

Italy – Travel Services

A one-stop-shop suite of integrated solutions for travellers

7th October 2024

INITIATION OF COVERAGE

RIC: SOTR.MI
BBG: SOS IM

Sostravel is a travel-tech company boasting a highly-complementary suite of solutions specifically-tailored to travellers' needs. Leveraging on its technological platforms, it enables vacationers to choose among a vast array of highly sought-after destinations and assists them with the fast tracking and recovery of lost luggage. A more lucrative sales mix and new distribution agreements are expected to drive short-term expansion.

Rating:

Buy

Price Target:

€ 1.50

Upside/(Downside): 40.2%

Last Price: € 1.07

Market Cap.: € 14.2m

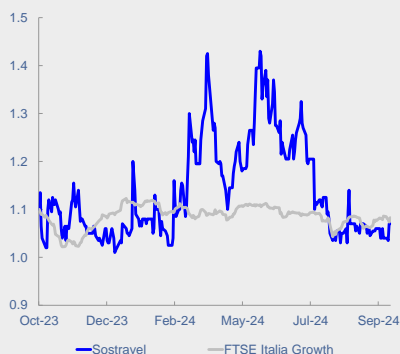
1Y High/Low: € 1.48 / € 0.99

Avg. Daily Turn. (3M, 6M): € 9k, € 20k

Free Float: 32.3%

Major shareholders:

Carmine Colella	20.2%
Le terrazze di Porto Ottiolu Srl	20.2%
RG Holding Srl	20.5%



Stock price performance

	1M	3M	12M
Absolute	0.0%	-15.7%	0.5%
Rel.to FTSE IT Growth	-2.1%	-15.2%	1.1%
Rel.to Peers	2.0%	-5.5%	19.3%

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We initiate coverage with a Buy recommendation and a PT of € 1.50/s, 40.2% upside
CFO SIM initiates coverage on Sostravel with a Buy recommendation and a PT of € 1.50/s, 40.2% upside to current price levels. CFO SIM believes that the DCF model is the most appropriate methodology to get a reasonable valuation, in order to better factor in the medium-/long-term value of the stock and avoid incorporating increased stock market volatility. The DCF model is based on standard small-cap settings, including $g=1.5%$, $\beta=1$, $WACC=11.4%$ and a sustainable 15:85 debt/equity balance-sheet structure. In accordance with the DCF model, we obtain a valuation of Sostravel of € 1.50/s.

A travel-tech company leveraging on a highly-complementary value proposition

Sostravel is a travel-tech company offering an integrated suite of travel solutions via its all-around proprietary apps and web platforms. It runs its operations through two distinct yet highly-complementary and integrated service-led business lines: Digital Passenger Services and Travel Booking. As regards the former, services are offered both online, through the apps Sostravel and, for certain services, Flio, and offline in more than 130 stores in 25 airports, on the back of a distribution agreement with Trawell Co. With respect to Travel Booking, the group operates its proprietary web platform, amare.travel, acting as an intermediary between providers of travel booking services and vacationers, enabling them to plan, book and constantly monitor their entire journey.

Sales, EBITDA and Net Profit CAGR_{23-26e} of 13.0%, 90.4% and 13.8%, respectively

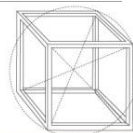
CFO SIM expects revenues to show a double-digit CAGR_{23-26e} of 13.0%, fairly in line with the company's Business Plan (+15.8%) and based on different assumptions for each business line: 1) Travel Booking is expected to rise at a CAGR_{23-26e} of 12.7%, thanks to a solid increase in sales of accommodation solutions, while 2) Digital Passenger Services is anticipated to grow at a CAGR_{23-26e} of 17.3%, primarily backed by new distribution agreements for both the Lost Luggage Concierge and Dr. Travel services. EBITDA and Net Profit are projected to rise at a CAGR_{23-26e} of 90.8% and 13.8%, respectively, driven by a more lucrative sales mix. EBITDA-FCF conversion is expected to be in excess of 65% per year on average in 2024-26, in light of an extremely asset-light business model. NFP is foreseen to decline from € 0.1m debt in 2024 to € 2.8m cash in 2026.

Expansion led by higher-margin offer and the realisation of cross-selling synergies

The next stage of Sostravel's growth path is primarily focused on: 1) enriching the range of services of the Private Label segment, 2) expanding the Secret Village® formula, 3) realising the significant cross-selling opportunities on the back of the highly-complementary value proposition and, 4) signing new distribution agreements in order to expand the Lost Luggage Concierge service into new sales channels and segments of the travel industry.

Sostravel.com, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Revenues	17.1	19.5	20.9	24.5	28.2
EBITDA	0.0	0.4	1.2	2.0	2.8
Adjusted EBITDA	0.0	0.5	1.2	2.0	2.8
EBIT	(0.7)	(0.2)	0.7	1.4	2.3
Net Profit	(0.6)	1.2	0.4	1.1	1.7
NFP (cash)/debt	0.9	1.0	0.1	(1.1)	(2.8)
Adjusted NFP (cash)/debt	(0.0)	(0.0)	(0.7)	(1.7)	(3.4)
Adjusted EBITDA margin	0.1%	2.5%	5.7%	8.0%	9.9%
EBIT margin	-3.9%	-0.8%	3.2%	5.8%	8.0%
EPS stated €	(0.02)	0.03	0.01	0.03	0.05
EPS growth	78.1%	n.m.	-61.8%	n.m.	62.3%
ROCE	Neg.	Neg.	8.7%	16.4%	21.8%
EV/Sales x	0.49	0.78	0.68	0.53	0.40
EV/EBITDA x	n.m.	31.3	11.8	6.6	4.0
EV/EBIT x	Neg.	Neg.	21.4	9.0	5.0
PER x	Neg.	12.1	31.7	13.4	8.2
Free Cash Flow Yield	-15.7%	-0.4%	6.4%	8.9%	11.8%



The Company at a Glance

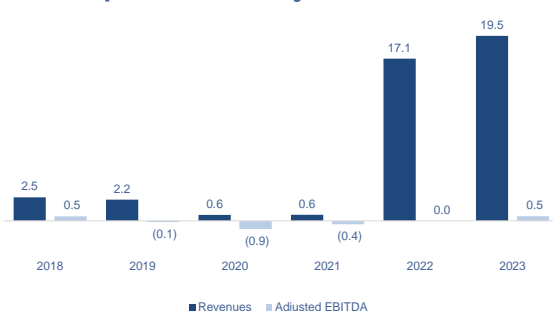
Sostravel is a travel-tech company offering an integrated suite of travel solutions via its all-around proprietary apps and web platforms. In particular, the company boasts an extensive experience in providing digital assistance services to passengers, including fast tracking and recovery of lost luggage, healthcare and insurance. Moreover, by leveraging on its technological platforms, it enables vacationers to choose among a vast array of highly sought-after destinations around the globe and plan their entire journey, from transportation and accommodation to car rental and booking of bespoke on-site experiences.

Currently, the company runs its operations through two distinct yet highly-complementary and integrated service-led business lines: Digital Passenger Services and Travel Booking. As regards the former, services are offered both online, through the apps Sostravel and, for certain services, Flio, and offline in more than 130 stores in 25 airports, on the back of a distribution agreement with Trawell Co. The same services are offered indirectly, through several distribution agreements with tour operators, travel agencies and welfare enterprises. As regards Travel Booking, Sostravel operates its proprietary web platform amare.travel.

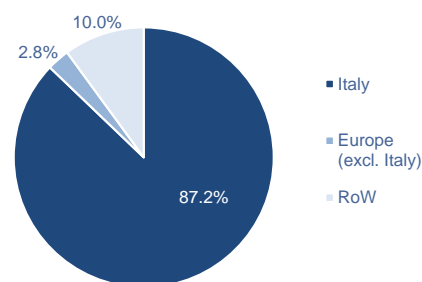
2022 represented a year of a major transformation and transition towards a new business model following the merger with Digital Destination Company and its consolidation as from January 1st. In 2023, Sostravel delivered a good set of results showing double-digit top line growth (€ 19.5m, +14.1% YoY) and Adjusted EBITDA of € 0.5m, 2.5% margin, compared to the break-even level reached in 2022.

FY-23 results exhibited Revenues of € 19.5m, Adjusted EBITDA of € 0.5m, 2.5% margin, with Net Profit of € 1.2m, 6.0% margin, while Adjusted Net Financial Position came in at break-even.

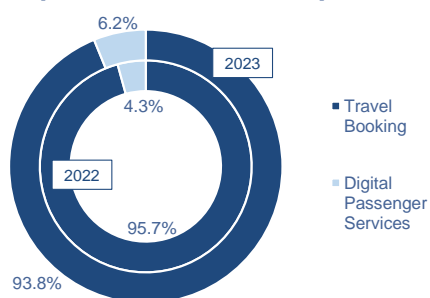
2018-23 top line and Adj. EBITDA evolution



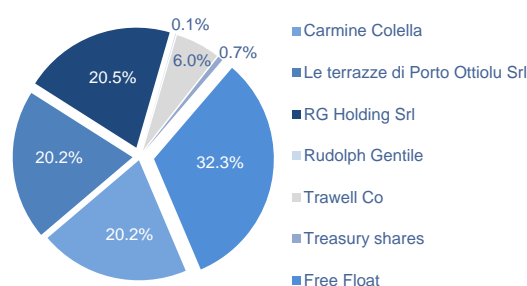
2023 revenues breakdown by geography



2022-23 top line breakdown by business line



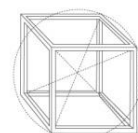
Shareholder Structure



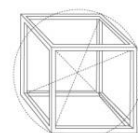
Peer group multiples table

EV & PER multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Destination Italia SpA	0.33	0.22	10.4	4.4	neg.	15.5	neg.	23.2
Emma Villas SpA	0.44	0.32	3.7	2.6	11.5	3.2	18.8	6.7
I Grandi Viaggi SpA	0.61	n.a.	6.0	n.a.	8.4	n.a.	15.9	n.a.
Soges Group SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25.2	15.5
TraWell Co SpA	0.94	0.81	2.7	2.3	4.5	3.7	10.6	8.4
Median of Domestic Peers	0.44	0.32	3.7	2.6	8.4	3.7	16.3	8.4
Booking Holdings Inc	6.36	6.00	18.6	16.9	19.8	18.0	23.9	21.8
Despegar.com Corp	1.18	0.96	5.8	4.5	7.8	5.8	15.5	11.0
eDreams ODIGEO SA	1.52	1.23	7.8	4.9	11.5	6.7	14.6	8.8
Expedia Group Inc	1.56	1.44	7.6	6.8	14.4	11.4	12.7	11.4
Lastminute.com NV	0.66	0.59	5.1	4.3	12.8	9.2	22.2	14.9
MakeMyTrip Ltd	10.61	8.61	55.5	41.5	63.6	43.5	77.1	52.5
Trip.com Group Ltd	6.23	5.30	19.7	16.2	21.0	17.3	20.5	18.7
Median of International Peers	1.06	0.96	6.8	4.5	11.5	9.2	17.5	13.1
SosTravel.com SpA	0.68	0.53	11.8	6.6	21.4	9.0	31.7	13.4

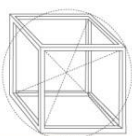
Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2022	2023	2024e	2025e	2026e
Revenues	17.1	19.5	20.9	24.5	28.2
Value of Production	17.3	19.7	21.1	24.6	28.4
Raw material and processing	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Services	(16.3)	(18.2)	(18.9)	(21.6)	(24.4)
Personnel expenses	(0.8)	(0.7)	(0.8)	(0.9)	(0.9)
Other opex	(0.1)	(0.3)	(0.2)	(0.2)	(0.2)
EBITDA	0.0	0.4	1.2	2.0	2.8
D&A & Provision	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)
EBIT	(0.7)	(0.2)	0.7	1.4	2.3
Financials	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Re-devaluation of financial assets	(0.1)	0.0	0.0	0.0	0.0
Forex gain/(loss)	(0.0)	(0.0)	0.0	0.0	0.0
Pre-Tax profit	(0.8)	(0.2)	0.6	1.4	2.2
Income taxes	0.2	1.4	(0.1)	(0.3)	(0.5)
Minority interest	0.0	0.0	0.0	0.0	0.0
Net Profit	(0.6)	1.2	0.4	1.1	1.7
Adjusted EBITDA	0.0	0.5	1.2	2.0	2.8
Adjusted Net Profit	(0.6)	1.2	0.4	1.1	1.7
Balance sheet (€ m)	2022	2023	2024e	2025e	2026e
Net Working Capital	0.1	0.8	0.7	0.8	1.0
Net Fixed Assets	2.2	2.5	2.3	2.3	2.3
Equity Investments	0.2	0.6	0.6	0.6	0.6
Other M/L Term A/L	1.8	1.7	1.4	1.1	1.0
Net Invested Capital	4.2	5.5	5.0	4.8	4.9
Net Financial Position	0.9	1.0	0.1	(1.1)	(2.8)
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	3.3	4.4	4.9	6.0	7.7
Financial Liabilities & Equity	4.2	5.5	5.0	4.8	4.9
Adjusted Net Financial Position	(0.0)	(0.0)	(0.7)	(1.7)	(3.4)
Cash Flow statement (€ m)	2022	2023	2024e	2025e	2026e
Total Net Income	(0.6)	1.2	0.4	1.1	1.7
Depreciation	0.7	0.6	0.5	0.5	0.5
Other non-cash charges	(1.6)	0.1	0.3	0.3	0.1
Cash Flow from Operations (CFO)	(1.5)	1.8	1.2	1.9	2.3
Change in NWC	(0.3)	(0.7)	0.1	(0.1)	(0.2)
FCF from Operations (FCFO)	(1.8)	1.1	1.3	1.8	2.2
Net Investments (CFI)	(0.4)	(1.1)	(0.4)	(0.5)	(0.5)
Free CF to the Firm (FCFF)	(2.2)	(0.1)	0.9	1.3	1.7
CF from financials (CFF)	1.1	(0.4)	(0.0)	0.0	0.0
Free Cash Flow to Equity (FCFE)	(1.2)	(0.4)	0.9	1.3	1.7
Financial ratios	2022	2023	2024e	2025e	2026e
Adjusted EBITDA margin	0.1%	2.5%	5.7%	8.0%	9.9%
EBIT margin	-3.9%	-0.8%	3.2%	5.8%	8.0%
Net Profit margin	-3.6%	5.9%	2.1%	4.3%	6.1%
Tax rate	n.m.	n.m.	23.0%	23.0%	23.0%
Op NWC/Sales	0.3%	3.9%	3.4%	3.5%	3.5%
Interest coverage x	n.m.	n.m.	7.60	22.83	49.21
Adjusted Net Debt/EBITDA x	n.m.	n.m.	n.m.	n.m.	n.m.
Net Debt-to-Equity x	0.27	0.23	0.02	n.m.	n.m.
ROIC	Neg.	21.4%	8.9%	22.1%	35.5%
ROCE	Neg.	Neg.	8.7%	16.4%	21.8%
ROACE	Neg.	Neg.	9.0%	17.5%	23.7%
ROE	Neg.	26.3%	9.1%	17.8%	22.4%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2022	2023	2024e	2025e	2026e
Number of shares # m	13.09	13.09	13.18	13.18	13.18
Number of shares Fully Diluted # m	34.90	34.90	34.90	34.90	34.90
Average Number of shares Fully Diluted # m	27.02	34.90	34.90	34.90	34.90
EPS stated €	(0.02)	0.03	0.01	0.03	0.05
Adjusted EPS €	(0.02)	0.03	0.01	0.03	0.05
EBITDA €	0.00	0.01	0.03	0.06	0.08
EBIT €	(0.03)	(0.00)	0.02	0.04	0.07
BV €	0.10	0.13	0.14	0.17	0.22
FCFO €	(0.07)	0.03	0.04	0.05	0.06
FCFF €	(0.08)	(0.00)	0.03	0.04	0.05
FCFE €	(0.04)	(0.01)	0.03	0.04	0.05
Dividend €	0.00	0.00	0.00	0.00	0.00



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1. Investment Summary

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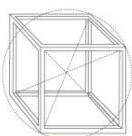
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The next stage of Sostravel's growth path is primarily focused on: 1) **enriching the range of services of the Private Label segment**, 2) **expanding the Secret Village® formula**, 3) **realising the significant cross-selling opportunities** on the back of the highly-complementary value proposition and, 4) **signing new distribution agreements** in order to expand the Lost Luggage Concierge service into new sales channels and segments of the travel industry.

