

# **Selina \$SLNA Investor Presentation & C-Suite Fireside Chat**



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**Wolf\_Financial:** Okay. Yeah. As you see, spaces are so glitchy. You always have to close the app before you open any new space otherwise it'll just do that whole thing where it doesn't actually let anyone see it. Okay. Selina Campbell, we're gonna bring you up here. Mark, I see you searching invite ticker history, shot tune in.

**Mark Moran, CEO – Equity Animal:** Hey, what's going on? Good morning. How are we?

**Wolf\_Financial:** Doing good man. Thanks hopping on. Sorry about the link there. Spaces is being spaces.

**Mark Moran:** No worries at all. Looks like we got Sam on who just joined from Selina. Looking forward to this space. Thanks for hosting.

**Wolf\_Financial:** Absolutely. And I do see this Selina account and do we have another account that's gonna be coming up here and joining us on stage as well?

**Mark Moran:** Yeah. We're gonna have Rafi who should be joining shortly.

**Wolf\_Financial:** Okay. Perfect. On the lookout for Rafi right now. Andrew, can you drop that other co-host to the Selina account?

**Andrew Michaels:** Yep. Just sent it.

**Wolf\_Financial:** Okay. Perfect. So yeah, as soon as Rafi is in here, we're good to go. I can drop an invite to his account. What's his ad again, Mark?

**Mark Moran:** Let me send it to you. One sec.

**Wolf\_Financial:** Okay. Perfect. Thank you. All right. See we got the Equity Animal account up here, the Bullish account if you wanna pop up on stage. Got stock market news. We're gonna get rolling a little bit here. We'd love for everybody to tweet out the space as we're just opening up here. We've just started about three, four minutes ago, so obviously we're just getting rolling, going ahead and retweeting that ourselves right now. Thank you for the comment there. Stock market news. I see the Bullish Rippers account coming in. Everybody coming in hot. I see some others in the audience as well. I see Salmon audience and I see Stephen. Perfect. Going ahead and bringing up Steven right now. Sam, if you wanna pop up on stage, you're welcome to as well.

**Mark Moran:** And we have Rafi who just joined as well, so we can add him.

**Wolf\_Financial:** All right. Keeping an eye out for Rafael. I see it's Museri Rafael. Let me go ahead and just shoot out quick invites. We might have to make sure that his DMs are open. I'm not sure if it's showing me if Rafi's DMs are open at the moment, so that could be what's stopping us from dropping him an invite. Let's see. All right. I see Rafi in the audience. Your DMs are closed, you'll want to open those up, but I was able to still shoot you an invite. So if you grab that invite to come up and speak, you should be good to go. You just need to make sure that you are on a cell phone, cellular device. Twitter spaces do not work on desktop for speaking and we should be good to go. Steven, Sam, welcome to the stage. How's it going?

**Steven O'Hayon - EVP and Head of Global Strategy - Selina:** Thank you. Thank you. Going well.

**Wolf\_Financial:** Good. Good.

**Mark Moran:** Thank you very much guys. Rafi's here.

**Wolf\_Financial:** Well, would you look at that. We are good to go. Good morning Rafi. Thank you for coming up and joining us today. We're excited to get into it with you. All right. And if anybody else is supposed to be coming up on stage, just let me know.

**Mark Moran:** We also have Barbara who has joined and so we can bring her up.

**Wolf\_Financial:** Barbara.

**Mark Moran:** And then, Sam is actually boarding a plane right now so we can remove him from a speaker spot if we need someone else.

**Wolf\_Financial:** Okay. We have available speaker spots right now, so you're good for now, Sam but if we wanna bring up others, we can definitely do that. Mark, we good to get rolling?

**Mark Moran:** Let's do it.

**Wolf\_Financial:** All right. I'm gonna lead us in here and thank everybody for coming real quick. Obviously I typically am behind the WOLF account. Today just have a stable connection throughout. We're having Andrew, is one of my team members host from the WOLF account. That way we will have a stable connection just 'cause mine is going a little bit in and out, but I'm here to moderate and we also have stock market newz as well, if we need any backup. Today, we're joined by Rafael Museri, the Co-Founder and Chief Executive Officer as well as Barbara Zubiria, Chief Financial Officer. Steven O'Hayon EVP, and Head of Strategy. Sam Khazary EVP, and Head of Corporate Development from Selina. And today we're gonna be discussing the Selina brand.

