

IT & Software Services

SOPA – NASDAQ	May 12, 2023
<b>Closing Price 5/11/23</b>	<b>\$0.94</b>
Rating:	Buy
12-Month Target Price:	\$2.75
52-Week Range:	\$0.81 - \$3.14
Market Cap (M):	\$26.5
Shares O/S (M):	28.2
Float:	63.9%
Avg. Daily Volume (000):	113.8
Debt (M):	\$0.0
Dividend:	\$0.00
Dividend Yield:	0.0%
Risk Profile:	Speculative
Fiscal Year End:	December

Revenue (\$M)

	2022A	2023E	2024E
1Q	0.4	2.0A	4.3
2Q	0.5	2.8	5.5
3Q	2.1	3.8	6.5
4Q	2.6	6.4	8.7
CY	5.6	15.0	25.1

Adjusted EBITDA (\$M)

	2022A	2023E	2024E
1Q	(3.4)	(2.7)A	(0.6)
2Q	(4.4)	(2.2)	(0.4)
3Q	(7.1)	(1.7)	(0.2)
4Q	(4.0)	(1.1)	0.4
CY	(19.0)	(7.7)	(0.9)



**Company description:** Society Pass operates in SE Asia in areas of ecommerce, food delivery, online travel tickets, and social media.

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Society Pass Incorporated

Buy

1Q23 Revenue Miss but EBITDA Beats; Maintain Estimates & Remain Positive on Organic & M&A Growth – Reiterate Buy \$2.75 PT

Summary

- Yesterday morning (5/11), SOPA reported 1Q23 results that missed on revenue in the seasonally slowest quarter, but beat on EBITDA. Expense discipline is resulting in much slower expense growth than revenues.
- Acquisitions have diversified revenue streams to include online advertising, travel/ hotel ticketing, and telecom while expanding geographies in SE Asia.
- We maintain our 2023 and 2024 revenue and adjusted EBITDA estimates that show improving topline and narrowing losses going forward.
- At quarter-end, there was \$13.8M in unrestricted cash (representing >1/2 of the company's market cap) and no debt. Management has been very disciplined with the amount of cash used in acquisitions and reducing cash burn so that we do not model a need to raise capital through 2024.
- SOPA trades at an EV/2024E revenue multiple of 0.3x. Our \$2.75 price target is based on our 10-year DCF analysis and equates to 2.0x our 2024E revenue. Our Buy rating reflects our positive view on SE Asian markets, organic growth, and M&A opportunities.

Details

**1Q23 results highlight early stages of growth.** 1Q23 revenue of \$2.0M increased significantly from \$0.4M in the prior year quarter, but was below our estimate of \$2.2M. We are the only analyst included in consensus estimates, per LSEG. 1Q is typically the slowest seasonal quarter due to Asian New Year holidays. Digital marketing accounted for 63% of quarterly revenue at \$1.3M, followed by NusaTrip online ticketing and reservation at \$0.5M and Leflair at \$0.3M. Leflair revenue was down 41% y/y and underperformed our expectations, reflecting the challenging ecommerce market. 1Q23 adjusted EBITDA loss of (\$2.7M) was slightly narrower than our estimate of (\$2.8M) and improved from a loss of (\$3.4M) in the prior year quarter. The company has restructured several of its businesses to improve revenue and profitability and is focusing on the relatively higher margin segments. Cash operating expense y/y growth rate of 20% compared favorably to revenue growth of 359%. As of 5/11, the company had over 3.3M registered customers and 650K merchants and brands on their platform.

**Diversification.** Through acquisitions, the company has significantly diversified its businesses. SOPA started 2022 with just F&B (food & beverage) and Leflair and now has 6 verticals. The company has also expanded to 5 countries; Singapore, Vietnam, Philippines, Indonesia, and Thailand. We believe there are significant cross-selling opportunities going forward. Specifically, we believe Thoughtful Media can market the company's other brands and the food delivery and luxury brand businesses can be expanded geographically. We have a positive view on the SE Asian market due to increasing mobile and ecommerce penetration, younger populations, travel coming back, and the opportunity to consolidate smaller companies.

