

Due Diligence and Valuation Report

Arrowhead code: 74-01-01
 Coverage initiated: December 01, 2021
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 Fair Value Bracket (per share): EUR 1.28 to EUR 1.56
 Share Price (November 26, 2021): EUR 0.77

Analyst

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Market Data

52-Week Range:	EUR 0.60 – EUR 1.38
Average Daily Volume:	15,390
Market Cap (November 26, 2021):	EUR 5.5 million

Financial Forecast (in EUR) (FY Ending – Dec)

EUR	'22P	'23P	'24P	'25P	'26P
NI (mn)	(1.12)	(0.57)	0.05	0.55	0.97
EPS (cents)	(0.16)	(0.08)	0.01	0.08	0.14

Company Overview

SosTravel.com S.p.A. ("SosTravel" or "the Company") operates two digital platforms – SosTravel and FLIO (acquired in July 2019) – that act as marketplaces for peripheral travel services specifically focused on air travelers. The Company's ultimate aim is to build a one-stop digital platform that provides travel services for passengers using various modes of transportation i.e. air, rail, bus, and sea.

SosTravel's key services are Lost Luggage Concierge, Travel Insurance, Telemedicine, Flight Tracking, Airport & Airline Information, Flight Compensation, and Aviation Services. The Company is currently in the process of upgrading the SosTravel app and website and is planning to offer services through the websites as well once the update is complete.

Key Highlights

- SosTravel's primary service is the Lost Luggage Concierge, which it offers in partnership with TraWell Co. Luggage concierge helps customers track their luggage get compensation in case of delays. The Company's agreement with TraWell Co also allows it to leverage TraWell Co's infrastructure present at airports as a sales funnel to direct prospects to the SosTravel website.
- COVID-19 has had a significant impact on the Company because of a ban on air travel in 2020 and severe restrictions during 2021.



Company: SosTravel.com S.p.A.
 Ticker: BIT: SOS
 Headquarters: Gallarate, Italy
 CEO: Rudolph Gentile
 Website: www.sostravel.com

- SosTravel signed an exclusive 5-year contract with Health Point Plus Inc. in 2020 to offer Telemedicine services ("Dr. Travel") through the SosTravel platform.
- Adding more commercial partners to the platforms will be critical for the Company's growth since it is building a two-sided platform, where having more product options typically leads to more customers.
- The Company plans to start its expansion initiatives with the US since it is the world's largest aviation market. The Company has prepared a detailed roadmap for this expansion.

Key Risks

SosTravel relies on external partners for the services offered on its platforms. The ability of these partners to provide high-quality and reliable services directly affects the reputation of the brand. The COVID-19 pandemic caused a significant decline in air travel, which directly impacted SosTravel. Although airline traffic is gradually increasing with an improvement in the COVID-19 situation, fears of another Covid spike is a major risk for the Company, just like other companies in the broader Travel and Tourism industry. The Company is currently in the early stages of business and has taken two loans amounting to EUR 2.5 million to finance its growth. We expect the Company to comfortably repay this loan if the industry maintains its current recovery momentum. However, if there is a Covid spike, the industry might lose its momentum and SosTravel might struggle to repay its obligations.

Valuation and Assumptions

Based on its due diligence and valuation estimates, Arrowhead believes that SosTravel's fair share value lies in the EUR 1.28 to EUR 1.56 bracket, which has been calculated using a blended valuation method; with 50% weighting to a DCF method and 50% weighting to a Comparable Companies Valuation method. Our DCF model suggests a fair value of EUR 2.05, while a relative valuation provides a fair value of EUR 0.79.

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Investment Thesis

One-stop digital platforms for peripheral air travel services in the making

SosTravel is building a unique one-stop digital marketplace for peripheral travel services such as luggage concierge, travel insurance, telemedicine, flight tracking, and airport information. The Company enters commercial partnerships with companies that provide these services so that these can be marketed through SosTravel's platforms (i.e., SosTravel.com and FLIO). The Company is currently focusing exclusively on peripheral services for air travelers because it can leverage the presence of TraWell Co. at 50 airports across the world to funnel prospects into its platforms. However, as it scales up, the Company also plans to offer services for travelers using rail, bus, and sea transportation. In addition to offering an extensive range of peripheral services through its platforms, the Company's long-term vision also includes offering core travel services, such as ticketing and hotel reservations, as well as "ancillary services" such as local site seeing tours bookings and ticketing for tourist destinations.

Technical upgrades likely to improve customer engagement

In addition to trying to bring more commercial partners onto its platforms, SosTravel is also working on some technical upgrades to its platforms, including updating the User Interface/ User Experience ("UI/UX") for the website and the mobile applications ("app") and changing their coding language so that they can support more services. The Company is also working on making certain services, such as Lost Luggage Concierge, VIP Lounge pass, Fast Track pass, and Dr. Travel, available through its website in addition to its app. These initiatives are targeted at attracting more users to the platforms, improving user engagement, and giving users an additional touchpoint to transact. The Company expects these technical initiatives to be completed by April 2022.

Expanding commercial partner network will be critical to the growth

Since SosTravel is developing a two-sided market, its immediate priority is to quickly expand its service portfolio by bringing as many commercial partners as possible onto its platforms. This is critical to the Company's strategy of setting off a network effect where more services would attract more clients, which, in turn, would attract more commercial partners and make the Company's marketplace more vibrant. In pursuit of this goal, the Company has been offering attractive terms to its commercial partners and is in the process of hiring a commercial sales officer who will be directly responsible for bringing new commercial partners onto the platforms and increasing engagement with existing commercial partners.

Green shoots of recovery seem to be emerging after a torrid time

SosTravel's business was significantly impacted by the pandemic-related travel restrictions. 2020 was a period of zero revenue for SosTravel and negative revenue growth for most other companies in the broader Travel industry because of these restrictions. Green shoots of recovery can be seen for SosTravel and other companies in the industry with the travel restrictions easing gradually since mid-2021 due to an improving Covid situation. We expect SosTravel to achieve strong revenue growth in the coming quarters if the Covid situation remains under control and there are no further travel restrictions. However, the Company's growth could be affected significantly if fears of further lockdowns due to the emergence of new variants of the coronavirus turn out to be true.

The long-term outlook for the travel industry remains strong

Despite short- and medium-term uncertainty, we believe the Company is in an industry with an encouraging long-term outlook and, therefore, has the potential to achieve strong growth over the long term. Passenger air traffic is currently much lower than the pre-pandemic levels, but it is expected to cross the pre-pandemic levels by 2024 unless the Covid situation deteriorates and there are further travel bans. The most significant factor driving the revival of airline traffic over the next few quarters is likely to be the pent-up demand for leisure and business travel as well as the demand from international students and ex-pat employees returning to their country of education/employment. Long-term tailwinds for the Travel industry include a growing cosmopolitan middle-class in emerging markets, higher disposable income among young and middle-aged people, growing preference for travel instead of excessive accumulation of hard assets, and the abundance of affordable travel and lodging options.

