



*Annual Report of sostravel S.p.A.
as of 31 December 2018*

SOSTRAVEL.COM S.P.A. FINANCIAL STATEMENTS AS OF

31 DECEMBER 2018

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SOSTRAVEL.COM S.P.A.

1 Letter to shareholders

Chairman and Chief Executive Officer

Dear shareholders,

Reported below is information related to the situation of your Company and on operational trends as of 31 December 2018 and for the following period until the date of publication of this document. The 2018 financial year was characterized by the preparatory activities for the listing of the Company to AIM Italia managed by Borsa Italiana S.p.A. and in view of the company's international growth and expansion plan as well as product development activities aimed at releasing the new version of the APP in primary markets; this occurred at the end of the year on 15 December 2018.

Your Company was admitted to the AIM market of Borsa Italiana on 30 July 2018 with a share price of 5.60 Euro and capitalization equal to € 33 million. On 1 August 2018, following the first day of trading, the IPO transaction was completed with the full underwriting of the share capital increase by the market and with a gross financial collection of € 5.2 million.

During the course of the entire year, the Company also dedicated itself to the development and implementation of the sostravel App as well as to the negotiation and stipulation of certain contracts functional to the exercise of its operations.

The Company reported **sales revenues** for a total of 2,481 thousand Euro, in line with that reported in the Industrial Plan and substantially ascribable to:

- Activities relative to the tracking of baggage of customers of Safe Bag Group companies who had purchased the Lost & Found Concierge service and assistance through call centers to customers of Safe Bag Group companies when collecting reports of loss, theft and/or damage to baggage.

- Online sales of services available in the APP.

The **EBITDA** of your Company was equal to circa € 473 thousand, an slight increase compared to that forecasted in the Industrial Plan.

The bottom line is essentially in break even, but it is affected by the amortization associated with the listing process, amounting to 215 thousand Euro.

Net financial indebtedness (NFP) was positive (cash flows) and improving compared to the same figure as at 31 December 2017 that was equal to € 3,267,683. This reclassification clearly includes the net proceeds of the IPO.

The data as of the date of approval of this document - relative to the customer base equal to 431,404 profiled customers and the number of installations equal to 63,514 - also begin to be significant.

The Company has also obtained the status of INNOVATIVE SME from the Chamber of Commerce of Varese, which has recognized the company's extensive propensity towards technological innovation in the development of its business model.

With sostravel.com we aim to become the reference point for travelers across the world, ranging from airports to railway stations, the latter being our next short term objective.

Enjoy the report and thank you for your trust.

Rudolph Gentile



2 Company presentation



The Company was founded on 27 November 2017 and registered in the Registry of Companies on 7 December 2017 by the conferment - from Safe Bag - of the company branch named “sostravel.com”; this operation involved the assets and the legal relationships that are instrumental to activities relative to “assistance to the traveler”, particularly those relative to the tracking of lost baggage, the supply of airport information services, insurance services and other services to airport passengers.

The objective of the Company is to present itself on the market - through an integrated digital platform (the sostravel App) which has been launched and promoted on primary mobile stores (including Google Play and App Store) on the 15 December 2018 - as an “aggregator” of a range of passenger assistance services throughout the journey, from departure to arrival at the destination airport.

In the near future, sostravel.com will continue to invest in innovation and development with the aim of expanding and further consolidating its leadership in the sector.



International oversight

With regard to the sale and distribution of its services, the Company can not only avail itself of the sostravel App but also of the commercial network of the Safe Bag Group which has been operating in the market for wrapping, protection and tracking services for years. The latter is present, with different points of sale, in multiple international airports.

The graph below reports the geographical distribution of the Safe Bag Group and the location of the airports where, to date, sostravel also markets its services.

AMERICA



Canada (3)
USA (1)
Brazil (2)
Chile (2)

EUROPE



Italy (5)
France (7)
Switzerland (4)
Portugal (4)
Greece (2)
Poland (2)
Estonia (1)
Latvia (1)
Lithuania (2)

ASIA



Russia (17)
Kyrgyzstan (2)
Thailand (1)
Philippines (1)



Offered services

By means of sostravel App, the Company offers the following services:

- **Flight Info:** this service provides access to useful information regarding the flights of interest (flight status, gates, delays, cancellations, etc.). Information on individual flights is made available through specific subscriptions; however, users who install the sostravel App on their mobile devices for the first time are allowed the opportunity to use a free 7-day trial of the Flight Info service.

- **Airport Info:** this service (i) provides free access to various useful information related to the airports of interest (eg. modalities for transfer from or to the infrastructure, maps, food, Wi-fi) and (ii) allows for the purchase of certain services available there (eg. parking, car rental services, access to VIP lounges, etc.).

- **Lost & Found Concierge:** this service refers to sostravel's commitment to tracking customer baggage in cases of loss and/or failed delivery at the destination airports. The service can be purchased before the departure of the flight and is made available either on a pay-per-use basis (with reference, in other words, to individual journeys) or through special subscriptions (which allow users to use the service for all flights performed within a predefined time period).

