid customers.

The company plans to utilize a digital marketing strategy for Gorilla. It starts with over 5 million customer accounts across the SoPa group of companies. Each company brings its own legacy digital marketing strategy, such as search engine optimization at Handycart in the Philippines and purchasing Facebook and Google ads at Leflair in Vietnam. Gorilla then needs to rebuild its travel agent network, as they reopen post the pandemic. Gorilla also uses a network of 18 other e-commerce platforms to sell its service, including many SoPa super-app arch rivals such as Lazada, JV.com, and Tokopedia. It will now benefit from having a sister company in travel website NusaTrip. Ms. Leo explained to us that selling Gorilla eSIMs on other apps or websites is a simple matter of writing API code and inserting that into the app or website. Further down the road, if Society Points become popular, Gorilla should benefit from the ecosystem.
Gorilla is generating de minimis revenue today as international travel, and the need for travel SIMs evaporated during the pandemic. It once had a network of 250 travel agents selling its eSIM product, but most have gone bankrupt as Southeast Asian countries did not have business support programs like PPP in the U.S. Gorilla is currently undertaking two significant changes ahead of a relaunch planned in September. First, it is switching its underlying local carrier in Singapore from M1 to Starhub. Second, it is rebuilding its app introducing new technology and features. IT projects never seem to be completed on time, so we take a conservative approach in forecasting Gorilla results, even though Ms. Leo is a highly competent CTO. But she is also tasked with the mission-critical project of moving the first version of the Society Points app to blockchain technology and getting that initiative up and running.

The keys to our optimism for Gorilla Networks are the strong rebound in Southeast Asian travel and the fact that it brings modern, easy-to-use technology to a product (travel roaming) that most leisure and business travelers buy, despite the many hassles currently. Gorilla had the misfortune of launching in 2019, just ahead of the pandemic. It was off to a great start convincing 250 travel agents to sell its service.

Some key financial data points underlying our model are:

- Frequent business travelers into the region form the U.S. and Europe spend about $500 annually each on local SIMs.
- Leisure travelers in the region take many trips a year utilizing the plethora of ULCC airlines offering low fares. At five trips a year and $20 per trip for travel SIMs, loyal consumers can generate annual ARPU of $100 each.
- Gross margin of 90% due to its unique model of buying data in large blocks.
- Very high marketing costs to relaunch the business from the ashes of the pandemic.

During the pandemic, Gorilla generated just $10,000 in revenue for all of 2021. We model $10,000 for 4Q 2021 after the relaunch. For 2023 we model $2 million, and for 2024, $5 million. We note that Gorilla does not yet have an internally agreed-upon operating budget, given the recency of the acquisition. Hence, we are a bit ahead of the company in forecasting revenue. Obviously, the major risk factor and major assumption we are making is that Gorilla can successfully relaunch its unique technology, and it will work.

Generally speaking, in our experience, MVNOs have had a poor track record and have a bad reputation with investors. Still, there are some key exceptions, notably those able to leverage other business units to make their MVNO business successful. We think SoPa’s Gorilla is such a company. Today’s two most successful MVNOs are those owned by US cable giants Comcast and Charter. They are the fastest growing wireless operators in the US and are taking share from network-based operators. We cover both Comcast (CMCSA – Buy) and Charter (CHTR – Hold) and believe they are successful as they leverage their cable businesses, including their network of retail stores.

The other successful case study is Verizon’s (VZ – not covered) November 2021 acquisition of Tracfone MVNO from America Movil (AMX – not covered) for $7.2 billion. The purchase price equated to $360 per each of Tracfone’s 20 million customers and just under 1x 2019 revenue. So, yes, a well-managed MVNO has value in this environment, and we think a well-managed MBNO will have even more value.
Mangan is the Leading Restaurant Delivery Company in the Philippines

Mangan (pronounced mon yon) is a food delivery app serving the central portion of the main Philippine Island of Luzon. It was founded in 2017. Society Pass closed the acquisition on July 20, 2022, making it the most recent addition to the family. It is the largest food delivery app on Luzon Island, where the capital Manila is located, even though it does not yet serve that market. Mangan complements Pushkart, which is a restaurant delivery company also owned by Society Pass and also operating in the Philippines, and Handycart, its restaurant delivery business in Hanoi.

