

CleanBnB

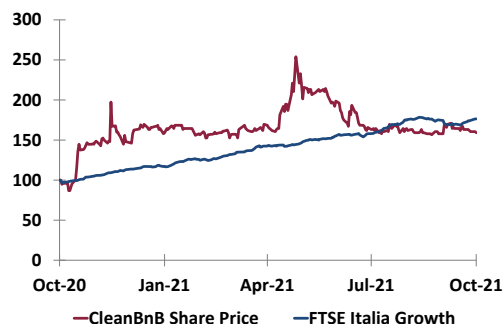
Recovery started along H121. Chance to overrun not only 2020 but also 2019 pre-pandemic performances

OUTPERFORM

Current Share Price (€): 1.21

Target Price (€): 1.61

CleanBnB - 1Y performance



Source: S&P Capital IQ - Note: 26/10/2020=100

Company data

ISIN number	IT0005377277
Bloomberg code	CBB IM
Reuters code	CBB.MI
Industry	Travel & leisure
Stock market	Euronext Growth Milan
Share Price (€)	1.21
Date of Price	26/10/2021
Shares Outstanding (m)	8.6
Market Cap (€m)	10.4
Market Float (%)	26.4%
Daily Volume	17,600
Avg Daily Volume YTD	21,608
Target Price (€)	1.61
Upside (%)	33%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	1Y
CleanBnB - Absolute (%)	1%	-3%	59%
FTSE Italia Growth (%)	1%	11%	76%
1Y Range H/L (€)	1.93	0.66	
YTD Change (€) / %	-0.03	-2.0%	

Source: S&P Capital IQ

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H1 2021 vs H1 2020 records 20% revenues increase thanks to +16% stays

H1 2021 revenues were €1.0m vs €0.9m in H1 2020. Number of stays along H1 2021 was 7,290 vs 6,289 along H1 2020. EBITDA and net loss were €(0.6)m and €(0.8)m respectively, vs. €(1.1)m and €(1.3)m in H1 2020. Shareholders' equity as of the end of June 2021 was brought down to zero vs €0.8m at year-end 2020. Net cash was €0.5m, from €0.8m as of year-end 2020. Net cash and shareholders equity at June 30 were not yet restored by €2.0m funds raised via rights issue along June and July. As of June 2021, CleanBnB was running over 1,150 properties across 60 locations in Italy.

Business update: growth acceleration along July and August

Business recovery for the industry in Italy, started in the last spring thanks to the success of vaccination campaign, consolidated along July and August. For the Company, number of stays along those summer months was exceptionally high, not only vs 2020 but also with respect to 2019, before Covid (9,150, vs 4,500 and 5,000 for the same months in 2020 and 2019 respectively). H1 2021 Company financial report estimates total 2021 stays and reservations above not only 2020, but also previous years.

Outlook: positive outlook unless pandemic resurgence

Data and recent estimates for the short-term rental industry show forecasts for a number of stays at year end in Italy higher vs 2020 but still far from 2019. Along with this, a sharp decrease of the supply of available properties was recorded.

The confirmed growth trend of properties run by the Company in a consolidating industry scenario and its recovery in recent months induce us to believe that the M/L term perspectives for CleanBnB planned development are confirmed positive and that there may be just a shift of the expected growth path in case of enduring restrictions. Consistently with this hypothesis, we updated our previous estimates.

Target Price €1.61 per share (from €1.74), OUTPERFORM rating confirmed

Our valuation indicates a Target Price per share of €1.61, from €1.74 of our previous note, with a potential upside of 33% on the current share price of €1.21. As a consequence, we confirm an OUTPERFORM recommendation on the stock.

Key financials and estimates

€m	2018	2019	2020	2021E	2022E	2023E
Total Revenues	1.5	3.3	2.2	3.6	7.0	10.3
EBITDA	(0.4)	(1.3)	(1.7)	(0.9)	0.8	2.5
<i>Margin</i>	-24.3%	-39.0%	-76.2%	-25.8%	12.0%	24.5%
EBIT	(0.4)	(1.5)	(1.8)	(1.1)	0.6	2.2
<i>Margin</i>	-28.6%	-45.6%	-81.9%	-31.5%	8.1%	21.1%
Net Income (Loss)	(0.3)	(1.5)	(2.0)	(1.2)	0.3	1.5
Net (Debt) Cash	0.4	3.0	0.8	1.6	1.8	3.4
Equity	0.3	2.7	0.8	1.5	1.9	3.4