Activation of the service and initiation of tracking operations will require sending the PIR to the Company, duly filled out and presented by the customers themselves to the Lost & Found offices of the destination airports. In detail, the service provides for: (i) the Company's commitment to tracing customer baggage within the period of 1 (one) day from receipt of the PIR; (ii) the Company's commitment - in the event of a failure to track the baggage within the aforementioned deadline - to the payment of a daily penalty for each day of delay up to a maximum stipulated amount;

(iii) the Company's commitment - in the event of a failure to track the baggage after 21 (twenty-one) days from receipt of the PIR - to the payment of a penalty equal to the compensation paid by the airline for the loss of the baggage, and up to a maximum stipulated amount. Finally, the service provides customers with a dedicated call center, operating 24/7, which provides information to customers in relation to the status of the tracking process.

- **Travel Insurance:** this service will allow users to access - through the sostravel App - the site of a primary insurance company authorized for the sale of multi-trip travel policies and to purchase, even through remote communication modalities, insurance products and coverage for the travels.

The sostravel APP will include the following additional services in the coming months:

- **Lost Luggage PIR:** this service will be dedicated to passengers who sustain a loss and/or the failed return of their baggage at the destination airport and will aim to facilitate these passengers through the digitization of the relative obligations pertaining to the filling out and presentation of the PIR; the latter can take place either through interactive Totems located at (or near) the Lost & Found offices in the airports - and equipped with software capable of transmitting in real time the users' PIRs to the Company - or directly through the sostravel App. More specifically, the Totem and the sostravel App will be equipped with a graphical interface that will allow users to fill out and forward the PIR to the relevant Lost & Found offices: either independently or with the aid of a dedicated operator who, if necessary, can be contacted through a video call.



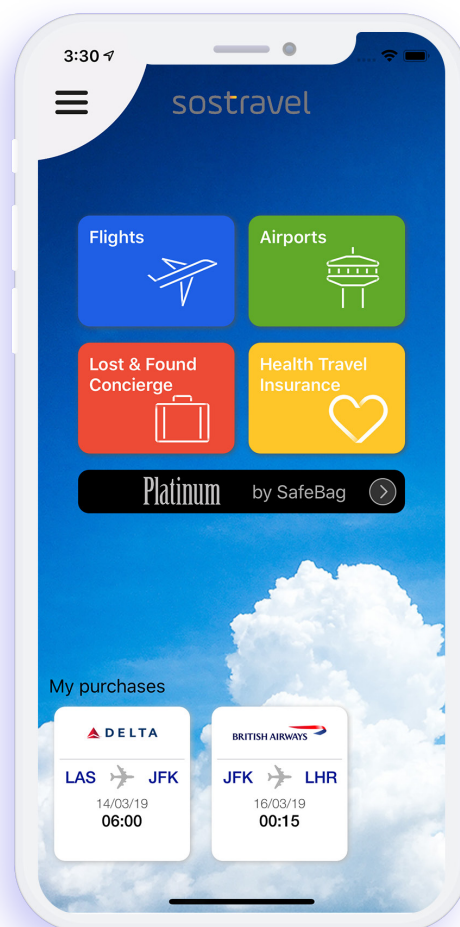
The service will be supplied without charge, but assumes the existence of prior and relevant commercial agreements between the Company and the airlines and/or the airport handlers responsible for the Lost & Found offices assigned with receiving the PIR; as a result, the service will only be available where the Lost & Found offices in charge of receiving the PIR refer to parties (in fact, airlines and/or handlers) with whom the Issuer has stipulated the aforementioned commercial agreements.

- **Travel Concierge:** this service will allow users to contact a dedicated call center, operating 24/7, and obtain telephone assistance in eight different languages (Italian, English, American, French, Portuguese, German, Polish and Russian) for various needs or necessities linked to the trip, and including: booking flights, hotels, taxis, restaurants, the purchase of tickets for cultural events, information on destination cities, etc.; the service will be made following special subscriptions.

Development of technological products

During the course of 2018, sostravel.com has continued to invest in the development of its App whose graphical userface is reported below.

As of today's date, the Flight Info, Airport Info, Lost & Found and Travel Insurance services have already been developed. The remaining services (PIR Lost Luggage and Travel Concierge) are in the process of further development, implementation and/or start-up.



Flight info

Access to **helpful information** concerning the **flight** (status, gate, etc.).



Airport info

Access to **helpful information** (Transfer, Maps, Food, Wi-fi) and **services** (Parking, Rent, Avoid Line, VIP Lounge, etc.) available at the airport.



Lost&Found Concierge

Tracing of mishandled baggage



Health Travel Insurance

Travel insurance coverage against unforeseen events

Sales Channels

On Line Sales Channel

sostravel proposes to offer airline passengers (mainly those belonging to the “X” and “Millennials” generations) access to an integrated digital platform (the sostravel App) which is characterized by an innovative concept aimed at ensuring the possibility of using a variety of information and services linked to the trip.

