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Treasure Global (TGL-NASDAQ)

TGL: Leveraging Growing ASEAN Digital Economies via New Products, Expansions

TGL is a Malaysian emerging tech company developing solutions to facilitate e-commerce and e-payments & provide an ecosystem for merchants to enable digital sales and leverage digital management tools. Malaysian GDP is projected to reach US\$680B by 2030. Its digital economy is expected to reach \$35B in 2025. TGL has launched the ZCITY app and TAZTE platform and has a travel platform under development, with expansion into nearby ASEAN markets planned.

Current Price (9/11/23) \$0.29
Valuation \$0.54

OUTLOOK

TGL has 2.4+M registered users & 2,008 merchants, up from 2.3M & 1,998 at YE22. Revenue grew from \$14M in FY21 to \$79.7M in FY22 & TGL expects recent partnerships to facilitate further recurring revenue increases, though near-term growth could be tempered by a strategy to boost margins by managing e-voucher revenues. TGL expects ZCITY's personalized promotions & rewards feature to be a critical competitive differentiator and TAZTE's technology, promotional efforts, ability to deliver personalized offers & access to TGL's growing userbase to fuel F&B merchant adoption & potentially enable the company to be a 'virtual master franchisor' of Southeast Asian F&B chains.

SUMMARY DATA

52-Week High \$3.12
52-Week Low \$0.28
One-Year Return (%) -90
Beta N/A
Average Daily Volume (sh) 178,476

Shares Outstanding (mil) 18
Market Capitalization (\$mil) \$5
Short Interest Ratio (days) N/A
Institutional Ownership (%) 0
Insider Ownership (%) 26

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2023 Estimate N/A
P/E using 2024 Estimate N/A

Risk Level High
Type of Stock Small-Growth
Industry Tech

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2021					14 A
2022	20 A	22 A	21 A	16 A	80 A
2023	16 A	20 A	18 A	14 E	68 E
2024					72 E

Per Share Data

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2021					-\$0.77 A
2022	-\$0.26 A	-\$0.30 A	-\$0.31 A	-\$0.25 A	-\$1.12 A
2023	-\$0.26 A	-\$0.12 A	-\$0.17 A	-\$0.16 E	-\$0.70 E
2024					-\$0.58 E

Quarters might not sum due to rounding & share counts

Disclosures on page 18

KEY POINTS

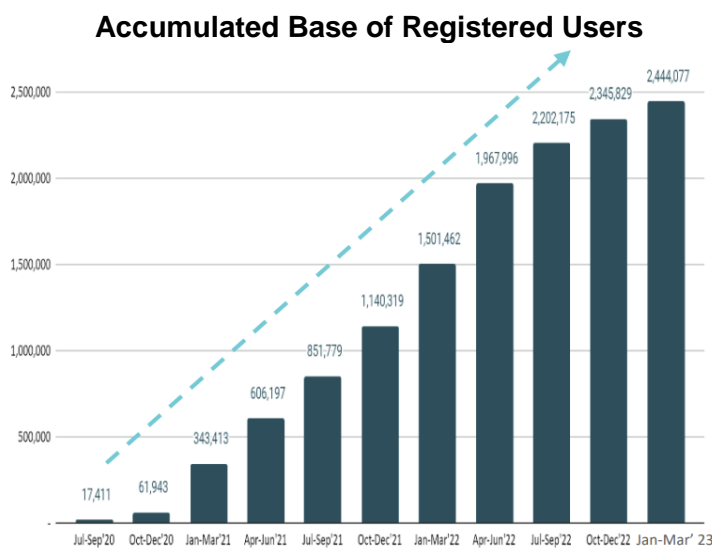
- Treasure Global is a Malaysian emerging technology company developing solutions to facilitate e-commerce and e-payments for consumers and provide an ecosystem for merchants to enable digital sales and leverage digital management tools. The company expects to benefit from economic growth in its target ASEAN markets, particularly their expanding digital economies. For example, GDP in Malaysia is projected to reach US\$680 billion by 2030, while its digital economy grew 13% y/y in 2022 to \$21 billion, and is expected to reach or exceed \$35 billion in 2025.
- TGL launched the ZCITY app and TAZTE platform and has a travel platform under development. The ZCITY App simplifies e-payments for consumers, while simultaneously allowing them to earn rewards. TGL AI-based technology enables ZCITY to offer personalized promotions based on the user's purchase history, which TGL views as a critical differentiating factor for ZCITY.
- TAZTE is a digital F&B management system enabling merchants to digitalize their businesses, including providing tools to manage inventory, procurement and other functions. TAZTE is designed to help F&B merchants improve efficiencies and leverage analytics software to generate customized offerings to attract and retain consumers and enhance profitability. TGL expects operators in the F&B space will find the company's more than 2.4 million users, technology and promotional efforts appealing.
- With partner VCI Global Limited, TGL also has a travel platform under development. Malaysia averaged annual international tourist spending of \$80+ billion in the 5-years pre-pandemic and domestic tourist spending reached \$64.1 billion in 2022, up from \$18.4 billion in 2021.
- TGL's 2.4+ million registered users and 2,008 registered merchants (as of March 2023) increased from 2.3+ million and 1,998, respectively, at December 2022. Reflecting growth of the user and merchant bases, revenue increased from \$14 million in FY 2021 to about \$79.7 million in FY 2022 and the company expects several recent partnerships to facilitate recurring revenue growth.
- Offering e-vouchers has been a successful way for TGL to grow its user base. Going forward, in order to boost margins, TGL plans to leverage alternate ways to encourage higher transaction levels and user loyalty and lessen its dependence on e-vouchers, which could dampen near-term revenue growth.
- TGL's strategy is to deepen operations in Malaysia and also expand into additional ASEAN markets. Indonesia, for example, has a population over 8-times that of Malaysia's and an internet penetration rate exceeding 60% (World Bank). To expand internationally, TGL expects to partner with local businesses and affiliates and recently formed an e-commerce JV in Indonesia to promote the ZCITY app.
- The company also expects that TAZTE can facilitate its expansion into new markets as merchants on the platform pursue their own expansions. TGL also expects TAZTE will enable the company to become a 'virtual master franchisor' of Southeast Asian F&B chains. Recent agreements give TGL exclusive rights to act as master franchisor for certain local restaurant chains and TGL expects to add new agreements, as well.