**Wolf\_Financial:** What you can expect when you're on site at a Selina? How they've come into the market in the last few months? Travel transit to international macro level and really what we can expect from Selina throughout 2023. Rafi, the CEO and co-founder Selina joins me today.

Rafi, I know that there have been a lot of exciting corporate achievements since that listing in 2022 was an exciting year as a whole for the company. Before we jump into the recent corporate updates,

since this is the first time that you're on our Twitter spaces, would you be able to give us a little bit of backdrop for those who are unfamiliar with the brand as we are and a quick introduction that would be great of yourself as well.

**Rafael Museri, Co-Founder and CEO - Selina:** Yeah. With pleasure. You can hear me okay? Yeah. I assume that you guys can hear me okay. Am I right, Mark?

**Mark Moran:** Yep. I hear great.

**Rafael Museri:** Perfect.

**Wolf\_Financial:** I hear you great.

**Rafael Museri:** Great. All right. Guys, thank you very much for...

**Wolf\_Financial:** Yeah. I think WOLF might be having a little bit of problem, so you're all good to go Rafi and I'll keep this going.

**Rafael Museri:** Okay. No worries. Perfect. All right guys. Thank you very much for hosting us. So I think overall my name is Rafael Museri. I'm 44. I'm married with two lovely girls and I based in Latin America most of my life and then I moved to New York and then to London as the prime start expanding towards Europe and Asia. And now I'm almost a digital nomad between Israel, Europe and Latin America most of the year. We built Selina eight years ago after a long market research around the needs of the hospitality sector.

It was obvious that there is a need for a real experiential brand as majority of the Millennials and Gen Z appreciate experience over materialism. That was a big component, close to 80%. It was clear that there is a real need for, not just the stay platform, there is a real need for a holistic work, play and stay ecosystem. People are not just going to stay in hotel, they want to meet people, they wanna make a friend, they want to consume content and programming, they want to eat good, they want to dance. They want to do wellness activities. There is a real need for a holistic solution. The third thing that we realized is there is no one global brand, global footprint, which basically caters all those needs in the six continents that people can trust and within one network, within one app, they can travel the world in a very democratized play way.

What do you mean by democratized way? People's budget is changed, right? You're traveling with a group of friends and you're good to be with a very kind of an exclusive dorms. Then you're going with your couple and you wanna stay in a private room and sometimes you wanna spoil yourself with a very high-end suite or you're coming with a full family and you need a king side bed and two kid's beds, right? So you realize that there is a real need to democratize it and within one box to have all those kind of rooms within average age of 30-35 years old, which was, again, hostels traditionally within 18 years old and the traditional big brands were in the 40-50 years old.

So we built this product, we scaled it all around the world. Today we're operating in six continents and in over 24 countries and we have over 3,000 employees and connectors that's building these experiences. We're expecting over 3 million customers this year to walk into Selina with more than 50% direct booking, which shows quite big organic traffic. That's it. We're very, very excited what we build. We just in the beginning of this brand, we went through COVID, we took the company

public. I'm forecasting a great future for our growth and obviously our positive availability.

**Wolf\_Financial:** Perfect. Okay. Thank you Rafi, for starting us out there. Second question I wanna throw at you is really diving into the customer. And when you look at your customers, what do your customers value and look for when staying with Selina that you think sets your offering apart? Really, how does this translate into a loyal customer base and customer satisfaction?

**Rafael Museri:** I think customers today, customers looking for social experience first, people are... They're not just... Many, many people travel by themselves and they didn't feel confidence about... Enough about it. And Selina today is a place that over 60% of the guests make a friend. It's become very comfortable for them. They can trust us that we're gonna facilitate these first interactions. We're gonna make it easier for them to walk into a space, to know new people and potentially continue traveling with them. This is one need that Selina is doing which, if you walk to most of the hotels around the world and you walk into a lobby, usually it's a more quiet and functional space and less kind of a social hub. So Selina converts the stress and old kind of hotels into those social and cultural hubs where local communities and the guests meet and get to know each other. This is one.

Second, they're always gonna have a good F&B offering, and it's free meals and an open bar, and they're going to have wellness activities. They're gonna have a lot of content and programming that will make the stay more interesting. Another thing is they can trust us that we're gonna be local. So the design in Selina is different between one location and the other. There is high level design guidelines, but there is no design book that we need to copy paste around the world. The playlist is different, the content and the programming is different.