**Outlook.** We maintain our estimates, which incorporate growing revenues and expense discipline. We expect loyalty points to launch in June 2023, and full year contributions from all announced acquisitions. We have not modeled any contributions from any acquisitions that have not yet been announced or closed; however, it is likely that management will continue to opportunistically acquire companies in their verticals of focus. We also believe many of the businesses can be expanded geographically.

We project revenue to increase from \$5.6M in 2022 to \$15.0M in 2023E with an adjusted EBITDA loss of (\$7.7M), narrowing from (\$19.0M) in 2022. Our projection for narrower EBITDA losses in 2023 vs 2022 is due to cost-cutting and higher margins from mix shift and launch of loyalty, online travel, and social media segments. For 2024, we project revenue of \$25.1M, up 67% y/y and an adjusted EBITDA loss of (\$0.9M). We project adjusted EBITDA turning profitable in 4Q24. Our projections do not include any unannounced acquisitions. M&A is a big focus of management's

strategy. Given the strong cash position, future M&A could potentially provide upside to our estimates.

**Healthy balance sheet.** The company ended 1Q23 with unrestricted cash of \$13.8M (representing >1/2 of the company's market cap), down from \$18.9M at the end of 2022, and no material amount of debt. In February 2023, SOPA announced authorization of a \$2M stock repurchase program and bought back \$0.5M (or 512k shares) during the quarter. 1Q23 cash outflow was \$4.2M. With expense reduction plans and newer businesses, along with the launch of the Loyalty program, we expect the cash burn to decline and that current levels of cash should be sufficient to fund organic growth through 2024.

**Society Pass is in the early stages of building an e-commerce Southeast Asian company with six verticals:**

**1) Lifestyle.** Leflair provides luxury goods online in Vietnam. Sales from online ordering were \$0.3M in 1Q23, down 41% y/y. We anticipate management will focus on expanding geographically and in other retail categories in 2023. The company also changed the app and platform in February 2023 to improve customer experience and potential sales.

**2) Digital Advertising.** Thoughtful Media Group is a Thailand-based social media company acquired in July 2022. Business has been expanded to Vietnam, Indonesia, and Thailand. Digital advertising should have relatively higher margins among SOPA's other segments, in part due to lower labor costs. In October 2022, Thoughtful Media signed a partnership with Onlive.site, a live-streaming and digital content channel platform based in Spain. Onlive's technology allows livestreaming, live video shopping, interactive video and online TV channel platform tools. The company announced the planned acquisition of More Media, an Indonesia based digital design and branding agency. More Media provides design and branding to Indonesia companies in beauty, F&B, e-commerce and logistics sectors. Revenue in this segment was \$1.3M for 1Q23.

**3) Online Travel.** NusaTrip is an Indonesia-based online travel and hotel provider acquired in August '22. Strategically we expect the company to focus on increasing hotel sales, which have higher margins than airplane tickets. We view Online Travel as one of the areas of key focus for growth both organically and through M&A. In February 2023, a partnership was announced with LuxUrban (LUXH - Buy) to drive SE Asian traffic to LuxUrban's US based hotels. Also in February 2023, NusaTrip signed an MoU (Memorandum of Understanding) with PT. Kerata Cepat Indonesia-China (KCIC) to be the preferred online ticket sales partner for Kereta Cepat Jakarta-Bandung (KCJB), the first fast train service between Jakarta and Bandung in Indonesia. Revenue was \$0.5M for 1Q23.

**4) Telecom.** Gorilla is a Singapore-based blockchain telecom offering local and travel e-SIM services that was acquired June 2022. This is a relatively small contributor to SOPA revenue, but provides blockchain and Web 3.0 technology that can be expanded to other areas, such as social media interactions on websites and payments.

**5) Online Food and beverage delivery.** SOPA F&B (Vietnam), Handycart (Vietnam) and Pushkart (Philippines). Handycart and Pushkart were bought during 1Q22. Also provide hardware and software solutions to merchants (#HOTTAB). F&B is relatively small contributor today but is strategic in terms of users that can be monetized in other verticals. For 2023, we anticipate management will focus on combining their offerings.

**6) Loyalty.** The loyalty plan was soft launched in June 2022 with a hard launch across all verticals targeted for June 2023. Stripe, a digital wallet, is a partner for payments. While adoption is not certain, we expect Loyalty to be the higher margin of SOPA's verticals.

