

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2023

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-41037

SOCIETY PASS INCORPORATED

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

83-1019155

(I.R.S. Employer
Identification No.)

701 S. Carson Street, Suite 200 Carson City, Nevada 89701

(Address of principal executive offices)

(+65) 6518-9385

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	SOPA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company", in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 13, 2023, there were 32,859,593 shares of the registrant's common stock, \$0.0001 par value, outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

SOCIETY PASS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
(Currency expressed in United States Dollars ("US\$"))

	<u>September 30, 2023 (Unaudited)</u>	<u>December 31, 2022 (Audited)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,220,075	\$ 18,930,986
Restricted cash	61,353	72,350
Accounts receivable, net	1,296,594	951,325
Inventories	838,843	310,932
Contract assets	29,362	20,310
Deposits, prepayments and other receivables	1,445,593	2,711,042
Deferred tax assets	159,841	—
Total current assets	<u>12,051,661</u>	<u>22,996,945</u>
Non-current assets:		
Intangible assets, net	6,287,769	7,458,089
Goodwill	223,197	—
Property, plant and equipment, net	725,744	706,038
Right of use assets, net	1,448,904	1,537,670
Total non-current assets	<u>8,685,614</u>	<u>9,701,797</u>
TOTAL ASSETS	<u>\$ 20,737,275</u>	<u>\$ 32,698,742</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payables	\$ 1,819,543	\$ 1,296,571
Contract liabilities	1,209,211	1,405,090
Accrued liabilities and other payables	6,179,359	8,325,225
Due to related parties	34,651	22,311
Deferred tax liabilities	69,000	69,000
Operating lease liabilities	532,997	467,938
Loan	22,383	28,164
Total current liabilities	<u>9,867,144</u>	<u>11,614,299</u>
Non-current liabilities		
Operating lease liabilities	921,576	1,073,126
TOTAL LIABILITIES	<u>10,788,720</u>	<u>12,687,425</u>
COMMITMENTS AND CONTINGENCIES		
Convertible preferred shares: \$0.0001 par value, 5,000,000 shares authorized, 4,916,500 and 4,916,500 shares undesignated as of September 30, 2023 and December 31, 2022, respectively		
Series A shares: 10,000 shares designated; 0 and 0 Series A shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		
Series B shares: 10,000 shares designated; 0 and 0 Series B shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		
Series B-1 shares: 15,000 shares designated; 0 and 0 Series B-1 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		
Series C shares: 15,000 shares designated; 0 and 0 Series C shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively, net of issuance cost		
Series C-1 shares: 30,000 shares designated; 0 and 0 Series C-1 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively, net of issuance cost		
SHAREHOLDERS' EQUITY		
Series X Super Voting Preferred Stock, \$0.0001 par value, 3,500 shares designated; 3,500 and 3,500 Series X shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		
Common shares: \$0.0001 par value, 95,000,000 shares authorized; 31,089,593 and 27,082,849 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	3,109	2,708
Additional paid-in capital	104,900,466	101,427,160

Less: Common shares held in treasury, at cost; 611,605 and 0 shares at September 30, 2023 and December 31, 2022	(640,525)	—
Accumulated other comprehensive gain (loss)	(284,337)	56,527
Accumulated deficit	(93,610,677)	(81,138,563)
Total equity attributable to Society Pass Incorporated	10,368,036	20,347,832
Non-controlling interest	(419,481)	(336,515)
TOTAL EQUITY	9,948,555	20,011,317
TOTAL LIABILITIES AND EQUITY	\$ 20,737,275	\$ 32,698,742

See accompanying notes to unaudited condensed consolidated financial statements.

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SOCIETY PASS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
OTHER COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Currency expressed in United States Dollars ("US\$"))

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue, net				
Sales – online ordering	\$ 87,201	\$ 645,074	\$ 456,972	\$ 1,561,625
Sales – digital marketing	1,784,695	1,211,428	4,579,429	1,211,428
Sales – online ticketing and reservation	390,384	178,206	1,433,133	178,206
Sales – data	2,977	15,441	23,648	21,083
Software sales	3,809	34	5,696	21,924
Hardware sales	–	81	–	150
Total revenue	2,269,066	2,050,264	6,498,878	2,994,416
Cost of sales:				
Cost of online ordering	(77,061)	(614,500)	(436,796)	(1,467,358)
Cost of digital marketing	(1,457,213)	(1,068,000)	(3,728,058)	(1,068,000)
Cost of online ticketing and reservation	(110,862)	(6,007)	(282,406)	(6,007)
Cost of data	(7,055)	(8,956)	(40,409)	(9,931)
Software sales	(54,311)	(44,800)	(185,249)	(150,005)
Hardware sales	–	(66)	–	(111)
Total cost of revenue	(1,706,502)	(1,742,329)	(4,672,918)	(2,701,412)
Gross income	562,564	307,935	1,825,960	293,004
Operating expenses:				
Sales and marketing expenses	(236,874)	(212,666)	(466,252)	(662,058)
Software development costs	(12,649)	(19,759)	(41,777)	(56,627)
Impairment loss	–	(250,417)	–	(779,000)
General and administrative expenses	(4,455,546)	(9,925,469)	(14,326,481)	(23,111,531)
Total operating expenses	(4,705,069)	(10,408,311)	(14,834,510)	(24,609,216)
Loss from operations	(4,142,505)	(10,100,376)	(13,008,550)	(24,316,212)
Other income (expense):				
JV income	816	–	7,660	–
Gain from early lease termination	–	–	1,064	–
Interest income	34,613	41,817	133,807	47,889
Interest expense	(278)	(11,277)	(930)	(15,706)
Waiver of loan payable	188,738	–	203,938	–
Written-off of fixed assets	(5,093)	–	(7,676)	–
Other income	6,409	7,105	55,612	45,398
Total other income (expense)	225,205	37,645	393,475	77,581
Loss before income taxes	(3,917,300)	(10,062,731)	(12,615,075)	(24,238,631)
Income taxes	(746)	(736)	(2,414)	(2,835)
NET LOSS	(3,918,046)	(10,063,467)	(12,617,489)	(24,241,466)
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(56,117)	(103,674)	(145,375)	(228,971)
NET LOSS ATTRIBUTABLE TO NON-SOCIETY PASS INCORPORATED	\$ (3,861,929)	\$ (9,959,793)	\$ (12,472,114)	\$ (24,012,495)
Other comprehensive loss:				
Net loss	(3,918,046)	(10,063,467)	(12,617,489)	(24,241,466)
Foreign currency translation adjustment	(49,685)	136,145	(278,455)	157,844
COMPREHENSIVE LOSS	\$ (3,967,731)	\$ (9,927,322)	\$ (12,895,944)	\$ (24,083,622)
Net loss attributable to non-controlling interest	(56,117)	(103,674)	(145,375)	(228,971)
Foreign currency translation adjustment attributable to non-controlling interest	50,401	8,473	62,409	11,829
Comprehensive loss attributable to Society Pass Incorporated	\$ (3,962,015)	\$ (9,832,121)	\$ (12,812,978)	\$ (23,866,480)

Net loss per share attributable to Society Pass Incorporated:

– Basic		\$ (0.14)	\$ (0.39)	\$ (0.45)	\$ (1.01)
– Diluted		<u>\$ (0.14)</u>	<u>\$ (0.39)</u>	<u>\$ (0.45)</u>	<u>\$ (1.01)</u>

Weighted average common shares outstanding

– Basic	28,483,858	25,302,206	27,917,875	23,856,503
– Diluted	<u>28,483,858</u>	<u>25,302,206</u>	<u>27,917,875</u>	<u>23,856,503</u>

See accompanying notes to unaudited condensed consolidated financial statements.

SOCIETY PASS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Currency expressed in United States Dollars ("US\$"))

Three and Nine months ended September 30, 2023											
	Preferred Stock		Common Stock		Treasury Stock		Additional Paid in Capital		Accumulated other comprehensive income		
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid in Capital	Capital	Accumulated deficits	Non-controlling interest	Total Stockholders' Deficit
Balances at January 1, 2023	3,500	\$ —	27,082,849	\$ 2,708	—	\$ 101,427,160	\$ 56,527	\$ (81,138,563)	\$ (336,515)	\$ 20,011,317	
Shares issued for services	—	—	196,078	20	—	—	546,489	—	—	—	546,509
Shares issued for accrued salaries	—	—	109,156	11	—	—	113,480	—	—	—	113,491
Shares issued upon the exercise options	—	—	783,440	78	—	—	1,226,715	—	—	—	1,226,793
Shares repurchase during the period	—	—	—	—	511,760	(541,988)	—	—	—	—	(541,988)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(382,217)	—	(18,199)	(400,416)
Net loss for the year	—	—	—	—	—	—	—	—	(5,294,927)	(95,286)	(5,390,213)
Balances at March 31, 2023	3,500	\$ —	28,171,523	\$ 2,817	511,760	\$ (541,988)	\$ 103,313,844	\$ (325,690)	\$ (86,433,490)	\$ (450,000)	\$ 15,565,493
Shares issued for services	—	—	—	—	—	—	149,625	—	—	—	149,625
Shares issued for accrued salaries	—	—	285,716	28	—	—	230,804	—	—	—	230,832
Shares repurchase during the period	—	—	—	—	99,845	(98,537)	—	—	—	—	(98,537)
Foreign currency translation adjustment	—	—	—	—	—	—	—	141,438	—	30,207	171,645
Net income (loss) for the year	—	—	—	—	—	—	—	—	(3,315,258)	6,028	(3,309,230)
Balances at June 30, 2023	3,500	\$ —	28,457,239	\$ 2,845	611,605	\$ (640,525)	\$ 103,694,273	\$ (184,252)	\$ (89,748,748)	\$ (413,765)	\$ 12,709,828
Shares issued for services	—	—	2,000,000	200	—	—	929,425	—	—	—	929,625
Shares issued for accrued salaries	—	—	454,540	46	—	—	214,286	—	—	—	214,332
Shares issued to acquire subsidiary	—	—	177,814	18	—	—	62,482	—	—	—	62,500
Foreign currency translation adjustment	—	—	—	—	—	—	—	(100,085)	—	50,401	(49,684)
Net income (loss) for the year	—	—	—	—	—	—	—	—	(3,861,929)	(56,117)	(3,918,046)
Balances at September 30, 2023	3,500	\$ —	31,089,593	\$ 3,109	611,605	\$ (640,525)	\$ 104,900,466	\$ (284,337)	\$ (93,610,677)	\$ (419,481)	\$ 9,948,555

Three and Nine months ended September 30, 2022											
	Preferred Stock		Common stock		Additional paid-in capital		Accumulated other comprehensive (loss) income		Non-controlling interests		Total equity
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Paid in Capital	Capital	Accumulated deficits	Non-controlling interests	
Balance as of January 1, 2022	3,500	\$ —	19,732,406	\$ 1,973	\$ 79,833,290	\$ (54,340)	\$ (47,352,456)	\$ (102,784)	\$ 32,325,683	—	
Shares issued for services	—	—	116,000	11	1,632,162	—	—	—	—	—	1,632,173
Shares issued for accrued salaries	—	—	25,444	3	86,466	—	—	—	—	—	86,469
Sale of units in public offering (net of expense)	—	—	3,484,845	348	10,402,543	—	—	—	—	—	10,402,891
Shares issued to acquire subsidiary	—	—	226,629	23	799,977	—	—	—	—	—	800,000
Share issued upon the exercise of warrant	—	—	160,000	16	356,984	—	—	—	—	—	357,000
Share issued for accrued services	—	—	13,273	1	119,456	—	—	—	—	—	119,457
Fair value of stock option granted for director's bonus	—	—	—	—	303,990	—	—	—	—	—	303,990
Shares issued to acquire non-controlling interest	—	—	2,497	—	22,470	—	—	—	—	—	22,470

Foreign currency translation adjustment	—	—	—	—	—	—	(42,161)	—	(3,015)	(45,176)	
Net loss for the period	—	—	—	—	—	—	(6,548,378)	(43,027)	(6,591,405)		
Balance as of March 31, 2022	3,500	\$	—	23,761,094	\$	2,375	\$ 93,557,338	\$ (96,501)	\$ (53,900,834)	\$ (148,826)	\$ 39,413,552
Share issued upon the exercise of warrant	—	—	27,300	3	55,887	—	—	—	—	55,890	
Shares issued for services	—	—	370,000	37	1,694,702	—	—	—	—	1,694,739	
Shares issued for accrued salaries	—	—	29,353	3	61,747	—	—	—	—	61,750	
Shares issued for director's remuneration	—	—	316,092	32	899,964	—	—	—	—	899,996	
Shares issued to acquire subsidiary	—	—	40,604	4	83,236	—	—	—	—	83,240	
Fair value of stock option granted for director's bonus	—	—	—	—	(303,990)	—	—	—	—	(303,990)	
Reverse Shares issued to acquire non-controlling interest	—	—	—	—	(22,470)	—	—	—	—	(22,470)	
Net loss for the period	—	—	—	—	—	—	(7,504,324)	(82,270)	(7,586,594)		
Foreign currency translation adjustment	—	—	—	—	—	60,504	—	6,371	—	66,875	
Balance as of June 30, 2022	3,500	\$	—	24,544,443	\$	2,454	\$ 96,026,414	\$ (35,997)	\$ (61,405,158)	\$ (224,725)	\$ 34,362,988
Shares issued for services	—	—	617,332	61	1,827,428	—	—	—	—	1,827,489	
Shares issued for accrued salaries	—	—	37,229	4	68,996	—	—	—	—	69,000	
Shares issued for acquire business operation	—	—	69,072	7	133,993	—	—	—	—	134,000	
Shares issued to acquire subsidiary	—	—	609,327	61	1,175,941	—	—	—	—	1,176,002	
Net loss for the period	—	—	—	—	—	—	(9,959,793)	(103,674)	(10,063,467)		
Foreign currency translation adjustment	—	—	—	—	—	127,672	—	8,473	—	136,145	
Balance as of September 30, 2022	3,500	—	25,877,403	2,587	99,232,772	91,675	(71,364,951)	(319,926)	27,642,157		

See accompanying notes to unaudited condensed consolidated financial statements.

SOCIETY PASS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Currency expressed in United States Dollars ("US\$"))

	Nine Months ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (12,617,489)	\$ (24,241,466)
Adjustments to reconcile net loss to net cash used in operating activities		
Bad debts	283,519	—
Depreciation and amortization	1,103,200	2,449,338
Gain from early lease termination	(1,064)	—
Written-off of fixed assets	7,676	—
Waiver of loan payable	(203,938)	—
Impairment loss	—	779,000
Financing charges – first insurance funding	—	7,769
Stock based compensation for services	3,411,207	6,105,057
Deferred tax assets	(159,841)	—
Change in operating assets and liabilities:		
Accounts receivable	(407,061)	545,962
Inventories	143,314	(30,404)
Deposits, prepayments and other receivables	1,355,079	4,260,141
Contract assets	(9,052)	(9,019)
Contract liabilities	(317,060)	873,672
Accounts payables	541,740	(953,756)
Accrued liabilities and other payables	(3,209,471)	687,000
Advances to related parties	216,278	(1,352,189)
Right of use assets	422,785	252,536
Operating lease liabilities	(377,787)	(254,648)
Net cash used in operating activities	(9,817,965)	(10,881,007)
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(185,255)	(449,545)
Purchase of intangible assets	(143,771)	—
Purchase of subsidiary	—	(820,000)
Purchase of asset in a business operation	—	(80,000)

Cash from purchase of subsidiary and business operation	32,739	1,643,659
Net cash provided by (used in) investing activities	(296,287)	294,114
Cash flows from financing activities:		
Repurchase of common share	(640,525)	—
Purchase of subsidiary	(10,000)	—
Proceed from the issuance of preferred stock and exercise of warrants into preferred stock	—	412,890
Proceeds from public offering, net of offering expenses	—	10,402,891
Repayment of loan	—	(632,876)
Net cash provided by (used in) financing activities	(650,525)	10,182,905
Effect on exchange rate change on cash and cash equivalents	42,869	146,504
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,721,908)	(257,484)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	19,003,336	23,264,777
CASH AND CASH EQUIVALENT AT END OF YEAR	\$ 8,281,428	\$ 23,007,293
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 930	\$ —
Cash paid for income tax	\$ —	\$ —
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Shares issued to acquire subsidiary	\$ 37,500	\$ 2,059,242
Shares issued to acquire business operation	—	134,000
Shares issued for accrued services	\$ —	\$ 119,457
Impact of adoption of ASC 842 - lease obligation and ROU asset	\$ —	\$ 228,612
Common stock issued for accrued salaries	\$ —	\$ —

See accompanying notes to unaudited condensed consolidated financial statements.

SOCIETY PASS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Currency expressed in United States Dollars ("US\$"))

NOTE – 1 DESCRIPTION OF BUSINESS AND ORGANIZATION

Society Pass Incorporated (the "Company") was incorporated in the State of Nevada on June 22, 2018, under the name of Food Society Inc. On October 3, 2018, the Company changed its company name to Society Pass Incorporated. The Company, through its subsidiaries, mainly sells and distributes the hardware and software for a Point of Sales (POS) application in Vietnam. The Company also has online lifestyle platform to enable consumers to purchase high-end brands of all categories under its own brand name of "Leffair." The Company has made several acquisitions in calendar year 2022 and 2023, as follows:

- In February 2022, the Company completed the acquisition of 100% of the equity interest of New Retail Experience Incorporated and Dream Space Trading Company Limited through its subsidiary – Push Delivery Pte Limited, which two companies mainly provide an on-line grocery and food delivery platform in the Philippines and Vietnam respectively.
- In May 2022, the Company completed another acquisition of 100% of the equity interests of Gorilla Networks Pte Ltd, Gorilla Mobile Pte Ltd, Gorilla Connects Pte Ltd and Gorilla Networks (VN) Co Ltd (collectively, "Gorilla Networks"), providing Singapore telecommunication reselling services.
- On July 7, 2022, the Company and its wholly owned subsidiary Thoughtful Media Group Incorporated collectively acquired 100% of the equity interests of Thoughtful Media Group Incorporated and AdActive Media, Inc. (collectively "Thoughtful Media"), whose business provides services to advertisers that helps to make internet advertising more effective.
- On July 21, 2022, the Company acquired 100% of the equity interests of Mangan PH Food Delivery Service Corp. ("Mangan"), a Philippines restaurant and grocery delivery business. On July 21, 2023, Mangan was disposed to a third party company.
- On August 15, 2022, the Company and its 95%-owned subsidiary SOPA Technology, Pte, Ltd., collectively acquired 75% of the outstanding capital stock of Nusatrip International Pte Ltd. ("Nusatrip") and also purchased all of the outstanding capital stock of PT Tunas Sukses Mandiri ("Tunas"), a company existing under the law of the Republic of Indonesia, and both engaged in online ticketing and reservation services.
- On April 1, 2023, the Company's 100% owned subsidiary Thoughtful Media Group Inc and Adactive Media CA Inc acquired 100% of outstanding capital stock of PT Wahana Cerita Indonesia, an Indonesia company operating digital marketing and event organizing.
- On April 1, 2023, the Company's 99% owned subsidiary Nusatrip International Pte. Ltd. acquired 100% of the outstanding capital stock of Mekong Leisure Travel Company Limited (changed business nature from Join Stock Company), a Vietnam travel agency.
- On July 1, 2023, the Company's 99% owned subsidiary Mekong Leisure Travel Company Limited acquired 100% of the outstanding capital stock of Vietnam International Travel and Service Joint Stock Company, a Vietnam travel agency.

number of authorized shares and par value remain unchanged. All share and per share information in these financial statements and its footnotes have been retroactively adjusted for the years presented, unless otherwise indicated, to give effect to the forward stock split.

On September 21, 2021, the Company effected a 1 for 2.5 reverse stock split of the issued and outstanding shares of the Company's common stock. The number of authorized shares and par value remain unchanged. All share and per share information in these financial statements and its footnotes have been retroactively adjusted for the years presented, unless otherwise indicated, to give effect to the reverse stock split.

The forward stock split and reverse stock split transactions described above had no effect on the stated value of the preferred stock and the number of designated shares and outstanding shares of each series of preferred stock was unchanged in accordance with the respective certificate of designations. The number of authorized shares of preferred stock also remained unchanged.

The registration statement for the Company's Initial Public Offering became effective on November 8, 2021. On November 8, 2021, the Company entered into an underwriting agreement with Maxim Group LLC (the "Underwriter") related to the offering of 2,888,889 shares of the Company's common stock (the "Firm Shares"), at a public offering price of \$9.00 per share. Under the terms of the Underwriting Agreement, the Company granted the Underwriters an option, exercisable for 45 days, to purchase an additional 236,111 shares of common stock (the "Option Shares") to cover over-allotments. The Company raised gross proceeds of \$26,000,001 and \$2,124,999 from its initial public offering and from the sale of the Option Shares, respectively.

On February 8, 2022, the Company entered into an underwriting agreement (the "Underwriting Agreement") with the "Underwriter, related to the offering of 3,030,300 shares (the "Shares") of the Company's common stock and warrants to purchase up to 3,030,300 shares of common stock of the Company (the "Warrants"). Each Share was sold together with one Warrant to purchase one Share at a combined offering price of \$3.30. In addition, the Company granted the Underwriter a 45-day over-allotment option to purchase up to an additional 454,545 Shares and/or Warrants, at the public offering price, less discounts and commissions. On February 10, 2022, the Underwriter gave notice to the Company of the full exercise of their over-allotment option and that delivery of the overallotment securities was made on February 11, 2022.

On June 30, 2023, NextGen Retail Inc., a Nevada corporation (the "Buyer"), a wholly-owned subsidiary of the Company, entered into a Securities Purchase Agreement with Story-I Ltd., an Australian corporation ("Story-I Australia"), Story-I Pte Ltd., a Singapore corporation ("Story-I Singapore"), a wholly-owned subsidiary of Story-I Australia, and Michael Chan, to purchase 95% of the outstanding shares (the "Majority Shares") of PT Inetindo Infocom (the "Company"), an Indonesian company and retail reseller of Apple computers and other electronics in Indonesia. The consideration for the Majority Shares to be paid to Story-I Australia and Story-I Singapore by the Buyer is AUS\$2,787,173, approximately US\$ 1.85 million based on current exchange rates. The acquisition is still in progress at the end of September 30, 2023.

