

## Society Pass

SOPA \$2.87

**Buy** | Target: **\$8.00**

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### Share Data

52 Week Range (\$)	1.49-77.34
Market Capitalization (\$mm)	44.484
Enterprise Value (\$mm)	14.282
Shares Outstanding (mm)	23.788
Average Daily Volume (000)	2342.211
Shares Outstanding Float (%)	65.7%

Dividend (\$)  
Dividend Yield (%)

### Company Financials

Year End: Dec		2021	2022E	2023E
Revenue	1Q	10	445	5,348
	2Q	8	499	6,355
	3Q	84	738	7,570
	4Q	419	5,455	9,993
	<b>Total</b>	<b>520</b>	<b>7,165</b>	<b>29,266</b>
EBITDA	1Q	-17	-3,361	-1,539
	2Q	-3,510	-2,276	-1,499
	3Q	1,852	-2,329	-1,372
	4Q	-2,592	-2,006	-1,100
	<b>Total</b>	<b>-4,267</b>	<b>-10,003</b>	<b>-5,551</b>
EPS	1Q	-0.15	-0.30	-0.23
	2Q	-0.59	-0.26	-0.23
	3Q	-1.08	-0.26	-0.22
	4Q	-4.83	-0.25	-0.21
	<b>Total</b>	<b>-3.69</b>	<b>-1.07</b>	<b>-0.90</b>

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.

## Revenue up 5700% as Acquisitions Start Kicking in

- We reiterate our Buy rating and \$8 price target on shares of Society Pass as the company issued a press release this morning announcing 2Q revenue and cash.
- Q2 revenue was \$500k, versus less than \$10k in the year-ago period as revenue from the flurry of acquisitions the company is engaged in starts to flow in. As we discuss below, there are several more acquisitions that have closed or are scheduled to close in Q3, so just with acquisitions, we see revenue increasing significantly.
- A year ago, SoPa's only operating business unit was #HOTTAB, and its business serving hotels and restaurants was negatively impacted by the pandemic.
- In 3Q last year, its Leflair business unit, purchased out of bankruptcy, relaunched and is the main driver of revenue. Leflair operates in Vietnam and offers flash sales on luxury fashion, beauty, and home products with several sales daily to keep consumer interest high. With an app relaunch soon, the re-entry into the Philippines market, the entry into the Indonesia market, and the holiday shopping season approaching, we see significant growth for Leflair.
- The Q2 numbers included a full quarter of revenue from Pushkart, which offers supermarket delivery in Vietnam, and Handycart, which offers restaurant delivery, also in Vietnam. Handycart plans to relaunch with a new app and new business model, so we look for its growth to accelerate.
- In Q2 the company acquired Gorilla Networks, which is a blockchain-based mobile phone service provider targeting the regional travel market. It is presently generating minimal revenue, but its app is on track to launch in the Fall, so it too should accelerate.
- During Q3, the company has already closed on the acquisitions of Mangan, restaurant delivery in the Philippines, and Thoughtful Media Group (TMG), social influencer marketing covering Southeast Asia, so both should deliver partial quarters of revenue in Q3 and full quarters of revenue in 4Q. TMG generated \$5.8 million in revenue in 2021, so it alone should add roughly \$1.5 million to quarterly revenue.
- The company has also announced the acquisition of online travel provider Nusatrip in Indonesia with closing likely any day, adding a partial quarter of revenue to 3Q and a full quarter to 4Q. Regional leisure travel is picking up rapidly, although a few quarters behind the current US boom, so we look for this business to grow rapidly as well.
- So, the acquisition-driven revenue surge looks like it is only starting. We see additional acquisitions as the company still had \$28 million in cash on June 30, and strong organic growth from each business. Further out, as the Society Pass loyalty program is launched and synergies are realized, we see even faster growth.