**Compelling valuation – reiterate Buy and \$2.75 price target.** SOPA trades at an EV/revenue multiple of 0.3x our 2024 revenue estimate vs. the peer average of 2.2x. Our \$2.75 price target is based on our 10-year DCF analysis, which utilizes a 22% discount rate, 13x terminal multiple, and 3% terminal growth rate. This equates to an EV/revenue multiple of 2.0x. A discount to the peer average is warranted, in our view due to SOPA's smaller size and acquisition integration risk. Our positive outlook is supported by the attractive SE Asian markets and opportunities to consolidate smaller companies.

Exhibit 1: Variance Table

(\$ 000s)	1Q23 A	1Q23 E	\$ Diff	% Diff	1Q22 A	\$ Diff	% Diff
Revenue	2,043	2,174	(132)	-6.1%	445	1,597	358.9%
Gross Profit	686	583	103	17.7%	(15)	701	-4738.9%
Gross Margin	33.6%	26.8%	6.8%		-3.3%	36.9%	
Adjusted EBITDA	(2,679)	(2,767)	88	-3.2%	(3,395)	716	-21.1%
Adj. EBITDA Margin	-131.1%	-127.3%	-3.9%		-762.7%	631.6%	
Operating Profit	(5,450)	(6,679)	1,229	-18.4%	(6,600)	1,149	-17.4%
Operating Margin	-266.8%	-307.2%	40.3%		-1482.8%	1216.0%	
Net Income	(5,390)	(6,652)	1,262	-19.0%	(6,591)	1,201	-18.2%
Non-GAAP Net Inc	(3,975)	(4,318)	343.07	-7.9%	(4,802.91)	827.79	-17.2%
Non-GAAP EPS	(\$0.15)	(\$0.16)	0.02	-9.7%	(\$0.22)	0.07	-33.1%

Source: Company reports and Maxim Group LLC estimates

**Acquisitions.** A key component of the company's strategy revolves around strategic acquisitions in key verticals.

- **Handycart** – acquired 2/25/22, is an online food delivery business based in Hanoi, Vietnam. The purchase price was ~\$100K in cash and 25,000 shares valued at \$2.61/share. The company currently has about 40 restaurants, mainly centered around Korean cuisine, registered on its platform.
- **Pushkart** – acquired 2/14/22, is a fast-growing grocery delivery service in the Philippines with 125K registered users. The purchase price was \$200K in cash and \$800K in stock, valued at \$3.53/share at the time of the acquisition. The company reported \$65K of revenue in 2021.
- **Guerilla Networks** - acquired 6/03/22, is a Singapore-based mobile virtual network operator (MVNO) for users in SE Asia. SOPA plans to market to business and leisure travelers and expand the MVNO services to Vietnam, Thailand, and Malaysia over the next 12 months post acquisition.
- **Thoughtful Media** - acquired 7/11/22, a Thailand-based social commerce-focused, premium digital media company with operating presence in the U.S., Vietnam, and the Philippines. Revenue was \$5.8M in 2021. According to an August 9th news article, management expected PF annualized 2022 revenue of \$16.8M (~200% y/y growth).
- **Mangan.ph** - acquired 7/20/22, a Philippines-based restaurant delivery service. Had \$2M in gross merchandising value delivered and management's goal is to increase this several times.
- **NusaTrip** - acquired 8/15/22, an-Indonesian based online travel agency providing travel through +500 airlines and +200K hotels worldwide.
- **More Media** - announced acquisition in December 2022 for Indonesia based creative design and branding agency.