Everything that counts as holistic experience is unique for the local community. And again, and not as many other brands, which is more of the copy paste and you have the same experience wherever you go, in Selina, you're gonna have the local experience, depending if it's Costa Rica on the beach and it's a surf place, you're gonna listen to Yoga, you're gonna dance with the local Costa Rican surfers and you're gonna have fun in this style of environment. If you're going for meet in Berlin, you're gonna have a very East Berlin style of kind of a music venue energy into it and the same pattern into 120 locations around the world.

**Wolf\_Financial:** Yeah. It's pretty fascinating how you've customized it for different cultures, different languages. As somebody... I travel a ton, right? I'm going down to Puerto Rico later this year. I was just on a cruise, I just got off of it a few hours ago. And so, I'm really into the travel area and that all comes to me saying, I have not stayed in a Selina yet, but the super exciting part is I am staying in one in just two weeks on the 17th in Miami. So I'm gonna check into my Selina. I've got you on the call, that's just perfect. What should I expect?

**Rafael Museri:** For the Miami, we have two locations with two different energies, but I'm just, right now, speaking from Miami River. So again, the middle of Miami, very close to downtown, we have a village with hundreds of trees and green spaces, and a beautiful pool area with a great cocktail bar, with beautiful co-working and people interacting and meeting, and you have the common spaces, you have the common library to a common... A little bit more high-end kitchen. And when you walk in and you check-in, what you can expect from a content programming for the next two or three or four days, depends on how long you stay. And anything on top of that, like if you want to have tours or other activities outside of Selina, we have a department that are gonna

take care of this. If you wanna have a massage or any other activity, our concierge kind of... It's not called the concierge, but our reception team, which also take care of our tourist transportation and other activity will take care of all your needs. Another thing you'd expect, again, you're gonna find from very high-end beautifully designed suites all the way down to a more shared family rooms and you're gonna see more groups and you're gonna definitely see an average age of 25 to 35, which make it very energetic.

**Wolf\_Financial:** Yeah. Those who haven't had a chance yet to jump onto the actual Selina app, it's a great app. I went ahead and I downloaded it. It's free to download and it lets you check out all these different environments, spots that you can potentially stay at. And what I liked about it as well was there's this focus on not just the room, but the meal plan, the experiences. There's a whole tab in there about, "Hey, here's the experiences. Let's plan out your trip beforehand." And I think for a lot of people when they don't have that, they just end up staying in their room, right? Like I just succumbed to working in my room. But when you have all these things being thrown at you, could you actually speak to a little bit about the meal plan and how that kind of brings people together?

**Rafael Museri:** So the app today, again, it's the app in our web, our online platform today generating a big portion of our revenue directly. So people today using the app, when they walk into Selina and some of them even if they book through other source, they're gonna download the app and through the app they can meet new people, they can consume all the experiences in Selina and outside of Selina, and they can educate themselves and they can book very easy any Selina around the world. And they can see what they should expect from an experience point of view wherever they go. And the app will obviously, like any other lifestyle brand that want to increase the amount of direct booking and want to encourage people to spend more times in the app we have great tech and product teams sitting in between Israel and East Europe, that continuing to improve these experiences, continuing to add features into the app and continuing to improve the social and experience part of it on top of the functionality of booking a room. So you're gonna see, and you should expect to see a continuation of those features added into the app as we move forward towards 2023.

**Wolf\_Financial:** That's fantastic. Let's speak a little bit about some of the corporate updates that have actually been happening since you've been publicly listed. So walk me through what's been happening in Selina since you reported. You reported last Friday the company generated \$184 million of revenue in 2022, up 98.3% year over year. First, congrats on that tremendous growth. We'd love to see that especially in environments like this with the markets. And what I'd love to hear is some of those key drivers that were behind that crazy year over year growth.

**Barbara Zubiria, Chief Financial Officer - Selina:** Rafi, I can take that if you like.

**Rafael Museri:** Yeah. Please. For sure.

**Barbara Zubiria:** Oops. Don't know what the clapping sound is. So first of all just to introduce myself. I'm Barbara Zubiria, I'm the CFO of Selina. I'll take this one. So first, as you mentioned we completed our listing on NASDAQ in October. And more importantly, we're entering 2023 after a very strong 2022 with a very clear path and a very clear plan to achieve three strategic imperatives. One is to execute on our path to profitability, to improve on our free cashflow generation and to continue to build on the brand. And Rafi has talked a lot about the brand, so I won't go in into that detail. Specifically as it relates to 2022 and the drivers of that almost 100% growth year over year.

