

Due Diligence and Valuation Report

Arrowhead code:	74-01-03
Coverage initiated:	December 06, 2021
This document:	November 15, 2022
Fair share value bracket:	EUR 2.0 to EUR 2.5
Share Price (November 15, 2022):	EUR 0.89 ⁱ

Analyst

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Market Data

52-Week Range:	EUR 0.68 – EUR 1.39 ⁱⁱ
Average Daily Volume (3M Avg.):	4,814 ⁱⁱⁱ
Market Cap. (November 15, 2022):	EUR 11.6 million (mn) ^{iv}

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

EUR	'22E	'23E	'24E	'25E	'26E
Net Income ('000s)	(453.1)	257.3	908.5	1,921.1	2,628.5
EPS	(0.03)	0.02	0.07	0.15	0.20

Company Overview: SosTravel.com S.p.A. (SOS), headquartered in Italy, operates in the global travel and tourism (T&T) industry. It has a presence in 23 airports, where it markets its services. SOS operates in Europe (with a specific focus on one country - Italy), America and Asia. The company was founded in 2017 as a spin-off from TraWell Co. (previously Safe Bag). TraWell Co. operates in the Airport Retail space, offering services such as baggage wrapping, travel accessories retail, baggage weighing, luggage tracking and baggage lost & found assistance. As of December 31, 2021, TraWell Co. had 110 operational Points of Sale ("PoS") terminals across 34 airports and 1 bus station in 12 countries.

SOS is a digital travel company, aiming to seize the significant opportunities offered by mobile technology in the global travel market. It marks its presence in a highly fragmented air passenger services market, with no major player offering an integrated solution to meet the key needs of air passengers. SOS is currently operating the SOS and FLIO apps, and www.sostravel.com and www.amareitalia.com websites. It recently merged with Digital Destination Company S.r.l. ("DDC"). With a revenue of c. EUR 10.8 mn, DDC is an Italian start-up company, who has a strong expertise in digital marketing for traveling and has an established booking platform. The company's objective is to build a one-stop digital platform that provides travel services for passengers using various modes of transportation, i.e., air, rail, road and sea. In 2018, SOS was listed on the Euronext Growth Milan Stock Exchange through an initial public offering (IPO), raising EUR 5.2 mn in the process. As on June 30, 2022, c. 1.22 mn users worldwide use SOS as a digital travel companion.



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

Key Highlights: **(1)** In an air passenger services market, SOS is the single provider offering an integrated solution; **(2)** The company aims to provide a one-stop digital platform through a single, "super" digital app (The SosTravel App), which can assist the traveler through the entire journey; **(3)** It operates as an aggregator of a plethora of passenger assistance services by tying up strong commercial partners to its platform, thereby expanding its network and user base; **(4)** The strategic merger with DDC, along with the company's proprietary value-added services, will give a new direction to its business and services in the future; **(5)** SOS's immediate priority is to expand its service portfolio by maximizing commercial partnerships, thereby attracting more clients and vice versa; **(6)** SOS has a positive outlook as it anticipates normalization of activities in terms of air travel, thereby leveraging its play on the growth of air travel, tourism and spending for wellness and security services; **(7)** SOS operates in 23 airports across the world and is also backed by significant shareholdings by management and the board of directors; **(8)** The company expects to start high-profitability subscription sale of services and a travel-related package in the next 18 months, underpinned by an increased user base;

Key Risks: **(1)** Although, the global T&T industry is recovering from Covid-19's impact, any material spike in Covid cases, macroeconomic slowdown or global recession, might result in an industry-wide slowdown; **(2)** Any unforeseen events, such as technical disruptions in its platform, might hamper the operations; **(3)** SOS operates in a highly competitive environment, and large players can create headwinds.

Valuation & Assumptions: Based on its due diligence and valuation estimates, Arrowhead believes that SOS's fair share value lies in the EUR 2.0 to EUR 2.5 bracket, which has been calculated using a blended valuation method: with 60% weighting to a discounted cash flow (DCF) method and 40% weighting to a Comparable Companies Valuation method. Our DCF model suggests a fair value of EUR 2.6, while a Comparable Company Analysis provides a fair value of EUR 1.7.

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1. Investment Thesis

Arrowhead is updating its coverage on SOS with a fair value of EUR 2.0 per share in the low-bracket scenario and EUR 2.5 per share in the high-bracket scenario, using DCF and Comparable Company Analysis methodologies.

The company aims to capitalize on the opportunity as normalization of the travel market continues, by providing a one-stop digital platform through a single digital app (The SosTravel App). SOS operates as an aggregator of differentiated offerings by tying up strong commercial partners to its platform. The company aims to leverage its technological efficiency, which will allow it to improve its user engagement, thereby expanding its network and user base. The company plans to capture new users and cross-sell its proprietary value-added services, powered by the strategic acquisition of FLIO and merger with DDC, which will give a new direction to the company's business and services in the future.

A strong long-term outlook for the travel industry, post the normalization of activities, will provide significant tailwinds

Travel & Tourism Industry was one of the fastest-growing industries till 2019 and contributed 13.3% to Italy's GDP. However, 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. As the impact of Covid-19 has declined, resulting in restrictions being lifted, the T&T industry is bouncing back rapidly. Passenger air traffic is currently lower than the pre-pandemic levels, but according to the Airports Council International, it is expected to cross the pre-pandemic levels by 2025. The 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, a 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. These trends are likely to continue in the future, providing a conducive growth environment for SOS.

One-stop digital platform for travel services in the making, for providing differentiated positioning in the market

SOS is building a unique one-stop digital marketplace for travel booking and offers a plethora of travel services such as luggage concierge, travel insurance, telemedicine, flight tracking, and airport information. It is signing ad-hoc contracts with multiple providers (partners) to become the main reference point for the final customers, thereby differentiating itself from the other competitors in the market. In 2022, the company merged with DDC, which offers travel booking services to its customers such as booking tickets for transport, accommodations and attractions. Also, in 2019, the company acquired FLIO, which specializes in the airport passenger services market. The acquisition of FLIO and the merger with DDC gave a new direction to the company's business, enabling it to increase its user base and round out its offerings. 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.

The company plans technical upgrades to improve user engagement, thereby unlocking significant opportunities

Along with bringing more commercial partners to its platforms, SOS has also made some technical upgrades to its platforms. These include updating the user interface/ user experience ("UI/UX") for the website and the mobile applications ("apps") 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 plans to expand the commercial partner network to set off a network effect, thereby magnifying its growth opportunities

Since SOS is developing a two-sided market, its immediate priority is to 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. The officer will be responsible for bringing new commercial partners to its platform and increasing engagement with existing commercial partners. The company has already signed strategic commercial agreements for the sale of the App services and provision of support to Ground Handling companies, including Flightstats (Flight Info), Collinson Group (Lounge Pass) IMA (Travel Insurance) and Aviation Services SITA.

However, certain risks could impede growth plans

Any unforeseen events that impact traveling, thereby resulting in an industry-wide slowdown, might deter the faster recovery

SOS operates in the global T&T industry. The industry is recovering from Covid-19's impact. However, any material spike in Covid cases, especially with the emergence of riskier variants of the coronavirus, could lead to a re-imposition of lockdowns. Also, any macroeconomic challenges or global recessions might create an impact on the industry, thereby resulting in an industry-wide slowdown, which might deter the fast recovery of the industry and the company.

A highly competitive landscape might provide short-term headwinds

The travel booking industry consists of many big players such as Bookings.com and Expedia. SOS's booking services, started by DDC in 2021, are very new and might face strong competition from these seasoned players. The company is developing an integrated travel app that will give its services a sustainable competitive advantage. But the risk of competitors such as TripIt and Bookings.com eating into the company's revenues cannot be discounted. Thus, there can be risks related to competition from big players in the market in which the company operates and from the entry of new competitors into the market.

Technical disruptions might dent the confidence of the users, thereby impacting the operations of the company

The operations of SOS's digital platforms depend on the effective functioning of its programming code and servers with users' devices, which can be technically challenging at times. Also, the company needs to maintain interoperability with its third-party service providers for the smooth conduct of 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. Threats of these kinds can have grave consequences and might dent the confidence of the customers.

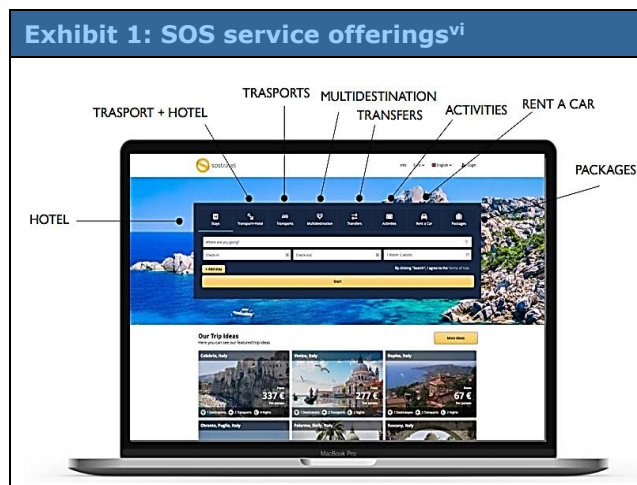
Investment thesis conclusion

We think SOS has a huge opportunity to target a highly fragmented air passenger services market through its single digital app by assisting travelers throughout the entirety of the journey. The company is focused not only on growing its plethora of passenger assistance services by tying up strong commercial partners to its platform, thereby expanding its network and users, but also on the strategic acquisitions of its competitors such as FLIO and DDC, thereby allowing the company to operate in a multi-modality model and increase the user base. However, the emergence of any macro-level unforeseen events, such as Covid-19 or economic recession, which impacts the travel industry, increase in competition, and any technical disruptions in its platforms would pose a threat to the company.