Table 1. Society Pass Inc. Income Statement  
(\$ in 000s, except per share data)

	2017	2018	2019 A	2020 A	2021 A	Mar A	Jun A	Sep A	Dec A	2022 A	Mar A	Jun E	Sep E	Dec E	2023 E	Mar E	Jun E	Sep E	Dec E	2024 E
<b>Total Revenue</b>	<b>96.1</b>	<b>66.9</b>	<b>10.4</b>	<b>52.5</b>	<b>519.9</b>	<b>445.1</b>	<b>499.1</b>	<b>2,050.3</b>	<b>2,641.1</b>	<b>5,635.6</b>	<b>2,042.6</b>	<b>2,819.1</b>	<b>3,781.3</b>	<b>6,382.9</b>	<b>15,025.8</b>	<b>4,320.0</b>	<b>5,520.0</b>	<b>6,520.0</b>	<b>8,720.0</b>	<b>25,080.0</b>
% Change Yoy		-30.4%	-84.4%	403.8%	891.1%	4582.2%	6312.2%	2354.4%	530.2%	984.0%	358.9%	464.9%	84.4%	141.7%	166.6%	111.5%	95.8%	72.4%	36.6%	66.9%
<b>Total Cost of revenue</b>	<b>226.0</b>	<b>231.5</b>	<b>0.8</b>	<b>88.7</b>	<b>710.7</b>	<b>459.9</b>	<b>499.2</b>	<b>1,742.3</b>	<b>1,967.2</b>	<b>4,668.6</b>	<b>1,356.3</b>	<b>2,024.8</b>	<b>2,611.9</b>	<b>3,706.3</b>	<b>9,699.3</b>	<b>2,521.7</b>	<b>3,081.2</b>	<b>3,672.7</b>	<b>5,113.7</b>	<b>14,389.1</b>
% Sales	235.1%	346.3%	7.4%	169.0%	136.7%	103.3%	100.0%	85.0%	74.5%	82.8%	66.4%	71.8%	69.1%	58.1%	64.6%	58.4%	55.8%	56.3%	58.6%	57.4%
%Chg Yoy		2.5%	-99.7%	11399.9%	701.5%	2415.1%	476.6%	NA	NA	556.9%	194.9%	305.6%	49.9%	88.4%	107.8%	85.9%	52.2%	40.6%	38.0%	48.4%
<b>Total Gross Profits</b>	<b>(129.9)</b>	<b>(164.7)</b>	<b>9.6</b>	<b>(36.2)</b>	<b>(190.8)</b>	<b>(14.8)</b>	<b>(0.1)</b>	<b>307.9</b>	<b>674.0</b>	<b>967.0</b>	<b>686.2</b>	<b>794.3</b>	<b>1,169.4</b>	<b>2,676.6</b>	<b>5,326.5</b>	<b>1,798.4</b>	<b>2,438.9</b>	<b>2,847.4</b>	<b>3,606.4</b>	<b>10,690.9</b>
<b>Total Gross Margin</b>	<b>-135.1%</b>	<b>-246.3%</b>	<b>92.6%</b>	<b>-69.0%</b>	<b>-36.7%</b>	<b>-3.3%</b>	<b>0.0%</b>	<b>15.0%</b>	<b>25.5%</b>	<b>17.2%</b>	<b>33.6%</b>	<b>28.2%</b>	<b>30.9%</b>	<b>41.9%</b>	<b>35.4%</b>	<b>41.6%</b>	<b>44.2%</b>	<b>43.7%</b>	<b>41.4%</b>	<b>42.6%</b>
<b>Operating Expenses</b>																				
Selling & marketing expenses	9.2	27.3	0.0	3.1	327.2	196.1	253.3	212.7	335.7	997.8	130.7	366.5	378.1	638.3	1,513.6	388.8	496.8	586.8	784.8	2,257.2
% Sales	10%	41%	0%	6%	62.9%	44%	51%	10%	13%	17.7%	6%	13.0%	10.0%	10.0%	10.1%	9.0%	9.0%	9.0%	9.0%	9.0%
Software development costs	-	242.0	289.2	165.5	95.8	19.5	17.3	19.8	16.4	73.0	13.9	28.2	37.8	63.8	143.8	43.2	55.2	65.2	87.2	250.8
% Sales	0.0%	362.0%	2777.6%	315.5%	23833.1%	4.4%	3.5%	1.0%	0.6%	NM	0.7%	1.0%	1.0%	1.0%	4791.7%	1.0%	1.0%	1.0%	1.0%	627.0%
Impairment loss	-	12.6	2,798.4	16.4	200.0	528.6	-	250.4	2,720.9	3,499.9	-	-	-	-	-	-	-	-	-	-
% Sales	0.0%	18.9%	26879.2%	31.2%	49751.2%	118.8%	0.0%	12.2%	103.0%	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
G&A	256.7	466.0	4,212.3	3,529.0	33,398.4	5,840.7	7,345.4	9,925.5	7,440.8	30,552.4	5,991.9	6,120.4	5,974.4	6,606.3	24,693.0	5,097.6	5,409.6	5,542.0	5,493.6	21,542.8
% Sales	267.1%	697.0%	40460.6%	6728.0%	8308060.0%	1312.3%	1471.8%	484.1%	281.7%	NM	293.3%	235.0%	158.0%	103.5%	823099.0%	118.0%	98.0%	85.0%	63.0%	53857.0%
<b>Total operating expenses</b>	<b>265.9</b>	<b>747.9</b>	<b>7,299.9</b>	<b>3,714.0</b>	<b>34,021.4</b>	<b>6,584.9</b>	<b>7,616.0</b>	<b>10,408.3</b>	<b>10,513.8</b>	<b>35,123.0</b>	<b>6,136.5</b>	<b>6,515.1</b>	<b>6,390.4</b>	<b>7,308.4</b>	<b>26,350.3</b>	<b>5,529.6</b>	<b>5,961.6</b>	<b>6,194.0</b>	<b>6,365.6</b>	<b>24,050.8</b>
% Sales	276.7%	1118.6%	70117.6%	7080.7%	6544.0%	1479.5%	1526.1%	507.7%	398.1%	623.2%	300.4%	231.1%	169.0%	114.5%	175.4%	128.0%	108.0%	95.0%	73.0%	95.9%
<b>Income (loss) from operations</b>	<b>(395.7)</b>	<b>(912.5)</b>	<b>(7,290.3)</b>	<b>(3,750.2)</b>	<b>(34,212.2)</b>	<b>(6,599.7)</b>	<b>(7,616.1)</b>	<b>(10,100.4)</b>	<b>(9,839.8)</b>	<b>(34,156.1)</b>	<b>(5,450.2)</b>	<b>(5,720.8)</b>	<b>(5,221.0)</b>	<b>(4,631.8)</b>	<b>(21,023.8)</b>	<b>(3,731.3)</b>	<b>(3,522.8)</b>	<b>(3,346.7)</b>	<b>(2,759.3)</b>	<b>(13,359.9)</b>
Operating margin	-411.8%	-1364.8%	-70025.0%	-7149.7%	-6580.7%	-1482.8%	-1526.1%	-492.6%	-372.6%	-606.1%	-266.8%	-202.9%	-138.1%	-72.6%	-139.9%	-86.4%	-63.8%	-51.3%	-31.6%	-53.3%
<b>EBITDA</b>	<b>(2,872.2)</b>	<b>(581.7)</b>	<b>(7,282.7)</b>	<b>(2,962.9)</b>	<b>(31,601.8)</b>	<b>(5,779.5)</b>	<b>(6,783.4)</b>	<b>(9,258.6)</b>	<b>(8,941.1)</b>	<b>(30,762.6)</b>	<b>(4,565.3)</b>	<b>(5,720.8)</b>	<b>(5,221.0)</b>	<b>(4,631.8)</b>	<b>(20,138.9)</b>	<b>(3,731.3)</b>	<b>(3,522.8)</b>	<b>(3,346.7)</b>	<b>(2,759.3)</b>	<b>(13,359.9)</b>
EBITDA margin	-2989.2%	-870.0%	-69952.3%	-5648.6%	-6078.6%	-1298.5%	-1359.2%	-451.6%	-338.5%	-545.9%	-223.5%	-202.9%	-138.1%	-72.6%	-134.0%	-86.4%	-63.8%	-51.3%	-31.6%	-53.3%
<b>Adjusted EBITDA</b>	<b>(2,872.2)</b>	<b>(569.1)</b>	<b>(1,912.6)</b>	<b>(498.2)</b>	<b>(4,898.5)</b>	<b>(3,394.8)</b>	<b>(4,431.0)</b>	<b>(7,111.6)</b>	<b>(4,027.9)</b>	<b>(18,965.3)</b>	<b>(2,678.5)</b>	<b>(2,200.0)</b>	<b>(1,700.1)</b>	<b>(1,110.9)</b>	<b>(7,689.5)</b>	<b>(618.9)</b>	<b>(410.4)</b>	<b>(234.3)</b>	<b>353.1</b>	<b>(910.6)</b>
Adjusted EBITDA margin	-2989.2%	-851.1%	-18370.5%	-949.8%	-942.2%	-762.7%	-887.9%	-346.9%	-152.5%	-336.5%	-131.1%	-78.0%	-45.0%	-17.4%	-51.2%	-14.3%	-7.4%	-3.6%	4.0%	-3.6%
Total other expense	16.3	(1.6)	(8.1)	(69.4)	(641.4)	9.6	30.3	37.6	67.1	144.7	60.6	39.6	39.6	39.6	179.5	39.6	39.6	39.6	39.6	158.5