CFO SIM expects revenues to show a double-digit CAGR_{23-26e} of 13.0%, fairly in line with the company's Business Plan (+15.8%) and based on different assumptions for each business line: 1) **Travel Booking** is expected to rise at a **CAGR_{23-26e} of 12.7%**, thanks to a solid increase in sales of accommodation solutions, especially those related to the promising Private Label segment and the Secret Village® formula, leveraging on their huge scalability potential and attractive profitability, while 2) **Digital Passenger Services** is anticipated to grow at a **CAGR_{23-26e} of 17.3%**, primarily backed by new distribution agreements for both the Lost Luggage Concierge and Dr. Travel services. **EBITDA and Net Profit are projected to rise at a CAGR_{23-26e} of 90.8% and 13.8%**, respectively, driven by a more lucrative sales mix thanks to the increased weight on revenues of higher-margins services as well as ad hoc IT investments aimed at optimising the operating structure. **EBITDA-FCF conversion is expected to be in excess of 65% per year on average in 2024-26** and Net Financial Position is projected to decline from € 0.1m debt in 2024 to € 2.8m cash in 2026. ROE is expected to stand at 9.1% in 2024 and expand to 17.8% and 22.4% in 2025-26, respectively.

CFO SIM initiates coverage on Sostravel with a Buy recommendation and a PT of € 1.50/s, 40.2% upside to current price levels. CFO SIM believes that **the DCF model is the most appropriate methodology to get a reasonable valuation**, in order to better factor in the medium-/long-term value of the stock and avoid incorporating increased stock market volatility. The **DCF model** is based on standard settings for small-caps, including $g=1.5\%$, $\beta=1$, $WACC=11.4\%$ and a sustainable 15:85 debt/equity balance-sheet structure.

The principal investment **risks** associated with Sostravel include the following: 1) IT malfunctions could disrupt short-term economic results and jeopardise customer loyalty; 2) an adverse macroeconomic environment leading to a sharp decline in travellers' budgets could have a negative impact on the group's economic performance; 3) new breakthrough technologies enabling more efficient luggage tracking and handling systems might disrupt the Lost Luggage Concierge service; 4) partial halt of tourist flows in key regions due to surging geopolitical tensions.



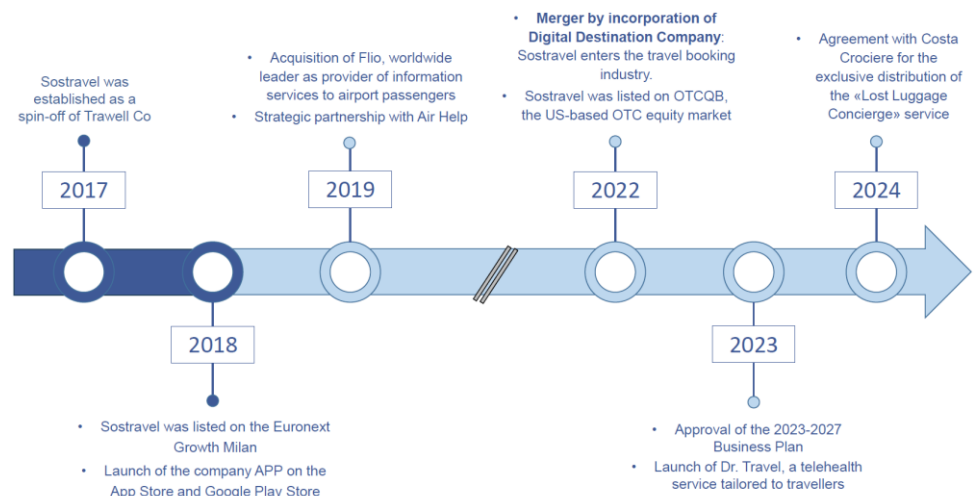
2. Sostravel.com in a Nutshell

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Historically focused solely on digital assistance services dedicated to airport travellers, **the company has undergone a radical business model change since the reverse-takeover transaction with Digital Destination Company completed in 2022.**

Currently, the company runs its operations through two distinct yet highly-complementary and integrated service-led business lines: **Digital Passenger Services** and **Travel Booking**. As regards the former, services are offered both online, through the apps Sostravel and, for certain services, Flio, and offline in more than 130 stores in 25 airports, on the back of a distribution agreement with Trawell Co. The same services are also offered indirectly, through many distribution agreements with tour operators, travel agencies and welfare enterprises. With respect to Travel Booking, the group operates its proprietary web platform, **amare.travel**.

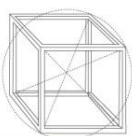
Chart 1 – Sostravel.com, Company history



Source: CFO SIM's elaboration on company data

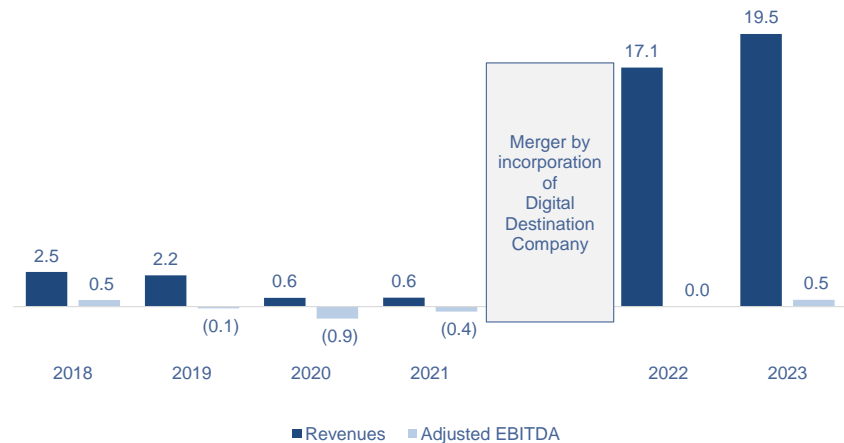
Sostravel runs its operations through two distinct business lines:

- **Travel Booking (93.8% of FY-23 revenues):** Sostravel operates its technological web platform amare.travel, primarily **acting as an intermediary between providers of travel booking services and vacationers**, enabling them to plan, book and monitor their entire journey, from accommodation (Hotel & Resorts) and transportation (by air, trains, ferries, car rentals etc.) to the arrangement of several experiences (hiking, guided tours, food-tasting etc.). Furthermore, it provides selected holiday packages catering to travellers' different needs and tastes, as well as enticing last-minute offers with discounts up to 50%, helping facility managers to optimise overall occupancy rates and bolster profitability.
- **Digital Passenger Services (6.2% of FY-23 revenues):** the company offers a comprehensive suite of bespoke digital services dedicated to travellers, namely luggage tracking and return, telehealth assistance, travel insurance along with flights and airports real-time information.



FY-23 results exhibited **Revenues of € 19.5m, Adjusted EBITDA of € 0.5m, 2.5% margin**, with **Net Profit of € 1.2m, 6.0% margin**, while **Adjusted Net Financial Position came in at break-even**.

Chart 2 – Sostravel.com, 2018-23 Revenues and Adjusted EBITDA evolution – € m

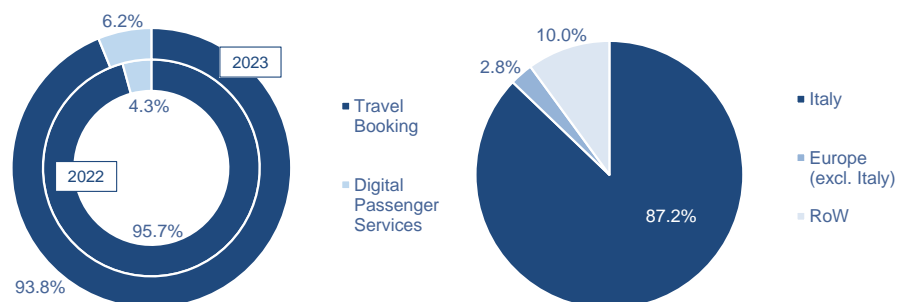


Source: CFO SIM's elaboration on company data

By drawing a distinction between financial results before and after the merger by incorporation of Digital Destination Company, **in the 2018-21 period, Sostravel experienced a downward trend in both revenues and margins, mainly resulting from the outbreak of the pandemic**. Indeed, in 2020-21, global travel restrictions to counter the spread of COVID-19 put a strain on travellers' demand for luggage tracking and return services and, ultimately, on the company's operations.

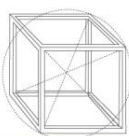
2022 represented a year of a major transformation and transition towards a new business model following the merger with Digital Destination Company and its consolidation as from January 1st. In 2023, Sostravel delivered a good set of results showing double-digit top line growth (€ 19.5m, +14.1% YoY) and Adjusted EBITDA of € 0.5m, 2.5% margin, compared to the break-even level reached in 2022.

Chart 3 – Sostravel.com, 2023 Revenues breakdown by business line and geography



Source: CFO SIM's elaboration on company data

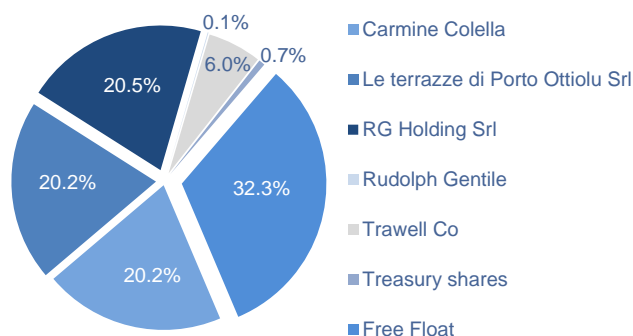
From a geographical standpoint, **in FY-23 Sostravel's revenues were largely generated in the domestic market (87.2%)**, followed by Europe (10%) and RoW (2.8%). As regards the revenues breakdown by business line, in FY-23 Travel Booking accounted for 93.8% of the total while Digital Passenger Services' contribution stood at 6.2%, showing a tiny increase YoY.



3. IPO Structure & Governance

Sostravel went public on Euronext Growth Milan on 1-Aug-18 at € 5.60/share, corresponding to a post-money market capitalisation of € 33.2m. The IPO comprised a primary offering for a total amount of € 5.2m. Furthermore, as from 1-Dec-22, Sostravel is listed on OTCQB (ticker: SOSAF), a mid-tier Over-The-Counter equity market dedicated to early-stage and developing US and international issuers.

Chart 4 – Sostravel.com, current shareholding structure



Source: Company data

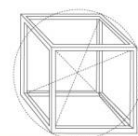
Currently, Sostravel's share capital is primarily owned by: 1) Mr. Carmine Colella, both directly (ca. 20.2%) and indirectly via Le Terrazze di Porto Ottiolu Srl (ca. 20.2%), 2) Mr. Rudolph Gentile, both directly (ca. 0.1%) and indirectly via RG Holding Srl (ca. 20.5%). Moreover, a 6.0% stake is held by Trawell Co, whose majority of the share capital (51.1%) is owned by RG Holding Srl. Free Float stands at 32.3%.

In Jun-21, the BoD resolved a share capital increase entailing the issuance of 1,196,245 newly-issued Sostravel shares at an underwriting price set at € 1.00/s, corresponding approximately to € 1.2m. **Concurrently, 11,962,450 warrants were assigned free of charge according to 10:1 ratio** for each new share subscribed. The warrants are exercisable on an ongoing basis and attribute the holders the right to subscribe newly-issued shares at a strike price of € 1.20 and according to a 1:1 conversion ratio. On the occasion of the H1-24 results release, the BoD approved the extension of the warrants' exercise deadline by two years, from 16th December 2024 to 16th December 2026.

Moreover, **following the approval of the reverse take-over transaction announced in May-22, 9,846,538 warrants were assigned pro-quota to Digital Destination Company's Selling Shareholders**, namely: 1) 4,430,942 to Carmine Colella 2) 4,430,942 to Le Terrazze di Porto Ottiolu Srl, and, 3) 984,654 to Mr. Giovanni Perrucci, encompassing the same rights of those already outstanding. As of today, there are 21,718,408 warrants outstanding. Albeit currently out of the money, should all the warrants be fully exercised the potential cash-in would amount to € 26.1m.

Sostravel has a **structured management team** composed of several key people:

- **Rudolph Gentile** is the **Chairman and Investor Relations Manager** of Sostravel. After graduating in Sociology at the University "La Sapienza" of Rome, he started his work experience at AirEurope in 1993, first as airport representative for Ciampino and Fiumicino. Afterwards, he moved to the Cargo division, becoming the manager in charge, and gained significant experience in business management. In 1997, he established SafeBag SpA (currently known as Trawell Co). Beyond his business interests in the travel industry, in 2004 he founded Moviemax SpA, a film production company where he served as CEO and, subsequently, as Chairman until 2010. Additionally, he served as director of Air Italy SpA from 2010 to 2012.
- **Carmine Colella** has been **Chief Executive Officer** of Sostravel since the completion of the reverse take-over deal in 2022. He began his professional career in the tourism sector holding roles in the sales area at several hotels, resorts and



tour operators, both in Italy and abroad. In 2010, he has been appointed as Responsible/Manager of the Travel business division of Groupalia, a Spanish-based company engaged in the e-commerce social shopping in Europe, gaining a significant experience in the digital marketing field. After being the Sole Director of Liu Travel from 2012 to 2020, a company specialised in the sale of travel services, he set up Digital Destination Company in 2021. Mr. Colella is registered at the Italian register of qualified technical directors of travel agencies and tour operators.

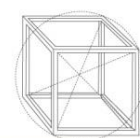
- **Massimo Crippa** has been **COO** of Sostravel since the completion of the reverse take-over deal in 2022. He began his professional career in the airline industry in 1992 in the sales area of Cathay Pacific Airways. In 1999, he joined Eurofly (now Meridianafly) as Sales Manager and, starting from 2004, as Director of Sales. Afterwards, in 2018 he was appointed Vice President of Sales of Air Italy. Mr. Crippa is primarily specialised in commercial planning and global sales management, and he is registered at the Italian register of qualified technical directors of travel agencies and tour operators.
- **Edoardo Zarghetta** was appointed **IR Advisor** of Sostravel in July-23, after having served as Independent Director from 2018. After graduating in Political Science at the University La Sapienza of Rome, he earned a master's degree in Energy at the Heriot-University of Edinburgh as well as an MBA at the Edinburgh's Business School. He gained over 20 years of valuable working experience at several financial institutions in the Debt Capital Market division, dealing with marketing, trading and funding transaction activities. Additionally, he served as Independent Director of Trawell Co from 2020 to early 2023.

Currently, the **Board of Directors** is made up of 5 members, one of whom being an independent director.