Investors are familiar with the restaurant delivery business due to the fact that several have gone public in recent years, and investors themselves are likely to patronize these businesses. Some unique data points for Mangan are:

- Network of 200 delivery drivers who own their own vehicles, similar to the well-known gig economy model.
- Network of 1,200 restaurants available to purchase from.
- Completes approximately 1,000 deliveries per day.
- Gross value of $13 per delivery.
- Gross merchandise value of $2 million in 2021.
- Over 500,000 registered users, 400,000 active.
- Three-tier revenue model:
  - Food markup to customer
  - Commission charged to the merchant
  - Commission charged to the customer

Mangan dominates its home market, where other regional players, Grab and Food Panda, do not operate. It has tremendous consumer awareness and a high net promoter score of 33 (anything above zero is positive, 50 is excellent, and 80 is world-class, according to Bain, which created the system). Its green and orange colors are considered festive colors in the Philippines, and its logo features a smiling cartoon driver in a helmet dressed in Mangan colors.

Mangan has significant room for expansion. While it is the dominant restaurant delivery company in central Luzon Island, it has not yet entered the capital, Manila, just south of Luzon. And it has not made the leap over to Mindanao Island, home to the largest city in the Philippines, Davao City.

Like most SoPa businesses, Mangan talks about gross merchandise value, which when multiplied by commission rates equates to GAAP revenue. It delivered about $2 million in GMV in 2021, and this is growing rapidly. In GAAP dollar terms, it generated about $130k in revenue in the first half of 2022, and management expects around $300k in the second half. As noted, SoPa took ownership on July 21, about halfway through
3Q, but we assume zero revenue for the quarter to be conservative. The fourth quarter is the strongest quarter of the year for food delivery in general and Mangan in particular, so we model $200k, less than management’s talk of closer to $300k. Then we have new market launches and longer term, the benefit of TMG marketing and Society Points. For 2023 we forecast $1 million in revenue, and for 2024, $3 million. Doing the math of 1,000 deliveries per day at $13 per delivery and a 10% blended commission rate (much lower than U.S. food delivery companies) works out to the current run-rate revenue of about $475k annually. On the one hand, our estimates imply tremendous growth that will take significant marketing spend to achieve. But on the other, our numbers are below management’s own targets and the current run-rate, and the old managers, who are staying on, are incentivized with earnouts. We don’t have individual P&L data for each SoPa business, but at least for Mangan, the numbers seem attractive. Management cited a customer acquisition cost of just 10 Philippine pesos per customer, using online tools as well as traditional tools such as billboards. Comparing this to an average order of 730 pesos ($13) and a 10% blended commission rate, the company makes its customer acquisition cost back over sevenfold on just the first order.

Source: Company reports and Spartan Capital Securities estimates

Fig 14: SoPa Offices in Manila Housing Mangan, Pushkart and Soon Leflair
Handycart Restaurant Delivery in Hanoi – and Soon Saigon

Handycart is a restaurant delivery app operating in the Hanoi market in Vietnam. It was founded in 2019, again unfortunately just before the pandemic, and was the fourth acquisition by Society Pass, completed in February 2022. It complements Mangan, which offers restaurant delivery in the Philippines, and Leflair, which sells luxury goods also in Vietnam.

The original Handycart model focused on the sizeable Korean restaurant market in Hanoi. Korean food is the thing in Hanoi and is very trendy with both locals and the large number of Korean ex-pats in Vietnam for the investment opportunities. It was started with just $50,000 in capital from founder Seo Jun Ho, who is himself from Korea, and quickly grew to $50,000 per month in gross merchandise value. But Handycart was hard hit by the pandemic and suffered operational problems, which are now being addressed. First, about half of 200 restaurants on its app failed as they were forced to close during the pandemic, and deliveries did not generate enough revenue to cover their overhead. Second, the company’s app was rudimentary and frequently crashed. This is being remedied with a re-launch in September. We assume that SoPa can take the guts of the working Mangan app, change the colors and logo, and adapt it for Handycart relatively easily. The third issue was that Handycart owned its own fleet of scooters and its drivers were employees. Neither makes sense – Vietnam has seemingly more scooters than people, so most drivers presumably have their own, and the gig economy model is well proven, especially in Southeast Asia. So Handycart is making operational adjustments.

