

## Due Diligence and Valuation Report

Arrowhead code:	74-01-02
Coverage initiated:	6-Dec-2021
This document:	6-July-2022
Fair share value bracket*:	EUR 1.76 to EUR 2.16
Share Price (5 July):	EUR 0.94

### Analyst

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### Market Data

52-Week Range:	EUR 0.70 – EUR 1.39
90-Day Average Daily Volume:	32,229.84
Market Cap. on date:	EUR 6.73 million

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

	'22P	'23P	'24P	'25P	'26P
Net Income (mn)	0.18	1.49	2.51	2.58	3.13
EPS* (EUR)	0.01	0.11	0.19	0.20	0.24

\*We have considered the total number of shares post-merger with DDC to calculate per share value.

### Company Overview

SosTravel.com S.p.A. ("SosTravel" or "the Company") operates two digital platforms, SosTravel and FLIO platform that act as marketplaces for travel booking and peripheral travel services. The Company recently added travel services such as bookings for transport, accommodation, and attractions to SosTravel platform. The peripheral services include lost luggage concierge, flight tracking, travel insurance, flight compensation, and access to airport & airline information.

The Company plans to add 3-D rendered maps for indoor spaces, telemedicine, and travel plan features to its platform soon. 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.

### Key Highlights

1. The Company provides travel insurance, flight compensation, and flight tracking services through collaborations with its commercial partners.
2. Since 2019, the Company has completed two significant acquisitions of FLIO and DDC. The acquisition of FLIO has enabled the Company to expand its geographical presence and increase its user base. The Company operates FLIO as a standalone platform. DDC provides travel booking services and the Company has merged DDC's services into its platform and these services are expected to be the principal revenue generator going forward.
3. SosTravel signed an exclusive 5-year contract with Health Point Plus Inc. in 2020 to offer Telemedicine



Company:	SosTravel.com S.p.A.
Ticker:	BIT: SOS
Headquarters:	Gallarate, Italy
CEO:	Rudolph Gentile
Website:	<a href="http://www.sostravel.com">www.sostravel.com</a>

services ("Dr. Travel") through its platform.

4. The Company is developing a Travel Plan feature in its platform which will enable users to plan their complete travel within the app, including adding accommodations, attractions, and transport.
5. The Company plans to start major expansion initiatives imminently with a major focus on the US eCommerce space, since the US is the world's largest aviation market. The Company has prepared a detailed roadmap for this expansion.

### Key Strengths

SosTravel's key strengths lie in the extensive experience its management and directors have in the Passenger Services Industry. The Company also expanded its service portfolio post-merger with DDC and is expected to see some synergistic benefits. DDC's services are high uptake services and are expected to earn approximately 80% of the Company's revenues going forward. Additionally, the Company was also able to secure two subsidized loans for development and expansion activities amounting to EUR 1.1 million out of which 40% is non-repayable. These facilities give adequate resources to the Company to expedite its technological developments and marketing initiatives.

### Key Risks

SosTravel relies on external partners for the services it offers 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 travel, which directly impacted SosTravel and other companies in the Travel & Tourism industry.

### Valuation & Assumptions

Based on its due diligence and valuation estimates, Arrowhead believes that SosTravel's fair share value lies in the EUR 1.76 to EUR 2.16 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 2.11, while a relative valuation provides a fair value of EUR 1.81.

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## **Investment Thesis**

Arrowhead is initiating equity research coverage of SosTravel.com S.p.A. ("SosTravel" or "the Company") with the following investment highlights:

### ***One-stop digital platform for travel services in the making***

SosTravel is building a unique one-stop digital marketplace for travel booking and peripheral travel services such as luggage concierge, travel insurance, telemedicine, flight tracking, and airport information. The Company has entered into commercial partnerships with companies that provide these services to market them through SosTravel's platforms (i.e., SosTravel.com and FLIO). In 2022, the Company made a landmark acquisition of DDC which offers travel booking services to its customers such as booking tickets for transport, accommodations, and attractions. The Company added DDC's services to its own platform and these services are expected to contribute 80% to the Company's revenue in coming years. The acquisition of DDC gives a new direction to the Company's business. Going forward, the Company is developing a Travel Plan feature in its app through which it aims to become a one-stop digital platform, where users will be able to add their complete itinerary and add accommodations, transport, and attractions as needed.

### ***Technical upgrades likely to improve customer engagement***

Along with bringing more commercial partners to its platforms, SosTravel has also made 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.

### ***Expanding the commercial partner network will be critical for 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 to its platform. 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 to its platform and increasing engagement with existing commercial partners.

### ***The long-term outlook for the Travel industry is strong***

Until 2019, the Travel & Tourism Industry was one of the highest growing industries and contributed 13.3% to Italy's GDP but it was one of the worst affected industries due to Covid-19 and its contribution to Italy's GDP fell to approximately 7% in 2021. Since covid is no longer considered a threat and the restrictions are being lifted, the T&T ("Travel and Tourism") industry is bouncing back rapidly. Passenger air traffic is currently lower than the pre-pandemic levels but according to Airports Council International it is expected to cross the pre-pandemic levels by 2025. The pent-up demand for leisure and business travel is expected to cause significant growth in the industry. Long-term tailwinds for the T&T industry

include a growing 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. Workcation and staycation originated due to the covid situation but are now being accepted with companies extending up to 8 weeks of workcation to its employees. These trends are likely to continue going forward, providing a conducive growth environment for SosTravel.

## Company Presentation

SosTravel.com S.p.A. (“SosTravel” or “the Company”) operates two digital platforms, accessible through their website and mobile application, that aggregates travel services. The Company’s first platform is the SosTravel app and website that provides travel booking services such as transport, accommodation, and attractions. It also offers peripheral services including lost luggage concierge, access to airport information such as flight timetable, Covid-19 updates, maps, location of food & beverage shops, pharmacies, currency exchanges, etc., airline information, and flight tracker through its platform. SosTravel is developing additional capabilities for its platform which will be added soon. The second platform is called FLIO, and it offers lost luggage concierge, flight tracking, and airport & airline information.

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 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).

In May 2022, the Company announced its merger with DDC S.r.l. (“DDC”), which provides ancillary travel services such as transport and hotel bookings, and unified DDC’s services into its own platform. DDC’s platform allows users to book transport (air, rail, land, or water), accommodation, and attractions at competitive prices. It also offers limited-time deals to its customers and has developed a loyal customer base in its first year of operation. Integration of these services will provide synergistic benefits to SosTravel as these services are expected to complement each other because if a traveler is booking his travel through SoTravel, he will also be inclined to book the peripheral services and use SosTravel’s platform.