Let me start by just some basic terminology because we're used to speaking on a bed-space metric. And I wanna help you compare that to what maybe you have traditionally seen in our lodging peers. We use total revenue per occupied bed-space which is what we call TRevPOBs. And that's instead of ADR. ADR is what you're used to seeing. We use TRevPOBs. And the difference between those is that we use bed-space versus rooms, and we use total revenue, not just rooms revenue. And the reason for that is that approximately more than 40% of our revenues is generated from non rooms. So it's our F&B products, it's our experience related products. So we like to focus on what we're yielding from the entire travel experience and the total experience, not just room sales.

And then we also use another metric, which is called annualized total revenue per bed-space or TRevPABs which is the same thing as RevPAR in our language. But again, using total revenue, not just room revenue and bed spaces. So now that I have defined these two, those are the drivers of that 98% growth year over year for 2022, our TRevPABs increased by 55%. And that was driven by a 44% increase in occupancy and a 9% increase in TRevPOBs. Our occupancy increase is mostly as a result of the continued stabilization of our newly open properties. Our properties take a period of time to ramp up. And we've been seeing that in every new property, obviously. Also as a result of the recovery in the industry after a few bad years, and a very strong focus in our operations and more importantly in our commercial strategy. If I look at just the fourth quarter alone, our TRevPABs increased by 36% compared to the same quarter of last year. And this was driven by a 27% increase in occupancy and 8% increase in TRevPOBs. So I would say we continue to see a positive trend for year 2022 and since the listing.

In every market that we're operating in we have increased our total revenue per bed space and we've done that by increasing occupancy in practically every market but one. And I do want to highlight, because this is something we're proud of, our newest market, which is Asia Pacific for instance has shown stronger occupancy and revenue for bed space than our property average. So even in some places that we've entered more recently, were doing very well and above average. And all of our regions have reported positive unit level EBITDA in 2022 and we have two very strong regions, Mexico and Central America that have delivered unit level operating profit. So we have both a mix of organic growth that Rafi has spoken about as well and also what I would call inorganic, but to us it's organic, which is the opening of new properties because we added 18 in the year 2022.

**Wolf Financial:** Awesome rundown there, Barbara. Really appreciate you putting all of that out. Speaking of the financials, I've reviewed the financials and the commentary that you put out on Friday last week, and one metric that I had to go back to understand was beds versus bed spaces, which I know that you briefly touched on. Could you briefly illustrate what the difference is for those that are really looking to do their homework on this?

**Barbara Zubiria:** Sure. So the difference is because of the fact that our properties have the ability to convert rooms into different bed configurations. So you could have a room that one day has two beds and you can turn it into a family room with a bunk bed and a double bed. So we're constantly - And this is part of the job of our GMs, is to optimize the space and to change the configuration of rooms depending on the demand in a particular week. So we're always... We do have real beds, right, that exist and open bed spaces, which is always higher than open beds. It's meant to reflect the total number of beds that our property could place in the accommodation area during a particular period.

So it's a static measure. It measures a potential sleeping capacity of a given property and how we compare our properties is not on number of rooms, but rather how best they're optimizing the space as also part of our model is to bring people in and then get all the people to spend within Selina, all of our different product offerings. So we continuously change this, and that's why we measured bed space and not just beds as the potential capacity of a property to bring a certain number of people in.

**Wolf\_Financial:** Perfect. That definitely clarifies it. Alright. Let's switch topics a little bit here, and this can be to yourself or to Rafi. I wanna talk about the international travel industry at a macro level before diving into the specific asset level topics. We love macro, certainly. We talk many, many macro spaces a week, and this is a fascinating industry that's been evolving rapidly over the last few years, especially as people start to travel more again. And we've heard a lot of chatter over the last few weeks from other travel industry sectors reporting that the international travel is smoking hot this year, especially heading into summer months, those typical summer destinations are booking at extremely high rates. Would you agree that you're seeing those trends come through in the last few months for bookings at Selina locations and how does Selina fit into this market of increased international destinations this summer?

**Rafael Museri:** Yeah. I'll take it. So yes we see revenue in the books for the summer in a higher numbers than we used to. If Selina is spread, again, you have destinations that become very popular and you mainly refer to the US market. So you can see that Costa Rica and Mexico and the Central America, more beach destinations, they're doing great in Selina. From the moment we opened those countries was very, very successful for us because also for domestic travel and international travel we can see the same trends in more vacation areas inside other European countries. We can see Greece is ramping up and we see how Portugal is doing better. In general, I can say that, yeah. The summer overall globally and we can see it as looking good, I can say that at the same time because we have operation in 24 countries, our low season, and high season we have a very high season Europe and then we have other countries that are experiencing in low season. So it's created quite a balance for Selina. Even when the summer is over and many brands experiencing very low occupancy, we can see an uplift in demand in countries that at this point become very attractive. This is kind of where we are.

**Wolf\_Financial:** Yeah. It really does seem like it's incredibly ramped up and I'm speaking to that from personal experience, but also from what I'm just seeing with flight booking and hotel booking and everything like that. How's that affecting the pricing and some of the pieces around there that you've seen? Have prices started to scale up across the board, especially in comparison to last summer?

**0:25:24.6 Rafael Museri:** Sorry. I couldn't hear the question. If you can repeat, I'm sorry.

**Wolf\_Financial:** Apologies. No worries. No worries. It might've been my thumb piece right there. Actually, I have a separate question I can flip into because we've been on the topic of financial revenue growth. So maybe we can dive a little bit into the three strategic imperatives that you mentioned on the earnings call. And we've heard you mention these a few times before that there's these three strategic imperatives. So I'd love to hear those from you.

**Rafael Museri:** Yeah. So, first of all, I think the most important thing is the path to profitability. And here, the company did many, many decisions, which we started executing about a year ago and some of them we started executing six months ago and they're on the go. The most important thing,



in my opinion, rooms is a business with a high GOP, high profitability. F&B, it's a much more difficult business. On the other side, F&B drives the traffic, creates the momentum and makes the lifestyle component very attractive. In general, Selina's Room business did great, and the F&B, it was an area that we most struggled in the past and we changed the strategy into a more partnership model, which means we're moving from a traditional payroll restaurant manager into a partner. So, we shifted towards revenue share plus profit share, the restaurant leaders, and we create a sense of ownership, we create accountability. And at the location that we start implementation, over 30% of the Selina's around the world has shifted to this new strategy.

We're talking about out of about 175 restaurants, over third and we're every month adding more and more. We've already started experiencing the change in the culture and the cost reduction and as well as incremental revenue because they're my partners anymore and it's not just about getting a fixed salary. This is one area. Another area is the top line. For you, many, many of the expenses in hospitality are fixed cost. Rent, it's a fixed cost, insurance, it's a fixed cost, there is a big part of the utilities, by the way, it's fixed cost. Some of the utilities, not fixed cost. By increasing top line and Selina increased 56% same store top line last year, Selina continued to increase revenue month over month. And we already gave guidance to the market that the top line of the company will move 30% to 40% this year, that leads to a decrease in the rent as a percentage of revenue, and many, many... And labor in some place a percentage of revenue, as well as many other expenses.

This is another very important one and in order to improve the top line, we opened 11 new commercial hubs with call center, revenue management, B2B experts and others. Selina in the past believed more in organic traffic, word of mouth experiences and Selina right now is actively driving occupancy. To drive occupancy in the middle of the week in countries that are packed in the weekend, we didn't have in the past the B2B teams. Right now, we have B2B teams all around the world, and we start seeing how occupancy in the middle of the week is starting to shift up. This is another very, very important... And the last piece that is important for the crowd to know, our corporate overhead as a percentage of revenue was over 50% and 100% in the past moved to 50% as a percentage of revenue, last year was in a range of 30%, this year, it's going below 15%. That's huge.

The fact that our corporate overhead, most of it will not change in the next years, while the revenue last year in 100%, this year in 30 to 40%, the top line is moving up and the cost of the platform, the cost of the global team, the majority of it, 90% of it is fixed. This is for me, it's one of the most important indicators that improves and increase our chance to get to profitability as fast as possible. This is kind of the high level... Barbara, Steven if you guys want to add any other initiative towards the path of profitability would be great.

**Barbara Zubiria:** Sure. So I think on top of the ones you mentioned, Rafi, around top line opportunities, the commercial hubs, strategy, specifically, we're implementing a new revenue management system to do exactly... I think you had a question earlier around pricing. This is what's going to allow us to continuously adapt pricing to demand. And many of the other things that Rafi talked about, the operational excellence related initiatives, which is a lot around cost management, disciplined cost management, corporate overhead reduction as a percentage of revenues and unit level cost reduction, as well as in the F&B business. I would add our disciplined growth strategy. We have changed and we've reduced, this year we doubled in revenues.

