

QUOTEL A/S

INVESTMENT MEMORANDUM

January 2023

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Disclaimer

The information provided herein is prepared on a best effort basis and has been obtained from sources which we believe are accurate and complete. Although reasonable care has been taken, we cannot guarantee the accuracy or completeness of information published herein. Any opinions or statements herein may be erroneous and may change at any time. An investor should always carry out his own due diligence of facts and data before making a decision to subscribe shares made available in this Memorandum. In case of uncertainty the investors should seek counsel from a professional financial advisor. Financial estimates are based on recent market data which are believed to reflect the nature of the business described herein. However, realised figures might be higher or lower than projected, thus influencing the future Enterprise Valuation downwards or upwards. General prerequisites, guidelines for use of this Memorandum and liability limitations are included herein.

OPPORTUNITY INTRODUCTION

[Quotel](#) - is a Danish company that has launched its game changing hotel booking engine in April 2022 with more than 5,000 European hotels.

Quotel's business model has proved highly competitive with hotel rates on average 19% lower than the hotels' public prices and the prices on the dominant OTAs like Bookingdotcom, Expedia or Tripadvisor. The competitive advantage is outlined in Appendix I.

In summary Quotel sells hotel rooms in the B2C market at B2B wholesale prices.

Quotel works exclusively with large associations currently including Visma | Logbuy, PlusKort and the proprietary Quotel Discount Club. The members save up to 50% on room rates publicly offered by the hotels and the OTA's.

The OTAs generally charge the hotels commissions up to 25% and at the same time preclude the hotels in publishing better rates than the OTAs' publicly offered rates – known as the Price Parity Clause (PPC). Quotel circumvents the PPC and is formally not serving the public market but only makes its rates available to association members via private membership groups.

To unlock discounts members buy a Booking Pass (€5-29) that grants unlimited booking access at a single specified hotel. Access to another hotel requires a new specific Booking Pass. Associations are highly incentivised to make agreements with Quotel because good deals attracts new members and as they receive kick backs packages on all Booking Pass revenue generated by their members.

Quotel's proprietary hotel booking engine, association agreements and the hotel supply agreement are immediately fully scalable at very low marginal costs. Taking only marginal market share from the OTAs offers astronomical growth potential.

Quotel has raised new capital during the last year of approx. DKK 3.8 million and is offering a new round to procure capital for scaling the company for further growth. Quotel offers subscription of 170,000 new shares, equivalent to 8% post-money of the share capital, at a pre-money valuation of DKK 29 million and a share price of DKK 15.00.

Please disclose subscription interest to CEO, Svend Endresen at: svend.endresen@quotel.dk or to CoFunding Group KS at: bw@uccu.dk

FINANCIAL HIGHLIGHTS

Below section provides a brief overview of the expected financial performance of Quotel in the near term.

Forecast 2023-2025 - 000' DKK

KEY FINANCIAL FIGURES	2023	2024	2025
REVENUE	7.367	26.193	36.793
EBITDA	667	9.091	14.294
Margin	9%	35%	39%
NET PROFIT	387	8.811	14.014
Margin	5%	34%	38%
Price Earning ratio			2,3

Source: Quotel Financial Analysis as of January 2023

The revenue consists of Booking Pass purchases acquired from association members and from members of the proprietary association: Quotel Discount Club.

The Associations' revenue growth is based on realised 2022 sales and forecasts are made subject to realised 2022 conversion rates and scheduled expansion plans for contracted associations:

Realised traction May-December 2022		Forecast traction 2023		Forecast traction 2025	
Members contracted 000'	1.145	Members contracted 000'	14.900	Members contracted 000'	33.500
Marketing spend 000' DKK	45	Marketing spend 000' DKK	1,169	Marketing spend 000' DKK	2,824
Click through rate - CTR%	49%	Click through rate - CTR%	49%	Click through rate - CTR%	49%
Buy conversion %	3,5%	Buy conversion %	3,75%	Buy conversion %	4,25%
Sold bookings	217	Sold bookings 000'	43	Sold bookings 000'	178
		CAC (customer acquisition cost) DKK	34	CAC (customer acquisition cost) DKK	18

The Quotel Discount Club revenue growth is based on paid social media, subject to acknowledged statistics and conversion rates.