Description of subsidiaries incorporated by the Company

Name	Place and date of incorporation	Principal activities	Particulars of registered/ paid up share capital	Effective interest held
Society Technology LLC	United States, January 24, 2019	IP Licensing	US\$1	100%
SOPA Cognitive Analytics Private Limited	India February 5, 2019	Computer sciences consultancy and data analytics	INR 1,238,470	100%
SOPA Technology Pte. Ltd.	Singapore, June 4, 2019	Investment holding	SGD 1,250,000	95%
SOPA Technology Company Limited	Vietnam October 1, 2019	Software production	Registered: VND 2,307,300,000;	
Hottab Pte Ltd. (HPL)	Singapore January 17, 2015	Software development and marketing for the F&B industry	Paid up: VND 1,034,029,911	100%
Hottab Vietnam Co. Ltd	Vietnam April 17, 2015	Sale of POS hardware and software	SGD 620,287.75	100%
Thoughtful Media Group Co. Ltd (FKA: Hottab Asset Company Limited)	Vietnam July 25, 2019	Digital marketing	VND 1,000,000,000	100%
Nextgen Retail Inc (FKA: Leflair Incorporated)	United States December 7, 2021	Investment holding	US\$1	100%
SOPA Capital Limited	United Kingdom December 07, 2021	Investment holding	GBP 1	100%
Thoughtful Media (Philippines) Incorporated (FKA: SOPA (Phil) Incorporated)	Philippines Jan 11, 2022	Investment holding	PHP 11,000,000	100%
New Retail Experience Incorporated	Philippines Jan 16, 2020	On-line Grocery delivery platform	PHP 3,750,000	100%
Dream Space Trading Co. Ltd	Vietnam May 23, 2018	On-line Grocery and food delivery platform	VND 500,000,000	100%
Push Delivery Pte Ltd	Singapore January 7, 2022	Investment holding	US\$2,000	100%
Gorilla Networks Pte. Ltd.	Singapore September 3, 2019	Investment holding	US\$2,620,000 and SGD 730,000	100%
Gorilla Connect Pte. Ltd.	Singapore May 18, 2022	Telecommunications resellers	SGD 100	100%
Gorilla Mobile Singapore Pte. Ltd.	Singapore August 6, 2020	Telecommunications resellers	SGD 100	100%
Gorilla Networks (VN) LLC	Vietnam December 16, 2020	Telecommunications resellers	VND 233,000,000	100%
Thoughtful Media Group Incorporated	United States June 28, 2022	Investment holding	US\$10	100%
Thoughtful (Thailand) Co. Ltd	Thailand September 2, 2014	Digital marketing	THB 4,000,000	99.75%
AdActive Media CA Inc.	United States April 12, 2010	Digital marketing	Preferred: US\$1,929,1938 Common: US\$4,032,7871	100%

PT Tunas Sukses Mandiri	Indonesia February 8, 2010	Online ticketing and reservation	IDR 26,000,000	99%
Nusatrip Malaysia Sdn Bhd	Malaysia March 1, 2017	Online ticketing and reservation	MYR 52,000	99%
Nusatrip Singapore Pte Ltd	Singapore December 6, 2016	Online ticketing and reservation	SGD 212,206	99%
Nusatrip International Pte Ltd	Singapore January 9, 2015	Online ticketing and reservation	SGD 905,006.51	99%
PT Thoughtful Media Group Indonesia (FKA: PT Wahana Cerita Indonesia)	Indonesia January 14, 2022	Digital marketing and event organizer	IDR 51,000,000	100%
Mekong Leisure Travel Company Limited	Vietnam October 6, 2011	Online ticketing, reservation and system	VND 875,460,000	99%
Vietnam International Travel and Service Joint Stock Company	Vietnam November 16, 2012	Ticketing	VND 1,900,000,000	100%
Sopa Incorporated	United States May 22, 2023	Investment holding	Common: US\$0.10	100%
Nusatrip Incorporated	United States May 22, 2023	Investment holding	Common: US\$0.10	100%

The Company and its subsidiaries are hereinafter referred to as (the "Company").

On February 23, 2023, Society Pass Incorporated acquired additional issued capital in Nusatrip International Pte Ltd of 2,225,735 number of ordinary stock and increased its shareholding from 75% to 99%, and to the subsidiaries within the group.

On May 22, 2023, Thoughtful Media Group Inc and Society Pass Inc acquired additional issued capital in Thoughtful (Thailand) Co Ltd of 397,000 and 2,000 number of ordinary stocks amounted to THB 1,985,000 and THB 10,000 respectively. Total shareholding interest remain unchanged.

On August 1, 2023, The Company 95% owned subsidiary Sopa Technology Pte. Ltd. disposed one of its 100% owned subsidiary Sopa (Phil) Incorporated to the Company 100% owned subsidiary Thoughtful Media Group Incorporated as internal group restructuring. At the same time, Sopa (Phil) Incorporated changed name to Thoughtful Media (Philippines) Inc.

NOTE – 2 LIQUIDITY AND CAPITAL RESOURCES

The accompanying unaudited condensed consolidated financial statements have been prepared using the going concern basis of accounting, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As of September 30, 2023, the Company had cash balances of \$ 8,281,428, a working capital surplus of \$ 2,184,517 and accumulated deficit \$93,610,677. For the nine months ended September 30, 2023, the Company had a net loss of \$ 12,617,489 and net cash used in operating activities of \$9,817,965. Net cash used in investing activities was \$ 296,287. Net cash used in financing activities was \$ 650,525, resulting principally from share repurchase and purchase of subsidiary.

While the Company believes that it will be able to continue to grow the Company's revenue base and control expenditures, there is no assurance that it will be able to achieve these goals. As a result, the Company continually monitors its capital structure and operating plans and evaluates various potential funding alternatives that may be needed to finance the Company's business development activities, general and administrative expenses and growth strategy.

Global Events

The Russian-Ukraine war and the supply chain disruption have not affected any specific segment of our business.

NOTE – 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying condensed consolidated financial statements and notes.

- Basis of presentation

The Company has prepared the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. These financial statements are unaudited and, in our opinion, include all adjustments consisting of normal recurring adjustments and accruals necessary for a fair presentation of our condensed consolidated balance sheets, statements of operations and other comprehensive loss, statements of stockholders' deficit and cash flows for the periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any subsequent quarter or for the full year ending December 31, 2023 due to various factors. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been omitted in accordance with the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the 2022 audited financial statements and accompanying notes filed with the SEC.

- Emerging Growth Company

We are an "emerging growth company" under the JOBS Act. For as long as we are an "emerging growth company," we are not required to: (i) comply with any new or revised financial accounting standards that have different effective dates for public and private companies until those standards would otherwise apply to private companies, (ii) provide an auditor's attestation report on management's assessment of the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (iii) comply with any new requirements adopted by the Public Company Accounting Oversight Board ("PCAOB") or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer or (iv) comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the

SEC determines otherwise. However, we have elected to "opt out" of the extended transition period discussed in (i) and will therefore comply with new or revised accounting standards on the applicable dates on which the adoption of such standards are required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of such extended transition period for compliance with new or revised accounting standards is irrevocable.

- Use of estimates and assumptions

In preparing these condensed consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses during the years reported. Actual results may differ from these estimates. If actual results significantly differ from the Company's estimates, the Company's financial condition and results of operations could be materially impacted. Significant estimates in the period include the allowance for doubtful accounts on accounts receivable, the incremental borrowing rate used to calculate right of use assets and lease liabilities, valuation and useful lives of intangible assets, impairment of long-lived assets, valuation of common stock and stock warrants, stock option valuations, imputed interest on amounts due to related parties, inventory valuation, revenue recognition, the allocation of purchase consideration in business combinations, and deferred tax assets and the related valuation allowance.

- Basis of consolidation

The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated upon consolidation.

- Business combination

The Company follows Accounting Standards Codification ("ASC") ASC Topic 805, *Business Combinations* ("ASC 805") and ASC Topic 810, *Consolidation* ("ASC 810"). ASC Topic 805 requires most identifiable assets, liabilities, non-controlling interests, and goodwill acquired in a business combination to be recorded at "fair value." The statement applies to all business combinations. Under ASC 805, all business combinations are accounted for by applying the acquisition method. Accounting for the resulting goodwill requires significant management estimates and judgment. Management performs periodic reviews of the carrying value of goodwill to determine whether events and circumstances indicate that an impairment in value may have occurred. A variety of factors could cause the carrying value of goodwill to become impaired. A write-down of the carrying value of goodwill could result in a non-cash charge, which could have an adverse effect on the Company's results of operations.

- Noncontrolling interest

The Company accounts for noncontrolling interests in accordance with ASC Topic 810, which requires the Company to present noncontrolling interests as a separate component of total shareholders' equity on the consolidated balance sheets and the consolidated net loss attributable to its noncontrolling interest be clearly identified and presented on the face of the consolidated statements of operations and comprehensive loss.

- Segment reporting

ASC Topic 280, *Segment Reporting* ("Topic 280") establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organization structure as well as information about geographical areas, business segments and major customers in unaudited condensed consolidated financial statements. The Company currently operates in four reportable operating segments: (i) Online Grocery and Food and Groceries Deliveries, (ii) Digital marketing, (iii) Online ticketing and reservation, (iv) Telecommunications Reseller, (v) e-Commerce, and (vi) Merchant Point of Sale ("merchant POS").

- Cash and cash equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments. As of September 30, 2023 and December 31, 2022, the cash and cash equivalents excluded restricted cash amounted to \$8,220,075 and \$18,930,986, respectively.

The Company currently has bank deposits with financial institutions in the U.S. which exceed FDIC insurance limits. FDIC insurance provides protection for bank deposits up to \$250,000, so there were uninsured balance of \$ 2,423,390 and \$9,256,175 as of September 30, 2023 and December 31, 2022, respectively. In addition, the Company has uninsured bank deposits of \$5,285,666 and \$9,047,911 with a financial institution outside the U.S as of September 30, 2023 and December 31, 2022, respectively. All uninsured bank deposits are held at high quality credit institutions.

- Restricted cash

Restricted cash refers to cash that is held by the Company for specific reasons and is, therefore, not available for immediate ordinary business use. The restricted cash represented fixed deposit maintained in bank accounts that are pledged. As of September 30, 2023 and December 31, 2022, the restricted cash amounted to \$61,353 and \$72,350, respectively.

- Accounts receivable

Accounts receivables are recorded at the amounts that are invoiced to customers, do not bear interest, and are due within contractual payment terms, generally 30 to 90-days from completion of service or the delivery of a product. Credit is extended based on an evaluation of a customer's financial condition, the customer's creditworthiness and their payment history. Accounts receivable outstanding longer than the contractual payment terms are considered past due. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Quarterly, the Company specifically evaluates individual customer's financial condition, credit history, and the current economic conditions to monitor the progress of the collection of accounts receivables. The Company records bad debt expense and records an allowance for doubtful accounts for any estimated losses resulting from the inability of its customers to make required payments. For receivables that are past due or not being paid according to payment terms, appropriate actions are taken to pursue all means of collection, including seeking legal resolution in a court of law. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. Currently, the Company does not have any off-balance-sheet credit exposure related to its customers, and as of both September 30, 2023 and December 31, 2022, there was no need for allowance for doubtful accounts.

- Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined on a first-in-first-out method. Costs include hardware equipment and peripheral costs which are purchased from the Company's suppliers as merchandized goods. The Company provides inventory allowances based on excess and obsolete inventories determined principally by customer demand. During the nine months ended September 30, 2023 and 2022, the Company recorded an allowance for obsolete inventories of \$0 and \$0, respectively. The inventories were amounted to \$ 838,843 and \$310,932 at

September 30, 2023 and December 31, 2022, respectively.

- Prepaid expenses

Prepaid expenses represent payments made in advance for products or services to be received in the future and are amortized to expense on a ratable basis over the future period to be benefitted by that expense. Since the Company has prepaid expenses categorized as both current and non-current assets, the benefits associated with the products or services are considered current assets if they are expected to be used during the next twelve months and are considered non-current assets if they are expected to be used over a period greater than one year.

- Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	<u>Expected useful lives</u>
Computer equipment	3 years
Office equipment	5 years
Renovation	5 years

Expenditures for repairs and maintenance are expensed as incurred. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the results of operations.

- Impairment of long-lived assets

In accordance with the provisions of ASC Topic 360, “*Impairment or Disposal of Long-Lived Assets*”, all long-lived assets such as plant and equipment and intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of an asset to its estimated future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. There has been no impairment charge for the periods presented.

- Revenue recognition

The Company adopted Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”). Under ASU 2014-09, the Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to performance obligations in the contract; and
- Recognize revenue as the performance obligation is satisfied.

The Company generates its revenues from a diversified a mix of e-commerce activities that correspond to our four business segments (business to consumer or “B2C”), grocery and food delivery (B2C), telecommunication reseller (B2C) and the services providing to merchants for their business growth (business to business or “B2B”).

The Company’s performance obligations include providing connectivity between merchants and consumers, generally through an online ordering platform. The platform allows merchants to create an account, display a menu and track their sale reports on the merchant facing application. The platform also allows the consumers to create an account and order from merchants on the consumer facing application. The platform allows a delivery company to accept an online delivery request and deliver or ship an order from a merchant to customer.

Lifestyle

The Company has developed an online lifestyle platform (the “Lifestyle Platform”) under its own brand name of “Leflair” to enable consumers to purchase high-end brands in many categories. Using the Company’s smart search engine, consumers search or review their favorite brands among hundreds of choices in various categories, including Apparel, Bags & Shoes, Accessories, Health & Beauty, Home & Lifestyle, International, Women, Men and Kids & Babies categories. The Lifestyle Platform also allows customers to order from hundreds of vendor choices with personalized promotions based on their individual purchase history and location. The platform has also partnered with a Vietnam-based delivery company, Amilo, to offer seamless delivery of product from merchant to consumer’s home or office at the touch of a button. Consumers can place orders for delivery or can collect their purchases at the Company’s logistics center.

Grocery and Food Delivery

Other online platforms include online platforms in Vietnam, under the brand name of “Handycart”, and Philippines, under the brand names of “Pushkart” and “Mangan”, to enable the consumers to purchase meals from restaurants and food from local grocery and food merchants and deliver to them in their area.

Telecommunications

The Company operates a Singapore-based online telecommunication reseller platform under brand name of "Gorilla" to enable the consumers to subscribe local mobile data and overseas internet data in different subscription package. Established in Singapore in 2019, Gorilla utilizes blockchain and Web3 technology to operate a MVNO for its users in South East Asia (SEA). With network coverage to over 150 countries, Gorilla offers a full suite of mobile communication services such as local calls, international roaming, data, and SMS texting. More importantly, Gorilla enables its customers to convert unused mobile data into digital assets or Gorilla GO Tokens through its innovative proprietary blockchain-based SwitchBack feature. Gorilla GO Tokens in turn can be redeemed for eVouchers, to offset future bills, or be redeemed for other value-added services. Please visit <https://gorilla.global/> for more information.

Digital Marketing

The acquisition of a digital media platform, TMG, amplifies the reach and engagement of the Company's e-commerce ecosystem and retail partners. Originally founded in 2010, TMG today creates and distributes digital advertising campaigns across its multi-channel network in both SEA and the US. With its intimate knowledge of local markets, digital marketing technology tools and social commerce business focus, advertisers leverage TMG's wide influencer network throughout SEA to market and sell advertising inventory exclusively with specific placement and effect.

As a result, Thoughtful Media's content creator partners earn a larger share of advertising revenues from international consumer brands. Thoughtful Media's data-rich multi-channel network has uploaded over 675,000 videos with over 80 billion video views. The current network of 263 YouTube channels has onboarded over 85 million subscribers with an average monthly viewership of over 600 million views.

Travel

The Company purchased the NusaTrip Group, a leading Jakarta-based Online Travel Agency ("OTA") in Indonesia and across SEA. The NusaTrip acquisition extended the Company's business reach into SEA regional travel industry and marked the Company's first foray into Indonesia. Established in 2013 as the first Indonesian OTA accredited by the International Air Transport Association, NusaTrip pioneered offering a comprehensive range of airlines and hotels to Indonesian corporate and retail customers. With its first mover advantage, NusaTrip has onboarded over 1.2 million registered users, over 500 airlines and over 200,000 hotels around the world as well as connected with over 80 million unique visitors. During the year, NusaTrip Group also acquired two Vietnam based companies having branding name of "VLLeisure" and "VIT" selling air ticket, hotel reservation and providing hotel management software to local market.

The Company's **e-Commerce business** is primarily conducted using Leflair's Lifestyle Platform, as follows:

- 1) When a customer places an order on either the Leflair website or app, a sales orders report will be generated in the system. The Company will either fulfill this order from its inventory or purchase the item from the manufacturer or distributor. Once the Company has the item in its distribution center, it will contract with a logistics partner delivered to the end customer. The sale is recognized when the delivery is completed by the logistics partner to the end customer. Sale of products are offered with a limited right of return ranging from 3 to 30 days, from the date of purchase and not subject to any product warranty. The Company is considered the principal in this e-commerce transaction and reports revenue on a gross basis as the Company establishes the price of the product, has responsibility for fulfillment of the order and retains the risk of collection.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$ 80,786 and \$591,439 respectively, in the Lifestyle sector.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$ 361,710 and \$1,484,154 respectively, in the Lifestyle sector.

The Company's **Merchant POS** offers both software and hardware products and services to vendors, as follows:-

Software sales consist of:

- 1) Subscription fees consist of the fees that the Company charge merchants to obtain access to the Merchant Marketing Program.
- 2) The Company provides optional add-on software services which includes Analytics and Chat box capabilities at a fixed fee per month.
- 3) The Company collects commissions when they sell third party hardware and equipment (cashier stations, waiter tablets and printers) to merchants.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$ 3,809 and \$34, respectively, from software fees.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$ 5,696 and \$21,924 respectively, from software fees.

Hardware sales — the Company generally is involved with the sale of on-premise appliances and end-point devices. The single performance obligation is to transfer the hardware product (which is to be installed with its licensed software integral to the functionality of the hardware product). The entire transaction price is allocated to the hardware product and is generally recognized as revenue at the time of delivery because the customer obtains control of the product at that point in time. It is concluded that control generally transfers at that point in time because the customer has title to the hardware, physical possession, and a present obligation to pay for the hardware. Payments for hardware contracts are generally due 30 to 90 days after shipment of the hardware product.

The Company records revenues from the sales of third-party products on a "gross" basis pursuant to ASC Topic 606 when the Company controls the specified good before it is transferred to the end customer and have the risks and rewards as principal in the transaction, such as responsibility for fulfillment, retaining the risk for collection, and establishing the price of the products. If these indicators have not been met, or if indicators of net revenue reporting specified in ASC Topic 606 are present in the arrangement, revenue is recognized net of related direct costs since in these instances we act as an agent.

Software subscription fee — The Company's performance obligation includes providing customer access to our software, generally through a monthly subscription, where the Company typically satisfies its performance obligations prior to the submission of invoices to the customer for such services. The Company's software sale arrangements grant customers the right to access and use the software products which are to be installed with the relevant hardware for connectivity at the outset of an arrangement, and the customer is entitled to both technical support and software upgrades and enhancements during the term of the agreement. The term of the subscription period is generally 12 months, with automatic one-year renewal. The subscription license service is billed monthly, quarterly or annually. Sales are generally recorded in the month the service is provided. For clients who are billed on an annual basis, deferred revenue is recorded and amortized over the life of the contract. Payments are generally due 30 to 90 days after

delivery of the software licenses.

The Company records its revenues, net of value added taxes ("VAT"), which is levied at the rate of 10% on the invoiced value of sales.

Grocery and food delivery consists of online grocery under brand name "Pushkart" and food delivery service under brand name "Handycart" as follows:

Customers place order for groceries and take-out food through our online platforms of "Pushkart" and "Handcart" respectively. When the grocery or food merchant receives and order, our platform will assign a third-party delivery service to pick up and deliver the grocery and/or food order to the customer. Revenue is recognized when the grocery and/or food is delivered, at which time the customer pays for the grocery and /or food order with cash, at Net of merchant cost.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$ 6,415 and \$77,471, respectively, from this stream.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$ 95,262 and \$53,635, respectively, from this stream.

As a **telecommunication reseller** we provide local mobile data and overseas internet data plans under the brand name of "Gorilla," which company we acquired in May 2022. Our telecommunication revenues are recorded for ASC Topic 606 purposes as follows:

Local mobile plan - customers choose and subscribe to a monthly local mobile plan through our "Gorilla" online platform. The Company will proceed to register the sim card (effectively, the mobile telephone number activation card) and arrange delivery of that Sim card to the customer. Following Sim card activation, the system will capture the monthly data usage of each customer, calculated in accordance with the package data capacity and monthly subscription rate, which amounts are aggregated and recorded as revenue. Unused data will be converted to Rewards Points and carried forward to next month for potential subsequent data usage. As a result of the rewards points, the company also recognize revenue from Rewards Point redemption for subscription fees offset, voucher redemption, extra data purchases, that the customer chooses to use via our online platform.

Overseas internet data plan – a customer will place order for their desired overseas internet data plan through either the "Gorilla" online platform or third-party partner platforms. Subscription revenue is recognized when the Sim card is delivered and activated.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$ 2,977 and \$15,441, respectively, from telecommunications.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$ 23,648 and \$21,083, respectively, from telecommunications.

Digital marketing

Marketing services from customers

Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

The Company derives its revenue from the provision of digital marketing services to customers. The Company offers customers with a comprehensive suite of digital marketing services to enhance their social media presence and reach their target audiences, particularly Gen Z and Millennials, to achieve marketing goals. The customers can leverage the Company's experience in building content and fanbases with creators, their creators' creativity, engagement, and trust among creators' loyal fanbases to increase their brand awareness and sell products. The Company offers customized digital marketing solution, including (i) advising on content strategy and budget and recommending specific creators; (ii) communicating with and managing selected creators; (iii) producing and engaging relevant content with creators to promote key messages for customers; (iv) uploading branded content on creators' social media channels; (v) amplifying the reach of creators' and customers' content through precise media planning and buying via boosting marketing services on social media platforms, such as Google; and (vi) providing optimization services through data analysis and reporting.

The Company's customers' payment terms generally range from 30-60 days of fulfilling its performance obligations and recognizing revenue.

Campaign-based marketing services revenue is recognized as a distinct single performance obligation when the Company transfers services to customers, which occurs over time. The performance obligation may be a promise to place branded content on certain social media platforms and is satisfied upon delivery of such related services to customers. The duration of the service period is short, usually over 1-3 months. Such revenue is recognized at over time, for the amount the Company is entitled to receive, as and when the marketing services are provided and completed.

Marketing services from social media platforms ("platform revenue")

The Company also derives its advertising revenue generated from its channel pages and posts on social media platforms, such as YouTube by monetizing its contents. The payments are usually received within 30 days upon completion of performance obligation for platform revenue services.

The Company recognizes revenue as performance obligations are satisfied as the creation of contents are published on the social media platforms, which occurs at a point in time. The advertisements are delivered primarily based on impressions of contents on social media platforms, hence the Company provided the advertising services by an on-going basis during the publication period and the outcome of the services can be received and consumed by the social media platform simultaneously.

The Company records its revenues, net of value added taxes ("VAT"), which is levied at the rate of 10% on the invoiced value of sales.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$ 1,784,695 and \$1,211,428, respectively, from this stream.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$ 4,579,429 and \$1,211,428, respectively, from this stream.

Online ticketing and reservation provides information, prices, availability, booking services for domestic and international air travel and hotels as

follows:

The Company's revenues are substantially reported on a net basis as the travel supplier is primarily responsible for providing the underlying travel services and the Company does not control the service provided by the travel supplier to the traveler. Revenue from air ticketing services, air ticket commission, hotel reservation and refund margin are substantially recognized at a point of time when the performance obligations that are satisfied.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$ 390,384 and \$178,206, respectively, from this stream.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$ 1,433,133 and \$178,206, respectively, from this stream.

Contract assets

In accordance with ASC Topic 606, a contract asset arises when the Company transfers a good or performs a service in advance of receiving consideration from the customer as agreed upon. A contract asset becomes a receivable once the Company's right to receive consideration becomes unconditional.

There were contract assets balance of \$29,362 and \$20,310 on September 30, 2023 and December 31, 2022, respectively.

Contract liabilities

In accordance with ASC Topic 606, a contract liability represents the Company's obligation to transfer goods or services to a customer when the customer prepays for a good or service or when the customer's consideration is due for goods and services that the Company will yet provide whichever happens earlier.

Contract liabilities represent amounts collected from, or invoiced to, customers in excess of revenues recognized, primarily from the billing of annual subscription agreements. The value of contract liabilities will increase or decrease based on the timing of invoices and recognition of revenue. The Company's contract liability balance was \$1,209,211 and \$1,405,090 on September 30, 2023 and December 31, 2022, respectively.