With air traffic increasing in recent months, the demand for travel-related insurance products has also increased (and even outpaced the growth rate of air traffic) since travelers are giving more importance to health insurance as well as insurance against other risks such as flight cancellation. This trend is likely to continue going forward and providing a conducive growth environment for SosTravel, which generates significant revenue from the sale of insurance products.

Company Presentation

SosTravel.com S.p.A. (“SosTravel” or “the Company”) is an aggregator of peripheral travel services which currently focuses on services for airline passengers. The Company operates two digital platforms (SosTravel “Sos” and FLIO) that offer Lost Luggage Concierge, Travel Insurance, Telemedicine, Flight Tracking, Airport & Airline Information, Flight Compensation, and Aviation Services. SosTravel’s long-term aim is to become a one-stop-shop for travel-related services and, in pursuit of this aim, the Company is in discussions with several potential commercial partners to onboard their services to its platforms.

SosTravel was founded in 2017 by the conferment of its holding Company RG Holding S.r.l and its key partner and stakeholder, TraWell Co. The Company leverages TraWell Co.’s luggage management infrastructure and customer touchpoints at airports to funnel potential buyers onto its digital platforms. The Company is headquartered in Gallarate, Italy, and its stock trades with the ticker “SOS” on Euronext Growth Milan market operated by Borsa Italiana (Italian Stock Exchange).

Growth Through Acquisition: SosTravel acquired its direct competitor, FLIO, in July 2019 to expand its geographical presence and increase its user base. FLIO continues to operate as a separate platform after the acquisition. SosTravel maintains an active M&A pipeline and constantly explores attractive inorganic growth opportunities. As of 31 December 2020, SosTravel’s total employee base, excluding FLIO, was seven. The Company’s management handles core aspects of the business, such as technology development, platform design, and business development, and utilizes external partners for aspects like coding and customer service. The Company has also retained industry experts to advise on strategic and technological aspects.

Key services on the SosTravel app

Services	Partner	Description
Lost Luggage concierge	TraWell Co.	Helps customer track their baggage in cases of loss or failure to deliver at the destination airports.
Travel Insurance	IMA Insurance	SosTravel acts as a distributor of travel insurance and allows passengers to purchase multi-risk travel insurance through its application.
Dr. Travel	Health Point Plus, Inc	The Company provides telemedicine services for travelers directly from its application, in partnership with Health Point Plus, Inc. The service covers family assistance, hospital and medical expenses needed by the passenger while traveling for the coverage period.
Aviation Services	Outsourced to a call center	Sostravel offers B2B aviation services to the airports and operates customer care services for them.
Airport & Flight Information	SITA	The applications curate information on airports and flight details from across the world and present this information to the user on its applications Such as local weather, flight status, airport lounge & restaurant details.

Services Delivery Model: Currently, users can only access SosTravel and FLIO through their mobile apps, which are available for both Android and iOS. SosTravel also operates websites for both Sos and FLIO. However, these websites are purely for information purposes and do not provide any services at present. The Company is working on UI /UX upgrades for SosTravel’s website and both mobile apps. Users will also be able to avail several services through the SosTravel website after the upgrades are complete. SosTravel has set a tentative deadline of April 2022 for completing these upgrades. The services that will be available through the website after the upgrades are Lost Luggage Concierge, VIP Lounge pass, Fast Track pass, and Dr. Travel.

Commercial Collaborations & Partnerships: SosTravel has multiple partnerships and agreements with service providers to offer their services through its digital platforms. The Company has a partnership agreement with its group company, TraWell Co, which has points of sale at several domestic and international airports. The Company has also partnered with Health Point plus and signed a 5-year exclusive contract to offer its telemedicine services through the SosTravel app. The Company also has agreements with IMA Insurance and Airhelp to sell its travel and flight insurance products on the SosTravel mobile app.

Corporate Strategy

Travel restrictions and bans following the Covid outbreak severely impact SosTravel's business. However, with the Covid situation gradually improving, the Company expects its revenue to grow significantly over the coming periods. As per our estimates, the Company is expected to reach a revenue of EUR 3.0 million by 2024 and will need to work aggressively on creating a network effect in order to achieve this target. The focus over the next few years would be to build the SosTravel brand so that it creates its own customer recall and can develop sustainably as a standalone brand, instead of overly relying on TraWell Co. The Company plans to initiate its brand building and market expansion activities in the US due to the country's large air travel market. The Company has already secured subsidized loans for expansion activities.

One-Stop-Shop for Travel Services: SosTravel aims to become a go-to place for travel services. Currently, the Company offers a limited range of services that exclusively target airline passengers. However, it is looking to expand its service portfolio to other areas of travel to become a one-stop-shop for all travel-related services. The Company envisions adding core travel services, such as flight and hotel bookings through its platforms, as well as "ancillary services" such as travel experience bookings, site seeing tours, and tickets to local attractions to its portfolio.

Expanding Service Catalogue: The Company's digital platforms serve as an intermediary between buyers and sellers. SosTravel operates a two-sided market and has to develop specific strategies for both sides of the market, i.e. service providers and customers. Two-sided platforms rely on a network effect whereas one side of the network grows, the other side grows with it because the network becomes more valuable. To trigger this network effect, the Company's top priority over the next few years should be building a robust commercial partner network. The focus should be on onboarding top brands and expanding its service catalog so that potential customers are drawn to the platforms. For this, the Company would need to expand its B2B business development team and lay out a clear strategic roadmap.

Increasing Traction Through Digital Initiatives: SosTravel would need to support its commercial business development initiatives with B2C initiatives, so the platforms receive more traffic and become a lucrative sales channel for the commercial partners. As the first initiative in this direction, the Company has started improving its UI / UX for both the app and the website. It also plans to start offering several of its services through the website so that there is another outlet for customers to buy from. These initiatives are likely to be completed by April 2022. Simultaneously, the Company would also need to focus on digital marketing initiatives, such as targeted online marketing campaigns and search engine optimization ("SEO"), so that the website and the app start generating traction on their own, instead of relying on TraWell Co's locations to funnel potential customers to them.

The expected combined outcome of these vendor-side and customer-side initiatives should be to set in motion a self-reinforcing cycle known as the network effect.

Expanding into the US: The Company has decided to focus primarily on expanding into the US over the next few years since it is the world's largest civil aviation market. The Company has already raised a EUR 315,000 loan for the development of e-commerce in the US and a EUR 800,000 loan for the capitalization of exports, a significant portion of which is also likely to be used for the US business growth. These growth initiatives in the US are likely to be followed by initiatives targeted towards major European markets and opportunities in other markets.