Forecast traction 2023		Forecast traction 2025	
Views convertible estimate 000'	21,286	Views convertible estimate 000'	109,425
Marketing spend 000' DKK	730	Marketing spend 000' DKK	3.963
Click through rate - CTR%	6,5%	Click through rate - CTR%	6,5%
Buy conversion %	5,0%	Buy conversion %	5,0%
Sold bookings 000'	11	Sold bookings 000'	89
CAC (customer acquisition cost) DKK	62	CAC (customer acquisition cost) DKK	34

Profitability Development

The operating model requires minimum investments in fixed costs going forward and benefits from significant operating leverage. Fully scalable and asset light platform.

VALUE PROPOSITION - ROOM DEMAND

Customer acquisition and expansion strategy

Current potential demand from ~1.2 million association members. Quotel works directly with the associations to create marketing plans promoting Quotel to their members. By this structure Quotel minimises dependency on massive high cost marketing budgets and realises low CAC (customer acquisition costs).

Members buy a Booking Pass between €5-€29, depending on the individual hotel's public rate level. This grants unlimited access to the highly discounted Quotel prices at a specific hotel for 365 days. If the member wants to book additional nights at a new hotel, a new Booking Pass covering that specific hotel is required. The incremental cost for members to acquire several booking passes is far outweighed by the discount Quotel offers on the rooms compared to public market prices.

An annual multiple Booking Pass on subscription basis is under development. This Booking Pass will give access to all the hotels in Quotel's platform. The pricing is expected between €30 to €50, annually.

Quotel offers the associations a kick-back packages on all Booking Pass' purchased by their members.



Contracted association for corporations and their employees, offering exclusive benefits and good deals for 400,000 employees.

"We look forward to a value generating collaboration with Quotel who has an exciting concept, which certainly is attractive to our members." Line Gustafsson, Digital Marketing Manager, Visma|Logbuy

PlusKort.

Association for 19 labour and trade unions and their 750,000 members, offering exclusive benefits and good deals for the members.

"We are looking forward to an exciting cooperation with Quotel offering our members exclusive hotel room savings." Mette Krag Veber, Partner Marketing Manager, PlusKort



QDC is Quotel's proprietary association where customer acquisition is made through paid social media, including Facebook, Instagram and other. QDC provides direct customer ownership and higher customer life time value with no kick back payments. Additionally, it enables flexible content of marketing campaigns and higher frequency. Facebook profiles have very recently been launched in Denmark and the UK.



FDM is Denmark's largest association for car owners with 250,000 members. FDM offers the members good deals which in particular are related to car ownership and use, including travel and insurance. An agreement with FDM is currently under process and is expected to be launched early 2023.



Awin is a global affiliate marketing network which empowers advertisers and publishers of all sizes to grow their businesses online. Awin has in 2021 facilitated sales of DKK 1.7 billion through their associated publishers or associations. Quotel has made an agreement with Awin, which shortly will give Quotel access to millions of new members at low CAC.

European associations' potential

Quotel has identified the potential as follows:

Country	Members	Country	Members
Germany:	~27 million	Netherlands:	~5 million
United Kingdom:	~15 million	Belgium:	~2 million
Sweden:	~4 million	Switzerland:	~4 million
Australia:	~6 million	Finland:	~2 million
Norway:	~3 million	Ireland:	~2 million

VALUE PROPOSITION - ROOM SUPPLY

Quotel has made an unprecedented and exclusive agreement with WebBeds Ltd., the world’s second largest supplier of wholesale hotel rooms with a global inventory of 400,000 hotels.

In December 2022 Quotel has selected and quality validated a supply of 5,000 hotels in Europe, which will be increased up to 20 to 25,000 hotels by year end 2023. This will offer the customers a broader selection of hotels and is expected to substantially increase buy conversion rates.