Table 1 – Sostravel.com, Board of Directors

Name	Role
Rudolph Gentile	Chairman
Carmine Colella	Chief Executive Officer
Nicola De Biase	Director – Non Executive
Umberto Navanzino	Director – Non Executive
Ivan Munarini	Independent Director

Source: Company data



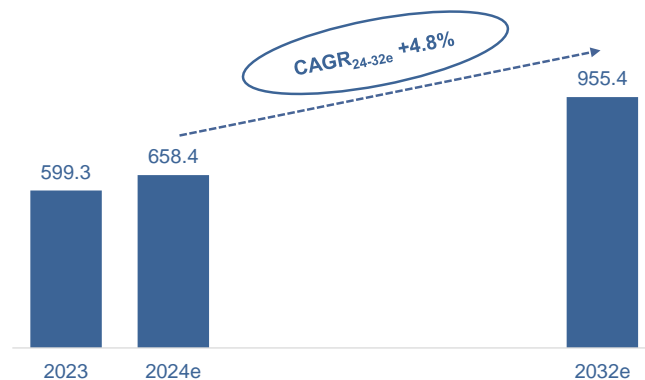
4. The Reference Market

Sostravel operates in the **online travel service industry**, providing a wide range of services to travellers, and acting as an online travel agency engaged in the organisation of trips, satisfying any customer need. After the abrupt market slowdown following the outbreak of COVID-19, travel market resumed its growth, with the number of airline passengers having exceeded the level registered in 2019.

4.1. Travel Booking Services

The Online Travel Market has been experiencing a significant growth, and is expected to keep expanding in the next years. According to the "Online Travel Market Research Report" provided by Market Research Future, **the industry was worth about \$ 600bn in 2023, and it is foreseen to reach \$ 955.4bn by 2032, showing a CAGR_{24-32e} of 4.8%**.

Chart 5 – Sostravel.com, 2024-32e Online Travel Market



Source: "Online Travel Market Research Report" – Market Research Future

Thanks to the expansion of its offer towards booking services following the merger by incorporation of Digital Destination Company, **Sostravel entered the Online Travel Agency industry.**

Unlike physical travel agencies, online ones require customers to have an active role in the definition of the trip, basing their decisions on other travellers' reviews. Customers can find a wide selection of flights, accommodations, dates and experiences on the platforms, choosing the option that best meets their needs.

The **Online Travel Agency market was worth \$ 305.2bn in 2023** and it is forecasted to reach **\$ 534.4bn by 2032, (CAGR_{23-32e} of 6.4%)**, mainly fuelled by the following growth drivers:

- **Increase in use and safety of online payment systems**, which allow safe transactions to book accommodations, flights and experiences. Several financial institutions are partnering with OTAs to sell travels, among which FinTechs, which provide innovative payment methods such as Buy-Now-Pay-Later.
- **Increase in global tourism and international business travel**, which requires efficient travel planning. This need is emphasised when visiting exotic locations, as it is easier to book the whole trip through a single provider.

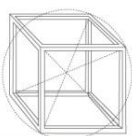
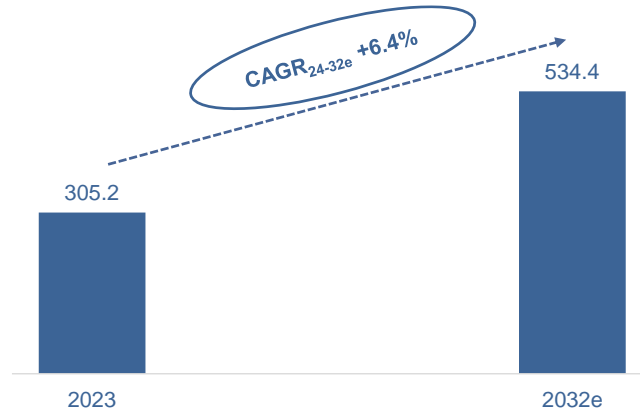


Chart 6 – Sostravel.com, 2023-32e Online Travel Agencies Market



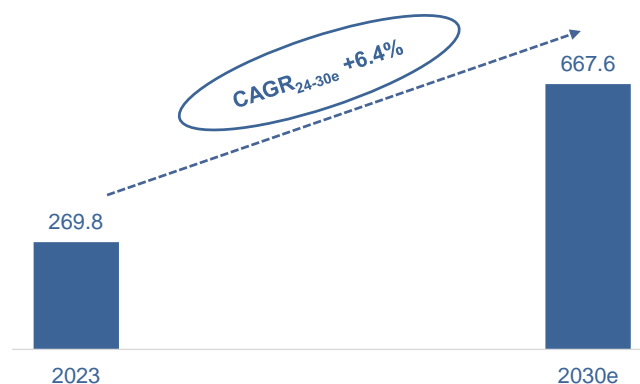
Source: "Online Travel Agency Market"- Dataintelo

Many opportunities can be tapped into to enhance the utilisation rate of these platforms:

- **Artificial Intelligence and Machine Learning** can be leveraged on to create customised trips by processing and analysing customer preferences and, simultaneously, improve customer loyalty. In addition, **Metaverse** is emerging and will have a crucial role in the industry in the next years, as virtual tour experiences will encourage the purchase of travels.
- **Dedicated apps** are being developed to allow customers to book their trips from anywhere, thanks to a straightforward mobile-friendly interface.
- **Loyalty Programs**, enabling customers to obtain discounts and exclusive promotions when booking multiple times via the same platform.

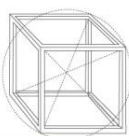
The main cost item for Online Travel Agencies is represented by IT spending, which amounted to \$ 269.8bn in 2023 and is expected to grow even further in the next years, with a CAGR_{24-30e} of 6.4%, reaching \$ 667.6bn by 2030. **Start-up investments in technology are quite huge**, representing a **high entry barrier to newcomers**, together with huge capital requirements to establish relationships with service providers.

Chart 7 – Sostravel.com, 2023-30e Online Travel Agencies IT spending



Source: "Mercato globale della spesa IT delle agenzie di viaggio online" 2023

Another main cost item for Online Travel Agencies is represented by marketing and sponsorship expenses. Most famous agencies sponsor their webpages within search engines, in order to appear between the first solutions suggested when the customer looks for a trip. In addition, using social media, agencies can access users' info and deliver targeted ads, attracting the customer's attention more effectively.



As regards their business model, OTAs retain a percentage on each booking made through their platform, a cost that is either fully or partially borne by the travel service provider.

According to Hotrec's "European Hotel Distribution Study 2024", in 2023 45.1% of hotels' overnight stays revenues were generated online and, for the most part, relying on Online Travel Agencies instead of developing a proprietary booking engine, given their 1) easy access to a worldwide customer base, 2) proven payment processing service and 3) quality and veracity of customer reviews.

Chart 8 – Sostravel.com, 2013-23 Direct Booking vs OTAs Booking - %



Source: "European Hotel Distribution Study 2024" - Hotrec



The percentages of direct bookings and bookings via tour operators and physical travel agencies have decreased over the last ten years in favour of online booking via OTAs. Indeed, in 2013 only 21.8% of bookings was made via OTAs, whilst 59.4% of them directly with hotels and 15.7% via tour operators and physical travel agencies. However, **by the end of 2023, direct booking and booking via tour operators and physical travel agencies were around 55.0% and 11.6%, respectively, whereas bookings via OTAs platforms stood at 30.8%.**

Moreover, in 2023, approximately 20% of hotels depended on OTA's platforms for more than 50% of their total bookings, a trend that is more pronounced for smaller hotels with less than 20 rooms.

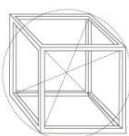
4.1.1. OTAs Competitive Landscape

Online Travel Agencies market can be deemed as **extremely concentrated** as the first two well-known and large-sized players, i.e. Booking and Expedia, enjoy a dominant positioning, with a **combined market share of approximately 85%.**

Chart 9 – Sostravel.com, OTAs competitive arena

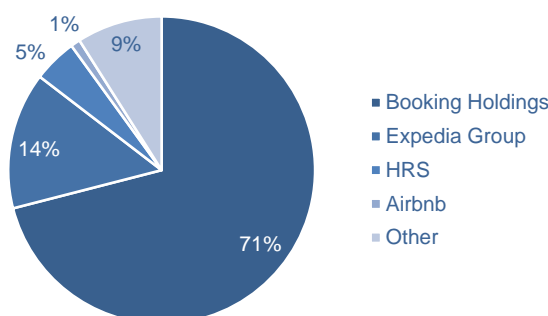
Company	Country	Revenues (2023, €/000)	EBITDA (2023, €/000)	EBITDA margin (%) (2023)	Net Profit (2023, €/000)
 sostravel		19.5	0.4	2.1%	1.2
		21,365	6,339	29.7%	4,289
		12,839	2,680	20.9%	1,418
		9,917	1,562	15.8%	4,792

Source: CFO SIM's elaboration based on companies' data



- **Booking Holdings Inc:** it is the parent company of some well-known web portals, such as Booking.com, Priceline, Agoda, Kayak, Rentalcars.com, Cheapflights, Momondo and OpenTable. Through its various subsidiaries, Booking Holdings provides a wide range of booking services, including accommodations, flights and car rentals, taking care of all details of travel planning. **Booking.com**, by far the most famous website of the company, **in 2023 was recognised as the most visited travel-related website**, reaching over 600m of visits. Furthermore, the Booking's app was the most downloaded among OTAs, with around 80m download in 2023.
- **Expedia Group:** it is the parent company of some well-known brands such as Expedia.com, Hotels.com, Vrbo, Egencia, Trivago, Orbitz, Travelocity and Hotwire. It handles every aspect of a trip through its specialised subsidiaries, and it is the most well-known travel portal in the US market.
- **Airbnb:** focused on booking accommodations, it has revolutionised the travel industry by enabling any proprietary owner to become a host. Through Airbnb.com, the company offers several accommodation solutions among which houses, apartments and shared-spaces, in addition to a 24/7 support service. In 2023, Airbnb's website was visited over 100m times, and the app was downloaded around 52m times.

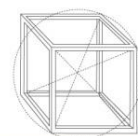
Chart 10 – Sostravel.com, 2023 main Online Travel Agencies by market share



Source: "European Hotel Distribution Study 2024" - Hotrec

Across the competitive landscape, other companies provide **OTA services with a strategic focus on a specific geographic region**, among which:

- **Trip Group:** its services are tailored to the Chinese market, providing accommodations, flights, trains and vacation packages to both domestic and international travellers. It is the holding of Trip.com, Ctrip, Skyscanner and Qunar.
- **Makemytrip:** it is focused on the Indian market, offering travel services such as hotels, flights, holiday packages, train, buses, car rentals and experiences. In 2016, it merged with Goibibo, strengthening its positioning in the online travel industry.
- **Traveloka:** it operates mainly in the South-East Asian region, especially in Indonesia, Malesia, Thailand, Vietnam, Philippines and Singapore. Together with travel-related services, it offers the possibility to book restaurants, purchase events tickets, bills payment and phone recharge services.
- **eDreams Odigeo:** specifically-focused on the European market, it is the holding of famous travel portals, including eDreams, Opodo (primarily operating in UK and Germany), GoVoyages (intended for French travellers) and Travellink (intended for Sweden, Norway, Denmark and Finland). It has recently undertaken an expansion of its activities into the LATAM market.



Some OTAs, in addition, focus their offer on **last-minute vacations**, among which **Lastminute.com**, **LateRooms.com**, **Hotwire and Priceline** (both part of Booking Holdings Inc), **HotelTonight** (owned by Airbnb), **Travelzoo** and **Secret Escapes**. These websites typically provide compelling discounts for upcoming trips and usually reveal the name and the exact location of the accommodation solution only a few days before departure.

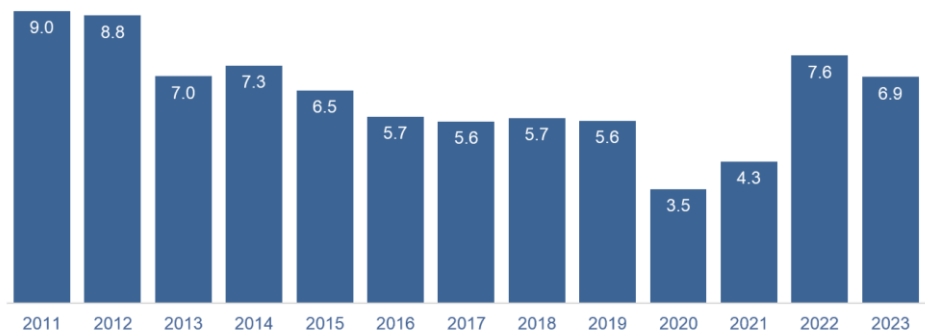
4.2. Services to Travellers

Travellers are provided with a wide range of services to enjoy their trips worry-free. These services enhance the whole experience by assisting travellers with the most stressful aspects, such as luggage handling and travel insurance, and providing telehealth services tailored to their needs. Moreover, information about airports, airlines and boarding procedures is provided via apps to ensure a smoother journey.

4.2.1. Luggage Handling

One of the main worries of airlines passengers is arriving at destination and finding out their luggage was lost or damaged during transportation. This concern steeply increased in 2022 when, according to SITA's Baggage IT Insights, **the number of mishandled luggage reached 7.6 bags per 1000 passengers**. The ratio rose by 75% YoY (4.3‰ mishandled bags in 2021) and by 35% compared to pre-pandemic levels (5.6‰ in 2019), also exceeding 2013 levels.

Chart 11 – Sostravel.com, 2011-23 number of mishandled bags per 1000 passengers



Source: SITA's Baggage IT Insights

In 2023, the number of mishandled bags amounted to 36.1m, with the main issue concerning delivery delays (77%) caused by failure in loading the luggage, erroneous switching and faulty ticketing or security procedures. The remainder was caused by damages and losses of bags, accounting for 18% and 5%, respectively.

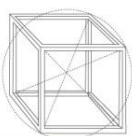
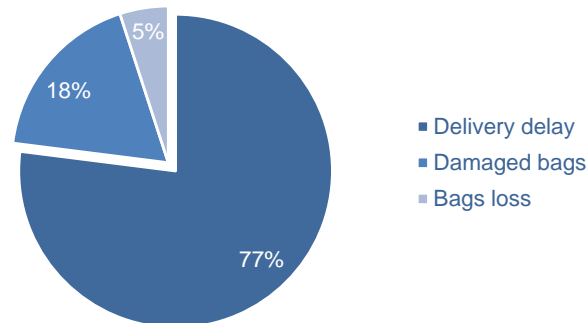


Chart 12 – Sostravel.com, main causes of mishandled luggage



Source: SITA's Baggage IT Insights

From a geographical standpoint, **Europe showed the highest ratio of mishandled bags (10.6 per 1000 passengers), followed by America (5.8‰) and Asia (3.0‰)**. Moreover, international routes are the most interested by luggage management issues, with a mishandling rate of 12.1 per 1000 passengers, against the 2.4‰ rate for domestic flights. These inefficiencies are more likely to occur with connecting flights, where there is the additional risk of loss of baggage during the stopover.

According to SITA's Baggage IT Insights, a high percentage of passengers feels anxious when booking flights due to possible delays, cancellations and potential loss of luggage.

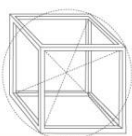
New services have been created to help passengers better enjoy their journey and new technologies are now used to improve visibility over the baggage journey. In particular, IATA (International Air Transport Association) launched **Resolution 753, making mandatory for airline companies to track baggage**, via a 10-digit code, at four points throughout the journey, namely 1) delivery at the airport, 2) loading on the aircraft, 3) transfer to the destination airport's reclaim area and 4) delivery to the passenger.

Furthermore, airports have started to adopt new technologies, such as **Radio Frequency Identification technology (RFID)**, digital tags that are automatically scanned along the whole baggage journey, giving updates to the owner via Internet or app. In parallel with airports, passengers started purchasing **GPS or Bluetooth solutions** that allow them to easily track their bags.