We have minimal revenue in our model for Handycart as it does not yet have an approved business plan in place. First, it needs a stable app. Then, it needs to hire sales reps to addback restaurants in Hanoi, expand beyond its Korean food niche and enter the much larger HCMC market. Next, it needs to recruit drivers in a market where Grab is active. Initially, it may have to pay a premium over what Grab offers as it will likely not have as many orders per day per driver, or its drivers will have to drive further for deliveries. It could combine its driver program with sister company Leflair in Vietnam, letting drivers deliver meals at mealtimes for Handycart and luxury products for Leflair at other times. So, we model just $22k in 2022, $60k in 2023, and $70k in 2024. We do think the potential is much greater; for example, the HCMC restaurant market is triple the size of Hanoi, the business was successful early on before the pandemic, and it has a successful sister restaurant delivery company in the Philippines to lean on. Stay tuned.

Pushkart is the Instacart of Southeast Asia

Pushkart is a Philippines supermarket delivery company that was founded in 2016 and acquired in February 2022. Unlike the US supermarket delivery companies Peapod, Instacart, and FreshDirect that U.S. investors may be familiar with, its business is more diversified, serving the corporate pantry market, supplying small retail stores (what New Yorkers call bodegas) and consumers. Pushkart operates in Metro Manila in the Philippines and delivered $650,000 worth of groceries in 2021, generating about $65,000 in revenue.

Both Pushkart and SoPa owned-restaurant delivery company Mangan operate in the Philippines on Luzon, the largest island and home of the capital, but their territories don’t overlap. Pushkart operates in Metro Manila, in South Luzon, while Mangan is based in Pampanga in Central Luzon. With common ownership, we can see synergies developing with drivers delivering both supermarket and restaurant orders. By giving drivers more delivery/income opportunities, it would presumably make it easier to recruit drivers.

Key financial data points:

- 135,000 registered users.
- 4,300 active users.
Pushkart was acquired in mid-first quarter of 2022 and generated revenue of roughly $65,000 in 2021. We have it generating revenue of $48,000 for SoPa in 2022 (only owned part of the year), implying little growth, $70,000 in 2023 and $90,000 in 2024. As opposed to some other SoPa businesses, its app works, and it has a roster of productive, independent drivers, so the revenue model is in place and working. Growth can come from expansion in the Philippines and then perhaps to the rest of the region. The company is currently operating just under break-even levels. With growth investments to enter new markets, we don’t look for it to be profitable in 2022, but as it scales, this could change in 2024 or 2025.

The supermarket delivery industry offers several comparables. Singapore-based Redmart, upon which Pushkart was based, was sold to Lazada in 2016 for a reported $40 million in 2016. Peapod was acquired by Dutch chain Ahold valuing it as $83 million, but that was way back in 2020. FreshDirect was also acquired by Ahold, in 2021 for a reported $300 million. Most recently, Instacart has reportedly done a confidential filing to go public in May 2022, with its last round valuing it at $45 billion. None of these is directly comparable to Pushkart, in our opinion, but it does point to the apparent attractiveness of the sector and willingness to pay for companies in the space by both investors and strategic buyers.

#HOTTAB Automates Small Restaurants

Hottab is a restaurant ordering terminal and back-end software management application serving restaurants in Hanoi and a ten-unit luxury hotel chain in Indonesia. It was founded in 2015 by a Nepalese entrepreneur who is no longer with the company and was Society Pass’s first acquisition, completed in 2019. We list it last as we view it as being furthest from commercial success and having the fewest synergies with other business units. It is, however, synergistic with Handycart, which provides restaurant delivery in Hanoi. Since both serve the same end market, there could be synergies in integrating the sales operations, once built up, as they are minimal today. Hottab could also follow Handycart to the much larger Saigon market and enter other countries in the SoPa ecosystem, but as of now, per our meetings with the CEO, the business plan for this is not yet in place.