### Key services on the SosTravel app

Services	Partner	Description
Travel Bookings	DDC (merger to be completed soon)	Allows customers to book transport, accommodations, and attractions
Lost Luggage Concierge	TraWell Co.	Helps customers track their baggage and provides compensation in case of delay or loss
Travel Insurance	IMA Insurance	Distributes travel insurance through its application including multi-risk travel insurance
Dr. Travel	Health Point Plus, Inc	Provides telemedicine services to travellers directly from its application. 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	Offers B2B aviation services to the airports and operates customer care services for them
Airport & Flight Information	SITA	Compiles information on airports and flight details across the world and presents this information to the user on its applications. The information available includes local weather, flight status, airport lounge, & restaurant details etc.

**Building a Comprehensive Travel App:** SosTravel identified that travelers use multiple apps during their journey to perform several tasks that can be aggregated and provided in a single application. The Company is developing its app to provide a one-stop solution for all these services.. Users can access SosTravel platform through its mobile application available for both Android and iOS and the SosTravel website. The Company has recently upgraded the UI /UX for the SosTravel platform to allow users to avail several services through the SosTravel website. Currently, the users can avail travel booking services only through the SosTravel website. The SosTravel app also offers these services by redirecting to the website and offers other services such as lost luggage concierge, access to airport and airline information, flight tracking, digital concierge, and Covid-19 updates directly from the app. Going forward, the Company plans to launch telemedicine, Wayfinding, and travel plan features.

**Commercial Collaborations & Partnerships:** SosTravel has partnerships and agreements with multiple 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. SosTravel partnered with Health Point Plus Inc. 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 IMA and Airhelp’s travel and flight insurance products on the SosTravel mobile app. SosTravel entered into an agreement with London-based LoungeKey Ltd. to sell LoungeKey passes through the SosTravel app.

SosTravel’s subsidiary DDC has commercial partnerships with several 4-star resorts to provide the “Secret Village” service. In Secret Village, the Company books rooms in advance in exclusive 4-star resorts enabling the hotel resort management to optimize their room occupancy. The travelers can book these rooms at up to 50% off by choosing only the area and type of holiday and letting the Company choose the resort. Travelers are informed about the resort only a few days before their arrival, thus allowing the travelers to discover new places at discounted prices.

The Company provides some of these services by redirecting the customer to the commercial partners’ platform or by sending the customer a detailed quote over the email.

## Company Milestones

Year	Event
2017	<ul style="list-style-type: none"> <li>Incorporated on 7<sup>th</sup> December</li> </ul>
2018	<ul style="list-style-type: none"> <li>Completed its Initial Public Offering (“IPO”) of EUR 5.2 million and listed on Borsa Italiana trading under the ticker SOS</li> <li>Completed soft launch of its application, and officially launched the application on Google Playstore and Apple App Store</li> </ul>
2019	<ul style="list-style-type: none"> <li>Acquired FILO’s assets including its brand and website for a fixed compensation of EUR 0.3 million and a variable component of sales until 2021</li> </ul>
2020	<ul style="list-style-type: none"> <li>Signed a binding Letter of Intent (“LOI”) with an American healthcare provider, Health Point Plus to create telehealth services for travelers globally</li> <li>Signed an exclusive 5-year contract with Health Point Plus and launched Dr. Travel service for global travelers on its platform</li> </ul>
2021	<ul style="list-style-type: none"> <li>Appointed Mango Capital as a sponsor for OTCQB listing in the US</li> </ul>
2022	<ul style="list-style-type: none"> <li>Announced its merger with DDC</li> </ul>

## Corporate Strategy & Future Outlook

SosTravel's long-term aim is to develop an integrated platform to cater to all needs of a traveler before, after, and throughout their journey. 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.

**Becoming a One-Stop Shop for Travelers:** SosTravel aims to become a one-stop shop for all travel services. The Company offers peripheral services such as lost luggage concierge, airport and airline information, covid-19 updates, travel insurance, and flight compensation. The Company recently expanded its service portfolio to provide travel booking services such as transport bookings, hotel bookings, and travel experience bookings, including site seeing tours, tickets to local attractions, etc. Going forward, the Company plans to offer Travel Plan feature in its platform, because of which users will be able to manage their complete itinerary, and add accommodations, attractions, and transport as and when required. SosTravel also plans to add features like Wayfinding which will provide users with 3-D rendered maps for indoor spaces, and Telemedicine to allow users to consult a doctor in case of any medical need.

**Increasing Traction Through Digital Initiatives:** The Company's digital platform serves 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.

SosTravel would also 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 recently improved its UI / UX for the SosTravel platform. This has helped 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 also expanded its service portfolio to offer travel booking services. Going forward, the Company would 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. 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 loan of EUR 315,000 for the development of e-commerce in the US and a loan of EUR 800,000 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 toward major European markets and opportunities in other markets.

**Diversifying Customer Base:** SosTravel intends to diversify its customer base by adding more services to its portfolio and through marketing initiatives. The Company recently announced merger with DDC which has a large customer base as it provides travel booking services and other services for travelers that use other transportation modes too, such as train, bus, and cruise. Integration of DDC with SosTravel could help the Company increase the platforms' usage as a larger variety of services can attract more

customers. The Company's goal in the medium term is to increase the number of users on its platform. SosTravel's long-term goal is to build a subscription model for its platform.

**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. FLIO continues to operate as a separate platform after the acquisition. In 2022, the Company announced its merger with DDC, an online travel booking company. This acquisition has allowed SosTravel to take a big step in the direction of becoming a one-stop integrated travel platform. DDC also has approximately 9x revenue as compared to SosTravel and generated positive cash flows in 2021. In the future too, 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. With the latest acquisition, the Company might be able to generate significant free cash flows over the next few years to finance these M&A deals.

## News

### [SosTravel's shareholders approved the merger with DDC](#)

*June 14, 2022*

SosTravel announced that its merger with DDC has been approved by the ordinary and extraordinary shareholders' meeting. Post this, shareholders' of DDC also approved the merger.

### [SosTravel announced its merger with DDC](#)

*May 06, 2022*

SosTravel announced its merger with DDC, an online travel booking platform. As per the terms of the agreement, SosTravel will issue 5,908,860 ordinary shares to the shareholders of DDC.

### [SosTravel completed recapitalization through a rights issue](#)

*June 07, 2021*

SosTravel has communicated the details of the recapitalization, which takes effect from 7<sup>th</sup> June 2021. An adjustment factor of 0.88392523 will be applied to the share prices resulting in the volume adjustment factor of 1.131317408. The price of the rights (ISIN: IT0005446502), which will be negotiated from 7<sup>th</sup> to 17<sup>th</sup> June, has been set at EUR 0.1240. 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 EUR 1.00 per share. The deadline for joining the capital increase is 23<sup>rd</sup> June. 10 warrants will be assigned for each share subscribed. The warrants may be exercised from 1<sup>st</sup> September 2021 to 16<sup>th</sup> December 2024, inclusive, at an exercise price of EUR 1.20.

### [SoSTravel signed an agreement with TraWell for the sale of its telemedicine services](#)

*March 02, 2021*

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

### [SosTravel signed an exclusive 5-year contract with Health Point Plus and launched Dr. Travel services for travelers across the world](#)

*November 02, 2020*

SosTravel announced 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 on 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.