Diversifying Customer Base: SosTravel currently has airline passengers as its target customer base since it primarily relies on TraWell Co's locations at 50 airports across the world to generate sales. In addition to adding more services to its platforms for airline passengers, the Company also has an opportunity to expand its customer universe by adding services for travelers that use other transportation modes, such as train, bus, and cruise. This could help the Company increase platforms' usage by its customers since most travelers use buses and trains more frequently than flights. The frequency of usage for air travel is likely to remain low on the platforms since most people, except business travelers, fly infrequently, especially on international routes.

Exploring Inorganic Growth Opportunities: SosTravel maintains an active M&A pipeline of companies that can help it expand into new markets, increase its user base, and grow its service portfolio. The Company acquired FLIO in 2019, which was its direct competitor with a larger user base. The acquisition helped SosTravel enlarge its customer database and include a brand-new topology of customers. In the future, the company may choose to pursue M&A deals for growth. M&A expansion strategies also allow the company to explore opportunities to stack services on top of each other or bundle them with its existing services to push them as packages. The Company's ability to raise capital will be key to finance these M&A deals, especially since we do not see it generating significant free cash flows over the next few years.

News

[SosTravel signs an exclusive 5-year contract with Health Point Plus and launches the Dr. Travel service for all travelers across the world.](#)

November 02, 2020

SosTravel.com S.p.A announces that it has signed an exclusive 5-year contract with the US telehealth Company Health Point Plus Inc. operating in the remote health care services sector with telecommunication tools, soon to be listed on the US prime stock exchange. The agreement stipulates that the two companies will build from Health Point Plus's existing service and benefit from its network of doctors to create a first aid medical Tele assistance product dedicated to travelers. SosTravel is also expected to purchase a minority interest in Health Point Plus by subscribing to a portion of the capital increase approved by Health Point Plus for a value of USD\$ 100,000.

[Capital increase: SosTravel.com completed recapitalization through a rights issue](#)

June 07, 2021

SosTravel.Com has communicated the details of the recapitalization, which kicks off on 7 June 2021. An adjustment factor of 0.88392523 was applied to the share prices, shown below. As a result of this, the volume adjustment factor is 1.131317408. The price of the rights (ISIN: IT0005446502), which will be negotiated from 7 to 17 June, has been set at 0.1240 euros. The share capital increase involves the offer in the option of 1 new share, plus warrants for every 5 shares owned, at the subscription price of 1.00 euro per share. The deadline for joining the capital increase is 23 June. 10 warrants will be assigned for each share subscribed. The Warrants may be exercised in the period between 1 September 2021 and 16 December 2024, inclusive, at the exercise price of € 1.20.

[TraWell agreement with SoSTravel.com for sale of telemedicine service](#)

March 02, 2021

TraWell Co. has signed a reseller agreement with SosTravel.com for the sale of the "Dr. Travel" on its airport network. The kiosks and sales point network owned by TraWell Co. will facilitate the sale of the Dr. Travel service and will be supported by the SosTravel application.

[SosTravel.com lists on the Italian stock exchange](#)

August 01, 2018

SosTravel.com completes its IPO, raising € 5.2 million by offering 934,00 shares at an issue price of € 5.6. The free float at the time of admission is 15.74% with a capitalization of € 33.2 million. Banca Finnat acted as Nominated Adviser, Global Coordinator, and Specialist of the company. SosTravel.com was born as a transfer of a business unit by the parent Company Safe Bag, a Company already listed on Aim Italia since 2013 and active in baggage protection and tracing services for airport passengers.

[SosTravel becomes the first Italian App listed to be listed on the Stock Exchange](#)

August 01, 2018

SosTravel is the first mobile application created in Italy to launch an IPO (Initial Public Offering) that will lead to listing on the stock exchange. The operation is aimed at entering the AIM, the Borsa Italiana market dedicated to small and medium-sized Italian companies that wish to invest in their growth by increasing their capitalization.

Listing Information

SosTravel.com S.P.A., headquartered in Gallarate, Italy, is listed on the Milan Stock Exchange within the Euronext Growth Milan Segment – (BIT: SOS)

Contacts

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Shareholding structure as of 06 July 2021

Equity Holder	No. of ordinary shares held	% Shareholding
RG Holding S.r.l.	2,699,374	37.61%
TraWell Co. S.p.A.*	792,336	11.04%
Rudolph Gentile	12,432	0.17%
Free Float	3,673,328	51.18%
Total	7,177,470	100%

Source – SosTravel.com's Half Yearly Report 2021

* TraWell CO S.p.A. is controlled by RG Holding S.r.l. with a shareholding equal to 51.7% of the share capital

Management and Governance

Rudolph Gentile

President and Chief Executive Officer

- Founded SoSTravel S.p.A in 2017 and has been serving as its CEO and president ever since.
- Founded his first company, Safebag in 1997 and has been serving as its chairman ever since.
- Founded a film production & distribution Company named Moviemax S.p.A. and served as its CEO and Chairman until 2010.
- Founded M2 Pictures S.r.l which is also active in the Film production & Distribution market and held the CEO position until August 2020.
- Held the director position at Air Italy S.p.A from 2011 to 2012.
- Holds over 23 years of industry experience.
- Graduated in Sociology from Sapienza University of Rome and began his career in the travel services industry as an airport representative.

Nicola De Biase

Non-Executive Director

- Currently serving as the Non Executive Director and board member at SosTravel
- Holds director and board member position at TechVision S.r.l ,Gimel S.r.l, and Alfio Bardolla Training Group S.pA
- Held investor relator and head of corporate finance position at Safe Bag S.p.A
- Has over 18 years of experience in private equity and worked with leading investment companies such as Convergenza SCA, Cape Natixis SGR SpA, Meridie Investimenti SpA, Italglobal Partners, Ethica Global Investment S.p.A.
- Graduated in Economic of Financial Markets from Bocconi University, Milan in 2003

Edoardo Zarghetta

Independent Director

- Currently holds Independent Director and Board member position at SosTravel and has over 20 years of experience working in international banks
- Also holds Fund manager position at Pre IPO-Club and a Director position at TraWell Co. & Higue Fund management
- Graduated in Law and Politics from University of Sapienza, Rome, and holds a MSc Energy & MBA degree from Heriot-Watt university, Edinburgh

Enrico Orvieto

Chairman of the Board of Statutory Auditors

- Currently Holds Chairman of the Board of Statutory Auditors and Board member position at SosTravel
- Held various positions in the Boards of Statutory Auditors and Supervisory Bodies.
- Held the lecturer position at the postgraduate course in management of health services at the University of Naples, Federico II.
- Completed high school diploma in accounting from Institute Poliziano, Rome and has enrolled in the Register of Auditors since 2010.