VALUE PROPOSITION - CUSTOMER BENEFITS and JOURNEY

Quotel offers on average hotel room saving of ~19%, including Booking Pass costs, with a spread (December 2022) between 1% up to 63% saving. Quotel works closely with WebBeds to make sure that the discount offered to members results in room rates well below the OTA published room rates.

A Quotel Discount Club search example shows 133 London hotels for the selected dates.

DESTINATION London	ARRIVAL DATE 15-02-2023	DEPARTURE DATE 17-02-2023	Search
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Novotel London Canary Wharf
40 Marsh Wall, E14 9TP, London, England



★★★★★

Hotel Facilities

WiFi, Parking, Restaurant, Bar, Meeting Rooms

Description

With a stay at Novotel London Canary Wharf in London (Canary Wharf), you'll be close to O2 Arena and Tower of London. This 4-star hotel is close to Olympic Stadium and London Bridge. With a stay at Novotel London Canary W... Show more

Public Price	GBP 510
Quotel Price	GBP 285
Booking Pass	GBP 22
Saving	40%

Result is for 2 nights, 2 Adults, 1 room.

GBP 307

BOOK NOW

Novotel London Canary Wharf with 40% saving is chosen Member clicks BOOK NOW and is seamlessly directed to the booking engine where the booking is completed in few steps - just like at the hotels’ own booking pages

The Quotel booking engine registers and e-mail confirms the booking and collects the payment for the stay via credit card through Stripe

The Booking Pass is only to be paid when the member has seen the saving and confirmed the booking

An improved picture presentation including a carousel with pictures of each hotel is presently under development. Additionally interactive maps of the hotel’s location in the searched area will shortly be included in the search engine.

Further, improved search criteria will be implemented, showing the available hotels in selected geographic regions. For example showing hotels in a location like Sicily, Italy or Cornwall, England, as an alternative to searching for hotels in specific cities or a country as a whole.

SHARE CAPITAL & CAPITAL RAISE OFFER

The nominal share capital of Quotel was pertaining to the annual report 2021; DKK 685,736 divided into 1,371,472 shares of nominal value DKK 0.50 per share.

The annual report 2021 was approved at the General Assembly on June 10th 2022.

A fully paid in capital raise was approved at the General Assembly on June 10th 2022, which increased the nominal share capital of Quotel to DKK 821,018 divided into 1,642,035 shares of DKK 0.50, which has been registered and approved by the Danish Erhvervsstyrelsen by end June 2022.

A shareholder pre-emption round in July has been completed by July 25th 2022, which has increased the nominal share capital of Quotel to DKK 959,071 divided into 1,918,142 shares of DKK 0.50, which has been registered with the Danish Erhvervsstyrelsen in August 2022.

A Q3/Q4 capital raise was completed on December 20th 2022, which has increased the nominal share capital of Quotel to DKK 978,959 divided into 1,957,918 shares of DKK 0.50, which has been registered and approved by January 3rd 2023 with the Danish governmental body: Erhvervsstyrelsen.

Quotel has 302 shareholders with holdings ranging from 16.8% to 0.002% of the nominal share capital.

Quotel is offering subscription of new shares subject to terms as follows:

- On offer maximum: 170,000 shares
- Share price: DKK 15.00
- Pre-money valuation: DKK 29,247,276
- Subscription revenue: DKK 2,550,000
- Issue costs, max.: DKK 195,000
- Equity share post-money: 8 %
- Estimated PE (price earning) 2025: 2,2
- Estimated MOM (multiple of money) end 2025: 7x

Quotel plans, to the extent necessary, to raise additional funds for further growth through an IPO in 2024 or alternatively conduct a full or partial exit in cooperation with an industrial exit partner. Thus the shareholders will have an investment exit opportunity - in full or partially at their discretion.

Note:

All shares will be registered in an electronic share register such as Danish VP Securities: <https://www.vp.dk/>

DEPLOYMENT OF RAISED FUNDS

The raised funds will be deployed to generate further traction and to substantially grow the company value.