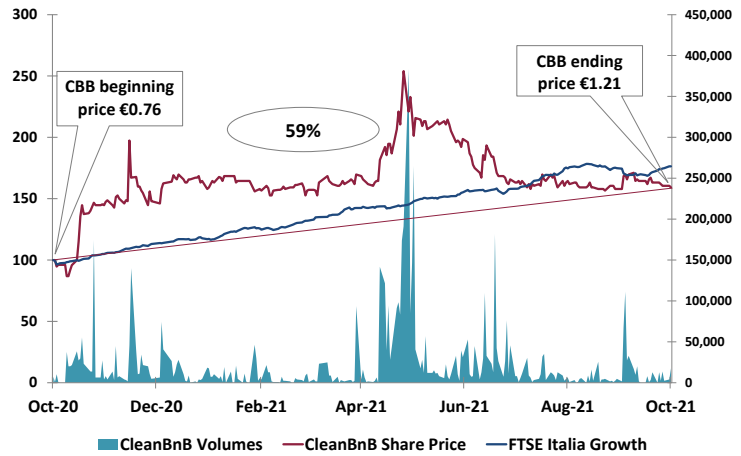
Source: Company data 2018-20A, EnVent Research 2021-23E

Market update

CleanBnB shares in the last 12 months traded in the range €0.66-1.93, with beginning price at €0.76 and ending at €1.21, +59%

In the same period, the Italia Growth Index increased by 76%

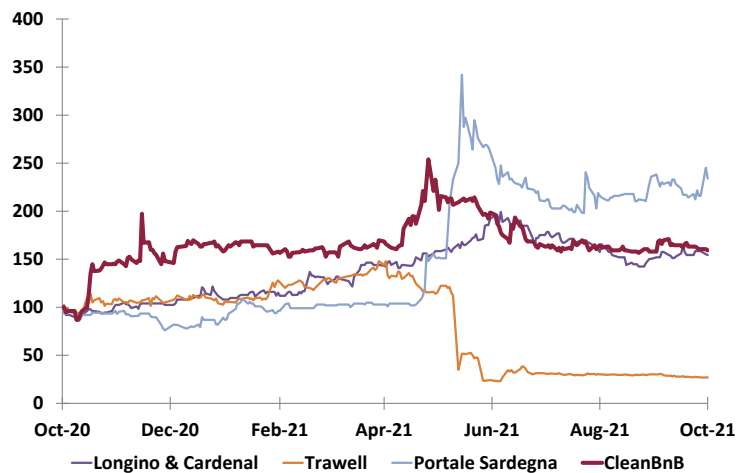
CleanBnB - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 26/10/2020=100

Travel & leisure Euronext Growth Milan companies- 1Y performance

Apart from Trawell, share prices up for the industry after success of vaccination campaign in Italy

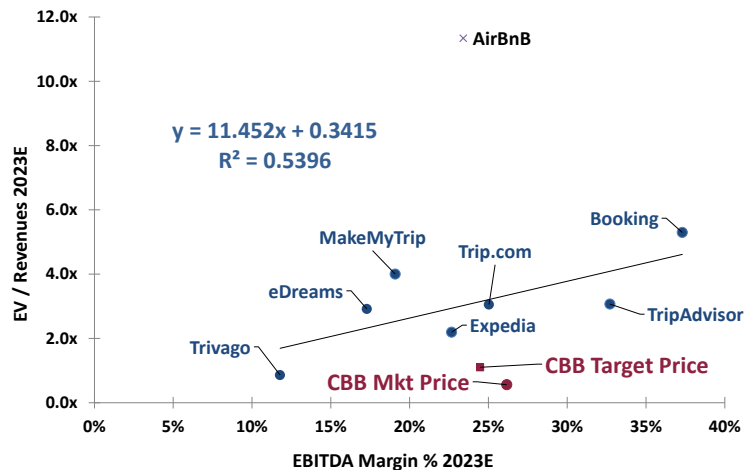


Source: EnVent Research on S&P Capital IQ - Note: 26/10/2020=100

Peer group - Regression analysis and CBB M/L run target positioning

Room for further price upside

Expected EBITDA margin in line with peers expected performance



Source: EnVent Research on S&P Capital IQ, October 2021. Note: Regression estimate exclude Airbnb

H1 2021 results showing first signs of recovery

H1 2021 vs H1 2020:
+20% revenues and +16% stays

Over 1,100 properties under management

H1 2021 revenues were €1.0m, +20% vs H1 2020. Number of stays along H1 2021 was 7,290 (+16% vs 6,289 along H1 2020). Operating costs of €1.7m resulted into negative EBITDA of €(0.6)m and net loss of €(0.8)m, vs. €(1.1)m and €(1.3)m in H1 2020. Shareholders' equity as of the end of June 2021 was brought down to zero vs €0.8m at year-end 2020. Net cash was €0.5m, from €0.8m as of year-end 2020. Net cash and shareholders equity have immediately been restored by €2.0m funds raised via rights issue after June 2021.