## 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 following the Completion of the Merger

Beneficiary Holder	Direct Holder	No. of ordinary shares held	% Shareholding
	RG Holding S.r.l.	2,699,374	20.6%
	TraWell Co. S.p.A.*	792,336	6.1%
	Rudolph Gentile	12,432	0.1%
Rudolph Gentile	Total	3,504,142	26.8%
Carmine Colella		2,659,032	20.3%
Le Terrazze di Porto Ottiolu Srl		2,659,032	20.3%
Giovanni Perrucci		590,896	4.5%
	Free Float	3,674,116	28.1%
	<b>Total</b>	<b>13,087,218</b>	<b>100%</b>

Source: SosTravel.com's Press Release on Merger with DDC

\* 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, later renamed TraWell Co., 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
- Director at Air Italy S.p.A from 2011 to 2012
- Has 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*

- Director and board member at TechVision S.r.l ,Gimel S.r.l, and Alfio Bardolla Training Group S.pA
- Head of investor relations and corporate finance at TraWell Co. 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*

- Has over 20 years of experience working in Swiss, Japanese, and European banks in Debt Capital Markets
- Fund manager at Pre IPO-Club and a Director at TraWell Co. & Higue Fund management
- Graduated in Law and Politics from the University of Sapienza, Rome, and holds a MSc Energy from Heriot-Watt University, Edinburgh & MBA degree from the Heriot-Watt Business School

### **Enrico Orvieto**

*Chairman of the Board of Statutory Auditors*

- Held various positions on the Board of statutory auditors and other supervisory bodies of different companies
- Taught Advanced Health Service Management course at the University of Naples, Federico II
- Completed high school diploma in accounting from Institute Poliziano, Rome
- Enrolled as an Auditor 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 recently upgraded the code and UI/UX of its SosTravel platform and now offers travel booking services through its website as well. This has helped 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. Booking services are provided by SosTravel's subsidiary DDC. 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 about major airports, including information about locations of shops, restaurants, lounges, etc., which users can access through the mobile app. The SosTravel and FLIO applications have an inbuilt QR code scanner which allows the customer to scan their boarding passes so that the application can automatically fetch the travel information of the user and provide flight information. The Company plans to integrate this feature with telemedicine to allow users to access the service by scanning the QR code of Dr. Travel printed on the receipt. 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).

## Services

SosTravel offers a range of travel services through its platforms. SosTravel's digital platforms act as a one-stop digital portal that caters to passengers' travel-related needs. SosTravel recently started offering travel booking services on its SosTravel platform after announcing the merger with DDC. Currently, these services are available on the website and mobile application (which redirects to the Company's website).

A brief description of SosTravel's services is as follows:

### 1. Transport Booking

The transport booking service includes air, rail, land, and water transport bookings. Users can book one-way transport, round trip, or multi-city transport through the platform.

### 2. Accommodation Booking

SosTravel allows users to book accommodations at attractive prices throughout the globe through its website. Secret Village is a distinct service provided by the Company where the Company books rooms in advance in exclusive 4-star resorts enabling the resort management to optimize their room occupancy. The travelers can book these rooms at up to 50% off by choosing only the area and type of holiday and letting the Company choose the resort. Travelers are informed about the resort only a few days before their arrival, thus allowing travelers to discover new places at discounted prices.

### 3. Multi-destination Booking

SosTravel allows users to book transport and accommodations at multiple locations through a single booking through its website. The service's algorithm automatically generates itinerary choosing modes of transport and places of stay based on the details added by the user thus allowing them to book a complete holiday through a single booking and save considerable time and effort.

### 4. Activities Booking

SosTravel allows users to make bookings for excursions, tours, and other recreational activities for the destination they are going to. The service provides a list of activities available at the place of the travelers' choice and allows them to book the activities right from the website.

### 5. Rent a Car

Through this service, SosTravel provides an option to the traveler to explore the place on their own by renting a car, directly from its website. Vendors on the website are pre-vetted by the Company to maintain quality of service. The traveler is required to choose the pick-up and drop-off location and the date and time, and the platform shows a list of cars available for the journey. Travelers can choose the vehicle as per their preference at competitive prices.

### 6. Transfers

In this service, SosTravel provides travelers with an option of booking transfers to and from airports, railway stations, bus stations, and hotels.

### 7. Lost Luggage Concierge

Through lost luggage concierge, the Company helps customers track their baggage and compensates them in case of delay or loss of baggage. An option to purchase the service is available on both the SosTravel website and mobile application. After purchasing, a code is generated, which must be punched into the application for activation. This service can be purchased before the departure of the

flight and is sold on a pay-per-bag basis. Customer care service is also offered along with the luggage concierge service, which provides instant lost luggage search service 24 hours a day and 7 days a week in 6 languages. The Company currently charges EUR 9.9 per bag. In case the luggage is not recovered within 48 hours, compensation of EUR 100 per day is provided from the 49<sup>th</sup> hour, with a cap of EUR 1,000 in case of delayed delivery and EUR 4,000 in case of permanent loss.

TraWell Co. has 11.04% direct shareholding in SosTravel, and it has an agreement with SosTravel to re-sell SosTravel's services. As of 31<sup>st</sup> December 2021, the TraWell Group operates through approximately 145 sales points, at 44 airports and 1 bus station across 13 countries and provides SosTravel with its physical infrastructure to act as points of sales. TraWell and SosTravel collaborate based on a commission/revenue sharing model.

## **8. Travel Insurance**

Travel insurance service is available on both the SosTravel website and mobile application and is provided through the Company's commercial partner. 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 according to the Company, the travelers get a discount of up to 30% on the policy.

## **9. Flight Tracking**

SosTravel provides a flight tracking service through its mobile application. Flight Tracking allows 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 to the application portal.

## **10. 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 website and mobile application. The platforms provide information on local weather, airport lounge & restaurant, latest covid-19 guidelines, airport timetable, and parking information. The app also provides the location of ATM and currency exchange counters, washrooms, baggage wrapping stations, lost & found offices, smoking areas, etc. The platforms boast of having all the relevant information in one place, thus reducing hassle for travelers.

## **11. Flight compensation**

Flight compensation service is flight insurance offered by SosTravel on its mobile application in partnership with AirHelp. Customers can submit a claim after their flight is delayed or canceled, they will be informed if they have the right to submit a claim through the SosTravel App itself.

## **12. LoungeKey Pass**

The Company sells passes for airport lounges on its website and mobile application in partnership with LoungeKey Ltd., a London-based company. In this service, travelers can choose from 1,200 lounges worldwide at a flat rate of EUR 39.99.

## **Services being developed**

### **13. Telemedicine Service**

The Company plans to provide telemedicine service for travelers directly from its application, in partnership with the American Company Health Point Plus, Inc. Telemedicine service is essentially a package medical access facility marketed under the name Dr. Travel. The service can be purchased through the Company's and its partners' POSs ("Point of Sale") for EUR 10 for a single traveler and EUR 25 for a family (up to a maximum of 5 people). Upon purchase, the customer enters a code printed on the receipt provided in SosTravel's app to access the service.