Technology

SosTravel has a separate mobile application and website for both of its brands SosTravel and FLIO. The mobile applications of SosTravel and FLIO are available on both iOS and Android. The Company currently operates mainly through its mobile application and most of the services are only available on its mobile application. However, the Company is in the process of upgrading the code and UI/UX of its SosTravel platform to start offering all the services through its websites as well. This will help the Company establish another point of sale for its customers and tap into a user base that prefers to avail services directly through the website, instead of downloading the application.

The Company has partnerships with multiple service providers to offer third-party services through its digital platforms. Services such as lost luggage concierge, airport information, and flight tracking are provided within the mobile app through API integrations while services such as travel insurance, telemedicine, and flight compensation are provided by redirecting the customer to the commercial partners' platform or by sending the customer a detailed quote over the email.

The Company has a proprietary database of information about major airports which allows the Company to deliver a wide range of information to users about the airport, including locations of shops, restaurants, lounges, etc., through the mobile app. The Sostravel and FLIO applications have an inbuilt QR code scanner which allows the customer to scan the QR code of the Dr. Travel telemedicine and avail the Telemedicine services. The users can also scan their boarding passes so that the application can automatically fetch the travel information of the user and provide flight information. To efficiently operate the platform, the Company uses several third-party software, including Braintree (payment processing), Click send (SMSs), Magnews (emails), and Flightstats/SITA (flight tracking).

Products and Services

SosTravel offers a range of travel services for airline passengers through its mobile application and website. The services available on SosTravel's digital platforms are aggregated services that are provided by third-party service providers. The application acts as a one-stop digital portal to cater to several air travel-related services needed by passengers.

Services offered by SosTravel:

1. Lost luggage Concierge

Lost luggage concierge is one of SosTravel's core services, and it helps customer track their baggage in cases of loss or failure to diver at the destination airports. This service can be purchased before the departure of the flight and is made available either on a pay-per-use basis or through a special monthly or unlimited luggage subscription. A Customer Care service is also offered along with the baggage concierge services, operating 24 hours a day and 7 days a week, which assists in the event of loss of baggage. Pre-covid Sostravel generated about EUR 2 million in sales for the Lost & Found Concierge service alone within the TraWell network.

TraWell partnership

TraWell Co. has 11.04% direct shareholding in SosTravel, and it has an agreement in place with SosTravel to re-sell SosTravel's services. The TraWell Group operates, through approximately 160 sales points, in 52 airports and 16 countries and provides SosTravel with its physical infrastructure to act as a point of sales. TraWell and SosTravel collaborate with each other based on a commission/revenue sharing model. Moreover, a fixed monthly fee is due to SosTravel as a payment for the service of Baggage Tracking, for a number of 1000€+VAT.

2. Travel Insurance

SosTravel acts as a distributor of travel insurance and allows passengers to purchase multi-risk travel insurance through its application.

The Company has an agreement with IMA Insurance, and it earns 35% of the amount paid by the customer to IMA for the purchase of a policy.

3. Telemedicine

The Company provides telemedicine services for travelers directly from its application, in partnership with the American Company Health Point Plus, Inc. Telemedicine services are essentially a package medical insurance that is marketed under the name Dr, Travel. This service covers family assistance, hospital and medical expenses needed by the passenger while traveling for the coverage period.

The Dr. Travel is offered in multilingual format and has a coverage of 14 days from the date of departure at a cost of Euro 10 for a single traveler and Euro 25 for a family (up to a maximum of 6 people). Once the user has registered with their personal data, they can avail of the service if required by clicking on the "Call doctor" button to proceed with the request for a video visit. When users click on the "Call doctor" button, they are redirected outside SosTravel App to the Health point plus portal. Here users are required to insert some additional details, such as the reason for the visit. Afterward, they can proceed and enter the waiting room. The first available doctor accepts the user and starts the video visit.

Health Point Plus Partnership

SosTravel has signed an exclusive 5-year contract with the US telehealth Company Health Point Plus. Under this collaboration, SosTravel will market the Dr.Travel telemedicine service offered by health Point Plus through its application and partner kiosks. SosTravel pays 1\$ to Health Point Plus for each Dr.Travel service sold. SosTravel also has an agreement in place with TraWell Co. to sell the Dr. Travel services through Trawell Co. kiosks at the airports. TraWell keeps 60% of the revenue generated through these sales and the rest is shared with SosTravel. Dr. Travel services sold through TraWell kiosks require the user to download the Sostravel App and scan the QR code or enter the code printed on the receipt provided from the TraWell kiosk. Users are then required to register their data.

4. Flight Tracking

Flight Tracking provides passengers to track useful information regarding the flights of interest Such as flight status, gates, delays, cancellations, etc. This service is offered free of charge to anyone who has the application since the second half of 2020. The application is connected through API with two flight status providers: Flightstats and SITA who relay the flight details back on the application portal.

5. Airport & Airline Information

SosTravel has a proprietary platform where it collects relevant information from all the covered airports and airlines from around the world and presents this information to the user on its application. The application provides information on local weather, airport lounge & restaurant, utilities, and rules.

6. Flight compensation

Flight compensation service is flight insurance offered by SosTravel on its Application in partnership with AirHelp. Customers can submit a claim after their flight is delayed or canceled Customers are informed when they have the right to submit a claim after their flight was delayed or canceled through the SosTravel App itself.

Airhelp Partnership-

SosTravel has partnered with Airhelp to provide flight insurance packages on its application and it receives a 42% monthly commission based on the actual fee received by Airhelp from the Customer Claims.

7. Aviation services

SosTravel offers Business to Business ("B2B") aviation services to the airports and operates customer care services for them. The Company has an income of € 2000 per month for the Customer Care services it provides.

Industry Analysis

The Global Travel and Tourism (T&T) industry contributed USD 8.9 trillion (10.3%) to the global GDP in 2019, which makes it one of the largest industries in the worldⁱ. The T&T industry includes airlines, railways, hotels & resorts, amusement parks, historical sites, and other tourist attractions. Being a large and rapidly growing industry (accepting the Covid-related downturn), a vibrant ecosystem has developed around the T&T industry over the years. This ecosystem comprises providers of several peripheral products and services, such as flight & hotel bookings, tour management, luggage management, travel insurance, travel information, etc. These peripheral businesses at times act as channel partners or distributors of core travel products and services (such as ticketing and reservations) and often attach value addition to the core offering, such as insurance on air tickets.

SosTravel is currently a peripheral travel service provider targeting air travelers, with long-term plans of expanding into core travel offerings as it scales up. Companies in the periphery of the Travel industry offer their products and services either directly through brick-and-mortar kiosks and shops or digitally through websites and mobile apps. The offerings are either their own or those of third parties who partner with the platform provider. As with most industries, e-commerce is also gaining popularity in the T&T industry since it is more convenient for buyers and allows organizations to standardize and automate various processes. A digital platform also helps customers find the most suitable prices and dates, getting rates in their own currency, getting real-time flight information, and sharing experiences for the benefit of other travelers.