As a result of a still high number of mishandled bags, along with a rise in the value of the luggage, in June 2024 baggage insurance policies witnessed a 10% increase compared to the same period of 2023. The insurance offers a coverage for basic needs expenses (e.g. garments, lingerie, toothpaste, toothbrush, soap) and, if the bag is definitely lost, a reimbursement for the goods transported.

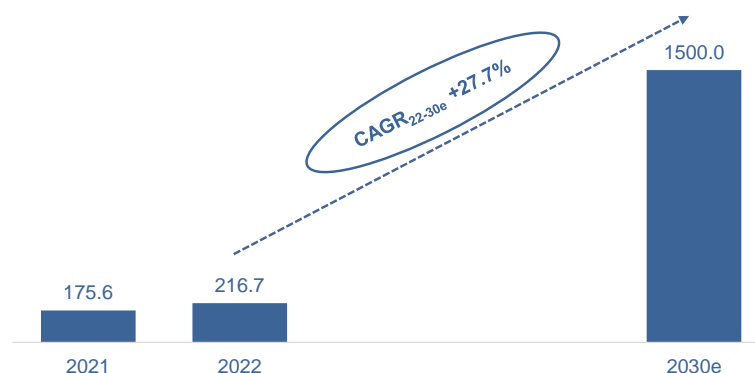
4.2.2. Telemedicine

Over the last years a new way to provide healthcare services has made its way in the day-by-day life, assisted by technology advancements and a boost in the use of telecommunications. **Telemedicine allows doctors to provide assistance to their patients via a computer or a smartphone, without being in the same physical space.** This innovation is not intended as a perfect replacement of in-person medical examinations, but it represents a powerful instrument to streamline visits and avoid overcrowded hospitals.



The pandemic spurred a rapid and widespread adoption of telemedicine solutions: telehealth-visits were exploited both to monitor home-treated infected patients and avoid in-person follow-up visits for chronic patients, in order to limit the spread of the virus. As highlighted by the study “Medical practices innovate care delivery, increase telehealth access amid Covid-19”, drafted by the Medical Group Management Association, **since 2020 97% of healthcare companies has granted their patients access to telemedicine services.**

Chart 13 – Sostravel.com, 2021-30e Global Digital HealthTech market growth



Source: Klecha & Co. 2022 Insight Report on Digital Health Tech

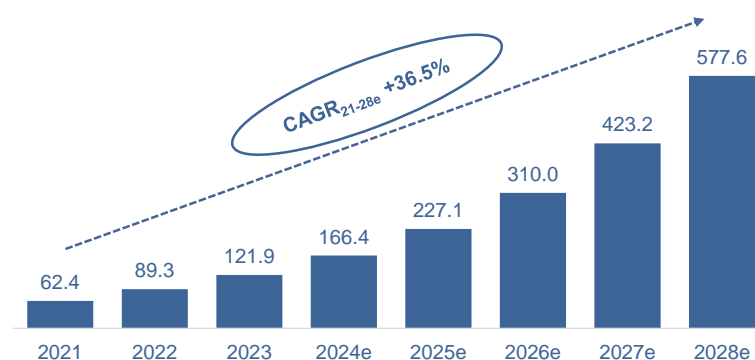
HealthTech market growth trend was accelerated by the pandemic, **totalling € 216.7bn in 2022, and is anticipated to reach € 1,500bn in 2030 (CAGR_{22-30e} of 27.7%).**

From a geographical standpoint, the US is the largest market, followed by Europe (chiefly comprising UK, Germany and France), propelled by significant AI-driven solutions applied to the healthcare sector. In 2023, the **Italian HealthTech market grew by 11% YoY to € 2.2bn, although exhibiting a slower growth rate** compared to other European countries.

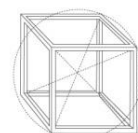
Telemedicine holds a sizeable share of the global HealthTech market, together with Internet of Medical Things. The latter, in particular, relates to the remote monitoring of the patients' conditions, leveraging on advanced data analysis tools.

According to Klecha & Co's "Digital HealthTech: paving the way for a healthier future" report, **in 2021 telemedicine exceeded one-third (35.5%) of the healthcare industry's total market value reaching \$ 62.4bn**, and is forecasted to be worth \$ 577.6bn by 2028, thus showing a CAGR_{21-28e} equal to 36.5%.

Chart 14 – Sostravel.com, 2021-28e Telemedicine market



Source: Klecha & Co. 2022 Digital Health Tech: paving the way for a healthier future



In 2019, the Italian telemedicine market was worth \$ 294.1m, far below if compared with UK, Germany and Nordic countries' markets, whose values amounted to \$ 1.2bn, \$ 874m and \$ 715m, respectively.

Notably, as discovered by Health Italia in its first telemedicine Observatory, **in 2023 the most performed online visits were cardiological** (up by 300% YoY), **nutritionist** (up by 158% YoY) and **psychiatric**. The popularity of the latter has considerably grown since the pandemic, driven by movement restrictions that limited in-person visits and a heightened focus on mental health.

Along with classical visits performed online, **telemedicine represents a suitable and very useful solution for tourists**: in case of need, travellers are forced to address local hospitals and, usually, diseases contracted could be solved just by receiving a medical prescription or simple guidelines for minor symptoms, after a quick consultation.

Telemedicine can therefore be regarded as a valid solution for travellers, since having a doctor just a videocall away improves the travelling experience. Additionally, the telemedicine's usefulness is even more pronounced when travelling abroad, as linguistic barriers could slow down effective communication with physicians. The **rapid dissemination of telehealth services opened up huge market opportunities** and led travel assistance and insurance companies to include tele-consultations in their range of activities.

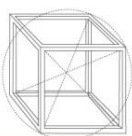
4.2.3. Competitive Landscape

As of today, two main solutions enable airline passengers to track their luggage and avoid to suffer from an economic damage in the event of loss:

- **Luggage insurance**: offered by almost all insurance companies, it provides a compensation for damaged or lost bags, up to a maximum established in the contract. Moreover, most of insurance policies also offer a refund for essential goods bought while awaiting the late delivery luggage.
- **Trackers**: Bluetooth, GPS or SIM Card trackers are placed inside the luggage before departure and allow the owner to easily locate the bag instantaneously. It is worth to notice that these devices provide the location of the luggage, although they do not allow a fast return.

The distinctive feature of Sostravel is that it offers both its commitment to find the luggage and a reimbursement in case of loss, all in one service and at a competitive price. There are only a few companies providing a similar service to the Lost Luggage Concierge:

- **Flyfund**: in addition to a reimbursement in case of loss or delay of the baggage, it also offers a refund for flight delays and cancellations;
- **Blue Ribbon Bags**: focused on the return of delayed luggage, the firm offers a reimbursement if it is not found within 96 hours.

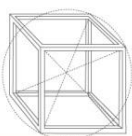


As regards the competition to Sostravel's Dr.Travel, the telemedicine service specifically-tailored to travellers, several telemedicine providers offer online visits within few minutes or hours, albeit the cost for the urgency is very huge. Amongst them, we can find:

- **Air doctor:** it allows to get an appointment with a general doctor or a paediatrician within one hour, at a cost of around \$ 70-100 per visit;
- **Doctorium:** a web-based platform allowing users to require an urgent video-consultation in less than an hour. The service is available 7 days a week from 7 am to 11 pm;
- **Mediphonica:** a medical tele-assistance service supplied by Avanguardia Medica. It requires an annual subscription at the cost of € 199 per family unit, enabling customer to access the service 24/7 for a video-consultation.

Some of the abovementioned services are not provided 24/7 or require annual subscriptions, making it less suitable for travellers, who needs to access the service only in case of need during their trip. In addition, some travel insurance policies include telemedicine in their range of services, but the overall cost is higher as it is included in a wider offer.

Therefore, **Dr.Travel is the only telemedicine service provider specifically-designed for travellers**, being able to rely on easy-accessible medical assistance anywhere around the globe.



5. Acquisition of DDC: a transformative deal for Sostravel

On May 5th 2022, Sostravel has signed a binding agreement aimed at **the merger by incorporation of Digital Destination Company**, an innovative provider of a wide spectrum of integrated travel solutions in the tourism sector, **via an all-share deal**.

Leveraging on its technological platform, **DDC primarily acts as an intermediary between providers of travel booking services and vacationers**, enabling them to plan, book and constantly monitor their entire journey in light of a comprehensive range of solutions, from accommodation (Hotel & Resorts), transportation (airplanes, trains, ferries, car rentals etc.) and several on-site experiences (hiking, guided tours, food-tasting etc.). Furthermore, it provides selected holiday packages catering to the travellers' different needs and tastes. As of year-end 2021, **DDC's services were available almost exclusively via its proprietary web portal, amareitalia.com**.

The investment agreement envisaged that **DDC's Selling Shareholders would receive**, as a consideration, **5,908,960 Sostravel's newly-issued ordinary shares for each euro of DDC's share capital**, based upon an exchange ratio equal to 590.9x, corresponding to a total consideration of some € 4.7m at closing date on November 1st, 2022. As a result of the transaction, **the entire share capital of Digital Destination Company was cancelled**. At the time of the deal announcement, the target company's share capital was owned by Mr. Carmine Colella, both directly (45%) and via Le Terrazze di Porto Ottiolu Srl (45%), as well as by Giovanni Perrucci (10%).

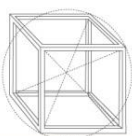
Moreover, **9,846,538 warrants were assigned pro-quota to the Selling Shareholders**, having the same rights of those already outstanding. **The transaction qualified as a reverse taker-over** considering that it widely exceeded the revenues threshold according to the Euronext Growth Milan market guidelines (Sostravel and DDC's FY-21 total revenues were € 0.6m and € 10.8m, respectively). Following the approval of both companies' extraordinary shareholders' meeting, the merger was completed in September 2022 and **Digital Destination Company was retroactively consolidated as from January 1st**.

The rationale of the transaction is straightforward: in light of DDC's merger by incorporation, Sostravel noticeably extended the range of services offered, entering the burgeoning travel booking industry. In particular, the post-merger company will leverage on an all-around integrated web platform whereby passengers will be able to:

- 1) **plan, customise and book their entire journey** among thousands of destinations and accommodation solutions;
- 2) continuously receive **real-time information about flights and airports of interest**;
- 3) **purchase proven travel services**, such as the Lost Luggage Concierge, to furtherly improve the travel experience.

The integration of the abovementioned services paves the way for:

- **the realisation of strong cross-selling synergies**, considering the different, yet highly-complementary, range of travel services offered to the respective customer bases before the merger announcement.
- **Diversification of business risks**, as Sostravel's pre-deal revenues were mostly driven by a single service sold primarily via a unique distributor.

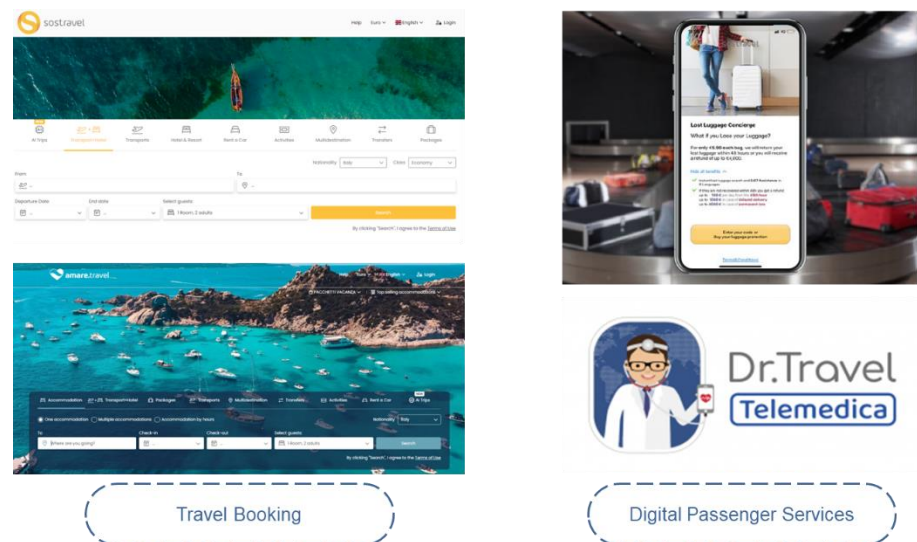


6. Business Model

Sostravel is a travel-tech company providing an integrated suite of travel solutions via its all-around proprietary apps and web platforms. In particular, the company boasts an extensive experience in providing **digital assistance services to passengers**, including fast tracking and recovery of lost luggage, healthcare and insurance. Moreover, by leveraging on its technological platforms, it enables vacationers to choose among a vast array of highly sought-after destinations around the globe and plan their entire journey, from transportation and accommodation to car rental and booking of bespoke on-site experiences.

Historically focused solely on digital assistance services dedicated to airport travellers, **the company has undergone a radical business model change since the reverse take-over transaction** with Digital Destination Company completed in 2022.

Chart 15 – Sostravel.com, Value Proposition devised via two main strategic pillars



Source: Sostravel.com

Currently, the company runs its operations through two distinct yet highly-complementary and integrated service-led business units: **Digital Passenger Services** and **Travel Booking**. As regards the former, services can be purchased 1) online, 2) through the Sostravel's app and, for certain services, Flio, and, 3) offline in more than 130 stores in 25 airports, on the back of a distribution agreement with Trawell Co. Moreover, these services are offered indirectly through several distribution agreements with tour operators, travel agencies and welfare enterprises. With respect to Travel Booking, the group operates its proprietary web platform, **amare.travel**.

6.1. Digital Passenger Services

Originated by a spin-off occurred in Dec-17 of Trawell Co SpA, a company listed on Euronext Growth Milan formerly known as SafeBag, **Sostravel boasts 20+ years of experience in travel assistance services**, becoming the undisputed landmark in Italy for travellers looking for a fast, reliable and proven service aimed at the recovery of lost luggage, known as "**Lost Luggage Concierge**". Over the years, the app has been continuously enriched with additional precious features, such as real-time airports and flights information, enabling travellers to better enjoy the whole journey and always have all they need just a click away.

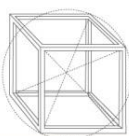
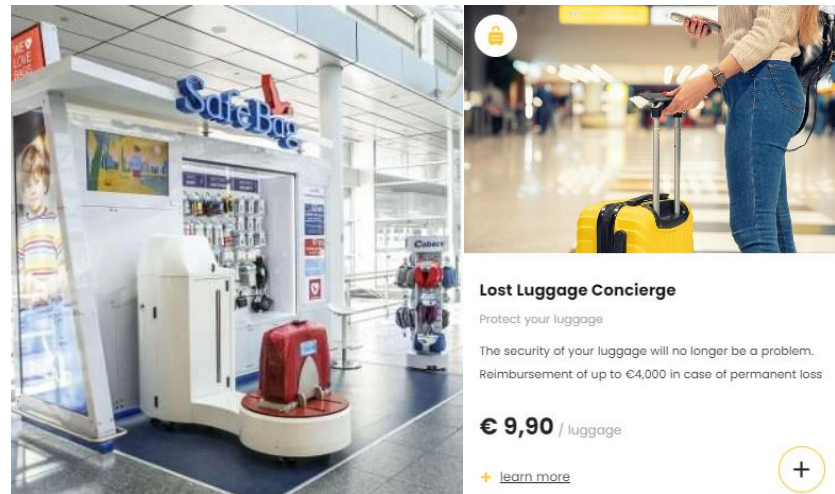


Chart 16 – Sostravel.com, LLC service offline and online distribution channels



Source: *Trawellco.com and Sostravel.com*

Lost Luggage Concierge is **a proven and highly-distinctive luggage tracking service offered to travellers who want to ensure the safety** of their suitcases, avoiding unpleasant inconveniences during their holidays or business trips.