We have said that our expectation this year is to grow between 30 to 40%. And that's a very

conscious choice that is gonna also allow for the other improvements in overhead as we're looking at growth in a more disciplined manner. We're prioritizing growing into existing markets where we're performing very well. And also potentially even increasing the capacity of some existing properties versus adding and growing and not opening new countries in the near term, because we can leverage a lot of the existing overhead by growing in markets where we already have a country team structure. And then I would say the last, Rafi, it's all about looking at the portfolio from a portfolio management perspective, looking at every property and making maybe decisions on looking at our underperforming locations and having specific performance improvement plans on those, being very disciplined around the ROI, on our cap expense. This is all related to mostly to cash flow as well in the second imperative. Looking at balance sheet in general and everything that we can do from a balance sheet perspective to also continue to decrease our costs related to either leases or debt etcetera. Just to compliment from everything, Rafi said.

**Wolf\_Financial:** Perfect. Yeah. That worked really well off that, Barbara. Okay. I got... So we've run through a lot of questions here. First off, with the audience. And if you haven't had the chance already, make sure that you are following the Selina co-host up here as well as Rafi's account, Barbara's account, and the rest of the panel. They are going to be putting out consistent information that will really keep you in touch and in tune with everything that's going on here.

Additionally, if you wanna do your research, you can just type in \$SLNA that ticker into Google or anywhere else that you'd like, and you can deep dive, there's plenty of publicly available information that you can go ahead and check out. And of course, if you do like these Twitter spaces, we'll be doing multiple more Twitter spaces with the Selina team, so I recommend downloading the app. Just go get the Selina app from the app store and continuing to show up to more of our spaces. And I'll throw another question out here, and then we're gonna bring in stock market news for a question. So the one other question that I had and Rafi or your other ones can take it if they'd like, really just curious about what regions you're looking to capitalize on or expand into that would replicate the profile location model. Because right now, you've got several locations obviously, but the goal is always expansion So curious to just hear a little bit on what regions you're looking to capitalize on or expand into that would replicate that model.

**Steven O'Hayon:** Yeah.

**0:33:18.0 Rafael Museri:** Yep. Please, Steven.

**Steven O'Hayon:** Sure. Thank you. This is Steven. I haven't spoken except for the beginning, but nice to meet everybody and I'm happy to take this question. We've made pretty public that our focus this year is on expanding within markets and regions where we already have exposure. And that's important because we've seen along the way that opening a new region and I can talk about what regions we like for our future, but opening a new region does come with startup costs and ramp up costs, whereas bolting on properties to a market where we already have penetration usually comes with a much quicker ramp up and a much stronger performance because the brand is already known. And so we have already specific markets. We're in 25 countries, five continents, we're in a good amount of countries.

Only a few of which we consider to be basically fully penetrated to our satisfaction. And so we're gonna be focusing on the ones that we've penetrated already, are doing well, and we can continue to bolt on. An example of that is Asia, Asia-Pacific. We opened last year in Thailand and Australia

and have been really pleased with the performance so far, despite it being very, very young. There we see huge amount of white space to continue to drive our product and our experience and deliver more Selinas in those markets. The properties that we already have speak perfectly well to our customers, resonate very well with the demographic, our consistent product offerings is what we've done in the past. And so we're proud of that and we're excited to continue to expand into that market.

Some of our strong markets like Central America and Mexico, we believe still have huge expansion opportunities, there's white space in almost every market, both that we're in and new markets for us to continue. We're just really focused on expanding within market we already have properties and a brand in and we are also focused on expanding within our existing locations. We have 100, almost 120 locations around the world.

A lot of those still have spaces to be able to expand within the same lease. We lease space and if you lease space, you're paying for a specific space, if you have opportunity to optimize or maximize that space even further by adding more rooms or adding another food and beverage venue or adding another activity that can generate revenue, you're keeping the same fixed cost while increasing top line and so you're driving a lot of additional margin to the bottom line and we find a lot of opportunities to do that within our existing spaces. So we're focused on expanding our existing properties in the places that we can. We're focusing on adding new properties in markets where we already have penetrated and in the future we'll be looking to opening new markets like we've done in the past and sky's the limit. There's all of Western Europe, France, Italy, Spain that we haven't... Well, Spain, we have, but France, Italy that we haven't penetrated and so those were our markets for the future. That's all I say about that.

**Wolf-Financial:** Okay. Very cool. Those are some awesome locations. So, certainly excited to see the expansion out there, to visit them myself. I'm gonna go ahead and I'm gonna bring in stock marketing news, Evan, for a question here.