SosTravel is following the service aggregation model and offering peripheral travel services from multiple commercial partners on its digital platforms. Business models that combine travel with technology like this are frequently referred to as Travel Tech models. The global Travel Tech market is expected to grow at a CAGR of around 7% during 2021-2026ⁱⁱ. Some of the major players in this space are IFly Pro, Lounge Buddy, Gate Guru, and Airport Transit Guide, Transavia, Passngr, Triplingo, Trip it, Trip case

The level of activity in the Passenger Air Travel space is a key determinant of growth for the T&T industry, including Travel Tech since more air travel leads to more purchases of associated products and services. Since 2007 passenger airline traffic has grown consistently each year with the exception of 2020 when it fell significantly due to COVID-induced travel restrictions.



Source: The International Air Transport Association (IATA), International Civil Aviation Organization (ICAO)

COVID-19 Impact

The Air Travel industry was one of the worst affected industries during the COVID-19 pandemic due to almost no passenger traffic across the world in 2020 following global lockdowns. Air traffic is gradually increasing with lockdowns easing in recent months and is expected to return to pre-pandemic levels by 2024. Air travel is expected to grow sharply beyond 2024 due to strong long-term fundamentals. Although there are some apprehensions about the health of the broader T&T industry in the short and medium-term due to a possible reimposition of lockdowns if the Covid situation worsens due to new variants, there are also some positives that are likely to support the industry's growth in the short and medium-term. These include:

- 1. Increasing Vaccination Levels:** The travel restrictions across the world are being eased by countries due to increasing vaccination levels. Countries in Europe have formed travel bubbles with certain countries to facilitate ease of travel based on vaccination and active cases of the origin country. These air bubbles have also been formed between several other countries to allow students, business travelers, and tourists to travel with ease. Around 53% of the world's destinations have eased travel restrictions or are in the process of easing themⁱⁱⁱ. Going forward vaccination rates and active cases will be key determining factors for countries to continue relaxing travel restrictions and return to normalcy.
- 2. Growing Revenge Travel:** During the pandemic tourism activities across the world came to a standstill and people postponed their travel plans. This has resulted in pent-up demand since most people were under extended lockdowns. With international and regional borders opening up, a travel resurgence is expected where people are likely to take more leisure trips than usual and spend more than they normally would on leisure activities. This phenomenon, called revenge tourism, is likely to be a major growth driver in the short and medium-term.
- 3. Increasing Purchase of Insurance Products:**
It was noted in a survey that there has been an increase in the number of people buying travel insurance after the world witnessed COVID-19 pandemic. The survey found 70% of Europeans and 64% of Americans would be more likely to purchase a travel insurance now than they were before the pandemic^{iv}. The increased weightage given to travel insurance due to the ongoing COVID-19 situation it is likely to drive growth in the travel insurance products.

Emerging Trends

1. Increasing Digital Adoption

The industry-wide need for automation and digital integration coupled with the digital consumption habits of consumers is driving companies in the air travel companies to increasingly integrate their services with a digital platform to leverage this growing demand for digital adoption. Several airlines have introduced their own mobile applications to help their passenger keep track of their travel and other information. The digital integration not only adds convenience for the passenger but also helps airlines and support service providers reduce their costs by automating the process. As the world moves towards a more digital economy the travel industry is also expected to embrace this change and orient itself accordingly.

2. The emergence of Low-cost Carrier

The Airline industry has seen a shift from offering mostly luxury travel options to offering more economical and cheaper travel options which can be availed by a larger section of the society. Airlines have now focused on serving a higher number of passengers through their low-cost carriers. This trend

has disrupted the air travel industry and allowed a greater number of passengers to travel on airplanes at low costs. The low-cost carrier market is worth about USD 156.2 billion in 2020 and it is expected to exceed USD 254 billion by 2027 growing at a CAGR of 7.2%. The number of passengers taking air travel is expected to rise due to affordability and convenience and thus increase the demand for peripheral services needed by these passengers^v.

3. Higher Disposable Income

The tourism industry is expected to benefit greatly from two major macro trends. The first one is the rising disposable income at the hands of the millennial population and the second being the rapidly growing population across the globe, who will be traveling even more than the generation before due to a more globalized economy

Industry Outlook

In the medium, to short term, the air travel industry is expected to gradually recover and reach its pre-pandemic levels by 2024. The key driver for the short term would be the pent-up tourism, business, and education-driven travel demand. This will also result in the recovery of the peripheral travel services industry as the passengers will start to return and will consume the ancillary services while traveling. Several countries have now opened their borders and formed air bubbles with other countries to facilitate fast and convenient travel for passengers. More countries are expected to open their borders and lift travel restrictions. However, the recovery in air travel is subject to how well is the COVID-19 contained and managed by countries across the world. Countries are keeping a close tab on the COVID-19 situation and will make future decisions accordingly. The air travel peripheral services will benefit from the increased weightage given by travelers to medical and travel insurance post-pandemic.

In the long term, the peripheral travel services industry is expected to further integrate travel technology in the way it offers services to its customers and adapt to the changing consumer habits and needs through machine learning and AI capabilities. Travelers are expected to rely more on their digital handsets to find information and services. The growth in the peripheral travel services industry will be closely determined by the level of activity in the air travel industry. The long-term outlook for the travel industry and all its sub and peripheral segments is positive with multiple tailwinds that are in play such as rising disposable income with the younger population, rapidly increasing population, and easier access to affordable travel options. Business travelers are typically twice as lucrative as other travelers because of the high frequency of their travel, and they are also willing to spend more on additional support services.

Risk Profile Analysis

1. ECONOMIC RISK

SosTravel is highly dependent on the Civil Aviation industry because it exclusively serves air travelers at present. The Company's business was severely impacted by the COVID-19 pandemic because it led to a near blanket ban on international and domestic air travel in 2020 and continuing restrictions on air travel in 2021. With the COVID-19 situation improving and airspaces opening up, the business environment is becoming more conducive for the Company. However, we believe that complete normalization of the Company's business environment could take at least a few quarters. This could take longer if there are fresh lockdowns due to new variants of Covid. We, therefore, believe that the Company may not be completely past Covid-related stress yet and consider it to have a MID-HIGH economic risk profile.

2. OPERATIONAL RISK

Being an operator of aggregation platforms, SosTravel relies on external partners for the services offered on its platforms. The Company's long-term success depends heavily on its ability to keep adding partners to its platforms and the ability of these partners to provide high-quality and reliable services. Any failure on the Company's part to offer services that customers value or a failure on the Company or its partners' part to deliver these services reliably could damage the Company's reputation and affect its ability to attract and retain customers. Therefore, the Company needs to ensure that it is constantly adding new services to its platform by engaging with existing and new commercial partners, as well as offering these services at competitive prices to maximize customer value. Having a large roster and a robust pipeline of potential partners and services will ensure that the Company does not over-rely on a few of them, and the business does not suffer much in case some of them go off the platform.