Safe Bag-related sales channel

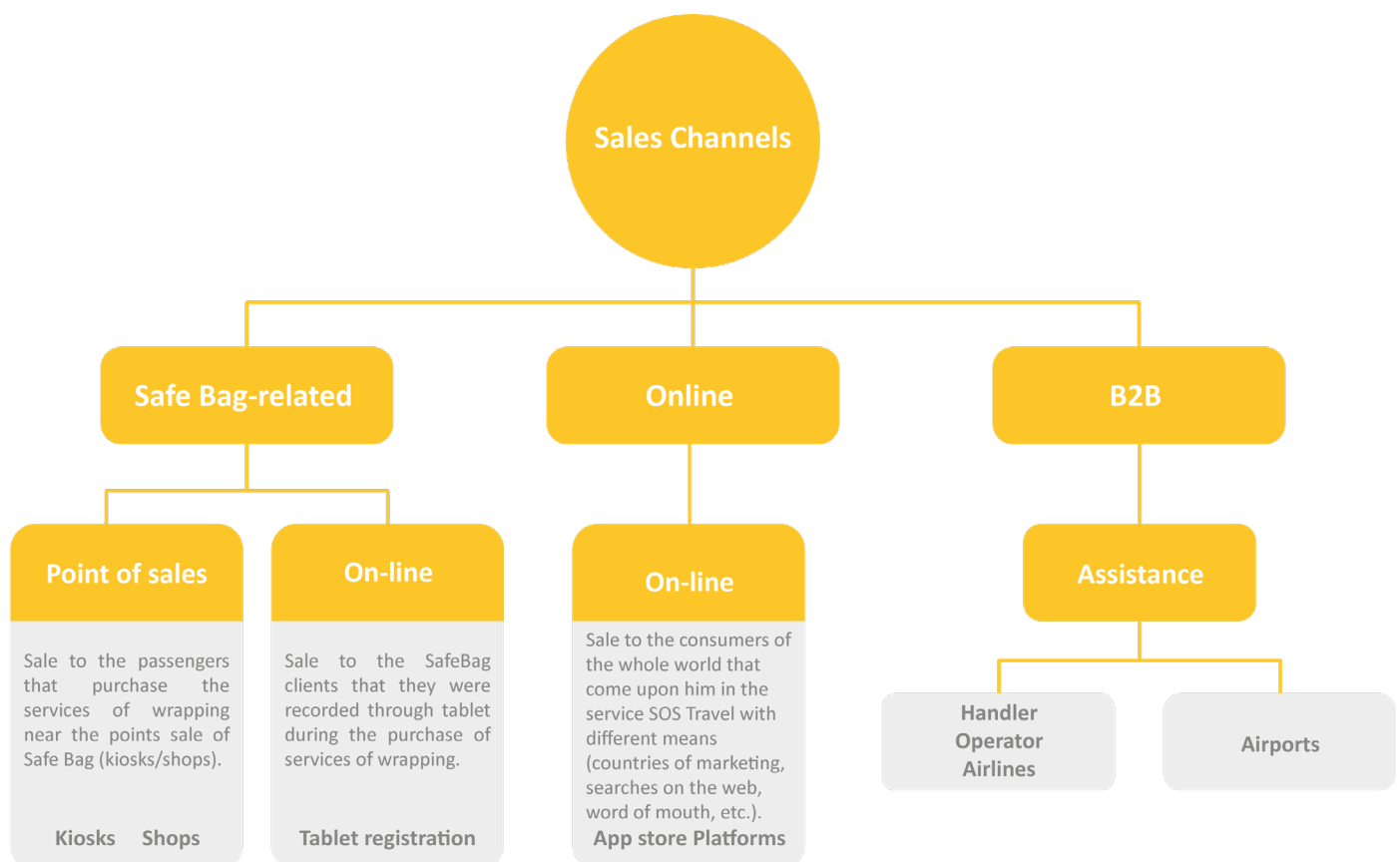
In addition to airline passengers, sostravel also offers its commercial offer to the companies of the Safe Bag Group.

The offer to the companies of the Safe Bag Group is based on an agreement between sostravel.com and Safe Bag and refers to the supply of the relative services: (i) the tracking of the baggage of the customers of Safe Bag Group companies who have purchased the Lost & Found Concierge Service in the event of loss and/or failure to return this baggage; (ii) assistance offered through call centers to customers of Safe Bag Group companies during the collection of complaints relative to loss, theft and/or damage to baggage.

B2B Sales Channel

Finally, sostravel provides its commercial offer to airlines and/or airport handlers (“B2B Customers”); the latter are proposed the supply of services concerning: (i) the digitization of activities relative to the filling out and forwarding of the PIR to the Lost & Found offices of B2B Customers and (ii) activities required for the tracking of lost baggage.

The offer aimed at B2B customers provides for, in particular, that the filling out and forwarding of the PIR -by users who sustained the loss of their baggage – be implemented through interactive totems positioned at (or near) the Lost & Found offices of B2B customers themselves or directly through the sostravel App.



Communication and Marketing Personnel

sostravel.com will invest during 2019, significant amounts of resources in order to constantly improve its image and market share.

Significant resources will be invested in digital marketing campaigns with the aim of increasing the web presence of the application in addition to the launch of advertising campaigns focused on airport airports located in selected target countries.