It provides **a unique service if compared with traditional baggage insurances**, as it focuses on a timely research, identification and return and not just a reimbursement in the event of a mishandled luggage.

Leveraging on **an omnichannel distribution strategy**, Lost Luggage Concierge service can be bought both online, on Sostravel's app and website, and at the network of Trawell Co's stores, located in 25 airports across 8 countries, according to a specific distribution agreement. Moreover, it can be purchased through selected tour operators, travel agencies and welfare enterprises.

In greater detail, **the service can be purchased for € 9.90 and guarantees baggage tracking and return within 48 hours after is found missing**, by taking advantage of an active tracking provided by SITA World Tracer System, a standardised solution developed in cooperation with IATA (International Air Transport Association). This service provides direct access to real-time information on the mishandled luggage's route and an effective communication with airports handlers ensures a quickly identification. Recovery times are more efficient thanks to the active involvement of Sostravel's 24/7 Customer Care team, available in six different languages, which constantly updates customers during the entire procedure.

If the baggage is not returned within 48 hours, the owner receives a refund up to € 100 per day for a maximum of € 1,000. Should the tracking service not be able to find the lost baggage, customers are entitled to receive a refund up to € 4,000. It is worth noting that the refund associated with the LLC service is **additional to any potential reimbursement received by the airline and/or insurance company.**

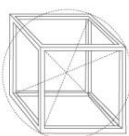
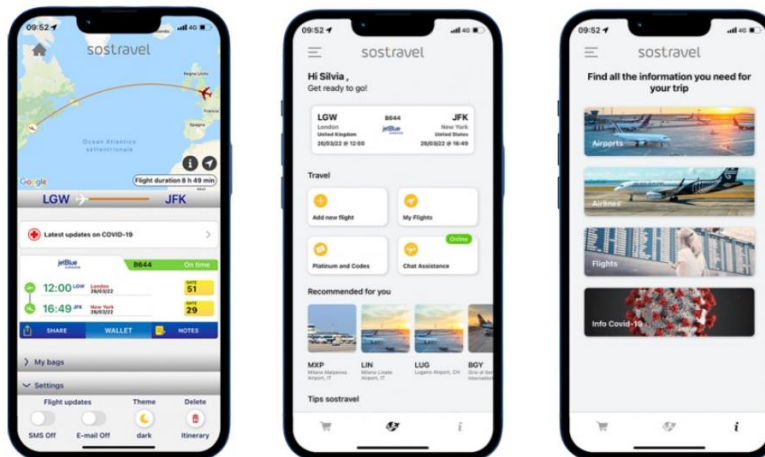


Chart 17 – Sostravel.com, Sostravel's app information about flight and airport services



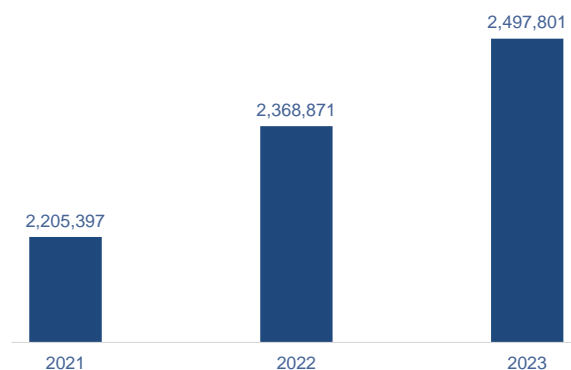
Source: Sostravel's app

Furthermore, Sostravel's app gathers a **comprehensive set of highly-valuable real-time information for airport travellers**, all free of charge, with the clear aim to keep them updated throughout the entire journey. In particular, it provides information that can be subdivided into two main categories:

- **Flight information**, such as 1) flight status, including gate opening and closing time, eventual gate changes, delays or cancellations, 2) estimated time to check-in, go through the airport security procedures and walk towards the gate. Additionally, travellers can scan the boarding pass in order to access to it directly within the app.
- **Airport information**, such as: 1) major guidelines in place in the countries of destination, 2) weather conditions and real-time data about all the flights scheduled to arrive or departure from the airport of choice, 3) parking zones, pharmacies, ATMs, dining options, Wi-Fi, money changers and, 4) providers of luggage protection or storage.

Moreover, all information can be shared both on social media and directly with contacts in the address book.

Chart 18 – Sostravel.com, 2021-23 number of downloads of Sostravel and Flio apps



Source: CFO SIM's elaboration based on company data

In 2023, Sostravel and Flio apps were downloaded about 2,500,000 times (+5.4% YoY), with over 150,000 newly-profiled users in the same year. All in all, **the community of profiled travellers actively using both applications amounts to over 1,000,000.**

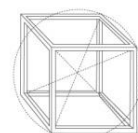
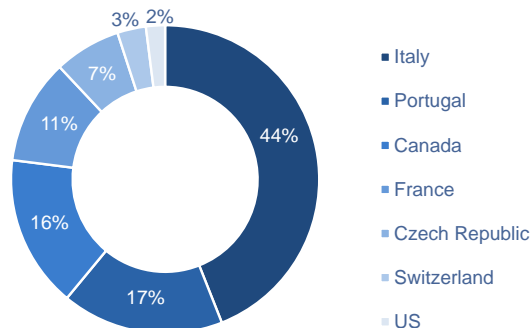


Chart 19 – Sostravel.com, FY-23 LLC revenues breakdown by geography



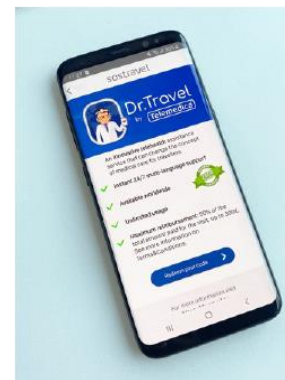
Source: CFO SIM's elaboration based on company data

From a geographical standpoint, **in FY-23 more than 80% of revenues relating to the Lost Luggage Concierge service were generated in Europe** and almost half in Italy (44%), followed by Portugal (17%), France (11%) and Czech Republic (7%). Excluding Europe, the largest contributor was Canada (16%). In FY-19, before the outbreak of the pandemic, **the Lost Luggage Concierge service reached approximately € 2.0m in revenues**, almost entirely generated on Trawell Co's distribution network. It is worth to point out that the new management team, since it took office, had been pursuing a major development strategy of the LLC service with the aim to 1) enlarge and diversify the customer base, 2) penetrate new sectors of the travel industry and, 3) lessen customer concentration risks.

As a matter of fact, **in 2023 the company entered into several new distribution agreements** with tour operators, travel agencies and welfare enterprises. Moreover, at the outset of 2024, **it entered the cruise sector by signing a commercial agreement with the Costa Crociere group** aimed at the distribution of the Lost Luggage Concierge service, with a **renewal option for 2025 and 2026**. The agreement stipulates that customers who departs from Europe and have purchased both the cruise and air transfer via Costa Crociere's proprietary channels, will be automatically provided with the LLC service.

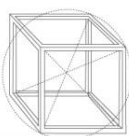
Sostravel, in addition, offers airline companies and airport handlers with **digitisation activities relating to filling and forwarding of forms to the Lost & Found offices**, albeit its contribution to total revenues is quite negligible.

Chart 20 – Sostravel.com, Dr.Travel 24/7 telehealth service



Source: Company Presentation

In order to enhance its value proposition, **the company launched in the early 2023 Dr. Travel, an easy-to-access telehealth assistance service**, available 24/7 and providing travellers with worldwide medical assistance.



Accessible via Sostravel's app and Dr. Travel webpage, **it can be purchased on Sostravel's website at just € 9.90 for each traveller** and features a 14-days coverage from departure date. During this period, the customer who purchased the service will have access to televisits by paying only €10.

Noteworthy, the service mainly **focuses on minor albeit more frequent diseases** (i.e. fever, tonsillitis, ear infection etc.) and was specifically devised to serve a market segment usually overlooked by large-sized insurance companies.

By virtue of a partnership agreement with the Italian company Net Medicare, it provides with a rapid connection with physicians for a medical consultation, generally **within 20-90 minutes since booking of the appointment**. Following the visit, **if needed the doctor may prescribe medication**.

As of today, Dr. Travel is distributed via 1) **Sostravel's digital sales channels**, 2) **Trawell Co's retail stores**, 3) networks of **tour operators and travel agencies** and, 4) **welfare portals** (i.e. Double You, part of the Zucchetti group) and, 5) **travel companies** (i.e. Costa Crociere), often paired with other services or included in all-inclusive packages.

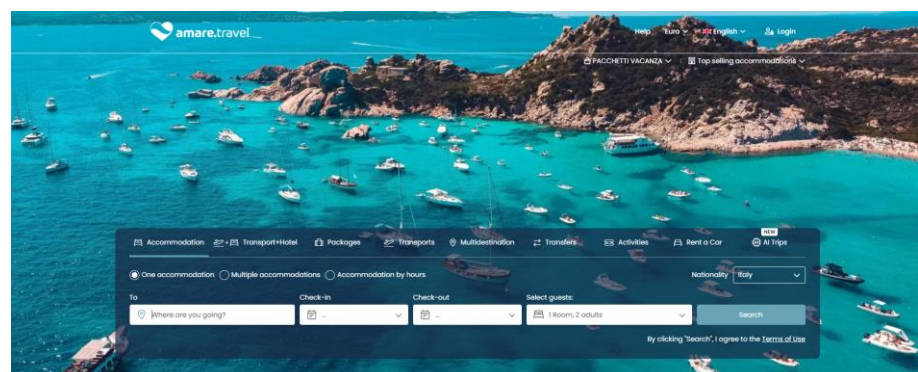
6.2. Travel Booking

As a consequence of the **merger by incorporation of Digital Destination Company in 2022**, Sostravel revolutionised its business model and entered the buoyant travel booking industry, aiming to become a major player in the Italian competitive landscape.

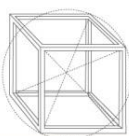
By leveraging on its technological **web platform amare.travel**, formerly known as amare.italia, Sostravel primarily operates as **an intermediary between providers of travel booking services and vacationers**, enabling them to plan, book and constantly monitor their entire journey, from accommodation (Hotel & Resorts) and transportation (by air, trains, ferries, car rentals etc.) to the arrangement of several experiences (hiking, guided tours, food-tasting etc.). Furthermore, it provides **selected holiday packages** catering to travellers' different needs and tastes, as well as enticing **last-minute offers** with discounts up to 50%, helping facilities managers to optimise overall occupancy rates and bolster profitability.

Services are offered both to direct customers (**B2C**) as well as to professional online travel agencies (**B2B**) which, in turn, resell them on their platforms.

Chart 21 – Sostravel.com, amare.travel web platform



Source: Company website



The value proposition can be subdivided into three main operations:

- **Worldwide Travel Booking:** leveraging on a best-in-class proprietary web platform;
- **AmareClubs:** on the back of exclusive distribution agreements, it involves the active management of the **entire room capacity** of a portfolio of splendid resorts, such as those located in Sardinia, Apulia and Kenya;
- **AmareStyle:** encompassing the sign of distribution agreements relative to a **share** of the room capacity of a selected resort. In the event that the initiative proves successful, Sostravel subsequently attempts to seize the entire room capacity.

As regards the **Worldwide Travel Booking** activity, the group leverages on a match-making platform capable of ensuring speedy research of the selected itineraries and **seamlessly connecting users with accommodation solutions made available by travel service providers**. The amare.travel platform allows to seek, book and monitor the entire journey, empowered by **9 search engines** and **500+ xlm connections** with major global providers of accommodation, transportation and entertainment solutions, among which **Booking.com, Expedia.com, lastminute.com, and Agoda**. In addition, it deals with leading **bed banks** such as www.hotelbeds.com and www.hotelstone.com.

Additionally, the company developed and recently launched an **AI-based algorithm** that facilitates trip planning and booking. In fact, a simple text prompt enables users to furtherly customise their journey by inserting bespoke requests.

Beyond acting as an intermediary between travellers and service providers on a global scale, **Sostravel actively manages and promotes the entire room capacity of 7 upscale resorts located in Sardinia and Apulia**, the so-called AmareClubs, in the wake of solid and long-standing relationships with facilities owners and managers.

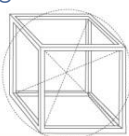
6 of the upscale resorts are located in stunning locations across Sardinia, where Digital Destination Company had its roots, and close to main airports and ports. Together with a resort in Apulia, the Amare Clubs count over **650 rooms**.

Chart 22 – Sostravel.com, AmareClubs in the Sardinia region



Source: Company Presentation

First of all, the company's strategy envisages a **careful scouting of hotels & resorts** located in Italy meeting the highest quality standards, both with respect to geographical positioning and excellence of the services offered to guests. Then, the company stipulates agreements, usually lasting one up to 3-years, under which **it secures the exclusive right to distribute the entire room capacity** in the exchange of a



consideration paid upfront (“empty-for-full”). On request, additionally, Sostravel provides **revenues management services**, by directly managing the facilities’ webpages and setting up a competitive and dynamic **pricing strategy**.

The so-called AmareClubs are primarily **marketed through the social media platforms, newsletters and blogs**, combined with SEO (Search Engine Optimisation) activities intended to improve the amare.travel’s positioning in search results. Furthermore, Sostravel stands out for the advisory role played by its “**Destination Managers**”, professional figures who advise users in real-time (via chatbot, telephone or e-mail) in selecting the option that best suits their needs.

Moreover, via its proprietary brand **Secret Village®**, the company offers an innovative solution whereby vacationers simply choose the location of interest but **the name of the resort**, amongst a provided shortlist, **remains unknown until 48 hours** from departure. **Sostravel purchases a certain room capacity upfront at a sizeable discount** and takes care of distribution via its sales channels. The formula provides several **advantages for all stakeholders**: from one side, customers can save up to 50% from the original price while, on the other, enables resort owners to considerably improve the overall occupancy rate and visibility on revenues.

Despite the obvious risk of unsold, **Secret Village® allowed Sostravel to achieve satisfactory results accompanied by hefty margins** since its launch. The management is currently exploring potential opportunities to expand the formula to other accommodation facilities, aiming to pose itself as a trusted and valuable partner in this particular niche of the travel industry.

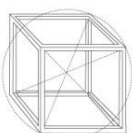
As from 2023, **Sostravel embarked on an internalisation path** in order to enrich its portfolio and diversify both its customer base and geographical positioning, by including resorts located in highly sought-after destinations in Middle-East and Africa. As such, in Dec-22 **the company signed 3-year exclusivity agreement** to manage and distribute the entire room capacity of the **Jumbo Resort in Watamu (Kenya)**. In greater detail, it consists of a 4-stars facility featuring **92 rooms** furnished in local style, with direct access to the sea. As from Feb-23 EdenViaggi, a company owned by AlpiTour, the Italian largest tour operator, entered into **an agreement with Sostravel to distribute one thirds of capacity** (c. 30 rooms) on its sales channels, with the option to extend the agreement to 2024.

In the short-term, the company plans to enter into similar commercial agreements with facilities headquartered in **Sharm el-Sheikh** and **Turkey**.

Chart 23 – Sostravel.com, Jumbo Resort in Watamu, Kenya



Source: Company Presentation

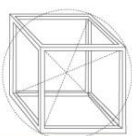


7. Strategy

Following the transformative merger by incorporation of Digital Destination Company occurred in late 2022, the next stage of Sostravel's growth path is primarily focused on: 1) enriching the range of services of the Private Label segment, 2) expanding the Secret Village® formula, 3) realising the significant cross-selling opportunities on the back of the highly-complementary value proposition and, 4) signing new distribution agreements in order to expand the Lost Luggage Concierge service into new sales channels and segments of the travel industry.