Hottab has a detailed business description on its website and a descriptive video on Facebook, but both are more aspirational, and it is unclear to us what the timing is of these initiatives. The video is crudely done and cries out for the artistic talents of TMG. It lists eleven advantages for merchants, some of which are not yet in place:

- Free – saves money and helps merchants make money.
- Value-added marketing platform partnered with VTPay, VNPT, MoMo, and ZaloPay payment apps with access to their customer bases.
- User interface via smartphone.
- Customer care – email, phone, website, or chatbox.
- Integrates with or replaces existing POS system – no setup costs.
- CRM – manages customer details, creates location maps and purchasing behavior to plan future offerings and promotions.
o Loyalty points via Society Points – not yet functional.

o Data analytics – analyzes consumer activity, order activity, product performance, and transaction data, then predicts consumer behavior.

o Customer satisfaction – Hottab features, and soon loyalty points, should improve customer satisfaction.

o Chat function – chat with customers.

o Suppliers – purchase directly from suppliers with built-in financing.

We do see significant potential for Hottab once it relaunches its app and begins onboarding restaurants. The Southeast Asia POS market is fragmented with no local or regional players and little penetration into the SMB segment by US players such as Micros, whose products are priced out of reach for local merchants. Its home market of Vietnam is representative of the region as 98% of restaurants are small mom-and-pop operations that today run cash businesses but need to update their technology to cater to the large, up-and-coming Gen Z generations and future generations whose lifestyles revolve around technology.

Hottab has been generating de minimis revenue of around $10,000 per quarter, with about half of this from restaurants, and half from Aryaduta, which is a ten-unit luxury hotel chain in Indonesia. Revenue is lower than normal because Hottab has been offering merchants a 40% discount to stay on the system despite pandemic shutdowns.

We model $51k in revenue for 2022, $137k for 2023, and $405k for 2024. We think it can do much more with investment, but at this time, the company has not yet set an internal sales and marketing budget. Again, stay tuned.

**Society Points Loyalty Program Puts the Super in the Super-app**

As we have discussed throughout this report, the glue that is planned to cement each of SoPa’s eight businesses (and counting) together is its Society Points loyalty program. It is still in the beta stage today but should be rolled out over the next year and integrated with each business unit. We downloaded the beta app, and it’s still rough with no real functionality. Recently acquired CTO Xanne Leo has a tremendous knowledge set in blockchain technology, and plans are for the 2.0 version to be based on the hyperledger blockchain. SoPa lists multiple technologies/vendors powering the backend software (none of which we understand): Yii2, Nginx, PostgresSQL, RabbitMQ, Firebase, Elastic EKL, Logstash, and Kibana.

For the consumer, the company lists the following bullet points:

- Earn/redeem Society Points at ANY MERCHANT in ANY COUNTRY on the SoPa ecosystem and pay for goods/services in-store or online, app or via website.
- Redeem Society Points for other goods/services.
- Redeem digital offers in-store and online, through the app, or via the website.
- Register, login, view/update profiles, view Society Point balance/transaction history and receive promotions and notifications.
Loyalty programs possess tremendous power to incentivize customer loyalty. In our view, there are two key criteria for a successful loyalty program:

1. Can a consumer reasonably expect to accrue enough points in the program based on their own purchasing patterns without significant changes? Changing vendors, for example, from Hilton hotels to Hyatt, is feasible, but buying large quantities of a product one does not need is not. So a program must have a feasible means of accruing enough points to have some value.

2. Can a consumer use accrued points for things they value?

This analyst is a frequent traveler due to the nature of the job and a member of dozens of loyalty programs, most of which are irrelevant. For example, the second loyalty program was created in 1981 by American Airlines in response to airline deregulation and is today the largest in the world with 67 million members. Members can earn points with flights on American and partner airlines, hotel stays, car rentals, credit card usage, and many other ways. So, a frequent traveler can earn enough points to make the program beneficial by making a priority to patronize companies in the program. And the benefits are free trips and frequent upgrades to first class. By contrast, this analyst is also a member of the Avis program but does not rent enough cars to earn enough points, and it is difficult to utilize the points accrued over many years.

Society Pass, in our view, does have the potential to meet both criteria. With eight portfolio companies covering everything from shopping to travel to food/beverage, it should offer multiple ways to earn points. And those same verticals should offer multiple ways for consumers to redeem points for things of value. For example, everybody likes a good meal, and SoPa has three companies now in its food/beverage vertical.

Society Pass does need to make Society Points successful to be a success, in our opinion, but it does to achieve its goals of becoming a super-app and becoming the next Southeast Asian company to garner a billion-dollar valuation.