As of June 2021, CleanBnB was running over 1,150 properties across 60 locations in Italy.

Positive impact of cost saving policies, partially offsetting pandemic lasting effects along H1 2021

Consolidated Profit and Loss

€m	H1 2020	2020	H1 2021
Revenues	0.7	1.7	0.8
Other income	0.2	0.6	0.2
Total Revenues	0.9	2.2	1.0
YoY %	-34%	-32%	20%
Services	(1.4)	(2.9)	(1.2)
Personnel	(0.3)	(0.6)	(0.2)
Other operating costs	(0.2)	(0.5)	(0.2)
Operating costs	(2.0)	(3.9)	(1.7)
EBITDA	(1.1)	(1.7)	(0.6)
Margin	-126.4%	-76.2%	-61.2%
D&A	(0.2)	(0.1)	(0.2)
EBIT	(1.3)	(1.8)	(0.8)
Margin	-147%	-82%	-79%
Interest	(0.0)	(0.0)	(0.0)
EBT	(1.3)	(1.8)	(0.8)
Margin	-147%	-82%	-79%
Income taxes	(0.0)	(0.1)	(0.0)
Net Income (Loss)	(1.3)	(2.0)	(0.8)
Margin	-148.2%	-88.1%	-80.0%

Source: Company data

Evidence of 15 months pandemic effect also on Company equity

Consolidated Balance Sheet

€m	H1 2020	2020	H1 2021
Receivables	0.2	0.1	0.1
Payables and advances from customers	(0.8)	(1.0)	(1.0)
Working Capital	(0.6)	(0.9)	(0.9)
Other assets (liabilities)	(0.5)	(0.5)	(0.8)
Net Working Capital	(1.1)	(1.4)	(1.7)
Intangible assets	1.3	1.4	1.2
Non-current assets	1.3	1.4	1.3
Provisions	(0.1)	(0.1)	(0.1)
Net Invested Capital	0.1	(0.1)	(0.6)
Net Debt (Cash)	(1.3)	(0.8)	(0.5)
Equity	1.5	0.8	(0.0)
Sources	0.1	(0.1)	(0.6)

Source: Company data

Consolidated Cash Flow

€m	H1 2020	2020	H1 2021
EBIT	(1.3)	(1.8)	(0.8)
Current taxes	(0.0)	(0.1)	(0.0)
D&A	0.2	0.1	0.2
Cash flow from P&L operations	(1.1)	(1.8)	(0.6)
Working Capital	(0.7)	(0.4)	(0.0)
Capex	(0.0)	(0.1)	(0.0)
Other assets and liabilities	0.2	0.1	0.4
Operating cash flow after working capital and capex	(1.7)	(2.2)	(0.3)
Interest	(0.0)	(0.0)	(0.0)
Financial assets	0.0	0.0	0.0
Paid-in capital	0.0	0.0	0.0
Net cash flow	(1.7)	(2.2)	(0.3)
Net (Debt) Cash - Beginning	3.0	3.0	0.8
Net (Debt) Cash - End	1.3	0.8	0.5
Change in Net (Debt) Cash	(1.7)	(2.2)	(0.3)

Source: Company data

Business update: summer holidays brought the activity back to normal

After difficult months also at the beginning of the year, the success of vaccination campaign in Italy slowly allowed a new start for leisure and tourism activity, consolidated during summertime.

This trend was observed also for CleanBnB business. Along July and August, total number of stays was higher not only vs 2020 but also vs 2019, before Covid (9,150 vs 4,500 and 5,000 for the same months in 2020 and 2019 respectively).

The Company has already updated its business model and selling proposition to the new standards which seem to arise after the Covid impact on the industry, such as increase of the average stay, more flexibility of cancellation terms. While the market shows a decreasing trend for the supply of available properties for short-term rentals, the number of properties run by the Company is constantly growing (1,180 at the end of August 2021).

Along June and July 2021 the Company completed a share capital increase, raising €2.0m. Previously, n.393 warrants had been exercised determining €1k further share capital increase.