In greater details, Sostravel's strategy is centred around the following key pillars:

- ✓ **Expanding the Private Label service offer:** the company plans to enlarge its portfolio of resorts where it secures, under multi-year agreements, either the entire room capacity (such as the one signed with the Jumbo resort in Kenya) or a share of it. In addition, it aims to **create dedicated brands for each destination country**, such as "AmareKenya", in order to become a landmark for travel experiences in highly sought-after destinations. In the short-term, the management aims to sign new distribution agreements for exclusive facilities headquartered in Turkey, Egypt (Sharm-El-Sheik) and Cuba.
- ✓ **Expanding the Secret Village® formula:** given its huge scalability potential and attractive profitability profile, the management is currently exploring potential opportunities to expand the formula to other accommodation facilities, aiming to pose itself as a trusted and valuable partner in this particular niche of the travel industry.
- ✓ **Generate cross-selling synergies and improve the overall cost structure:** by means of targeted investments, the company intends to streamline and automate several internal processes, in order to generate operational efficiencies. Moreover, the cross-selling potential remains huge, considering the highly-complementary portfolio of services offered by the previously stand-alone companies. Notably, travel booking customers are offered travel-tech services when booking their trip online, while passengers who have purchased travel-tech services enter the company's ecosystem and are targeted with personalised offers.
- ✓ **Sealing new distribution agreements for the Lost Luggage Concierge service:** the management plans to step up efforts aimed at increasing sales of the Lost Luggage Concierge service, mainly through new distribution agreements with travel industry players (tour operators, airline and cruise companies), as well as companies specialising in travel insurance services. Recently, Sostravel entered into new distribution agreements with travel agencies (e.g. Acibluteam), tour operators (e.g. Glamour and Futura Vacanze), welfare platforms (e.g. Zucchetti) and, as previously mentioned, the Costa Crociere group.



8. SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out with regard to a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ **A well-integrated and synergistic offer** tailored to different needs
- ❑ Management team with **more than 30+ years of on-field experience**
- ❑ **Deep-rooted strategic partnerships** with tourism operators, particularly as regards the Sardinia region
- ❑ An effective **omnichannel distribution strategy**

WEAKNESSES

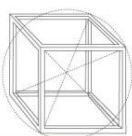
- ❑ **Limited size** in a competitive arena dominated by global and well-known travel marketplaces
- ❑ AmareClub's value proposition currently **lacks of geographical diversification**
- ❑ **Volume-driven business model with limited pricing power** due to harsh competition

OPPORTUNITIES

- ❑ **High scalability potential**, especially as regards the Lost Luggage Concierge service
- ❑ Acceleration in the **adoption of travel-tech services**, especially by digital natives
- ❑ **Revenues synergies** still to be unlocked
- ❑ **M&A opportunities** to consolidate a rather fragmented market and furtherly enhance the service offer

THREATS

- ❑ **IT malfunctions** could disrupt short-term economic results and undermine customer loyalty
- ❑ Partial halt of tourism in key regions due to **surging geopolitical tensions**
- ❑ **Cutting-edge technologies** enabling more efficient luggage tracking and handling systems



9. Business Plan 2023-27

In Feb-23, the newly-established company unveiled its strategic 2023-27 Business Plan, entirely drafted on an organic basis, **built upon a strong top line growth in the high-teens and a more than proportional progression in profitability**. The major drivers underpinning growth are 1) rising volumes, 2) a higher contribution to sales of more lucrative accommodation solutions, such as those relating to the Private Label and Secret Village® offer, and 3) a careful cost control favoured by optimisation of certain internal business processes.

Table 2 – Sostravel.com, 2023-27e Business Plan

€ m	2022	2023e	2023A	A vs e	2024e	2025e	2026e	2027e	CAGR _{23A-27}
Revenues	17.2	18.1	19.5	8.2%	21.0	25.1	29.0	32.5	13.6%
% YoY	41.8%	5.2%	13.8%		16.3%	19.4%	15.7%	12.0%	-
EBITDA	0.0	0.5	0.4	-11.0%	1.3	2.2	3.2	3.8	75.4%
margin %	0.1%	2.5%	2.1%	-45bps	6.2%	8.7%	10.9%	11.8%	-
Adj. NFP debt / (cash)	(0.8)	(0.8)	(0.0)	0.7	(1.6)	(2.6)	(4.5)	(4.9)	n.m.

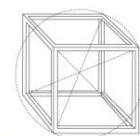
Source: Company data, CFO SIM analysis

In greater detail, the Business Plan key financial targets outlined by the company's management are the following:

- **Revenues** are foreseen to rise **from € 19.5m in 2023 to € 32.5m in 2027** (CAGR_{23A-27e} of 13.6%), on the back of a steady increase in sales of accommodation solutions, especially those relative to the Private Label segment by securing, under multi-year agreements, either the entire room capacity of resorts or a share of it. Moreover, the expansion of the Secret Village® formula to other resorts in Sardinia is predicted to deliver a solid contribution.
- **EBITDA** is projected to grow more than proportionally to top line, **from just above the break-even level in 2023 (€ 0.4m, 2.1% margin) to € 3.8m, 11.8% margin** in 2027. The margin accretion is expected to be mainly driven by 1) a better absorption of fixed costs, 2) a more lucrative sales mix thanks to the increased share of higher-margins solutions (i.e. Private Label and Secret Village®) and, 3) IT investments aimed at optimising several business processes.
- **Adjusted Net Financial Position** is anticipated to **reach € 4.9m cash in 2027 from the break-even level recorded at year-end 2023**, reflecting a robust Op. CF generation. The ever-increasing cash position could eventually pave the way for external growth initiatives aimed at consolidating the company's market positioning. Please note that the adjustments relate to certain deposits advanced for new business projects as well as a financial loan granted to Trawell Co.

10. Recent Results

Hereafter we summarise Sostravel's financial results over the 2023-22 period, as **results prior to the reverse take-over transaction would not be comparable** due to the considerable change in the business model, product mix, size and profitability. Please bear in mind that the deal was completed in Sep-22 and **Digital Destination Company was retroactively consolidated as from January 1st**.



10.1. FY-23 Results

Sostravel posted a good set of 2023 results showing double-digit top line growth coupled with a more than proportional progression in margins. Compared to the BP targets presented in February, **results came in bang in line with expectations as regards top line whereas EBITDA was dented by higher-than-expected logistics costs only partially passed on to final customers.** Nevertheless, the company's management confirmed the BP targets set for 2024, sustained by a **solid Gross Booking Value at the end of the first quarter**, up roughly by 30% YoY.

Table 3 – Sostravel.com, 2023-22 results

€ m	2023	2022	% YoY
Travel Booking	18.3	16.4	11.8
Passenger Services	1.2	0.7	64.2
Revenues	19.5	17.1	14.1
Capitalised costs	0.0	0.0	
Other revenues	0.2	0.2	
Value of Production	19.7	17.3	13.8
Raw material and processing	(0.0)	(0.0)	
Services	(18.2)	(16.3)	
Personnel expenses	(0.7)	(0.8)	
Other opex	(0.3)	(0.1)	
EBITDA	0.4	0.0	n.m.
% margin	2.1	0.1	
D&A and Provision	(0.6)	(0.7)	
EBIT	(0.2)	(0.7)	77.6
% margin	(0.8)	(4.0)	
Financials + Re(De)Valuation of assets	(0.1)	(0.1)	
Pre-Tax profit	(0.2)	(0.8)	71.2
% margin	(1.2)	(4.8)	
Income taxes	1.4	0.2	
Tax rate	n.m.	n.m.	
Minority interest	0.0	0.0	
Net Profit	1.2	(0.6)	n.m.
% margin	6.0	(3.6)	
Total Adjustments	(0.1)	0.0	
Adjusted EBITDA	0.5	0.0	n.m.
% margin	2.5	0.1	
NFP debt/(cash)	1.0	0.9	12.8
Adjusted NFP debt/(cash)	(0.0)	(0.0)	n.m.

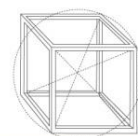
Source: Company data

Revenues rose by 14.1% YoY to € 19.5m from € 17.1m in 2022. In terms of business lines:

- **Travel Booking (93.8% of the total) grew by 11.8% YoY to € 18.3m**, mostly driven by rising volumes. As a matter of fact, the number of booked rooms via the company's proprietary platforms amounted to 199.6k, up by 17.4% YoY;
- **Digital Passenger Services (6.2% of the total), amounted to € 1.2m** from € 0.7m recorded in FY-22 (+64.2% YoY), driven by a buoyant performance of the travel industry.

From a geographical perspective, **revenues were still largely generated in Italy (87%).**

EBITDA reached € 0.4m, 2.1% margin, compared to the break-even level registered in 2022, although it came in below the company's target of € 1.0m set in June, as it was negatively affected by 1) **higher-than-expected logistics costs sustained in the second semester, only partially passed on to final customers**, 2) lower share on revenues of certain AmareStyle offers (i.e. AmareSharm), characterised by higher margins, due to the outbreak of the Israel-Palestine conflict in October. **Adjusted EBITDA was € 0.5m, 2.5% margin, after excluding one-off costs of € 0.1m** relative to advisory fees and rationalisation of few departments.



Pre-Tax Profit came in negative for € 0.2m, improving from negative € 0.8m reported in FY-22, after broadly unchanged D&A expenses and interest rate charges. **Net Profit turned positive for € 1.2m, 6.0% margin**, due to a positive effect arising from deferred taxes.

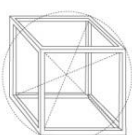
Net Financial Position stood at € 1.0m (debt), slightly higher compared to € 0.9m at year-end 2022 primarily reflecting the combination of **lower than-anticipated profitability and higher investments** aimed at the development of proprietary platforms to be launched in 2024 and tailored to specific tourist destinations. If adjusted for certain deposits advanced for new business projects as well as a financial loan granted to Trawell Co, NFP was at break-even, broadly unchanged YoY.

Table 4 – Sostravel.com, Q1-24 Gross Booking Value

€ m	Q1-24	Q1-23
Gross Booking Value	7.2	5.5
% YoY	29.6%	

Source: Company data, CFO SIM analysis

The **Gross Booking Value**, namely the aggregate value of all the travel services booked by customers on the company's proprietary platforms, gross of taxes and fees, **was € 7.2m as of the end of Mar-24, up by 29.6% YoY** (€ 5.5m over the same period in 2022), corroborating the company's expectations for the 2024 set in the Business Plan.



10.2. H1-24 Results

Sostravel reported H1-24 results **characterised by a broadly unchanged top line and a solid improvement in profitability**, mainly due to the higher flexibility and customisation offered to travellers, as well as an increase in the number of the so-called “repeaters” customers, which helped to drive down costs. The company’s management confirmed the BP targets set for 2024, on the back of a sizeable **Gross Booking Value at the end of August**, up by roughly 20% YoY.

Table 5 – Sostravel.com, H1-24 results

€ m	H1-24	H1-23	% YoY
<i>Travel Booking</i>	4.9	5.0	(3.0)
<i>Digital Passenger Services</i>	0.5	0.5	13.7
Revenues	5.4	5.5	(1.6)
Increase in internal works	0.0	0.0	
Other revenues	0.1	0.1	
Value of Production	5.5	5.6	(2.6)
Raw material and processing	0.0	(0.0)	
Services	(4.5)	(4.8)	
Personnel expenses	(0.4)	(0.4)	
Other opex	(0.2)	(0.1)	
EBITDA	0.4	0.3	27.0
% margin	7.2	5.6	
D&A and Provision	(0.2)	(0.3)	
EBIT	0.1	0.0	n.m.
% margin	2.6	0.2	
Financials	(0.0)	(0.0)	
Pre-Tax profit	0.1	(0.0)	n.m.
% margin	1.8	(0.5)	
Income taxes	(0.0)	0.0	
Tax rate	48.0%	n.m.	
Minority interest	0.0	0.0	
Net Profit	0.1	(0.0)	n.m.
% margin	0.9	(0.1)	
Total adjustments			
Adjusted EBITDA	0.4	0.3	27.0
% margin	7.2	5.6	
NFP debt / (cash)*	(0.6)	1.0	n.m.
Adjusted NFP debt / (cash)*	(1.7)	(0.0)	n.m.

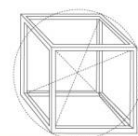
Source: Company data, * compared to FY-23

In H1-24, revenues were € 5.4m, almost unchanged compared to € 5.5m reported in H1-23. In terms of business lines:

- **Travel Booking (90.3% of the total)** came in at € 4.9m, broadly unchanged YoY;
- **Digital Passenger Services (9.7% of the total)**, exhibited double-digit growth (+13.7% YoY), primarily fuelled by the contribution arising from the new distribution agreements signed with Costa Crociere, ACI BlueTeam and Zucchetti.

From a geographical standpoint, **in H1-24 more than 80% of revenues relating to the Lost Luggage Concierge service were generated in Europe**: 40% in Italy and 43% in the Rest of Europe (mainly Portugal, France and Czech Republic) while the remainder in the US and Canada. With respect to **travel booking services, more than half of the revenues were generated in Italy (52%)**, followed by Rest of Europe (34%) and RoW (14%).

EBITDA rose by 27% YoY to € 0.4m, 7.2% margin, compared to € 0.3m, 5.6% margin, in H1-23, as a result of both better occupancy rates as well as higher flexibility and customisation (relative to departure date and minimum stay) provided to customers, allowing a higher pricing. Additionally, an increase in the number of the so-called “repeaters” (i.e. travellers choosing the same destination) to 9% from 2% in H1-23, furtherly helped to drive down costs.



EBIT reached € 0.1m, 2.6% margin, from the break-even level registered in H1-23. **Net Profit turned positive for roughly € 50k, 0.9% margin**, (negative for € 4k in H1-23), reflecting higher profitability and almost unchanged D&A and financial charges.

Net Financial Position stood at € 0.6m cash, considerably improving from € 1.0m debt reported at year-end 2023, mostly owed to the typical seasonality of the business that positively affects working capital in the first half of the year. **Adjusted Net Financial Position improved to € 1.7m cash** from € 27k cash at year-end 2023.

Table 6 – Sostravel.com, H1-24 Op. NWC

€ m	H1-24	FY-23	Δ	H1-23
Inventories	0.0	0.0	0.0	0.0
Receivables	2.7	1.5	1.1	2.1
Payable	(5.2)	(0.6)	(4.6)	(3.7)
Trade Working Capital	(2.5)	1.0	(3.5)	(1.6)

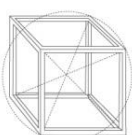
Source: Company data, CFO SIM analysis

The **Gross Booking Value was € 16.4m as of the end of Jun-24, up by 28.8% YoY** (€12.8m in H1-23), well-positioning the company to reach the top line target set in the Business Plan.

Table 7 – Sostravel.com, H1-24 Gross Booking Value

€ m	H1-24	H1-23	% YoY	H1-22	CAGR ₂₂₋₂₄
Gross Booking Value	16.4	12.8	28.8	10.7	23.7%

Source: Company data, CFO SIM analysis



11. Financial Forecasts

Following the transformative merger by incorporation of Digital Destination Company occurred in late 2022, the next stage of Sostravel's growth path is primarily focused on: 1) enriching the range of services of the Private Label segment, 2) realising the significant cross-selling synergies given the highly-complementary value proposition and, 3) signing new distribution agreements in order to expand the digital services specifically tailored to travellers' needs into new sales channels.