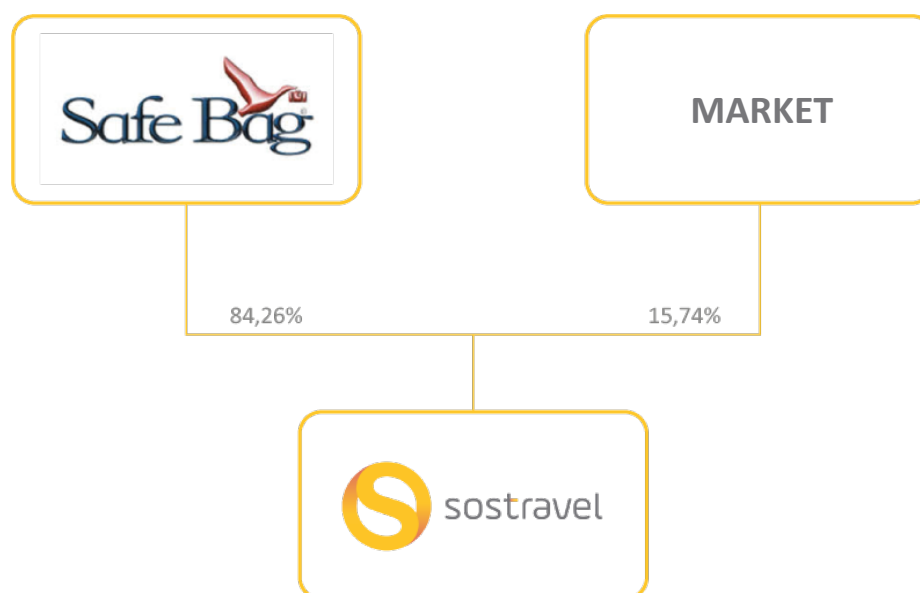
During the course of 2018, the Company was able to structure itself with the recruitment of new employees: four new programmers, an administrative manager, a Customer Care Manager and a Marketing Manager, thereby bringing the workforce to a total of 10 employees.



3 Shareholding structure

As of 31 December 2018, the share capital of sostravel.com was owned by Safe Bag Spa for 84.26% and by the market for the remaining 15.74%.

The shareholding structure is as follows:



sostravel.com Spa is listed in the AIM Italia - London Stock Exchange as of 1 August 2018.



4 Company bodies



BOARD OF DIRECTORS

CEO- Chairman	Rudolph Gentile
Executive director	Simone Gamba
Director	Nicola De Biase
Director	Roberto Mosca
Director	Luca Galea
Independent director	Edoardo Zarghetta


BOARD OF STATUTORY AUDITORS

Chairman	Alessandro Pacieri
Standing Auditors	Paolo Natalini / Davide Balducci
Alternative Auditors	Cosimo Pergola / Andrea De Nigris

AUDITING COMPANY

Auditing company	 Audirevi
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NOMAD

Nominated Advisor	 Banca Finnat S.p.A.
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5 sostravel.com in the AIM market

sostravel.com was listed on the Milan Stock Exchange, Piazza Affari, on 1 August 2018 within the AIM Italia segment.

AIM Italia is the “Borsa Italiana” stock market dedicated to SMEs and which allows access to stock markets through a simplified listing process; it currently includes about one fifth of the companies listed on the Stock Exchange.

On 30 July 2018, sostravel.com S.p.A. was admitted to the AIM market of Borsa Italiana with a share price of 5.60 Euro. On 1 August 2018, following the first day of trading, the IPO transaction was completed with the full underwriting of the share capital increase by the market and with a gross financial collection of 5,230,400 Euro.

The offer was made through a placement of shares aimed at: (i) qualified Italian investors, as defined and identified in Article 34-ter of Regulation 11971/1999, (ii) foreign institutional investors (excluding Australia, Canada, Japan and the United States of America); and/or (iii) other categories of investors, provided that the placement is implemented in such manner that allows the Company to benefit from an exemption from the public offering obligations pursuant to Article 100 of the Consolidated Financial Act and Article 34-ter of Regulation 11971/1999 (“Private Placement”).

As a result of the Private Placement, a total of 934,000 shares deriving from a share capital increase approved by the Company’s shareholders’ meeting were underwritten. Warrants in the ratio of one warrant per share were assigned free of charge to the shares underwritten during the Private Placement. In addition, a bonus share of 1:10 is envisaged for those who have underwritten during the Private Placement before the start date of trading and who hold the shares for at least twelve months from that date.

The shareholders’ meeting also approved the issue of 500,000 warrants for members of the Board of Directors and/or Company management. These warrants will be assigned by the Board of Directors on a date subsequent to the start date of trading.

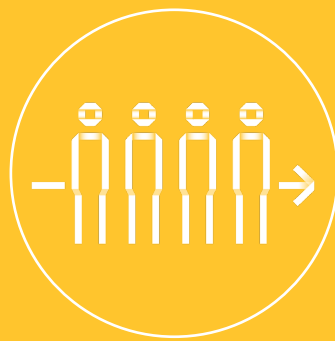
In this regard, it should be noted that 150,000 Warrants will be assigned discretionally by means of a resolution of the Board of Directors. The remaining 350,000 warrants will instead be assigned subject to a prior resolution of the Board of Directors and to the occurrence of certain future conditions. In particular, the aforementioned remaining 350,000 warrants will be assigned (always in favor of members of the Board of Directors and/or the management of the Company) on the condition that the unitary price of the Issuer’s shares and warrants reaches a cumulative value of at least 100% higher than the offer price of the shares during the Private Placement.