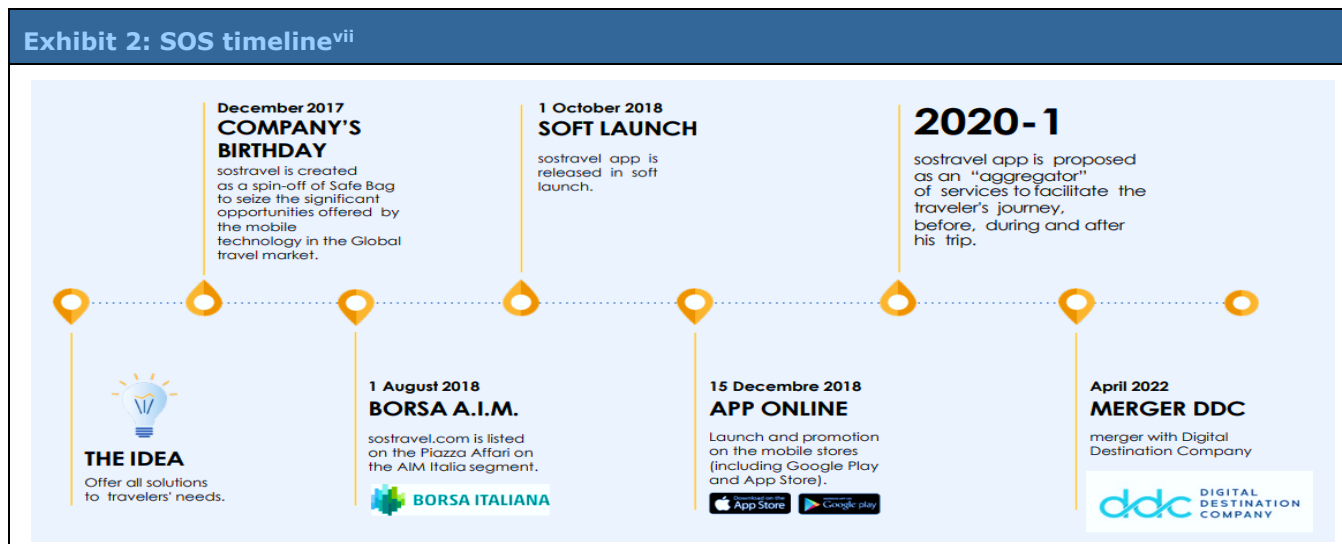
2. Business Overview^v

Headquartered in Italy, SOS was founded in 2017, as a spin-off from TraWell Co. (previously Safe Bag) to seize the significant opportunities offered by mobile technology in the Global travel market.

The company aims to overcome the high level of fragmentation in the air passenger services market by offering a single integrated digital platform, with the ability to assist travelers throughout the entire journey, providing end-to-end services before, during and after their trips, through its integrated digital platform to present itself on the Global travel market. The app was launched and promoted on primary mobile stores (including Google Play and App Store) in December 2018, as an "aggregator" of a range of passenger assistance services throughout the journey, from departure to arrival at the destination airport. The company's app provides passengers with access to a full travel booking experience, and purchase of all available services, for example, tickets, hotel, travel insurance, assistance, and helpful information in a clear, simple and complete way for a pleasant journey. Going forward, the company will look to invest in innovation and development with the aim of expanding and further consolidating its market share in the sector. The sale and distribution of its services can be availed not only through its SOS App, but also through the commercial network of the TraWell Co Group (previously Safe Bag) which has been operating in the market for wrapping, protection and tracking services for years.



The objective of the company is to build a super app with all its services. Thus, in May 2022, the company initiated a merger with DDC, who has a strong expertise in digital marketing for traveling and has an established booking platform. Merging the app with DDC will not only allow a potential customer to engage on the bookings, build a digital itinerary and use other related services but also allow the company to cross-sell its proprietary value-added services. The strategy is to attract potential customers with low-margin services, bookings and offer high-margin services through the app, focusing on the Leisure Travel segment.



It had a revenue base of EUR 1.3 mn in FY 2021, up 44.4% on a year-on-year (YoY) basis. The merger with DDC will add EUR 10.8 mn to its topline for 2021.

In terms of geographical breakdown (FY 2021), Italy accounts for 22.7% of sales, while the rest of Europe makes up 65%, America makes up 11.9% and Asia makes up 0.4%. The total customer database as of December 31, 2021, stood at 1.19 mn. The company stated that it will be working to grow in America.

On August 01, 2018, the company was listed on the Milan Stock Exchange (also known as the Borsa Italiana in Italian) within the Euronext Growth Milan Segment (BIT: SOS), through an IPO raising EUR 5.2 mn. The company is present in 23 airports where SOS offers its services. It deals with both passenger (B2C) and Airport/Handler operators (B2B).

2.1 Opportunity for SOS

The players in the Travel and Tourism industry offer individual travel-related services to the customers through different apps. As a result, customers must manage their travel-related itinerary on different applications and deal with different providers which, thereby, leads to unnecessary stress. This has created a market opportunity for SOS' integrated digital travel platform:

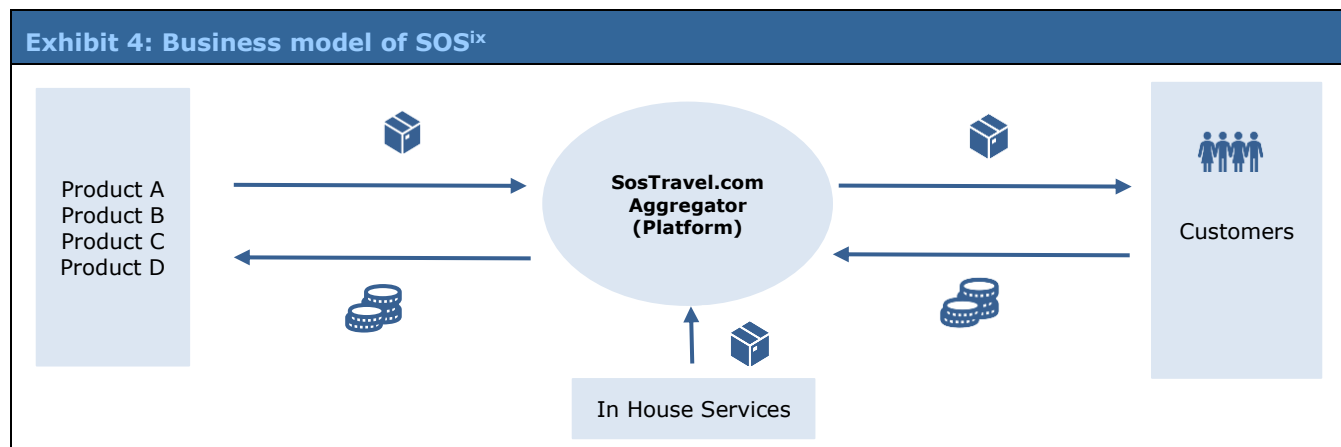


2.2 Business Model

The business model of SOS revolves around two aspects:

- Aggregation services
- Digital Information platform

The business model of SOS platform is to act as an "aggregator" of services offered by a plethora of third-party "contributors" (also known as service providers or partners) and selling with a commission recognition in favor of the aggregator itself, to the end customers using the platform. Moreover, the company acts as a digital "information" platform and offers services through SOS, which is accessible by the traveler, through subscription or pay-per-use.

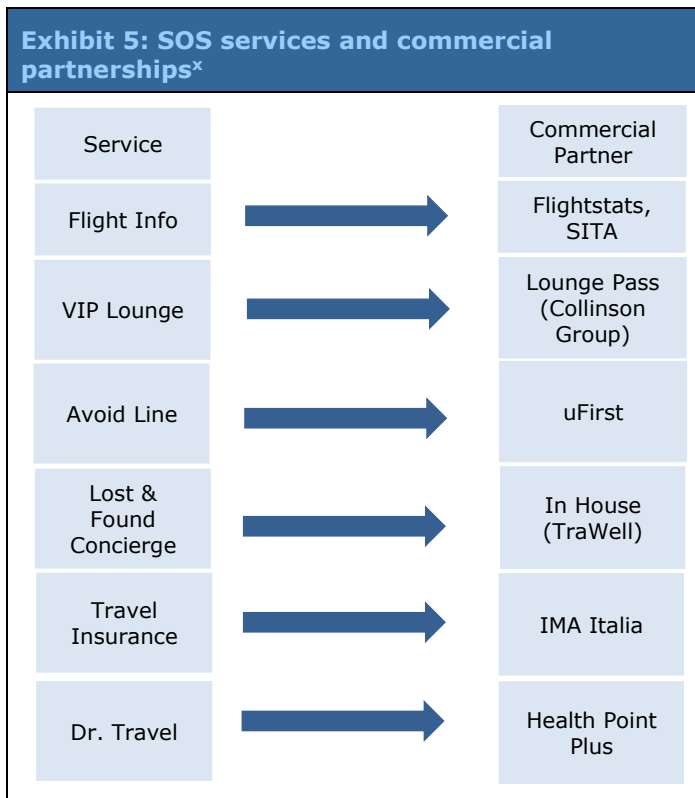


SOS operates two digital platforms, accessible through its website and mobile application, that aggregate travel services, which are as follows:

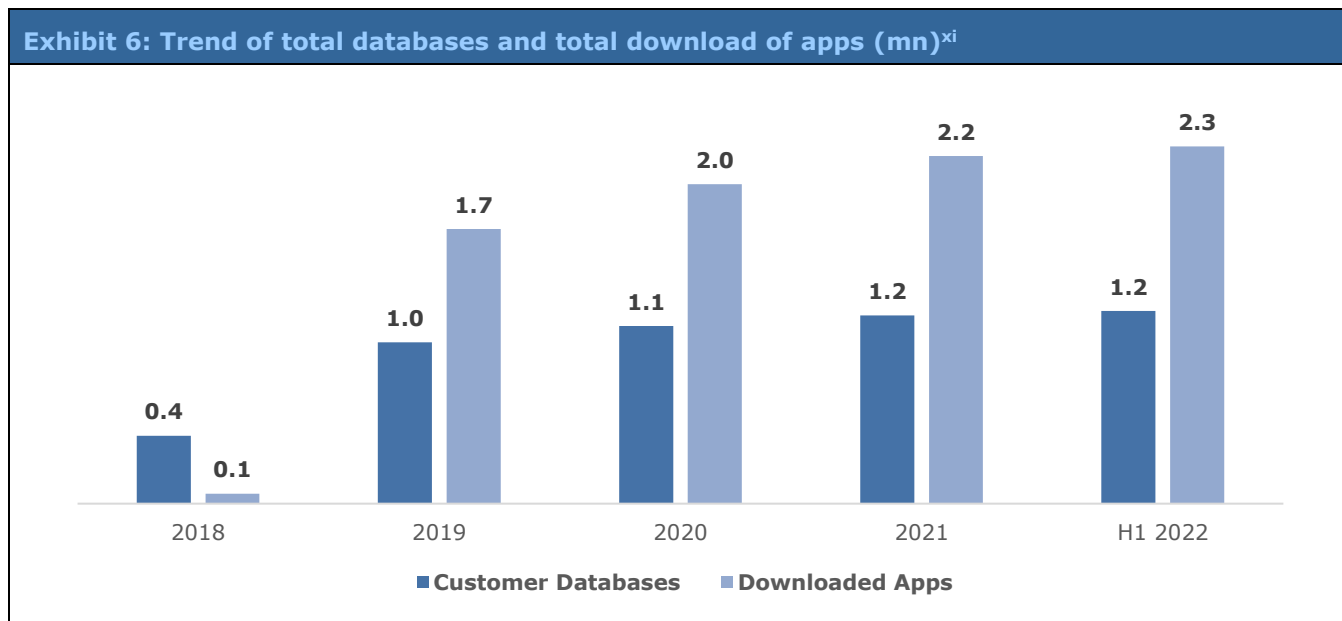
- SosTravel App
- FLIO

The SosTravel app and website provide travel booking services for transportation, accommodations 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, airline information and flight tracker through its platform. SOS is developing additional capabilities for its platform which will be added soon, whereas the second platform is called FLIO which offers flight tracking and airport & airline related information.

In May 2022, the company announced its merger with DDC, which is a digital provider of solutions in the tourism sector. It operates as an intermediary between tourism service providers and customers by offering the possibility to book online stays in accommodation facilities (hotels - resorts), tourist services (e.g., trains, airplanes, ferries), experiences (e.g., guided tours, excursions, tasting itineraries) and, more generally, holiday packages.



As on June 30, 2022, the total customer database stood at 1.22 mn in comparison with 1.19 mn as on December 31, 2021, a growth of c. 2.5%. Total downloads of the app as on June 30, 2022, stood at 2.26 mn in comparison with 2.21 mn as on December 31, 2021.



2.3 Merger and Acquisition Strategies

2.3.1 Acquisition of FLIO^{xii}

In 2019, the company acquired the main assets of its competitor FLIO, the world leader for aggregated information of more than 5,000 airports with 1.2 mn app installations and 140,000 active users a month. Following the acquisition, SOS became the world leader in information services for airport passengers. FLIO GmbH will continue to specialize in airport passenger services, while SOS will expand its offer with trains, stations and urban mobility, with the aim of becoming the most important operator in multimodality services. FLIO has received various international awards which highlight its credibility:

- 2018 Crystal Cabin Award
- 2018 USA Today: "Game Changer"
- 2017 "Hottest App" at The Europas Awards
- 2016 Eye For Travel: Winner of the Best Mobile Travel Solution 2016

2.2.2 Merger with DDC^{xiii}

In May 2022, the company announced its merger with DDC, which is an Italian start-up company. DDC has a strong expertise in digital marketing for traveling and has an established booking platform. DDC provides ancillary travel services such as transport and hotel bookings, and SOS has 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 synergy to SOS, as the company look to cross-sell its proprietary value-added services to a traveler who is booking their travel through the platform.

The company recently created a platform and integrated it into the SOS apps and online by combining it with DDC. The platform is an online booking portal which offers a plethora of good deals. SOS is engaging with airlines and hotels. The company, to have a global reach, is also partnering with the leading platform of the hotel and tourism industry.

DDC primarily deals with mediation activities between suppliers (e.g., hotels) and its customers as well as the structuring of the various services within the offered holiday packages. DDC's offer targets:

- Consumers to whom the full range of available services is offered through digital advertising
- Professional operators, i.e., online travel agencies to which the services resold on their platforms are sold

The merger aims to create an integrated organization which is synergistically active in providing digital services in the tourism sector. Both companies are active in the supply of digital services in the tourism sector where SOS operates in the market for informational and assistance services for air transport passengers through mobile applications. DDC develops innovative digital solutions for promotion in national and international markets of travel and holiday packages with a specific focus on Italian destinations.

The merger will enable SOS to:

- Operate as a single platform on which the traveler can plan, book and verify all stages of the journey
- Expand cross-selling opportunities by integrating DDC expertise and best practices to expand its range of services and integrate customer bases
- Increase its offer to users by offering travel-related service packages
- Improve the visibility of the organization to attract new investors and perfect existing financial or commercial partnerships as well as optimize credit relationships with the financial system

The company intends to implement specific subscription services which will aim to build customer loyalty, thereby integrating the retention capacity of SOS and DDC and thereby, guaranteeing to increase the free cash flows while expanding the reference market through its plethora of packages.

As on December 31, 2021, total revenue stood at EUR 10.8 mn. EBITDA margin for the year ended 2021 stood at 3.0%. Net profit for 2021 stood at EUR 0.2 mn.

2.4 Service Offerings^{xiv}

SOS offers a range of travel services through its platforms. SOS has a one-stop digital portal that caters to passengers' travel-related needs. SOS recently started offering travel booking services on its SOS 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 SOS's services is as follows:

- **Flight Tracking:** SOS provides a flight tracking service through its mobile application. Flight Tracking allows passengers to track useful information such as flight status, gates, delays and cancellations. 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.
- **Airport & Airline Information:** SOS 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, the latest Covid-19 guidelines, airport timetable and parking information. The app also provides the location of ATMs and currency exchange counters, washrooms, baggage wrapping stations, lost & found offices, smoking areas, etc. The platforms have all the relevant information in one place, thus reducing stress for travelers.
- **Flight compensation:** SOS offers flight insurance service through its mobile application in partnership with AirHelp. Customers can submit a claim after their flight is delayed or cancelled, and they will be informed if they have the right to submit a claim through the SosTravel App itself.
- **Transport Booking:** SOS provides service which includes air, rail, land and water transport bookings. Users can book one-way transport, round trip or multi-city transport through the platform.
- **Accommodation Booking:** SOS allows users to book accommodations at attractive prices throughout the world 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.
- **Multi-destination Booking:** SOS allows users to book transport and accommodations at multiple locations through a single booking through its website. The service's algorithm automatically generates an itinerary choosing modes of transport and places of stay based on the details added by the user. This allows them to book a complete holiday through a single booking and saves considerable time and effort.
- **Activities' Booking:** SOS 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.
- **Rent a Car:** SOS 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.
- **Transfers:** SOS provides travelers with an option of booking transfers to and from airports, railway stations, bus stations and hotels.

- **Lost-Luggage Concierge:** This service allows the company to help 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 SOS website and the 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. A 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 49th 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 an 11.04% direct shareholding in SOS, and it has an agreement with SOS to re-sell SOS's services. TraWell and SOS collaborate based on a commission/revenue-sharing model.
- **Travel Insurance:** Travel insurance service is available on both the SOS website and mobile application and is provided through the company's commercial partner. SOS 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, travelers get a discount of up to 30% on the policy.
- **LoungeKey Pass:** The company sells passes for airport lounges on its website and mobile application in partnership with LoungeKey Ltd., a London-based company. With this service, travelers can choose from 1,200 lounges worldwide at a flat rate of EUR 39.99.
- **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' Points 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 SOS'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. Afterwards, 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.
- **Wayfinding:** Wayfinding is a service that SOS 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.
- **Travel Plan:** SOS 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., without delay, 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 the scanning of tickets. These updates are testimony of SOS's aim of creating a single integrated platform to cater to all of the user's travel needs.

Exhibit 7: Services in brief ^{xv}					
Free			For a Fee (Pay per Use)		
Airport and Airline Information	Travel Plan		Airport and Airline Information	Wayfinder*	Lost Luggage Concierge
Transfers	Activities Booking		Travel Insurance	LoungeKey Pass	Telemedicine Service
Flight Tracking	Digital Concierge		Activities Booking	Share Itinerary Notifications	Lost Luggage Concierge
			Priority Security*		

*Wayfinder and Priority Security services to start from 2023

2.5 Types of Sales Channels^{xvi}

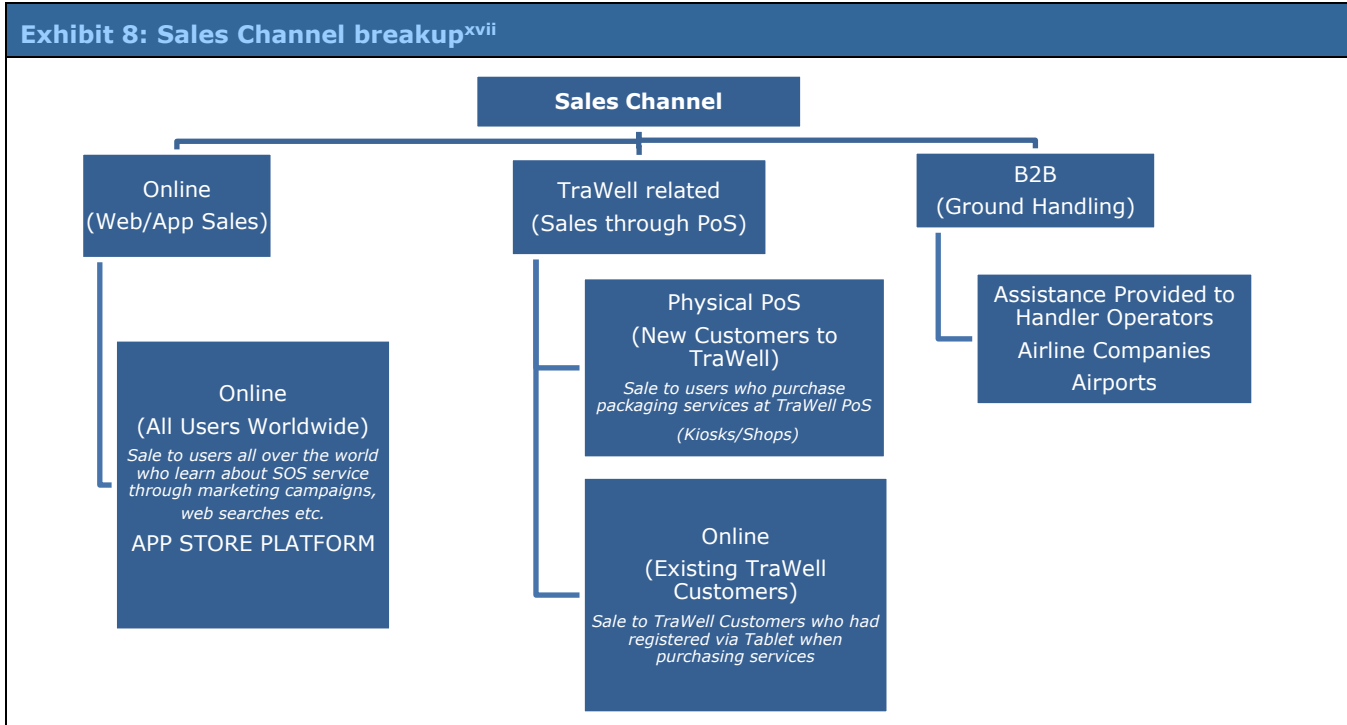
SOS services are offered mainly through three types of sales channels:

- Online sales channels
- TraWell-related sales channel
- B2B sales channels

In the Online sales channels, the company aims to offer airline and other passengers (mainly those belonging to the “X” and “Millennials” generations) access to an integrated digital platform (the SoSTravel App). It is characterized by an innovative concept aimed at ensuring the possibility of using a variety of information and services linked to the trip. As a result, the company acquired FLIO GmbH, the world leader in aggregate information for over 5,000 airports, which helped SOS achieve leadership in information services for airport passengers. The aim of the company is that FLIO GmbH will continue to specialize in airport passenger services, while SOS will expand its offer with trains, stations and urban mobility, with the aim of becoming the most important operator in multimodality services. As of June 30, 2022, the total customer database reached 1.22 mn compared with 1.19 mn as of December 31, 2021, while the overall app Downloads were equal to 2.26 mn against 2.21 mn as of December 31, 2021.

In the TraWell-related sales channel, in addition to airline passengers, SOS also makes commercial offers to the companies of the TraWell Co. Group. The offers to the companies of the TraWell Co. Group are based on an agreement between SOS and the group and refer to the supply of the relative services including tracking of the baggage of customers of TraWell Co. Group companies that have purchased the Lost Baggage Concierge Service in cases of loss and /or failure to deliver this baggage, call center assistance offered to customers of TraWell Co Group companies during the collection of reports of loss, theft and/or damages to the baggage. TraWell operates in the baggage wrapping and protection services market and is present, with 110 points of sale, in 34 airports served in 12 countries. At some of these points of sale, in addition to the basic baggage protection services, TraWell offers, through the platform SOS, a Platinum package that integrates the baggage protection service with a baggage assistance service (Lost & Found Concierge) in cases of loss and / or non-delivery at the destination airports.

Finally, in the B2B sales channels, SOS provides its commercial offer to airlines and/or airport handlers (“B2B Customers”). The B2B Customers are offered the supply of services concerning the digitization of activities related to the filling out and forwarding of the Property Irregularity Report (PIR) to the Lost & Found offices of B2B Customers and activities required for the tracking of lost baggage.



2.6 Success Factors

The success of SOS will be determined by its ability to effectively address the following factors:

Exhibit 9: SOS success factors^{xviii}

Value Proposition	SosTravel APP	Commercial Partnerships	Synergies	Scalability
<ul style="list-style-type: none"> SOS offers an integrated solutions to meet the key needs of air passenger. Currently it is not completely covered by other service. 	<ul style="list-style-type: none"> The App has been developed in different language. The Technology used makes it possible to integrate/update the APP with other services to meet the needs of the traveller. 	<p>SOS has signed commercial agreements for the sale of the App services and provision of support to Ground Handling companies, which include the following:</p> <ul style="list-style-type: none"> SOS Travel App: Flightstat (Flight Info), Collision Group (Lounge Pass), Ufirst (Avoid Line), , IMA (Travel Insurance) Ground Handling: Aviation Services SITA World Tracer Travel concierge: Servizi informatici 	<ul style="list-style-type: none"> The synergistic relationship with TraWell Co. allows SOS to leverage TraWell’s customer portfolio, experience gained in the airport services sector TraWell’s international presence and brand reputation 	<ul style="list-style-type: none"> Limited fixed costs/overheads Low capital intensity Digital marketing investments necessary for online development.

2.7 Competitive Emphasis^{xix}

SOS's key focus area 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 SOS brand so that it creates its own customer recall and can develop sustainably as a standalone brand.

- **Becoming a One-Stop Shop for Travelers:** SOS 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 and tickets to local attractions. In the future, the company plans to offer the Travel Plan feature through its platform, because of which users will be able to manage their complete itinerary, and add accommodations, attractions and transport as and when required. SOS also plans to add features such as 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.
- **Diversifying and increasing customer base:** SOS intends to diversify and increase its customer base by adding more services to its portfolio and through marketing initiatives. The company recently announced a merger with DDC. The latter 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 SOS 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. SOS's long-term goal is to build a subscription model for its platform.
- **Increasing traction through digital initiatives and commercial partnerships:** The company's digital platform serves as an intermediary between buyers and sellers. SOS operates in 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. When 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 their 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. SOS would also need to support its commercial business development initiatives with B2C initiatives, so the platforms receive more traffic and become lucrative sales channels for the commercial partners. As the first initiative in this direction, the company recently improved its UI / UX for the SOS 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. In the future, 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 0.3 mn for the development of e-commerce in the US and a loan of EUR 0.8 mn for the capitalization of exports, a significant portion of which is also likely to be used for 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.
- **Exploring Inorganic Growth Opportunities:** SOS maintains an active merger and acquisition (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 SOS 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 SOS 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 SOS 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.

2.8 Growth Strategy^{xxi}

The Company’s business strategy revolves around:

- Bookings
- Digital Itinerary
- Proprietary Services

Bookings

The company understands booking as the basis of its main growth strategy, for which the company has recently merged with 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. The company's aim is to create a single platform on which the traveler can plan, book and verify all stages of the journey. In a highly competitive market, the company will also look to increase its offer to users by offering travel-related service packages and also to tie up with good places.

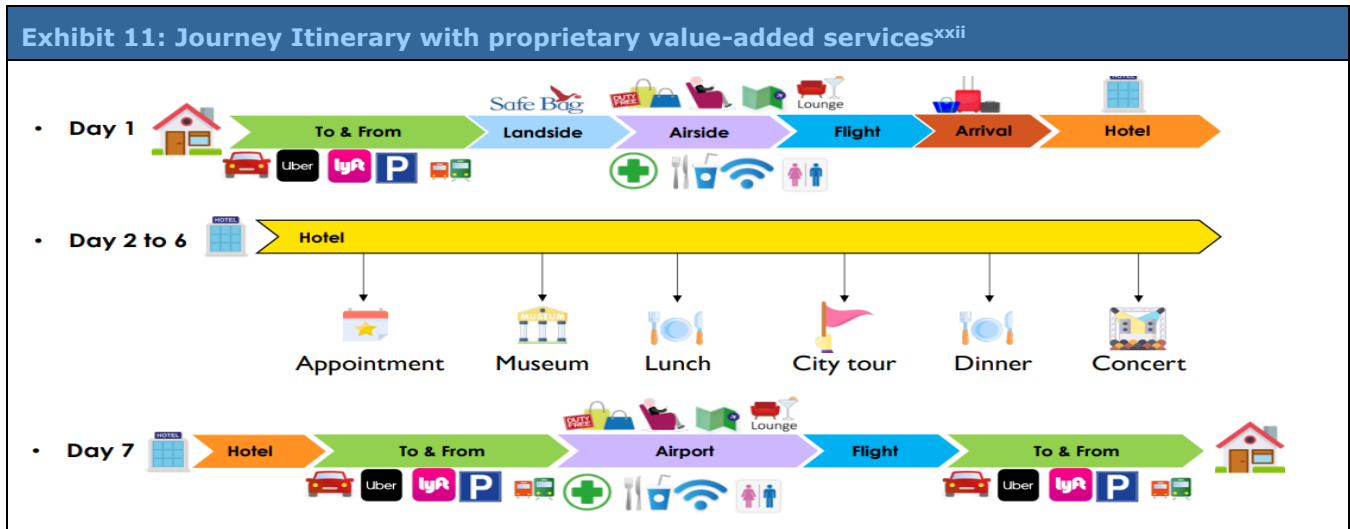
Digital Itinerary

The second important growth strategy is based on digital itinerary, which the company believes is the new way of traveling. The company looks to leverage the user base provided by the booking platform, where the user, after booking, will be provided with a digital itinerary schedule. The user can book the areas of interest, mode of commute, places of entertainment, etc. The digital itinerary service is available through the SOS app. The company looks to develop more advanced forms of digital itinerary services in the near future.

Proprietary Services

Another important growth strategy revolves around the company’s proprietary services which include Lost-luggage concierge, Dr. Travel, Wayfinding, Travel Insurance and Rent a car. This will allow the potential customer to not only engage on the bookings but also allow the company to build a digital itinerary for the users and thereby cross-sell its proprietary value-added services.

The strategy is to attract potential customers with low-margin services and bookings, and offer high-margin services through the app, focusing on the Leisure travel segment.



2.9 Outlook^{xxiii}

The company has a positive outlook as it anticipates normalization of activities in terms of air traffic. The company expects to gain from the growth of air travel, tourism and spending for wellness and security services. The company's aim is to increase the offer to its users by proposing specific packages of travel-related services. These include forms of monthly or annual subscription with higher margins and new financial or commercial partnerships which will attract new investors thereby optimizing credit relationships with lenders. As a result, the company expects a growth of c. 141% YoY in combined turnover and a growth of c. 273% YoY in bookings.

The company expects to increase revenues in the short term and improve overall financial performance in the medium term. The long-term outlook of the company is to promote the full-range growth of the App, with booking, digital itinerary and value-added services.

It is expected that the new services, which will be added by next year, will generate significant growth of the brand and industrial margins.

Exhibit 12: SOS Outlook ^{xxiv}		
<p>App Development</p> <ul style="list-style-type: none"> • Research, analysis and development • Integration of booking with existing app and travel plan • Timeline: 6-12 months 	<p>Increase user</p> <ul style="list-style-type: none"> • Target user base from 1 mn to 3 mn • Timeline: 12-24 months 	<p>Start of high profitability subscription sales</p> <ul style="list-style-type: none"> • Sale of services and travel related packages through monthly or annual subscription with high margins • Timeline: 18 months

2.10 Financial Overview^{xxv}

H1 2022

Margins impacted by muted revenue growth

Total revenue stood at EUR 0.3 mn in H1 2022, a decline of 57.1% YoY, even though revenue from operations remained at the same level as compared to H1 2021 with EUR 0.3 mn.

EBITDA loss increased further to EUR 0.3 mn, compared with EUR 24.7k in H1 2021 owing to the lower sales and high personnel costs.

However, as the amortization and depreciation expenses fell, operating loss reduced to EUR 0.5 mn in H1 2022 versus EUR -0.7 mn in H1 2021. This resulted in an improved net loss position as it amounted to EUR 0.6 mn in H1 2022, in comparison with EUR 0.7 mn in H1 2021.

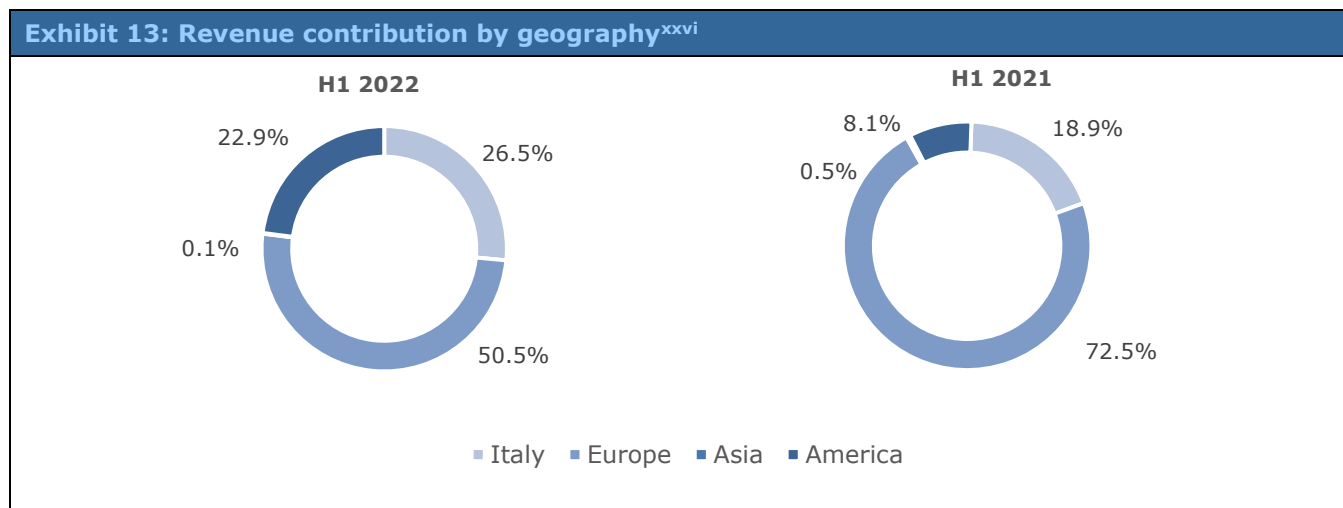
Higher EBITDA loss and extraordinary costs resulted in a fall in cash and cash equivalents

Total Cash and cash equivalents for H1 2022 stood at EUR 2.7 mn as compared with EUR 3.6 mn in H1 2021. The decline was mainly due to EBITDA loss, extraordinary costs linked to the merger project with repayment of c. EUR 0.1 mn and digital marketing expenses of c. EUR 0.2 mn in H1 2022.

Financial Debt increased marginally to EUR 2.1 mn in H1 2022, from EUR 1.9 mn in H1 2021. As a result, the net cash position for H1 2022 stood at EUR 0.7 mn, as compared with EUR 1.8 mn in H1 2021. Total shareholders' equity as on June 30, 2022, stood at EUR 2.8 mn as compared with EUR 4.0 mn as on June 30, 2021.

Europe accounts for majority of its revenue

The company has exhibited excellent geographical diversification, with Italy contributing 26.5% of sales, the rest of Europe contributing 50.5%, and America and Asia contributing 22.9% and 0.1%, respectively, for H1 2022.



FY 2021

Strong topline led to an improvement in margins

Total revenue stood at EUR 1.3 mn, a growth of 43.1% YoY majorly due to the attainment of c. EUR 0.5 mn as grants. In the last 4 years, the revenue CAGR of the company stood at 68.8%. Merger with DDC has increased company's revenue base by EUR 10.8 mn. As a result, total pro-forma revenue for the company stood at EUR 12.1 mn.

As a result, the gross profit improved and stood at EUR 0.03 mn, as compared with FY 2020 when the company incurred a loss of c. EUR 0.2 mn.

EBITDA for FY 2021 improved, where the company suffered an EBITDA loss of c. EUR 0.4 mn, compared with an EBITDA loss of EUR 0.9 mn in FY 2020. DDC reported an EBITDA of c. EUR 0.3 mn, with an EBITDA margin of 3.0% in FY 2021.

EBIT stood at EUR -1.3 mn, as compared with EUR -2.0 mn in FY 2020, despite depreciation/amortization, write-downs and allocations which stood at EUR 1.0 mn.

Net loss of the company stood at EUR 1.4 mn in FY 2021, in comparison with a net loss of EUR 2.0 mn in FY 2020. Profit after tax declined from EUR 0.07 mn (46.3% PAT Margin) in FY 2017 to EUR -1.4 mn (-105.5% PAT Margin) in FY 2021. This steep decline can be attributed to the pandemic-induced fall in air travel.

Strong net cash position demonstrating financial strength

Total Cash and cash equivalents stood at EUR 3.3 mn as compared with EUR 0.5 mn in FY 2020. Total financial liabilities stood at EUR 2.0 mn in FY 2021. As a result, the net cash position for FY 2021 stood at EUR 1.3 mn, as compared with EUR 0.5 mn in FY 2020.

Total shareholders' equity on December 31, 2021, stood at EUR 3.3 mn as compared with EUR 3.5 mn on December 31, 2020.

Sostravel had an operating cash outflow of EUR 0.2 mn, in comparison with an operating cash outflow of EUR 0.3 mn in FY 2020. The cash outflow from investing activities for the company stood at EUR 0.2 mn in FY 2021, as compared with EUR 0.5 mn in FY 2020. 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 of c. EUR 3.3 mn in FY 2021.

Europe accounts for c. 65% of its revenue

The company has exhibited excellent geographical diversification, with Italy contributing 22.7% of sales, the rest of Europe contributing 65.0%, and America and Asia contributing 11.9% and 0.4%, respectively, for FY 2021.

2.11 Company Milestones

Exhibit 14: SOS Milestone Timelines^{xxvii}	
Year/Period	Event
2017	<ul style="list-style-type: none"> Incorporated following a spin-off from TraWell Co
2018	<ul style="list-style-type: none"> Listed on AIM market of Borsa Italiana SOS APP released in soft launch Launched and promoted on the mobile stores (including Google Play and App Store) Obtained the status of Innovative PMI (Innovative Small-to-Medium-Sized Enterprise) from the Varese Chamber of Commerce
2019	<ul style="list-style-type: none"> Reached an agreement with Conti Travel, the Italian leader of business travel Acquired FLIO's assets, including its brand and website for a fixed compensation of EUR 0.3 mn and a variable component of sales until 2021
2020	<ul style="list-style-type: none"> SOS APP proposed as an "aggregator" of services Signed a binding Letter of Intent ("LOI") with an American healthcare provider, Health Point Plus to create telehealth services for travellers globally Signed a 5-year contract with Health Point Plus and launched Dr. Travel service for global travellers on its platform
2021	<ul style="list-style-type: none"> Appointed Mango Capital as a sponsor for OTCQB listing in the US
2022	<ul style="list-style-type: none"> Completed the merger with DDC Appointed Mr. Carmine Colella as new Chief Executive Officer