Outlook: consolidated recovery for travel and leisure market with possible uncertainties in case of pandemic resurgence along autumn-winter

In Italy key events such as fashion week, design week and others are experiencing a new start, after more than one year inactivity. Short-term rentals and solutions offered by companies like CleanBnB could take advantage of their difference vs traditional hotel stays, since perceived as more able to limit residual pandemic risks. Regarding Italian market outlook, 650k short-term rentals are estimated for the entire 2021 vs 400k in 2020 and 1.5m in 2019 (Source: Il Sole-24 Ore, based on

Scenari Immobiliari). As for Europe, total demand of short-term rentals could overrun 2019 levels (Source: Il Sole-24 Ore, based on AirDNA). This positive outlook may be partially offset by unexpected new restrictions in case of pandemic resurgence with possible new constraints and limits.

A sharp drop was observed in the ads of available properties for short-term rentals: published data for Italian market show a decrease from 700k to 500k, while all over Europe the drop observed via the major reservation platforms such as Airbnb, Booking.com, Vrbo, etc. was -20.6% from February 2019 to August 2021. (Source: Il Sole-24 Ore based on Aigab data for Italy and AirDNA for Europe).

Estimates revision: partial growth shift

Given the above industry outlook and the Company H1 2021 results, we have revised our previous estimates which took into account a faster recovery from pandemic along H1 2021.

Based on i) undisclosed pre-closing Q3 2021 financials; and ii) current status of reservations for the next months, the Company estimated total 2021 stays and reservations above not only 2020, but also previous years. We consider this as a reasonable driver for updating our 2021E sales estimates.

The updated growth trend along 2022-23E is in line with our previous one, and the differences in 2022-23E revenues derive from the change of 2021 estimates. We also considered effects of recent rights issue on equity and net cash evolution.

Change in estimates

€m	Revised			Previous			Change %		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenues	3.6	7.0	10.3	4.4	7.4	10.7	-20%	-5%	-4%
EBITDA	(0.9)	0.8	2.5	(0.4)	1.0	2.8	-107%	-19%	-8%
<i>Margin</i>	-26%	12%	24%	-10%	14%	26%			
EBIT	(1.1)	0.6	2.2	(0.6)	0.8	2.5	-80%	-31%	-12%
<i>Margin</i>	-32%	8%	21%	-15%	4%	14%			
Net Income (Loss)	(1.2)	0.3	1.5	(0.7)	0.5	1.7	-66%	-32%	-13%
Net (Debt) Cash	1.6	1.8	3.4	(0.3)	(0.0)	1.7			
<i>Net Debt / EBITDA</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>neg</i>	<i>0.0x</i>	<i>neg</i>			

Source: EnVent Research

Source: EnVent Research

Financial projections

Breakeven in 2022

Consolidated Profit and Loss

€m	2018	2019	2020	2021E	2022E	2023E
Revenues	1.2	2.8	1.7	2.9	5.7	8.3
Other income	0.3	0.5	0.6	0.7	1.3	2.0
Total Revenues	1.5	3.3	2.2	3.6	7.0	10.3
YoY %	-	112.6%	-31.9%	59.5%	96.9%	47.2%
Services	(1.4)	(3.5)	(2.9)	(3.4)	(4.9)	(6.4)
Personnel	(0.3)	(0.7)	(0.6)	(0.6)	(0.6)	(0.7)
Other operating costs	(0.2)	(0.3)	(0.5)	(0.5)	(0.6)	(0.7)
Operating costs	(1.9)	(4.5)	(3.9)	(4.5)	(6.2)	(7.8)
EBITDA	(0.4)	(1.3)	(1.7)	(0.9)	0.8	2.5
Margin	-24.3%	-39.0%	-76.2%	-25.8%	12.0%	24.5%
D&A	(0.1)	(0.2)	(0.1)	(0.2)	(0.3)	(0.4)
EBIT	(0.4)	(1.5)	(1.8)	(1.1)	0.6	2.2
Margin	-28.6%	-45.6%	-81.9%	-31.5%	8.1%	21.1%
Interest	(0.0)	0.0	(0.0)	(0.1)	(0.1)	(0.1)
EBT	(0.4)	(1.5)	(1.8)	(1.2)	0.5	2.1
Margin	-28.7%	-45.3%	-82.4%	-34.1%	6.8%	20.2%
Income taxes	0.1	(0.0)	(0.1)	(0.0)	(0.1)	(0.6)
Net Income (Loss)	(0.3)	(1.5)	(2.0)	(1.2)	0.3	1.5
Margin	-21.1%	-46.5%	-88.1%	-34.2%	4.8%	14.5%