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**Fig 15: Society Pass Corporate Headquarters in Singapore**

Source: Company reports and Spartan Capital Securities estimates
Our Forecast Calls For 300% Growth in 2023, and 100% in 2024

SoPa has a very limited history of financial reporting as it only went public in November 2021. For 2021, it only had two operating businesses, and one of those, Leflair, for three and a half months. It generated $520k in revenue and a loss of $35 million. It has only filed two 10Qs to date, and the most recent, for 1Q2021, showed revenue of $445k and a net loss of $6.5 million. Two small acquisitions were done during the quarter. Subsequent to that, another four have closed, and one more is pending. So historical financials don't bear much weight, in our opinion. It ended the March quarter with $31 million and is using a portion of this for acquisitions. We believe that it is almost always the right move for a company to swap cash, which earns little interest, for productive operating businesses, as SoPa is doing.

We have discussed our forecasting methodology for each business unit in this report. Investors should focus on Leflair, TMG, and NusaTrip, in that order, as we forecast these three generating 95% of 2022 revenue.

We forecast $7.2 million in revenue in 2022, $29.3 million in 2024, up 308% and $59.8 million in 2024, up 104%. The 300% growth for 2024 is a mix of acquisitions coming on line and organic growth, while the doubling in revenue we forecast for 2024 is all organic. Although we would expect more acquisitions to be announced over time.

To date, SoPa has been unprofitable and EBITDA negative, and we see this continuing through 2023. For 1Q, the net loss was $6.5 million, but we calculate the EBITDA loss at just $3.4 million as there is a sizeable non-cash expense for stock-based compensation. Our model has the EBITDA loss narrowing from $10 million in 2022 to just $5.6 million in 2024, then turning positive in 2025. According to our calculations, the company does have enough cash on hand to fund expected operating losses and expected acquisitions. This is especially true since many acquisitions were severely harmed by the pandemic and so are being acquired by SoPa at low prices, albeit with management earnouts. But what we expect will unfold is that there will be more acquisitions, the average size will become larger, the stock will respond favorably, and the company will raise more equity capital. But this is not in our model.

We Value SOPA at $8 Per Share

We value SOPA shares on a multiple of revenue using a group of comps. There are no direct Southeast Asia super-app comps, so we use a blend of comps from companies representative of SoPa’s business. Our $8 price target is based on a multiple of 2.6x our 2024 revenue estimate. This compares an average of 3.4x for the comps we use, but one, GoTo out of Indonesia, is an outlier at 13.5x. Excluding this, the comps trade at 2.3x, closer to what we value SOPA. But GoTo is the closest comp of the bunch, as it is also a Southeast Asia super-app, and it operates in many of the same business verticals as SoPa.
Fig 16: Comp Valuations Suggest $8 Price Target