MARKETING AND SALES

Quotel is currently in the process of onboarding new associations in the UK, Sweden, Germany and Australia, which substantially will increase the customer base. Parallel to this paid social media has been included into the marketing mix, which will open the gates towards Quotel's proprietary association: Quotel Discount Club. Please find marketing examples in Exhibit II, which currently are used with the above mentioned associations.

HOTEL SUPPLY

The hotel inventory will be increased to 20 to 25,000 hotels by year end 2023 in order to offer a broader selection of hotels, which is expected to increase conversion rates and the number of customers choosing Quotel.

SOFTWARE

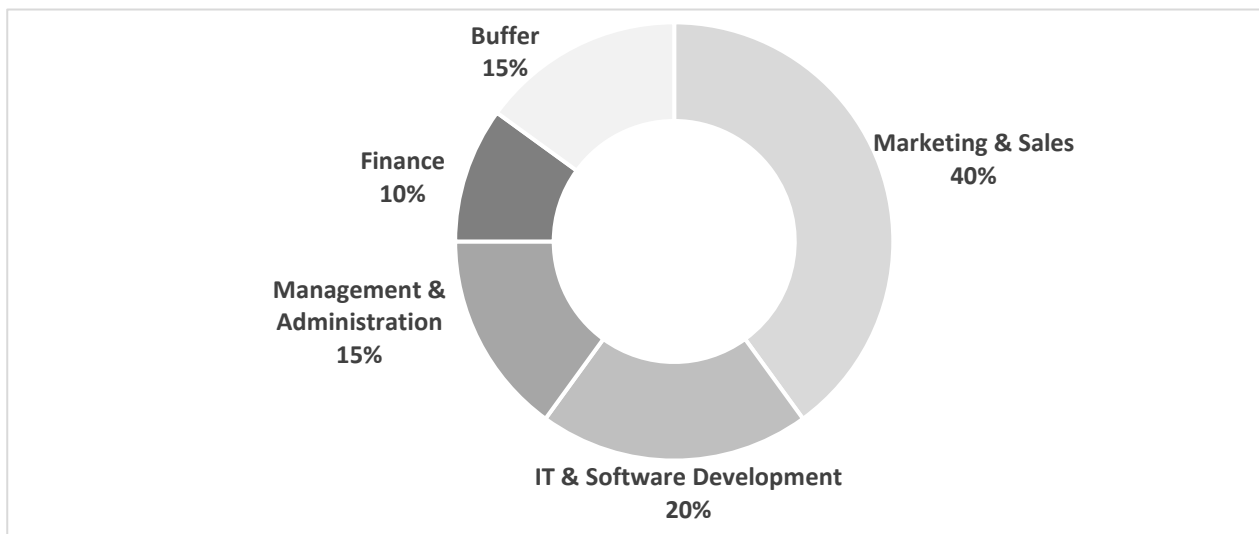
The software architecture and code-base will be revisited and improved to increase robustness, enable new features, deliver faster search times and automated report generation, which will provide the necessary data for marketing and sales optimization, customer behaviour analyses and customer journey optimisation.

DATA SUPPLY

Quotel has made an agreement with OTAsight who supplies data on public hotel rates and rates from OTAs like Booking.com. This enables Quotel to present accurate and trustworthy comparisons of Quotel's room rates with the publicly available rates and show the customers how much they save before they book - at any hotel, at any time.

ORGANISATION

Quotel plans to expand the organisation, primarily with resources within marketing and sales and software engineering, still complying with the concept of a lean cost effective operation.



Source: Quotel Financial Analysis as of January 2023

MANAGEMENT

Seasoned management team, Board of directors and Advisory Board with collective substantial experience within start-ups, software engineering, digital marketing and the global travel industry.

EXECUTIVE MANAGEMENT

Svend Endresen, CEO

- Former Board member and CFO of Algatek Biotech, Spain & UK
- Marketing Director of BRF Mortgage Financing, Denmark
- Marketing Manager at Unilever, Denmark and Germany
- Managed several high-tech start-up projects originating from the Copenhagen Technical University
- More than 25 years experience with corporate turn-arounds
- LinkedIn: <https://www.linkedin.com/in/svend-endresen-3844b3a5/>

Martin Robert Knudsen, CTO

- Strong scientific background (astronomy and computer science)
- More than 15 years of interdisciplinary work in the space industry and for SMEs
- Working with startups and has been a Business Angel the last 9 years
- Founder of non-profit coding club
- LinkedIn: <https://www.linkedin.com/in/martinrobertknudsen/>

BOARD OF DIRECTORS

David McLellan - chairman

LinkedIn: [David McLellan | LinkedIn](#)

Svend Endresen - member

LinkedIn: <https://www.linkedin.com/in/svend-endresen-3844b3a5/>

Martin Robert Knudsen - member

LinkedIn: <https://www.linkedin.com/in/martinrobertknudsen/>

Bonnie Groth Frølund - member

LinkedIn: [Bonnie Groth Frølund | LinkedIn](#)

ADVISORY BOARD

Roland Tanner, shareholder and Chairman

- Special advisor on travel industry structures and technology
- More than 25 years experience within the travel industry, including COO at Lanyon
- LinkedIn: <https://www.linkedin.com/in/roland-tanner-aa5856/>

Vladimir Martinov, shareholder and member

- Special advisor on IT systems design and web applications design, development and implementation
- More than 20 years experience within the hospitality travel industry
- LinkedIn: <https://www.linkedin.com/in/vladmartinov>

Kim Tisdale, shareholder and member

- Strategy and consulting expert with focus on the global travel industry
- More than 20 years experience in the hotel industry, incl. a leading role with Amadeus
- LinkedIn: <https://www.linkedin.com/in/kim-tisdale-b2a2394/>

Clara Maria Hoeck Endresen, shareholder and member

- Head of commercial development with Euroinvestor, a Berlingske Media Group brand
- Executive with 5 years' marketing experience with Scandinavian Tobacco Group in DK and UK
- LinkedIn: Clara Maria H. Endresen | LinkedIn

RISK ASSESSMENT

General

Business activities and investing in shares is always associated with risk and Quotel is no exception to this rule. In addition to the information contained in this Memorandum every potential investor should make his/her own assessment of each risk factor and what it may imply for the future potential of Quotel. This review highlights the most obvious risks pertaining to an investment in Quotel and the assessment below does not claim to be complete.

Financing

Quotel's market investments entail increased costs and a risk that market investments could be delayed, which in turn would mean increased costs for Quotel. It cannot be precluded that Quotel might require additional capital in the future.

Suppliers

Quotel has collaborations with suppliers. There is a risk that one or more of these might choose to terminate relations with Quotel. This might have a negative impact on the pace of business development. Similarly, the establishment of new suppliers can become more costly and/or take longer time than expected.

Key persons & employees

Quotel has presently a limited number of employees which in short term might constitute a risk. However, Quotel's main assets are its proprietary technology, its business concept and client/supplier relations which exist independently of its employees. The risk of key employees leaving poses a minor risk.

Competition

Quotel's potential competitors are companies with large financial resources. An extensive investment and product development from a competitor could entail risks in the form of deteriorated sales.

Demand & supply

Quotel has focused on developing its platform and on establishing the demand as well as the supply lines, both of which constitutes partners in Quotel's multisided platform. Quotel has not registered any objections or conflicts of interest in this connection.

Development costs

Quotel will continuously develop the existing products within its area of operation. Time and cost aspects for the product development can be hard to judge beforehand. This might constitute a risk of higher development cost than originally planned.

Litigation

The company is currently not the subject of any litigation or claims.