Source: Company data 2018-20A, EnVent Research 2021-23E

Consolidated Balance Sheet

€m	2018	2019	2020	2021E	2022E	2023E
Receivables	0.2	0.5	0.1	0.2	0.9	1.4
Payables and advances from customers	(0.8)	(1.8)	(1.0)	(1.4)	(2.2)	(2.8)
Trade Working Capital	(0.6)	(1.3)	(0.9)	(1.2)	(1.3)	(1.4)
Other assets (liabilities)	0.1	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
Net Working Capital	(0.5)	(1.7)	(1.4)	(1.6)	(1.7)	(1.9)
Intangible assets	0.4	1.4	1.4	1.7	1.9	2.1
Non-current assets	0.4	1.4	1.4	1.7	1.9	2.1
Provisions	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)
Net Invested Capital	(0.1)	(0.3)	(0.1)	(0.0)	0.1	(0.0)
Net Debt (Cash)	(0.4)	(3.0)	(0.8)	(1.6)	(1.8)	(3.4)
Equity	0.3	2.7	0.8	1.5	1.9	3.4
Sources	(0.1)	(0.3)	(0.1)	(0.0)	0.1	(0.0)

Source: Company data 2018-20A, EnVent Research 2021-23E

Consolidated Cash Flow

€m	2019	2020	2021E	2022E	2023E
EBIT	(1.5)	(1.8)	(1.1)	0.6	2.2
Current taxes	(0.0)	(0.1)	(0.0)	(0.1)	(0.6)
D&A	0.2	0.1	0.2	0.3	0.4
Provisions	0.0	0.0	0.0	0.0	0.1
Cash flow from P&L operations	(1.3)	(1.8)	(0.9)	0.8	2.0
Working Capital	0.7	(0.4)	0.2	0.1	0.2
Capex	(0.2)	(0.1)	(0.5)	(0.5)	(0.5)
Other assets and liabilities	0.5	0.1	0.0	0.0	0.0
Operating cash flow after working capital and capex	(0.4)	(2.2)	(1.1)	0.3	1.7
Interest	0.0	(0.0)	(0.1)	(0.1)	(0.1)
Capex - IPO cost	(1.0)	0.0	0.0	0.0	0.0
IPO proceeds	3.9	0.0	0.0	0.0	0.0
Paid-in capital	0.0	0.0	2.0	0.0	0.0
Net cash flow	2.6	(2.2)	0.8	0.2	1.6
Net (Debt) Cash - Beginning	0.4	3.0	0.8	1.6	1.8
Net (Debt) Cash - End	3.0	0.8	1.6	1.8	3.4
Change in Net (Debt) Cash	2.6	(2.2)	0.8	0.2	1.6

Source: Company data 2018-20A, EnVent Research 2021-23E

Operating cash flow since 2022

Valuation

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 1.2% (Italian 10-year government bonds interest rate - 3Y average. Source: Bloomberg, October 2021)
- Market return: 12.4% (3Y average. Source: Bloomberg, October 2020)
- Market risk premium: 11.2%
- Beta: 1.1 (from 1.0 – judgmental increase due to overall market sentiment)
- Cost of equity: 13.5%
- Cost of debt: 4%
- Tax rate: 24% (IRES)
- 20% debt/(debt + equity)
- WACC 11.4%
- Perpetual growth rate after explicit projections: 3%
- Terminal Value assumes an EBIT margin of 15%