Total revenues deriving from the Private Placement, gross of commissions and expenses incurred as part of the Private Placement, amount to 5,230,400 Euro. Following the Private Placement, the Market holds 15.74% of the Company’s share capital with an IPO capitalization of approximately 33 million Euro. Following the potential conversion of the sostravel 2018 - 2021 Warrants - including those that will be assigned to members of the Board of Directors and/or the management of the Company - the total placement could reach a range of 14.1 - 15.9 million Euro (depending on the strike price related to the conversions), with the market at 32.14% (not including the allocation of bonus shares to beneficiaries).

On the start date of trading of the shares and warrants on AIM Italia, the Issuer’s share capital was equal to Euro 593,400 and will be represented by 5,934,000 shares.

sostravel was assisted in the operation by Banca Finnat Euramerica acting as Nomad and Global Coordinator as well as by Studio GBX acting as legal advisor, Ambromobiliare acting as financial advisor, PwC acting as strategic advisor and Audirevi acting as the auditing company. The Nctm law firm acted as legal advisor to the Nomad and Global Coordinator. Following the admission to trading, Banca Finnat Euramerica will act as Nomad, Specialist and will ensure continuous analyst coverage service.





REPORT ON OPERATIONS

6 Operational trends and business outlook for sostravel

The objective of the Company is to present itself on the market - through an integrated digital platform (the sostravel App) which has been launched and promoted on primary mobile stores (including Google Play and App Store) on the 15 December 2018 - as an “aggregator” of a range of passenger assistance services throughout the journey, from departure to arrival at the destination airport.

In addition to assistance for airline travelers – and in accordance with a commercial agreement undersigned with Safe Bag on 15 December 2017 and partially amended on 25 June 2018 - the Company will also supply its services to the companies of the Safe Bag Group. In particular, and on behalf of the latter, sostravel implements the following activities: (i) tracking baggage of Safe Bag Group customers who have purchased the Lost & Found Concierge Service in cases of loss and/or failure to deliver the baggage at destination airports; (ii) assistance through a call center to customers of the Safe Bag Group companies during the collection of reports of loss, theft and/or damages to baggage.

Finally, the Company is developing an additional business focused on the supply of assistance services in favor of airlines and handling companies in order to assist and support the “Lost & Found” offices of the latter when collecting reports of lost baggage and during tracking activities (“B2B segment”).

From the date of its founding until today, the Company has implemented all the preparatory and necessary activities for the listing of the Shares and Warrants on the AIM Italia market in addition to concluding the development of the first release of the APP in December 2018.

During 2018, the Company was also involved in the development and implementation of the sostravel App, and in the negotiation and stipulation of certain contracts that are required for the effective exercising of its business. Of the latter, the following in particular should be noted:

- Agreements stipulated with suppliers of certain services that will be provided and/or proposed through the sostravel App (including, for example, insurance services and those that guarantee access to useful information regarding flight status, airport infrastructures and the services available in the latter);

- An agreement with the parent company Safe Bag for the regulation of services relative to (i) the tracking of baggage of customers of Safe Bag Group companies who have purchased the Lost & Found Concierge service in case of loss and/or failure to deliver this baggage at the destination airports; (ii) call center assistance for customers of Safe Bag Group companies during the collection of reports of loss, theft and/or damages to baggage;

- An agreement with one of the primary Italian independent handlers (operating in the airports of Rome Fiumicino, Rome Ciampino, Bologna, Catania and Naples) for the regulation and implementation of a “digital” assistance service during the collection of reports of loss of baggage and any related tracking activities.

Given that the sostravel App was launched on the market and promoted on the main mobile stores (including Google Play and App Store) on 15 December 2018, the services effectively rendered by the Company from the date of its founding and to date are generally equivalent to those already carried out in the past by the Parent Company. These services primarily refer to the following:

- The tracking of baggage of customers of companies of the Safe Bag Group who have purchased the Lost & Found Concierge service in case of loss and/or failure to deliver this baggage to the destination airports

- Call center assistance for customers of companies of the Safe Bag Group during the collection of reports of loss, theft and/or damages to baggage.



In June 2018, and due to the growth of Safe Bag S.p.A., commercial agreements were replicated with the new companies of the group, in particular with the Russian and Estonian companies, while in September 2018 the agreements with the Greek company were stipulated.

During 2018, the Company was able to restructure itself with the entry of new employees, thereby bringing the workforce to a total of ten employees.

The Company, given that it had its own organizational structure, decided to cancel the service agreement with Safe Bag SpA as of 30 June; in addition, the commercial agreement with the Group was revised, eliminating the fees for customer procurement and for the licensing of the Lost & Found Concierge brand, effective as of 1 January 2018.