COMPETITIVE ADVANTAGE - APPENDIX I

A room rate comparison between public rates (Booking.com) and closed group consumer rates, offered by Quotel and other global players operating similar business models. Extract:



Rates on 27.11.2022 for 2 room nights December 5-7, 2022 - DKK				Public price				Offered price				Actual saving %			
Scandic Hvidovre, Copenhagen				The Royal Horseguards, London				NH Collection Palazzo Cinquecento, Rome							
Booking.com / public rate	2.870			10.181			5.786								
Tripscout / member price		1.598	44%		5.091	50%		3.128	46%						
Genie Traveler / member price		2.954	-3%		7.457	27%		5.019	13%						
Quotel / member price		1.570	45%		5.107	50%		2.751	52%						
Rates on 29.11.2022 for 2 room nights February 21-23, 2023 - DKK				Public price				Offered price				Actual saving %			
Scandic Hvidovre, Copenhagen				The Royal Horseguards, London				NH Collection Palazzo Cinquecento, Rome							
Booking.com / public rate	3.323			6.871			6.363								
Tripscout / member price		1.680	49%		3.797	45%		3.290	48%						
Genie Traveller / member price		3.270	2%		4.316	37%		5.019	21%						
Quotel / member price		1.577	53%		3.674	47%		2.751	57%						

Source: Quotel competitor analyses of December 2022

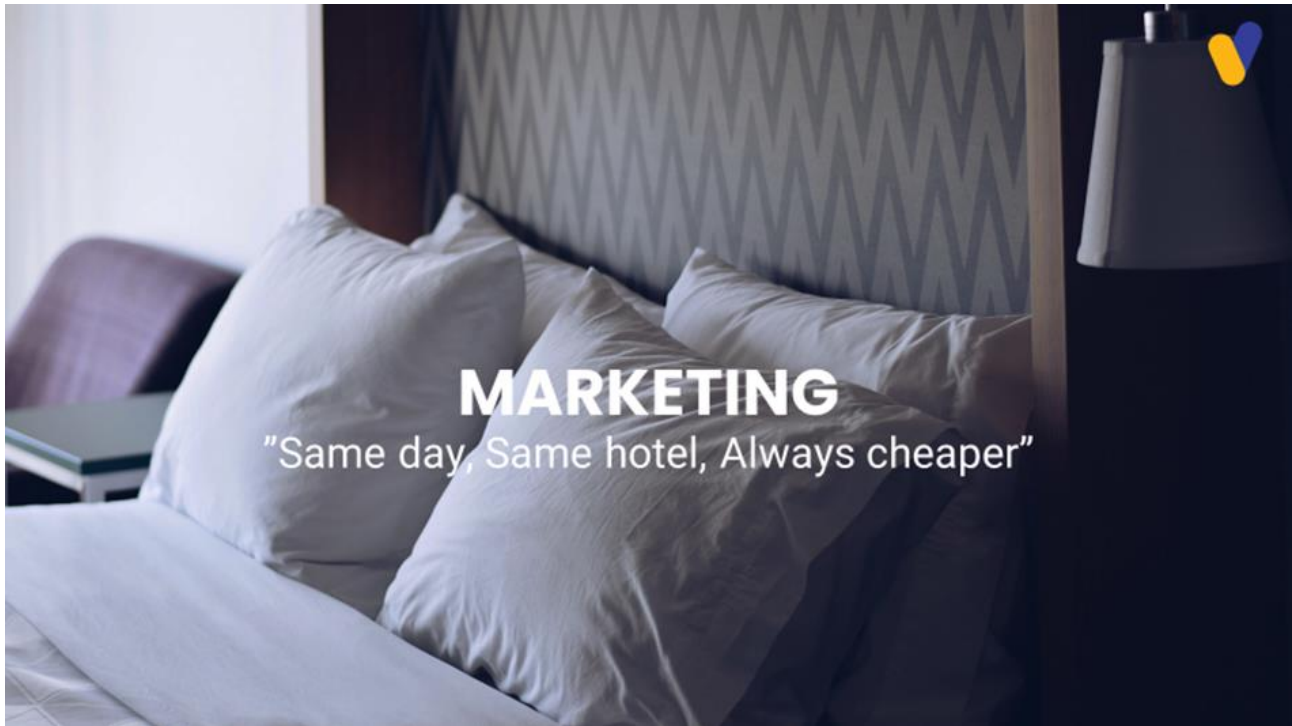
Tripscout - Home operates with customer acquisition through social media, in particular Instagram. They offer room rates slightly higher than Quotel and requires a membership registration to get access to the discounted rates at all the hotels in their platform.