Our top line estimates are based on different assumptions for each business line:

- **Travel Booking** is expected to rise at a **CAGR_{23-26e} of 12.7%**, thanks to a solid increase in sales of accommodation solutions, especially those related to the promising Private Label segment, enriched by new exclusive destinations in Africa and Middle East, as well as the Secret Village® formula, leveraging on its huge scalability potential and attractive profitability.
- **Digital Passenger Services** is anticipated to grow at a **CAGR_{23-26e} of 17.3%**, primarily backed by new distribution agreements for both the Lost Luggage Concierge and Dr. Travel services. The former, in particular, in 2025 will start to reap the benefits of the agreement signed with Costa Crociere, and could benefit from additional distribution agreements with travel agencies, tour operators and welfare portals.

All in all, **CFO SIM expects revenues to show a double-digit CAGR_{23-26e} of 13.0%**, fairly in line with the company's Business Plan (+15.8%).

Table 8 – Sostravel.com, 2023-26e top line growth evolution breakdown

€ m	2023	2024e	2025e	2026e	% CAGR _{23-26e}
Revenues	19.5	20.9	24.5	28.2	13.0
Travel Booking	18.3	19.5	22.8	26.3	12.7
Digital Passenger Services	1.2	1.4	1.7	1.9	17.3
% YoY					
Revenues	14.1	7.1	17.1	15.2	
Travel Booking	11.8	6.5	17.0	15.0	
Digital Passenger Services	64.2	16.0	18.0	18.0	
% on total					
Revenues	100.0	100.0	100.0	100.0	
Travel Booking	93.8	93.3	93.3	93.1	
Digital Passenger Services	6.6	7.2	7.2	7.4	

Sources: Company data, CFO SIM estimates

The **revenue breakdown by business line is anticipated to remain broadly stable** over the forecasted period, although comprising a tiny increase in the overall incidence of the Digital Passenger Services business line, reflecting a higher expected growth rate.

Value of Production is projected to reach € 28.4m in 2026 (CAGR_{23-26e} of 13.0%), fully aligned with the top line growth trend.

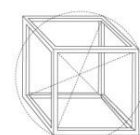


Table 9 – Sostravel.com, 2023-26e profitability evolution

€ m	2023	2024e	2025e	2026e	% CAGR _{23-26e}
Travel Booking	18.3	19.5	22.8	26.3	12.7
Digital Passenger Services	1.2	1.4	1.7	1.9	17.3
Revenues	19.5	20.9	24.5	28.2	13.0
Increase in internal works	0.0	0.0	0.0	0.0	
Other revenues	0.2	0.2	0.2	0.2	
Value of Production	19.7	21.1	24.6	28.4	13.0
Raw material and processing	(0.0)	(0.0)	(0.0)	(0.0)	
Services	(18.2)	(18.9)	(21.6)	(24.4)	
Personnel expenses	(0.7)	(0.8)	(0.9)	(0.9)	
Other opex	(0.3)	(0.2)	(0.2)	(0.2)	
EBITDA	0.4	1.2	2.0	2.8	90.8
% margin	2.1	5.8	8.1	10.0	
D&A and Provision	(0.6)	(0.5)	(0.5)	(0.5)	
EBIT	(0.2)	0.7	1.4	2.3	
% margin	(0.8)	3.2	5.9	8.1	
Adjusted EBITDA	0.5	1.2	2.0	2.8	79.7
% margin	2.5	5.8	8.1	10.0	

Sources: Company data, CFO SIM estimates

Sostravel's **cost structure largely comprises variable costs**, thus **the operating leverage effect is rather limited** unless a more profitable revenues mix.

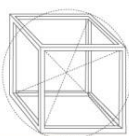
EBITDA is forecasted to rise at a CAGR_{23-26e} of 90.8% from € 1.2m, 5.8% margin, in 2024 to € 2.8m, 10.0% margin in 2026, thus more than proportionally to revenues. The meaningful margin accretion is predicted to be **mainly driven by a more lucrative sales mix** thanks to the increased weight on revenues of higher-margins services, in particular Private Label and Secret Village® as regards the Travel Booking business line. Moreover, ad hoc IT investments aimed at optimising the operating structure should contribute to improve profitability as well. As a result, **the incidence of the two main cost items**, i.e. service and personnel costs, **are anticipated to progressively decline over the 2024-26 period**. In greater detail, personnel expenses are expected to only slightly grow from € 0.8m in 2024 to € 0.9m in 2026.

We expect D&A expenses to remain largely unchanged in the 2024-26 forecasted period, in the region of € 0.5m, mainly resulting from the asset-light business model of the company. Most of capex will be mainly intended to digital marketing activities to promote new dedicated travelling solutions and implement new features to furtherly improve the user experience. As a consequence, **EBIT is projected to turn positive in 2024 at € 0.7m, 3.2% margin, and rise to € 2.3m, 8.1% margin, in 2026**.

Table 10 – Sostravel.com, 2023-26e below EBIT evolution

€ m	2023	2024e	2025e	2026e	% CAGR _{23-26e}
EBIT	(0.2)	0.7	1.4	2.3	n.m.
% margin	(0.8)	3.2	5.9	8.1	
Financials	(0.1)	(0.1)	(0.1)	(0.0)	
Forex gain/(loss)	(0.0)	0.0	0.0	0.0	
Re-devaluation of financial assets	0.0	0.0	0.0	0.0	
Pre-Tax profit	(0.2)	0.6	1.4	2.2	n.m.
% margin	(1.2)	2.8	5.6	7.9	
Income taxes	1.4	(0.1)	(0.3)	(0.5)	
Tax rate	n.m.	23.0%	23.0%	23.0%	
Minority interest	0.0	0.0	0.0	0.0	
Net Profit	1.2	0.4	1.1	1.7	13.8
% margin	6.0	2.1	4.3	6.1	

Sources: Company data, CFO SIM estimates



Below EBIT, **we expect net financial charges to progressively decrease**, resulting from the combination of a lower interest rates environment, reflecting an easing of monetary policy by the ECB, along with the increased cash position of Sostravel in the 2024-26 period. The **tax burden is predicted to be steady at a 23% rate** benefitting, to a certain extent, from cumulative deferred tax assets.

As such, **Net Profit is expected to rise from € 0.4m, 2.1% margin, in 2024 and reach € 1.7m, 6.1% margin in 2026 (CAGR_{23-26e} equal to 13.8%)**.

Table 11 – Sostravel.com, 2023-26e Net Financial Position and financial solidity

€ m	2023	2024e	2025e	2026e
NFP debt/(cash)	1.0	0.1	(1.1)	(2.8)
Adjusted NFP debt/(cash)	(0.0)	(0.7)	(1.7)	(3.4)
Gross debt	2.7	2.7	2.7	2.7
EBITDA	0.4	1.2	2.0	2.8
Adjusted EBITDA	0.5	1.2	2.0	2.8
Shareholders' Equity	4.4	4.9	6.0	7.7
Minorities	0.0	0.0	0.0	0.0
Net Interest charges	(0.1)	(0.1)	(0.1)	(0.0)
Interest Coverage (EBITDA)	4.9	13.8	31.3	60.6
NFP/EBITDA (x)	2.5	0.1	(0.6)	(1.0)
Adjusted NFP/ Adjusted EBITDA (x)	(0.1)	(0.6)	(0.9)	(1.2)
NFP/Equity (x)	0.2	0.0	(0.2)	(0.4)
Debt/Equity (x)	0.6	0.6	0.5	0.4

Sources: Company data, CFO SIM estimates

Sostravel boasts an extremely asset-light business model, with a low capex requirement to properly run the business. **In 2024-26, CFO SIM forecasts cumulated capex of approximately € 1.4m**, roughly € 450k per year. The core investments will be intended to 1) update and enrich the proprietary web-platforms and apps with new features, aimed at furtherly improve the whole user experience and lure new customers to the ecosystem, 2) purchase third-party booking engines enabling the creation of customised packages.

Thus, **EBITDA-FCF conversion is expected to be in excess of 65% per year on average in 2024-26**, supporting a solid cash flow generation. Over the same period, **Net Financial Position is projected to decline**, from € 0.1m debt in 2024 to € 2.8m cash in 2026. The ever-increasing cash position could eventually pave the way for external growth initiatives aimed at consolidating the company's market positioning. According to our assumptions, **Adjusted NFP is expected to amount to € 0.7m cash in 2024 and furtherly decline to € 3.4m cash in 2026**.

ROE is expected to stand at 9.1% in 2024 and expand to 17.8% and 22.4% in 2025-26, respectively. ROCE is predicted to be 8.7%, 16.4% and 21.8% in 2024-26, respectively, mirroring the progression of ROE as a result of the almost absent level of indebtedness.

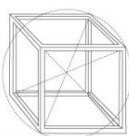
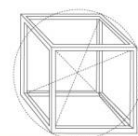


Table 12 – Sostravel.com, 2023-26e Net Working Capital, NFP and profitability evolution

€ m	2023	2024e	2025e	2026e
Op NWC	0.8	0.7	0.8	1.0
Inventories	0.0	0.0	0.0	0.0
Receivables	1.5	1.5	1.8	2.0
Payable	(0.8)	(0.8)	(0.9)	(1.1)
Op NWC/Sales (%)	3.9%	3.4%	3.5%	3.5%
Capital Employed	0.4	0.4	0.4	0.4
Capital Employed turnover	7.2	7.7	8.8	10.5
NFP debt/(cash)	1.0	0.1	(1.1)	(2.8)
Δ NFP(€ m)	0.1	(0.9)	(1.3)	(1.7)
Adjusted NFP debt/(cash)	(0.0)	(0.7)	(1.7)	(3.4)
ROACE%	Neg.	9.0	17.5	23.7
ROCE %	Neg.	8.7	16.4	21.8
ROE %	26.3	9.1	17.8	22.4
EBITDA	0.4	1.2	2.0	2.8
CAPEX	(1.2)	(0.4)	(0.5)	(0.5)
Free Cash Flow	(0.1)	0.9	1.3	1.7
EBITDA FCF conversion %	(22.4)	74.9	63.6	59.5

Sources: Company data, CFO SIM estimates

We expect the **Op. NWC/Sales ratio to stand, on average, in the region of 3.5% in the 2024-26 period**. DSO and DPO are predicted to remain reasonably stable at, on average, 27 and 15 days throughout the period, respectively.



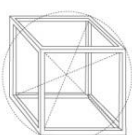
12. Valuation & Risks

CFO SIM initiates coverage on Sostravel with a Buy recommendation and a PT of € 1.50/s, 40.2% upside to current price levels. CFO SIM believes that **the DCF model is the most appropriate methodology to get a reasonable valuation**, in order to better factor in the medium-/long-term value of the stock and avoid incorporating increased stock market volatility.

The **DCF model** is based on standard settings for small-caps, including $g=1.5\%$, $\beta=1$, $WACC=11.4\%$ and a sustainable 15:85 debt/equity balance-sheet structure. In accordance with the DCF model, we obtain a **valuation of Sostravel of € 1.50/s.**

Since the share price has been well below the warrants' strike price, set at € 1.20, we preferred to not factor in any potential cash-in and correspondent increase in the number of shares outstanding stemming from their exercise. We remind that as of today there are **21,718,408 warrants outstanding** and that **the potential cash-in from their full exercise would amount to approximately € 26.1m.**

We set up a **peer group of companies offering online travel services worldwide, having a particular focus on travelling solutions and passenger services.** Moreover, we divided our sample in two distinct sub-groups made up of domestic and international companies. However, given that **currently there is not a listed company with a comparable business model to Sostravel's**, we only use our peer group analysis as a cross-check to our DCF model.



12.1. DCF

In applying the DCF valuation method, we assess explicit estimates until 2028 and a long-term growth rate of 1.5%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 13 – WACC derived from:

Interest costs, pre-tax	4.5%
Tax rate	27.5%
Int. costs, after taxes	3.3%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	3.80%
Beta levered (x)	1.00
Required ROE	12.8%

Source: CFO SIM, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all Euronext Growth Milan market segment related concerns that an investor might have. The WACC is computed using a sustainable **15:85 debt/equity** balance-sheet structure and **Beta = 1**.

Table 14 – Sostravel.com, DCF model

€ m	2024e	2025e	2026e	2027e	2028e	TV
EBIT	0.7	1.4	2.3	2.8	3.2	
Tax rate	23.0%	23.0%	23.0%	27.5%	27.5%	
Operating profit (NOPAT)	0.5	1.1	1.8	2.0	2.3	
Change working capital	0.1	(0.1)	(0.2)	(0.1)	(0.1)	
Depreciation	0.5	0.5	0.5	0.6	0.7	
Investments	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)	
Free Cash Flows	0.7	1.0	1.6	1.9	2.3	23.1
Present value	0.7	0.9	1.3	1.4	1.4	14.7
WACC	11.4%	11.4%	11.4%	11.4%	11.4%	
Long-term growth rate	1.5%					

Source: CFO SIM

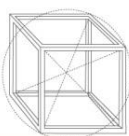
Table 15 – Sostravel.com, DCF derived from:

€ m	
Total EV present value € m	20.3
<i>thereof terminal value</i>	72.2%
NFP FY-23 + Cash-in from warrants converted since 1-Jan-2024	(0.9)
Pension provision	(0.0)
Equity value € m	19.4
#m shares (excl. treasury shares)	13.09
Equity value €/s	1.50
<i>% upside/(downside)</i>	40.2%

Source: CFO SIM

The application of our DCF model generates an equity value of € 19.4m, € 1.50/s for Sostravel.

Since the share price has been well below the warrants' strike price, set at € 1.20, we preferred to not factor in any potential cash-in and correspondent increase in the number of shares outstanding stemming from their exercise. We remind that as of today there are **21,718,408 warrants outstanding** and that **the potential cash-in from their full exercise would amount to approximately € 26.1m**.



The following tables illustrate that sensitivity, 1) compared to changes in the terminal growth rate, produces an equity value of € 1.39-1.58/s (perpetuity range between 0.75% and 2.25%), while, 2) if compared to changes in the risk-free rate, it produces an equity value of € 1.38-1.59/s (risk-free range between 4.55% and 3.05%) and, 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value of € 1.29-1.72/s (risk premium range between 10.50% and 7.50%).

Table 16 – Sostravel.com, equity value sensitivity to changes in terminal growth rate

€ m	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%
PV of CF	5.6	5.6	5.6	5.6	5.6	5.6	5.6
PV of Terminal Value	13.5	13.9	14.3	14.7	15.1	15.5	16.0
Total Value	19.2	19.5	19.9	20.3	20.7	21.2	21.6
NFP FY-23 + cash-in from warrants	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	18.2	18.6	19.0	19.4	19.8	20.2	20.7
Equity value/share €	1.39	1.42	1.45	1.50	1.51	1.55	1.58

Source: CFO SIM

Table 17 – Sostravel.com, equity value sensitivity to changes in risk-free rate

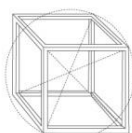
€ m	3.05%	3.30%	3.55%	3.80%	4.05%	4.30%	4.55%
PV of CF	5.7	5.7	5.7	5.6	5.6	5.6	5.6
PV of Terminal Value	16.1	15.6	15.1	14.7	14.3	13.8	13.5
Total Value	21.8	21.3	20.8	20.3	19.9	19.4	19.0
NFP FY-23 + Cash-in from warrants	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	20.9	20.3	19.8	19.4	18.9	18.5	18.1
Equity value/share €	1.59	1.55	1.52	1.50	1.45	1.41	1.38

Source: CFO SIM

Table 18 – Sostravel.com, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
PV of CF	5.8	5.8	5.7	5.6	5.6	5.5	5.5
PV of Terminal Value	17.7	16.6	15.6	14.7	13.8	13.1	12.4
Total Value	23.5	22.3	21.3	20.3	19.4	18.6	17.9
NFP FY-23 + Cash-in from warrants	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Pension provision	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity value	22.6	21.4	20.3	19.4	18.5	17.7	16.9
Equity value/share €	1.72	1.64	1.55	1.50	1.41	1.35	1.29

Source: CFO SIM



11.2. Market Multiples

Sostravel is a travel-tech company offering an integrated suite of travel solutions via its all-around proprietary apps and web platforms. In particular, the company boasts an extensive experience in providing digital assistance services to passengers, including fast tracking and recovery of lost luggage, healthcare and insurance. Moreover, by leveraging on its technological platforms, it enables vacationers to choose among a vast array of highly sought-after destinations and plan their entire journey.