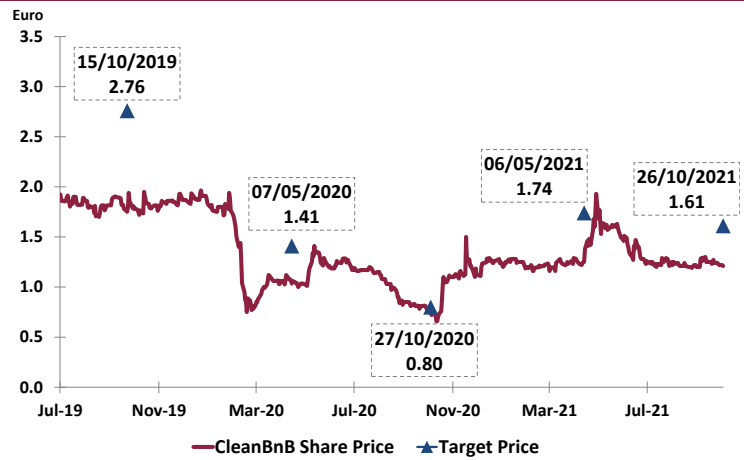
DCF Valuation

€m	2020	2021E	2022E	2023E	Perpetuity
Revenues	2.2	3.6	7.0	10.3	10.6
EBITDA	(1.7)	(0.9)	0.8	2.5	2.1
<i>Margin</i>	-76%	-26%	12%	24%	20%
EBIT	(1.8)	(1.1)	0.6	2.2	1.6
<i>Margin</i>	-82%	-32%	8%	21%	15%
Taxes	(0.1)	(0.0)	(0.1)	(0.6)	(0.5)
NOPAT	(2.0)	(1.1)	0.4	1.6	1.2
D&A	0.1	0.2	0.3	0.4	0.5
Provisions	0.0	0.0	0.0	0.1	0.1
Cash flow from P&L operations	(1.8)	(0.9)	0.8	2.0	1.7
Trade Working Capital	(0.4)	0.2	0.1	0.2	(0.1)
Capex	(0.1)	(0.5)	(0.5)	(0.5)	(0.5)
Other assets and liabilities	0.1	0.0	0.0	0.0	0.0
Yearly Unlevered Free Cash Flows	(2.2)	(1.1)	0.3	1.7	1.2
- H1 Unlevered Free Cash Flows		(0.3)			
Free Cash Flows to be discounted	(2.2)	(0.8)	0.3	1.7	1.2
WACC	11.4%				
Long-term growth (G)	3.0%				
Discounted Cash Flows		(0.8)	0.3	1.3	
Sum of Discounted Cash Flows	0.8				
Terminal Value					13.9
Discounted TV	10.6				
Enterprise Value	11.4				
Net Cash as of 30/06/21	0.5				
Cash in from rights issue July 2021	2.0				
Equity Value	13.9				
DCF - Implied multiples	2020	2021E	2022E	2023E	
EV/Revenues	5.1x	3.2x	1.6x	1.1x	
EV/EBITDA	neg.	neg.	13.5x	4.5x	
EV/EBIT	neg.	neg.	20.1x	5.2x	
P/E	neg.	neg.	41.1x	9.3x	
Current Price - Implied multiples	2020	2021E	2022E	2023E	
EV/Revenues	3.6x	2.2x	1.1x	0.8x	
EV/EBITDA	neg.	neg.	9.5x	3.2x	
EV/EBIT	neg.	neg.	14.2x	3.7x	
P/E	neg.	neg.	31.1x	7.0x	

Source: EnVent Research

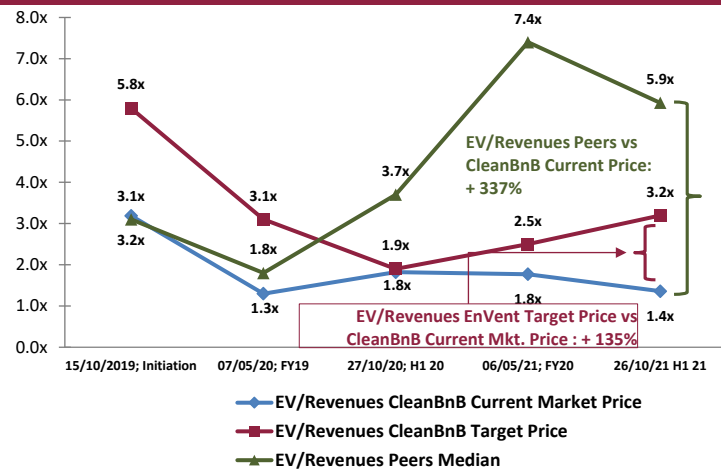
Target Price

CleanBnB Share Price vs. EnVent Target Price



Source: EnVent Research

CleanBnB implied EV/Revenues vs. industry median multiples



Source: EnVent Research

Note: EV/Revenues refers to multiples estimated for the year end following the research update

The application of our valuation model yields a share price of €1.61 (from €1.74 of our previous note), which implies a 33% upside on the current share price of €1.21. As a consequence, we confirm an OUTPERFORM recommendation on the stock.

Please refer to important disclosures at the end of this report.

CleanBnB Price per Share	€
Target Price	1.61
Current Share Price (26/10/2021)	1.21
Premium (Discount)	33%