**StockMKTNewz:** Yeah. I appreciate the spaces as always. Make sure you're following the co-host, the Selina account up here kind of talking about some of those existing properties you do already have, I would love to know some of the locations or regions that you guys have opened in over the last quarter or the last year and kind of the ones that are profitable so far. Is there kind of anything bringing them together, linking them together, why are these profitable? And kind of how are they different from some of the other properties that you operate?

**Barbara Zubiria:** Do you want me to take that? .

**Rafael Museri:** Yeah. You can start. I'll add to that. Yeah. Perfect.

**Barbara Zubiria:** Okay. If you look at the performance of the portfolio for 2022 and it's all public information I'm sharing, the strongest performing regions were the ones that Steven just mentioned. It's Central America, it's Mexico and South America. Some specific countries within South America. Now Asia Pacific is one example that I just gave, which is some of our more recent. It's a region we've entered in more recently and is also really doing very strong, especially because it's ramping up much faster than other regions that we've entered have been able to ramp up. And I think it's very linked to the product that both Steven and Rafi have mentioned with a lot of opportunity to continue to build on the brand in that market. Rafi, I'll let you maybe be more

specific, but obviously I can't mention profitability by property but definitely by region 'cause this is all public information.

**Rafael Museri:** Yeah. So again I think that countries that we see a big improvement and we're gonna continue to grow, and we have strong partners that funding our growth. So we're not expecting any dollar out of our balance sheet in order to grow in those spaces. And again, I think we talk about Asia, we talk about the Middle East again, we have, Morocco is the new country which we entered last year, which results is improving in the market rhythm. It really much aligned with what the Selina experience would like to deliver. And I think Barbara mentioned perfectly, there is so much space to grow in the countries that we are profitable and the brand is very strong. And I think that that's what you're gonna see. You're gonna see Selina in the next two years, even more focusing on existing spaces. This is for us, one of the most important initiatives in order to reach profitability as fast as possible. And we can see the trends.

**Wolf\_Financial:** Yeah. I'd love to actually double down on that with the profitability and just talk to me, what locations or regions have you opened in the past quarter, a year that are profitable, why these are profitable and really how they different from other properties that you operate.

**Rafael Museri:** So I think that's specifically about Q1, I don't think we can share a lot of things. We're gonna come up with the results of Q1 soon, and then we will be able to demonstrate more clarity about the latest opening or the latest region. But I will say that if I look at Asia as a newest country or Australia and Thailand as the newest, basically destination Selina opened, I believe that the network affects the size of the brand. We start failing because to open a new country two years ago or three years ago, we were used to start ramping from a 10% to 20% to 30% to 40%. The last countries we open, we experience much higher occupancy at start. This is for me, is the network effect. A brand which is seven years old and the average age of the hotels between three to four years old with millions of customer every year.

And happy NPS is one of the highest in the industry, which is the net promoter score and happy person speak to another eight to 10 people about his good experience. I feel that one of the reasons you see a better opening, or Selina improving it ability to drive higher, top line faster is the network effect. The second reason I think you're experiencing improvements in occupancy, is the reason of our commercial strategy. As I said before, we didn't touch the B2B market. B2B, it's a huge component in hospitality and some brands having 40 to 50% of their traffic in the B2B. And the employees of the majority of... If you look at the average age of employees in the most of the companies in the world, you're talking about 25 to 35, which is exactly the Selina target audience, right? So since we enter into the B2B and we start experiencing the increase in this segment, it's one of the reasons also we're opening stronger and better locations in countries.

**Wolf\_Financial:** Perfect. Okay. I've got one more question here and then maybe Mark, if you have anything, I'll throw it over to you after. I know that you have done some great work with the brand, so would love to bring you into it. But one more question that I had was just around the new board of directors. And I know that's more of a corporate update, but there's a new board of directors and then there's a six, I believe, joined in March. Could you just kind of go over a little bit with the governance, any other pieces that have come into play there?

**Barbara Zubiria:** Sure. Rafi you wanna take it or do you want...

**Rafael Museri:** No. You can take it, please.

**Barbara Zubiria:** Sure. Yes. So we have a, I would say, an amazing new board of directors. It's six independent board members and then the two co-founders. They're coming with a lot of experience in public companies. The chairman, having been CEO Fortune 500 companies in the past. We have, the chair of the audit committee also with a lot of experience being audit chair and many other public companies. We've recently created a financing capital allocation committee to oversee budgeting and capital allocation and other significant transactions. So I think the corporate governance has definitely been very, very reinforced as a result of the listing and I think we're truly lucky to have them, to be honest, and are working very well with them, with constant dialogue, with a lot of their experience and input. And a lot of this path to profitability and strategy has been built also with them. We started but maybe the specific initiatives we're tracking at the board level every time we meet.