The Company also needs to maintain a robust vetting process for new partners/services and remain constantly connected with partners to ensure there are no lapses on their part. The Company would also need to ensure that customers get the best experience on its platforms so that they remain connected to the platform. Making constant improvements to its platform technology, digital interface, and customer grievance redressal mechanism would be critical for this.

SosTravel is current in the early stages of its life cycle and has much work ahead to build a staunch network of commercial partners and customers. Much of the progress it had made in this direction before the Covid outbreak was undone by the pandemic. The Company is trying to rebuild after the pandemic by doubling down on its commercial partnership's initiatives and calibrating its platforms to deliver a superior customer experience. However, these initiatives are still in their early stages, and it will take time before the Company starts experiencing their benefits. We, therefore, believe that the Company currently has a MID-HIGH operational risk profile.

3. TECHNICAL RISK

The operations of SosTravel's digital platforms depend on the effective functioning of its programming code and servers with users' devices. This can be technically challenging for platform providers because their platforms have to be live at all times. The Company also needs to maintain interoperability with its third-party service providers for smooth operations and user experience. Additionally, digital, and online businesses attract the threat of being targeted by malware, viruses, and hacks, which can render their mobile applications inoperable. These threats are likely to grow as the platform grows because willful attackers' incentive for mounting an attack on the platform will increase. Although these are standard threats faced by online and e-commerce businesses, they

require close monitoring and effective response mechanisms since failure to effectively tackle them can bear grave consequences. We, therefore, believe that the Company has MID-LOW technical risk profile.

4. FINANCIAL RISK

SosTravel has secured two subsidized loans for development and expansion activities, especially in the US. The total value of these loans is EUR 1.1 million and 60% of this amount is repayable. The loan has accommodative repayment terms, and we feel the Company should be able to comfortably meet its loan obligations since the Covid situation is improving and air travel is gradually increasing. However, any material spike in Covid cases, especially with the emergence of riskier variants of the coronavirus, could lead to a reimposition of lockdowns, resulting in the Company generating lower revenues than we have projected. We believe that the Company has a MEDIUM financial risk profile because it might be unable to meet its loan obligations if future year revenues are significantly lower than we have projected.

5. KEY PERSONNEL RISK

Most of SosTravel's management and directors have extensive experience in the Passenger Services industry. The Company depends heavily on these few people since the rest of the team is relatively less experienced in this industry. The Company also outsources most of its non-core tasks to external partners. The current operating model is working well for the Company due to its low operating scale. However, the Company will need to lower its dependence on these key personnel as it scales up by building depth of skill and experience. It will need to hire the right talent and continuously train and upskill its employees. We believe that because of its over-reliance on a few people, the Company currently has MEDIUM key personnel risk profile.

Financial Analysis

Revenue and Profitability: SosTravel's revenue increased from EUR 0.16 million in 2017 to EUR 0.92 million in 2020, translating to a CAGR of 80%. However, the Company's gross profit fell from EUR 0.14 million in 2017 to EUR -0.46 million in 2020 due to the impact of COVID-19. According to our projections, the Company's revenue could reach EUR 6.9 million by 2026 owing to a recovery of global airtravel and the accelerating trends of purchasing products and services online instead of at brick and mortar stores.

SosTravel's profit after tax (PAT) declined from EUR 0.07 million in 2017 to EUR -1.9 million in 2020. This steep decline can be attributed to the pandemic-induced fall in air travel. We expect the Company's PAT to turn positive in 2024 and reach EUR 0.97 million in 2026.

Capital Structure: SosTravel's share capital increased from EUR 0.50 million in 2017 to EUR 0.59 million in 2020, translation to a CAGR of 6.1%. The Company was debt-free until March 2021, when it secured two separate subsidized loans totalling EUR 1.1 million to fund its development and expansion plans. EUR 0.42 million of this amount is non-repayable, implying that the actual payable principal component of these loans is EUR 0.70 million. The Company also took an unsecured loan of EUR 1.4 million from Banca MPS for a period of 5 years. We believe that the Company is adequately capitalized to meet its routine requirements and does not require any additional equity or debt capital over the next few quarters. However, this could change if the Company makes significant investments, for example in R&D, technology upgrades, and business acquisitions.

Liquidity Position: SosTravel has maintained a sound liquidity position since 2017 and its liquidity position has improved considerably over the years. The Company's current ratio increased from 0.6X in 2017 to 2.5 in 2020, and we expect this strong liquidity situation to prevail over the coming quarters. The Company's cash ratio declined from 1.7x in 2018 to 0.6x in 2020 due to a significantly lower cash inflow following the pandemic outbreak. We expect the company's cash ratio to improve in the coming quarters since its cash flows are likely to improve with air travel picking up.

Cash Flow position: SosTravel had an operating cash flow of EUR 0.63 million in 2018, which decreased to EUR -0.24 million in 2020 because of Covid-19. We expect the Company to improve and maintain a positive operating cash flow in the coming years due to gradual recovery in the air travel industry to the pre-pandemic levels

The cash flow from investing activities for the Company was negative for the year 2018 at EUR -0.48 million. The Company has made large investments in its software, licenses, and trade names over the years to build its technology platform and has planned further investments for the next five years to improve the user interface of its app and website.

The Company had a positive cash flow from financing activities in 2018 at EUR 4.8 million, which fell to EUR -0.02 million in 2020. Proceeds from subsidized and unsecured loans in 2021 have been a major contributor to the cash flow from financing activities in 2021. We project the Company's cash flow from financing activities to be negative for the new few years as it utilizes its positive operating cash flows to finance activities and repay its debt obligations.