Pre-tax income/(loss)	(379.4)	(914.1)	(7,298.4)	(3,819.7)	(34,853.6)	(6,590.1)	(7,585.8)	(10,062.7)	(9,772.8)	(34,011.4)	(5,389.6)	(5,681.2)	(5,181.3)	(4,592.2)	(20,844.3)	(3,691.6)	(3,483.1)	(3,307.0)	(2,719.6)	(13,201.4)
Taxes	-	-	-	8.3	11.1	1.3	0.8	0.7	0.8	3.6	0.6	-	-	-	0.6	-	-	-	-	-
Tax Rate	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income/(loss)</b>	<b>(379.4)</b>	<b>(914.1)</b>	<b>(7,298.4)</b>	<b>(3,828.0)</b>	<b>(34,864.7)</b>	<b>(6,591.4)</b>	<b>(7,586.6)</b>	<b>(10,063.5)</b>	<b>(9,773.6)</b>	<b>(34,015.0)</b>	<b>(5,390.2)</b>	<b>(5,681.2)</b>	<b>(5,181.3)</b>	<b>(4,592.2)</b>	<b>(20,844.9)</b>	<b>(3,691.6)</b>	<b>(3,483.1)</b>	<b>(3,307.0)</b>	<b>(2,719.6)</b>	<b>(13,201.4)</b>
Net loss attributable to non controlling						(43.0)	82.3	103.7	86.0	228.9	(95.3)									
Foreign currency translation gain/loss	(0.1)	9.1	4.0	(59.2)	(2.3)	3.0	60.5	127.7	(85.1)	106.1	(400.4)									
<b>Comprehensive Loss</b>	<b>(379.5)</b>	<b>(905.0)</b>	<b>(7,294.4)</b>	<b>(3,887.2)</b>	<b>(34,867.0)</b>	<b>(6,588.4)</b>	<b>(7,443.8)</b>	<b>(9,832.1)</b>	<b>(9,772.7)</b>	<b>(33,909.0)</b>	<b>(5,790.6)</b>	<b>(5,681.2)</b>	<b>(5,181.3)</b>	<b>(4,592.2)</b>	<b>(20,844.9)</b>	<b>(3,691.6)</b>	<b>(3,483.1)</b>	<b>(3,307.0)</b>	<b>(2,719.6)</b>	<b>(13,201.4)</b>
<b>Non-GAAP net income / (loss)</b>	<b>(379.4)</b>	<b>(904.6)</b>	<b>(1,928.2)</b>	<b>(2,754.4)</b>	<b>(8,161.4)</b>	<b>(4,802.9)</b>	<b>(5,822.2)</b>	<b>(8,453.3)</b>	<b>(6,088.6)</b>	<b>(22,217.7)</b>	<b>(3,975.1)</b>	<b>(3,040.5)</b>	<b>(2,540.7)</b>	<b>(1,951.5)</b>	<b>(8,396.6)</b>	<b>(1,357.4)</b>	<b>(1,148.9)</b>	<b>(972.8)</b>	<b>(385.4)</b>	<b>(752.0)</b>
<b>GAAP EPS - diluted</b>	<b>N/A</b>	<b>N/A</b>	<b>(0.48)</b>	<b>(0.22)</b>	<b>(3.69)</b>	<b>(0.30)</b>	<b>(0.31)</b>	<b>(0.39)</b>	<b>(0.37)</b>	<b>(1.39)</b>	<b>(0.20)</b>	<b>(0.21)</b>	<b>(0.19)</b>	<b>(0.16)</b>	<b>(0.75)</b>	<b>(0.13)</b>	<b>(0.12)</b>	<b>(0.11)</b>	<b>(0.09)</b>	<b>(0.45)</b>
% Change Yoy	N/A	N/A	N/A	-54.3%	1585.4%	NA	NA	NA	NA	-62.3%	-33.9%	-33.6%	-52.1%	-56.3%	-45.8%	-35.1%	-41.7%	-39.2%	-43.5%	-39.8%
<b>Non-GAAP-EPS - Diluted</b>	<b>N/A</b>	<b>N/A</b>	<b>(0.13)</b>	<b>(0.16)</b>	<b>(1.52)</b>	<b>(0.22)</b>	<b>(0.24)</b>	<b>(0.33)</b>	<b>(0.23)</b>	<b>(1.03)</b>	<b>(0.15)</b>	<b>(0.11)</b>	<b>(0.09)</b>	<b>(0.07)</b>	<b>(0.42)</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>(0.03)</b>	<b>(0.01)</b>	<b>(0.13)</b>
% Change Yoy	N/A	N/A	N/A	24.3%	862.4%	NA	NA	NA	NA	-32.4%	NM	-53.7%	-72.7%	-70.2%	-59.2%	NM	-64.1%	-63.5%	-81.2%	-68.0%
Average shares diluted	N/A	N/A	15,212.3	17,475.3	9,443.7	21,892.1	24,347.6	25,302.2	26,176.2	24,429.5	27,082.8	27,474.1	27,826.1	28,178.2	27,640.3	28,567.3	28,913.1	29,224.3	29,535.6	29,060.1