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Shares Price Out. (mm)</th>
<th>Market Cap. ($mm)</th>
<th>Enterprise Value ($mm)</th>
<th>Revenue - consensus ($mm)</th>
<th>EV/Sales 2023</th>
<th>EV/Sales 2024</th>
<th>EV/Sales 2023E</th>
<th>EV/Sales 2024E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society Pass</td>
<td>$1.94</td>
<td>23.8</td>
<td>46.1</td>
<td>12.2</td>
<td>29.3</td>
<td>59.8</td>
<td>59.8</td>
<td>0.4x</td>
<td>0.2x</td>
</tr>
<tr>
<td>SOPA @ target on 2024E</td>
<td>$8.00</td>
<td>23.8</td>
<td>190.1</td>
<td>156.2</td>
<td>29.3</td>
<td>59.8</td>
<td>59.8</td>
<td>5.3x</td>
<td>2.6x</td>
</tr>
<tr>
<td>Booking Holdings Inc.</td>
<td>BKNG</td>
<td>$1,809.88</td>
<td>41</td>
<td>73,761.1</td>
<td>19,945</td>
<td>22,273</td>
<td>3.7x</td>
<td>3.3x</td>
<td></td>
</tr>
<tr>
<td>DoorDash, Inc. Class A</td>
<td>DASH</td>
<td>$73.45</td>
<td>351</td>
<td>25,789.2</td>
<td>7,830</td>
<td>9,257</td>
<td>2.9x</td>
<td>2.4x</td>
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<tr>
<td>Etsy, Inc.</td>
<td>ETSY</td>
<td>$97.11</td>
<td>127</td>
<td>12,330.0</td>
<td>2,843</td>
<td>3,366</td>
<td>5.5x</td>
<td>4.6x</td>
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<tr>
<td>Expedia Group, Inc.</td>
<td>EXPE</td>
<td>$99.38</td>
<td>157</td>
<td>15,610.4</td>
<td>13,368</td>
<td>14,878</td>
<td>1.3x</td>
<td>1.1x</td>
<td></td>
</tr>
<tr>
<td>PT GoTo Gopok Tokopedia</td>
<td>GOTO-ID</td>
<td>$0.02</td>
<td>1,185,484</td>
<td>24,303.0</td>
<td>1,106</td>
<td>1,165</td>
<td>20.3x</td>
<td>13.5x</td>
<td></td>
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<tr>
<td>Grab Holdings Ltd. (Singapore)</td>
<td>GRAB</td>
<td>$2.73</td>
<td>3,840</td>
<td>10,482.1</td>
<td>1,912</td>
<td>2,750</td>
<td>2.8x</td>
<td>1.9x</td>
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<tr>
<td>Block, Inc. Class A</td>
<td>SQ</td>
<td>$71.80</td>
<td>579</td>
<td>41,607.8</td>
<td>21,156</td>
<td>24,958</td>
<td>1.8x</td>
<td>1.6x</td>
<td></td>
</tr>
<tr>
<td>Trip.com Group Ltd. Sponsor</td>
<td>TCOM</td>
<td>$26.51</td>
<td>614</td>
<td>16,277.8</td>
<td>4,362</td>
<td>5,528</td>
<td>4.0x</td>
<td>3.2x</td>
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<tr>
<td>TripAdvisor, Inc.</td>
<td>TRIP</td>
<td>$18.48</td>
<td>140</td>
<td>2,579.7</td>
<td>1,650</td>
<td>1,826</td>
<td>1.7x</td>
<td>1.5x</td>
<td></td>
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<tr>
<td>Coupang, Inc. Class A</td>
<td>CPNG</td>
<td>$17.64</td>
<td>1,761</td>
<td>31,065.1</td>
<td>29,720.8</td>
<td>30,120</td>
<td>1.1x</td>
<td>1.0x</td>
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</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.9x</td>
<td>3.4x</td>
<td></td>
<td></td>
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Source: Company reports and Spartan Capital Securities estimates

Fig 17: We Value SOPA at $8 Per Share

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Target</th>
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<tbody>
<tr>
<td>Shares outstanding</td>
<td>23.79</td>
<td>23.79</td>
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<tr>
<td>Warrant shares</td>
<td>3.80</td>
<td>3.80</td>
</tr>
<tr>
<td>Option shares</td>
<td>1.95</td>
<td>1.95</td>
</tr>
<tr>
<td>Pro forma shares</td>
<td>29.53</td>
<td>29.53</td>
</tr>
<tr>
<td>Price</td>
<td>$1.94</td>
<td>$8.00</td>
</tr>
<tr>
<td>Market cap.</td>
<td>57.29</td>
<td>236.27</td>
</tr>
<tr>
<td>Cash 3/31/2022</td>
<td>30.97</td>
<td>30.97</td>
</tr>
<tr>
<td>Warrant proceeds</td>
<td>15.47</td>
<td>15.47</td>
</tr>
<tr>
<td>Option proceeds</td>
<td>15.34</td>
<td>15.34</td>
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<tr>
<td>Pro forma cash</td>
<td>61.77</td>
<td>61.77</td>
</tr>
<tr>
<td>Debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Enterprise value</td>
<td>(4.48)</td>
<td>174.50</td>
</tr>
<tr>
<td>2024E revenue</td>
<td>59.81</td>
<td>59.81</td>
</tr>
<tr>
<td>EV/revenue</td>
<td>-0.1x</td>
<td>2.9x</td>
</tr>
<tr>
<td>Comps</td>
<td>3.4x</td>
<td>3.4x</td>
</tr>
<tr>
<td>Discount</td>
<td>102%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Company reports and Spartan Capital Securities estimates

