

IT & Software Services

SOPA – NASDAQ August 11, 2023

Intraday Price 8/11/23 **\$0.46**

Rating: Buy

12-Month Target Price: (Prior: \$2.75) \$1.50

52-Week Range: \$0.43 - \$2.68

Market Cap (M): \$13.1

Shares O/S (M): 28.5

Float: 34.9%

Avg. Daily Volume (000): 232.3

Debt (M): \$0.0

Dividend: \$0.00

Dividend Yield: 0.0%

Risk Profile: Speculative

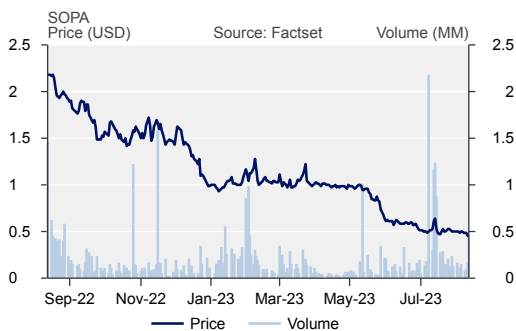
Fiscal Year End: December

Revenue (\$M)

	2022A	2023E	2024E
1Q	0.4	2.0A	7.1
2Q	0.5	2.2A	9.9
3Q	2.1	2.3	11.6
4Q	2.6	10.1	15.7
CY	5.6	16.5	44.3
Prior	—	15.0	25.1

Adjusted EBITDA (\$M)

	2022A	2023E	2024E
1Q	(3.4)	(2.7)A	(2.1)
2Q	(4.4)	(2.9)A	(1.1)
3Q	(7.1)	(2.9)	(0.5)
4Q	(4.0)	(2.5)	0.0
CY	(19.0)	(11.0)	(3.6)
Prior	—	(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

2Q23 Misses; Raise Revenue, but Widen EBITDA Loss Estimates, Positive on Organic Growth & M&A – Reiterate Buy, Lower PT to \$1.50

Summary

- Yesterday 8/10, pre-Market open, SOPA reported 2Q23 results that missed our estimates for revenue and EBITDA. The company was restructuring and revamping key businesses during the quarter.
- Acquisitions have diversified revenue streams to include Apple distribution stores, online advertising, travel/hotel ticketing, and telecom while expanding geographies in SE Asia. The Apple distribution stores acquisition was the largest acquisition to date in terms of revenue, with the potential to expand geographically and add users for its Loyalty program.
- Management is forecasting to be cash flow positive at some point in 2H23. We raise our 2023 and 2024 revenue estimates to reflect M&A. We widen our adjusted EBITDA losses to reflect potential challenges in integrating and managing its businesses.
- At quarter-end, there was \$10.8M in unrestricted cash (representing close to the company's entire market cap) and no debt. Management has been very disciplined with the amount of cash used in acquisitions and reducing cash burn. As such, we do expect a need to raise capital through 2024.
- SOPA trades at an EV/2024E revenue multiple of 0.1x. Our \$1.50 price target (prior \$2.75) is based on our 10-year DCF analysis and equates to a 0.7x (2.0x prior) multiple on our 2024E revenue. Our Buy rating reflects our positive view on SE Asian markets, organic growth, and M&A opportunities.

Details

**2Q23 results highlight early stages of growth.** Yesterday (8/10), pre-Market open, SOPA reported 2Q23 results and filed its 10-Q with revenue of \$2.2M, up from \$0.5M in the prior year quarter and \$2.0M in 1Q22, but missing our estimate of \$2.8M. We are the only analyst included in consensus estimates, per LSEG. Digital marketing accounted for 69% of quarterly revenue at \$1.5M, followed by NusaTrip online ticketing and reservation at \$0.6M (25% of revenue) and Leflair, online goods at \$0.1M (5% of revenue). The company underwent a restructuring and revamping of its website at Leflair, and its search engine at NusaTrip. 2Q23 adjusted EBITDA loss of (\$2.9M) was wider than our estimate of (\$2.2M) while improving from a loss of (\$4.4M) in the prior year quarter. The restructuring of several businesses is expected to improve revenue and profitability and is focused on the relatively higher margin segments. Operating expenses were down 48% y/y, which compared favorably to revenue growth of 338% y/y.

**Key recent events.** Events occurring during 2Q23 and year-to-date have focused on diversification and focusing on more profitable businesses.

- **July 2023.** Subsidiary NusaTrip announced the acquisition of IATA Licensed Vietnam International Travel and Service JSC (VIT) (private). Expected to add ~\$2M in gross merchandising value (GMV).
- **July 2023.** Announced planned acquisition of Inetindo (private) which operates 26 "Story-" branded Apple (AAPL - NR) stores in 9 cities across Indonesia. Paid ~\$1.85M for company that has annualized revenue of ~\$28M and gross profit of ~\$3.8M. Inetindo will be added to the NextGen Retail business of SOPA that includes LeFlair. Transaction is expected to close before the end of 3Q23. We believe SOPA management has potential to improve the company's financing terms and expand sales into new geographies and non-Apple products.
- **July 2023.** Thoughtful Media Group, a Thailand based subsidiary of SOPA acquired a second company in Indonesia, Newave (private), a social media and micro influencer company (key opinion leaders with under 100K followers). Newave has over 10K influencers. The company is a social influencer company with over 675K videos and over 80B video views since 2010 and has a current network of 263 YouTube Channels that have onboarded over 85M subscribers. The company had

revenue of \$5.8M in 2021. As a result of the acquisition, Thoughtful Media Group has business in Thailand, Vietnam, and Indonesia.

- **June 2023.** Launched loyalty program, Society Points. This will be rolled out across the company's other divisions and should represent the highest margin segment of business.
- **April 2023.** NusaTrp acquired Vietnam's VLeisure (private), expanding the online travel segment outside of Indonesia. Has inventory of over 650K registered hotels. Also provides a hotel technology platform servicing small-to-medium size hotels with customer booking and revenue collection software solutions.
- **November 2022.** Partnered with Stripe (private) to integrate payments platform for merchants and consumers. Stripe has technology that includes antifraud, and is able to accept credit and debit cards in a simple checkout manner.

**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. 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. The acquisition of Inetindo creates additional expansion opportunities in other geographies and other branded products to be sold, and can increase the base that can be deployed to the potentially highest profit margin business of Society Points (loyal program).

**Outlook.** We raise our revenue estimates largely to account for the acquisition of Inetindo which is expected to close in September 2023, while maintaining expense discipline and full year contributions from all announced acquisitions. We have not modeled any contributions from any acquisitions that have not yet been announced; however, it is likely that management will continue to opportunistically acquire companies in verticals of focus. We also believe many of the businesses can be expanded geographically. We have also not factored in any contributions from Society Points, which launched in June 2023 and could provide upside if it gains traction, given it should be a relatively high and potentially its highest margin segment.

We project revenue to increase from \$5.6M in 2022, to \$16.5M (\$15.0M prior) in 2023, up 194% y/y, with an adjusted EBITDA loss of (\$11.0M) (\$7.7M prior). Despite disciplined expense control, we have widened our 2023 EBITDA losses to reflect the company's challenges in integrating companies to date. 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 \$44.3M (\$25.1M prior), up 168% y/y with the increase primarily due to the contribution of a full year of Inetindo. We project a 2024 adjusted EBITDA loss of (\$3.6M) (\$0.9M prior). We project adjusted EBITDA turning profitable in 4Q24. We have widened our loss forecast to reflect current challenges in integrating and executing on businesses. Our estimates are more conservative than management's goal of turning to cash flow positive some time in 2H23. Our projections do not include any unannounced acquisitions. M&A is a big focus of management's strategy.

**Balance sheet.** The company ended 2Q23 with unrestricted cash of \$10.8M (close to the entire market cap of SOPA), slightly down from \$13.8M at the end of 1Q23, and no material amount of debt. 2Q23 cash flow from operations was an outflow of (\$2.9M). 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 (SE) company with six verticals:**

**1) Lifestyle.** Leflair provides luxury goods online in Vietnam. Sales from online ordering were \$0.1M in 2Q23, down 77% 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. The acquisition of Inetindo, with an expected close in September 2023 and ~\$28M in annualized revenue significantly increases the scale of this segment.

**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 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. In May/July, TMG acquired Newave in Indonesia. Revenue in this segment was \$1.5M for 2Q23.

**3) Online Travel.** NusaTrip is an Indonesia-based online travel and hotel provider acquired in August 2022. 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 \$0.6M for 2Q23.

**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 / Society Points.** The loyalty plan called was soft launched in June 2022 with a hard launch across all verticals in June 2023. Stripe, a digital wallet, is a partner for payments. In August 2023, a partnership was announced with 2C2P (private), a Singapore based payment provider with customers in the Philippines and Indonesia. While adoption is not certain, we expect Loyalty to be the higher margin of SOPA's verticals.

**Compelling valuation – reiterate Buy, but lowering price target to \$1.50, from \$2.75.** SOPA trades at an EV/revenue multiple of 0.1x our 2024 revenue estimate vs. the peer average of 2.4x. Our \$1.50 price target is based on our 10-year DCF analysis, which utilizes a 22% discount rate, 13x terminal multiple, and 3% terminal growth rate, equating to 0.7x our 2024 revenue estimate. Our prior \$2.75 price target was also based on our DCF analysis and equated to 2.0x our prior 2024 revenue estimate. We lowered our target multiple to reflect higher expected losses given challenges in execution. A discount to the peer average is warranted, in our view due to SOPA's early stage of operation 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)	2Q23 A	2Q23 E	\$ Diff	% Diff	2Q22 A	\$ Diff	% Diff
Revenue	2,187	2,819	(632)	-22.4%	499	1,688	338.3%
Gross Profit	577	794	(217)	-27.3%	(0)	577	NM
Gross Margin	26.4%	28.2%	-1.8%		0.0%	26.4%	
Adjusted EBITDA	(2,915)	(2,200)	(715)	32.5%	(4,431)	1,516	-34.2%
Adj. EBITDA Margin	-133.3%	-78.0%	-55.2%		-887.9%	754.6%	
Operating Profit	(3,416)	(5,721)	2,305	-40.3%	(7,616)	4,200	-55.2%
Operating Margin	-156.2%	-202.9%	46.8%		-1526.1%	1369.9%	
Net Income	(3,309)	(5,681)	2,372	-41.8%	(7,587)	4,277	-56.4%
Non-GAAP Net Inc	(3,024)	(3,041)	16.64	-0.5%	(5,822.22)	2,798.34	-48.1%
Non-GAAP EPS	(\$0.11)	(\$0.11)	0.00	-3.0%	(\$0.24)	0.13	-55.1%

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 9, 2022, 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.
- **VLeisure.** NusaTrp acquired Vietnam's VLeisure, expanding the online travel segment outside of Indonesia. Has inventory of over 650K registered hotels. Also provides a hotel technology platform servicing small-to-medium size hotels with customer booking and revenue collection software solutions.
- **Newave.** A social media and micro influencer company (KOLs with under 100K followers). Newave has over 10K influencers. Acquired by Thoughtful Media Group and their second acquisition in Indonesia.
- **Inetindo Info.** Announced 7/7/23 and expected to close by end of 3Q23. Operates 26 "Story-I" branded Apple stores across Indonesia. Inetindo is an Indonesia-based Apple premium reseller and authorized education partner as well as an electronic gaming retailer for several different gaming companies. Paid \$1.85M (converted from Australian dollars) in cash for 95% of the business which based on 6 months ending 12/31/22 had annualized revenue of \$28M and gross profit of \$3.2M.