The Dr. Travel service will be offered in a 24/7 multilingual format, available 24/7, with a coverage of 14 days from the date of departure. Once the user has registered with their data, they will be able to 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 will be redirected outside SosTravel App to the Health point plus portal. Here users will be required to insert some additional details, such as the reason for the call. Afterward, they can proceed and enter the virtual waiting room. The first available doctor accepts the user and starts the video call. The traveler will have access to the virtual service unlimited times during the stipulated period. If the traveler requires an in-person visit, the visit will be chargeable, but they will be entitled to reimbursement of only up to EUR 300.

### **14. Wayfinding**

Wayfinding is a service that SosTravel is currently developing to be launched on its mobile application. Through wayfinding, users will be able to access 3-D rendered maps for indoor spaces that adapt to any device. The service will provide step-by-step navigation and will help users to find their way across airports and thus save considerable time.

### **15. Travel Plan**

SosTravel is developing its app to offer travel plan features to its users. Under this service, the users will be able to create a travel itinerary in the mobile application and add transport, accommodation, attractions, etc. right then and there as needed. Travelers will also be able to add a meal reservation, tour, or event. The app will also notify the users about their booking through push notifications and allow scanning of tickets. These updates are testimony of SosTravel's aim of creating a single integrated platform to cater to all of the user's travel needs.

## Industry Analysis

The Travel and Tourism (“T&T”) industry includes airlines, railways, hotels & resorts, amusement parks, historical sites, and other tourist attractions. Being a large and rapidly growing industry (except during the covid-related downturn), a vibrant ecosystem has developed around the T&T industry over the years. This ecosystem comprises providers of several ancillary and peripheral products and services, such as flight & hotel bookings, tour management, luggage management, travel insurance, travel information, etc. Prior to the pandemic, the World T&T industry contributed USD 9.2 trillion (10.4%) to the global GDP in 2019 and accounted for 1 in 4 of all the new jobs created across the world. But the contribution of the T&T industry fell to USD 4.7 trillion (5.5%) in 2020, and 62 million jobs were lost due to travel restrictions imposed by countries in response to the covid-19 pandemic<sup>i</sup>.

The Global Airport Services Industry size was USD 172.2 billion in 2019 and is projected to reach USD 232.9 billion by 2027, exhibiting a CAGR of 16.7% during the forecast period<sup>ii</sup>. Airport services include ground handling services such as baggage and cargo handling and catering, passenger handling services such as customer service operations, baggage wrapping services, temporary baggage storage services, lost luggage concierge, WiFi rental services, etc.

**Fall and Recovery in Level of Activity in Air Travel Worldwide:** The level of activity in the Passenger Air Travel space is a key determinant of growth for the T&T industry and the Airport Services industry. Since 2007 passenger airline traffic has grown consistently each year except for 2020 when it fell significantly due to covid-induced travel restrictions. Air travel started recovering in 2021 but the report by Airports Council International expects a full recovery by 2025. The following chart shows the number of flights completed from 2007 to 2022 as per IATA (“International Air Transport Association”):



## Severe Impact of Covid-19 on the Hospitality Industry in Italy:

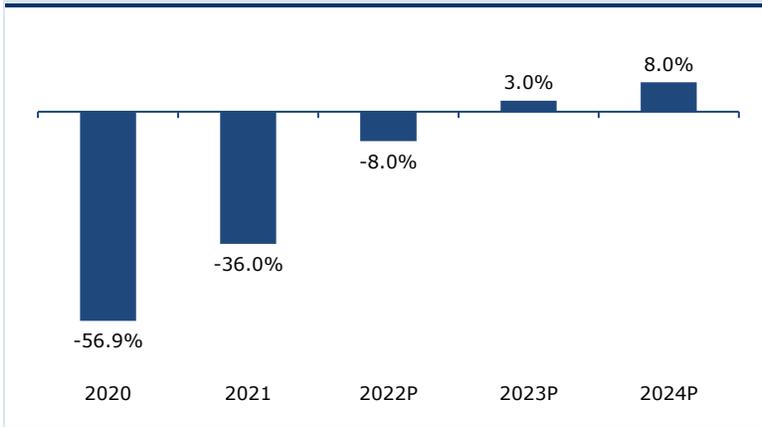
Covid-19 has severely impacted the Hospitality industry and Italy was one of the worst affected countries in the world. In 2019, travel and tourism contributed approximately EUR 236 billion to the country's GDP, which decreased to EUR 116 billion in 2020 due to covid-19 and restriction on travel and tourism<sup>iii</sup>. In 2020, approximately 26 million foreign visitors spent at least one night in Italy, which is significantly low compared to about 65 million foreign visitors in 2019. Due to the pandemic, Travel and Tourism sector's GDP contribution in Italy declined by EUR 120.6 billion and 0.3 million people lost their jobs<sup>iv</sup>. However, the projections for 2023 reflect that recovery is anticipated and can be further fueled by growing trends like workcation and staycation.

## Global Travel Restrictions and Vaccinations:

Restrictions on overseas travel imposed by governments of several countries were tightened across all regions in January 2020, in response to the surge of new cases caused by the emergence of various covid virus variants. In 2021, major countries relaxed norms for domestic travel, but the restrictions on international travel were high so that the newer strains of covid-19 are not transmitted across countries.

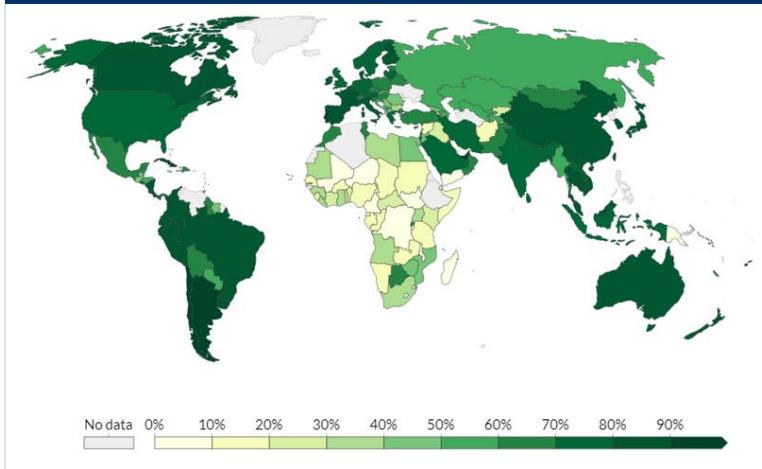
These restrictions were significantly relaxed in many regions in late 2021 and 2022, especially for people who are vaccinated. Vaccinations have accelerated in many advanced economies in Europe and North America, and in Asia where distribution started late. As of June 6, 2022, 65.7% of the world population has received at least one dose of covid-19 vaccine. But only 16.2% people in low-income countries have received at least one dose.