COMPANY BACKGROUND

Expanding user base as new products launch & partnerships are added...

Treasure Global Inc (NASDAQ: TGL) is a Malaysian emerging technology company focused on developing solutions to facilitate e-commerce and e-payments for consumers and provide an ecosystem for merchants to enable digital sales and boost revenue, customer retention and loyalty. The company has launched two technology products since its founding in March 2020 and has another currently under development.

Treasure Global's business model to launch new digital applications and develop online platforms potentially has positive tailwinds from Malaysia's rising use of digital technology and e-commerce and the country's goal to further digitalize its economy. The company's user base and pool of registered merchants has grown significantly over the past several quarters. TGL had more than 2.4 million registered users and 2,008 registered merchants (as of March 2023), up from more than 2.3 million and 1,998 registered users and merchants, respectively, at December 2022.



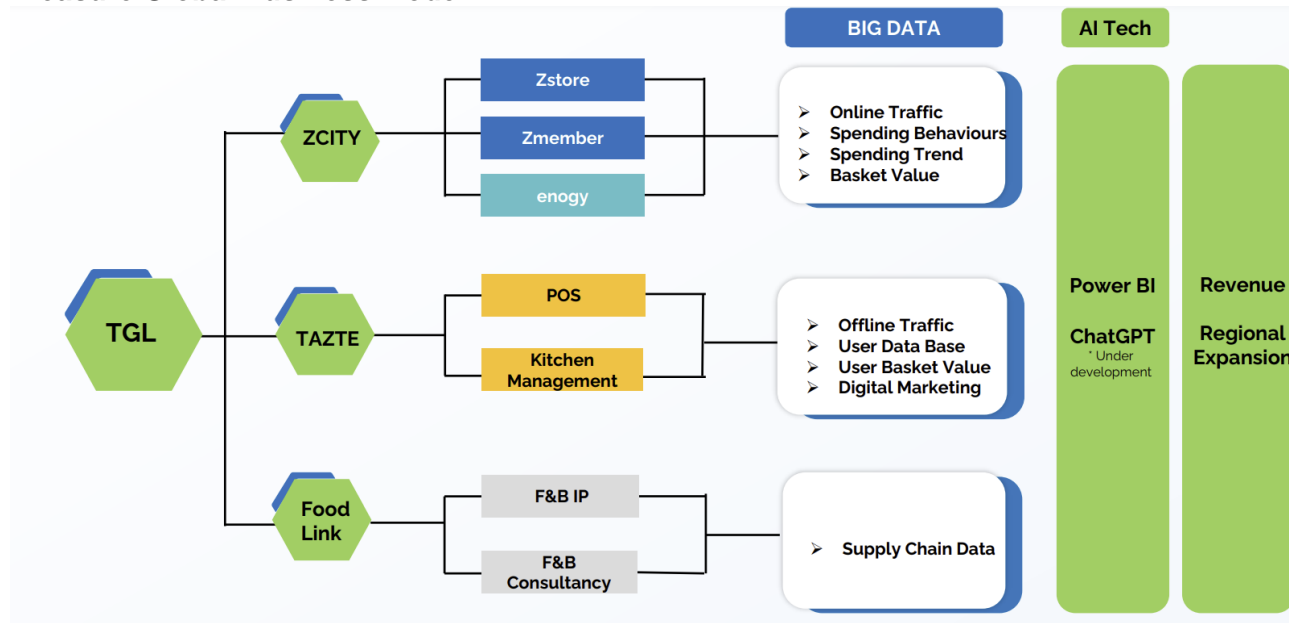
Source: [Company reports](#)

Currently, the company's product portfolio and pipeline consists of the following:

- ❖ ZCITY App – launched in 2Q20 to simplify and facilitate e-payments and offer rewards
- ❖ TAZTE – launched in 4Q22 to provide digital food & beverage (F&B) management tools
- ❖ Travel Platform – under development

Treasure Global has created an online-to-offline (O2O) e-commerce platform that offers consumers and merchants instant rebates and cashback rewards via programs with affiliates. The platform provides e-payment solutions and rebates for both e-commerce and bricks and mortar retailers. For retailers, many industry experts believe that O2O has advantages over operating an exclusive e-commerce or bricks-and-mortar channel. According to [Forbes](#), O2O platforms can be used as a marketing tool to encourage online consumers to combine their shopping experience with upcoming visits to a local store or F&B establishment.

Treasure Global Business Model



Source: [Company reports](#)

The ZCITY App, the company's first product, simplifies e-payments for consumers, while simultaneously allowing them to earn rewards. To facilitate online payment options, TGL has formed strategic partner agreements with local financial institutions and fintech companies that operate payment gateways for consumers, allowing them to enter credit card information for payment online or via their mobile device. Most recently, TGL signed an MOU (memorandum of understanding) with Boost, a leading regional fintech provider and the company expects this partnership will help raise awareness of the ZCITY and TAZTE brands and extend its reach to additional F&B businesses. The company also intends to add a feature offering credit to consumers, in addition to taking and processing their credit card payments. Credit will be provided by a third-party financial institution and TGL therefore will assume little to no risk to its own balance sheet.

Potentially growing role as master franchisor ...

TAZTE, which launched late last year, is a digital F&B management system that provides merchants with an end-to-end automated way to digitalize their businesses. For example, as a front-end interface, TAZTE allows restaurants to take customers' orders online. This provides convenience to consumers and facilitates the F&B operator's revenue goals. As a back-end management platform, TAZTE also provides tools for F&B players to manage their inventory and procurement functions, among other tasks. The company believes TAZTE can help improve efficiency of both the front and back operations for the F&B industry. Importantly, as Treasure Global operates the backend and online operations of multiple F&B chains, the company also expects that TAZTE will enable the company to act as a 'virtual master franchisor' of Southeast Asian F&B chains, holding and managing F&B partners' IP and brand licenses via its Foodlink Global subsidiary. Foodlink Global will offer consulting services to the F&B sector, such as market and product optimization and supply chain monetization, among other services.