Source: EnVent Research

Annex

Peer Group - Market Multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
AirBnB	17.5x	13.9x	11.3x	84.7x	63.5x	48.4x	3,484.4x	204.6x	96.6x	neg	535.8x	167.8x
Booking	9.2x	6.3x	5.3x	37.4x	17.7x	14.2x	46.5x	19.9x	15.8x	59.7x	24.4x	19.5x
Expedia	3.5x	2.6x	2.2x	24.9x	12.5x	9.7x	neg	26.7x	17.2x	neg	25.4x	16.4x
TripAdvisor	5.2x	3.5x	3.1x	35.2x	12.2x	9.4x	neg	27.3x	16.6x	neg	23.1x	15.6x
MakeMyTrip	15.9x	7.6x	4.0x	827.5x	40.5x	21.0x	neg	89.4x	34.0x	neg	58.3x	25.5x
eDreams	12.0x	4.4x	2.9x	neg	38.8x	16.9x	neg	neg	29.4x	neg	neg	56.6x
Trip.com	5.9x	3.9x	3.1x	100.1x	19.9x	12.2x	neg	31.9x	18.9x	130.7x	22.6x	15.0x
Trivago	1.8x	1.0x	0.9x	48.5x	12.2x	7.3x	neg	23.1x	10.8x	789.5x	25.5x	9.2x
Mean	7.6x	4.2x	3.1x	178.9x	22.0x	12.9x	46.5x	36.4x	20.4x	326.6x	29.9x	22.5x
Mean w/out extremes	7.2x	4.2x	3.0x	55.3x	20.2x	12.5x	46.5x	27.3x	19.6x	130.7x	24.6x	18.4x
Median	5.9x	3.9x	3.1x	43.0x	17.7x	12.2x	46.5x	27.0x	17.2x	130.7x	24.9x	16.4x
CleanBnB Current Mkt. Price and Consensus Estimates	1.4x	0.8x	0.6x	neg	6.0x	2.1x	neg	7.5x	2.4x	neg	17.0x	5.0x
CleanBnB EnVent Research Updated Target Price and Estimates	3.2x	1.6x	1.1x	neg.	13.5x	4.5x	neg.	20.1x	5.2x	neg.	41.1x	9.3x

Source: S&P Capital IQ, October 2021

Investment Case

Company

Helping homeowners to make money and save time with their Airbnb listed properties

CleanBnB S.p.A. is an Italian Property Manager in the fast-growing short-term rentals market powered by online reservation platforms such as Airbnb, Booking.com, Expedia, etc. The mission is to increase the gross bookings and the performance of the properties managed on behalf of the owners (Hosts), while offering a full hospitality service to the visitors of the properties (Guests). CleanBnB manages on behalf of the Hosts the revenue streams from the online reservation platforms, collects directly the customer fees and provides full hospitality services to the Guests, such as check-in, cleaning and laundry, assistance, maintenance, check-out and supervision.

Founded in 2016, CleanBnB has raised around €0.9m through several funding rounds, including two equity crowdfunding campaigns, and €3.9m in July 2019 through the Initial Public Offering on the AIM Italia market of Borsa Italiana (today Euronext Growth Milan).

CleanBnB is qualified as innovative SME, a status which allows tax incentives for investors and is also eligible as a target for investments under the PIR scheme.

Revenue drivers

Self-financing operating model, no working capital investment needed

The key value of CleanBnB's service for its customers is the takeover of the entire property management process, heavily time consuming for the Host.

The wide availability of empty second homes for short-term rental in Italy leaves a substantial room for growth and originates the increasing demand for alternative accommodations.

Revenues are driven by property owners shifting from long-term to short-term rentals, increased listings volume growth, penetration into new locations and the ability to manage occupancy and optimize average revenues per listing.

CleanBnB collects the rent payment of the managed properties before the check-in of the Guest. Therefore, the Company operates with a positive cash balance along the year with a reasonable mid-term visibility on revenues.

Drivers

Industry drivers

Short-term alternative accommodations are booming. The demand for alternative accommodations is supported by Guest experience, by the rapid growth in the global middle class and low-cost flights and by the positive economic impact on the surrounding neighborhoods.

Online portals experiencing healthy bookings growth. Airbnb, Booking.com, Expedia and HomeAway have created one-stop shopping platforms that streamline the entire search and booking process in the alternative lodging market. The percentage of online bookings of alternative accommodations was expected to ramp from 40% in 2017 to nearly 65% in 2022 (Source: Morningstar and Pitchbook, *Airbnb's Network Effect Offers Investors a Unique Stay*, 2018). These are experiencing double-digit growth rates in the number of property listings.

Huge potential market. The short-term hospitality market in Italy is growing due to the combination of the increasing touristic flows, and consequent demand for extra-hotel hospitality, coupled with the ample number of “second homes” ready to be rented for short-terms.

Home sharing from do it yourself to professionalization. The home sharing market is no longer in an early stage. Platforms such as Airbnb Plus, Onefinestay, Oasis and Tribute Portfolio Homes are indicative of the increasing professionalization, standardization, and maturity of private accommodations. Following this trend, major traditional hospitality companies such as Marriott International, AccorHotels and Hyatt have entered the professionally managed home rental market. Home sharing is more and more converging towards the standards of the hospitality industry.