- Software development costs

In accordance with the relevant FASB accounting guidance regarding the development of software to be sold, leased, or marketed, the Company expenses such costs as they are incurred until technological feasibility has been established, at and after which time these costs are capitalized until the product is available for general release to customers. Once the technological feasibility is established per ASC Topic 985, Software, the Company capitalizes costs associated with the acquisition or development of major software for internal and external use in the balance sheet. These capitalized software costs are ratably amortized over the period of the software's estimated useful life. Costs incurred to enhance the Company's software products, after general market release of the services using the products, is expensed in the period they are incurred. The Company only capitalizes subsequent additions, modifications or upgrades to internally developed software to the extent that such changes allow the software to perform a task it previously did not perform. The Company also expenses website costs as incurred.

Research and development expenditures arising from the development of the Company's own software are charged to operations as incurred. For the nine months ended September 30, 2023, and 2022, software development costs were \$41,777 and \$56,627, respectively. For the three months ended September 30, 2023 and 2022, the software development costs were \$12,649 and \$19,759, respectively. Based on the software development process, technological feasibility is established upon completion of a working model, which also requires certification and extensive testing. Costs incurred by the Company between completion of the working model and the point at which the product is ready for general release have, to date, been immaterial and have been expensed as incurred.

- Cost of sales

Cost of sales under online ordering consist of the cost of merchandizes ordered by the consumers and the related shipping and handling costs, which are directly attributable to the sales of online ordering.

Cost of sales related to software sales and licensing consist of the cost of software and payroll costs, which are directly attributable to the sales and licensing of software. Cost of sales related to hardware sales consist of the cost of hardware and payroll costs, which are directly attributable to the sales of hardware.

Cost of sales related to grocery and food delivery consist of the cost of the outsourced delivery and the outsource payment gateway, which are directly attributable to the sales of grocery and food delivery.

Cost of sales related to our telecommunication data reseller segment consist of the cost of the primary telecommunication service, which are directly attributable to the sales of telecommunication data.

Cost of sales under digital marketing consist of the cost of primary digital marketing service, which are directly attributable to the sales of digital marketing.

- Shipping and handling costs

No shipping and handling costs are associated with the distribution of the products to the customers since those costs are borne by the Company's suppliers or distributors for our merchant POS business.

The shipping and handling costs for all segments other than our e-commerce segment are recorded net in sales. For shipping costs related to our e-commerce business, those shipping costs are recorded in cost of sales.

- Sales and marketing

Sales and marketing expenses include payroll, employee benefits and other headcount-related expenses associated with sales and marketing personnel, and the costs of advertising, promotions, seminars, and other programs. Advertising costs are expensed as incurred. Advertising expense was \$466,252 and \$662,058 for the nine months ended September 30, 2023 and 2022, respectively. Advertising expense was \$ 236,874 and \$212,666 for the three months ended September 30, 2023 and 2022, respectively.

- Product warranties

The Company's provision for estimated future warranty costs is based upon the historical relationship of warranty claims to sales. Based upon historical sales trends and warranties provided by the Company's suppliers, the Company has concluded that no warranty liability is required as of September 30, 2023 and December 31, 2022. To date, product allowance and returns have been minimal and, based on its experience, the Company believes that returns of its products will continue to be minimal, although it looks at this issue every quarter to continue to support its assertion.

- Income tax

The Company adopted the ASC 740 Income Tax provisions, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the condensed consolidated financial statements. Under paragraph ASC Topic 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the condensed consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of ASC Topic 740, nor did it record any uncertain tax positions for the three and nine month ended September 30, 2022, and 2021.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheets, as well as tax credit carry-backs and carry-forwards. On a quarterly basis, the Company reviews the recoverability of deferred tax assets recorded on its balance sheets and provides valuation allowances to reduce those amounts to the amounts management believes will be realized in future income tax returns.

In addition to U.S. income taxes, the Company and its wholly-owned foreign subsidiary, is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax, there may be transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

- Foreign currencies translation and transactions

The reporting currency of the Company is the United States Dollar ("US\$") and the accompanying consolidated unaudited condensed financial statements have been expressed in US\$. In addition, the Company's subsidiary is operating in the Republic of Vietnam, Singapore, India and Philippines and maintains its books and record in its local currency, Vietnam Dong ("VND"), Singapore Dollar ("SGD"), Indian Rupee ("INR"), Philippines Pesos ("PHP"), Malaysian Ringgit ("MYR"), Thailand Baht ("THB") and Indonesian Rupiah ("IDR"), respectively, which are the functional currencies in which the subsidiary's operations are conducted. In general, for consolidation purposes, assets and liabilities of its subsidiaries whose functional currency is not US\$ are translated into US\$, in accordance with ASC Topic 830, "Translation of Financial Statement" ("ASC 830") using the applicable exchange rates on the balance sheet date. Shareholders' equity is translated using historical rates. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income (loss) within the unaudited condensed statements of changes in shareholder's equity.

Schedule of Foreign currencies translation and transactions

Translation of amounts from SGD into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end SGD:US\$ exchange rate	\$ 0.73165	\$ 0.72692
Period average SGD:US\$ exchange rate	<u>\$ 0.74578</u>	<u>\$ 0.69708</u>

Translation of amounts from VND into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end VND:US\$ exchange rate	\$ 0.000041	\$ 0.000042
Period average VND:US\$ exchange rate	<u>\$ 0.000042</u>	<u>\$ 0.000043</u>

Translation of amounts from INR into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end INR:US\$ exchange rate	\$ 0.012021	\$ 0.012268
Period average INR:US\$ exchange rate	<u>\$ 0.012143</u>	<u>\$ 0.012928</u>

Translation of amounts from PHP into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end PHP:US\$ exchange rate	\$ 0.017639	\$ 0.017022
Period average PHP:US\$ exchange rate	<u>\$ 0.018016</u>	<u>\$ 0.018682</u>

Translation of amounts from THB into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end THB:US\$ exchange rate	\$ 0.027272	\$ 0.026390
Period average THB:US\$ exchange rate	<u>\$ 0.028947</u>	<u>\$ 0.028899</u>

Translation of amounts from MYR into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end MYR:US\$ exchange rate	\$ 0.212764	\$ 0.215560
Period average MYR:US\$ exchange rate	<u>\$ 0.221567</u>	<u>\$ 0.230418</u>

Translation of amounts from IDR into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end IDR:US\$ exchange rate	\$ 0.000064	\$ 0.000066
Period average IDR:US\$ exchange rate	<u>\$ 0.000066</u>	<u>\$ 0.000069</u>

Translation gains and losses that arise from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are translated, as the case may be, at the rate on the date of the transaction and included in the results of operations as incurred.

- Comprehensive income

ASC Topic 220, "Comprehensive Income", establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. Accumulated other comprehensive income, as presented in the accompanying consolidated statements of changes in shareholders' equity, consists of changes in unrealized gains and losses on foreign currency translation. This comprehensive income is not included in the computation of income tax expense or benefit.

- Earnings per share

Basic per share amounts are calculated using the weighted average shares outstanding during the year, excluding unvested restricted stock units. The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the diluted calculations in computing diluted earnings per share. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options assuming the proceeds would be used to repurchase shares at average market prices for the years.

For the three and nine months ended September 30, 2023 and 2022, diluted weighted-average common shares outstanding is equal to basic weighted-average common shares, due to the Company's net loss position. Hence, no common stock equivalents were included in the computation of diluted net loss per share since such inclusion would have been antidilutive.

Schedule of computation of diluted net loss per share:

	Three months ended September 30,	
	2023	2022
Net loss attributable to Society Pass Incorporated	\$ (3,861,929)	\$ (9,959,793)
Weighted average common shares outstanding – Basic and diluted	28,483,858	25,302,206
Net loss per share – Basic and diluted	<u>\$ (0.14)</u>	<u>\$ (0.39)</u>

	Nine months ended September 30,	
	2023	2022
Net loss attributable to Society Pass Incorporated	\$ (12,472,114)	\$ (24,012,495)
Weighted average common shares outstanding – Basic and diluted	27,917,875	23,856,503
Net loss per share – Basic and diluted	<u>\$ (0.45)</u>	<u>\$ (1.01)</u>

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted-average shares outstanding, because such securities had an antidilutive impact:

Schedule of Common stock issued:

	Nine months ended September 30,	
	2023	2022
Options to purchase common stock (a)	1,945,270	1,945,270
Warrants granted to underwriter	3,803,229	3,793,929
Warrants granted with Series C-1 Convertible Preferred Stock (b)	1,068,000	—
Total of common stock equivalents	<u>6,186,499</u>	<u>5,739,199</u>

(a) The Board of Directors have approved a 10-year stock option at an exercise price of \$6.49 per share that will be exercisable at any time.

(b) The expiry date of warrants granted with Series C-1 was extended to June 30, 2022.

- **Leases**

The Company adopted Topic 842, *Leases* ("ASC 842") to determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company generally use the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In accordance with the guidance in ASC 842, components of a lease should be split into three categories: lease components (e.g. land, building, etc.), non-lease components (e.g. common area maintenance, consumables, etc.), and non-components (e.g. property taxes, insurance, etc.). Subsequently, the fixed and in-substance fixed contract consideration (including any related to non-components) must be allocated based on the respective relative fair values to the lease components and non-lease components.

When a lease is terminated before the expiration of the lease term, irrespective of whether the lease is classified as a finance lease or an operating lease, the lessee would derecognize the ROU asset and corresponding lease liability. Any difference would be recognized as a gain or loss related to the termination of the lease. Similarly, if a lessee is required to make any payments or receives any consideration when terminating the lease, it would include such amounts in the determination of the gain or loss upon termination.

As of September 30, 2023 and December 31, 2022, the Company recorded the right of use asset of \$ 1,448,904 and \$1,537,670 respectively.

- **Retirement plan costs**

Contributions to retirement plans (which are defined contribution plans) are charged to general and administrative expenses in the accompanying consolidated statements of operation as the related employee service is provided.

- **Share-based compensation**

The Company follows ASC Topic 718, *Compensation—Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense for all share-based payment awards (employee and non-employee), at grant-date fair value of the equity instruments that an entity is obligated to issue. Restricted stock units are valued using the market price of the Company's common shares on the date of grant. The Company uses a Black-Scholes option pricing model to estimate the fair value of employee stock options at the date of grant. As of September 30, 2023, those shares issued and stock options granted for service compensation, vest 180 days after the grant date, and therefore these amounts are thus recognized as expense during the nine months ended September 30, 2023 and 2022. Stock-based compensation is recorded in general and administrative expenses within the Consolidated Statements of Operations and Other Comprehensive Loss, with corresponding credits to common stock and accumulated paid-in capital.

- **Warrants**

In connection with certain financing, consulting and collaboration arrangements, the Company has issued warrants to purchase shares of its preferred and common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using a Black-Scholes Option Pricing Model as of the measurement date. The Company uses a Black-Scholes option pricing model to estimate the grant date fair value of the warrants. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital (the accounting treatment for common stock issuance costs). All other warrants are recorded at the grant date fair value as an expense over the requisite service period, or at the date of issuance if the warrants vest immediately.

- **Related parties**

The Company follows ASC 850-10, *Related Party Disclosures* ("ASC 850") for the identification of related parties and the disclosure of related party transactions.

Pursuant to ASC 850, the related parties include a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under ASC 825, *Financial Instruments*, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and income-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The unaudited condensed consolidated financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required by ASC 850. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amount due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

- Commitments and contingencies

The Company follows the ASC 450, *Commitments*, to account for contingencies. Certain conditions may exist as of the date the unaudited condensed financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, which assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's unaudited condensed consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available, that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows if the current level of facts and circumstances changes in the future.

- Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and has adopted paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 of the FASB Accounting Standards Codification establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, paragraph 820-10-35-37 of the FASB Accounting Standards Codification establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by paragraph 820-10-35-37 of the FASB Accounting Standards Codification are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company's financial assets and liabilities, such as cash and cash equivalents, accounts receivable, deposits, prepayments and other receivables, contract liabilities, accrued liabilities and other payables, amounts due to related parties and operating lease liabilities, approximate their fair values because of the short maturity of these instruments.

- Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standard Board ("FASB") or other standard setting bodies and adopted by the Company as of the specified effective date.

In June 2022, the FASB issued Accounting Standards Update No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03"). This ASU was issued to resolve differences in practice regarding how to record the issuance of common stock with sale restrictions that pertain to the receiving party. The FASB concluded in ASU 2022-03 that these types of restrictions were not attributes of the stock issued but related to the parties to whom the stock was issued. As a result, the ASU 2022-03 requires companies to record the issuance of this type of restricted stock at its face value (i.e., not discount the stock because the receiving party can't immediately sell the stock). From time-to-time, the Company may acquire another company in a transaction in which Company restricted stock is issued. The Company has reviewed ASU 2022-03 and does not expect that it will affect the Company.

All other recently issued, but not yet effective, 2023 Accounting Standards Updates are not expected to have an effect on the Company.

NOTE – 4 REVENUE

Revenue was generated from the following activities:

	Nine months ended September 30,	
	2023	2022
Sales – online ordering	\$ 456,972	\$ 1,561,625
Sales – digital marketing	4,579,429	1,211,428
Sales – online ticketing and reservation	1,433,133	178,206
Sales – data	23,648	21,083
Software subscription sales	5,696	21,924
Hardware sales	—	150
	\$ 6,498,878	\$ 2,994,416
Three months ended September 30,		

	2023	2022
Sales – online ordering	\$ 87,201	\$ 645,074
Sales – digital marketing	1,784,695	1,211,428
Sales – online ticketing and reservation	390,384	178,206
Sales – data	2,977	15,441
Software subscription sales	3,809	34
Hardware sales	—	81
	<u><u>\$ 2,269,066</u></u>	<u><u>\$ 2,050,264</u></u>

Contract liabilities recognized was related to online ticketing and reservation, digital marketing, telecommunication reseller and software sales and the following is reconciliation for the periods presented:

Schedule of Contract liabilities:

	September 30, 2023	December 31, 2022
Contract liabilities, brought forward	\$ 1,405,090	\$ 25,229
Add: recognized as deferred revenue	1,209,211	1,405,090
Less: recognized as revenue	(1,405,090)	(25,229)
Contract liabilities, carried forward	<u><u>\$ 1,209,211</u></u>	<u><u>\$ 1,405,090</u></u>

NOTE – 5 SEGMENT REPORTING

Currently, the Company has four reportable business segments:

- (i) e-Commerce – operates an online lifestyle platform under the brand name of "Leflair" covering a diversity of services and products, such as fashion and accessories, beauty and personal care, and home and lifestyle, all managed by SOPA Technology Company Ltd,
- (ii) Merchant point of sale ("POS") – is involved in the sale of hardware and software to merchants and this segment is managed by Hottab group and SOPA entities except SOPA Technology Company Ltd,
- (iii) Online grocery and food deliveries – operate an online food delivery service under the "Handycart" brand name and an online grocery delivery under the "Pushkart" brand name, managed by Dream Space Trading Co Ltd and New Retail Experience Incorporated respectively, and
- (iv) Telecommunication reseller – provide sales of local mobile phone plans and global internet data provider plans, both services managed by the Gorilla Group.
- (v) Digital marketing operates the digital marketing business with creator and digital marketing platform.
- (vi) Online ticketing and reservation - operates the sale of domestic and overseas air ticket, global hotel reservations and provide hotel management software.

The Company's Chief Finance Officer (CFO) evaluates operating segments using the information provided in the following tables that presents revenues and gross profits by reportable segment, together with information on the segment tangible and intangible assets.

Schedule of Segment Reporting

	Nine Months ended September 30, 2023						
	Online F&B and Groceries Deliveries	Digital Marketing	Online Ticketing and reservation	e- Commerce	Telecommunication Reseller	Merchant POS	Total
Revenue from external customers							
Sales – online ordering	95,262	—	—	361,710	—	—	456,972
Sales – digital marketing	—	4,483,923	95,506	—	—	—	4,579,429
Sales – online ticketing and reservation	—	—	1,433,133	—	—	—	1,433,133
Sales – data	—	—	—	—	23,648	—	23,648
Software sales	—	—	4,951	—	—	745	5,696
Total revenue	95,262	4,483,923	1,533,590	361,710	23,648	745	6,498,878
Cost of sales:							
Cost of online ordering	(102,677)	—	—	(334,119)	—	—	(436,796)
Cost of digital marketing	—	(3,727,264)	(794)	—	—	—	(3,728,058)
Cost of online platform	—	—	(282,406)	—	—	—	(282,406)
Cost of data	—	—	—	—	(40,409)	—	(40,409)
Software cost	—	—	(21,019)	(162,309)	—	(1,921)	(185,249)
Total cost of revenue	(102,677)	(3,727,264)	(304,219)	(496,428)	(40,409)	(1,921)	(4,672,918)
Gross income (loss)	(7,415)	756,659	1,229,371	(134,718)	(16,761)	(1,176)	1,825,960
Operating Expenses							
Sales and marketing expenses	(1,782)	(21,712)	(207,899)	(70,244)	(10,977)	(153,638)	(466,252)
Software development costs	—	—	—	—	—	(41,777)	(41,777)
Depreciation	(25,834)	(11,814)	(65,921)	(31,119)	—	(49,402)	(184,090)
Amortization	—	—	(19,359)	—	(89,757)	(809,994)	(919,110)
General and administrative expenses	(580,999)	(1,065,006)	(1,428,504)	(602,717)	(76,169)	(9,469,886)	(13,223,281)
Total operating expenses	(608,615)	(1,098,532)	(1,721,683)	(704,080)	(176,903)	(10,524,697)	(14,834,510)
Loss from operations	(616,030)	(341,873)	(492,312)	(838,798)	(193,664)	(10,525,873)	(13,008,550)

Other income (expense) JV income	7,660	—	—	—	—	—	7,660
Gain on early lease termination	—	1,064	—	—	—	—	1,064
Interest income	8	205	2,027	1,002	—	130,565	133,807
Interest expense	(27)	—	14	—	(917)	—	(930)
Waiver of loan payable	214,959	—	—	—	—	(11,021)	203,938
Written-off of fixed assets	(7,676)	—	—	—	—	—	(7,676)
Other income	5,342	456	(92,552)	1,983	12,400	127,983	55,612
Total other income (expense)	220,266	1,725	(90,511)	2,985	11,483	247,527	393,475
Loss before income taxes	(395,764)	(340,148)	(582,823)	(835,813)	(182,181)	(10,278,346)	(12,615,075)

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	Three Months ended September 30, 2023						
	Online F&B and Groceries Deliveries	Digital Marketing	Online Ticketing and reservation	e-Commerce	Telecommunication Reseller	Merchant POS	Total
Revenue from external customers							
Sales – online ordering	6,415	—	—	80,786	—	—	87,201
Sales – digital marketing	—	1,689,189	95,506	—	—	—	1,784,695
Sales – online ticketing and reservation	—	—	390,384	—	—	—	390,384
Sales – data	—	—	—	—	2,977	—	2,977
Software sales	—	—	3,809	—	—	—	3,809
Total revenue	6,415	1,689,189	489,699	80,786	2,977	—	2,269,066
Cost of sales:							
Cost of online ordering	(3,317)	—	—	(73,744)	—	—	(77,061)
Cost of digital marketing	—	(1,456,419)	(794)	—	—	—	(1,457,213)
Cost of online platform	—	—	(110,862)	—	—	—	(110,862)
Cost of data	—	—	—	—	(7,055)	—	(7,055)
Software cost	—	—	(12,386)	(41,925)	—	—	(54,311)
Total cost of revenue	(3,317)	(1,456,419)	(124,042)	(115,669)	(7,055)	—	(1,706,502)
Gross income (loss)	3,098	232,770	365,657	(34,883)	(4,078)	—	562,564
Operating Expenses							
Sales and marketing expenses	—	(535)	(59,341)	(14,822)	(10,925)	(151,251)	(236,874)
Software development costs	—	—	—	—	—	(12,649)	(12,649)
Depreciation	(16,607)	(5,544)	(9,230)	(11,685)	—	(5,493)	(48,559)
Amortization	—	—	(19,359)	—	(89,757)	(2,473)	(111,589)
General and administrative expenses	(391,702)	(433,089)	(421,954)	(172,888)	(2,968)	(2,872,797)	(4,295,398)
Total operating expenses	(408,309)	(439,168)	(509,884)	(199,395)	(103,650)	(3,044,663)	(4,705,069)
Loss from operations	(405,211)	(206,398)	(144,227)	(234,278)	(107,728)	(3,044,663)	(4,142,505)
Other income (expense) JV income	816	—	—	—	—	—	816
Gain on early lease termination	—	—	—	—	—	—	—
Interest income	3	82	681	219	—	33,628	34,613
Interest expense	—	—	9	—	(287)	—	(278)
Waiver of loan payable	188,738	—	—	—	—	—	188,738
Written-off of fixed assets	(5,093)	—	—	—	—	—	(5,093)
Other income	2,068	391	(93,948)	911	(41)	97,028	6,409
Total other income (expense)	186,532	473	(93,258)	1,130	(328)	130,656	225,205
Loss before income taxes	(218,679)	(205,925)	(237,485)	(233,148)	(108,056)	(2,914,007)	(3,917,300)

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	Nine Months ended September 30, 2022						
	Online F&B and Groceries Deliveries	Digital Marketing	Online Ticketing and reservation	e-Commerce	Telecommunication Reseller	Merchant POS	Total
Revenue from external customers							
Sales – online ordering	77,471	—	—	1,484,154	—	—	1,561,625
Sales – digital marketing	—	1,211,428	—	—	—	—	1,211,428
Sales – online platform	—	—	178,206	—	—	—	178,206
Sales – data	—	—	—	—	21,083	—	21,083
Software sales	—	—	—	—	—	21,924	21,924
Hardware sales	—	—	—	—	—	150	150
Total revenue	77,471	1,211,428	178,206	1,484,154	21,083	22,074	2,994,416
Cost of sales:							
Cost of online ordering	—	—	—	(1,388,531)	—	—	(1,388,531)
Cost of online platform	(78,827)	—	—	—	—	—	(78,827)

Sales – online ticketing and reservation	—	—	(6,007)	—	—	—	(6,007)
Cost of digital marketing	—	(1,068,000)	—	—	—	—	(1,068,000)
Cost of data	—	—	—	—	(9,931)	—	(9,931)
Software sales	—	—	—	(131,420)	—	(18,585)	(150,005)
Hardware sales	—	—	—	—	—	(111)	(111)
Total cost of revenue	(78,827)	(1,068,000)	(6,007)	(1,519,951)	(9,931)	(18,696)	(2,701,412)
Gross income (loss)	(1,356)	143,428	172,199	(35,797)	11,152	3,378	293,004
Operating Expenses							
Sales and marketing expenses	(13,988)	—	(15,205)	(624,017)	(8,848)	—	(662,058)
Software development costs	—	—	—	—	—	(56,627)	(56,627)
Impairment loss	—	—	—	—	—	(779,000)	(779,000)
Depreciation	(2,100)	(596)	(12,587)	(1,208)	(5,040)	(27,807)	(49,338)
Amortization	—	—	—	—	—	(2,400,000)	(2,400,000)
General and administrative expenses	(146,673)	(231,164)	(214,078)	(909,815)	(211,758)	(18,948,705)	(20,662,193)
Total operating expenses	(162,761)	(231,760)	(241,870)	(1,535,040)	(225,646)	(22,212,139)	(24,609,216)
Loss from operations	(164,117)	(88,332)	(69,671)	(1,570,837)	(214,494)	(22,208,761)	(24,316,212)
Other income (expense) Gain from early lease termination	—	—	—	—	—	—	—
Interest income	7	—	486	6,621	—	40,775	47,889
Interest expense	—	(1,418)	—	—	(6,519)	(7,769)	(15,706)
Loss on settlement of litigation	—	—	—	—	—	—	—
Warrant modification expense	—	—	—	—	—	—	—
Other income	1,474	—	391	712	6,828	35,993	45,398
Total other income (expense)	1,481	(1,418)	877	7,333	309	68,999	77,581
Loss before income taxes	(162,636)	(89,750)	(68,794)	(1,563,504)	(214,185)	(22,139,762)	(24,238,631)

	Three Months ended September 30, 2022						
	Online F&B and Groceries Deliveries	Digital Marketing	Online Ticketing and reservation	e-Commerce	Telecommunication Reseller	Merchant POS	Total
Revenue from external customers							
Sales – online ordering	53,635	—	—	591,439	—	—	645,074
Sales – digital marketing	—	1,211,428	—	—	—	—	1,211,428
Sales – online ticketing and reservation	—	—	178,206	—	—	—	178,206
Sales – data	—	—	—	—	15,441	—	15,441
Software sales	—	—	—	—	—	34	34
Hardware sales	—	—	—	—	—	81	81
Total revenue	53,635	1,211,428	178,206	591,439	15,441	115	2,050,264
Cost of sales:							
Cost of online ordering	—	—	—	(562,571)	—	—	(562,571)
Cost of online platform	(51,929)	—	—	—	—	—	(51,929)
Cost of digital marketing	—	(1,068,000)	—	—	—	—	(1,068,000)
Sales – online ticketing and reservation	—	—	(6,007)	—	—	—	(6,007)
Cost of data	—	—	—	—	(8,956)	—	(8,956)
Software sales	—	—	—	(38,879)	—	(5,921)	(44,800)
Hardware sales	—	—	—	—	—	(66)	(66)
Total cost of revenue	(51,929)	(1,068,000)	(6,007)	(601,450)	(8,956)	(5,987)	(1,742,329)
Gross income (loss)	1,706	143,428	172,199	(10,011)	6,485	(5,872)	307,935
Operating Expenses							
Sales and marketing expenses	(13,170)	—	(15,205)	(175,443)	(8,848)	—	(212,666)
Software development costs	—	—	—	—	—	(19,759)	(19,759)
Impairment loss	—	—	—	—	—	(250,417)	(250,417)
Depreciation	(2,023)	(596)	(12,587)	(1,208)	(3,770)	(14,537)	(34,721)
Amortization	—	—	—	—	—	(800,000)	(800,000)
General and administrative expenses	(87,301)	(231,164)	(214,078)	(302,905)	(131,906)	(8,123,394)	(9,090,748)
Total operating expenses	(102,494)	(231,760)	(241,870)	(479,556)	(144,524)	(9,208,107)	(10,408,311)
Loss from operations	(100,788)	(88,332)	(69,671)	(489,567)	(138,039)	(9,213,979)	(10,100,376)
Other income (expense) Gain from early lease termination	—	—	—	—	—	—	—
Interest income	7	—	486	6,435	—	34,889	41,817
Interest expense	—	(1,418)	—	—	(6,519)	(3,340)	(11,277)
Loss on settlement of litigation	—	—	—	—	—	—	—
Other income	1,474	—	391	13	5,051	176	7,105
Total other income (expense)	1,481	(1,418)	877	6,448	(1,468)	31,725	37,645
Loss before income taxes	(99,307)	(89,750)	(68,794)	(483,119)	(139,507)	(9,182,254)	(10,062,731)

	September 30, 2023						
	Online F&B and Groceries Deliveries	Digital Marketing	Online Ticketing and reservation	e-Commerce	Telecommunication Reseller	Merchant POS	Total
Intangible assets, net	—	—	71,036	—	968,625	5,248,108	6,287,769
Identifiable assets	267,140	1,915,919	3,929,726	470,072	54,766	7,811,883	14,449,506
December 31, 2022							
	Online F&B and Groceries Deliveries	Digital Marketing	Online Ticketing and reservation	e-Commerce	Telecommunication Reseller	Merchant POS	Total
Intangible assets, net	378,170	—	89,808	—	948,457	6,041,654	7,458,089
Identifiable assets	345,017	1,507,771	3,190,380	2,164,386	81,924	17,951,175	25,240,653

The below sales are based on the countries in which the customer is located. Summarized financial information concerning our geographic segments is shown in the following tables:

Schedule of geographic segments

	Nine Months Ended September 30,	
	2023	2022
Indonesia	\$ 1,017,377	\$ 119,653
Vietnam	1,121,286	1,491,554
Philippines	144,899	71,878
Singapore	619,463	99,091
United States	2,947,566	1,105,456
Thailand	645,528	105,972
Malaysia	2,759	812
	\$ 6,498,878	\$ 2,994,416
Three Months Ended September 30,		
	2023	2022
Indonesia	\$ 484,400	\$ 98,957
Vietnam	497,910	594,893
Philippines	58,740	50,724
Singapore	168,109	93,450
United States	920,495	1,105,456
Thailand	139,396	105,972
Malaysia	16	812
	\$ 2,269,066	\$ 2,050,264

NOTE – 6 BUSINESS COMBINATION

The Company has accounted for all of its business acquisitions in accordance with the requirements of ASC 805, Business Combinations ("ASC 805"). Assets acquired and liabilities assumed in business combinations were recorded on the Condensed as of Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Consolidated Statements of Operations and Other Comprehensive Loss since their respective dates of acquisition. The excess of the purchase price over the fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocation of the purchase price is based upon preliminary estimates and assumptions. Any revision to the fair values during the measurement period (no longer than one-year after the acquisition date) will be recorded by the Company as further adjustments to the purchase price allocations.

The Company allocates the purchase price consideration based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed, and intangible assets identified as of the acquisition date and generally engages an independent valuation analyst to assist the Company in preparing its preliminary and final determinations of fair value.

Acquisition-related costs incurred for all acquisitions are expensed as incurred and recorded in general and administrative expense.

(i) Acquisition of PT Wahana Cerita Indonesia

On April 1, 2023, the Company completed the acquisition of a 100% equity interest in PT Wahana Cerita Indonesia ("PT Wahana") through its subsidiary Thoughtful Media Group Inc. for total consideration of \$35,000, comprised of 24,753 shares of common stock, with a fair value of approximately \$25,000 and cash consideration of \$10,000. The Company accounted for the transaction as the acquisition of a business.

Purchase price allocation:

Fair value of stock at closing	\$ 25,000
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Cash paid	10,000
Purchase price	\$ 35,000

The transaction was accounted for using the acquisition method. Accordingly, goodwill has been measured as the excess of the total consideration over the amounts assigned to the identifiable assets acquired and liabilities assumed based on our preliminary estimated fair values.

The Company has allocated the purchase price consideration based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed, and intangible assets identified as of the acquisition date and considered a number of factors including valuations from management estimation. Acquisition-related costs incurred for the acquisitions are not material and have been expensed as incurred in general and administrative expense.

The Company is working with an independent valuation firm to finalize the fair value of these identifiable assets and liabilities assumed. Once determined, the Company will reallocate the purchase price of the acquisition based on the results of the independent evaluation if they are materially different from the allocations as recorded on April 1, 2023. The preliminary estimated fair value of assets acquired, and liabilities assumed in were as follows and the purchase price allocation resulted in \$35,537 of goodwill.

Acquired assets:	
Cash and cash equivalents	\$ 2,644
Trade receivables	9,166
Prepayments	1,577
Total acquired assets	13,387
Less: Assumed liabilities	
Accrued liabilities and other payable	13,960
Total Assumed liabilities	13,960
Fair value of net liabilities assumed	(573)
Goodwill recorded	35,537
Cash consideration allocated	\$ 35,000

The following unaudited pro forma information presents the combined results of operations as if the acquisitions had been completed on January 1, 2023 and 2022.

	Nine Months Ended September 30,	
	2023	2022
Revenue	\$ 4,229,812	\$ 944,152
Net loss	(8,699,443)	(14,177,999)
Net loss per share	(0.3)	(0.57)

(ii) Acquisition of Mekong Leisure Travel Join Stock Company

On April 11, 2023, the Company completed the acquisition of a 100% equity interest in Mekong Leisure Travel Join Stock Company ("Mekong") through its subsidiary Nusatrip International Pte. Ltd. for total consideration of \$164,148, comprised of 76,531 shares of common stock, with a fair value of approximately \$75,000 and cash consideration of \$89,148. The Company accounted for the transaction as the acquisition of a business.

Purchase price allocation:

Fair value of stock at closing	\$ 75,000
Cash paid	89,148
Purchase price	\$ 164,148

The transaction was accounted for using the acquisition method. Accordingly, goodwill has been measured as the excess of the total consideration over the amounts assigned to the identifiable assets acquired and liabilities assumed based on our preliminary estimated fair values.

The Company has allocated the purchase price consideration based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed, and intangible assets identified as of the acquisition date and considered a number of factors including valuations from management estimation. Acquisition-related costs incurred for the acquisitions are not material and have been expensed as incurred in general and administrative expense.

Acquired assets:

Cash and cash equivalents	\$ 24,289
Trade receivables	13,969
Prepayments	49,031
Cash	6,385
Total acquired assets	93,674

Less: Assumed liabilities

Trade payables	11,266
Accrued liabilities and other payable	9,784
Contract liabilities	49,824
Total Assumed liabilities	70,874

Fair value of net assets

Goodwill recorded	141,348
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The Company is working with an independent valuation firm to finalize the fair value of these identifiable assets and liabilities assumed. Once determined, the Company will reallocate the purchase price of the acquisition based on the results of the independent evaluation if they are materially different from the allocations as recorded on April 1, 2023. The preliminary estimated fair value of assets acquired, and liabilities assumed in were as follows and the purchase price allocation resulted in \$141,348 of goodwill.

The following unaudited pro forma information presents the combined results of operations as if the acquisitions had been completed on January 1, 2023 and 2022.

	Nine Months Ended September 30,	
	2023	2022
Revenue	\$ 4,233,181	\$ 1,072,660
Net loss	(8,720,489)	(14,105,732)
Net loss per share	(0.30)	(0.57)

(iii) Acquisition of Vietnam International Travel and Service Joint Stock Company

On July, 2023, the Company completed the acquisition of a 100% equity interest in Vietnam International Travel and Service Joint Stock Company ("VIT") through its subsidiary Mekong Leisure Travel Company Limited for total consideration of \$150,000, comprised of a number of shares of common stock, with a fair value of approximately \$75,000 and cash consideration of \$75,000. The Company accounted for the transaction as the acquisition of a business.

Purchase price allocation:

Fair value of stock at closing	\$ 75,000
Cash paid	75,000
Purchase price	\$ 150,000

The transaction was accounted for using the acquisition method. Accordingly, goodwill has been measured as the excess of the total consideration over the amounts assigned to the identifiable assets acquired and liabilities assumed based on our preliminary estimated fair values.

The Company has allocated the purchase price consideration based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed, and intangible assets identified as of the acquisition date and considered a number of factors including valuations from management estimation. Acquisition-related costs incurred for the acquisitions are not material and have been expensed as incurred in general and administrative expense.

Acquired assets:

Cash and cash equivalents	\$ 5,806
Trade receivables	198,592
Prepayments	24,629
VAT tax	7,406
Other receivable	601
Contract assets	16,128
Inventories	655,097
Total acquired assets	908,259
Less: Assumed liabilities	
Accrued liabilities and other payable	732,988
Contract liabilities	71,357
Income tax payable	190
Total Assumed liabilities	804,535
Fair value of net assets	103,724
Goodwill recorded	46,276
Cash consideration allocated	\$ 150,000

The Company is working with an independent valuation firm to finalize the fair value of these identifiable assets and liabilities assumed. Once determined, the Company will reallocate the purchase price of the acquisition based on the results of the independent evaluation if they are materially different from the allocations as recorded on July 1, 2023. The preliminary estimated fair value of assets acquired, and liabilities assumed in were as follows and the purchase price allocation resulted in \$46,276 of goodwill.

The following unaudited pro forma information presents the combined results of operations as if the acquisitions had been completed on January 1, 2023 and 2022.

	Nine Months Ended September 30,	
	2023	2022
Revenue	\$ 7,437,980	\$ 3,020,142
Net loss	(12,601,623)	(24,239,083)
Net loss per share	(0.40)	(0.93)

NOTE – 7 DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

	September 30, 2023 (Unaudited)	December 31, 2022
Deposits	\$ 646,961	\$ 921,429
Prepayments	127,589	573,513
Prepayments for consultancy fee (a)	—	858,665
Value added tax	107,298	140,053
Interest receivable	18,987	12,763
Other receivables	544,758	204,619
Total	\$ 1,445,593	\$ 2,711,042

(a) On December 6, 2021, the Company entered into two consulting agreements with China-America Culture Media Inc. and New Continental Technology Inc., acting as consultant to assist the Company in completing certain Business Opportunities with potential partners until February 28, 2023. The considerations of the services are \$3,250,000 and \$3,190,000. The Company's due to China-America Culture Media Inc. balance was \$0 and \$433,332 as of September 30, 2023 and December 31, 2022, respectively. The Company's due to New Continental Technology Inc., balance was \$0 and \$425,333 as of September 30, 2023 and December 31, 2022, respectively. For the nine months ended September 30, 2023 and 2022, the Company recognized the amortization of prepaid consulting expense of \$858,665 and \$3,864,001, respectively, using the straight-line method, over a term of 15 months. For the three months ended September 30, 2023 and 2022, the Company recognized the amortization of prepaid consulting expense of \$0 and \$1,288,001 respectively

NOTE – 8 INVENTORIES

	September 30, 2023	December 31, 2022
Finished goods	\$ 838,843	\$ 310,932
Less:		
Reserve for excess and obsolete inventory	—	—
Total Inventories	\$ 838,843	\$ 310,932

All finished goods inventories were related to e-commerce business and was held by the third party logistic. The cost of sales totaled \$ 436,796 and \$1,467,358 incurred during the nine months ended September 30, 2023 and 2022, respectively. The inventories were amounted to \$ 838,843 and \$310,932 at September 30, 2023 and December 31, 2022, respectively.

NOTE – 9 INTANGIBLE ASSETS

As of September 30, 2023 and December 31, 2022, intangible assets consisted of the following:

	Useful life	September 30, 2023	December 31, 2022
At cost:			
Software platform	2.5 years	\$ 8,000,000	\$ 8,000,000
Apps development		929,170	948,457
Computer software		730,659	586,888
Software system		-	378,170
Intellectual technology		276,000	276,000
Identifiable intangible asset		4,965,654	4,965,654
Other intangible assets	3 – 5 years	—	1,725
		14,901,483	15,156,894
Less: accumulated depreciation		(8,613,714)	(7,698,805)
		\$ 6,287,769	\$ 7,458,089

November 1 2018, the Company entered into a software development agreement with CVO Advisors Pte Ltd (CVO) 2018 to design and build an App and Web-based platform for the total consideration of \$8,000,000. CVO who is a third party vendor in the business of designing, developing, operating computer software applications including mobile and web application for social media, big data, point of sales, loyalty rewards, food delivery and technology platforms in Asia. The CVO developer performed and accepted technical work, of software development phase, which was materially completed by December 23, 2018. The Company obtained a third party license (Wallet Factory International Ltd) for their technology build up by CVO.

The delivered platform was further developed by the Company's in-house technology team (based in Noida that Sopa is currently using for the loyalty platform. The platform can be downloaded from Apple store or Googleplay store (i.e. SoPa App) and the Company's web version is on www.sopa.asia. The platform was completed developed on September 30, 2020 and has estimated life of 2.5 years. The platform started to be amortized from October 1, 2020.

Further, the Company entered into a subscription agreement with CVO to issue 8,000 shares of preferred stock for the software development, equal to the aggregate of \$8,000,000 or at the stated value of \$ 1,000 per share.

Pursuant to the subscription agreement entered into with CVO, the Company issued 8,000 shares of Series A convertible preferred stock for the purchase of software development at the stated value of \$1,000 per share, totaling \$8,000,000. CVO performed and accepted the technical work such as designing, developing, operating computer software applications including mobile and web application for social media, big data, point of sales, loyalty rewards, food delivery and technology platforms. The holder of this series A provided their consent to waive the warrant provision available with them and accordingly the preferred series A accounted in 2018.

Also, the owner of CVO entered into a call option agreement with the CEO of the Company to sale all the shares of CVO for the sum of \$ 10 per share, as of date, these options were exercised by the CEO of the Company, but the equity holders of CVO Advisors Pte. Ltd. have not honored the exercise of the call. The parties are currently in litigation (refer Note 23). As a result of this option exercise, there were no accounting effect on the Company's financial statement during the year ended December 31, 2022.

Amortization of intangible assets attributable to future periods is as follows:

Period ending September 30, 2023:	Amount
2023	\$ —

Amortization of intangible assets was \$ 111,589 and \$800,000 for the three months ended September 30, 2023 and 2022, respectively.

Amortization of intangible assets was \$ 919,110 and \$2,400,000 for the nine months ended September 30, 2023 and 2022, respectively.

Apps development costs for the development stage of mobile apps development with blockchain feature used by the subsidiaries under Telecommunications Reseller segment business amounted to \$929,170 (2022: \$948,457) and pertains to capitalization of the Information Technology consultancy and services incurred in the development process. No amortization was recognized as the project is still ongoing as of September 30, 2023.

Software system is the existing apps development cost and potential software value estimated base on acquisition exercise of Mangan business unit under New Retail Experience Incorporated. This will be concluded upon finalization of Purchase Price Allocation.

Intellectual technology is the identified technology value concluded from acquisition of Pushkart business unit under New Retail Experience Incorporated, through the finalization of Purchase Price Allocation.

Identifiable intangible asset is the potential intangible assets as stakeholder values estimated based on acquisition exercise of Nusatrip Group. This will be concluded upon finalization of Purchase Price Allocation.

NOTE – 10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	September 30, 2023	December 31, 2022
At cost:		
Computer	\$ 520,941	\$ 600,269
Office equipment	56,749	54,683
Furniture and fixtures	8,292	10,702
Renovation	587,326	322,399
	1,173,308	988,053
Less: accumulated depreciation	(447,564)	(282,015)
Less: exchange difference	—	—
	725,744	706,038

Depreciation expense for the three months ended September 30, 2023 and 2022 were \$ 48,559 and \$34,721, respectively.

Depreciation expense for the nine months ended September 30, 2023 and 2022 were \$ 184,090 and \$49,338, respectively.

NOTE – 11 AMOUNTS DUE TO RELATED PARTIES

Amounts due to related parties consisted of the following:

	September 30, 2023	December 31, 2022
Amounts due to related parties (a)	\$ 34,651	\$ 22,311

(a) The amounts represented temporary advances to the Company including related parties (two officers), which were unsecured, interest-free and had no fixed terms of repayments. On September 30, 2021, the Company received the notifications that the outstanding amounts of \$72,176 were forgiven by the related parties, the said amount was written off and accounted as capital transaction and therefore credited the additional paid in capital account as of December 31, 2021. The Company's due to related parties balance was \$34,651 and \$22,311 as of September 30, 2023 and December 31, 2022, respectively.

NOTE – 12 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable consisted of the following:

	September 30, 2023	December 31, 2022
Accounts payable	\$ 1,819,543	\$ 1,296,571
	—	43,360
Accrued liabilities and other payables- Related Party (a)	6,179,359	8,281,865
Accrued liabilities and other payables (b)	6,179,359	8,325,225
Other Accounts payable		
Total Accounts payable	\$ 7,998,902	\$ 9,621,796

Accounts payable includes significant third parties balance of \$ 532,752 acquired from Gorilla business through business combination on May 31, 2022.

(a) The amount represented due to one related party in respect to unpaid salaries and amounted to \$ 0 and \$3,360 as of September 30, 2023 and December 31, 2022, respectively.

(b) Accrued liabilities and other payables consisted of the following:

	September 30, 2023	December 31, 2022
Accrued payroll	\$ 107,708	\$ 1,023,549
Accrued VAT expenses	1,438	6,801
Accrued taxes	1,972,893	1,653,284
Customer deposit	573,346	1,155,695
Customer refund	1,063,989	1,146,409
Other payables (c)	1,352,533	994,213
Other accrual (d)	1,107,452	2,301,914
Total Accrued liabilities	<u><u>\$ 6,179,359</u></u>	<u><u>\$ 8,281,865</u></u>

(c) Included in these balances on September 30, 2023 and December 31, 2022 is a \$ 0 and \$75,000, respectively, accrual related to an accrued contingency associated with a lawsuit filed against the Company. In 2023, the Company settled this lawsuit for \$15,000.

(d) The September 30, 2023 and December 31, 2022, balance includes long term pension provision and other operation accruals.

NOTE – 13 LEASES

We adopted ASU No. 2016-02, - Leases, on January 1, 2019, the beginning of our fiscal 2019, using the modified retrospective approach. We determine whether an arrangement is a lease at inception. This determination generally depends on whether the arrangement conveys the right to control the use of an identified fixed asset explicitly or implicitly for a period of time in exchange for consideration. Control of an underlying asset is conveyed if we obtain the rights to direct the use of and to obtain substantially all of the economic benefit from the use of the underlying asset. Some of our leases include both lease and non-lease components which are accounted for as a single lease component as we have elected the practical expedient. Some of our operating lease agreements include variable lease costs, primarily taxes, insurance, common area maintenance or increases in rental costs related to inflation. Substantially all of our equipment leases and some of our real estate leases have terms of less than one year and, as such, are accounted for as short-term leases as we have elected the practical expedient.

Operating leases are included in the right-of-use lease assets, other current liabilities and long-term lease liabilities on the Consolidated Balance Sheet. Right-of-use assets and lease liabilities are recognized at each lease's commencement date based on the present values of its lease payments over its respective lease term. When a borrowing rate is not explicitly available for a lease, our incremental borrowing rate is used based on information available at the lease's commencement date to determine the present value of its lease payments. Operating lease payments are recognized on a straight-line basis over the lease term. We had no financing leases as of September 30, 2022 and December 31, 2022.

The Company used a weighted average incremental borrowing rate of 5.62% to determine the present value of the lease payments. The weighted average remaining life of the lease was 3.04 years.

During the year ended December 31, 2022, the Company enter into new lease arrangements, and accounted as per ASC Topic 842, the ROU asset and lease obligation of \$1,762,350.

The Company excluded short-term leases (those with lease terms of less than one year at inception) from the measurement of lease liabilities or right-of-use assets. The following tables summarize the lease expense, as follows:

	Nine months ended December 31,	
	2023	2022
Operating lease expense (per ASC 842)	\$ 422,785	\$ 221,440
Short-term lease expense (other than ASC 842)	93,651	—
Total lease expense	\$ 516,436	\$ 221,440

As of September 30, 2023, right-of-use assets were \$ 1,448,904 and lease liabilities were \$1,454,573.

As of December 31, 2022, right-of-use assets were \$ 1,537,670 and lease liabilities were \$1,541,064.

Components of Lease Expense

We recognize lease expense on a straight-line basis over the term of our operating leases, as reported within "general and administrative" expense on the accompanying consolidated statement of operations.

Future Contractual Lease Payments as of September 30, 2023

The below table summarizes our (i) minimum lease payments over the next five years, (ii) lease arrangement implied interest, and (iii) present value of future lease payments for the next three years ending September 30:

Years ended September 30,	Operating lease amount
2024	\$ 687,908
2025	607,074
2026	241,884
2027	217,879

2028	8,200
Total	1,762,945
Less: interest	(308,372)
Present value of lease liabilities	\$ 1,454,573
Less: non-current portion	(921,576)
Present value of lease liabilities – current liability	\$ 532,997

NOTE – 14 LOAN

	September 30, 2023	December 31, 2022
Loan – A (i)	22,383	28,164
	\$ 22,383	\$ 28,164

i) On August 17, 2021, the newly acquired subsidiary, Gorilla Networks Pte. Ltd., received a loan from a bank of SGD 50,000, approximately \$35,937 for a term of 60 months until August 31, 2026. The effective interest rate is 4.75%. For the three months ended September 30, 2023 and 2022, the Company recognized the interest expense of \$285 and \$365, respectively. For the nine months ended September 30, 2023 and 2022, the Company recognized the interest expense of \$917 and \$486, respectively.

NOTE – 15 SHAREHOLDERS' DEFICIT

Authorized stock

The Company is authorized to issue two classes of stock. The total number of shares of stock which the Company is authorized to issue is 100,000,000 shares of capital stock, consisting of 95,000,000 shares of common stock, \$0.0001 par value per share, and 5,000,000 shares of preferred stock, \$0.0001 par value per share.

The holders of the Company's common stock are entitled to the following rights:

Voting Rights: Each share of the Company's common stock entitles its holder to one vote per share on all matters to be voted or consented upon by the stockholders. Holders of the Company's common stock are not entitled to cumulative voting rights with respect to the election of directors.

Dividend Right: Subject to limitations under Nevada law and preferences that may apply to any shares of preferred stock that the Company may decide to issue in the future, holders of the Company's common stock are entitled to receive ratably such dividends or other distributions, if any, as may be declared by the Board of the Company out of funds legally available therefor.

Liquidation Right: In the event of the liquidation, dissolution or winding up of our business, the holders of the Company's common stock are entitled to share ratably in the assets available for distribution after the payment of all of the debts and other liabilities of the Company, subject to the prior rights of the holders of the Company's preferred stock.

Other Matters: The holders of the Company's common stock have no subscription, redemption or conversion privileges. The Company's common stock does not entitle its holders to preemptive rights. All of the outstanding shares of the Company's common stock are fully paid and non-assessable. The rights, preferences and privileges of the holders of the Company's common stock are subject to the rights of the holders of shares of any series of preferred stock which the Company may issue in the future.

Common stock outstanding

As of September 30, 2023 and December 31, 2022, the Company had a total of 31,089,593 and 27,082,849 shares of its common stock issued and outstanding, respectively.

On February 10, 2021, the Company effected a 750 for 1 stock split of the issued and outstanding shares of the Company's common stock. The number of authorized shares and par value remain unchanged. All share and per share information in this financial statements and footnotes have been retroactively adjusted for the periods presented, unless otherwise indicated, to give effect to the forward stock split.

On September 21, 2021, the Company effected a 1 for 2.5 stock split of the issued and outstanding shares of the Company's common stock. The number of authorized shares and par value remain unchanged. All share and per share information in this financial statements and footnotes have been retroactively adjusted for the periods presented, unless otherwise indicated, to give effect to the reverse stock split.

The forward stock split and reverse stock split described above had no effect on the stated value of the preferred stock, and the number of designated shares and outstanding shares of each series of preferred stock was unchanged in accordance with the respective certificate of designations. The number of authorized shares of preferred stock remained unchanged.

On November 8, 2021, the Company entered into an underwriting agreement with Maxim Group LLC, related to the offering of 2,888,889 shares of the Company's common stock (the "Firm Shares"), at a public offering price of \$9.00 per share. Under the terms of the Underwriting Agreement, the Company granted the Underwriters an option, exercisable for 45 days, to purchase an additional 236,111 shares of common stock (the "Option Shares") to cover over-allotments. The Company's common stock was listed on the Nasdaq Capital Market on November 9, 2021 and began trading on such date. The closing (the IPO Closing.) of the offering and sale of the Firm Shares and the sale of 236,111 Option Shares occurred on November 12, 2021. Aggregate gross proceeds from the closing related to the Firm Shares and the Option Shares was \$26,000,001 and \$2,124,999, respectively. The Company incurred expenses of \$2,677,846 in connection with the IPO.

Upon the closing of the IPO, all outstanding shares of preferred stock series A, B, B-1, C and C-1 were automatically converted into 888,889 shares, 764,400 shares, 48,000 shares, 465,600 shares and 4,195,200 shares of the Company's common stock for the value of \$8,000,000, \$3,412,503,

\$466,720, \$8,353,373 and \$5,536,832, respectively.

During the nine months ended September 30, 2023 and 2022, the Company issued 2,497 and 0 shares of its common stock in exchange for SOPA Technology Pte. Ltd.'s 0.08% non-controlling interest at \$22,470 and valued it at par as there was no change in the control over the subsidiary.

On February 8, 2022, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Maxim Group LLC (the "Underwriter"), related to the offering of 3,484,845 shares including over-allotment (the "Shares") of the Company's common stock. Each Share was sold together with one Warrant to purchase one Share at a combined offering price of \$3.30.

During the three and nine months ended September 30, 2023, no warrants were exercised.

During the three months ended September 30, 2022, no warrants were exercised. During the nine months ended September 30, 2022, a total of 70,791 warrants were exercised in exchange to 187,300 shares of its common stock for the value of \$412,890.

During the three months ended September 30, 2023 and 2022, the Company issued 2,000,000 and 617,332 shares of common stock to consultants in exchange for consulting services value at \$929,625 and \$1,827,489, respectively.

During the nine months ended September 30, 2023 and 2022, the Company issued 2,196,078 and 1,103,332 shares of common stock to consultants in exchange for consulting services value at \$1,625,759 and \$5,154,401, respectively.

During the three months ended September 30, 2023 and 2022, the Company issued 454,540 and 37,229 shares of common stock to six of its employees as compensation valued at \$241,332 and \$69,000, respectively.

During the nine months ended September 30, 2023 and 2022, the Company issued 849,412 and 92,026 shares of common stock to six of its employees as compensation valued at \$558,655 and \$217,219, respectively.

During three months ended September 30, 2023 and 2022, the Company issued 177,814 and 609,327 shares of common stock to acquire subsidiaries valued at \$62,500 and \$1,176,002, respectively.

During nine months ended September 30, 2023 and 2022, the Company issued 177,814 and 876,560 shares of common stock to acquire subsidiaries valued at \$62,500 and \$2,059,242, respectively.

During the three and nine months ended September 30, 2022, the Company issued 13,273 shares of common stock to Brugau Pte. Ltd. and Cory Bentley to make up for shortfalls in original issuances pursuant to the terms of the agreements with Brugau Pte Ltd and Cory Bentley, valued at \$119,457.

In February 2022, the Company issued 226,629 shares of common stock in exchange for 100% non-controlling interest of its subsidiary New Retail Experience Incorporated, at \$3.53 per share, total amounting to \$ 800,000 and valued it at par as there was no change in the control over the subsidiary.

In May 2022, the Company issued partial first tranche 40,604 shares of its common stock for share exchange with the subsidiary's 100% controlling interest at \$2.05, total amounting to \$1,000,000 less assumed liabilities of \$ 661,215 and valued it at par as there was no change in the control over the subsidiary. As of June 30, 2022 the accrued consideration liability outstanding is approximately \$255,000.

Warrants

In August 2019, the Company issued 21,000 warrants to purchase 21,000 shares of its common stock to one employee as compensation for his services to the Company, at a fair value of \$17,500. Each warrant is convertible into one share of common stock at an exercise price of \$ 0.0001 per share. The warrants will expire on the second (2nd) anniversary of the initial date of issuance. As at December 31, 2019, none of the warrants have been exercised. 21,000 shares were fully exercised during the year ended December 31, 2020.

In December 2020, the Company issued a certain number of warrants pursuant to the Series C-1 Subscription Agreement. Each redeemable warrant allows the holder to purchase one C-1 preferred stock at a price of \$420 per share. The warrants shall be exercisable on or before December 31, 2020, 2021 and 2022. During the three and nine months ended September 30, 2023, no warrants was issued.

Below is a summary of the Company's issued and outstanding warrants as of September 30, 2023 and December 31, 2022:

	Warrants	Weighted average exercise price	Weighted average remaining contractual life (in years)
Outstanding as of December 31, 2021	148,305	\$ 20.57	4.88
Issued (a)	3,728,784	\$ 3.28	2.92
Exercised	(79,601)	\$ 3.28	0.5
Expired	(3,560)	\$ 420	—
Expired	—	—	—
Outstanding as of December 31, 2022	3,793,928	\$ 3.565	3.05
Issued	—	—	—
Exercised	—	\$ —	—
Expired	—	—	—
Outstanding as of September 30, 2023	3,793,928	\$ 3.565	3.05

There is no intrinsic value for the warrants as of September 30, 2023 and December 31, 2022.

(a) Common stock will be issued upon warrants exercise of the 3,649,484 warrants having no intrinsic value as of December 31, 2022.

On April 19, 2021, the Company extended the expiry date of the Warrant issued to the Series C-1 Preferred Stockholder by six months from June 30, 2021 to December 31, 2021. Further, on November 16, 2021, the Company extended the expiry date of the Warrant issued to the Series C-1 Preferred Stockholder by six months from December 31, 2021 to June 30, 2022. The Company considered this warrant as permanent equity per ASC Topic 815-

40-35-2, the warrants would not be marked to market at each financial reporting date. However, where there is a subsequent change in assumptions related warrants (in the instant case, an extension of the expiration date of the warrants), the difference between the amount originally recorded and the newly calculated amount, based upon the changed assumptions, is determined and the difference between the before and after valuation is recorded as an expense, with the corresponding credit to additional paid-in capital. No additional warrants modification expense was recorded as of September 30, 2023 and December 31, 2022, respectively.

The Company determined the fair value using the Black-Scholes option pricing model with the following assumptions

Schedule of Stock options assumptions

	<u>Before modification</u>	<u>After Modification</u>
Dividend rate	0%	0%
Risk-free rate	0.06%	0.12%
Weighted average expected life (years)	9 months	18 months
Expected volatility	25%	25%
Exercise price	\$ 1.4	\$ 1.4

The Company considered 25% volatility as from inception through the date of the Company common stocks.

Director's Stock option

On December 8, 2021, the Board of Directors approved a grant to Dennis Nguyen of a 10-year stock option to purchase 1,945,270 shares of common stock at an exercise price of \$6.49 per share that are vested and are exercisable at any time.

Schedule of Stock Option

	<u>Share option</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual life (in years)</u>
Outstanding as of December 31, 2020	—	—	—
Granted	1,945,270	\$ 6.49	10
Exercised	—	—	—
Expired	—	—	—
Outstanding as of December 31, 2021	1,945,270	\$ 6.49	9.25
Granted	—	—	—
Exercised	—	—	—
Expired	—	—	—
Outstanding as of December 31, 2022	1,945,270	\$ 6.49	9

The total fair value of options vested during the nine months ended September 30, 2023 and 2022 was \$0 and \$0 respectively.

The Company determined the fair value using the Black-Scholes option pricing model with the following assumptions for the nine months ended September 30, 2023 and 2022:

	<u>December 8, 2021</u>
Dividend rate	0%
Risk-free rate	1.52%
Weighted average expected life (years)	10 years
Expected volatility	130%
Share price	\$ 6.49

Director's stock awards

	<u>Stock awards</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual life</u>
Unvested as of December 31, 2021	651,960	\$ 7.65	1.67 years
Issued	—	—	—
Vested	(325,980)	7.65	—
Cancelled	—	—	—
Unvested as of December 31, 2022	325,980	\$ 7.65	0.92 years
Issued	—	—	—
Vested	—	—	—
Cancelled	—	—	—
Unvested as of September 30, 2023	325,980	\$ 7.65	0.92 years

Below are the unvested shares vesting schedule at future years:

Year ended December 31 2023	325,980
Total	325,980

The Company issued 814,950 shares of its common stock on September 1, 2021 ("start date") of which 651,960 shares shall be subject to vesting. The shares shall vest in accordance with the following vesting schedule: 162,990 vesting shares will vest every six-months for a two-year period from the start date, with the first vesting date being March 1, 2022. For the three months ended September 30, 2023 and 2022, the Company recognized the amortization of stock compensation expense of \$149,625 and \$634,239, respectively. For the nine months ended September 30, 2023 and 2022, the Company recognized the amortization of stock compensation expense of \$645,750 and \$2,437,092, respectively. The remaining unamortized vesting expenses in 0.17 years which estimated with a cost of \$346,500.

NOTE – 16 PREFERRED STOCKS AND WARRANTS

As of September 30, 2023 and December 31, 2022, the Company's preferred stocks have been designated as follow:

	No. of shares	Stated Value
Series A Convertible Preferred Stock	10,000	\$ 1,000
Series B Convertible Preferred Stock	10,000	\$ 1,336
Series B-1 Convertible Preferred Stock	15,000	\$ 2,917
Series C Convertible Preferred Stock	15,000	\$ 5,763
Series C-1 Convertible Preferred Stock	30,000	\$ 420
Series X Super Voting Preferred Stock	3,500	\$ 0.0001

All of the Series A, B, B-1, C, and C-1 Preferred Shares were issued at a value of respective stated value per share. These all Series of Preferred Shares contain a conversion option, are convert into a fixed number of common shares or redeemable with the cash repayment at the liquidation, so as a result of this liquidation preference, under U.S GAAP, the Company has classified all these Series of Preferred Shares within mezzanine equity in the consolidated balance sheet.

Series X Super Voting Preferred Stock was issued a par value per share. This Series of Preferred Shares does not contain a conversion option, so as a result of this liquidation preference, under U.S GAAP, the Company has classified this Series of Preferred Shares within permanent equity in the consolidated balance sheet.

Voting Rights: (1) The affirmative vote of at least a majority of the holders of each series of preferred stock shall be necessary to:

- (a) increase or decrease the par value of the shares of the Series A Preferred Stock, alter or change the powers, preferences or rights of the shares of Series A Preferred Stock or create, alter or change the powers, preferences or rights of any other capital stock of the Company if after such alteration or change such capital stock would be senior to or pari passu with Series A Preferred Stock; and
- (a) adversely affect the shares of Series A Preferred Stock, including in connection with a merger, recapitalization, reorganization or otherwise.

(2) The affirmative vote of at least a majority of the holders of the shares of the Series A Preferred Stock shall be necessary to:

- (a) enter into a transaction or series of related transactions deemed to be a liquidation, dissolution or winding up of the Corporation, or voluntarily liquidate or dissolve;
- (b) authorize a merger, acquisition or sale of substantially all of the assets of the Company or any of its subsidiaries (other than a merger exclusively to effect a change of domicile of the Company to another state of the United States);
- (c) increase or decrease (other than decreases resulting from conversion of the Series A Preferred Stock) the authorized number of shares of the Company's preferred stock or any series thereof, the number of shares of the Company's common stock or any series thereof or the number of shares of any other class or series of capital stock of the Company; and
- (d) any repurchase or redemption of capital stock of the Company except any repurchase or redemption at cost upon the termination of services of a service provider to the Company or the exercise by the Company of contractual rights of first refusal as applied to such capital stock.

Dividend Rights: The holders of the Company's preferred stock are not entitled to any dividend rights.

Conversion Rights (Series A Preferred Stock): Upon the consummation of this offering, the issued and outstanding shares of Series A Preferred Stock automatically convert into a number of shares of the Company's common stock equal to the quotient obtained by dividing (x) the aggregate Stated Value of the issued and outstanding Series A Preferred Stock plus any other amounts due to the holders thereof divided by (y) the offering price of the Company's common stock. If 90 days after conversion, the closing market price of the Company's common stock as quoted on Nasdaq (the "Market Value") has decreased below the initial public offering price, each holder of the Series A Preferred Stock shall be issued a warrant to purchase a number of shares of the Company's common stock equal to 40% of the quotient of the (a) aggregate Stated Value held by such holder before conversion at the initial public offering price and the Market Value of the shares of common stock that were issuable upon conversion divided by (b) the Market Value. The warrants shall have a term of five years and shall be exercisable at the Market Value.

Conversion Rights (Preferred Stock other than Series A and Series X Super Voting Preferred Stock): Upon the consummation of this offering, each issued and outstanding share of Series B Preferred Stock, Series B-1 Preferred Stock, Series C Preferred Stock and Series C-1 Preferred Stock will automatically convert into 750 shares of the Company's common stock. Series X Super Voting Preferred stock shall not have any rights to convert into the Company's common stock.

Liquidation Rights: In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary (a "Liquidation Event"), the holders of each series of preferred stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Company's common stock by reason of their ownership thereof, an amount per share in cash equal to the greater of (x) the aggregate Stated Value for all shares of such series of Preferred Stock then held by them or (y) the amount payable per share of the Company's common stock which such holder of preferred stock would have received if such holder had converted to common stock immediately prior to the Liquidation Event all of such series of preferred stock then held by such holder (the "Series Stock Liquidation Preference"). If, upon the occurrence of a Liquidation Event, the funds thus distributed among the holders of the preferred stock shall be insufficient to permit the payment to the holders of the

preferred stock the full Series Stock Liquidation Preference for all series, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the preferred stock in proportion to the aggregate Series Liquidation Preferences that would otherwise be payable to each of the holders of preferred stock. Such payment shall constitute payment in full to the holders of the preferred stock upon the Liquidation Event. After such payment shall have been made in full, or funds necessary for such payment shall have been set aside by the Company in trust for the account of the holders of preferred stock, so as to be immediately available for such payment, such holders of preferred stock shall be entitled to no further participation in the distribution of the assets of the Company. The sale of all or substantially all of the assets of the Company, or merger, tender offer or other business combination to which the Company is a party in which the voting stockholders of the Company prior to such transaction do not own a majority of the voting securities of the resulting entity or by which any person or group acquires beneficial ownership of 50% or more of the voting securities of the Company or resulting entity shall be deemed to be a Liquidation Event.

Other Matters: The holders of the Company's preferred stock have no subscription or redemption privileges and are not subject to redemption. The Company's Series Preferred Stock does not entitle its holders to preemptive rights. All of the outstanding shares of the Company's preferred stock are fully paid and non-assessable.

Series A Preferred Shares

No Series A Preferred Stocks were issued during the three and nine months ended September 30, 2023 and 2022.

Upon the IPO Closing, all outstanding shares of Series A Preferred Stocks were automatically converted into 888,889 shares of the Company's common stock valued at \$8,000,000, equal to approximately \$9 per share.

As of September 30, 2023 and December 31, 2022, there were no shares of Series A Preferred Stocks issued and outstanding, respectively.

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Series B Preferred Stocks

No Series B Preferred Stocks were issued during the three and nine months ended September 30, 2023 and 2022.

Upon the IPO Closing, all outstanding shares of Series B Preferred Stock were automatically converted into 764,400 shares of the Company's common stock valued at \$3,412,503, equal to approximately \$4.46 per share.

As of September 30, 2023 and December 31, 2022, there were no shares of Series B Preferred Stocks issued and outstanding, respectively.

Series B-1 Preferred Shares

There was no Series B-1 Preferred Stocks issued during the three and nine months ended September 30, 2023 and 2022.

During the year ended December 31, 2020, the Company issued 40 shares of its Series B-1 Preferred Stocks for the consulting services rendered valued at \$116,680, equal to approximately \$2,917 per share.

Upon the IPO Closing, all outstanding shares of Series B-1 Preferred Stocks were automatically converted into 48,000 shares of the Company's common stock valued at \$466,720, equal to approximately \$9.72 per share.

As of September 30, 2023 and December 31, 2022, there were no shares of Series B-1 Preferred Stocks issued and outstanding, respectively.

Series C Preferred Shares

No Series C Preferred Stocks were issued during the three and nine months ended September 30, 2023 and 2022.

Upon the IPO Closing, all outstanding shares of Series C Preferred Stocks were automatically converted into 465,600 shares of the Company's common stock valued at \$8,353,373, equal to approximately \$17.9 per share.

As of September 30, 2023 and December 31, 2022, there were no shares of Series C Preferred Stocks issued and outstanding, respectively.

Series C-1 Preferred Shares

The Company accounts for warrants issued in accordance with the guidance on "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" in Topic 480. These warrants did not meet the criteria to be classified as a liability award and therefore were treated as an equity award and classified the Series C-1 Preferred Stocks within mezzanine equity in the consolidated balance sheet.

Upon the IPO Closing, all outstanding shares of Series C-1 Preferred Stocks were automatically converted into 4,195,200 shares of the Company's common stock valued at \$5,536,832, equal to approximately \$1.21 per share.

As of September 30, 2023 and December 31, 2022, there were no shares of Series C-1 Preferred Stocks issued and outstanding, respectively.

Series X Super Voting Preferred Shares

In August 2021, the Company created a new series of preferred stock titled "Series X Super Voting Preferred Stock", at par value, consisting of 2,000 shares. The Series X Super Voting Preferred Stock carries certain rights and privileges (including but not limited to the right to 4,000 votes per share) to vote on all matters that may come before the stockholders of the Corporation, voting together with the common stock as a single class on all matters to be voted or consented upon by the stockholders but is not entitled to any dividends, liquidation preference or conversion or redemption rights. The Series X Super Voting Preferred Stock is accounted for as an equity classification.

As of September 30, 2023 and December 31, 2022, there were 3,500 and 3,500 shares of Series X Super Voting Preferred Stocks issued and outstanding, respectively.

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NOTE – 17 TREASURY STOCK

On January 25, 2023, the Board of Directors ("Board") authorized a \$ 2,000,000 share repurchase program. The following table presents information with respect to repurchases of common stock during the nine months ended September 30, 2023 and 2022:

	Nine Months ended September 30,	
	2023	2022
Aggregate common stock repurchased	\$ 611,605	\$ —
Weighted average price paid per share	1.0473	—
Total amount paid	<u><u>\$ 640,525</u></u>	<u><u>\$ —</u></u>

As of September 30, 2023, we had up to \$ 1,359,475 of the share repurchase program available. Under the share repurchase program, repurchases can be made from time to time using a variety of methods, which may include open market purchases, privately negotiated transactions or otherwise, all in accordance with the rules of the SEC and other applicable legal requirements. The timing and amount of any shares of our common stock that are repurchased under the share repurchase program will be determined by our management based on market conditions and other factors. The share repurchase program does not obligate us to acquire any particular amount of common stock, and may be modified, suspended or discontinued at any time or from time to time at our discretion.

NOTE – 18 INCOME TAXES

For the nine months ended September 30, 2023 and 2022, the local ("Nevada") and foreign components of loss before income taxes were comprised of the following:

	Nine Months ended September 30,	
	2023	2022
Tax jurisdiction from:		
- Local	\$ 7,699,267	\$ 18,240,202
- Foreign	4,915,808	5,998,429
Loss before income taxes	<u><u>\$ 12,615,075</u></u>	<u><u>\$ 24,238,631</u></u>

The provision for income taxes consisted of the following:

	Nine Months ended September 30,	
	2023	2022
Current:		
- United States	\$ —	\$ —
- Singapore	—	—
- Vietnam	—	—
- India	1,809	2,835
- Philippine	—	—
- Indonesia	605	—
- Thailand	—	—
- Malaysia	—	—
Deferred:		
- United States	—	—
- Singapore	—	—
- Vietnam	—	—
- India	—	—
- Philippine	—	—
- Indonesia	—	—
- Thailand	—	—
- Malaysia	—	—
Income tax expense	<u><u>\$ 2,414</u></u>	<u><u>\$ 2,835</u></u>

The effective tax rate in the years presented is the result of the mix of income earned in various tax jurisdictions that apply a broad range of income tax rate. The Company operates in various countries: Singapore and Vietnam that are subject to taxes in the jurisdictions in which they operate, as follows:

United States

The Company is registered in the Nevada and is subject to the tax laws of United States.

As of September 30, 2023, the operation in the U.S. incurred \$ 30,412,638 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards has no expiration.

The Company has provided for a full valuation allowance against the deferred tax assets of \$ 6,386,654 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

Singapore

The Company's subsidiary is registered in the Republic of Singapore and is subject to the tax laws of Singapore.

As of September 30, 2023, the operation in the Singapore incurred \$ 8,406,035 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards has no expiration. The Company has provided for a full valuation allowance against the

deferred tax assets of \$1,429,026 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

Vietnam

The Company's subsidiary operating in Vietnam is subject to the Vietnam Income Tax at a standard income tax rate of 20% during its tax year.

As of September 30, 2023, the operation in the Vietnam incurred \$ 4,444,831 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards begin to expire in 2026, if unutilized. The Company has provided for a full valuation allowance against the deferred tax assets of \$888,966 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

India

The Company's subsidiary operating in India is subject to the India Income Tax at a standard income tax rate of 25% during its tax year.

As of September 30, 2023, the operation in the India incurred \$ 7,186 of net operating gain. The Company has provided for a full tax effect allowance against the current and deferred tax expenses of \$13.

Indonesia

The Company's subsidiary is registered in Indonesia and is subject to the tax laws of Indonesia.

As of September 30, 2023, the Company's subsidiary operations in Indonesia incurred \$ 702,450 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards have no expiration. The Company has provided for a full valuation allowance against the deferred tax assets of \$154,539 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

Philippines

The Company's subsidiary is registered in the Philippines and is subject to the tax laws of the Philippines.

As of September 30, 2023, the Company's subsidiary operations in Philippines incurred \$ 911,139 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards have no expiration. The Company has provided for a full valuation allowance against the deferred tax assets of \$227,785 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

Thailand

The Company's subsidiary is registered in Thailand and is subject to the tax laws of Thailand.

As of September 30, 2023, the Company's subsidiary operations in Thailand incurred \$ 918,458 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards have no expiration. The Company has provided for a full valuation allowance against the deferred tax assets of \$183,692 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

Malaysia

The Company's subsidiary is registered in Malaysia and is subject to the tax laws of Malaysia.

As of September 30, 2023, the operation in the Malaysia incurred \$ 19,005 of cumulative net operating losses which can be carried forward to offset future taxable income. The net operating loss carryforwards have no expiration. The Company has provided for a full valuation allowance against the deferred tax assets of \$4,561 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

Deferred tax assets and liabilities are recognized for future tax consequences between the carrying amounts of assets and liabilities and their respective tax basis using enacted tax rates in effect for the tax year in which the differences are expected to reverse. Significant deferred tax assets and liabilities of the Company as of September 30, 2023 and December 31, 2022 consist of the following:

Schedule of Deferred Tax Assets and Liabilities

	September 30, 2023	December 31, 2022
Deferred tax assets:		
Software intangibles (U.S.)	\$ 150,465	\$ 261,555
Deferred Stock Compensation (U.S.)	5,864,670	7,539,329
ROU net liability	—	248
Net operating loss carryforwards		
- United States	6,386,654	4,791,994
- Singapore	1,429,026	975,690
- Vietnam	888,966	563,376
- India	—	—
- Philippines	227,785	144,211
- Indonesia	154,539	85,450
- Thailand	183,692	139,940
- Malaysia	—	—
Less: valuation allowance	15,285,796	14,503,793
Deferred tax assets, net	\$ —	\$ —

The Internal Revenue Code includes a provision, referred to as Global Intangible Low-Taxed Income ("GILTI"), which provides for a 10.5% tax on certain income of controlled foreign corporations. We have elected to account for GILTI as a period cost if and when occurred, rather than recognizing deferred taxes for basis differences expected to reverse.

The Company is subject to taxation in the U.S. and various foreign jurisdictions. U.S. federal income tax returns for 2018 and after remaining open to examination. We and our subsidiaries are also subject to income tax in multiple foreign jurisdictions. Generally, foreign income tax returns after 2017 remain open to examination. No income tax returns are currently under examination. As of September 30, 2023 and December 31, 2022, the Company does not have any unrecognized tax benefits, and continues to monitor its current and prior tax positions for any changes. The Company recognizes penalties and interest related to unrecognized tax benefits as income tax expense. For the three and nine months ended September 30, 2023 and 2022, there were no penalties or interest recorded in income tax expense.

NOTE – 19 PENSION COSTS

The Company is required to make contribution to their employees under a government-mandated defined contribution pension scheme for its eligible full-time employees in all countries operating in the Company. The Company is required to contribute a specified percentage of the participants' relevant income based on their ages and wages level. During the three months ended September 30, 2023 and 2022, \$22,139 and \$25,424 contributions were made accordingly. During the nine months ended September 30, 2023 and 2022, \$228,112 and \$71,186 contributions were made accordingly.

NOTE – 20 RELATED PARTY TRANSACTIONS

From time to time, a shareholder and director of the Company advanced funds to the Company for working capital purposes. Those advances are unsecured, non-interest bearing and due on demand.

The Company paid and accrued to the director and key management personnel, the total salaries of \$ 242,500 and \$0 and \$255,560 and \$0 during the three months ended September 30, 2023 and 2022, respectively.

The Company paid and accrued to the director and key management personnel, the total salaries of \$ 727,500 and \$0 and \$851,679 and \$0 during the nine months ended September 30, 2023 and 2022, respectively.

The Company issued 159,032 and 0 shares of Common stock, at the price of \$ 1.57 and \$0 for the stock based compensation to a key management personnel during the nine months ended September 30, 2023 and 2022, respectively.

The Company accrued 432,361 and 834,972 shares to directors and key management personnel, the total share option of \$ 677,036 and \$1,307,486 during the nine months ended September 30, 2023 and 2022, respectively.

The Company subsidiary paid their officer, total professional fee of \$ 2,205 and \$4,604 during the three months ended September 30, 2023 and 2022, respectively.

The Company subsidiary paid their officer, total professional fee of \$ 7,470 and \$10,203 during the nine months ended September 30, 2023 and 2022, respectively.

The Company paid and accrued to its shareholders, total professional fee of \$ 200,000 and \$0 and \$378,785 and \$123,412 during the nine months ended September 30, 2023 and 2022, respectively. Including in the above the Company issued 196,078 shares of \$200,000 and \$0 during the nine months ended September 30, 2023 and 2022, respectively.

Apart from the transactions and balances detailed elsewhere in these accompanying consolidated unaudited condensed financial statements, the Company has no other significant or material related party transactions during the periods presented.

NOTE – 21 CONCENTRATIONS OF RISK

The Company is exposed to the following concentrations of risk:

(a) Major customers

For the three and nine months ended September 30, 2023 and 2022, respectively, the customers who accounted for 10% or more of the Company's revenues and its outstanding receivable balances at year-end dates, are presented as follows:

<u>Customer</u>	Three months ended September 30, 2023		September 30, 2023
	Revenues	Percentage of revenues	
Customer A	\$ 920,495	41%	\$ 295,056
Nine months ended September 30, 2023			
<u>Customer</u>	Revenues		September 30, 2023
	Percentage of revenues	Accounts receivable	
Customer A	\$ 2,947,566	45%	\$ 295,056
Three months ended September 30, 2022			
<u>Customer</u>	Revenues		September 30, 2023
	Percentage of revenues	Accounts receivable	
Customer A	\$ 1,105,456	37%	\$ —

Customer	Nine months ended September 30, 2022		September 30, 2023
	Revenues	Percentage of revenues	Accounts receivable
Customer A	\$ 1,105,456	43%	\$ —

(b) Major vendors

For the three and nine months ended September 30, 2023 and 2022, respectively, the vendors who accounted for 10% or more of the Company's cost of sales and its outstanding payable balances at year-end dates, are presented as follows:

Vendor	Three months ended September 30, 2023		September 30, 2023
	Purchase	Percentage of purchases	Accounts payable
Vendor A	\$ 250,286	15%	\$ —
Nine months ended September 30, 2023			
Vendor	Purchase	Percentage of purchase	Accounts payable
	\$ 733,301	16%	\$ —

For the three and nine months ended September 30, 2022, there is no vendor accounts for 10% or more of the Company's cost of revenue.

(c) Credit risk

Financial instruments that are potentially subject to credit risk consist principally of trade receivables. The Company believes the concentration of credit risk in its trade receivables is substantially mitigated by its ongoing credit evaluation process and relatively short collection terms. The Company does not generally require collateral from customers. The Company evaluates the need for an allowance for doubtful accounts based upon factors affecting the credit risk of specific customers, historical trends and other information.

(d) Exchange rate risk

The reporting currency of the Company is US\$, to date the majority of the revenues and costs are denominated in VND, SGD, PHP, INR, IDR, MYR and THB and a significant portion of the assets and liabilities are denominated in VND, SGD, INR, IDR, MYR and THB. As a result, the Company is exposed to foreign exchange risk as its revenues and results of operations may be affected by fluctuations in the exchange rate between US\$ and VND, SGD, PHP, INR, IDR, MYR and THB. If VND, SGD, PHP, INR, IDR, MYR and THB depreciate against US\$, the value of VND, SGD, PHP, INR, IDR, MYR and THB revenues and assets as expressed in US\$ financial statements will decline. The Company does not hold any derivative or other financial instruments that expose us to substantial market risk.

(e) Economic and political risks

The Company's operations are conducted in the Republic of Vietnam. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in Vietnam, and by the general state of Vietnam economy.

The Company's operations in Vietnam and India are subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in Vietnam and India, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion, remittances abroad, and rates and methods of taxation.

NOTE – 22 COMMITMENTS AND CONTINGENCIES

As of September 30, 2023, the Company had no material commitments or contingencies except the followings.

The Company is currently litigating three cases pending in the Supreme Court for the State of New York, New York County.

Two cases are employment actions filed by former employees who seek compensation alleged to be due pursuant to agreements with the Company. Both of the employees are represented by the same counsel and filed their cases in the Supreme Court of the State of New York, County of New York, in December 2019.

In one of those actions, brought by Rahul Narain, a former employee claims entitlement to compensation and a bonus totaling \$ 566,000 and 130-195 shares of Company common stock, together with costs. For the 130 shares he contends were not delivered, he alleges damages of approximately \$750,000. The Company responded to the complaint and also asserted counterclaims in the proceeding for \$ 1,500,000 to \$4,000,000 plus punitive damages, together with interest and costs, arising from, *inter alia*, the former employee's breach of contract, unfair competition, misappropriation of trade secrets and breach of fiduciary duty. The former employee has responded to the Company's counterclaims and discovery has been conducted. The discovery phase is now over. The Company filed a motion for partial summary judgment to dismiss Rahul Narain's claims for damages associated with the 130-195 shares of the Company's common stock. Rahul Narain has filed a motion for partial summary judgment on his claims for compensation and for damages he alleges associated with his contention that the Company did not deliver the shares of common stock under a warrant. In that motion he seeks the monetary value of that stock, which he contends is \$749,190 plus interest, and also seeks partial summary judgment for his claim seeking

\$566,000 in compensation, specifically to the motion, he seeks \$ 60,000. His motion also seeks to dismiss the Company's counterclaims. Rahul Narain has also filed a motion in limine to preclude the Company's expert witness as to damages for some of the Company's counterclaims.

In the other employment action, brought by Thomas O'Connor, a former employee, and CVO Advisors Pte. Ltd., involves claims of entitlement to salary payments and expense reimbursement in the amount of \$122,042.60, plus liquidated damages, together with costs. This former employee also made claims based on a failure to deliver between 1,721 and 2,536 shares of the Company's common stock. For the 1,721 shares of stock which he contends were not delivered, he alleges damages of \$9,918,000. In addition, this action also includes claims by a plaintiff-entity alleging entitlement to \$ 8 million in shares of the Company's Series A Preferred stock. The Company responded to the complaint and also asserted counterclaims against the former employee in the proceeding for \$1,500,000 to \$2,000,000 plus punitive damages, together with costs, arising from, *inter alia*, the former employee's breach of contract, breach of fiduciary duty, tortious interference and fraud. The former employee has responded to the Company's counterclaims and this action is still in the discovery phase of litigation. Thomas O'Connor has filed a motion to strike the Company's answer and counterclaims or in the alternative precluding Society Pass from offering evidence or for a Conditional Order for production. That motion is fully briefed and is set for oral argument on March 6, 2023. Thomas O'Connor has also filed a motion for partial summary judgment on his cause of action regarding the 1,721 shares of stock that were allegedly not delivered and is seeking the cash value of those shares.

The third case also involves one of those former employees, Thomas O'Connor; therein, a Company affiliate filed suit in February 2020 seeking enforcement, by way of specific performance, of an agreement which entitles the affiliate to purchase all of the 99 percent of the shares of the plaintiff-entity which alleges entitlement to \$8 million in shares of the Company's Series A Preferred Stock in one of the employment actions described above. The former employee has responded to the Company's complaint in this action with a motion to dismiss, which was later withdrawn by same, and then by way of an answer without counterclaims. The case has been reassigned to a new Judge and we have requested a preliminary conference. However, no preliminary conference has yet been Ordered. As these matters are in the discovery and pre-discovery phases, and/or have summary judgment motions being briefed it is too early to assess the likelihood of success. The Company denies the accusations by both O'Connor and Narain and intends to vigorously defend these matters.

A prior action captioned SOSV IV LLV v. Society Pass Inc., et al., Supreme Court of the State of New York, County of New York, Index 650271/2022 has recently been settled and discontinued.

The Company disputes each claim in the above referenced matters and intends to defend the pending actions noted above. The ultimate outcome of any damages that may become payable if its defense is unsuccessful in whole or in part is not probable nor estimable at this time. While the Company feels confident in its defense of these pending matters, there can be no assurance that it will prevail and that any damages that may be awarded will not be material to the results of operations or financial condition of the Company.

The Company does not believe any of the foregoing actions will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

NOTE – 23 SUBSEQUENT EVENTS

In accordance with ASC Topic 855, " *Subsequent Events* ", which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before unaudited condensed financial statements are issued, the Company has evaluated all events or transactions that occurred after September 30, 2023, up through August 7, 2023, the Company issued the unaudited condensed consolidated financial statements.

On October 5, 2023, the Company entered into a structured financing agreement (the "Agreement") with Strattners FZCO ("Strattners"). Pursuant to the Agreement, the Company shall have the right, but not the obligation, to offer and sell to Strattners up to \$40,000,000 shares of common stock, par value \$0.0001 per share of the Company, at the Company's request any time during the commitment period commencing on October 5, 2023 (the "Effective Date") and terminating on the first day of the month next following the 36-month anniversary of the Effective Date.

On October 25, 2023, Sopa Technology Pte Ltd disposed its wholly owned subsidiaries Hottab Pte Ltd and Hottab Vietnam Company Limited to Thoughtful Media Group Inc for a consideration of SGD 102,932, for internal group restructuring.

On October 18, 2023, Thoughtful Media Group Inc incorporated a wholly owned subsidiary in Malaysia, Thoughtful Media (Malaysia) Sdn Bhd with registered capital MYR 1, which principal activity was the develop digital marketing in Malaysia market.

On October 5, 2023, the Company's Chairman and the Chief Executive Officer resigned. The former executive entered into a Transition, Release and Consulting Agreement with the Company that will require the former executive to provide consulting services through December 31, 2025 (the "Consulting Term") including providing support and advice on strategies related to potential fundraising activities, mergers and acquisitions and other strategic matters that may arise for the Company and consulting on trends and emerging innovations in the Company's lines of business. During the Consulting Term, the Company shall pay Executive \$1,500,000 on 5 October 2023 for services from the period from 5 October 2023 through 31 December 2023, \$500,000 on 1 January 2024 for services during the remainder of the Consulting Term as consideration for the Consulting Services.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Form 10-Q contains forward-looking statements rather than historical facts that involve risks and uncertainties. You can identify these statements by the use of forward- looking words such as "may," "will," "expect," "anticipate," "estimate," "continue" or other similar words. Such forward-looking statements discuss our current expectations of future results of operations or financial condition. However, there may be events in the future that we are unable to accurately predict or control and there may be risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements, which could have a material adverse effect on our business, operating results and financial condition. The forward-looking statements included herein are only made as of the date of the filing of this Form 10-Q, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

BASIS OF PRESENTATION

The following discussion should be read in conjunction with the financial information included elsewhere in this Quarterly Report on Form 10-Q (this "Report"), including our unaudited condensed consolidated financial statements and the related notes and with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 23, 2023, Quarterly Report on Form 10-Q for the three months ended March 31, 2023, as filed with the SEC on May 11, 2023, Quarterly Report on Form 10-Q for the three months ended June 30, 2023, as filed with the SEC on August 10, 2023 and other reports that we file with the SEC from time to time.

References in this Quarterly Report on Form 10-Q to "us", "we", "our" and similar terms refer to Society Pass Incorporated.

Overview

We are, through the acquisition and operation of e-commerce platforms and mobile applications through our direct and indirect wholly or majority-owned subsidiaries, building the next generation digital ecosystem and loyalty platform in Southeast Asia ("SEA") primarily Singapore, Thailand, Indonesia, Vietnam and the Philippines.

The companies by the Company form the Society Pass Group (the "Group"). The Group currently markets to both consumers and merchants in SEA while maintaining an administrative headquarters in Singapore and a software development center in the Philippines. We continue to expand our e-commerce ecosystem throughout the rest of SEA by making selective acquisitions of leading e-commerce companies and applications with particular focuses on Vietnam, Thailand, Indonesia and the Philippines of SEA. Material acquisitions include:

- In February 2021, we acquired an online lifestyle platform of Leflair branded assets (the "Leflair Assets").
- In February 2022, the Company completed the acquisition of 100% of the equity interest of New Retail Experience Incorporated and Dream Space Trading Company Limited through its subsidiary – Push Delivery Pte Limited, which two companies mainly provide an on-line grocery and food delivery platform in the Philippines and Vietnam respectively.
- In May 2022, the Company completed another acquisition of 100% of the equity interests of Gorilla Networks Pte Ltd, Gorilla Mobile Pte Ltd, Gorilla Connects Pte Ltd and Gorilla Networks (VN) Co Ltd (collectively, "Gorilla Networks"), providing Singapore telecommunication reselling services.

- On July 7, 2022, the Company and its wholly owned subsidiary Thoughtful Media Group Incorporated collectively acquired 100% of the equity interests of Thoughtful Media Group Incorporated and AdActive Media, Inc. (collectively "Thoughtful Media"), whose business provides services to advertisers that helps to make internet advertising more effective.
- On July 21, 2022, the Company acquired 100% of the equity interests of Mangan PH Food Delivery Service Corp. ("Mangan"), a Philippines restaurant and grocery delivery business. On July 21, 2023, Mangan was disposed to a third party company.
- On August 15, 2022, the Company and its 95%-owned subsidiary SOPA Technology, Pte, Ltd., collectively acquired 75% of the outstanding capital stock of Nusatrip International Pte Ltd. ("Nusatrip") and also purchased all of the outstanding capital stock of PT Tunas Sukses Mandiri ("Tunas"), a company existing under the law of the Republic of Indonesia, and both engaged in online ticketing and reservation services.
- On April 1, 2023, the Company's 100% owned subsidiary Thoughtful Media Group Inc and Adactive Media CA Inc acquired 100% of outstanding capital stock of PT Wahana Cerita Indonesia, an Indonesia company operating digital marketing and event organizing.
- On April 1, 2023, the Company's 99% owned subsidiary Nusatrip International Pte. Ltd. acquired 100% of the outstanding capital stock of Mekong Leisure Travel Company Limited (changed business nature from Join Stock Company), a Vietnam travel agency.
- On July 1, 2023, the Company's 99% owned subsidiary Mekong Leisure Travel Company Limited acquired 100% of the outstanding capital stock of Vietnam International Travel and Service Joint Stock Company, a Vietnam travel agency.

Operating in SEA, we are focused on nine operating verticals: loyalty, lifestyle, grocery and food delivery, telecommunications, digital marketing and travel.

Loyalty

The Company spent over two years building a cutting edge, proprietary IT architecture to effectively scale and support our ecosystem's companies, consumers and merchants. Using our loyalty platform, which was introduced in 2023, consumers may earn, and merchants may issue, Society Points. The Company will aggregate the data across various touch points and build a realistic view of consumer behavior and use this behavior to increase sales across our ecosystem by: cross-pollinating acquired companies with other existing verticals, customer re-targeting, offline and online behavior prediction and cross promotions and loyalty points. The Company ecosystem becomes a key enabler for our users by converting this aggregation of data into creation of loyalty for our ecosystem companies to generate revenue.

Lifestyle

The Company has developed an online lifestyle platform (the "Lifestyle Platform") under its own brand name of "Leflair" to enable consumers to purchase high-end brands in many categories. Using the Company's smart search engine, consumers search or review their favorite brands among hundreds of choices in various categories, including Apparel, Bags & Shoes, Accessories, Health & Beauty, Home & Lifestyle, International, Women, Men and Kids & Babies categories. The Lifestyle Platform also allows customers to order from hundreds of vendor choices with personalized promotions based on their individual purchase history and location. The platform has also partnered with a Vietnam-based delivery company, Amilo, to offer seamless delivery of product from merchant to consumer's home or office at the touch of a button. Consumers can place orders for delivery or can collect their purchases at the Company's logistics center.

Grocery and Food Delivery

Other online platforms include online platforms in Vietnam, under the brand name of "Handycart", and Philippines, under the brand names of "Pushkart" and "Mangan", to enable the consumers to purchase meals from restaurants and food from local grocery and food merchants and deliver to them in their area.

Telecommunications

The Company operates a Singapore-based online telecommunication reseller platform under brand name of "Gorilla" to enable the consumers to subscribe local mobile data and overseas internet data in different subscription package. Established in Singapore in 2019, Gorilla utilizes blockchain and Web3 technology to operate a MVNO for its users in South East Asia (SEA). With network coverage to over 150 countries, Gorilla offers a full suite of mobile communication services such as local calls, international roaming, data, and SMS texting.

Digital Marketing

The acquisition of a digital marketing platform, TMG, amplifies the reach and engagement of the Company's e-commerce ecosystem and retail partners. Originally founded in 2010, TMG today creates and distributes digital advertising campaigns across its multi-channel network in both SEA and the US. With its intimate knowledge of local markets, digital marketing technology tools and social commerce business focus, advertisers leverage TMG's wide influencer network throughout SEA to market and sell advertising inventory exclusively with specific placement and effect.

As a result, Thoughtful Media's content creator partners earn a larger share of advertising revenues from international consumer brands. Thoughtful Media's data-rich multi-channel network has uploaded over 675,000 videos with over 80 billion video views. The current network of 263 YouTube channels has onboarded over 85 million subscribers with an average monthly viewership of over 600 million views.

Travel

The Company purchased the Nusatrip Group, a leading Jakarta-based Online Travel Agency ("OTA") in Indonesia and across SEA. The Nusatrip acquisition extended the Company's business reach into SEA regional travel industry and marked the Company's first foray into Indonesia. Established in 2013 as the first Indonesian OTA accredited by the International Air Transport Association, Nusatrip pioneered offering a comprehensive range of airlines and hotels to Indonesian corporate and retail customers. With its first mover advantage, Nusatrip has onboarded over 1.2 million registered users, over 500 airlines and over 200,000 hotels around the world as well as connected with over 80 million unique visitors. During the year, Nusatrip Group also acquired two Vietnam based companies having branding name of "VLeisure" and "VIT" selling air ticket, hotel reservation and providing hotel management software to local market.

Our loyalty-focused and data-driven e-commerce marketing platform interfaces will connect consumers with merchants in the F&B and lifestyle sectors, assisting local brick-and-mortar businesses to access new customers and markets to thrive in an increasingly convenience-driven economy. Our Platform will integrate with both global and country-specific search engines and applications and accept international address and phone number data, providing a consumer experience that respects local languages, address formats and customs. Our plan is to have Strategic Partners work with us to penetrate local markets, while our Platform allows effortless integration with existing technological applications and websites.

As of November 13, 2023, we have onboarded over 3.7 million registered consumers and over 650,000 registered merchants on our Platform.

Global Events

The Russian-Ukraine war and the supply chain disruption have not affected any specific segment of our business.

Software and Development

Our ability to compete depends in large part on our continuous commitment to research and development, our ability to rapidly introduce new features and functionality and our ability to improve proven applications for established markets in which we have competitive advantages. We intend to work closely with our customers to continuously enhance the performance, functionality, usability, reliability and flexibility of our applications.

Our software and development team is responsible for the design enhancements, development, testing and certification of the Application. In addition, we may, in the future, utilize third parties for our automated testing, managed upgrades, software development and other technology services.

Intellectual Property Portfolio

We strive to protect and enhance the proprietary technology and inventions that are commercially important to our business, including seeking, maintaining and defending patent rights. Our policy is to seek to protect our proprietary position through a combination of intellectual property rights, including trademarks, copyrights, trade secret laws and internal procedures. Our commercial success will depend in part on our ability to protect our intellectual property and proprietary technologies.

Corporate Information

Our principal executive offices are located at 701 S. Carson Street, Suite 200, Carson City, NV 89701.

Our corporate website address is www.thesocietypass.com. The website for our loyalty marketplace is www.sopa.asia. The information included on our websites are not part of this prospectus.

Financial Condition

Results of Operations

The following table sets forth certain operational data for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue, net	\$ 2,269,066	\$ 2,050,264	\$ 6,498,878	\$ 2,994,416
Cost of revenue	(1,706,502)	(1,742,329)	(4,672,918)	(2,701,412)
Gross income (loss)	562,564	307,935	1,825,960	293,004
Less operating expenses:				
Sales and marketing expenses	(236,874)	(212,666)	(466,252)	(662,058)
Software development costs	(12,649)	(19,759)	(41,777)	(56,627)
Impairment loss	—	(250,417)	—	(779,000)
General and administrative expenses	(4,455,546)	(9,925,469)	(14,326,481)	(23,111,531)
Total operating expenses	(4,705,069)	(10,408,311)	(14,834,510)	(24,609,216)
Loss from operations	(4,142,505)	(10,100,376)	(13,008,550)	(24,316,212)
Other income (expense):				
Interest income	34,613	41,817	133,807	47,889
Interest expense	(278)	(11,277)	(930)	(15,706)
Gain on early lease termination	—	—	1,064	—

JV income	816	—	7,660	—
Waiver of loan payable	188,738	—	203,938	—
Written-off of fixed assets	(5,093)	—	(7,676)	—
Other income	6,409	7,105	55,612	45,398
Total other income	225,205	37,645	393,475	77,581
Loss before income taxes	(3,917,300)	(10,062,731)	(12,615,075)	(24,238,631)
Income taxes	(746)	(736)	(2,414)	(2,835)
NET LOSS	\$ (3,918,046)	\$ (10,063,467)	\$ (12,617,489)	\$ (24,241,466)

Revenue. We generated revenues of \$2,269,066 and \$2,050,264 during the three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2023 and 2022 we generated revenue of \$6,498,878 and \$2,994,416, respectively. The significant increase in revenue for three and nine months periods was mainly due to increase in the sales from digital marketing and online ticketing and reservation business, newly acquired subsidiaries since third quarter of 2022 and continuous development.

During the three and nine months ended September 30, 2023 and 2022, the following customer exceeded 10% of the Company's revenues and its outstanding receivable balances at year-end dates, are presented as follows:

<u>Customer</u>	Three months ended September 30, 2023		September 30, 2023
	Revenues	Percentage of revenues	
Customer A	\$ 920,495	41%	\$ 295,056
Nine months ended September 30, 2023			
<u>Customer</u>	September 30, 2023		September 30, 2023
	Revenues	Percentage of revenues	
Customer A	\$ 2,947,566	45%	\$ 295,056
Three months ended September 30, 2022			
<u>Customer</u>	September 30, 2022		September 30, 2023
	Revenues	Percentage of revenues	
Customer A	\$ 1,105,456	37%	\$ —
Nine months ended September 30, 2022			
<u>Customer</u>	September 30, 2022		September 30, 2023
	Revenues	Percentage of revenues	
Customer A	\$ 1,105,456	43%	\$ —

The customer is in United States.

Cost of Revenue. Cost of revenue was \$1,706,502 and \$1,742,329 for three months ended September 30, 2023, and 2022, respectively. During the period of nine months ended September 30, 2023 and 2022, the incurred cost of revenue was \$4,672,918 and \$2,701,412, respectively. Cost of revenue increased in line with the increased sales.

Major vendors

For the three and nine months ended September 30, 2023 and 2022, respectively, the vendors who accounted for 10% or more of the Company's cost of sales and its outstanding payable balances at year-end dates, are presented as follows:

<u>Vendor</u>	Three months ended September 30, 2023		September 30, 2023
	Purchase	Percentage of purchases	
Vendor A	\$ 250,286	15%	\$ —
Nine months ended September 30, 2023			
<u>Vendor</u>	September 30, 2023		September 30, 2023
	Purchase	Percentage of purchase	
Vendor A	\$ 733,301	16%	\$ —

For the three and nine months ended September 30, 2022, there is no vendor accounts for 10% or more of the Company's cost of revenue.

Gross Income. We recorded a gross income of \$562,564 and \$307,935 for the three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2023 and 2022, we recorded a gross income of \$1,825,960 and \$293,004, respectively. The increase in gross income is due to increased gross income from revenue from digital marketing and online ticketing and reservation business, newly acquired subsidiaries in third quarter of 2022. Gross income margin was 25% and 15% for the three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2023 and 2022, our gross income margin was 28% and 10% respectively. Improved in gross margin for the three and nine months periods ended September 30, 2023 was due to higher profit margin arising from newly acquired businesses in the third quarter of 2022.

Sales and Marketing Expenses ("S&M"). We incurred S&M expenses of \$236,874 and \$212,666 for the three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2023 and 2022, we incurred S&M expenses of \$466,252 and \$662,058, respectively. The decrease in S&M expense in 2023 was primarily attributable to the planned cost reductions and marketing strategy redesign.

Software Development Cost ("SDC"). We incurred SDC expenses of \$12,649 and \$19,759 for three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2022 and 2021, we incurred SDC expenses of \$41,777 and \$56,627, respectively. The decrease in SDC in 2023 was primarily attributable to the restructuring of our technology development team.

Impairment loss ("IL"). We incurred impairment loss of \$250,417 and \$779,000 for the three and nine months ended September 30, 2022. No impairment charge was incurred for the three and nine months ended September 30, 2023. The charge in 2022 was primarily attributable to the impairment of goodwill related to the acquisition of the New Retail Experience Incorporated's ecommerce asset which was expensed during the period due to the short life term of the asset and the quantum of consideration.

General and Administrative Expenses ("G&A"). We incurred G&A expenses of \$4,455,546 and \$9,925,469 for the three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2023 and 2022, we incurred G&A expenses of \$14,326,481 and \$23,111,531, respectively. The G&A is primarily consisting of the professional costs associated with costs related to business acquisitions, the Company's ongoing expenses for its listing on the Nasdaq Stock Exchange, staff cost and stock based compensation for services, and D&O insurance cost. The significant decrease is primarily due to effectiveness of cost control plan.

Income Tax Expense. Our income tax expense for the three months ended September 30, 2023 and 2022 was \$746 and \$736, respectively, and for nine months ended September 30, 2023 and 2022 was \$2,414 and \$2,835, respectively.

Net Loss. As a result of the items noted above, for the three months ended September 30, 2023, we incurred a net loss of \$3,918,046 as compared to the same period ended September 30, 2022 of \$10,063,467. During the nine months ended September 30, 2023 the Company incurred a loss of \$12,617,489, as compared to \$24,241,466 for the same period ended September 30, 2022. The decrease in net loss was primarily attributable to increased revenue and gross income. The net loss for the nine months ended September 30, 2023 includes non-cash items including non-cash stock-based compensation for services of \$3,436,207 and depreciation and amortization of \$1,103,200.

Liquidity and Capital Resources

As of September 30, 2023, we had cash and cash equivalents and restricted cash of \$8,220,075 and \$61,353, respectively, accounts receivable of \$1,296,594, deposits, prepayments and other receivables of \$1,445,593, inventories of \$838,843, contract assets of \$29,362 and deferred tax assets of \$159,841.

As of December 31, 2022, we had cash and cash equivalents and restricted cash of \$18,930,986 and \$72,350, respectively, accounts receivable of \$951,325, deposits, prepayments and other receivables of \$2,711,042, inventories of \$310,932 and contract assets of \$20,310.

For the nine months ended September 30, 2023, the Company's stockholders' equity was \$10,368,036 which decreased as a result of an increase in accumulated deficit partially offset by additional paid-in-capital. For the nine months ended September 30, 2023, the Company incurred net loss of \$12,617,489 and net cash used in operating activities of \$9,817,965. Net cash used in investing activities was \$296,287. Net cash used in financing activities was \$650,525, resulting principally from share buyback exercise and purchase of subsidiary.

While the Company believes that it will be able to continue to grow the Company's revenue base and control expenditures, there is no assurance it will be able to do so. The Company continually monitors its capital structure and operating plans and evaluates various potential funding alternatives that may be needed in order to finance the Company's business development activities, general and administrative expenses and growth strategy. We expect to continue to rely on cash generated through financing from public offerings or private offerings by our parent company or one or more of our subsidiaries, to finance our operations and future acquisitions. The Company believes that it has sufficient liquidity to continue its current business plans and operations for at least one year.

	Nine Months Ended September 30,	
	2023	2022
Net cash used in operating activities	\$ (9,817,965)	\$ (10,881,007)
Net cash (used in) provided by investing activities	(296,287)	294,114
Net cash (used in) provided by financing activities	(650,525)	10,182,905
Effect on exchange rate change	42,869	146,504
Net change in cash and cash equivalents	(10,721,908)	(257,484)
Cash and cash equivalent and restricted cash at beginning of period	19,003,336	23,264,777
Cash and cash equivalent and restricted cash at end of period	\$ 8,281,428	\$ 23,007,293

Net Cash Used in Operating Activities.

For the nine months ended September 30, 2023, net cash used in operating activities was \$9,817,965, which consisted primarily of a net loss of \$12,617,489, gain from early lease termination of \$1,064, waiver of loan payable of \$203,938, deferred tax assets of \$159,841, accounts receivable of \$407,061, contract assets of \$9,052, contract liabilities of \$317,060, accrued liabilities and other payables of \$3,209,471 and Operating lease liabilities of \$377,787, partially offset by bad debts of \$283,519, depreciation and amortization of \$1,103,200, written-off of fixed assets of \$7,676, non-cash stock-based compensation for services of \$3,411,207, inventories of \$143,314, deposits, prepayments and other receivables of \$1,355,079, accounts payable of \$541,740, advances to related parties of \$216,278 and right of use assets of \$422,785.

For the nine months ended September 30, 2022, net cash used in operating activities was \$10,881,007, which consisted primarily of a net loss of \$24,241,466, inventories of \$30,404, contract assets of \$9,019, accounts payable of \$953,756, advance to related parties of \$1,352,189 and operating

lease liabilities of \$254,648, primarily offset by depreciation and amortization of \$2,449,338, impairment loss of \$779,000, financing charges – first insurance funding of \$7,769, non-cash stock based compensation for services of \$6,105,057, accounts receivable of \$545,962, deposits, prepayments and other receivables of \$4,260,141, contract liabilities of \$873,672, accrued liabilities and other payables of \$687,000 and right of use assets of \$252,536.

We expect to continue to rely on cash generated through financing from public offerings or private offerings of our or one or more of our subsidiaries' securities, to finance our operations and future acquisitions.

Net Cash Used in Investing Activities.

For the nine months ended September 30, 2023, there was a net cash outflow of \$296,287, which consist of \$185,255 used in purchase of property, plant, and equipment and \$143,771 used in intangible assets and partially offset by \$32,739 of cash generated from purchase of subsidiary and business acquisition.

For the nine months ended September 30, 2022, there was a net cash outflow of \$294,114, which consist of \$820,000 used in purchase of subsidiaries, \$80,000 used in purchase of asset in a business operation and \$449,545 used in purchase of property, plant, and equipment, partially offset by cash generated from purchase of subsidiary and business acquisition of \$1,643,659.

Net Cash Provided by Financing Activities.

For the nine months ended September 30, 2023, net cash used in financing activities was \$650,525 mainly for repurchase of common stock of \$640,525 and purchase of subsidiary of \$10,000.

For the nine months ended September 30, 2022, net cash provided by financing activities was \$10,182,905, primarily consisting of funds raised from issuance of preferred stock and exercise of warrants into preferred stock of \$412,890 and public offering of \$10,402,891, partially offset by repayment of loan of \$632,876.

Critical Accounting Policies and Estimate

- Basis of presentation

The Company has prepared the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. These financial statements are unaudited and, in our opinion, include all adjustments consisting of normal recurring adjustments and accruals necessary for a fair presentation of our condensed consolidated balance sheets, statements of operations and other comprehensive loss, statements of stockholders' deficit and cash flows for the periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any subsequent quarter or for the full year ending December 31, 2023 due to various factors. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been omitted in accordance with the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the 2022 audited financial statements and accompanying notes filed with the SEC.

- Emerging Growth Company

We are an "emerging growth company" under the JOBS Act. For as long as we are an "emerging growth company," we are not required to: (i) comply with any new or revised financial accounting standards that have different effective dates for public and private companies until those standards would otherwise apply to private companies, (ii) provide an auditor's attestation report on management's assessment of the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (iii) comply with any new requirements adopted by the Public Company Accounting Oversight Board ("PCAOB") or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer or (iv) comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the SEC determines otherwise. However, we have elected to "opt out" of the extended transition period discussed in (i) and will therefore comply with new or revised accounting standards on the applicable dates on which the adoption of such standards are required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of such extended transition period for compliance with new or revised accounting standards is irrevocable.

- Use of estimates and assumptions

In preparing these condensed consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses during the years reported. Actual results may differ from these estimates. If actual results significantly differ from the Company's estimates, the Company's financial condition and results of operations could be materially impacted. Significant estimates in the period include the allowance for doubtful accounts on accounts receivable, the incremental borrowing rate used to calculate right of use assets and lease liabilities, valuation and useful lives of intangible assets, impairment of long-lived assets, valuation of common stock and stock warrants, stock option valuations, imputed interest on amounts due to related parties, inventory valuation, revenue recognition, the allocation of purchase consideration in business combinations, and deferred tax assets and the related valuation allowance.

- Basis of consolidation

The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated upon consolidation.

- Business combination

The Company follows Accounting Standards Codification ("ASC") ASC Topic 805, *Business Combinations* ("ASC 805") and ASC Topic 810, *Consolidation* ("ASC 810"). ASC Topic 805 requires most identifiable assets, liabilities, non-controlling interests, and goodwill acquired in a business combination to be recorded at "fair value." The statement applies to all business combinations. Under ASC 805, all business combinations are accounted for by applying the acquisition method. Accounting for the resulting goodwill requires significant management estimates and judgment. Management performs periodic reviews of the carrying value of goodwill to determine whether events and circumstances indicate that an impairment in value may have occurred. A variety of factors could cause the carrying value of goodwill to become impaired. A write-down of the carrying value of goodwill could result in a non-cash charge, which could have an adverse effect on the Company's results of operations.

- Noncontrolling interest

The Company accounts for noncontrolling interests in accordance with ASC Topic 810, which requires the Company to present noncontrolling interests as a separate component of total shareholders' equity on the consolidated balance sheets and the consolidated net loss attributable to its noncontrolling interest be clearly identified and presented on the face of the consolidated statements of operations and comprehensive loss.

- Segment reporting

ASC Topic 280, *Segment Reporting* ("Topic 280") establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organization structure as well as information about geographical areas, business segments and major customers in unaudited condensed consolidated financial statements. The Company currently operates in four reportable operating segments: (i) Online Grocery and Food and Groceries Deliveries, (ii) Digital marketing, (iii) Online ticketing and reservation, (iv) Telecommunications Reseller, (v) e-Commerce, and (vi) Merchant Point of Sale ("merchant POS").

- Cash and cash equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments. As of September 30, 2023 and December 31, 2022, the cash and cash equivalents excluded restricted cash amounted to \$8,220,075 and \$18,930,986, respectively.

The Company currently has bank deposits with financial institutions in the U.S. which exceed FDIC insurance limits. FDIC insurance provides protection for bank deposits up to \$250,000, so there were uninsured balance of \$2,423,390 and \$9,256,175 as of September 30, 2023 and December 31, 2022, respectively. In addition, the Company has uninsured bank deposits of \$5,285,666 and \$9,047,911 with a financial institution outside the U.S as of September 30, 2023 and December 31, 2022, respectively. All uninsured bank deposits are held at high quality credit institutions.

- Restricted cash

Restricted cash refers to cash that is held by the Company for specific reasons and is, therefore, not available for immediate ordinary business use. The restricted cash represented fixed deposit maintained in bank accounts that are pledged. As of September 30, 2023 and December 31, 2022, the restricted cash amounted to \$61,353 and \$72,350, respectively.

- Accounts receivable

Accounts receivables are recorded at the amounts that are invoiced to customers, do not bear interest, and are due within contractual payment terms, generally 30 to 90-days from completion of service or the delivery of a product. Credit is extended based on an evaluation of a customer's financial condition, the customer's creditworthiness and their payment history. Accounts receivable outstanding longer than the contractual payment terms are considered past due. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Quarterly, the Company specifically evaluates individual customer's financial condition, credit history, and the current economic conditions to monitor the progress of the collection of accounts receivables. The Company records bad debt expense and records an allowance for doubtful accounts for any estimated losses resulting from the inability of its customers to make required payments. For receivables that are past due or not being paid according to payment terms, appropriate actions are taken to pursue all means of collection, including seeking legal resolution in a court of law. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. Currently, the Company does not have any off-balance-sheet credit exposure related to its customers, and as of both September 30, 2023 and December 31, 2022, there was no need for allowance for doubtful accounts.

- Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined on a first-in-first-out method. Costs include hardware equipment and peripheral costs which are purchased from the Company's suppliers as merchandized goods. The Company provides inventory allowances based on excess and obsolete inventories determined principally by customer demand. During the nine months ended September 30, 2023 and 2022, the Company recorded an allowance for obsolete inventories of \$0 and \$0, respectively. The inventories were amounted to \$838,843 and \$310,932 at September 30, 2023 and December 31, 2022, respectively.

- Prepaid expenses

Prepaid expenses represent payments made in advance for products or services to be received in the future and are amortized to expense on a ratable basis over the future period to be benefitted by that expense. Since the Company has prepaid expenses categorized as both current and non-current assets, the benefits associated with the products or services are considered current assets if they are expected to be used during the next twelve months and are considered non-current assets if they are expected to be used over a period greater than one year.

- Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	<u>Expected useful lives</u>
Computer equipment	3 years
Office equipment	5 years
Renovation	5 years

Expenditures for repairs and maintenance are expensed as incurred. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the results of operations.

- Impairment of long-lived assets

In accordance with the provisions of ASC Topic 360, "*Impairment or Disposal of Long-Lived Assets*", all long-lived assets such as plant and equipment and intangible assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the

carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of an asset to its estimated future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. There has been no impairment charge for the periods presented.

- Revenue recognition

The Company adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). Under ASU 2014-09, the Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to performance obligations in the contract; and
- Recognize revenue as the performance obligation is satisfied.

The Company generates its revenues from a diversified a mix of e-commerce activities that correspond to our four business segments (business to consumer or "B2C"), grocery and food delivery (B2C), telecommunication reseller (B2C) and the services providing to merchants for their business growth (business to business or "B2B").

The Company's performance obligations include providing connectivity between merchants and consumers, generally through an online ordering platform. The platform allows merchants to create an account, display a menu and track their sale reports on the merchant facing application. The platform also allows the consumers to create an account and order from merchants on the consumer facing application. The platform allows a delivery company to accept an online delivery request and deliver or ship an order from a merchant to customer.

Lifestyle

The Company has developed an online lifestyle platform (the "Lifestyle Platform") under its own brand name of "Leflair" to enable consumers to purchase high-end brands in many categories. Using the Company's smart search engine, consumers search or review their favorite brands among hundreds of choices in various categories, including Apparel, Bags & Shoes, Accessories, Health & Beauty, Home & Lifestyle, International, Women, Men and Kids & Babies categories. The Lifestyle Platform also allows customers to order from hundreds of vendor choices with personalized promotions based on their individual purchase history and location. The platform has also partnered with a Vietnam-based delivery company, Amilo, to offer seamless delivery of product from merchant to consumer's home or office at the touch of a button. Consumers can place orders for delivery or can collect their purchases at the Company's logistics center.

Grocery and Food Delivery

Other online platforms include online platforms in Vietnam, under the brand name of "Handycart", and Philippines, under the brand names of "Pushkart" and "Mangan", to enable the consumers to purchase meals from restaurants and food from local grocery and food merchants and deliver to them in their area.

Telecommunications

The Company operates a Singapore-based online telecommunication reseller platform under brand name of "Gorilla" to enable the consumers to subscribe local mobile data and overseas internet data in different subscription package. Established in Singapore in 2019, Gorilla utilizes blockchain and Web3 technology to operate a MVNO for its users in South East Asia (SEA). With network coverage to over 150 countries, Gorilla offers a full suite of mobile communication services such as local calls, international roaming, data, and SMS texting. More importantly, Gorilla enables its customers to convert unused mobile data into digital assets or Gorilla GO Tokens through its innovative proprietary blockchain-based SwitchBack feature. Gorilla GO Tokens in turn can be redeemed for eVouchers, to offset future bills, or be redeemed for other value-added services. Please visit <https://gorilla.global/> for more information.

Digital Marketing

The acquisition of a digital media platform, TMG, amplifies the reach and engagement of the Company's e-commerce ecosystem and retail partners. Originally founded in 2010, TMG today creates and distributes digital advertising campaigns across its multi-channel network in both SEA and the US. With its intimate knowledge of local markets, digital marketing technology tools and social commerce business focus, advertisers leverage TMG's wide influencer network throughout SEA to market and sell advertising inventory exclusively with specific placement and effect.

As a result, Thoughtful Media's content creator partners earn a larger share of advertising revenues from international consumer brands. Thoughtful Media's data-rich multi-channel network has uploaded over 675,000 videos with over 80 billion video views. The current network of 263 YouTube channels has onboarded over 85 million subscribers with an average monthly viewership of over 600 million views.

Travel

The Company purchased the NusaTrip Group, a leading Jakarta-based Online Travel Agency ("OTA") in Indonesia and across SEA. The NusaTrip acquisition extended SoPa's business reach into SEA regional travel industry and marked the Company's first foray into Indonesia. Established in 2013 as the first Indonesian OTA accredited by the International Air Transport Association, NusaTrip pioneered offering a comprehensive range of airlines and hotels to Indonesian corporate and retail customers. With its first mover advantage, NusaTrip has onboarded over 1.2 million registered users, over 500 airlines and over 200,000 hotels around the world as well as connected with over 80 million unique visitors. During the year, NusaTrip Group also acquired two Vietnam based companies having branding name of "Vleisure" and "VIT" selling air ticket, hotel reservation and providing hotel management software to local market.

The Company's **e-Commerce business** is primarily conducted using Leflair's Lifestyle Platform, as follows:

- 1) When a customer places an order on either the Leflair website or app, a sales orders report will be generated in the system. The Company will either fulfill this order from its inventory or purchase the item from the manufacturer or distributor. Once the Company has the item in its distribution center, it will contract with a logistics partner delivered to the end customer. The sale is recognized when the delivery is completed by the logistics partner to the end customer. Sale of products are offered with a limited right of return ranging from 3 to 30 days, from the date of purchase and not subject to any product warranty. The Company is considered the principal in this e-commerce transaction and reports revenue on a gross basis as the Company establishes the price of the product, has responsibility for fulfillment of the order and retains the risk of collection.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$80,786 and \$591,439 respectively, in the Lifestyle sector.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$361,710 and \$1,484,154 respectively, in the Lifestyle sector.

The Company's **Merchant POS** offers both software and hardware products and services to vendors, as follows:-

Software sales consist of:

- 1) Subscription fees consist of the fees that the Company charge merchants to obtain access to the Merchant Marketing Program.
- 2) The Company provides optional add-on software services which includes Analytics and Chat box capabilities at a fixed fee per month.
- 3) The Company collects commissions when they sell third party hardware and equipment (cashier stations, waiter tablets and printers) to merchants.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$3,809 and \$34, respectively, from software fees.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$5,696 and \$21,924 respectively, from software fees.

Hardware sales — the Company generally is involved with the sale of on-premise appliances and end-point devices. The single performance obligation is to transfer the hardware product (which is to be installed with its licensed software integral to the functionality of the hardware product). The entire transaction price is allocated to the hardware product and is generally recognized as revenue at the time of delivery because the customer obtains control of the product at that point in time. It is concluded that control generally transfers at that point in time because the customer has title to the hardware, physical possession, and a present obligation to pay for the hardware. Payments for hardware contracts are generally due 30 to 90 days after shipment of the hardware product.

The Company records revenues from the sales of third-party products on a "gross" basis pursuant to ASC Topic 606 when the Company controls the specified good before it is transferred to the end customer and have the risks and rewards as principal in the transaction, such as responsibility for fulfillment, retaining the risk for collection, and establishing the price of the products. If these indicators have not been met, or if indicators of net revenue reporting specified in ASC Topic 606 are present in the arrangement, revenue is recognized net of related direct costs since in these instances we act as an agent.

Software subscription fee — The Company's performance obligation includes providing customer access to our software, generally through a monthly subscription, where the Company typically satisfies its performance obligations prior to the submission of invoices to the customer for such services. The Company's software sale arrangements grant customers the right to access and use the software products which are to be installed with the relevant hardware for connectivity at the outset of an arrangement, and the customer is entitled to both technical support and software upgrades and enhancements during the term of the agreement. The term of the subscription period is generally 12 months, with automatic one-year renewal. The subscription license service is billed monthly, quarterly or annually. Sales are generally recorded in the month the service is provided. For clients who are billed on an annual basis, deferred revenue is recorded and amortized over the life of the contract. Payments are generally due 30 to 90 days after delivery of the software licenses.

The Company records its revenues, net of value added taxes ("VAT"), which is levied at the rate of 10% on the invoiced value of sales.

Grocery and food delivery consists of online grocery under brand name "Pushkart" and food delivery service under brand name "Handycart" as follows:

Customers place order for groceries and take-out food through our online platforms of "Pushkart" and "Handcart" respectively. When the grocery or food merchant receives and order, our platform will assign a third-party delivery service to pick up and deliver the grocery and/or food order to the customer. Revenue is recognized when the grocery and/or food is delivered, at which time the customer pays for the grocery and /or food order with cash, at Net of merchant cost.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$6,415 and \$77,471, respectively, from this stream.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$95,262 and \$53,635, respectively, from this stream.

As a **telecommunication reseller** we provide local mobile data and overseas internet data plans under the brand name of "Gorilla," which company we acquired in May 2022. Our telecommunication revenues are recorded for ASC Topic 606 purposes as follows:

Local mobile plan - customers choose and subscribe to a monthly local mobile plan through our "Gorilla" online platform. The Company will proceed to register the sim card (effectively, the mobile telephone number activation card) and arrange delivery of that Sim card to the customer. Following Sim card activation, the system will capture the monthly data usage of each customer, calculated in accordance with the package data capacity and monthly subscription rate, which amounts are aggregated and recorded as revenue. Unused data will be converted to Rewards Points and carried forward to next month for potential subsequent data usage. As a result of the rewards points, the company also recognize revenue from Rewards Point redemption for subscription fees offset, voucher redemption, extra data purchases, that the customer chooses to use via our online platform.

Overseas internet data plan – a customer will place order for their desired overseas internet data plan through either the "Gorilla" online platform or third-

party partner platforms. Subscription revenue is recognized when the Sim card is delivered and activated.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$2,977 and \$15,441, respectively, from telecommunications.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$23,648 and \$21,083, respectively, from telecommunications.

Digital marketing

Marketing services from customers

Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

The Company derives its revenue from the provision of digital marketing services to customers. The Company offers customers with a comprehensive suite of digital marketing services to enhance their social media presence and reach their target audiences, particularly Gen Z and Millennials, to achieve marketing goals. The customers can leverage the Company's experience in building content and fanbases with creators, their creators' creativity, engagement, and trust among creators' loyal fanbases to increase their brand awareness and sell products. The Company offers customized digital marketing solution, including (i) advising on content strategy and budget and recommending specific creators; (ii) communicating with and managing selected creators; (iii) producing and engaging relevant content with creators to promote key messages for customers; (iv) uploading branded content on creators' social media channels; (v) amplifying the reach of creators' and customers' content through precise media planning and buying via boosting marketing services on social media platforms, such as Google; and (vi) providing optimization services through data analysis and reporting.

The Company's customers' payment terms generally range from 30-60 days of fulfilling its performance obligations and recognizing revenue.

Campaign-based marketing services revenue is recognized as a distinct single performance obligation when the Company transfers services to customers, which occurs over time. The performance obligation may be a promise to place branded content on certain social media platforms and is satisfied upon delivery of such related services to customers. The duration of the service period is short, usually over 1-3 months. Such revenue is recognized at over time, for the amount the Company is entitled to receive, as and when the marketing services are provided and completed.

Marketing services from social media platforms ("platform revenue")

The Company also derives its advertising revenue generated from its channel pages and posts on social media platforms, such as YouTube by monetizing its contents. The payments are usually received within 30 days upon completion of performance obligation for platform revenue services.

The Company recognizes revenue as performance obligations are satisfied as the creation of contents are published on the social media platforms, which occurs at a point in time. The advertisements are delivered primarily based on impressions of contents on social media platforms, hence the Company provided the advertising services by an on-going basis during the publication period and the outcome of the services can be received and consumed by the social media platform simultaneously.

The Company records its revenues, net of value added taxes ("VAT"), which is levied at the rate of 10% on the invoiced value of sales.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$1,784,695 and \$1,211,428, respectively, from this stream.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$4,579,429 and \$1,211,428, respectively, from this stream.

Online ticketing and reservation provides information, prices, availability, booking services for domestic and international air travel and hotels as follows:

The Company's revenues are substantially reported on a net basis as the travel supplier is primarily responsible for providing the underlying travel services and the Company does not control the service provided by the travel supplier to the traveler. Revenue from air ticketing services, air ticket commission, hotel reservation and refund margin are substantially recognized at a point of time when the performance obligations that are satisfied.

During the three months ended September 30, 2023 and 2022, the Company generated revenue of \$390,384 and \$178,206, respectively, from this stream.

During the nine months ended September 30, 2023 and 2022, the Company generated revenue of \$1,433,133 and \$178,206, respectively, from this stream.

Contract assets

In accordance with ASC Topic 606, a contract asset arises when the Company transfers a good or performs a service in advance of receiving consideration from the customer as agreed upon. A contract asset becomes a receivable once the Company's right to receive consideration becomes unconditional.

There were contract assets balance of \$29,362 and \$20,310 on September 30, 2023 and December 31, 2022, respectively.

Contract liabilities

In accordance with ASC Topic 606, a contract liability represents the Company's obligation to transfer goods or services to a customer when the customer prepays for a good or service or when the customer's consideration is due for goods and services that the Company will yet provide whichever happens earlier.

Contract liabilities represent amounts collected from, or invoiced to, customers in excess of revenues recognized, primarily from the billing of annual subscription agreements. The value of contract liabilities will increase or decrease based on the timing of invoices and recognition of revenue. The Company's contract liability balance was \$1,209,211 and \$1,405,090 on September 30, 2023 and December 31, 2022, respectively.

- Software development costs

In accordance with the relevant FASB accounting guidance regarding the development of software to be sold, leased, or marketed, the Company expenses such costs as they are incurred until technological feasibility has been established, at and after which time these costs are capitalized until the product is available for general release to customers. Once the technological feasibility is established per ASC Topic 985, Software, the Company capitalizes costs associated with the acquisition or development of major software for internal and external use in the balance sheet. These capitalized software costs are ratably amortized over the period of the software's estimated useful life. Costs incurred to enhance the Company's software products, after general market release of the services using the products, is expensed in the period they are incurred. The Company only capitalizes subsequent additions, modifications or upgrades to internally developed software to the extent that such changes allow the software to perform a task it previously did not perform. The Company also expenses website costs as incurred.

Research and development expenditures arising from the development of the Company's own software are charged to operations as incurred. For the nine months ended September 30, 2023, and 2022, software development costs were \$41,777 and \$56,627, respectively. For the three months ended September 30, 2023 and 2022, the software development costs were \$12,649 and \$19,759, respectively. Based on the software development process, technological feasibility is established upon completion of a working model, which also requires certification and extensive testing. Costs incurred by the Company between completion of the working model and the point at which the product is ready for general release have, to date, been immaterial and have been expensed as incurred.

- Cost of sales

Cost of sales under online ordering consist of the cost of merchandizes ordered by the consumers and the related shipping and handling costs, which are directly attributable to the sales of online ordering.

Cost of sales related to software sales and software licensing consist of the cost of software and payroll costs, which are directly attributable to the sales and licensing of software. Cost of sales related to hardware sales consist of the cost of hardware and payroll costs, which are directly attributable to the sales of hardware.

Cost of sales related to grocery and food delivery consist of the cost of the outsourced delivery and the outsource payment gateway, which are directly attributable to the sales of grocery and food delivery.

Cost of sales related to our telecommunication data reseller segment consist of the cost of the primary telecommunication service, which are directly attributable to the sales of telecommunication data.

Cost of sales under digital marketing consist of the cost of primary digital marketing service, which are directly attributable to the sales of digital marketing.

- Shipping and handling costs

No shipping and handling costs are associated with the distribution of the products to the customers since those costs are borne by the Company's suppliers or distributors for our merchant POS business.

The shipping and handling costs for all segments other than our e-commerce segment are recorded net in sales. For shipping costs related to our e-commerce business, those shipping costs are recorded in cost of sales.

- Sales and marketing

Sales and marketing expenses include payroll, employee benefits and other headcount-related expenses associated with sales and marketing personnel, and the costs of advertising, promotions, seminars, and other programs. Advertising costs are expensed as incurred. Advertising expense was \$466,252 and \$662,058 for the nine months ended September 30, 2023 and 2022, respectively. Advertising expense was \$236,874 and \$212,666 for the three months ended September 30, 2023 and 2022, respectively.

- Product warranties

The Company's provision for estimated future warranty costs is based upon the historical relationship of warranty claims to sales. Based upon historical sales trends and warranties provided by the Company's suppliers, the Company has concluded that no warranty liability is required as of September 30, 2023 and December 31, 2022. To date, product allowance and returns have been minimal and, based on its experience, the Company believes that returns of its products will continue to be minimal, although it looks at this issue every quarter to continue to support its assertion.

- Income tax

The Company adopted the ASC 740 Income Tax provisions, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the condensed consolidated financial statements. Under paragraph ASC Topic 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the condensed consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of ASC Topic 740, nor did it record any uncertain tax positions for the three and nine month ended September 30, 2022, and 2021.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheets, as well as tax credit carry-backs and carry-forwards. On a quarterly basis, the Company reviews the recoverability of deferred tax assets recorded on its balance sheets and provides valuation allowances to reduce those amounts to the amounts management believes will be realized in future income tax returns.

In addition to U.S. income taxes, the Company and its wholly-owned foreign subsidiary, is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax, there may be transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax

law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

- Foreign currencies translation and transactions

The reporting currency of the Company is the United States Dollar ("US\$") and the accompanying consolidated unaudited condensed financial statements have been expressed in US\$. In addition, the Company's subsidiary is operating in the Republic of Vietnam, Singapore, India and Philippines and maintains its books and record in its local currency, Vietnam Dong ("VND"), Singapore Dollar ("SGD"), Indian Rupee ("INR"), Philippines Pesos ("PHP"), Malaysian Ringgit ("MYR"), Thailand Baht ("THB") and Indonesian Rupiah ("IDR"), respectively, which are the functional currencies in which the subsidiary's operations are conducted. In general, for consolidation purposes, assets and liabilities of its subsidiaries whose functional currency is not US\$ are translated into US\$, in accordance with ASC Topic 830, "Translation of Financial Statement" ("ASC 830") using the applicable exchange rates on the balance sheet date. Shareholders' equity is translated using historical rates. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income (loss) within the unaudited condensed statements of changes in shareholder's equity.

Schedule of Foreign currencies translation and transactions

Translation of amounts from SGD into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end SGD\$:US\$ exchange rate	\$ 0.73165	\$ 0.72692
Period average SGD\$:US\$ exchange rate	<u>\$ 0.74578</u>	<u>\$ 0.69708</u>

Translation of amounts from VND into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end VND\$:US\$ exchange rate	\$ 0.000041	\$ 0.000042
Period average VND\$:US\$ exchange rate	<u>\$ 0.000042</u>	<u>\$ 0.000043</u>

Translation of amounts from INR into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end INR\$:US\$ exchange rate	\$ 0.012021	\$ 0.012268
Period average INR\$:US\$ exchange rate	<u>\$ 0.012143</u>	<u>\$ 0.012928</u>

Translation of amounts from PHP into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end PHP:US\$ exchange rate	\$ 0.017639	\$ 0.017022
Period average PHP:US\$ exchange rate	<u>\$ 0.018016</u>	<u>\$ 0.018682</u>

Translation of amounts from THB into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end THB:US\$ exchange rate	\$ 0.027272	\$ 0.026390
Period average THB:US\$ exchange rate	<u>\$ 0.028947</u>	<u>\$ 0.028899</u>

Translation of amounts from MYR into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end MYR:US\$ exchange rate	\$ 0.212764	\$ 0.215560
Period average MYR:US\$ exchange rate	<u>\$ 0.221567</u>	<u>\$ 0.230418</u>

Translation of amounts from IDR into US\$ has been made at the following exchange rates for the nine months ended September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
Period-end IDR:US\$ exchange rate	\$ 0.000064	\$ 0.000066
Period average IDR:US\$ exchange rate	<u>\$ 0.000066</u>	<u>\$ 0.000069</u>

Translation gains and losses that arise from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are translated, as the case may be, at the rate on the date of the transaction and included in the results of operations as incurred.

- Comprehensive income

ASC Topic 220, "Comprehensive Income", establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. Accumulated other comprehensive income, as presented in the accompanying consolidated statements of changes in shareholders' equity, consists of changes in unrealized gains and losses on foreign currency translation. This comprehensive income is not included in the computation of income tax expense or benefit.

- Earnings per share

Basic per share amounts are calculated using the weighted average shares outstanding during the year, excluding unvested restricted stock units. The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the diluted calculations in computing diluted earnings per share. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options assuming the proceeds would be used to repurchase shares at average market prices for the years.

For the three and nine months ended September 30, 2023 and 2022, diluted weighted-average common shares outstanding is equal to basic weighted-average common shares, due to the Company's net loss position. Hence, no common stock equivalents were included in the computation of diluted net loss per share since such inclusion would have been antidilutive.

Schedule of computation of diluted net loss per share:

	Three months ended September 30,	
	2023	2022
Net loss attributable to Society Pass Incorporated	\$ (3,861,929)	\$ (9,959,793)
Weighted average common shares outstanding – Basic and diluted	28,483,858	25,302,206
Net loss per share – Basic and diluted	\$ (0.14)	\$ (0.39)

	Nine months ended September 30,	
	2023	2022
Net loss attributable to Society Pass Incorporated	\$ (12,472,114)	\$ (24,012,495)
Weighted average common shares outstanding – Basic and diluted	27,917,875	23,856,503
Net loss per share – Basic and diluted	\$ (0.45)	\$ (1.01)

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted-average shares outstanding, because such securities had an antidilutive impact:

Schedule of Common stock issued:

	Nine months ended September 30,	
	2023	2022
Options to purchase common stock (a)	1,945,270	1,945,270
Warrants granted to underwriter	3,803,229	3,793,929
Warrants granted with Series C-1 Convertible Preferred Stock (b)	1,068,000	—
Total of common stock equivalents	6,186,499	5,739,199

(a) The Board of Directors have approved a 10-year stock option at an exercise price of \$6.49 per share that will be exercisable at any time.

(b) The expiry date of warrants granted with Series C-1 was extended to June 30, 2022.

- Leases

The Company adopted Topic 842, *Leases* ("ASC 842") to determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company generally use the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In accordance with the guidance in ASC 842, components of a lease should be split into three categories: lease components (e.g. land, building, etc.), non-lease components (e.g. common area maintenance, consumables, etc.), and non-components (e.g. property taxes, insurance, etc.). Subsequently, the fixed and in-substance fixed contract consideration (including any related to non-components) must be allocated based on the respective relative fair values to the lease components and non-lease components.

When a lease is terminated before the expiration of the lease term, irrespective of whether the lease is classified as a finance lease or an operating lease, the lessee would derecognize the ROU asset and corresponding lease liability. Any difference would be recognized as a gain or loss related to the termination of the lease. Similarly, if a lessee is required to make any payments or receives any consideration when terminating the lease, it would include such amounts in the determination of the gain or loss upon termination.

- Retirement plan costs

Contributions to retirement plans (which are defined contribution plans) are charged to general and administrative expenses in the accompanying consolidated statements of operation as the related employee service is provided.

- Share-based compensation

The Company follows ASC Topic 718, *Compensation—Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense for all share-based payment awards (employee and non-employee), at grant-date fair value of the equity instruments that an entity is obligated to issue. Restricted stock units are valued using the market price of the Company's common shares on the date of grant. The Company uses a Black-Scholes option pricing model to estimate the fair value of employee stock options at the date of grant. As of September 30, 2023, those shares issued and stock options granted for service compensation, vest 180 days after the grant date, and therefore these amounts are thus recognized as expense during the nine months ended September 30, 2023 and 2022. Stock-based compensation is recorded in general and administrative expenses within the Consolidated Statements of Operations and Other Comprehensive Loss, with corresponding credits to common stock and accumulated paid-in capital.

- Warrants

In connection with certain financing, consulting and collaboration arrangements, the Company has issued warrants to purchase shares of its preferred and common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using a Black-Scholes Option Pricing Model as of the measurement date. The Company uses a Black-Scholes option pricing model to estimate the grant date fair value of the warrants. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital (the accounting treatment for common stock issuance costs). All other warrants are recorded at the grant date fair value as an expense over the requisite service period, or at the date of issuance if the warrants vest immediately.

- Related parties

The Company follows ASC 850-10, *Related Party Disclosures* ("ASC 850") for the identification of related parties and the disclosure of related party transactions.

Pursuant to ASC 850, the related parties include a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under ASC 825, *Financial Instruments*, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and income-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The unaudited condensed consolidated financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required by ASC 850. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amount due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

- Commitments and contingencies

The Company follows the ASC 450, *Commitments*, to account for contingencies. Certain conditions may exist as of the date the unaudited condensed financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, which assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's unaudited condensed consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available, that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows if the current level of facts and circumstances changes in the future.

- Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and has adopted paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 of the FASB Accounting Standards Codification establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, paragraph 820-10-35-37 of the FASB Accounting Standards Codification establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by paragraph 820-10-35-37 of the FASB Accounting Standards Codification are described below:

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company's financial assets and liabilities, such as cash and cash equivalents, accounts receivable, deposits, prepayments and other receivables, contract liabilities, accrued liabilities and other payables, amounts due to related parties and operating lease liabilities, approximate their fair values because of the short maturity of these instruments.

- Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standard Board ("FASB") or other standard setting bodies and adopted by the Company as of the specified effective date.

In June 2022, the FASB issued Accounting Standards Update No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03). This ASU was issued to resolve differences in practice regarding how to record the issuance of common stock with sale restrictions that pertain to the receiving party. The FASB concluded in ASU 2022-03 that these types of restrictions were not attributes of the stock issued but related to the parties to whom the stock was issued. As a result, the ASU 2022-03 requires companies to record the issuance of this type of restricted stock at its face value (i.e., not discount the stock because the receiving party can't immediately sell the stock). From time-to-time, the Company may acquire another company in a transaction in which Company restricted stock is issued. The Company has reviewed ASU 2022-03 and does not expect that it will affect the Company.

All other recently issued, but not yet effective, 2023 Accounting Standards Updates are not expected to have an effect on the Company.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required under Regulation S-K for "smaller reporting companies."

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the rules and forms promulgated by the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Because of the inherent limitations to the effectiveness of any system of disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that all control issues and instances of fraud, if any, with a company have been prevented or detected on a timely basis. Even disclosure controls and procedures determined to be effective can only provide reasonable assurance that their objectives are achieved.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are not effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the period ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, from time to time, we have been and may be named as a defendant in various legal proceedings arising in connection with our business activities. We may also be involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, "regulatory matters"). We contest liability and/or the amount of damages as appropriate in each such pending matter. We do not anticipate that the ultimate liability, if any, arising out of any such pending matter will have a material effect on our financial condition, results of operations or cash flows.

Our material legal proceedings are described in Part I, Item 1 of this Form 10-Q in the Notes to Condensed Consolidated Financial Statements in Note 23, "Commitments and Contingencies".

Item 1A. Risk Factors.

Factors that could cause our actual results to differ materially from those in this Quarterly Report are any of the risks described in "Part I, Item 1A. Risk

Factors" in the Company's Form 10-K filed with the Securities and Exchange Commission on March 23, 2023. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in the Form 10-K. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC."

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

On October 5, 2023, the Company entered into a structured financing agreement (the "Agreement") with Strattners FZCO ("Strattners"). Pursuant to the Agreement, the Company shall have the right, but not the obligation, to offer and sell to Strattners up to \$40,000,000 shares of common stock, par value \$0.0001 per share of the Company (the "Common Stock"), at the Company's request any time during the commitment period commencing on October 5, 2023 (the "Effective Date") and terminating on the first day of the month next following the 36-month anniversary of the Effective Date. In connection with the execution of the Agreement, the Company agreed to issue to the Investor an aggregate of 500,000 shares of Common Stock as commitment fee (the "Commitment Shares"). The issuance of the Commitment Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. Exhibits.

EXHIBIT INDEX

Exhibit No.	Description
31.1**	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a)
31.2**	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)
32.1++	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

** Filed herewith

++ Furnished herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOCIETY PASS INCORPORATED

Date: November 14, 2023

/s/ Raynauld Liang

Raynauld Liang
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2023

/s/ Yee Siong Tan

Yee Siong Tan
Chief Financial Officer
(Principal Financial Officer)

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
AND RULE 13A-14 OF THE EXCHANGE ACT OF 1934**

I, Raynauld Liang certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Society Pass Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By: /s/ Raynauld Liang
Raynauld Liang
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002
AND RULE 13A-14 OF THE EXCHANGE ACT OF 1934**

I, Yee Siong Tan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Society Pass Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By: /s/ Yee Siong Tan
Yee Siong Tan
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Society Pass Incorporated (the "Company") for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 14, 2023

By: /s/ Raynauld Liang
Raynauld Liang
Chief Executive Officer

By: /s/ Yee Siong Tan
Yee Siong Tan
Chief Financial Officer