Recent partnerships (see below) such as those with Morganfield's, which operates multiple restaurant chains across the region, and Abe Yus, an F&B chain that operates 12 fast food outlets across Malaysia, are expected to facilitate TGL's goal of acting as a master franchisor. Abe Yus Malaysia operates an expanding group of Malaysian F&B businesses, including Kari Puff Abe Yus Carts that are popular in the region, according to trade publications, as well as Abe Yus Cafe restaurants and Abe Yus Marts B2C online e-commerce delivery service. Moreover, in July of 2023, TGL signed an MOU with the Malaysia Retail Chain Association for TAZTE to become its recommended digital F&B management solution for its more than 500 merchant members across Malaysia.

The company expects these and potentially other affiliations to act as a tailwind facilitating its goal to become a master franchisor. For example, in June 2023 Treasure Global signed a licensing agreement with [Abe Yus](#). Through a wholly-owned subsidiary, TGL holds the exclusive worldwide rights to act as a master franchisor for Abe Yus and award sub-licenses for the use of Abe Yus' trademarks to third parties. Abe Yus plans to expand across Southeast Asia and is actively seeking new franchisees and licensees, noting that "It is... important that licensee[s] are willing to work within the confines of the licensor successful systems and procedures." Treasure Global expects to help Abe Yus prospective licensees develop their businesses through its technology platform and also ensure standard practices across various Abe Yus outlets.

Abe Yus Malaysia's recent accreditation in a program run by PERNAS – a Malaysian government sponsored group dedicated to helping develop franchises – is expected to help potential franchisees from the Bumiputera community access startup financing. Abe Yus intends to open 35 outlets by yearend 2023 and 300 over the next five years. Abe Yus also plans to expand into Southeast Asian markets in the future, which is consistent with and could support TGL's own growth strategy.

Recurring revenue streams...

TGL will manage brand loyalty and raw material supply for Abe Yus via TAZTE technology solutions. TGL expects the Abe Yus deal to generate incremental revenue streams from, among other services, start-up fees for establishing new locations, ongoing supply chain management and monthly licensing fees. Importantly, in success, these and other potential deals are expected to produce incremental revenue streams, with certain revenue, such as monthly licensing fees, expected to be recurring. The company also expects to generate recurring revenue from supply chain management.

Tapping into the growing Malaysian travel sector ...

In addition to the two products that have already launched, the company's near-term product development pipeline includes a travel platform designed to provide customized suggestions for travelers seeking attractions to visit in Malaysia, restaurant options and other activities. Specifically, in July 2023 TGL formed an agreement with VCI Global Limited, a NASDAQ-listed consultancy focused on business and technology, primarily in Malaysia. TGL and VCI Global intend to jointly develop an AI-powered travel platform to help users find places to visit, dine and engage in various activities during their travel in Malaysia. The goal is to leverage AI predictive technology to offer personalized suggestions and responses based on users' tastes, online history and objectives.

Adding merchants...

The company has formed a growing number of agreements with retailers and F&B companies to enable these merchants to sell their products or services on the ZCITY app. As the base of participating merchants expands, it is expected to give consumers a growing range of options and therefore make the app more attractive to users, while concurrently driving TGL revenue. The company receives a commission ranging from 1% to 10% of the transaction total, depending on the category of goods or services being purchased on the ZCITY app. Reflecting the growth in its user base and merchant pool, revenue has increased from \$14 million in FY 2021 to about \$79.7 million in FY 2022.

ZCITY App

The company's first product, the ZCITY app, launched in Malaysia in June 2020 and subsequently has grown its reach and registered user base to more than 2,442,319 as of March 2023, as noted. The company goal is to make the ZCITY App one of Malaysia's top reward and payment gateway platforms and eventually for the ZCITY App to become one of the most broadly used apps in Southeast Asia and Japan. The company's strategy to drive usage and customer satisfaction is to simplify the user's e-payment experience and to provide attractive economic offers, rewards and promotions each time the user accesses the App.



Source: [Company reports](#)

The company's technology platform allows ZCITY to offer personalized promotions by using AI technology. Thus, although consumers in Malaysia generally have access to many ordering, delivery and loyalty websites and apps, TGL believes that consumers in its home market and throughout its target markets generally do not receive personalized promotions based on their purchase histories and behavior. So while there are competing apps being used in Malaysia that can take online or mobile orders and payments for retail sales of merchandise, services and F&B, the company believes that its ability to offer personalized rewards or rebates is a critical differentiating factor that can set ZCITY apart from competitor apps. By utilizing its analytics software to offer customized promotions, the company believes it can leverage data to attract users, operate efficiently and enhance user retention and stickiness.

The company believes its branding for the app makes it clear to users that they can generate rewards, discounts and potential cash rebates by using ZCITY app benefits at checkout. The ZCITY app hashtag is *#RewardsOnRewards*. ZCITY provides the following functions:

- Geo-location-based promotions – merchants can generate promotional offers to consumers who are nearby using geo-targeting.
- Affiliate partnership rewards – users can earn and use rewards when they navigate from the ZCITY App to a partner's website.
- Branded e-vouchers – the user earns e-vouchers with instant discounts and rewards points each time a transaction is made using the app.
- ZCITY games – users also can earn daily rewards, e-vouchers or prizes by playing proprietary games on ZCITY.

TAZTE

TAZTE launched in 4Q22 to provide digital management tools. The platform is designed to create an end-to-end automated solution enabling merchants to digitalize their business, including accepting and processing online, in-store and mobile orders, recording and tracking transactions and applying appropriate discounts, among other functions. Currently, TAZTE merchants operate primarily in the food

& beverage (F&B) sector. Treasure Global intends to expand the TAZTE platform to include grocery stores, convenience shops, small to medium size enterprises (SMEs), advertising agencies and other verticals. The Tazte Smart F&B system allows merchants to record transactions with QR digital payment technology, offer discounts and process RP redemptions and rewards online on the ZCITY App.