Important: All disclosures, including analyst certification can be found on pages 38-39 of this document.
Society Pass went public on November 8, 2021, raising $24 million at $9 per share with the greenshoe exercise the total came to $27.6 million. From there, the stock quickly ran to $77 per share within two days on the excitement for the Southeast Asia super-app model. The market’s early enthusiasm for the model, and valuations garnered by other Southeast Asia super-apps, makes us believe that SOPA shares can recover. After the initial enthusiasm, gravity took its toll on the stock price, the markets declined, and the company went into another quiet period as it wisely decided to pursue another capital raise while the share price was high. But quiet period was extended as the company got caught up in the year-end rush at the SEC and was not able to complete the offering until February 8th, by which time the stock had fallen to $3.30. Making matters worse, the underwriters had to include a small amount of warrants to get the deal done, further diluting the stock. This transaction raised roughly $11 million, leaving the company with $31 million in cash at March 31 after funding transactions and operating losses.

**Fig 18: We Think Our $8 Target is Reasonable, as the Stock Has Been There Recently**

*SOCIETY PASS ORD (1.97000, 1.97000, 1.88000, 1.94000, -0.01000)*

*Relative Strength Index (45.6249)*

*Source: Company reports and Spartan Capital Securities estimates*

**Risk Factors All Involve Execution**

SoPa has a number of key initiatives taking place in the near term, and our assumptions assume most will succeed. In order of importance:

1. Relaunch of the Leflair platform as the current platform uses some software that is no longer supported. This needs to be done before the busy 4Q holiday shopping season.

2. Launch of Leflair in both the Philippines and Indonesia

3. Rewrite of Gorilla app, move to a new Singapore wholesale carrier provider, and relaunch of service.

4. Version 2.0 of Society Points, this time using underlying blockchain technology. Not critical in the near term, but having a working, unifying points program is critical to the long-term strategy.
5. New business plan for #HOTTAB and hiring salespeople in Hanoi and Saigon. A business plan is not yet in place.

6. Expansion into the Manila market by Mangan. We see this as a lower risk as the company’s current technology should support it. But Manila represents a more competitive restaurant delivery market than its current Central Luzon home market of Pampanga.

We also see two generic risks, those being the global and regional economy and the potential return of Covid, both of which could devastate the company, negatively impacting consumer demand, delaying new market launches, requiring layoffs, and husbanding of capital. The 1997/1998 global recession actually started in Thailand and spread globally, with Southeast Asia being the most severely affected region as values of local currencies collapsed. We do not expect the current recession to be so severe; this time, the epicenter is not Asia. In fact, the conditions leading to a recession in the U.S. may be unique to that country (excessive $1.9 trillion Covid relief program resulting in inflation at 40-year highs) that Asia could avoid recession altogether.

Covid hit Southeast Asia worse than Europe or the US since countries in the region adopted stricter lockdowns (e.g., ordering Leflair and other e-commerce warehouses to close) and did not offer support programs like the US Payroll Protection Program and stimulus checks sent to individuals. In the unlikely event (in our opinion) that the pandemic reaches the prior peak and governments react the same way, we would likely to see a severe impact on SoPa’s results, particularly at NusaTrip and Leflair.
## Fig 19: Society Pass Revenue Forecast

<table>
<thead>
<tr>
<th>Milestones</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handy Cart acq.</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Pushkart acq.</td>
<td>-</td>
<td>-</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>Gorilla relaunch</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Leflair Philippines acq.</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Leflair Indonesia acq.</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Nusatrip acq.</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Thoughtful acq.</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Mangan acquired</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Gorilla acq, 6/23/2021</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Pushkart acq, 2/14/22</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Handy Cart acq, 2/28/22</td>
<td>300</td>
<td>300</td>
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</tr>
<tr>
<td>Mangan acquired 7/20/22</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Nusatrip acq, 8/8/2022</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
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### Total Revenue

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<th>2022E</th>
<th>2023E</th>
<th>2024E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td>445,090</td>
<td>527,000</td>
<td>738,100</td>
</tr>
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</table>

### Cost of Sales

<table>
<thead>
<tr>
<th>2022E</th>
<th>2023E</th>
<th>2024E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td>395,890</td>
<td>463,500</td>
<td>652,500</td>
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</table>

### Milestones

<table>
<thead>
<tr>
<th>2022E</th>
<th>2023E</th>
<th>2024E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