### Total Hotel Overnights in Italy Compared to 2019-20



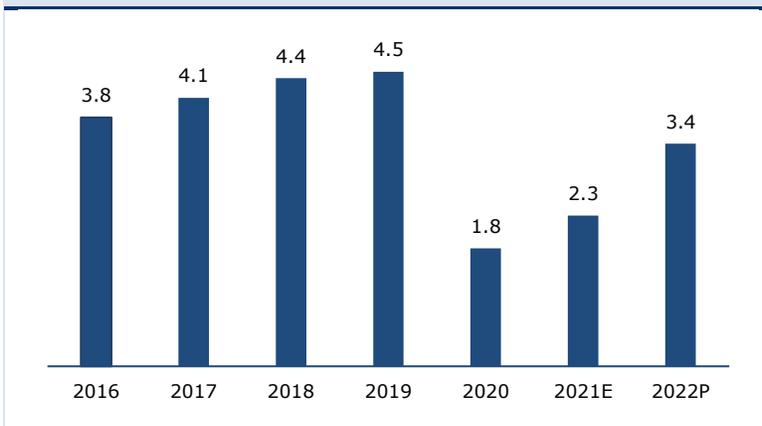
Source: 8<sup>th</sup> edition, Hotels and Chains in Italy

### % of People who Received at least One Dose of Vaccine as of June 07, 2022



Source: Our World in Data, June 08, 2022

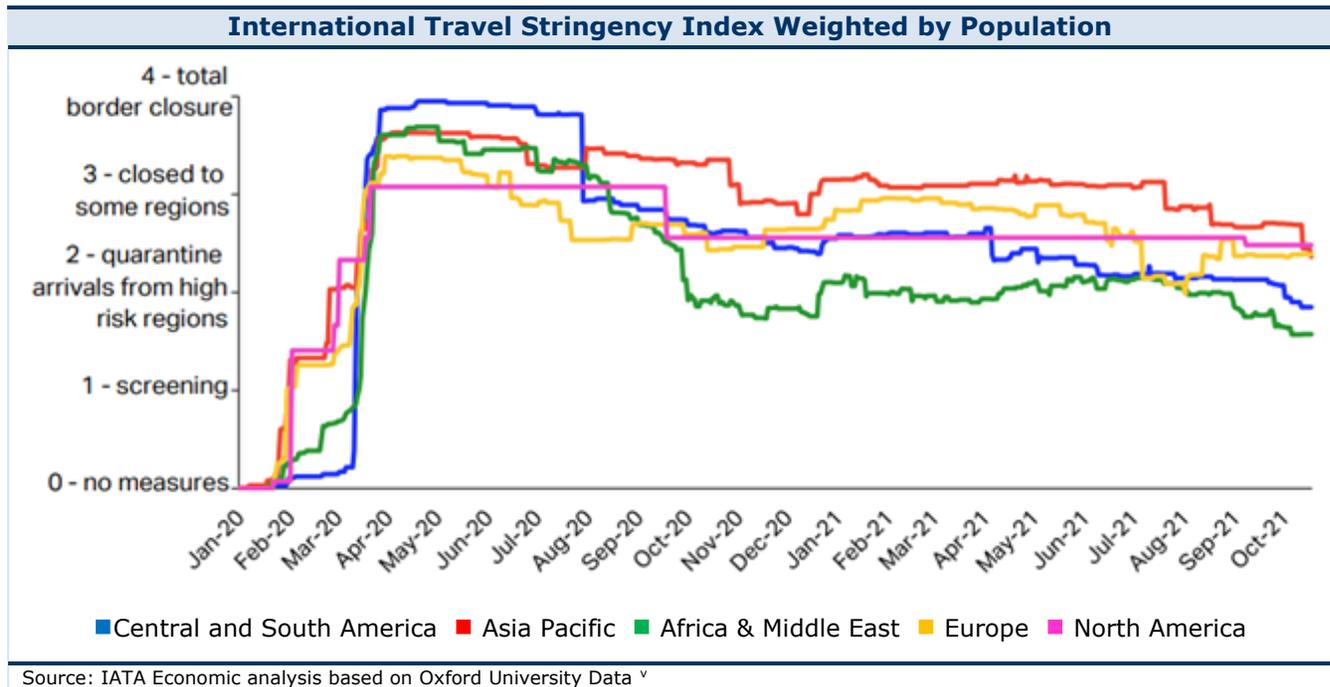
### Scheduled Passengers (billions)



Source: IATA Industry Statistics October 2021

Vaccinations are playing a vital role in the recovery and growth of the T&T industry. Many countries have mandated one or both doses of vaccination before being allowed entry. Vaccination slows down the spread of virus and reduce the complications associated with it. Therefore, an increase in vaccination indirectly correlates with travel restrictions, and travel restriction is the most important factor restricting growth of T&T industry to pre-pandemic levels. Due to the increase in vaccination and reduction in travel restrictions, scheduled passenger numbers are expected to increase. In 2020, 1.8 billion passengers were scheduled to travel by air. As per IATA's industry statistics fact sheet released in October 2021, scheduled passengers are expected to be 2.3 billion in 2021 and 3.4 billion by 2022.

The following chart depicts how travel restrictions have eased with increasing vaccination rates:



The expected rise in level of activity in air travel, and the anticipated increase in overnight bookings in hotels across Italy, combined with rising vaccination rates, are likely to cause a surge in travel. The T&T industry went from being one of the highest GDP contributors to the worst affected industry due to covid-19. However, the latest numbers show early signs of recovery and the pent-up demand for travel is expected to support the T&T Industry.

## Key industry 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 T&T industry to increasingly integrate their services with a digital platform. Several airlines have introduced their own mobile applications to help their passengers keep track of their flight and other information. The digital integration not only increases passenger convenience but also helps airlines and support service providers reduce their costs by automating the buying and tracking process. Travel itinerary applications are becoming increasingly popular which make booking hotels, attractions, flights, etc. easier for travelers. As the world moves towards a more digital economy the travel industry is also expected to embrace this change.

## **2. 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 covid-19. 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<sup>vi</sup>. The increased weightage given to travel insurance due to the ongoing covid-19 situation, is likely to drive growth for travel insurance products.

## **3. The emergence of Low-cost Carriers**

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 are focusing 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 Airlines market was valued at USD 155.0 billion in 2016 and it is projected to reach USD 440.5 billion by 2030 growing at a CAGR of 7.7%<sup>vii</sup>. Low-cost airlines can result in an increase in the number of passengers opting for air travel and thus increase the demand for travel booking and peripheral services.

## **4. Growing trend of Workcation and Staycation**

Covid-19 created a need for offices to shift to a virtual environment. During the pandemic, staycation became popular where travelers would go to a hotel or resort to relax for an extended stay. Additionally, since people can now work from anywhere, the concept of workcation was born, which means a vacation where you work remotely, thus allowing you to relax and unwind and be more productive. Many companies are now allowing workcation to employees for up to 8 weeks every year<sup>viii</sup>. This can help boost recovery in the T&T Industry and provides an opportunity for companies engaged in travel bookings.

## Risk Profile Analysis

- 1. 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 works in an industry which was worst affected by covid-19. 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. The Company recently expanded its service portfolio and is now offering travel booking services as well. We, therefore, believe that the Company currently has a **MODERATE** operational risk profile.

- 2. Market Risk:** The travel booking industry consists of many big players such as Bookings.com, Expedia etc. SosTravel's booking services which were started by DDC in 2021 are very new and will face severe competition from these seasoned players. The Company is developing an integrated travel app that will give its services a sustaining competitive advantage. DDC's Secret Village service is distinct and a big contributor leading to the Company being profitable in its 1<sup>st</sup> year. But the risk of competitors like TripIt, Bookings.com etc. eating into the Company's revenues can't be discounted. Therefore, we believe that overall, the Company faces **MODERATE** market 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. With the DDC merger, the Company's combined revenues and cash flows have increased. Therefore, we believe that the Company has a **MID-LOW** financial risk profile.

- 5. Economic Risk:** SosTravel is highly dependent on the T&T Industry. The Company's business was severely impacted by the covid-19 pandemic because it led to a near blanket ban on international and domestic travel in 2020 and continuing restrictions on travel in 2021. With the covid-19 situation improving and airspaces opening up, the business environment is becoming more conducive for the Company. Additionally, inflation in Italy increased to 30-yr high in March 2022. High inflation coupled with increase in interest rates will reduce the purchasing power of people. The World Bank has warned that economies of most countries are headed for a recession, and there is a possibility of stagflation. Stagnant growth and inflation will cause difficulties for most companies in the industry. We believe that complete normalization of the Company's business environment could take at least a few quarters. Therefore, we believe that the Company has a **HIGH** economic risk profile.
- 6. 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 **MODERATE** key personnel risk profile.

## Financial Analysis

**Revenue and Profitability:** SosTravel's Total Revenue increased from EUR 0.16 million in 2017 to EUR 1.3 million in 2021, translating to a CAGR of 70.1%. However, the Company's Gross Profit fell from EUR 0.14 million in 2017 to EUR 0.03 million in 2021 due to the impact of covid-19. In 2022, the Company announced its merger with DDC which reported Total Revenue of EUR 10.8 million in 2021. The merger with DDC gives a new direction to the Company's business and the services provided by DDC are expected to contribute approximately 80% to the Company's revenues going forward. According to our projections, the Company's Total Revenue in 2022 is expected to grow significantly over 2021 because of the addition of DDC's revenues. Going forward, the Total Revenue for the Company could grow at a CAGR of 18.0% between 2022 and 2027 because of expected growth in T&T industry.

SosTravel's Profit After Tax (PAT) declined from EUR 0.07 million (46.3% PAT Margin) in 2017 to EUR -1.4 million (-105.5% PAT Margin) in 2021. This steep decline can be attributed to the pandemic-induced fall in air travel. DDC on the other hand reported PAT of EUR 0.2 million (1.9% PAT Margin) in 2021. Combined, we expect the Company's PAT to turn positive in 2022 and achieve a 8.1% PAT Margin by 2027.

**Capital Structure:** SosTravel's share capital increased from EUR 0.50 million in 2017 to EUR 0.72 million in 2021. The Company will issue fresh shares in 2022 as consideration for shareholders of DDC to cancel DDC's entire share capital. The Company was debt-free until March 2021, when it secured two separate subsidized loans totaling 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.

**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 7.6x in 2021, and we expect this strong liquidity situation to prevail over the coming quarters. Cash and Cash Equivalents is the major component of the Company's Current Assets in 2021 at 54.9% of the Total Current Assets. The Company's cash ratio also improved from 4.5x in 2018 to 5.9x in 2021 with air travel picking up and due to recent funding secured by the Company.

**Cash Flow position:** SosTravel had an operating cash outflow of EUR 1.02 million in 2018, which decreased to EUR 0.32 million in 2021 as the Company is maturing. 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 outflow from investing activities for the Company was EUR 0.48 million in 2018 which decreased to EUR 0.08 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 cash inflow from financing activities in 2018 at EUR 4.8 million, which increased to EUR 3.3 million in 2021 because of proceeds from subsidized and unsecured loans. 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.

## Income Statement – Historical

<i>(All figures are in EUR thousands)</i>	2017	2018	2019	2020	2021
<b>Revenue</b>	<b>157</b>	<b>2,496</b>	<b>3,174</b>	<b>916</b>	<b>1,311</b>
<i>YoY Growth</i>	-	1491.93%	27.19%	-71.14%	43.11%
<b>Operating Costs</b>					
Cost of Product	15	422	2,073	946	900
<i>%age of Revenue</i>	9.5%	16.9%	65.3%	103.2%	68.6%
Personnel Costs	-	421	726	434	384
<i>%age of Revenue</i>	0.0%	16.9%	22.9%	47.4%	29.3%
Other Costs	68	1,357	606	501	593
<i>%age of Revenue</i>	43.3%	54.4%	19.1%	54.7%	45.3%
Amortization and Depreciation	1	393	975	992	778
<i>%age of Revenue</i>	0.6%	15.7%	30.7%	108.3%	59.3%
<b>Total Operating Costs</b>	<b>84</b>	<b>2,593</b>	<b>4,380</b>	<b>2,872</b>	<b>2,655</b>
<i>%age of Revenue</i>	53.4%	103.9%	138.0%	313.6%	202.5%
<b>EBIT / Operating Income (Loss)</b>	<b>73</b>	<b>(97)</b>	<b>(1,206)</b>	<b>(1,956)</b>	<b>(1,344)</b>
<i>%age of Revenue</i>	46.6%	-3.9%	-38.0%	-213.6%	-102.5%
Financial Proceeds and Charges	(10)	67	(8)	(36)	(39)
Taxes	(10)	(13)	51	-	-
<b>Net Income / (Loss)</b>	<b>73</b>	<b>(18)</b>	<b>(1,265)</b>	<b>(1,993)</b>	<b>(1,383)</b>
<i>%age of Revenue</i>	46.3%	-0.7%	-39.9%	-217.5%	-105.5%