As long as more and more property owners discover the short rents as a business opportunity, the demand of the owners for professional property managers will increase and the professional property managers are likely to benefit from it. The property managers with larger budget to attract new property owners are likely to exploit better the short rentals market growth in the years to come.

Price competition and price sensitivity drive switches in online travel. Price sensitivity is increasingly a key factor in the travel decision-making process. Lower price is the top reason for home-sharing Guests to book an alternative accommodation. Additionally, regular hotel Guests may switch to home-sharing when they are offered a lower price on a private home.

Anti-cyclical sector. The short-term rental sector is only partially exposed to the performance of the domestic economy, since most of the payment flows are generated by foreigners. Indeed, over 90% of Guests visit Italy for tourism (Source: Airbnb, *Fattore sharing: l'impatto economico di Airbnb in Italia*, 2017).

Company drivers

Service capability, from revenue management to check-out. CleanBnB offers access to a multi-service platform, based on a centralized interface for revenue, reservation, property and operational management, integrated with major online reservation platforms, such as Airbnb, Booking, Expedia and others. The full-service proposition is a comprehensive and turnkey service including reservation and professional revenue management, meet and greet, concierge, cleaning and maintenance, check-out, administration and tax duties, insurance.

Hassle-free service is the best marketing tool in the industry. The key value of CleanBnB's service to customers is the takeover of the entire property management process, which can be time-consuming and complicated for Hosts without a proper hospitality education, also considering the procedural burden associated with compliance with the local regulations for the short rent management, tax compliance and property insurance. Taking over the management responsibility on behalf of the owner, freeing them from the hassle, is the most powerful marketing tool for CleanBnB. The outsourcing of the vacation rental property management makes homeowners maximize their return and avoid risk of losing image or doing

mistakes due to poor service or bad personal interactions with Guests, a process that is better manageable by skilled hospitality experts.

Seeking maximization for homeowners. Compared to a traditional renting contract (4+4 years or 6+6 years) CleanBnB offers a potential upside of rent income. CleanBnB does not simply focus on hospitality and cleaning services, but on seeking maximization of the rental income for the Hosts, through know-how, technical skills, revenue management and dynamic pricing. Features that Hosts could not be able to implement autonomously, while indispensable to achieve higher occupancy at higher prices and a better service for the Guests.

No insolvency risk and positive cash management cycle. CleanBnB receives rent payment directly from the Guest, on behalf of the Host, before its arrival to the apartment. Therefore, the insolvency risk is eliminated. Then, CleanBnB pays the Host, after having deducted its service fee.

Challenges

Picking the right locations, providing the right service. Airbnb has been connecting Hosts and traveling Guests since its creation in 2008, while also assisting in tourism growth in cities across the world. However, while many Airbnb cities have been rapidly growing over the past few years, some locations may be on their way to reduce the growth rate and reach the optimal balance between offer and demand of short-term rentals. As such, the whole industry will require much more professional property management, given the increasing competition, the high supply rate of properties coming into the market and the increasing needs of Guests.

Increasing competition, multinational specialists coming. The property management market for short-term vacation rentals in Italy is populated by several operators, both domestic and foreign property managers. Most of the players are small vacation rental managers, who operate local or regional businesses and have limited marketing budgets. International property managers, with higher marketing budgets, mainly target historic and artistic locations where touristic traffic is higher. This leads to expectations of increasing competition among short-term property managers in Italy due to the massive touristic traffic.

Industry impact. The increasingly large alternative accommodations market faces ongoing headwinds from opposition that is concerned with the industry's impact on society (resident quality of life), safety (adhering to codes) and economics (cost of living).

Sensitive regulatory framework, subject to reviews and updates. The regulatory environment related to alternative accommodations is evolving. Laws or property association rules could impose restrictions or burdens on property owners, limiting or negatively affecting their ability to rent their properties. Some jurisdictions have adopted or are considering statutes or ordinances that prohibit owners and managers from renting certain properties for fewer than a stated number of days and are also considering the introduction of licenses for the listing of properties on online platforms.

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Date	Recommendation	Target Price (€)	Share Price (€)
15/10/2019	OUTPERFORM	2.76	1.75
07/05/2020	OUTPERFORM	1.41	1.04
27/10/2020	NEUTRAL	0.80	0.76
06/05/2021	OUTPERFORM	1.74	1.25
26/10/2021	OUTPERFORM	1.61	1.21

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