Historical Income Statement

<i>(All figures are in EUR thousands)</i>	2017	2018	2019	2020
Revenue	157	2,496	3,174	916
<i>YoY Growth</i>	-	1489.33%	27.17%	-71.16%
Operating Costs				
Cost of Product	15	422	2,073	946
<i>%age of Revenue</i>	9.5%	16.9%	65.3%	103.3%
Personnel Costs	-	421	726	434
<i>%age of Revenue</i>	0.0%	16.9%	22.9%	47.4%
Other Costs	68	1,357	606	501
<i>%age of Revenue</i>	43.2%	54.4%	19.1%	54.7%
Amortization and Depreciation	1	393	975	992
<i>%age of Revenue</i>	0.6%	15.7%	30.7%	108.3%
Total Operating Costs	84	2,593	4,380	2,872
<i>%age of Revenue</i>	53.3%	103.9%	138.0%	313.7%
EBIT / Operating Income (Loss)	73	(97)	(1,206)	(1,957)
<i>%age of Revenue</i>	46.7%	-3.9%	-38.0%	-213.7%
Financial Proceeds and Charges	(10)	67	(8)	(36)
Taxes	(10)	(13)	51	-
Net Income / (Loss)	73	(18)	(1,265)	(1,993)
<i>%age of Revenue</i>	46.4%	-0.7%	-39.9%	-217.7%

Historical Balance Sheet

<i>(All figures are in EUR thousands)</i>	Dec 2017	Dec 2018	Dec 2019	Dec 2020
ASSETS				
Current Assets				
Cash & Cash Equivalents	-	3,268	1,222	456
Amounts Receivable from Customers	3	5	22	27
Accruals and Deferrals - Assets	40	74	59	61
Other Current Assets	226	1,865	3,268	1,360
Total Current Assets	269	5,212	4,572	1,905
Non Current Assets				
Total Intangible Assets	1,259	2,428	2,367	1,406
Total Tangible Assets	3	13	561	905
Other Non-Current Assets	1,090	-	-	136
Total Non Current Assets	2,352	2,441	2,928	2,448
TOTAL ASSETS	2,621	7,653	7,500	4,352
LIABILITIES & EQUITY				
LIABILITIES				
Current Liabilities				
Payables due to Suppliers	32	205	403	389
Accruals and Deferrals - Liabilities	0	56	405	209
Other Current Liabilities	401	459	1,089	164
Total Current Liabilities	433	719	1,897	762
Non Current Liabilities				
Payables - Subsidized Loan I	-	-	-	-
Payables - Subsidized Loan II	-	-	-	-
Other Non-Current Liabilities	115	183	117	97
Total Non Current Liabilities	115	183	117	97
TOTAL LIABILITIES	549	902	2,014	859
EQUITY				
Share Capital	500	593	598	598
Share Price Premium Reserve	-	5,137	5,132	5,132
Reserves	1,500	970	970	970
Profit (Loss) Carried Forward	-	69	51	(1,214)
Profit (Loss) of the Year	73	(18)	(1,265)	(1,993)
TOTAL EQUITY	2,073	6,751	5,486	3,493
TOTAL LIABILITIES & EQUITY	2,621	7,653	7,500	4,352

Income Statement Summary – Our Estimated Projections

<i>(All figures are in EUR thousands)</i>	2021E	2022P	2023P	2024P	2025P	2026P
Revenue	1,152	1,188	2,391	3,342	5,414	6,951
<i>YoY Growth</i>	25.8%	3.2%	101.3%	39.8%	62.0%	28.4%
Total Expenses	2,335	2,271	2,848	3,186	4,621	5,631
<i>%age of Revenue</i>	202.7%	191.1%	119.1%	95.3%	85.4%	81.0%
EBIT / Operating Income (Loss)	(1,183)	(1,083)	(457)	156	793	1,320
<i>%age of Revenue</i>	-102.7%	-91.1%	-19.1%	4.7%	14.6%	19.0%
Net Income / (Loss)	(1,183)	(1,124)	(573)	49	553	976
<i>%age of Revenue</i>	-102.7%	-94.6%	-24.0%	1.5%	10.2%	14.0%
EPS	(0.16)	(0.16)	(0.08)	0.01	0.08	0.14
<i>YoY Growth</i>	-	-5.0%	49.0%	-108.6%	1019.7%	76.4%

Balance Sheet – Our Estimated Projections

<i>(All figures are in EUR thousands)</i>	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026
ASSETS						
Current Assets						
Cash & Cash Equivalents	3,389	2,360	1,545	1,263	1,676	2,593
Amounts Receivable from Customers	34	8	17	24	38	49
Accruals and Deferrals – Assets	40	36	72	101	163	209
Other Current Assets	1,360	1,360	1,360	1,360	1,360	1,360
Total Current Assets	4,823	3,764	2,994	2,747	3,237	4,211
Non Current Assets						
Total Intangible Assets	1,127	898	923	947	966	980
Total Tangible Assets	769	654	556	473	402	341
Other Non-Current Assets	136	136	136	136	136	136
Total Non Current Assets	2,033	1,688	1,615	1,555	1,504	1,458
TOTAL ASSETS	6,856	5,452	4,609	4,302	4,740	5,669
LIABILITIES & EQUITY						
LIABILITIES						
Current Liabilities						
Payables due to Suppliers	345	204	278	320	497	620
Accruals and Deferrals – Liabilities	186	205	279	322	499	624
Other Current Liabilities	164	164	164	164	164	164
Total Current Liabilities	694	574	721	806	1,159	1,408
Non Current Liabilities						
Payables – Subsidized Loan I	215	166	114	59	-	-
Payables – Subsidized Loan II	480	370	254	131	-	-
Payables – Unsecured Loan – Banca MF	1,400	1,400	1,152	888	609	314
Other Non-Current Liabilities	97	97	97	97	97	97
Total Non Current Liabilities	2,192	2,034	1,617	1,175	707	411
TOTAL LIABILITIES	2,887	2,607	2,337	1,981	1,866	1,819
EQUITY						
Share Capital	718	718	718	718	718	718
Share Price Premium Reserve	6,252	6,252	6,252	6,252	6,252	6,252
Reserves	1,390	1,390	1,390	1,390	1,390	1,390
Profit (Loss) Carried Forward	(3,207)	(4,390)	(5,514)	(6,088)	(6,038)	(5,485)
Profit (Loss) of the Year	(1,183)	(1,124)	(573)	49	553	976
TOTAL EQUITY	3,969	2,845	2,272	2,321	2,874	3,850
TOTAL LIABILITIES & EQUITY	6,856	5,452	4,609	4,302	4,740	5,669

Valuation

Equity Value of SosTravel stands between **EUR 9.16 million and EUR 11.20 million**

Equity Value per share for SosTravel stands between **EUR 1.28 and EUR 1.56**

(All figures in EUR thousands)

Valuation Approach	Variance	Equity Value as on 26-Nov-2021	Price per Share (EUR)
Downside Case	-10%	9,164	1.277
Base Case	0%	10,182	1.419
Upper Case	10%	11,201	1.560

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation research possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, Arrowhead researches the fundamentals, assets and liabilities of a company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earnings ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

We have presented the Discounted Cash Flow ("DCF") estimate approach for Free Cash Flow to Firm ("FCFF") valuation. We have also presented Comparable Company Analysis. The fair value bracket is built on the basis of these two methods.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the company intangibles to analyze the strengths and weaknesses, and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium-term alignment analysis (one to twelve months).

Estimation of Equity Value

Value of SosTravel's equity has been arrived at using two approaches – Listed Comparable Analysis and DCF Valuation Approach. The results have been summarized in the table below.