2.12 Company Premiums

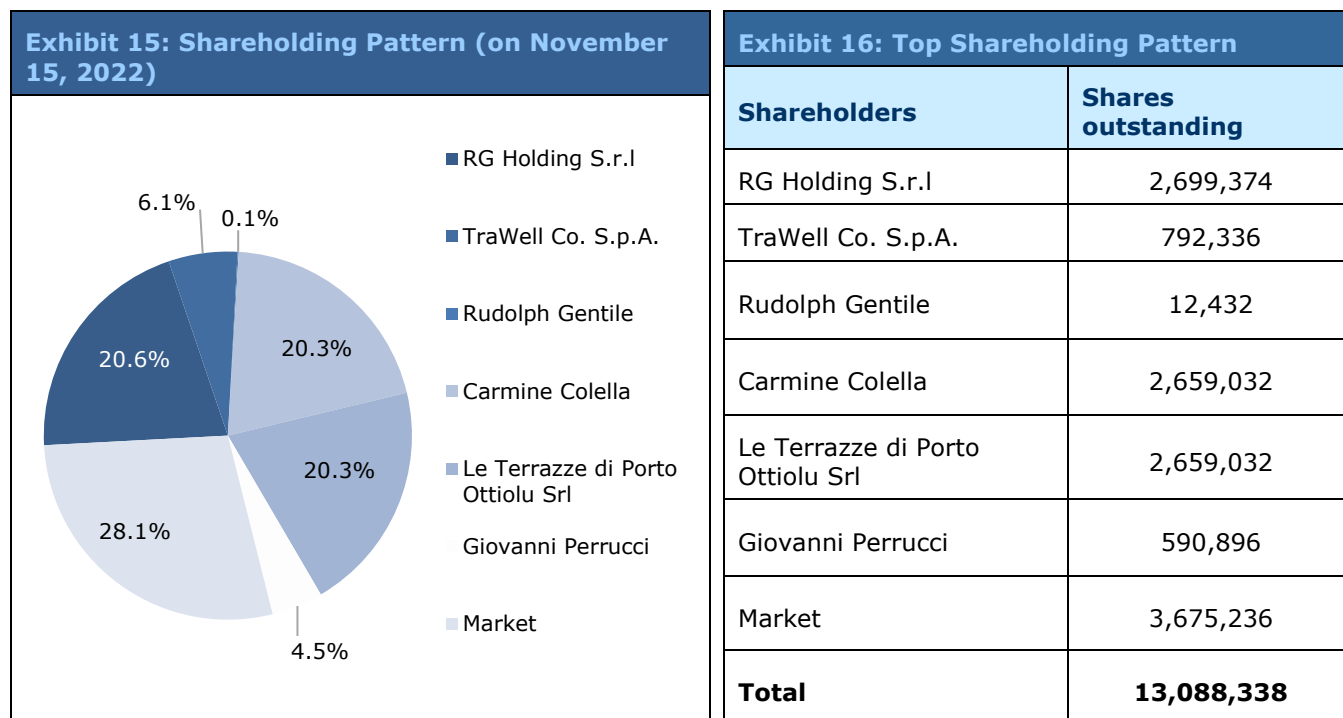
- a) Integrated services provider:** The company aims to offer an integrated solution to meet the key needs of air passengers. It will act as a one-stop digital platform for travel services, which are not completely covered by other service providers, thereby making it unique in the segment. As a result, the company has conducted strategic mergers and acquisitions. Firstly, in 2019, it acquired its competitor FLIO, the world leader in information services for airport passengers with more than 5,000 airports with 1.2 mn app installations and 140,000 active users a month. Secondly, in 2022, there was a strategic merger with DDC, which is an Italian start-up company. The company aims to leverage DDC's strong expertise in digital marketing for traveling and also its established booking platform to capture new users. The strategic acquisitions of FLIO and DDC are expected to provide synergy to the company.
- b) Strong commercial partner network:** SOS looks to develop a two-sided market, with the immediate priority of expanding its service portfolio by tying up strong commercial partners to its platform. This will lead to more services which 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. As a result, the total customer database stood at 1.22 mn in FY 2021, in comparison with 1.19 mn as on December 31, 2021, a growth of c. 2.5%. Total downloads of the app as on June 30, 2022, stood at 2.26 mn in comparison with 2.21 mn as on December 31, 2021. The company has a target to reach a 3 mn customer base by the next 24 months.
- c) Significant financial assistance:** The company obtained two subsidized loans for the development of e-commerce in the US and for capitalization of exporting companies for a total of EUR 1.1 mn, out of which 40.0% is non-repayable, while the remaining 60.0% will be repaid to the lender. In June 2021, the company also obtained a six-year loan of EUR 1.4 mn from Monte dei Paschi di Siena. These facilities give adequate resources to the company to expedite its technological developments and marketing initiatives.
- d) Strong and experienced management:** SOS's key strengths lie in the extensive experience its management and directors have in the Passenger Services Industry. The chairman of the company, Mr. Rudolph Gentile, has over 25 years of relevant experience in the Passenger Services Industry and is well-supported by other experienced independent/Non-Executive directors.

2.13 Company Risks

- a) Unforeseen events:** Although, the industry is recovering from the Covid-19 impact, but however any material spike in Covid cases especially with the emergence of riskier variants of the coronavirus, could lead to a reimposition of lockdowns. Also, any macroeconomic challenges or global recessions might create an impact on the industry thereby resulting in an industry wide slowdown which might deter the fast recovery of both the industry and the company.
- b) Competition:** The travel booking industry consists of many big players such as Bookings.com and Expedia. SOS's booking services, started by DDC in 2021, are very new and might face severe competition from these seasoned players. The company is developing an integrated travel app that will give its services a sustainable competitive advantage. DDC's Secret Village service is distinct and a big contributor leading to the company being profitable in its first year. But the risk of competitors such as TripIt and Bookings.com eating into the company's revenues cannot be discounted. Thus, there can be risks related to the competitiveness of the market in which the company operates and also from the entry of new competitors to the market.
- c) Technical disruption:** The operations of SOS'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.

2.14 Shareholding Pattern^{xxviii}

The company had 13,088,338 shares (following the completion of merger with DDC) of common stock issued and outstanding on November 15, 2022. The shareholding pattern was as follows:



2.15 Listing and Contact Details^{xxix}

SOS is publicly listed on the Milan Stock Exchange, Piazza Affari, within the AIM Italia segment (currently Euronext Growth Milan). Euronext Growth Milan is the "Borsa Italiana" stock market dedicated to small and medium enterprises (SME's). SosTravel.com S.p.A. is traded under the symbol 'SOS.'

Company Contacts

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3. News^{xxx}

- **Announced the appointment of a new Chief Executive Officer:** On October 24, 2022, the company announced the appointment of Mr. Carmine Colella as Chief Executive Officer of SOS.
- **Stipulation of the deed of merger by incorporation of DDC into SOS:** On September 29, 2022, the company announced that SOS and DDC had signed the deed of merger by incorporation of DDC into SOS, in implementation of the resolutions approved by the shareholders' meetings of SOS and DDC on June 14, 2022. The statutory effects of the merger were to be effective from November 01, 2022.
- **Approval of the merger by incorporation of DDC into SOS:** On May 05, 2022, the company announced the approval of the merger by incorporation of DDC into SOS in order to extend its digital offer to travel booking.
- **Approval for sale of "Dr. Travel" telemedicine service at Montréal-Pierre Elliott Trudeau (Canada) International Airport:** On March 08, 2021, the company announced the first authorization by Montréal-Pierre Elliott Trudeau (Canada) International Airport, to start selling the "Dr. Travel" telemedicine service at TraWell points of sale at that airport.
- **Announcement of a global partnership with the Americans of Secure Wrap on the Lost Luggage Concierge service also involving SOS:** On March 04, 2020, the company announced a strategic partnership agreement with the American company Secure Wrap of Miami Inc. Secure Wrap is also specialized in the luggage wrapping and protection sector and a member of a group operating in 17 countries in North and South America with more than 50 points of sale and already a partner for the joint venture relating to Miami airport. In execution of the Partnership Agreement, Secure Wrap of Miami Inc. will launch at its own airport stores, the distribution and sale activities of Lost-Luggage Concierge services. The agreement also envisages the gradual expansion of the whole perimeter of the Secure Wrap Group. In the interest of and for the benefit of clients of the Secure Wrap Group, the tracing service part of Lost-Luggage Concierge will be carried out by TraWell Co. S.p.A., which will make use of the collaboration of SOS for this purpose. The Partnership Agreement will last for 5 years and includes a mechanism of tacit renewal, at the first expiry date, for a period of another 5 years.
- **Announcement of a strategic partnership with Huawei:** On July 19, 2019, the company signed a commercial and co-marketing agreement with Huawei, the world leader in the telecommunications market and the second-largest vendor of smartphones in the world. SOS and Huawei will develop content and will reciprocally promote their Brands. Huawei will promote the SOS APP on its own distribution channels (more than 50 mn users), while SOS will promote the Huawei brand in the corners where it operates.
- **Announcement of acquisition of FLIO:** On July 17, 2019, the company announced the acquisition of the main assets of its competitor FLIO, the world leader for aggregated information of more than 5,000 airports with 1.2 mn app installations and 140,000 active users a month, and became the world leader in information services for airport passengers. The main aim of the company is that FLIO will continue to specialize in airport passenger services, while SOS will expand its offer with trains, stations and urban mobility with the ambition of becoming the most important operator in multimodality services.
- **Announcement of agreement with Conti Travel, the Italian leader in business travel:** On April 18, 2019, the company announced that it had signed a two-year agreement with Conti Travel, one of the leading companies in Italy in business travel, for the promotion of its APP and the services contained in it (Lost and Found concierge, Flight Info, Airport Info e-Travel Insurance). Conti Travel is a travel agency specializing in the business travel sector, operating in the Italian market for more than 60 years, with more than 100 companies served in Italy, 80,000 clients a year and about 1,500 partner travel agencies in Italy.
- **Announced the launch of the new version of its APP:** On December 15, 2018, the company announced the launch of a new version of the SOS APP on the main mobile stores (Google Play and App Store).
- **Obtained the status of Innovative PMI (Innovative Small-to-Medium-Sized Enterprise):** On August 02, 2018, the company announced that it had obtained the status of PMI INNOVATIVA (INNOVATIVE SMALL-TO-MEDIUM-SIZED ENTERPRISE) from the Varese Chamber of Commerce, recognizing the company's propensity towards technological innovation in the development of its own business model.

4. Management and Governance^{xxxi}

Exhibit 17: Management and governance		
Name	Position	Experience
Rudolph Gentile	Chairman	<ul style="list-style-type: none"> • Founded SosTravel.com S.p.A in 2017 • Founded his first company, Safebag, (later renamed TraWell Co.), 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 Chief Executive Officer and Chairman until 2010 • Founded M2 Pictures S.r.l, which is also active in the Film Production & Distribution market and held the Chief Executive Officer position until August 2020 • Has over 23 years of industry experience
Carmine Colella	Chief Executive Officer	<ul style="list-style-type: none"> • In 2022, he was appointed as the Chief Executive Officer of SOS • In 2021, he established the position of Sole Director of DDC, with the mission of becoming a reference point in the online world for the sale of services and Booking Hotels, Flights, Excursions, Tours, and Vacation Packages, and was instrumental in creating the vertical dedicated to the promotion and sale of all Italian tourist destinations exclusively online with the "Amareitalia" brand • He has over 20 years of experience in the Travel and Tourism industry
Nicola De Biase	Non-delegated director	<ul style="list-style-type: none"> • Director and board member at TechVision S.r.l ,Gimel S.r.l and Alfio Bardolla Training Group S.p.A • 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 and Ethica Global Investment S.p.A.
Umberto Navanzino	Non-delegated director	<ul style="list-style-type: none"> • Founded Yessa Srl in 2016, specializing in hotel management and B2B tour operators. • He has over 10 years of experience in the Hotel/Restaurant/Catering for brands such as San Pellegrino and Ferrarelle
Ivan Munarini	Independent Director	<ul style="list-style-type: none"> • Holds the position as a Vice President of the City Council, Councilor of the BIM Consortium, and Councilor for Budget and Heritage of the Municipality of Sondrio. • Chartered Accountant by profession, since 2007 and has held numerous positions as a consultant, director, and auditor.
Enrico Orvieto	Chairman of the Board of Statutory Auditors	<ul style="list-style-type: none"> • Held various positions on the Board of statutory auditors and other supervisory bodies of different companies • Enrolled as an Auditor in the Register of Auditors since 2010