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 A	Sep E	Dec E	2023 E	Mar E	Jun E	Sep E	Dec E	2024 E
Total Revenue	96.1	66.9	10.4	52.5	519.9	445.1	499.1	2,050.3	2,641.1	5,635.6	2,042.6	2,187.2	2,255.0	10,064.0	16,548.8	7,130.0	9,870.0	11,620.0	15,720.0	44,340.0
% Change Yoy		-30.4%	-84.4%	403.8%	891.1%	4582.2%	6312.2%	2354.4%	530.2%	984.0%	358.9%	338.3%	10.0%	281.0%	193.7%	249.1%	351.3%	415.3%	56.2%	167.9%
Total Cost of revenue	226.0	231.5	0.8	88.7	710.7	459.9	499.2	1,742.3	1,967.2	4,668.6	1,356.3	1,610.1	1,602.2	7,929.8	12,498.4	5,968.5	8,221.7	9,510.7	12,663.7	36,364.4
% Sales	235.1%	346.3%	7.4%	169.0%	136.7%	103.3%	100.0%	85.0%	74.5%	82.8%	66.4%	73.6%	71.0%	78.8%	75.5%	83.7%	83.3%	81.8%	80.6%	82.0%
%Chg Yoy		2.5%	-99.7%	11399.9%	701.5%	2415.1%	476.6%	NA	NA	556.9%	194.9%	222.5%	-8.0%	303.1%	167.7%	340.0%	410.6%	493.6%	59.7%	191.0%
Total Gross Profits	(129.9)	(164.7)	9.6	(36.2)	(190.8)	(14.8)	(0.1)	307.9	674.0	967.0	686.2	577.2	652.8	2,134.2	4,050.4	1,161.6	1,648.4	2,109.4	3,056.4	7,975.6
Total Gross Margin	-135.1%	-246.3%	92.6%	-69.0%	-36.7%	-3.3%	0.0%	15.0%	25.5%	17.2%	33.6%	26.4%	29.0%	21.2%	24.5%	16.3%	16.7%	18.2%	19.4%	18.0%
<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	98.7	112.8	1,006.4	1,348.5	285.2	394.8	464.8	628.8	1,773.6
% Sales	10%	41%	0.2%	6.0%	62.9%	44.1%	50.8%	10.4%	12.7%	17.7%	6.4%	4.5%	5.0%	10.0%	8.1%	4.0%	4.0%	4.0%	4.0%	4.0%
Software development costs	-	242.0	289.2	165.5	95.8	19.5	17.3	19.8	16.4	73.0	13.9	15.2	22.6	100.6	152.3	71.3	98.7	116.2	157.2	443.4
% Sales	0.0%	362.0%	2777.6%	315.5%	23833.1%	4.4%	3.5%	1.0%	0.6%	NM	0.7%	0.7%	1.0%	1.0%	7615.9%	1.0%	1.0%	1.0%	1.0%	1108.5%
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	3,879.0	3,946.3	4,025.6	17,842.8	3,921.5	2,961.0	2,788.8	2,986.8	12,658.1
% Sales	267.1%	697.0%	40460.6%	6728.0%	8308060.0%	1312.3%	1471.8%	484.1%	281.7%	NM	293.3%	177.3%	175.0%	40.0%	892139.3%	55.0%	30.0%	24.0%	19.0%	31645.3%
Total operating expenses	265.9	747.9	7,299.9	3,714.0	34,021.4	6,584.9	7,616.0	10,408.3	10,513.8	35,123.0	6,136.5	3,993.0	4,081.6	5,132.6	19,343.6	4,278.0	3,454.5	3,369.8	3,772.8	14,875.1
% Sales	276.7%	1118.6%	70117.6%	7080.7%	6544.0%	1479.5%	1526.1%	507.7%	398.1%	623.2%	300.4%	182.6%	181.0%	51.0%	116.9%	60.0%	35.0%	29.0%	24.0%	33.5%
Income (loss) from operations	(395.7)	(912.5)	(7,290.3)	(3,750.2)	(34,212.2)	(6,599.7)	(7,616.1)	(10,100.4)	(9,839.8)	(34,156.1)	(5,450.2)	(3,415.8)	(3,428.7)	(2,998.5)	(15,293.2)	(3,116.5)	(1,806.2)	(1,260.5)	(716.5)	(6,899.5)
Operating margin	-411.8%	-1364.8%	-70025.0%	-7149.7%	-6580.7%	-1482.8%	-1526.1%	-492.6%	-372.6%	-606.1%	-266.8%	-156.2%	-152.0%	-29.8%	-92.4%	-43.7%	-18.3%	-10.8%	-4.6%	-15.6%
EBITDA	(2,872.2)	(581.7)	(7,282.7)	(2,962.9)	(31,601.8)	(5,779.5)	(6,783.4)	(9,258.6)	(8,941.1)	(30,762.6)	(4,565.3)	(3,295.5)	(3,428.7)	(2,998.5)	(14,291.7)	(3,116.5)	(1,806.2)	(1,260.5)	(716.5)	(6,899.5)
EBITDA margin	-2989.2%	-870.0%	-69952.3%	-5648.6%	-6078.6%	-1298.5%	-1359.2%	-451.6%	-338.5%	-545.9%	-223.5%	-150.7%	-152.0%	-29.8%	-86.4%	-43.7%	-18.3%	-10.8%	-4.6%	-15.6%
Adjusted EBITDA	(2,872.2)	(569.1)	(1,912.6)	(498.2)	(4,898.5)	(3,394.8)	(4,431.0)	(7,111.6)	(4,027.9)	(18,965.3)	(2,678.5)	(2,915.0)	(2,928.7)	(2,498.5)	(11,020.7)	(2,116.5)	(1,056.2)	(510.5)	33.6	(3,649.5)
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%	-133.3%	-129.9%	-24.8%	-66.6%	-29.7%	-10.7%	-4.4%	0.2%	-8.2%