Updates on company and financial dynamics

- On 13 February 2018, the Shareholders' Meeting appointed Mr. Simone Gamba as a member of the Board of Directors.
- On 26 April 2018, the extraordinary shareholders' meeting deliberated (i) to anticipate the closing of the first financial year from 31/12/2018 to 31/12/2017; (ii) in favor of the assignment of the mandate of regulatory auditor for the 2017-2019 financial year to the company Audirevi S.p.A;
- On 19 June 2018, the extraordinary shareholders' meeting deliberated:

a) in the ordinary part; approval of the project for admission to trading of shares on the multilateral trading facility of AIM Italia; integration of the Board of Directors through the appointment of the director Luca Galea and the independent director Edoardo Zarghetta;

b) in the extraordinary part; splitting of the Company's shares in the ratio of 10 shares for every one share that is held, dematerialisation and elimination of the nominal value of the shares and consequent amendments to the current Articles of Association; increase in share capital, payable, in divisible form, with exclusion of options right pursuant to Art. 2441, fifth paragraph, of the Italian Civil Code, and for the purposes of the listing operation, subdivided into two installments, of which the first to cover the listing operation and the second reserved for the issue of bonus shares; issue of a maximum of 2,772,728 warrants and the relative share capital increase; approval of the warrant regulations; approval of a new text of the Articles of Association, with effectiveness subject to admission to trading on AIM Italia.

- On 25 June 2018, the Board of Directors approved: (i) the company's 2018-2019 industrial plan; the project for admission of the Company's shares and warrants to trading on AIM Italia; (ii) the documentation to be distributed to investors; (iii) internal procedures; amendment of existing contracts with the parent company Safe Bag SpA; (iv) verification that the Company was not subject to management and coordination on the part of Safe Bag SpA and/or its direct parent company RG Holding Srl; (v) approval of the memorandum on the management control system.
- On 16 July 2018, the Board of Directors approved; (i) the definition of the price range for the shares subject to the placement which was instrumental to admission to listing on AIM Italia; (ii) amendments and/or supplements to the warrant regulations; (iii) the proposal to establish the legal reserve and distribution of a part of the share premium reserve.
- On 16 July 2018, the Company presented Borsa Italiana with the pre-admission notice pursuant to Article 2 of the AIM Italia Issuers' Regulations, requesting the admission of its Shares and Warrants to trading on AIM Italia.
- On 17 July 2018, the extraordinary shareholders' meeting deliberated in favor of the following:



a) For the ordinary part: (i) establishment of the legal reserve and distribution of part of the share premium reserve; (ii) early collection of the financing disbursed to the associated company Safe Bag USA; distribution, in compliance with the provisions of Art. 2431 of the Italian Civil Code, in favor of the sole shareholder Safe Bag SpA of a part of the share premium reserve.

b) For the extraordinary part: (i) modification of the resolution to increase the share capital approved on 19 June 2018; (ii) approval of the warrant regulations in the text proposed by the Board of Directors.

With reference to the receivable due from the affiliated company Safe Bag USA, for a total of USD 1,299,870 (booked for Euro 1,051,338) – previously due to Safe Bag from the company Safe Bag USA and transferred to sostravel in the context of the conferment implemented at the time of founding of the Issuer- it should be noted that, on 16 July 2018, in the context and in execution of a reserve distribution resolution, the Issuer re-transferred without recourse a portion of the receivable due from the company Safe Bag USA to the parent company Safe Bag for an amount corresponding to USD 621,670.

The remaining part, equal to USD 678,200.00 (in addition to the average interest accrued), was instead extinguished through the advance payment of the relative amount by Safe Bag USA itself. It should be noted, as a result, that - as of today's date - sostravel no longer retains any receivables due from the affiliated company Safe Bag USA.

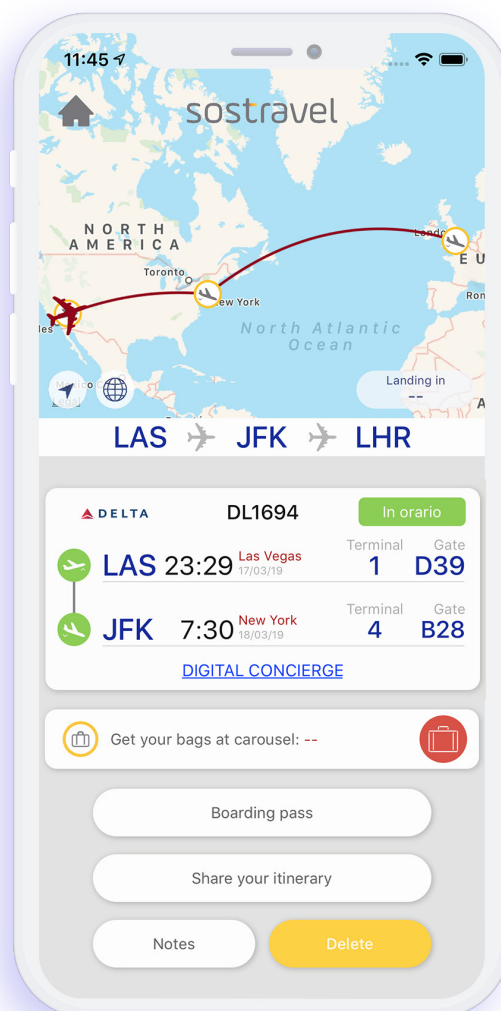
- The Company completed the procedure on 25 July 2018 by sending an application for admission and this Admission Document to Borsa Italiana.