Source: [Company reports](#)

Technology platform to help F&B industry with efficiencies, scale & customer service

TAZTE is designed to help restaurant operators improve their efficiencies and customer interactions and also make it convenient for diners and shoppers to access their products and services. Most restaurant operations, even many regional chains, are run as small mom & pops and often lack the technical expertise to maximize their POS and other technology systems. According to an industry profile from the [Canadian](#) government, “The Malaysian foodservice market was, until the pandemic, mostly made up of independent outlets. In 2016, independent outlets accounted for 66.8% of foodservice sales.” While this apparently changed somewhat during the pandemic, smaller operators continue to comprise a key part of the Malaysian F&B space.

TAZTE leverages ZCITY app analytics software to generate customized, data-driven offerings to attract and retain consumers and enhance profitability. The system is expected to help F&B operators reduce staff headcount and use multiple delivery providers. TGL believes that many restaurant operators and others within the F&B space will find the company’s more than 2.4 million users and technology platform designed to improve efficiencies, as well as promotional efforts from TGL that include offering subsidies and other incentives to use TAZTE. The company also believes that TAZTE features are attractive compared to those offered by other competitive platforms.

Merchants participating in TAZTE include F&B operators Morganfield’s Holdings, Hui Lau Shan and the Alley. In the aggregate, these food retailers operate more than 100 food and beverage franchises in Malaysia. Morganfield’s intends to incorporate TAZTE in its nine franchisees located in Malaysia, China, and Singapore. In turn, this is expected to enhance the company’s rollout of TAZTE in the region.

Recurring revenue streams...

Treasure Global's June 2023 licensing agreement with the Abe Yus chain is also expected to be a catalyst for growth. Abe Yus, which currently operates 12 fast food outlets across Malaysia, as noted, intends to open 35 outlets by yearend 2023 and 300 over the next five years. Abe Yus also plans to expand into Southeast Asian markets in the future, which is consistent with and expected to support TGL's own growth strategy. Through a wholly-owned subsidiary, TGL holds the exclusive worldwide rights to act as a master franchisor for Abe Yus and award sub-licenses for the use of Abe Yus' trademarks to third parties. TGL will manage brand loyalty and raw material supply via TAZTE technology solutions. TGL expects the Abe Yus deal generate incremental revenue streams from, among other services, start-up fees for establishing new locations, ongoing supply chain management and monthly licensing fees.



Source: [Company reports](#)

In addition, TGL views the agreement with Morganfield's as transformational. As the company's first licensing agreement, the Morganfield's deal will serve as a blueprint for Treasure Global to replicate and rollout to other F&B operators throughout the region. Morganfield's has nine franchisees operating multiple locations throughout Malaysia. The Treasure Global - Morganfield's agreement gives the company exclusive rights to sub-license the Morganfield's brand and the company expects this deal to facilitate its expansion throughout target Southeast Asian markets and to contribute to its goal of becoming a virtual master franchisor. Moreover, as the company expands the number of sub-licensors and monthly licensing fee revenue increases, the company expects recurring revenue streams to grow.

Travel platform planned

As noted, the company plans to develop a travel platform with features enabling travelers to book flights, hotels, car rentals and purchase tickets to theme parks, concert and other entertainment options. TGL and VCI Global plan to jointly develop an AI-powered travel platform to help users find dining options, tourist attractions and various activities during their travel in Malaysia. The goal is to leverage AI predictive technology to offer personalized responses based on users' tastes and objectives. TGL and VCI Global will share ownership and profits 50%/50%.

Tourism is an important contributor to the Malaysian economy. In the five years leading up to the pandemic, Malaysia averaged about 26 million international tourists annually spending more than \$80 billion, according to the Ministry of [Tourism](#) & Culture of Malaysia. Tourist visits have not recovered to pre-pandemic levels but appear to be climbing. The “continued gradual recovery of international tourism” from Asia, the Middle East and Europe is expected to be an important contributor to Malaysian economic growth, according to [S&P Global Market Intelligence](#).

At the same time, domestic tourism across Malaysia is also a significant contributor to tourism revenue. The Malaysian Department of Statistics (DOSM) reported that the number of domestic visitors in Malaysia more than doubled (up 160.1%) in 2022 to 171.6 million visitors, as the impact of the pandemic abated. Importantly, according to DOSM data, domestic tourist spending reached R\$64.1 billion in 2022, up from R\$18.4 billion in 2021.

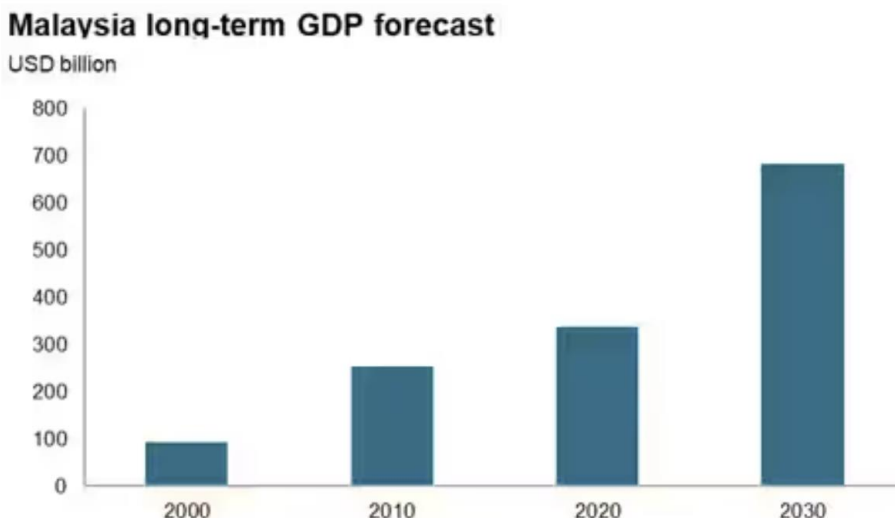
Promotional campaigns – refocus e-vouchers strategy

The company’s various agreements with financial institutions enable ZCITY app users to earn cash back vouchers that can be used on the ZCITY app. Although offering e-vouchers has been a successful way for Treasure Global to grow its user base, e-voucher transactions generally result in relatively low gross margins for the company. TGL’s objective is to lessen its dependence on e-vouchers as a means of expanding its user base and growing usage. The company’s strategy is to find alternate ways to encourage higher transaction levels and user loyalty in order to boost gross margins. The company’s goal has been to continue to focus on increasing user engagement and margins, as well as expanding further into the digital F&B franchise space to gain additional revenue streams.