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	107.6	58.9	58.9	282.4	58.9	58.9	58.9	58.9	235.6
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)	(3,308.2)	(3,369.8)	(2,939.5)	(15,010.8)	(3,057.5)	(1,747.2)	(1,201.5)	(657.5)	(6,663.9)
Taxes	-	-	-	8.3	11.1	1.3	0.8	0.7	0.8	3.6	0.6	1.1	-	-	1.7	-	-	-	-	-
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%
Net income/(loss)	(379.4)	(914.1)	(7,298.4)	(3,828.0)	(34,864.7)	(6,591.4)	(7,586.6)	(10,063.5)	(9,773.6)	(34,015.0)	(5,390.2)	(3,309.2)	(3,369.8)	(2,939.5)	(15,012.5)	(3,057.5)	(1,747.2)	(1,201.5)	(657.5)	(6,663.9)
Net loss attributable to non controlling						(43.0)	82.3	103.7	86.0	228.9	(95.3)	(6.0)								
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)	141.4								
Comprehensive Loss	(379.5)	(905.0)	(7,294.4)	(3,887.2)	(34,867.0)	(6,588.4)	(7,443.8)	(9,832.1)	(9,772.7)	(33,909.0)	(5,790.6)	(3,173.8)	(3,369.8)	(2,939.5)	(15,012.5)	(3,057.5)	(1,747.2)	(1,201.5)	(657.5)	(6,663.9)
Non-GAAP net income / (loss)	(379.4)	(904.6)	(1,928.2)	(2,754.4)	(8,161.4)	(4,802.9)	(5,822.2)	(8,453.3)	(6,088.6)	(22,217.7)	(3,975.1)	(3,023.9)	(2,994.8)	(2,564.5)	(11,546.3)	(2,307.5)	(1,184.7)	(639.0)	(95.0)	5,785.5
GAAP EPS - diluted	N/A	N/A	(0.48)	(0.22)	(3.69)	(0.30)	(0.31)	(0.39)	(0.37)	(1.39)	(0.20)	(0.12)	(0.11)	(0.10)	(0.52)	(0.10)	(0.05)	(0.04)	(0.02)	(0.20)
% Change Yoy	N/A	N/A	N/A	-54.3%	1585.4%	NA	NA	NA	NA	-62.3%	-33.9%	NA	-70.7%	-74.2%	-62.6%	-51.3%	-54.0%	-67.9%	-79.5%	-60.6%
Non-GAAP-EPS - Diluted	N/A	N/A	(0.13)	(0.16)	(1.52)	(0.22)	(0.24)	(0.33)	(0.23)	(1.03)	(0.15)	(0.11)	(0.10)	(0.08)	(0.44)	(0.07)	(0.04)	(0.02)	(0.00)	(0.13)
% Change Yoy	N/A	N/A	N/A	24.3%	862.4%	NA	NA	NA	NA	-32.4%	NM	NA	-69.7%	-63.9%	-57.2%	NM	-65.9%	-80.8%	-96.6%	-69.9%
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	28,171.5	29,571.5	30,571.5	28,849.4	31,571.5	32,321.5	32,821.5	33,321.5	32,509.0

Source: Company reports and Maxim Group LLC estimates



**DISCLOSURES**

**Society Pass Incorporated Rating History as of 08/09/2023**

powered by: BlueMatrix



Maxim Group LLC Ratings Distribution		As of: 08/10/23	
		% 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%	49%
<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%	52%
<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 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) not yet profitable, 3) reliance on internet search engines and application marketplaces to drive traffic, 4) commerce market is highly competitive, 5) potential delays in implementation or lack of consumer acceptance of Society Points, 6)

acquisitions and integration risk, 7) all operations are overseas, 8) economic, political or legal risks of Asia Pacific region, 9) exposure to currency changes, 10) high customer concentration, 11) Dennis Nguyen, Founder, Chairman & CEO, has majority voting control of the stock at ~70%, 12) payment processing regulatory rules, 13) regulation of the Internet, 14) the ability to access capital, 15) exposed to liabilities under the Foreign Corrupt Practices Act, if violated, 16) financial controls may not be sufficient, 17) pending litigation, 18) the ability to access capital, if needed.

## 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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