(All figures in EUR thousands)

Valuation Approach	Equity Value as on 26-Nov-2021	Price per share (EUR)	Weight (%)
Listed Company Analysis	5,662	0.789	50%
DCF Valuation	14,702	2.048	50%
Weighted Average Equity Value	10,182	1.419	100%

1. Listed Company Analysis

Listed Comparable Analysis method operates under the assumption that similar companies will have similar valuation multiples such as EV/Sales and EV/EBITDA. We have shortlisted companies similar in business with SosTravel based on parameters such as market size, region of operations etc.

A list of available statistics for the companies was completed, and the EV/Sales, EV/EBITDA, and P/E multiples were calculated for each of the comparable companies. Since most of the data was not normalized, we have left outliers in our calculations. The weighted average of the resulting multiples was then calculated and used as benchmark for valuing SosTravel.

The weights allocated to the comparable companies were based on the degree of their business match with the subject company.

(All figures in EUR thousands)

Relative Valuation based on:	Weight	Equity Value as on 31-Dec-2024	Implied Share Price (EUR)
EV/Sales	45%	9,262	1.29
EV/EBITDA	45%	8,778	1.22
P/E	10%	1,627	0.23
Weighted Average Equity Value	100%	8,281	1.15

(All figures in EUR thousands)

	Equity Value as on	Equity Value
Weighted Average Equity Value as on	31-Dec-2024	8,281
Weighted Average Equity Value as on	26-Nov-2021	5,662
Value per Share (EUR)	26-Nov-2021	0.79

Stock Exchange	Ticker	Company Name	Business Match %	EV/Sales	EV/EBITDA	P/E
Nasdaq Stock Market	MMYT	Makemy Trip Limited	30%	5.3	(19.1)	-
London Stock Exchange	RYA	RyanAir Holdings Public Limited	30%	2.5	11.8	20.1
New York Stock Exchange	DESP	Despegar.com, Corp.	30%	1.1	364.4	-
Tokyo Stock Exchange	9726	KNT-CT Holdings Co., Ltd.	30%	(0.1)	(11.0)	37.5
Nasdaq Stock Market	EXPE	Expedia Group, Inc.	25%	1.9	13.1	42.9
Median				2.2	13.1	37.5
Mean without Outliers				2.7	12.5	33.5
Weighted Average without Outliers				2.7	12.4	32.9
Borsa Italiana	SOS	SosTravel.com		1.6	7.7	111.6

2. Discounted Cash Flow (“DCF”) Approach

- **Valuation Methodology:** The Arrowhead fair valuation for SosTravel is based on the Discounted Cash Flow (“DCF”) analysis of all the Company’s business.
- **Time Horizon:** The time period chosen for valuation is 5 years (2022 – 2026).
- **Terminal Value:** Terminal value is based on terminal growth rate of 5.0%

The following table calculates the cost of equity of SosTravel. The expected return on the market is assumed for the broader market. We have additionally assumed a company-specific risk to account for the risk involved in taking SosTravel’s business forward.

Weighted Average Cost of Capital

Valuation	
Risk Free Rate (Rf)	1.5%
Beta	1.1
Expected Return on Market	12.0%
Cost of Equity	13.1%
Interest Rate Paid on Debt	6.0%
Assumed Weight – Debt	45.0%
Assumed Weight – Equity	55.0%
Weighted Average Cost of Capital (WACC)	9.2%

The following table summarizes the Free Cash Flow to Firm ("FCFF") computation for SosTravel, which is subsequently discounted by the Weighted Average Cost of Capital ("WACC").

FCFF (All figures in EUR thousands)					
Free Cash Flow to Firm (FCFF)	2022	2023	2024	2025	2026
Net Income	(1,124)	(573)	49	553	976
Add: Depreciation	115	98	83	71	60
Add: Amortization	480	474	476	481	486
Add: Interest Expense x (1-Tax Rate)	32	88	69	49	28
Less: CAPEX	250	500	500	500	500
Less: Increase in Net Working Capital	(91)	102	50	276	191
Free Cash Flow to Firm (FCFF)	(657)	(515)	128	378	858
Terminal Value					21,301
Present Value of Free Cash Flow to Firm (FCFF)	(601)	(431)	98	266	552
Present Value of Terminal Value					13,699

Valuation	
Enterprise Value as on 31-Dec-2021 (EUR thousands)	13,582
Equity Value as on 31-Dec-2021 (EUR thousands)	14,876
Equity Value as on 26-Nov-2021 (EUR thousands)	14,702
Number of Shares Outstanding (in thousands)	7,178
Value per Share (EUR)	2.05

The equity value of the Company is sensitive to cost of equity and the growth rate. The following table captures the sensitivity of SosTravel’s value to these assumptions.

Sensitivity Analysis										
		Cost of Equity								
		10%	11%	12%	13%	14%	15%	16%	17%	25%
Growth Rate	14,702									
	1%	10,316	9,377	8,577	7,888	7,290	6,767	6,304	5,894	3,777
	2%	12,063	10,812	9,773	8,898	8,151	7,507	6,947	6,455	4,006
	3%	14,577	12,810	11,393	10,233	9,267	8,451	7,753	7,150	4,270
	4%	18,507	15,782	13,709	12,081	10,770	9,693	8,794	8,032	4,580
	5%	25,516	20,671	17,294	14,809	12,907	11,405	10,191	9,190	4,946
	6%	41,559	30,210	23,582	19,241	16,182	13,912	12,164	10,777	5,387
	7%	115,727	57,063	37,483	27,699	21,838	17,939	15,161	13,085	5,928
	8%	(141,212)	610,449	94,024	50,229	33,949	25,463	20,260	16,749	6,608
	9%	(43,263)	(68,650)	(174,383)	295,825	78,272	44,545	30,866	23,464	7,488

Analyst Certifications

I, Aman Sabherwal, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company, based on the collection and analysis of public information and public company disclosures.

Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2021 and will receive further fees in 2021 from sostravel.com S.p.A. for researching and drafting this report and for a series of other services to sostravel.com S.p.A., including distribution of this report, investor relations and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in sostravel.com S.p.A. Arrowhead BID's principals have received a mandate for investment banking services from certain major shareholders of sostravel.com S.p.A. in 2021 and intend to receive compensation for investment banking services from these shareholders of sostravel.com S.p.A. in 2021 or 2022.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment

objectives and financial situation utilizing their own financial advisors as they deem necessary. Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision making process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall and may be affected by simple and complex changes in economic, financial and political factors.

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Appendix

Glossary

WHO	World Health Organization
SEO	Search Engine Optimization
SEM	Search Engine Marketing
UI	User Interface
UX	User Experience
App	Application
B2B	Business to Business
T&T	Travel and Tourism
COVID-19	Corona Virus Disease -2019

Notes and References

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