## Balance Sheet – Historical

<i>(All figures are in EUR thousands)</i>	2017	2018	2019	2020	2021
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & Cash Equivalents	-	3,268	1,222	456	3,295
Amounts Receivable from Customers	3	5	22	27	12
Other Current Assets	266	1,939	3,327	1,421	951
<b>Total Current Assets</b>	<b>269</b>	<b>5,212</b>	<b>4,571</b>	<b>1,904</b>	<b>4,258</b>
<b>Non Current Assets</b>					
Intangible Assets	1,259	2,428	2,367	1,406	804
Tangible Assets	3	13	561	905	873
Other Non-Current Assets	1,090	-	-	136	71
<b>Total Non Current Assets</b>	<b>2,352</b>	<b>2,441</b>	<b>2,928</b>	<b>2,447</b>	<b>1,748</b>
<b>TOTAL ASSETS</b>	<b>2,621</b>	<b>7,653</b>	<b>7,499</b>	<b>4,351</b>	<b>6,006</b>
<b>LIABILITIES &amp; EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables due to Suppliers	32	205	403	389	265
Other Current Liabilities	401	514	1,494	373	298
<b>Total Current Liabilities</b>	<b>433</b>	<b>719</b>	<b>1,897</b>	<b>762</b>	<b>563</b>
<b>Non Current Liabilities</b>					
Payables - Subsidized Loan I	-	-	-	-	79
Payables - Subsidized Loan II	-	-	-	-	480
Payables - Unsecured Loan	-	-	-	-	1,400
Other Non-Current Liabilities	115	183	117	98	134
<b>Total Non Current Liabilities</b>	<b>115</b>	<b>183</b>	<b>117</b>	<b>98</b>	<b>2,093</b>
<b>TOTAL LIABILITIES</b>	<b>548</b>	<b>902</b>	<b>2,014</b>	<b>860</b>	<b>2,656</b>
<b>EQUITY</b>					
Share Capital	500	593	598	598	718
Share Price Premium Reserve	-	5,137	5,132	5,130	6,252
Reserves	1,500	970	970	970	970
Profit (Loss) Carried Forward	-	69	51	(1,214)	(3,207)
Profit (Loss) of the Year	73	(18)	(1,265)	(1,993)	(1,383)
<b>TOTAL EQUITY</b>	<b>2,073</b>	<b>6,751</b>	<b>5,486</b>	<b>3,491</b>	<b>3,349</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,621</b>	<b>7,653</b>	<b>7,499</b>	<b>4,351</b>	<b>6,006</b>

## Consolidated Income Statement Summary – Projected

<i>(All figures are in EUR thousands)</i>	2022P	2023P	2024P	2025P	2026P	2027P
<b>Revenue</b>	<b>18,268</b>	<b>25,068</b>	<b>30,013</b>	<b>34,978</b>	<b>39,809</b>	<b>41,838</b>
<i>YoY Growth</i>	<i>1293.5%</i>	<i>37.2%</i>	<i>19.7%</i>	<i>16.5%</i>	<i>13.8%</i>	<i>5.1%</i>
<b>EBIT / Operating Income (Loss)</b>	<b>243</b>	<b>1,554</b>	<b>2,565</b>	<b>3,462</b>	<b>4,375</b>	<b>4,700</b>
<i>%age of Revenue</i>	<i>1.3%</i>	<i>6.2%</i>	<i>8.5%</i>	<i>9.9%</i>	<i>11.0%</i>	<i>11.2%</i>
<b>Net Income / (Loss)</b>	<b>182</b>	<b>1,493</b>	<b>2,513</b>	<b>2,580</b>	<b>3,133</b>	<b>3,375</b>
<i>%age of Revenue</i>	<i>1.0%</i>	<i>6.0%</i>	<i>8.4%</i>	<i>7.4%</i>	<i>7.9%</i>	<i>8.1%</i>

## Consolidated Balance Sheet – Projected

<i>(All figures are in EUR thousands)</i>	2022P	2023P	2024P	2025P	2026P	2027P
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash & Cash Equivalents	5,072	6,281	8,422	10,165	12,627	15,560
Other Current Assets	1,031	1,349	1,465	2,097	2,474	2,481
<b>Total Current Assets</b>	<b>6,103</b>	<b>7,630</b>	<b>9,887</b>	<b>12,262</b>	<b>15,101</b>	<b>18,041</b>
<b>Non Current Assets</b>						
Intangible Assets	792	715	656	634	623	618
Tangible Assets	901	892	874	849	816	783
Other Non-Current Assets	5,519	5,519	5,519	5,519	5,519	5,519
<b>Total Non Current Assets</b>	<b>7,212</b>	<b>7,125</b>	<b>7,049</b>	<b>7,002</b>	<b>6,958</b>	<b>6,919</b>
<b>TOTAL ASSETS</b>	<b>13,315</b>	<b>14,755</b>	<b>16,937</b>	<b>19,263</b>	<b>22,060</b>	<b>24,961</b>
<b>LIABILITIES &amp; EQUITY</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables due to Suppliers	223	315	376	538	667	702
Other Current Liabilities	727	907	1,140	1,331	1,450	1,323
<b>Total Current Liabilities</b>	<b>950</b>	<b>1,221</b>	<b>1,516</b>	<b>1,869</b>	<b>2,117</b>	<b>2,025</b>
<b>Non Current Liabilities</b>						
Payables - Subsidized Loan I	158	95	32	0	0	0
Payables - Subsidized Loan II	480	480	360	240	120	-
Payables - Unsecured Loan - Banca MPS	1,400	1,203	861	510	152	-
Financial Debt	1,000	935	834	731	624	514
Other Non-Current Liabilities	134	134	134	134	134	134
<b>Total Non Current Liabilities</b>	<b>3,172</b>	<b>2,847</b>	<b>2,221</b>	<b>1,615</b>	<b>1,030</b>	<b>648</b>
<b>TOTAL LIABILITIES</b>	<b>4,122</b>	<b>4,068</b>	<b>3,738</b>	<b>3,485</b>	<b>3,147</b>	<b>2,673</b>
<b>EQUITY</b>						
Share Capital	718	718	718	718	718	718
Share Price Premium Reserve	6,253	6,253	6,253	6,253	6,253	6,253
Value of Shares to be issued to Shareholders of	5,661	5,661	5,661	5,661	5,661	5,661
Reserves	970	970	970	970	970	970
Profit (Loss) Carried Forward	(4,590)	(4,408)	(2,915)	(402)	2,178	5,311
Profit (Loss) of the Year	182	1,493	2,513	2,580	3,133	3,375
<b>TOTAL EQUITY</b>	<b>9,193</b>	<b>10,686</b>	<b>13,199</b>	<b>15,779</b>	<b>18,912</b>	<b>22,287</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>13,315</b>	<b>14,755</b>	<b>16,937</b>	<b>19,263</b>	<b>22,060</b>	<b>24,961</b>

## Valuation

Equity Value of SosTravel stands between **EUR 23.1 million and EUR 28.2 million**

Equity Value per share for SOS stands between **EUR 1.76 and EUR 2.16**

*(All figures in EUR thousands)*

Valuation Approach	Variance	Equity Value as on 5-July-2022	Price per Share* (EUR)
Downside Case	-10%	23,079	1.76
Base Case	0%	25,643	1.96
Upper Case	10%	28,208	2.16

\*We have considered the total number of shares post-merger with DDC to calculate the price per share.