Source: Company reports and Maxim Group LLC estimates

**DISCLOSURES**

**Society Pass Incorporated Rating History as of 05/11/2023**

powered by: BlueMatrix



Maxim Group LLC Ratings Distribution		As of: 05/11/23	
		% of Coverage Universe with Rating	% of Rating for which Firm Provided Banking Services in the Last 12 months
<b>Buy</b>	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months.	86%	46%
<b>Hold</b>	Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither outperform nor underperform its relevant index over the next 12 months.	14%	50%
<b>Sell</b>	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	0%	0%

*\*See valuation section for company specific relevant indices*

I, **Allen Klee, CFA**, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

**Maxim Group makes a market in Society Pass Incorporated**

**Maxim Group received compensation for investment banking services from Society Pass Incorporated in the past 12 months.**

**Maxim Group expects to receive or intends to seek compensation for investment banking services from Society Pass Incorporated in the next 3 months.**

**An affiliate of Maxim Group beneficially owns warrants/shares in Society Pass Incorporated .**

**SOPA:** For Society Pass Incorporated, we use the Russell 2000 as the relevant index.

**Valuation Methods**

**SOPA:** We value Society Pass Incorporated on a 10-year discounted cash flow analysis which is supported by a forward enterprise value to revenue multiple.

**Price Target and Investment Risks**

**SOPA:** Besides general economic risks, risks specific to Society Pass Incorporated include the following: 1) limited operating history in an evolving industry, 2) limited revenues, 3) not yet profitable, 4) reliance on internet search engines and application marketplaces to drive traffic, 5) commerce market is highly competitive, 6) potential delays in implementation or lack of consumer acceptance of Society Points, 7) acquisitions and integration risk, 8) all operations are overseas, 9) economic, political or legal risks of Asia Pacific region, 10) exposure to currency changes, 11) high customer concentration, 12) Dennis Nguyen, Founder, Chairman & CEO, has majority voting control of the stock at ~70%, 13) payment processing regulatory rules, 14) regulation of the Internet, 15) the ability to access capital, 16) exposed to liabilities under the Foreign Corrupt Practices Act, if violated, 17) financial controls may not be sufficient, 18) pending litigation.

## RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

**Speculative – Fundamental Criteria:** This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. **Price Volatility:** Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

**High – Fundamental Criteria:** This is a risk rating assigned to companies having below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. **Price Volatility:** The price volatility of companies falling within this category is expected to be above the industry. High-risk stocks may not be suitable for a significant class of individual investors.

**Medium – Fundamental Criteria:** This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

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