MARKET OPPORTUNITY

Malaysian home market represents initial foothold in greater ASEAN market

Malaysia is expected to enjoy strong economic growth over the next several years, fueled by population growth and urbanization and industrialization, among other factors. GDP growth averaged more than 4.3% in Malaysia from 2016 to 2019, according to the IMF. Reflecting the economic constraint of the pandemic, the economy contracted in 2020 to US\$337 billion but is projected to reach US\$680 billion by 2030, according to [S&P Global Market Intelligence](#). Treasure Global expects this anticipated economic growth to create a strong backdrop for its own growth objectives, particularly as the middle class is expected to expand further and the rate of mobile technology penetration rises.



Source: S&P Global Market Intelligence

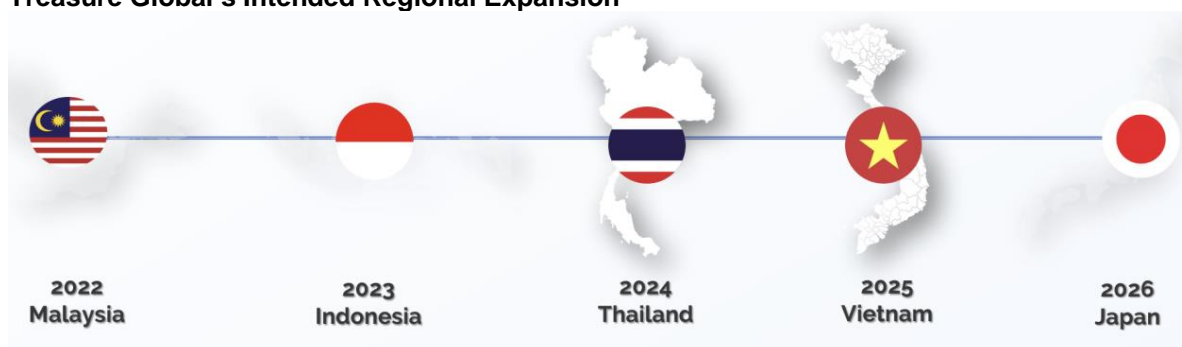
Malaysia's population was roughly 32 million in 2020, up from about 23 million in 2000, according to the World Bank. As the population has expanded, so too has the country's relative urban population. Some roughly 75% of the Malaysian population live in cities, according to Bloomberg citing the Department of Statistics data. As this urbanization trend occurs, the service economy and e-commerce also continue to expand, which Treasure Global views as another likely catalyst for company growth, as well. Malaysia's e-commerce income grew 6% year-over-year in 2022 to \$R1.1 trillion (\$240 billion). In 1Q23, e-commerce income grew 10.4% year-over-year to R\$291.7 billion (US\$62.6 billion), according to DOSM, driven primarily by the manufacturing and services sectors.

As the country's economic development and urbanization has progressed, mobile penetration, internet usage and e-commerce have also grown. For example, Malaysia's overall digital economy grew 13% year-over-year in 2022 to \$21 billion, according to a recent [report](#) sponsored by Google and others, and is expected to reach or exceed \$35 billion in 2025. The Malaysian government has developed a [Digital Economy Blueprint](#) to help the country become a regional technology leader over time. In addition, the company believes that nearby Indonesia offers substantial opportunities, as well, as the market is a near-term expansion focus for TGL.

REGIONAL EXPANSION INTO ADJACENT MARKETS

Focus on ASEAN markets...

Treasure Global's Intended Regional Expansion

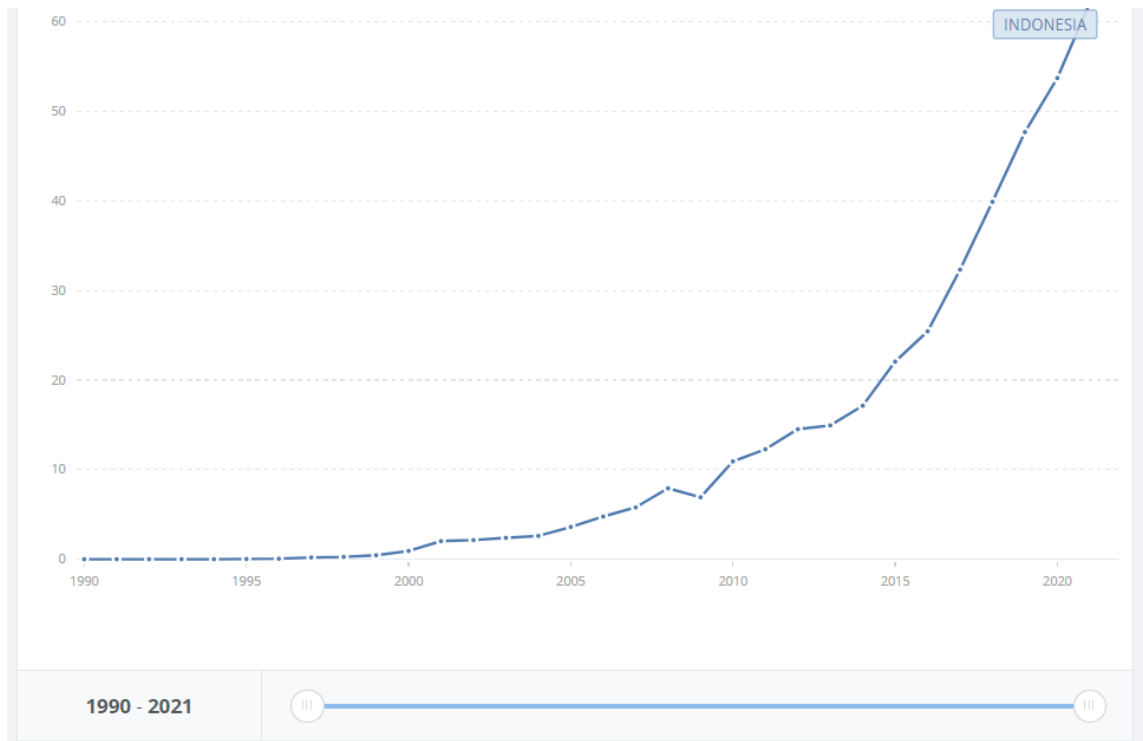


Source: [Company reports](#)

Once the company has established a firm foothold in its home market, its strategy is to further penetrate and deepen its operations within the Malaysian market by broadening the range of products and services it offers to both consumers and merchants and also expand into additional Southeast Asian markets. The population of Malaysia is about 34 million. By expanding into nearby markets such as Indonesia, Japan, Vietnam, the Philippines and Thailand over time, the company expects to increase its target population substantially. Indonesia, for example, has a population that is over 8-times that of Malaysia's, with roughly 276 million residents.

The company's regional expansion targets entrance into the Indonesian market sometime this year, with Thailand, Vietnam and Japan in subsequent years, as illustrated above. Indonesia and Malaysia are ASEAN's largest economies, according to Business Indonesia. Given that the two countries are relatively close to one another, trade between the two is fairly robust at about US\$27.31 billion during the first 11 months of 2022, according to the Malaysian Foreign Ministry. Moreover, digital commerce is expected to grow in the overall region. [Insider Intelligence](#) projects smartphone adoption among Southeast Asian internet users will rise from 88.0% in 2022 to 90.1% in 2026 and notes that smartphone penetration and usage is "synonymous with internet access."

Indonesia: Population Using the Internet (%)



Source: [World Bank](#)

Indonesia specifically has an internet penetration rate that exceeds 60% of its population, according to World Bank data. The company recently forged an agreement to jointly form an e-commerce venture in Indonesia with two entrepreneurs through a dedicated business entity, PT Harmoni Bagi Dunia (HBD), in which TGL will hold a 70% stake. HBD will have the exclusive rights to promote and operate the ZCITY app in Indonesia. HBD represents the initial stages in TGL's expansion into the Indonesian market, where TGL is planning to launch ZCITY in the next few months and maintain a dedicated business development and operations team. The company believes ZCITY will commence with access to a network of 200,000 merchants in multiple sectors in Indonesia and data of 5-million users.

Additionally, TGL's partnerships and licensing agreements with companies such as Abe Yus and Morganfield's noted earlier, as well as others, also might facilitate Treasure Global's regional expansion. They are also consistent with the company's strategy to expand internationally by partnering with local partners that know the local market and frequently have developed expertise and relationships. As noted, Abe Yus' plan is to expand into Southeast Asian markets.

MANAGEMENT

Insiders, including management and directors, collectively hold more than 26% of TGL shares (as of December 2022) and CEO Chong Chan Teo recently purchased an additional nearly 121k shares.

Chief Executive Officer

Chong Chan “Sam” Teo is the company’s CEO and a director. He has significant operating experience in the fintech and e-commerce fields, according to TGL. Prior to his role as CEO, he served as the company’s Chief Operations Officer from July 2020 to June 2021. Mr. Teo was the CEO of GEM From March 2020 to June 2021 and Director of Business Development responsible for sales and business development of GEM before that from May 2018 to February 2020.

Chief Operating Officer (COO)

Su Chen “Chanel” Chuah has been the company’s COO since 2020. Prior to that, she was COO of GEM and of World Cloud Ventures from 2016 to 2021. At World Cloud, she was responsible for project management for mobile apps and portal development, , among other functions including business development planning.

Chief Financial Officer

Chan Meng Chun, then the company’s financial controller, was appointed CFO effective July 31, 2023. Prior to joining TGL, he was the CFO for Ikhasas Group of companies from May 2022 to September 2022, and Head of Group Treasury for Sime Darby Plantation Bhd, from January 2022 to May 2022. He was CFO for TS Global Network Sdn Bhd from November 2015 to June 2020 and CFO of publicly-listed Pasukhas Group Bhd prior to that from April 2013 to November 2015.

RECENT RESULTS / OUTLOOK

Treasure Global reported 3Q23 (ended March 31, 2023, FY ends June) total revenues of about \$18.2 million and gross profit of about \$0.1 million. Specifically, total revenues of \$18.2 million, compared to about \$21.1 million in 3Q22. The decline largely reflected the company’s planned slowdown in the e-voucher program and lower e-voucher product revenue. This strategy is intended to improve margins, as noted. Thus, despite the lower revenue, TGL registered gross profit of about \$0.15 million and gross margin of about 0.8%, compared to \$0.02 million and 0.1%, respectively, in 3Q22. The net loss was about \$2.9 million compared to \$3.2 million in 3Q22.

Although the number of quarterly active users were similar year-over-year, user retention was up (about +288% year-over-year) and some 58% of paid users transacted three or more times quarterly. This led to about 1.0 million total user transactions in 3Q23.

Cash and cash equivalents was about \$4.1 million at March 31, 2023, compared to about \$4.7 million as of December 31, 2022. The company closed an unsecured convertible debt facility of up to \$5.5 million with a single institutional investor.

VALUATION

TGL is optimistic about its growth plans and strategy as it expands its presence in Malaysia and into new ASEAN markets. We forecast a 5% increase in 2024 revenue but note that this forecast might prove conservative or too high, depending on how rapidly the company ramps ZCITY and TAZTE and enters new ASEAN markets versus possible offsets from managing e-voucher revenue.

The shares dropped sharply in 2H22 reflecting, we believe, pressure from warrant exercise and dilution (shares outstanding increased nearly 70% over two quarters) and perhaps concerns about the impact of e-voucher deceleration initiatives. They have remained under pressure and it would not surprise us to see investors wait in the near-term for upcoming milestones, particularly as TGL manages e-voucher revenue and reflecting possible delisting risk (see below). Nevertheless, if TGL can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

Given the early stage of the company's ongoing strategy, we assign an 65% confidence multiple to our above-noted 2024 forecast at this point. If memberships and revenue ramp faster than we anticipate, our confidence multiple might prove conservative. Thus, depending on user and revenue trends, we might increase / lower our confidence multiple in the future.