We set up a **peer group of companies offering online travel services worldwide, having a particular focus on travelling solutions and passenger services**. Moreover, we divided our sample in two distinct sub-groups made up of domestic and international companies.

Our peer group of domestic companies encompasses:

Destination Italia SpA: an Italian online travel agency listed on the Euronext Growth Milan segment of Borsa Italiana since 2021. It operates in the high-end tourism sector, providing experiential services and highly personalized travel solutions to international B2B customers. The firm generates most of its revenues in non-European countries, selling holiday packages and exclusive touristic services for several Italian destinations.

Emma Villas SpA: an Italian company listed on the Euronext Growth Milan segment of Borsa Italiana since 2023. The firm is focused on short-term renting of high-luxury villas and farmhouses in 15 Italian regions (mainly in Tuscany, Umbria, Sicily, Marche, Apulia, and Emilia Romagna). In 2023 they actively managed and marketed 543 villas, by virtue of exclusive agreements.

I Grandi Viaggi SpA: an Italian company listed on the Euronext Milan segment of Borsa Italiana since 1998. It operates through two different business units: 1) management and marketing of holiday villages and 2) tour operator activities. The firm offers "all inclusive" packages for directly owned villages, among which seven resorts in Italy, one in Kenya, one in the Maldives, two in the Seychelles and one in Zanzibar. Moreover, it expands its providing with non-proprietary resort to provide greater flexibility and a wider range of options.

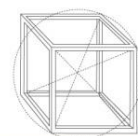
Soges Group SpA: an Italian company listed on the Euronext Growth Milan segment of Borsa Italiana since 2024. The firm is engaged in the management of eight high-end hotels located in unique locations in Tuscany. It also offers food services (managing 5 restaurants and 7 bar) and additional services such as bus shuttles and leisure activities.

TraWell Co SpA: an Italian company listed on the Euronext Growth Milan segment of Borsa Italiana since 2013, and on US market OTCQX since 2022. The firm offers assistance services to airlines' passengers, such as protective luggage wrapping, operating in 44 airports, of which 22 in Europe (7 in Italy), 18 in Asia and 4 in America. It is a strategic partner of SOS Travel as it sells offline Lost Luggage Concierge and Dr. Travel services.

Our international companies peer group comprises:

Booking Holdings Inc: listed on Nasdaq since 1999, it is the parent company of some well-known web portals, such as Booking.com, Priceline, Agoda, Kayak, Rentalcars.com, Cheapflights, Momondo and OpenTable. Through its various subsidiaries, Booking Holdings provides a wide range of booking services, including accommodations, flights and car rentals, taking care of all details of travel planning.

Despegar.com Corp: an Argentine-based company listed on New York Stock Exchange since 2017. It is a travel technology company operating mainly in Latin America and US via two brands: Despegar and Decolar (the latter is well-known in Brasil). The company provides several travel services, such as hotels and flights booking, car rental, tickets and packages purchasing, with a platform for prices comparison.



EDreams Odigeo SA: a Spanish-based company listed on the Spanish Stock Exchange since 2014. It is the holding of eDreams, Opodo (primarily centred on UK and Germany), GoVoyages (for French travellers) and Travellink (with a focus on Sweden, Norway, Denmark, and Finland). The firm allows customers to access deals for flights, hotels, cruises, car rentals, dynamic packages, and travel insurance.

Expedia Group Inc: an American company listed on Nasdaq since 2005. It is the parent company of some well-known brands such as Expedia.com, Hotels.com, Vrbo, Egencia, Trivago, Orbitz, Travelocity, and Hotwire. It handles every aspect of a trip through its specialised subsidiaries, and it is the most well-known travel portal in the US market.

Lastminute.com NV: a Swiss-based company listed on SIX Swiss Exchange since 2014. It is the European travel tech leader in dynamic holiday packages, offering booking services for flights, hotels, train tickets, car rentals and entertainment activities. It is the parent company of several well-known brands such as Lastminute.com, Volagratis, Weg.dem Bravofly, Rumbo, Jetcost, Hotelscan, Crocierissime, and Forward.

MakeMyTrip Ltd: an Indian company listed on Nasdaq since 2010. The company is focused on Indian market, offering travel services such as hotels, flights, holiday packages, train, buses, car rentals and experiences. In 2016 it merged with Goibibo, strengthening its positioning in the online travel industry.

Trip.com Group Ltd: a Chinese company listed on Nasdaq since 2003. It offers travel services tailored to the Chinese market, providing accommodations, flights, trains, and vacation packages to both domestic and international travellers. It is the holding of Trip.com, Ctrip, Skyscanner and Qunar.

Table 19 – Sostravel.com, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP/EBITDA
Destination Italia SpA	IT	13	80	3	3.2%	44.8%	n.m.	n.m.	n.m.	5.3
Emma Villas SpA	IT	18	33	4	12.0%	9.8%	43.3%	54.8%	85.6%	n.m.
I Grandi Viaggi SpA	IT	48	68	7	10.3%	n.a.	n.a.	n.a.	n.a.	n.m.
Soges Group SpA	IT	10	17	2	10.9%	17.1%	31.2%	39.4%	58.3%	n.a.
TraWell Co SpA	IT	18	32	11	34.9%	7.3%	9.9%	13.4%	-8.4%	1.1
Median of Domestic Peers		18	33	4	10.9%	13.5%	31.2%	39.4%	58.3%	3
Booking Holdings Inc	US	127,907	20,652	7,045	34.1%	7.8%	15.1%	15.6%	29.1%	0.5
Despegar.com Corp	AR	888	705	144	20.4%	12.0%	23.0%	30.3%	115.3%	n.m.
eDreams ODIGEO SA	ES	834	730	141	19.3%	9.8%	40.4%	58.6%	83.3%	2.0
Expedia Group Inc	US	17,876	12,262	2,537	20.7%	6.7%	14.0%	12.7%	69.1%	0.5
Lastminute.com NV	CH	230	309	40	12.9%	4.9%	15.5%	16.1%	66.4%	n.m.
MakeMyTrip Ltd	IN	9,939	892	171	19.1%	21.3%	42.3%	56.0%	11.5%	n.m.
Trip.com Group Ltd	CN	43,555	6,679	2,111	31.6%	15.3%	23.0%	22.5%	51.2%	n.m.
Median of International Peers		9,939	892	171	20.4%	9.8%	23.0%	22.5%	66.4%	0.5
SosTravel.com SpA	IT	14	21	1	5.8%	13.0%	90.8%	n.m.	21.3%	0.1

Sources: CFO SIM, Refinitiv Eikon

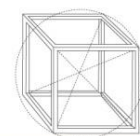


Table 20 – Sostravel.com, peer group EV multiple table

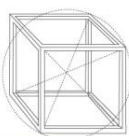
x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Destination Italia SpA	0.33	0.22	0.14	10.4	4.4	1.8
Emma Villas SpA	0.44	0.32	0.20	3.7	2.6	1.6
I Grandi Viaggi SpA	0.61	n.a.	n.a.	6.0	n.a.	n.a.
Soges Group SpA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TraWell Co SpA	0.94	0.81	0.63	2.7	2.3	1.8
Median of Domestic Peers	0.44	0.32	0.20	3.7	2.6	1.8
Booking Holdings Inc	6.36	6.00	5.53	18.6	16.9	15.3
Despegar.com Corp	1.18	0.96	0.83	5.8	4.5	3.9
eDreams ODIGEO SA	1.52	1.23	1.02	7.8	4.9	4.0
Expedia Group Inc	1.56	1.44	1.21	7.6	6.8	5.6
Lastminute.com NV	0.66	0.59	0.55	5.1	4.3	3.8
MakeMyTrip Ltd	10.61	8.61	6.97	55.5	41.5	32.7
Trip.com Group Ltd	6.23	5.30	4.46	19.7	16.2	13.5
Median of International Peers	1.06	0.96	0.83	6.8	4.5	3.9
SosTravel.com SpA	0.68	0.53	0.40	11.8	6.6	4.0
% premium/(discount) to domestic peers	53.7	65.8	n.m.	n.m.	n.m.	n.m.
% premium/(discount) to international peers	(35.6)	(44.7)	(51.4)	74.6	46.8	3.5

Sources: CFO SIM, Refinitiv Eikon

Table 21 – Sostravel.com, peer group EV and price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Destination Italia SpA	neg.	15.5	2.9	neg.	23.2	2.8
Emma Villas SpA	11.5	3.2	1.8	18.8	6.7	5.5
I Grandi Viaggi SpA	8.4	n.a.	n.a.	15.9	n.a.	n.a.
Soges Group SpA	n.a.	n.a.	n.a.	25.2	15.5	9.6
TraWell Co SpA	4.5	3.7	2.7	10.6	8.4	6.4
Median of Domestic Peers	8.4	3.7	2.7	16.3	8.4	5.5
Booking Holdings Inc	19.8	18.0	16.4	23.9	21.8	19.8
Despegar.com Corp	7.8	5.8	4.9	15.5	11.0	8.6
eDreams ODIGEO SA	11.5	6.7	5.3	14.6	8.8	7.7
Expedia Group Inc	14.4	11.4	9.0	12.7	11.4	10.0
Lastminute.com NV	12.8	9.2	7.3	22.2	14.9	11.9
MakeMyTrip Ltd	63.6	43.5	33.6	77.1	52.5	39.8
Trip.com Group Ltd	21.0	17.3	14.6	20.5	18.7	16.7
Median of International Peers	11.5	9.2	5.3	17.5	13.1	9.1
SosTravel.com SpA	21.4	9.0	5.0	31.7	13.4	8.2
% premium/(discount) to domestic peers	n.m.	n.m.	81.0	95.1	59.5	50.4
% premium/(discount) to international peers	86.0	(1.4)	(6.8)	81.1	1.6	(9.7)

Sources: CFO SIM, Refinitiv Eikon



12.3. Peer Stock Performance

Sostravel was listed on Euronext Growth Milan on 1-Aug-18 at € 5.60/share corresponding to a post-money market capitalisation of € 33.2m. **Sostravel.com currently trades below the IPO price**, and reached an intraday 1Y maximum price of € 1.48/s on 27-Mar-24 and a minimum level of € 0.99/s on 21-Dec-23.

Table 22 – Sostravel.com, peer group and index absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Destination Italia SpA	1.2	(4.2)	(7.8)	(28.7)	(18.2)	(20.9)	(23.3)
Emma Villas SpA	4.1	(3.1)	(8.0)	(12.2)	(8.0)	(17.9)	(21.7)
I Grandi Viaggi SpA	(2.4)	0.4	7.6	23.0	24.2	23.3	28.7
Soges Group SpA	0.5	(7.1)	0.3	(2.5)	-	-	-
TraWell Co SpA	1.2	(1.4)	(2.0)	(10.3)	(10.5)	(13.6)	(15.9)
Median of Domestic Peers	1.2	(3.1)	(2.0)	(10.3)	(9.3)	(15.8)	(18.8)
Booking Holdings Inc	2.0	(1.4)	12.2	6.6	16.3	18.1	38.7
Despegar.com Corp	7.7	6.5	19.6	3.9	14.4	43.0	100.1
eDreams ODIGEO SA	0.8	(3.7)	(3.8)	(2.0)	2.0	(15.3)	7.4
Expedia Group Inc	2.6	1.1	14.0	21.9	14.4	(0.7)	50.9
Lastminute.com NV	3.6	(2.2)	3.0	(10.4)	(10.0)	(20.4)	(13.8)
MakeMyTrip Ltd	10.0	4.6	6.4	15.6	30.8	111.5	153.6
Trip.com Group Ltd	5.9	11.6	43.9	37.5	42.1	90.0	106.2
Median of International Peers	3.6	1.1	12.2	6.6	14.4	18.1	50.9
SosTravel.com SpA	0.0	2.9	0.0	(15.7)	(10.8)	0.0	0.5
MSCI World Index	0.6	(0.8)	5.1	3.3	8.7	16.7	31.3
EUROSTOXX	0.7	(2.2)	3.9	0.0	(0.5)	7.9	18.5
FTSE Italia All Share	1.3	(3.2)	1.0	(1.3)	(1.3)	10.0	21.9
FTSE Italia STAR	0.8	(2.1)	2.1	(4.9)	(2.8)	(3.8)	11.7
FTSE Italia Growth	0.9	(0.3)	2.1	(0.6)	(0.8)	(3.1)	(0.6)

Source: Refinitiv Eikon

Table 23 – Sostravel.com, relative performance

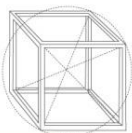
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	(0.6)	3.6	(5.1)	(19.0)	(19.5)	(16.7)	(30.8)
to EUROSTOXX	(0.7)	5.0	(3.9)	(15.8)	(10.3)	(7.9)	(18.1)
to FTSE Italia All Share	(1.3)	6.0	(1.0)	(14.4)	(9.5)	(10.0)	(21.4)
to FTSE Italia STAR	(0.8)	4.9	(2.1)	(10.9)	(8.0)	3.8	(11.2)
to FTSE Italia Growth	(0.9)	3.2	(2.1)	(15.2)	(10.1)	3.1	1.1
to Domestic Peers Median	(1.2)	6.0	2.0	(5.5)	(1.6)	15.8	19.3
to International Peers Median	(3.6)	1.8	(12.2)	(22.3)	(25.2)	(18.1)	(50.4)

Source: Refinitiv Eikon

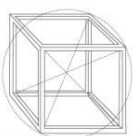
12.4. Risks

The principal investment **risks** associated with Sostravel.com include:

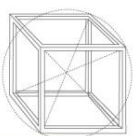
- **IT malfunctions** could disrupt short-term economic results and jeopardise customer loyalty;
- an adverse macroeconomic environment leading to **a sharp decline in travellers' budgets** could have a negative impact on the group's economic performance;
- new **breakthrough technologies enabling more efficient luggage tracking** and handling systems might disrupt the Lost Luggage Concierge service;
- **partial halt of tourist flows** in key regions due to surging geopolitical tensions.



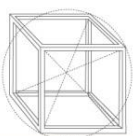
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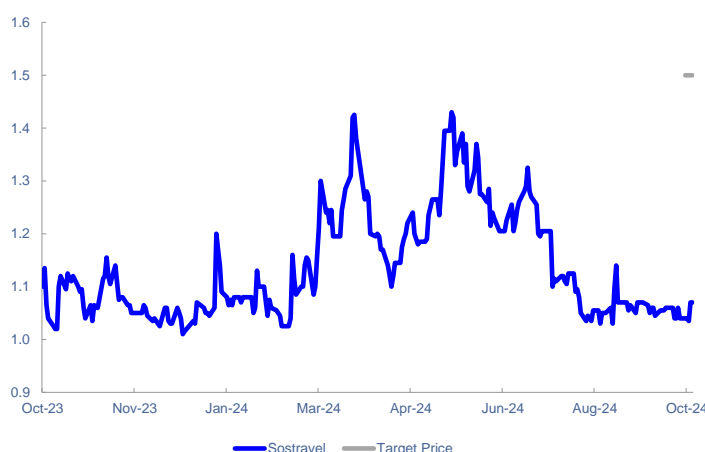
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DATE	TARGET PRICE	RATING
07/10/2024	€ 1.50	BUY

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RATING SYSTEM

- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated