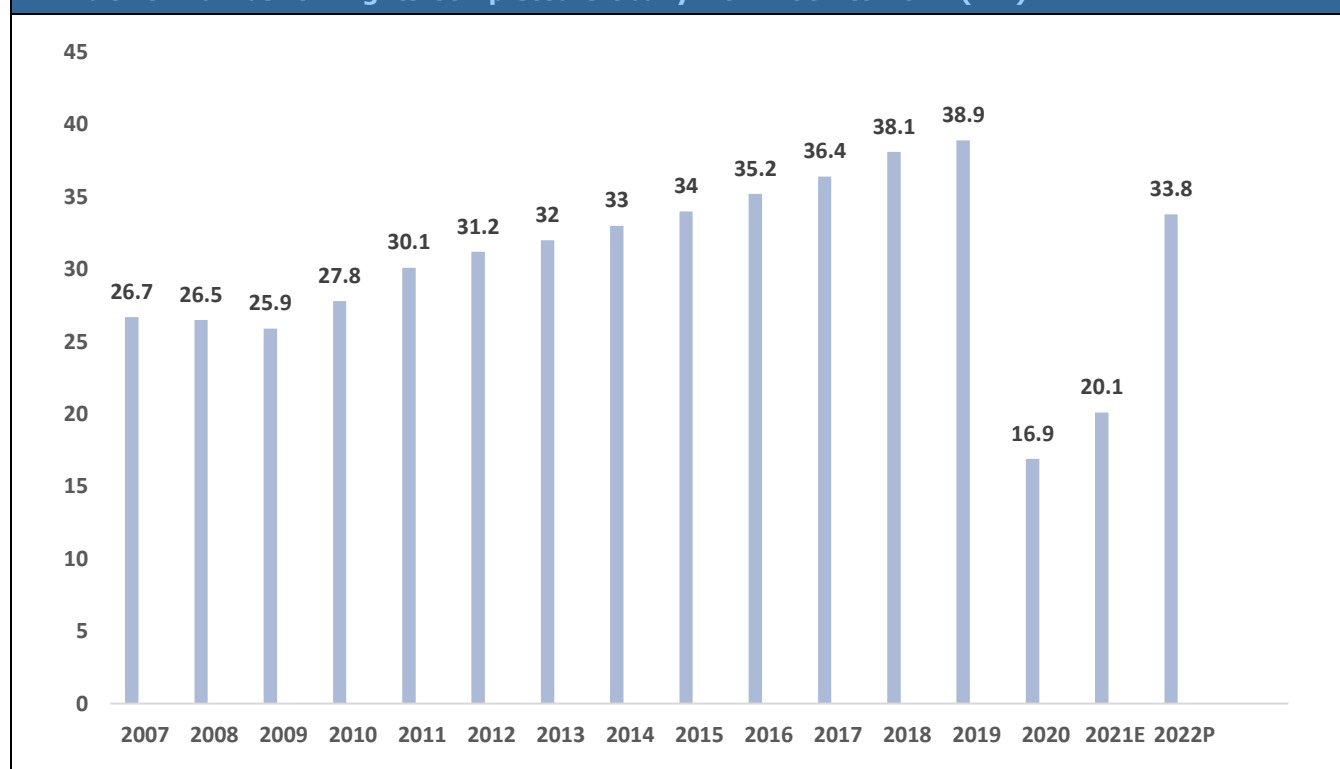
5. Industry Analysis

The 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 and travel information. Prior to the pandemic, the World T&T industry contributed USD 9.2 tn (10.4%) to the global GDP in 2019 and accounted for 25% of all the new jobs created across the world. But the contribution of the T&T industry fell to USD 4.9 tn (5.3%) in 2020 due to the pandemic, which later recovered to USD 5.9 tn (6.1%) in 2021.

The global airport services market size was USD 90.0 bn in 2021. It is projected to reach USD 293.3 bn by 2029, exhibiting a CAGR of 16.8% during the forecast period. 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 and Wi-Fi rental services.

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.

Exhibit 18: Number of Flights Completed Globally from 2007 to 2022 (mn)^{xxxii}



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

Covid-19 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 195 bn to the country's GDP, which decreased to EUR 105 bn in 2020 due to Covid-19 and restrictions on travel and tourism. In 2020, approximately 26 mn foreign visitors spent at least one night in Italy, which is significantly lower compared with about 65 mn foreign visitors in 2019. Due to the pandemic, the Travel and Tourism sector's GDP contribution in Italy declined significantly and 0.4 mn people lost their jobs.

Recovery in the short term, growth in the long term

Despite the impact of the pandemic, the future of the sector looks bright in Italy. A recovery is expected in 2022 with the sector expected to contribute EUR 176 bn, which could further increase to EUR 194 bn – only 0.3% lower than in 2019. Additionally, it is expected to outpace the economy by 4x with a growth rate of 2.5% in the next decade with the contribution expected to reach EUR 226 bn by 2032, which will create another 0.5 mn jobs (553,000, to be precise).

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 to prevent the newer strains of Covid-19 from being transmitted across countries.

These restrictions were significantly relaxed in many regions in late 2021 and 2022, especially for vaccinated people. Vaccinations have accelerated in many advanced economies in Europe and North America, and in Asia where distribution started late. As of November 05, 2022, 68.2% of the world's population had received at least one dose of the Covid-19 vaccine. But only 23.4% of people in low-income countries received at least one dose.

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 the virus and reduces the complications associated with it. Therefore, an increase in vaccination indirectly correlates with travel restrictions, and travel restriction is the most important factor restricting the growth of the 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 bn passengers were scheduled to travel by air. As per IATA's industry statistics fact-sheet released in June 2022, scheduled passengers were expected to be 2.2 bn in 2021 and 3.7 bn by 2022. The following chart depicts how travel restrictions have eased with increasing vaccination rates:

Exhibit 19: Total Hotel Overnights in Italy Compared to 2019-20^{xxxiv xxxv}

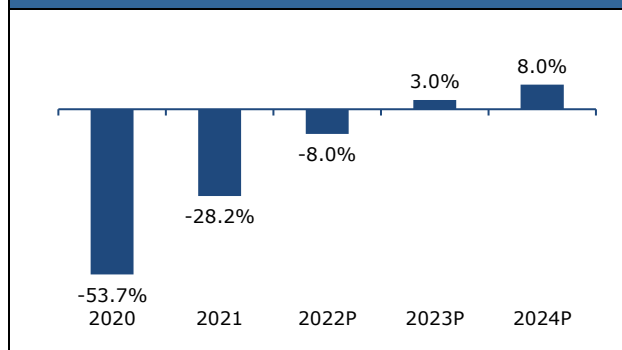


Exhibit 20: Percentage of People who received at least one dose of vaccine as of November 06, 2022^{xxxiii}

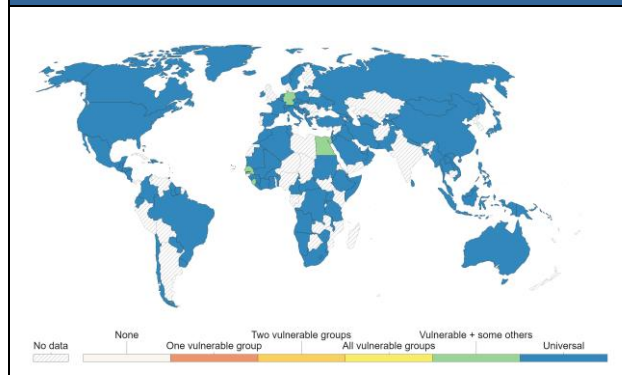


Exhibit 21: Scheduled Passengers (bn)^{xxxvi}

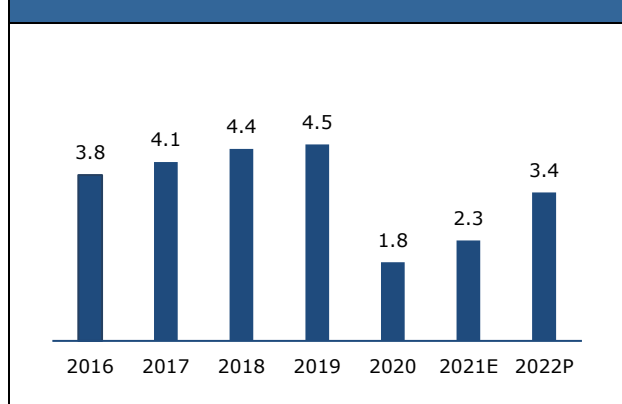
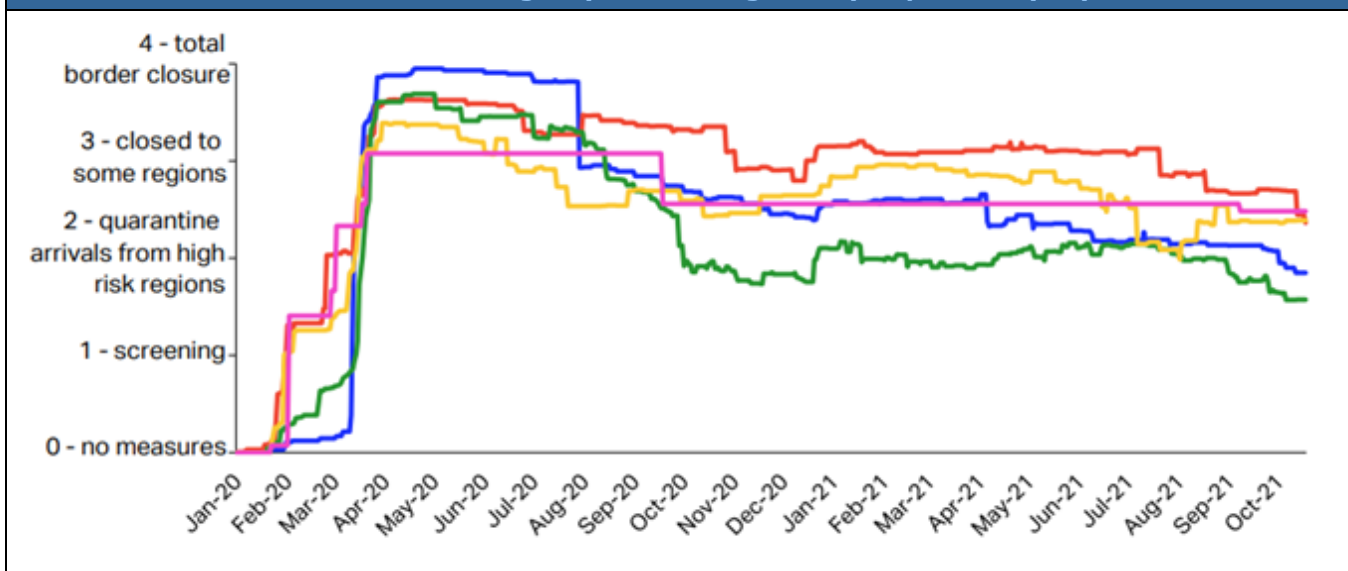


Exhibit 22: International Travel Stringency Index Weighted by Population (mn)^{xxxvii}



The expected rise in the 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 restrained demand for travel is expected to support the T&T Industry.

Key industry trends:

- **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 flights and other information. 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 makes 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.

- **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 travel insurance now than they were before the pandemic^{xxxviii}. The increased weightage given to travel insurance due to the ongoing Covid-19 situation is likely to drive growth for travel insurance products.

- **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 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 bn in 2016 and it is projected to reach USD 440.5 bn by 2030, growing at a CAGR of 7.7%^{xxxix}. Low-cost airlines can attract an increase in the number of passengers opting for air travel and thus increase the demand for travel booking and peripheral services.

- **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. During a staycation, 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^{xi}. This can help boost recovery in the T&T Industry and provide an opportunity for companies engaged in travel bookings.

- **Increased spending in major countries**

According to a World Travel and Tourism Council and Trip.com report, 70% of travelers on a leisure trip in the US, the UK, Canada, Japan and Spain are likely to spend more on travel in 2022 than in the previous five years. Another report from PwC suggests that travelers will also be more willing to pay a higher price for premium accommodations and longer trips – a trend that was corroborated by data from Demand360 for April 2022, reporting that upscale and luxury hotels saw a 23% YoY increase in occupancy rates and had the occupancy levels among all property types. The increased spending on leisure travel will aid the recovery in 2022 and will bode well for the industry players as they look to reach normal levels of operations.^{xli}

6. Valuation

The Fair Market Value (blended) for all the company shares stands between EUR 26.4 mn and EUR 32.2 mn on November 15, 2022. The Fair Market Value for one publicly traded share of the company stands between EUR 2.0 and EUR 2.5 on November 15, 2022, using blended valuation (DCF and Comparable Company Analysis).

6.1 DCF Method

Valuation	
WACC	
Risk-free rate	4.3% ^{xlii}
Beta	0.8 ^{xliii}
Equity Market premium	9.3% ^{xliv}
Country Risk Premium	0.0% ^{xlv}
Cost of Equity	11.7%
Cost of Debt	2.7%
Terminal Growth Rate	1.0%
WACC (Discount Rate)	9.79%

Year Ending - Dec	2022E	2023E	2024E	2025E	2026E	2027E
FCFF						
Net Income	(453)	257	909	1,921	2,629	2,554
Add: D&A	498	412	307	280	295	304
Add: Interest*(1-t)	48	48	41	31	22	14
Less: Capex	421	300	303	288	295	300
Less: Increase in Net Working Capital	(356)	273	148	325	(352)	(1,072)
Free Cash Flow to Firm	28	145	806	1,618	3,002	3,643
Present Value of FCF	28	131	661	1,209	2,043	2,259

Arrowhead Fair Value based on DCF	
Terminal Value (TV)	41,923
Present Value of TV	25,988
Present Value of FCF	6,330
Present Value of TV+FCF	32,318
Net Debt	(1,238)
Equity Value (EUR '000)	33,597
Shares O/s (000's)	13,087
Fair Share Value Bracket (EUR)	2.57
Current Market Price (EUR)	0.89
Upside/(Downside)	188.4%
Current Market Cap. (EUR '000)	11,648
Target Market Cap. Bracket (EUR '000)	33,597

6.2 Comparable Company Analysis

Exhibit 23: Peer Set					
Companies	Ticker	Reporting Currency	EV (in mn)	EV/Sales	EV/EBITDA
MakeMyTrip Ltd	MMYT	USD	2,869	9.4	(2,846.3)
Ryanair Holdings PLC	RYA	USD	NA	-	-
Despegar.com Corp	DESP	USD	237	0.7	(4.9)
Travel + Leisure Co	TNL	USD	6,542	2.1	8.6
Expedia Group Inc	EXPE	USD	16,828	2.0	15.0
Booking Holdings Inc	BKNG	USD	73,187	6.7	23.6
Trip.com Group Ltd	TCOM	USD	1,26,837	6.3	2,588.5
Tuniu Corp	TOUR	USD	(334)	(0.8)	3.0
Travelzoo	TZOO	USD	63	1.0	18.3
Thomas Cook India Ltd	THOMASCOOK	INR	35,089	1.9	(19.1)
Lastminute.com NV	LMN	EUR	234	1.6	6,003.3
eDreams ODIGEO SA	EDR	EUR	919	2.3	324.5
Mean (excluding outliers)				1.7	16.4

Valuation				
Based on:	Weight	Multiple	Equity Value (as on date)	Price per share
EV / Sales	80.0%	1.7x	27,826	2.13
EV / EBITDA	20.0%	16.4x	3,021	0.23
Weighted Average			22,865	1.75

6.3 Blended Valuation

Blended Valuation	Equity Value	Price Per Share
Based on Comparable Company Analysis (40% Weightage)	22,865	1.747
Based on DCF Method (60% Weightage)	33,597	2.567
Blended Value	29,304	2.239

Share Price Range	Variance	Equity Value	Price Per Share
Low Case	-10%	26,374	2.015
Base Case	0%	29,304	2.239
High Case	10%	32,234	2.463

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). The reader should refer to important disclosures on page 30 of this report.

7. Appendix

7.1 SOS Financial Summary

Exhibit 24: Financial Summary						
<i>Year Ending - Dec</i>	2022E	2023E	2024E	2025E	2026E	2027E
Revenue (EUR '000)	16,244.2	17,992.0	19,735.5	23,485.7	27,954.9	31,694.6
Operating Profit (EUR '000)	-386.1	300.1	932.2	1,923.4	2,919.0	3,821.9
Net Income (EUR '000)	-453.1	257.3	908.5	1,921.1	2,628.5	2,553.9
EPS	(0.03)	0.02	0.07	0.15	0.20	0.20
Growth rates (%)						
Revenue	1139.1%	10.8%	9.7%	19.0%	19.0%	13.4%
Operating Profit	NM	NM	210.7%	106.3%	51.8%	30.9%
Net Income	NM	NM	253.0%	111.5%	36.8%	-2.8%
EPS	NA	NM	253.0%	111.5%	36.8%	-2.8%
Margins (%)						
Gross Margins	13.9%	16.9%	19.5%	22.3%	23.6%	25.0%
Operating Profit Margin	-2.4%	1.7%	4.7%	8.2%	10.4%	12.1%
Net profit Margin	-2.8%	1.4%	4.6%	8.2%	9.4%	8.1%
Ratios						
ROA	-3.6%	2.0%	6.9%	12.9%	15.0%	12.2%
ROE	-5.3%	2.9%	9.3%	16.5%	18.4%	15.2%
Debt / Equity	0.4	0.3	0.2	0.1	0.1	0.0
Interest Coverage	-5.8	4.5	16.5	44.7	96.5	195.7

7.2 SOS Balance Sheet Forecast

Exhibit 25: Consolidated Balance Sheet						
<i>Year Ending - Dec</i>	2022E	2023E	2024E	2025E	2026E	2027E
Total current assets	4,922	5,311	5,890	7,888	10,502	13,930
Total non-current assets	7,819	7,474	7,236	7,012	7,012	7,008
TOTAL ASSETS	12,741	12,785	13,126	14,900	17,514	20,939
Total current liabilities	1,011	1,122	1,181	1,639	2,210	3,463
Total non-current liabilities	3,172	2,847	2,221	1,615	1,030	648
TOTAL LIABILITIES	4,184	3,970	3,402	3,255	3,240	4,111
Total shareholder's equity	8,558	8,815	9,724	11,645	14,273	16,827
TOTAL LIABILITIES & EQUITY	12,741	12,785	13,126	14,900	17,514	20,939

8. Analyst Certifications

I, Sumit Wadhwa, certify that all 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.

I, Ayushi Saraswat, certify that all 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 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.

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.

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alongside the rest of their stream of information and within their decision-making process.

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9. Notes and References

- ⁱ Source: Bloomberg, retrieved on November 15, 2022
- ⁱⁱ Source: Bloomberg: 52 weeks to November 15, 2022
- ⁱⁱⁱ Source: Bloomberg: 3 months to November 15, 2022
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- ^v Source: Press Release H1 2022, Investor Presentation 2022
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- ^x Source: sostravel.com - [Investor Relators](#)
- ^{xi} Source: Annual Report 2021, 2020, 2019, H1 2022
- ^{xii} Source: Press Release 2019
- ^{xiii} Source: Press Release H1 2022
- ^{xiv} Source: Annual Report 2021, 2020, 2019, H1 2022
- ^{xv} Source: Investor Presentation 2018
- ^{xvi} Source: Press release H1 2022
- ^{xvii} Source: Press Release H1 2022
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- ^{xx} Source: Investor Presentation 2022
- ^{xxi} Source: Annual Report 2021, 2020, 2019, H1 2022, Investor Presentation
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- ^{xxxvi} Source: IATA Industry Statistics June 2022
- ^{xxxvii} Source: IATA Economic analysis based on Oxford University Data
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- ^{xl} Source: [Simpleview, The rise of the Workation, May 19, 2022](#)
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