We also believe it is difficult to compare TGL shares to those of other publicly traded companies. While there are companies that provide services similar to one or more TGL offers – including companies such as Toast, DoorDash, Block and Paypal, among others – there does not seem to be a direct comprehensive competitor. Nevertheless, using the companies noted above as a general benchmark, on a price-to-sales (P/S) basis, these tech players trade at multiples that range from 1.4x to 3.3x forward revenue. However, they also have established footprints, revenue bases and brands and also operate in more mature markets. Conversely, we would also expect TGL to record faster growth at this early stage in its development and off a significantly lower base. At this point, we believe using the P/S multiple at the lower end of the range and applying a discount for the higher risk TGL faces compared to more established players is appropriate.

We present various potential valuation scenarios in the table below, based on the confidence multiple we apply to our FY 2024 revenue forecast and adjustment we apply to the P/S multiple. We derive a near-term valuation of about \$0.54 per TGL share. If the company delivers milestones earlier than anticipated, it could impact these multiples and adjustments.

P/S	'24E Revenue confidence multiple						
Adj	50%	55%	60%	65%	70%	75%	80%
100%	2.06	2.27	2.48	2.68	2.89	3.09	3.30
90%	1.86	2.04	2.23	2.41	2.60	2.79	2.97
80%	1.65	1.82	1.98	2.15	2.31	2.48	2.64
70%	1.44	1.59	1.73	1.88	2.02	2.17	2.31
60%	1.24	1.36	1.49	1.61	1.73	1.86	1.98
50%	1.03	1.13	1.24	1.34	1.44	1.55	1.65
40%	0.83	0.91	0.99	1.07	1.16	1.24	1.32
30%	0.62	0.68	0.74	0.80	0.87	0.93	0.99
20%	0.41	0.45	0.50	0.54	0.58	0.62	0.66
10%	0.21	0.23	0.25	0.27	0.29	0.31	0.33

Source: Zacks estimates

Any delay or failure in successful execution of the strategy could represent a potential risk to our valuation and cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RISKS

We believe risks to TGL achieving its goals, and to our valuation, include the following, among others.

- TGL might not gain market share in Malaysia and / or in new ASEAN markets as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- The company faces FX risk as it expands internationally.
- TGL's plans to leverage alternate ways to encourage higher transaction levels and user loyalty and lessen its dependence on e-vouchers could dampen near-term revenue growth longer than the company expects.
- Last month the company received notice from Nasdaq of failure to satisfy the continued listing requirement of maintaining a minimum closing price of \$1.00/share. TGL was given until February 13, 2024, to regain compliance and/or request an extension until August 13, 2024. If the company does not regain compliance, it faces the risk of possible delisting from Nasdaq.

RECENT NEWS

- Treasure Global announced that it had formed E-Commerce Ventures in Indonesia with two entrepreneurs (Ariadi Anaya and Budihardjo Iduansjah) on August 15, 2023.
- On August 9, 2023, Treasure Global's ZCITY App offered an AI personalization engine with ChatGPT integration.
- Treasure Global announced a collaboration with Borderland Music Festival 2023 to provide the first cashless and ticketing platform-powered music festival in Malaysia on July 31, 2023.
- On July 28, 2023, Treasure Global announced that its CEO had purchased shares.
- TGL announced a collaboration with the Malaysian Ministry of Domestic Trade & Cost of Living to Launch 'Payung Rahmah' Initiative on July 25, 2023.
- The company signed an agreement with VCI Global to develop an AI-powered travel platform on July 19, 2023.
- On July 10, 2023, TGL announced an MOU with the Malaysia Retail Chain Association.
- On June 06, 2023, Treasure Global formed a licensing agreement with Abe Yus.
- On June 1, 2023, TGL's ZCITY announced a collaboration with ZUS Coffee to offer rewards for new members.
- On May 15, 2023, Treasure Global announced a brand partnership for its Zstore affiliate program.

PROJECTED FINANCIALS

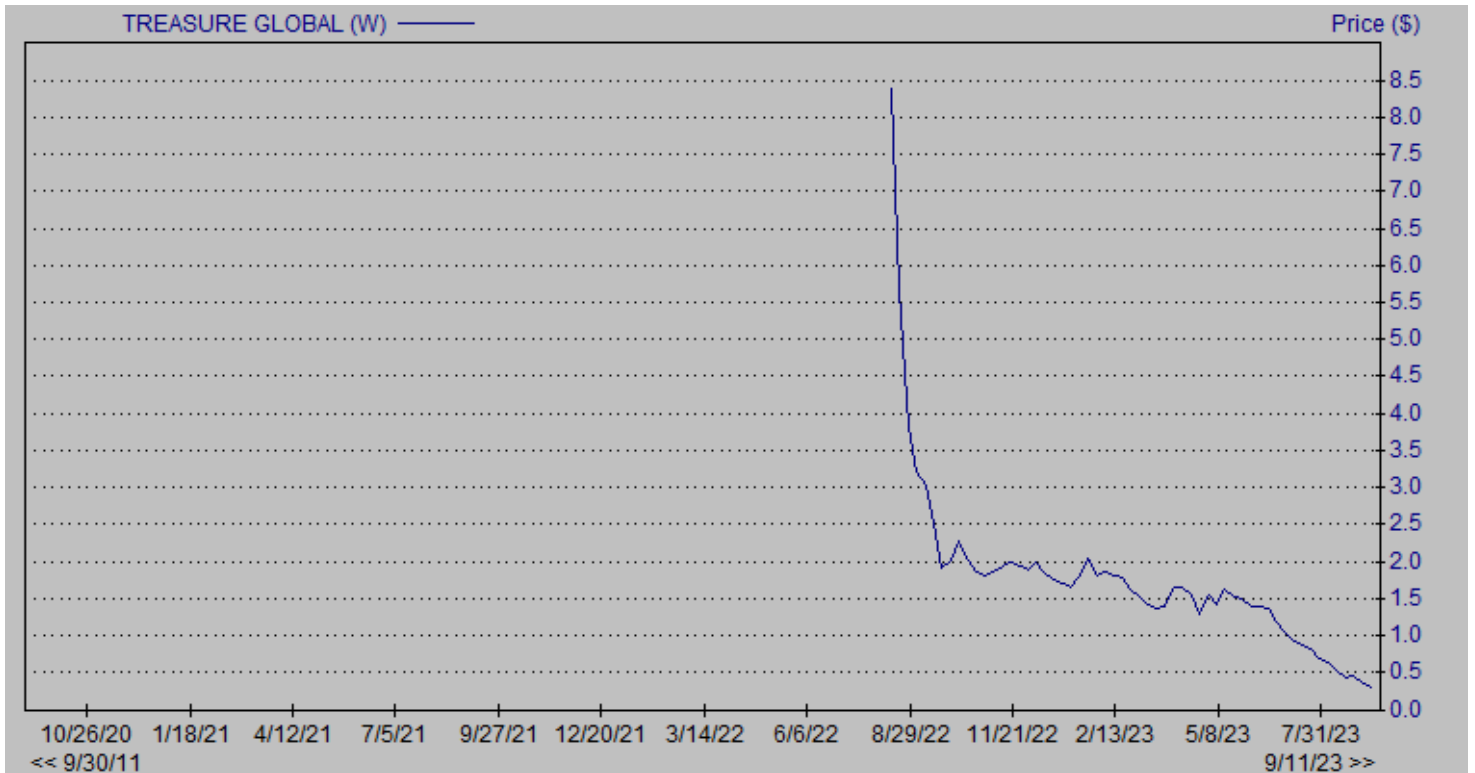
Trasure Global Income Statement & Projections (US\$)