The so-called "Closed Group" business model has in general been validated through Tripscout's 19 million USD capital raise from US venture funds during the last two years.

Genie Traveler - Genie Traveler is offering significantly higher room rates than Quotel. In addition Genie requires an annual up front subscription payment of USD 50 to get access to all the hotels in their platform. This subscription fee is not included in the above competitor analyses, which further will deteriorate Genies competitiveness. They are getting their hotel supply from Avia Travel Services: <https://www.aviatravelservices.com/> which is a B2B supplier of wholesale hotel room rates.

None of the competitors have solved the issue concerning a correct comparison between public prices and the discounted offers. Here Quotel stands alone.

MARKETING - APPENDIX II





The global market for hotel accommodation is a multibillion dollar market in which a dominant trend is to encourage hotel guests to book directly at the hotels, thus circumventing the heavily commission charging OTAs and similar intermediaries.



Quotel is a selective distribution channel, which will be a vital alternative and additional room distribution channel for the hotels who keep the existing OTA displays and still receive the majority of their bookings from the OTAs. This way the hotels will still benefit from the huge billboard effect from the OTAs massive advertising expenditures.

The associations' marketing partnerships and the paid social media marketing content include Quotel banner exposures, traditional member magazines advertising and frequent news letters campaigns. The associations are hereby effectively deployed as marketing partners. Quotel will market its proprietary Quotel Discount Club through paid social media. The combined effectiveness will procure low CAC's .


Below please find examples of marketing material:



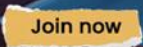




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Quotel Discount Club


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Become a member today



Hotel b
made c

 Svend Endresen 3 delinger

 Synes godt om  Kommenter  Del


Quotel
 HQTEL BOOKING

Samme dag, Samme hotel, Bare billigere.






APPENDIX III: LEGAL TERMS and CONDITIONS

Legal entities

Quotel A/S with CVR No.: 33753241, domiciled at Rønne Allé 1, DK-2800 Kgs. Lyngby is the legal entity of the share issue offered herein.

Preparation

This Memorandum has been prepared by the management of Quotel A/S.

Purpose

The Memorandum's purpose is to assist in the valuation of a potential investment in Quotel A/S.

Exemptions

This Memorandum is exempt from the law regarding trading with financial instruments requiring a Prospectus in accordance with Danish law regulations. The exemption applies to share offerings with a total value of no more than €8m and with a subscription period less than 12 months. Consequently, this Memorandum has not been examined by, nor approved by Finanstilsynet (FSA in Denmark).

Dissemination

This Memorandum is aimed at investors who do not require further information than contained herein nor need other arrangements as per Danish law. This Memorandum may not be disseminated in USA, Canada, New Zealand, Australia, South Africa, Japan or Hong Kong or any other country where further requirements must be met. This Memorandum is subject to Danish law and any dispute shall be settled with Danish jurisdiction at the applicable Danish Court. The Recipient is encouraged to perform his own due diligence including but not limited to consultation with professional advisors concerning legal, financial, tax and other potential issues which might require examination pertaining to a contemplated investment in Quotel A/S.

Statements and projections

Statements and projections included herein reflect the Board of Directors' current expectations. The contents and conclusions are prepared on a best effort basis and neither the executive management nor the Board of Directors in Quotel A/S assume any liability pertaining hereto. The recipients of this Memorandum accept said reservations and the potential risks associated herewith.

Delivery

The Memorandum can be obtained from Quotel A/S by request through svend.endresen@quotel.dk or CoFunding Group KS at: bw@uccu.dk