

**Update Report – May 30, 2024**

1Q24: Thoughtful Media Beats Expectations, While NusaTrip Platform Delays Hamper Revenue

- First quarter results were a mixed bag with Thoughtful Media Group (TMG) exceeding expectations and NusaTrip missing due to a delayed systems update.
- TMG exceeded our estimates and remains profitable, setting the stage for an IPO over the next few months that should dramatically highlight the value of this business, and boost SOPA shares.
- NusaTrip's major platform update is still in the works, but delayed. This should accelerate revenue and set the stage for a strong holiday travel season and IPO. However, we suspect the IPO won't happen until 2025.
- SOPA is now effectively two core businesses, both of which should IPO over the next year and garner \$50 to \$100 million dollar valuations. If each were fully spun out to shareholders, SOPA would be left with a valuable shell.
- The next year may be bumpy as the company will likely need to raise cash to fund EBITDA operating losses, which now look worse than before due to the NusaTrip delays.
- We now expect \$11 million in revenue this year, \$23 million next year, and positive EBITDA in 2025.

Rating	Buy	<b>Earnings Per Share</b>				
Target Price	\$4.00	<b>FYE - December</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>
Ticker Symbol	SOPA	1Q - March	(\$4.49)	(\$2.93)	(\$1.21) A	(\$0.42)
Market	NASDAQ	2Q - June	(\$4.62)	(\$1.77)	(\$0.84)	(\$0.27)
Stock Price	\$1.83	3Q - September	(\$5.90)	(\$2.03)	(\$0.75)	\$0.07
52 wk High	\$11.67	4Q - December	(\$5.39)	(\$2.64)	(\$0.54)	\$0.33
52 wk Low	\$1.54	<b>Year</b>	<b>(\$20.75)</b>	<b>(\$9.39)</b>	<b>(\$3.34)</b>	<b>(\$0.29)</b>
Shares Outstanding:	2.6 M	<b>Revenue (\$mm)</b>	<b>\$5.6</b>	<b>\$8.2</b>	<b>\$10.9</b>	<b>\$23.4</b>
Public Market Float:	1.3 M	EV/Rev	0.8X	0.5X	0.4X	0.2X
Avg. Daily Volume	93,098	<b>EBITDA (\$mm)</b>	<b>\$0.0</b>	<b>(\$12.7)</b>	<b>(\$6.7)</b>	<b>\$0.4</b>
Market Capitalization:	\$4.8 M					
Institutional Holdings:	1.8%					
Dividend Yield:	0.0%					

Senior Executives		Common Ownership Profile		
		Shareholder	Shares ('000)	% of Total
Peter DeChiara	Chairman	Geode Capital Management LLC	9.2	0.3%
Raynauld Liang	Chief Executive Officer	Sheets Smith Wealth Management	9.0	0.3%
Patrick Soetanto	Chief Operating Officer	BlackRock Fund Advisors	8.6	0.3%
Yee Siong Tan	Chief Financial Officer	The Vanguard Group, Inc.	6.4	0.2%
Howie Ng	Chief Technology Officer	Drive Wealth Management LLC	3.0	0.1%
Rokas Sidlauskas	Chief Marketing Officer	Insiders	960	36.4%

**Risks/Valuation**

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

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

## Off to a Fast Start for 2024 – EBITDA Positive in Sight

Society Pass recently reported first quarter 2024 results with its Thoughtful Media digital marketing group generating more revenue than we expected and its NusaTrip online travel platform, coming in under our estimates. The adjusted EBITDA loss was \$2.6 million, down from \$2.7 million a year ago. With this report, we adjust our 2024 revenue estimate to \$11 million and our EBITDA estimate to a loss of \$6.7 million.

As noted, Thoughtful Media reported revenue slightly better than expected and remains on track for an IPO in the next few months. We also believe that this business unit is itself profitable, so a successful IPO should benefit SOPA shares. Revenue was up a strong 21%, and we still expect acceleration during the course of 2024. It's important that TMG maintain profitability for IPO marketing purposes, but as revenue ramps, more money becomes available to hire much much-needed sales reps, while maintaining profitability.

NusaTrip came in lighter than expected for two reasons. The first, and less significant, was a change to revenue reporting to net of expenses versus gross revenue and a separate COGs line item. The second is that the major, long-awaited platform update is taking longer than expected. It is now on track to go live this summer. The update should dramatically bolster revenue, increasing NusaTrip's ability to bundle in hotels and travel add-ins with airfare purchases. Revenue was down 46%, but should return to growth if and when the long-awaited platform update is put in place.