## 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 5-July-2022	Price per share (EUR)*	Weight (%)
<b>Listed Company Analysis 2022</b>	23,676	1.81	50%
<b>DCF Valuation 2022</b>	27,610	2.11	50%
<b>Weighted Average Equity Value</b>	<b>25,643</b>	<b>1.96</b>	<b>100%</b>

\*We have considered the total number of shares post-merger with DDC to calculate the price per share.

### 1. Listed Company Analysis

Listed Comparable Analysis method operates under the assumption that similar companies will have similar valuation multiples such as EV/Sales, EV/EBITDA, and EV/FCF. We have shortlisted companies similar in business with SosTravel based on parameters such as products and services, geography etc.

A list of available statistics for the companies was compiled, and the EV/Sales, EV/EBITDA, and EV/FCF multiples were calculated for each of the comparable companies for 2021. 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.

Relative Valuation based on:	Weight	Equity Value as on 5-July-2022	Price per share (EUR)*
<b>EV/Sales 2022</b>	25.0%	59,242	4.53
<b>EV/EBITDA 2022</b>	37.0%	17,181	1.31
<b>EV/FCF 2022</b>	38.0%	6,603	0.50
<b>Weighted Average Equity Value</b>	<b>100%</b>	<b>23,676</b>	<b>1.81</b>

\*We have considered the total number of shares post-merger with DDC to calculate the price per share.

Stock Exchange	Ticker	Company Name	Business Match %	EV/Sales	EV/EBITDA	EV/FCF
Nasdaq Stock Market	MMYT	Makemytrip Limited	80%	16.2	NM	NM
London Stock Exchange	RYA	Tripadvisor, Inc.	50%	3.1	NM	52.4
New York Stock Exchange	DESP	Despegar.Com, Corp.	75%	1.3	NM	NM
New York Stock Exchange	TNL	Travel + Leisure Co.	60%	2.7	11.3	17.7
Nasdaq Stock Market	EXPE	Expedia Group, Inc.	80%	2.1	21.9	6.6
Nasdaq Stock Market	BKNG	Booking Holdings Inc.	80%	6.6	32.8	39.9
Nasdaq Stock Market	TCOM	Trip.Com Group Limited	80%	7.3	53.9	NM
Nasdaq Stock Market	TOUR	Tuniu Corporation	75%	1.9	NM	1.7
Nasdaq Stock Market	TZOO	Travelzoo	70%	0.7	10.1	NM
National Stock Exchange of India	THOMA SCOOK	Thomas Cook (India) Limited	75%	3.2	NM	NM
<b>Median</b>				<b>2.9</b>	<b>21.9</b>	<b>17.7</b>
<b>Mean without Outliers</b>				<b>3.5</b>	<b>26.0</b>	<b>29.2</b>
<b>Weighted Average Without Outliers</b>				<b>3.6</b>	<b>27.2</b>	<b>27.4</b>

## 2. Discounted Cash Flow Approach

- **Valuation Methodology:** The Arrowhead fair valuation for SosTravel is based on the Discounted Cash Flow analysis using Free Cash Flows to the Firm. We have valued SosTravel by preparing consolidated statements post-merger with DDC.
- **Time Horizon:** The time period selected for valuation is 5 years (2023 – 2027).
- **Terminal Value:** Terminal value is based on terminal growth rate of 3.0%.

The following table calculates the weighted average cost of capital of SosTravel. The expected return on the market is assumed for the broader market. We have not assumed additional 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)	3.7%
Beta	1.8
Market Risk Premium	6.4%
<b>Cost of Equity</b>	<b>15.5%</b>
<b>Cost of Debt</b>	<b>4.0%</b>
Assumed Weight – Debt	20%
Assumed Weight – Equity	80%
<b>Weighted Average Cost of Capital (WACC)</b>	<b>13.0%</b>

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

FCFF (All figures in EUR thousands)					
	2023	2024	2025	2026	2027
Net Income	1,493	2,513	2,580	3,133	3,375
Add: Depreciation and Amortization	385	373	346	342	336
Add: Interest Expense x (1-Tax Rate)	44	37	29	21	14
Less: CAPEX	298	298	298	298	297
Less: Increase in Net Working Capital	46	(179)	279	130	99
<b>Free Cash Flow to Firm (FCFF)</b>	<b>1,578</b>	<b>2,805</b>	<b>2,378</b>	<b>3,068</b>	<b>3,329</b>
<b>Terminal Value</b>					<b>34,357</b>
<b>Present Value of Free Cash Flow to Firm (FCFF)</b>	<b>1,397</b>	<b>2,198</b>	<b>1,649</b>	<b>1,883</b>	<b>1,808</b>
<b>Present Value of Terminal Value</b>					<b>18,665</b>

<b>Valuation</b> <i>(All figures in EUR thousands)</i>	
<b>Enterprise Value as on 31-Dec-2022</b>	<b>27,600</b>
<b>Equity Value as on 31-Dec-2022</b>	<b>29,633</b>
<b>Equity Value as on 5-July-2022</b>	<b>27,610</b>
Number of Shares Outstanding post-merger with DDC (in thousands)	13,087
<b>Value per Share* (EUR)</b>	<b>2.11</b>

\*We have considered the total number of shares post-merger with DDC to calculate the price per share.

## Analyst Certifications

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We, Meenal Agarwal and Dhruv Sawhney, certify that all of the views expressed in this research report accurately reflect our 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 2022 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 intend to seek a mandate for investment banking services from SosTravel.com S.p.A. in 2022 or beyond and may receive compensation for investment banking services from SosTravel.com S.p.A. in 2022 or beyond.

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## Appendix

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### Glossary

IPO	Initial Public Offer
LOI	Letter of Intent
SEO	Search Engine Optimization
UI	User Interface
UX	User Experience
WHO	World Health Organization
SEM	Search Engine Marketing
POS	Point of Sale
App	Application
T&T	Travel and Tourism
COVID-19	Corona Virus Disease -2019
FY	Fiscal Year
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
DCF	Discounted Cash Flow
FCFF	Free Cash Flow to Firm
EV	Enterprise Value
P/S	Price to Sales Ratio
P/E	Price Earnings Ratio
WACC	Weighted Average Cost of Capital

## Notes and References

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- <sup>i</sup> [World Travel & Tourism Council, Economic Impact Reports](#)
- <sup>ii</sup> [Fortune Business Insights, Airport Services Market, June 2020](#)
- <sup>iii</sup> [Italy's tourism industry reports €120 billion loss in 2020, April 18, 2021](#)
- <sup>iv</sup> [Italy Lost €121 Billion in 2020 Due to Imposed Travel & Tourism Restrictions, April 15, 2021](#)
- <sup>v</sup> [IATA Annual Review 2021, October 2021](#)
- <sup>vi</sup> [ITIJ, Survey shows a rise in people buying travel insurance since Covid, May 5, 2021](#)
- <sup>vii</sup> [Allied Market Research, Low-Cost Airlines Market by Purpose, March 2022](#)
- <sup>viii</sup> [Simpleview, The rise of the Workation, May 19, 2022](#)