**Wolf\_Financial:** Perfect. Thank you, Barbara. Hey Mark, what's going on with you?

**Mark Moran:** Yeah. Thanks so much and really appreciate it. Rafi, Sam, Steven and Barbara, this has been great so far. I have one question, about the cost optimizations that you guys have touched on a little bit, but specifically for the locations that aren't performing as well as the leading properties, let's say. How are you going about the cost optimizations there? On top of the lease renegotiations that have been mentioned, how are they going, how would that help the performance of individual properties and I guess the portfolio as a whole?

**Barbara Zubiria:** Sure. I can take it and Rafi if you wanna add anything to it, please do. So, we're looking at every cost right now. We're managing through what we call cost ratio management. We're looking at keeping cost as a percentage of revenues, we're tracking any property that is not at a specific ratio, individual line items. We're obviously focusing on unit level cost, unit level labor cost as a percentage of revenues. We're currently at 29%. And looking to bring that down through many initiatives to bring efficiency at the property level and also at the corporate overhead level that I know you haven't asked but we're also doing that there. One of the more significant areas of opportunity from a margin perspective, is F&B that Rafi touched upon. This is an area where we had GOP, negative in 2022.

And a lot of strategic changes around how we operate, the type of partnerships, the venue manager structure that Rafi mentioned is also linked to this. And then we have many other line items other than leases, which is the obvious one that you mentioned. And besides labor and leases, which are two of the main cost line items within a property, it's maintenance and looking to do preventive maintenance, reducing utility costs, OSNE and basically we're looking at every single line item and targeting specific cost ratios and then tracking how it's all performing against those targets.

**Rafael Museri:** I will add your point about it because I think that the end of the day, the unit level, it's what's drive the contribution margin in order to cover our global expenses. For me, this is the most important thing. And I wanna say something that changed culturally in the organization. I think that we spend all our time in building a very, very strong brand, strong experiences, strong culture that today we can see NPS that represents the guest satisfaction and eNPS that represent our, team, family satisfaction at the highest at the hospitality sector. Now, when we talk about operational excellence, which is the ratio management that Barbara speak about, about moving a laundry costs from 1.1% to 0.7% and keep driving the labor cost from 30% to 29% and moving

down towards the 25% and all these kind of elements, the company hired a very, very professional hospitality-experienced leaders that brought this 25 years of experience into the company and they step into a very strong culture and experienced brand.

Now 100% of the conversations in the corridors, in the Zooms and with our management, it's about what we call operational excellence. I'm enjoying it because it's coming after the culture is in place. It's very difficult to do the other way around. If you are great, very, very profitable and you have high margins and now you try to build the culture of experience, it's much, much, much more challenging. That's why I feel good about the progress of 2022 over 2021 and what's coming in 2023. Selina's speaking a different language today.

**Mark Moran:** Fantastic.

**Wolf\_Financial:** All right. Perfect. Mark, anything else for you?

**Mark Moran:** That's it on my end. Thanks so much for the helpful answer.

**Wolf\_Financial:** All right. Thank you so much Rafi. So I think we're gonna go ahead and we're gonna wrap it up here. A fantastic call. Obviously we got more of these coming. I'm super excited. Again, I will be staying in a Selina this month in just 14 days. I'll report back on our next call with the full insights and scope. We're also gonna make some content. So if anybody wants to see what these look like yourself, I will be bringing a camerawoman down with us who's gonna shoot some great content of us at the location. We'll take some videos of StockMKTNewz and throw his logo over his face. We'll make it look pretty so you'll get everything besides the face there. Make sure that you are following the Selina account. Make that you are following Rafi, Barbara, Steven, Sam, the rest of the squad up here. Shout out to the Bullish team with Bullish Mark and of course, Equity Animal leading the way here. That's gonna do it for this space. We look forward to seeing you on the next one. Just make sure that you're following those accounts and you will be in the loop on it. Take care everybody. Enjoy the rest of your Thursday.

**Rafael Museri:** Thank you very much.

**Wolf\_Financial:** Thank you.

**Barbara Zubiria:** Thanks. Thank. You everybody for joining.