**Fig 1: Society Pass Consists of Eight Dynamic Businesses in Five High-Growth Southeast Asia Countries**

<i>Leflair</i>	<i>Website</i>	<i>Acquired</i>
	<a href="https://leflair.com/en">https://leflair.com/en</a> Fashion flash sales Markets: Vietnam with 2022 launches in Philippines and Indonesia CEO: Loic Gautier Comps: Groupon	June 23, 2021
<i>NusaTrip</i> 	<a href="https://nusatrip.com">https://nusatrip.com</a> Online travel Markets: Indonesia base, but works globally CEO: Hans Ebenhahn Comps: Travelocity, Booking.com, Expedia	August 8, 2022
<i>Thoughtful Media</i> 	<a href="https://www.thoughtfulmedia.com">https://www.thoughtfulmedia.com</a> Social media public relations Markets: USA, Thailand, Vietnam, Philippines Co-CEOs: Bien Kiat Tan / Daniel Thorman Comps: Dolphin Entertainment	July 11, 2022
<i>Gorilla</i> 	<a href="https://gorilla.global">https://gorilla.global</a> Mobile blockchain network Market: Singapore CEO: Xanne Leo Comps: Tracfone, Spectrum Mobile and Xfinity Mobile	June 3, 2022
<i>Mangan</i> 	<a href="https://mangan.ph/">https://mangan.ph/</a> Restaurant delivery Market: Philippines CEO: Vince Briones Comps: DoorDash, GrubHub	July 20, 2022
<i>HandyCart</i> 	<a href="https://handycart.vn">https://handycart.vn</a> Restaurant delivery Market: Vietnam CEO: Seo Jin Ho Comps: DoorDash, GrubHub	February 28, 2022
<i>PushKart</i> 	<a href="https://pushkart.ph">https://pushkart.ph</a> Supermarket delivery Market: Philippines CEO: Michael Lim Comps: FreshDirect, Instacart, Peapod	February 14, 2022
<i>#HOTTAB</i> 	<a href="https://hottab.net">https://hottab.net</a> Restaurant terminals and software Market: Vietnam CEO: Seo Jin Ho Comps: Micros, Block	November 18, 2019

Source: Company reports and Spartan Capital Securities estimates

# Important Disclosures

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

All companies under coverage:

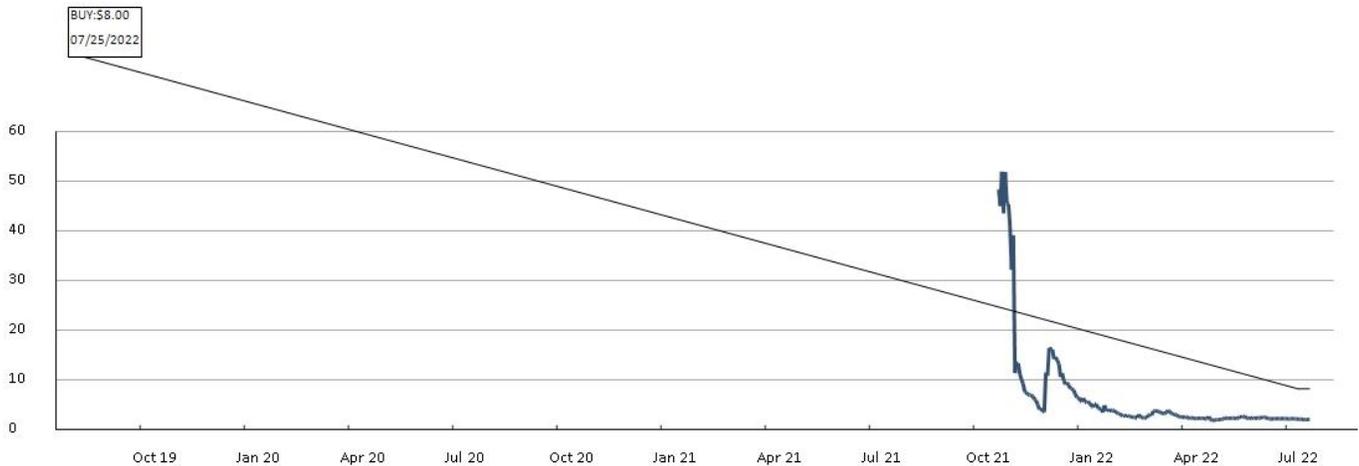
Buy	84
Hold	16
Sell	0
Not Rated (NR)	0

All companies under coverage to which it has provided investment banking services in the previous 12 months:

Buy	100
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## Price Charts

SOPA Rating History  
Powered By Jovus



## 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 August 4, 2022

Company	Disclosure
Society Pass	6,8

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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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