### Important: All disclosures, including analyst certification can be found on pages 38-39 of this document.
## Fig 20: Society Pass Income Forecast

<table>
<thead>
<tr>
<th></th>
<th>2022E</th>
<th>2023E</th>
<th>2024E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollars in thousands, except per share data</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fiscal years ended December 31</strong></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>4,059,724</td>
<td>4,276,500</td>
<td>4,329,450</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>(5,550,750)</td>
<td>1,230,630</td>
<td>488,100</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>(5,539,150)</td>
<td>5,000,000</td>
<td>1,312,300</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>(5,550,750)</td>
<td>1,230,630</td>
<td>488,100</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(5,550,750)</td>
<td>1,230,630</td>
<td>488,100</td>
</tr>
<tr>
<td><strong>Source:</strong> Company reports and Spartan Capital Securities estimates</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Addback: non-cash items from CFS**

- Addback: tax
- Attribution of net income
- Attribution of net income

**Addback: non-cash items from CFS**

- Addback: tax
- Attribution of net income
- Attribution of net income

**Addback: non-cash items from CFS**

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- Attribution of net income
- Attribution of net income

**Addback: non-cash items from CFS**

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- Attribution of net income

**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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**Addback: non-cash items from CFS**

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- Attribution of net income

**Addback: non-cash items from CFS**

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- Attribution of net income
Important Disclosures

Rating distribution by percentage (as of June 30, 2022):

<table>
<thead>
<tr>
<th>Rating</th>
<th>All companies</th>
<th>All companies under coverage to which it has provided investment banking services in the previous 12 months:</th>
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</thead>
<tbody>
<tr>
<td>Buy</td>
<td>84</td>
<td>Buy 100</td>
</tr>
<tr>
<td>Hold</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Sell</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Not Rated (NR)</td>
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</tr>
</tbody>
</table>

Rating System

The Equity Research Department Stock Rating System consists of three separate ratings. The appropriate rating is determined by a stock’s estimated 12-month total return potential, which consists of the expected percentage price change to the 12-month price target plus the current yield on anticipated dividends. A 12-month price target is the analyst’s best estimate of the market price of the stock in 12 months. A 12-month price target is highly subjective and the result of numerous assumptions, including company, industry, and market fundamentals, both on an absolute and relative basis, as well as investor sentiment, which can be highly volatile.

The definition of each rating is as follows:

- **Buy:** estimated total return potential greater than or equal to 10%
- **Hold:** estimated total return potential greater than -10% and less than 10%
- **Sell:** estimated total return potential less than or equal to -10%
- **NR:** Not Rated

Equity Research Disclosures as of July 25, 2022

<table>
<thead>
<tr>
<th>Company</th>
<th>Disclosure</th>
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<tbody>
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<td>Society Pass</td>
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</tr>
<tr>
<td>Charter Communications</td>
<td></td>
</tr>
<tr>
<td>Comcast Corporation</td>
<td></td>
</tr>
<tr>
<td>Dolphin Entertainment, Inc.</td>
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</tbody>
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Equity Research Disclosure Legend

1. Spartan Capital makes a market in the securities of the subject company.
2. The analyst or a member of the analyst's household serves as an officer, director, or advisory board member of the subject company.
3. The analyst or a member of the analyst's household owns shares of the subject company.
4. Spartan Capital has managed or co-managed a public offering of securities for the subject company in the last 12 months.
5. Spartan Capital has received compensation for investment banking services from the subject company in the last 12 months.
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For valuation methodology and related risk factors, please refer to the body text of this report or to individual reports on any covered companies referenced in this report.

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I, Barry M. Sine, was principally responsible for the preparation of this research report and certify that the views expressed in this research report accurately reflect my personal views about the subject security(ies) or issuer(s) and that my compensation was not, is not, or will not be directly or indirectly related to the specific recommendations or views contained in this research report.

Investment Risks
In order to achieve our projections SoPa must successfully integrate acquisitions, complete significant IT work, add new customers and enter new markets. None of these is a given, and the company may fall short in some respects. Should it instead largely fail at achieving the above, we would not expect the company to achieve our price target.

Valuation Methodology
We value SOPA shares using a multiple of 2024 revenue based on the current values at which comparable companies trade.

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