- Admission of the Issuer's Shares and Warrants on AIM Italia was granted on 30 July 2018.

- The start of trading took place on 1 August 2018.

- On 1 October 2018, the sostravel mobile application was released in soft-launch.

- On 15 December 2018, the sostravel app was launched on the market and on the primary mobile stores, including Google Play and App Store.



2018-2019 Industrial Plan

Of all corporate events, the approval of the new 2018-2019 Industrial Plan – contained within the Admission Report - on the part of the Board of Directors in June 2018 deserves specific attention.

During the period considered by the Industrial Plan, growth in revenues will be sustained by the progressive increase in the customer base which the Company intends to pursue through specific actions, including: commercial expansion, investments in web marketing, digital advertising and the stipulation of agreements with specialized sector operators. The growth strategy will be oriented towards the development of three sales channels, in particular:

1) The “Safe Bag-related” sales channel, ie an offer - in favor of companies of the Safe Bag Group - for the exercise of activities relative to: (i) the tracking of baggage of customers of the Safe Bag Group who purchased the Lost & Found Concierge service in cases of loss and/or failure to deliver baggage at destination airports; (ii) assistance through a call center to customers of Safe Bag Group companies during the collection of reports of loss, theft and/or damage to luggage;

2) The “Online” sales channel, ie the promotion and direct sale of services through the sostravel App. Users - regardless of their country / geographical area - will be able to access the Company’s platform and purchase the services through this offer;

3) The “B2B” sales channel, ie an offer - in favor of specialized operators (in particular, airlines and handlers), and on the basis of specific commercial agreements - of services concerning the collection of reports of loss of baggage and activities pertaining to their tracking.

2018-2019 economic/financial forecast

(In thousands of Euro)	2017 (pro-forma)	2018E	2019E
Revenues from sale	1.723	2.487	4.385
Total revenues	1.861	2.609	4.478
EBITDA	916	436	1.248
EDITDA Margin (%)	49,20%	16,70%	27,90%
EBIT	786	218	821

The Industrial Plan forecasts an increase in revenues from circa € 1.9 million in 2017 to around € 4.5 million in 2019. This growth will be driven by sales generated through the Safe Bag-related channel which - during the course of 2019 - is expected to generate approximately € 2.9 million in revenues, a significant increase compared to the € 1.7 million achieved in 2017. An additional boost to sales growth will also be generated by the other two sales channels: Online, for which sales of € 0.9 million are forecasted in 2019; B2B, for which sales of € 0.6 million are forecasted for 2019.

The Industrial Plan forecasts an increase in EBITDA from € 0.9 million in 2017 to € 1.2 million in 2019, driven mainly by the increase in customers due to a significant increase in airline passengers at airports where the Group Safe Bag is operational. In addition, during 2018, a decrease in EBITDA was primarily attributable to the higher costs sustained in order to restructure the Company and render it independent (personnel, Board of Directors, attorneys, Board of Statutory Auditors).

The Industrial Plan was drafted on a “pre-money” basis (not taking into account any income deriving from the raising of capital derived from admission of the Company’s shares and warrants to trading on AIM Italia).

Primary events after 31 December 2018

On 14 January 2019, the Board of Directors approved the purchase of two properties located in Gallarate to be used for office use in anticipation of sostravel growth.

- On 14 February 2019, the purchase of the first property was completed.
- On 14 March 2019, the purchase of the second property was completed.

It is planned to transfer the registered office and the operations of the company to the new offices by the summer break.



7 Financial performance of sostravel

ECONOMIC/FINANCIAL RESULTS AS OF 30 JUNE 2018:

REVENUES FROM SALES of 2,481 thousand Euro, an improvement with respect to the pro-forma figure of 31 December 2017 of 1,747 thousand Euro (due to the increase in sales within the Safe Bag-related scope of consolidation) and substantially in line with the annual target of 2,487 thousand Euro;

EBITDA of 473 thousand Euro, a decrease compared to the pro-forma figure of 31 December 2017 of 915 thousand Euro (this is due to the planned inclusion of the organizational structure to serve growth), but slightly better than the annual target of 436 thousand Euro;

EBIT of -97 thousand Euro, a decrease compared to the pro-forma figure of 31 December 2017 of 786 thousand Euro and the annual target of 218 thousand Euro, due - in addition to the elements that affect EBITDA - also higher amortization relating to the listing and equal to 162 thousand Euro and provisions for (prudential) repayments to customers for 178 thousand Euro;

NET PROFIT of € 17 thousand;

Positive NFP (cash) of 3,267 thousand Euro, an **improvement** on the same figure of 31 December 2017 due to the proceeds from the listing;

Primary economic and operational results as of 31 December 2018:

In addition to the economic-financial data, the growth of the database (for which specific promotions will be activated) of profiled customers and the downloads of the APPs – all parameters which grew significantly - also seem relevant for a complete evaluation.