The gross margin came in at 26.7%, down from 33.6% in the year year-ago period. The EBITDA loss was \$2.6 million. We expect EBITDA losses to continue narrowing, but now expect an EBITDA loss of \$6.7 million for the year, necessitating capital raises, which could prove dilutive. With TMG growing, and NusaTrip poised for an inflection, we expect positive EBITDA in 2025.

*Society Pass Inc. – Revenue and COGs Forecast*

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

	2023					2024E					2025E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
<b>Milestones</b>															
Online Ordering	257,602	112,169	87,201	55,152	512,124	20,728	20,000	20,000	20,000	80,728	20,000	20,000	20,000	20,000	80,000
YoY growth	-40.7%	-76.7%	-86.5%			-92.0%	-82.2%	-77.1%	-63.7%	-84.2%	-3.5%	0.0%	0.0%	0.0%	-0.9%
Digital Marketing	1,283,774	1,510,960	1,784,695	1,387,182	5,966,611	1,552,420	2,000,000	2,500,000	3,000,000	9,052,420	3,000,000	3,500,000	5,000,000	6,000,000	17,500,000
YoY growth			47.3%			20.9%	32.4%	40.1%	116.3%	51.7%	93.2%	75.0%	100.0%	100.0%	93.3%
Online ticketing	486,707	556,042	390,384	173,667	1,606,800	264,574	300,000	400,000	800,000	1,764,574	1,000,000	1,200,000	1,600,000	2,000,000	5,800,000
YoY growth						-45.6%	-46.0%	2.5%	360.7%	9.8%	278.0%	300.0%	300.0%	150.0%	228.7%
Data	14,302	6,369	2,977	370	24,018	4,566	5,000	5,000	5,000	19,566	5,000	5,000	5,000	5,000	20,000
YoY growth						-68.1%	-21.5%	68.0%	1251.4%	-18.5%	9.5%	0.0%	0.0%	0.0%	2.2%
#HOTTAB acq. 11/18/19															
Hardware															
Software	195	1,692	3,809	56,386	62,082	4,791				4,791					
Total	195	1,692	3,809	56,386	62,082	4,791				4,791					
YoY growth	-98.2%	-84.6%	3212.2%	2904.0%	159.2%										
<b>Total revenue</b>	<b>2,042,580</b>	<b>2,187,232</b>	<b>2,269,066</b>	<b>1,672,757</b>	<b>8,171,635</b>	<b>1,847,079</b>	<b>2,325,000</b>	<b>2,925,000</b>	<b>3,825,000</b>	<b>10,922,079</b>	<b>4,025,000</b>	<b>4,725,000</b>	<b>6,625,000</b>	<b>8,025,000</b>	<b>23,400,000</b>
YoY growth	358.9%	338.3%	10.7%	-36.7%	45.0%	-9.6%	6.3%	28.9%	128.7%	33.7%	117.9%	103.2%	126.5%	109.8%	114.2%
<b>Cost of Sales</b>															
Online	235,246	124,489	77,061	37,780	474,576	19,164	18,000	18,000	18,000	73,164	18,000	18,000	18,000	18,000	72,000
As a percent of revenue	91.3%	111.0%	88.4%	68.5%	92.7%	92.5%	90.0%	90.0%	90.0%	90.6%	90.0%	90.0%	90.0%	90.0%	90.0%
Digital	964,161	1,306,684	1,457,213	1,225,452	4,953,510	1,273,115	1,600,000	1,950,000	2,280,000	7,103,115	2,220,000	2,520,000	3,500,000	4,200,000	12,440,000
As a percent of revenue	75.1%	86.5%	81.7%	88.3%	83.0%	82.0%	80.0%	78.0%	76.0%	78.5%	74.0%	72.0%	70.0%	70.0%	71.1%
Ticketing	76,477	95,067	110,862	(282,406)											
As a percent of revenue	15.7%	17.1%	28.4%	-162.6%	0.0%										
Data	18,646	14,708	7,055	4,341	44,750	50,110	10,000	10,000	10,000	80,110	10,000	10,000	10,000	10,000	40,000
As a percent of revenue	130.4%	230.9%	237.0%	1173.2%	186.3%	1097.5%	200.0%	200.0%	200.0%	72.8%	200.0%	200.0%	200.0%	200.0%	36.4%
Software sales	61,813	69,125	54,311	43,560	228,809	12,041									
As a percent of revenue				77.3%	368.6%										
Hardware	-	-	-	-	-										
As a percent of revenue															
<b>Total COGS</b>	<b>1,356,343</b>	<b>1,610,073</b>	<b>1,706,502</b>	<b>1,028,727</b>	<b>5,701,645</b>	<b>1,354,430</b>	<b>1,628,000</b>	<b>1,978,000</b>	<b>2,308,000</b>	<b>7,256,389</b>	<b>2,248,000</b>	<b>2,548,000</b>	<b>3,528,000</b>	<b>4,228,000</b>	<b>12,552,000</b>
	66.4%	73.6%	75.2%	64.0%	69.8%	73.3%	70.0%	67.6%	60.3%	66.4%	55.9%	53.9%	53.3%	52.7%	53.6%
<b>Gross Margin</b>	<b>686,237</b>	<b>577,159</b>	<b>562,564</b>	<b>644,030</b>	<b>2,469,990</b>	<b>492,649</b>	<b>697,000</b>	<b>947,000</b>	<b>1,517,000</b>	<b>3,665,690</b>	<b>1,777,000</b>	<b>2,177,000</b>	<b>3,097,000</b>	<b>3,797,000</b>	<b>10,848,000</b>
	33.6%	26.4%	24.8%	38.5%	30.2%	26.7%	30.0%	32.4%	39.7%	33.6%	44.1%	46.1%	46.7%	47.3%	46.4%