	FY 2021	21-Sep 1Q22	21-Dec 2Q22	22-Mar 3Q22	22-Jun 4Q22	FY 2022	22-Sep 1Q23	22-Dec 2Q23	23-Mar 3Q23A	23-Jun 4Q23E	FY 2023E	FY 2024E
Revenue	\$14,020,353	\$20,368,518	\$22,362,136	\$21,096,379	\$15,847,846	\$79,674,879	\$15,556,340	\$20,444,168	\$18,152,113	\$14,263,061	\$68,415,682	\$71,836,467
y/y chg (%)						468%	-24%	-9%	-14%	-10%	-14%	5%
Cost of revenue	(13,880,408)	(20,296,943)	(22,222,652)	(21,080,872)	(15,598,224)	(79,198,691)	(15,519,247)	(20,210,159)	(18,004,280)	(14,134,694)	(67,868,380)	(70,758,920)
Gross profit	139,945	71,575	139,484	15,507	249,622	476,188	37,093	234,009	147,833	128,368	547,303	1,077,547
Margin	1.0%	0.4%	0.6%	0.1%	1.6%	0.6%	0.2%	1.1%	0.8%	0.9%	0.8%	1.5%
Selling	(3,034,197)	(1,749,965)	(1,867,085)	(1,405,495)	(1,259,920)	(6,282,465)	(1,293,030)	(1,266,300)	(1,174,925)	(1,186,674) ▲	(4,920,929)	(4,970,139)
G&A	(4,264,265)	(509,055)	(556,812)	(822,644)	(931,300)	(2,819,811)	(810,746)	(855,573)	(1,369,369)	(1,383,063) ▲	(4,418,751)	(4,462,938)
R&D	(435,471)	(68,373)	(124,849)	(68,345)	(5,149)	(266,716)	(129,297)	(167,933)	(105,961)	(107,021) ▲	(510,212)	(515,314)
Stock based comp	-	(320,823)	(321,058)	(321,057)	(321,056)	(1,283,994)	(439,332)	-	(380,000)	(304,000)	(1,123,332)	(1,134,565)
Total OpEx	(7,733,933)	(2,648,216)	(2,869,804)	(2,617,541)	(2,517,425)	(10,652,986)	(2,672,405)	(2,289,806)	(3,030,255)	(2,980,758) ▲	(10,973,224)	(11,082,956)
Loss from operations	(7,593,988)	(2,576,641)	(2,730,320)	(2,602,034)	(2,267,803)	(10,176,798)	(2,635,312)	(2,055,797)	(2,882,422)	(2,852,390) ▲	(10,425,921)	(10,005,409)
Other income, net	75,270	10,932	26,217	24,295	(6,590)	54,854	14,325	55,187	1,329	1,342 ▲	72,183	72,905
Interest expense	(163,945)	(73,680)	(333,233)	(406,187)	471,491	(341,609)	(41,785)	(55)	(8,220)	(8,302)	(58,362)	(63,031)
Amortization of debt discount	(238,917)	(130,152)	(121,855)	(237,764)	(777,090)	(1,266,861)	(998,076)	-	(25,255)	-	(1,023,331)	(138,000)
Total other	(327,592)	(192,900)	(428,871)	(619,656)	(312,189)	(1,553,616)	(1,025,536)	55,132	(32,146)	(6,960)	(1,009,510)	(128,126)
Pretax loss	(7,921,580)	(2,769,541)	(3,159,191)	(3,221,690)	(2,579,992)	(11,730,414)	(3,660,848)	(2,000,665)	(2,914,568)	(2,859,350)	(11,435,431)	(10,133,535)
Taxes	(2,000)	(3,900)	(4,800)	(3,900)	(3,000)	(15,600)	(11,500)	(11,500)	(11,500)	(11,615) ▲	(46,115)	(46,576)
Net loss	(7,919,580)	(2,765,641)	(3,154,391) ▲	(3,225,590)	(2,576,992)	(11,714,814)	(3,649,348)	(1,989,165)	(2,903,068)	(2,847,735)	(11,389,316)	(10,086,959)
FX adj	(43,145)	(12,807)	(24,537)	13,935	177,513	154,104	(135,276)	49,998	(24,621)	(24,867)	(134,766)	(141,505)
Comprehensive loss	(7,962,725)	(2,778,448)	(3,178,928)	(3,211,655)	(2,399,479)	(11,560,710)	(3,784,624)	(1,939,167)	(2,927,689)	(2,872,602)	(11,524,082)	(10,228,463)
Loss / share	(\$0.77)	(\$0.26)	(\$0.30)	(\$0.31)	(\$0.25)	(\$1.12)	(\$0.26)	(\$0.12)	(\$0.17)	(\$0.16) ▲	(\$0.70)	(\$0.58)
Shares out	10,312,585	10,542,722	10,545,251	10,545,251	10,244,360	10,469,396	13,909,851	17,288,116	17,319,862	17,329,862	16,461,923	17,409,862

Source: Company reports, Zacks estimates

FY ends June

HISTORICAL STOCK PRICE



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