Source: Company reports and Litchfield Hills Research LLC

Society Pass Inc. – Income Forecast

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

	2023					2024E					2025E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
<b>Revenue</b>	<b>2,042,580</b>	<b>2,187,232</b>	<b>2,269,066</b>	<b>1,672,757</b>	<b>8,171,635</b>	<b>1,847,079</b>	<b>2,325,000</b>	<b>2,925,000</b>	<b>3,825,000</b>	<b>10,922,079</b>	<b>4,025,000</b>	<b>4,725,000</b>	<b>6,625,000</b>	<b>8,025,000</b>	<b>23,400,000</b>
YoY growth	358.9%	338.3%	10.7%	-36.7%	45.0%	-9.6%	6.3%	28.9%	128.7%	33.7%	117.9%	103.2%	126.5%	109.8%	114.2%
Seq growth	-22.7%	7.1%	3.7%	-26.3%	-	10.4%	25.9%	25.8%	30.8%	-	5.2%	17.4%	40.2%	21.1%	-
Cost of Revenue	1,356,343	1,610,073	1,706,502	1,028,727	5,701,645	1,354,430	1,628,000	1,978,000	2,308,000	7,256,389	2,248,000	2,548,000	3,528,000	4,228,000	12,552,000
<b>Gross Margin</b>	<b>686,237</b>	<b>577,159</b>	<b>562,564</b>	<b>644,030</b>	<b>2,469,990</b>	<b>492,649</b>	<b>697,000</b>	<b>947,000</b>	<b>1,517,000</b>	<b>3,665,690</b>	<b>1,777,000</b>	<b>2,177,000</b>	<b>3,097,000</b>	<b>3,797,000</b>	<b>10,848,000</b>
As a percent of revenue	33.6%	26.4%	24.8%	38.5%	30.2%	26.7%	30.0%	32.4%	39.7%	33.6%	44.1%	46.1%	46.7%	47.3%	46.4%
Operating Expenses															
Sales and marketing	130,664	98,714	236,874	111,679	577,931	127,135	162,750	204,750	267,750	762,385	281,750	330,750	463,750	561,750	1,638,000
As a percent of revenue	6.4%	4.5%	10.4%	6.7%	7.1%	6.9%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Software development	13,919	15,209	12,649	13,868	55,645	13,504	10,000	10,000	10,000	43,504	10,000	10,000	10,000	10,000	40,000
As a percent of revenue	0.7%	0.7%	0.6%	0.8%	0.7%	0.7%	0.4%	0.3%	0.3%	0.4%	0.2%	0.2%	0.2%	0.1%	0.2%
General and administrative	5,991,886	3,879,049	4,455,546	5,470,351	19,796,832	3,243,671	2,500,000	2,500,000	2,500,000	10,743,671	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000
As a percent of revenue	293.3%	177.3%	196.4%	327.0%	242.3%	175.6%	107.5%	85.5%	65.4%	98.4%	62.1%	52.9%	37.7%	31.2%	42.7%
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating Income</b>	<b>(5,450,232)</b>	<b>(3,415,813)</b>	<b>(4,142,505)</b>	<b>(4,951,868)</b>	<b>(17,960,418)</b>	<b>(2,891,661)</b>	<b>(1,975,750)</b>	<b>(1,767,750)</b>	<b>(1,260,750)</b>	<b>(7,883,870)</b>	<b>(1,014,750)</b>	<b>(663,750)</b>	<b>123,250</b>	<b>725,250</b>	<b>(830,000)</b>
Other Income															
Interest income	39,986	59,208	34,613	26,895	160,702	(5,086)	-	-	-	(5,086)	-	-	-	-	-
Interest expense	(352)	(300)	(278)	695	(235)	173	-	-	-	173	-	-	-	-	-
JV Incomr	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	20,999	48,729	190,870	(534,250)	(273,652)	58,460	-	-	-	58,460	-	-	-	-	-
Pretax Income	(5,389,599)	(3,308,176)	(3,917,300)	(5,458,528)	(18,073,603)	(2,838,114)	(1,975,750)	(1,767,750)	(1,260,750)	(7,830,323)	(1,014,750)	(663,750)	123,250	725,250	(830,000)
Taxes	614	1,054	746	22,901	25,315	1,110	-	-	-	1,110	-	-	-	-	-
FX adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	(95,286)	6,028	(56,117)	180,585	35,210	701	-	-	-	701	(40,000)	(40,000)	(40,000)	(40,000)	(160,000)
<b>Net Income</b>	<b>(5,294,927)</b>	<b>(3,315,258)</b>	<b>(3,861,929)</b>	<b>(5,662,014)</b>	<b>(18,134,128)</b>	<b>(2,839,925)</b>	<b>(1,975,750)</b>	<b>(1,767,750)</b>	<b>(1,260,750)</b>	<b>(7,832,134)</b>	<b>(974,750)</b>	<b>(623,750)</b>	<b>163,250</b>	<b>765,250</b>	<b>(670,000)</b>
Diluted shares outstanding	1,805,530	1,878,102	1,898,924	2,143,343	1,931,474	2,341,300	2,342,300	2,343,300	2,344,300	2,342,800	2,345,300	2,346,300	2,347,300	2,348,300	2,346,800
Seq change	60,451	72,572	20,822	244,419	-	197,957	1,000	1,000	1,000	-	1,000	1,000	1,000	1,000	-
<b>EPS</b>	<b>(\$2.93)</b>	<b>(\$1.77)</b>	<b>(\$2.03)</b>	<b>(\$2.64)</b>	<b>(\$9.39)</b>	<b>(\$1.21)</b>	<b>(\$0.84)</b>	<b>(\$0.75)</b>	<b>(\$0.54)</b>	<b>(\$3.34)</b>	<b>(\$0.42)</b>	<b>(\$0.27)</b>	<b>\$0.07</b>	<b>\$0.33</b>	<b>(\$0.29)</b>
<b>Adjusted EBITDA</b>															
Operating income	(5,450,232)	(3,415,813)	(4,142,505)	(4,951,868)	(17,960,418)	(2,891,661)	(1,975,750)	(1,767,750)	(1,260,750)	(7,883,870)	(1,014,750)	(663,750)	123,250	725,250	(830,000)
Addback: depreciation an amortization	863,917	71,614	167,669	168,273	1,271,473	165,115	170,000	170,000	170,000	675,115	170,000	170,000	170,000	170,000	680,000
Addback: stock based compensation	1,886,793	380,457	1,143,957	558,185	3,969,392	131,858	135,000	135,000	135,000	536,858	135,000	135,000	135,000	135,000	540,000
<b>EBITDA</b>	<b>(2,699,522)</b>	<b>(2,963,742)</b>	<b>(2,830,879)</b>	<b>(4,225,410)</b>	<b>(12,719,553)</b>	<b>(2,594,688)</b>	<b>(1,670,750)</b>	<b>(1,462,750)</b>	<b>(955,750)</b>	<b>(6,671,897)</b>	<b>(709,750)</b>	<b>(358,750)</b>	<b>428,250</b>	<b>1,030,250</b>	<b>390,000</b>

Source: Company reports and Litchfield Hills Research LLC



Society Pass Inc.

SOPA-US \$0.19 - Buy \$4 PT

**Disclosures:**

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Total return is defined as price appreciation plus dividend yield.

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