Data base of customers: 431,404 (equal to 271,456 al 30.6.2018 and therefore + 58.9%);

Sold “SAFE BAG-RELATED” Lost & Found Concierge in the year 2018: 1.492.928;

Customers profiled in the year 2018: 355.404 (equal to 141,187 al 30.6.2018 and therefore +151%);

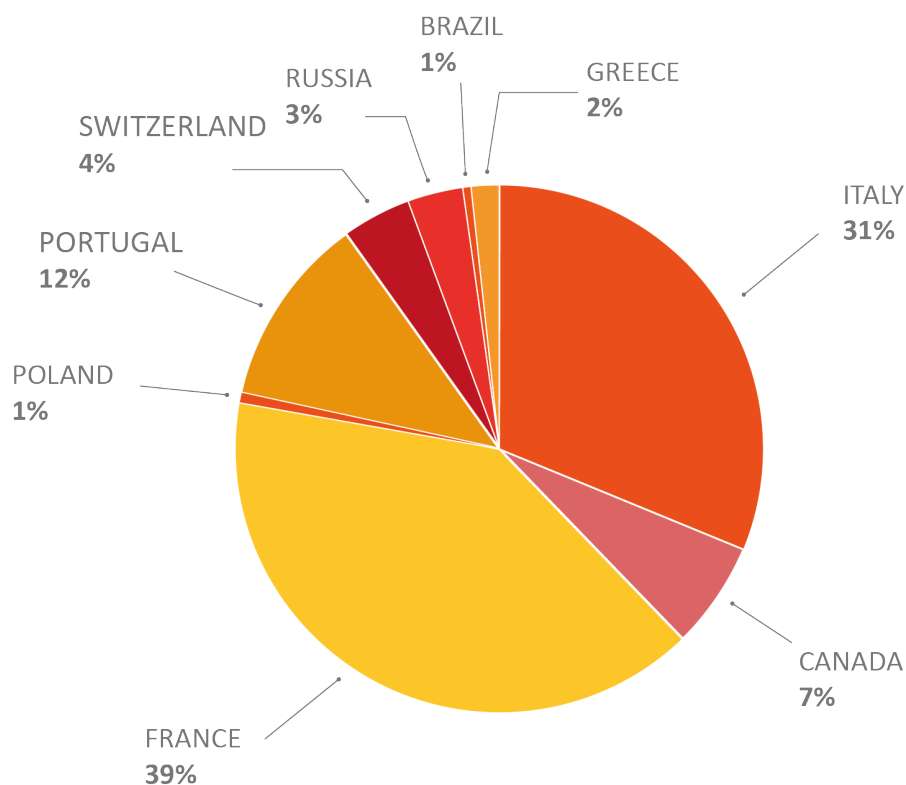
Download APP of 2018: 48.690 (equal to 17,094 as of 30.6.2018 and therefore +185%);

Total downloads of the app: 63.514.



Geographical breakdown of sales as of 31 December 2018:

The geographical breakdown of the sales reported above includes excellent geographical diversification, with France in first place with 39% of sales, Italy in second place with 31% of sales, followed by Portugal (12%), Canada (7%), Switzerland (4%), Russia (3%), Greece (2%) and finally Brazil and Poland (1%).



The table below reports the main profitability ratios but only for the current year given that they can not be compared with the same period of the previous year:

ECONOMIC INDICES	31 - Dec - 18
ROE-RETURN ON EQUITY	-0,3%
ROI-RETURN ON INVESTMENT	-2,8%
ROA-RETURN ON ASSETS	-0,2%

Financial statements as of 31 December 2018

Economic situation

Values in euro	31-dec-18	31-dec-17
Revenues	2.481.273	154.772
Changes for internal work	0	0
Changes in inventories	0	0
Other revenues	14.695	2.273
Total Revenues	2.495.968	157.045
Cost of product	(1.568.121)	(66.570)
Personnel costs	(420.724)	0
Other costs	(33.374)	(599)
EBITDA	473.750	89.876
Amortization/depreciation	(392.783)	(938)
Write-downs	0	0
Allocations	(178.165)	(15.567)
EBIT	(97.178)	88.938
(Net) financial proceeds and charges	66.733	(10.204)
Revaluations/write-downs of financial assets	0	0
Profit (loss) before taxes	(30.465)	78.734
Taxes	12.538	9.716
Net result	(17.927)	69.018

Balance sheet

Values in euro	31-dec-18	31-dec-17
Intangible fixed assets	2.428.378	1.259.267
Tangible fixed assets	13.078	3.396
Financial fixed assets	0	1.089.797
(A) Net fixed assets	2.441.456	2.352.460
Inventories		0
Trade receivables	1.870.787	228.492
Other assets	74.337	40.447
Trade payables	-536.680	-402.073
Other liabilities	-188.021	-31.050
(B) Working capital	1.220.423	-164.184
(B) Working capital	-178.165	-115.393
(D) = (A) + (B) + (C) Net invested capital	3.483.714	2.072.883
Liquid funds	3.267.683	0
Financial liabilities	0	0
(E) Net financial payables/receivables	3.267.683	0
Shareholders' equity	6.751.397	2.072.883
(G) = (F) – (E) Sources	3.483.714	2.072.833

Net Financial Position

Values in euro	31-dec-18	31-dec-17
A Liquid funds	-	-
B Other liquid funds	3.267.683	-
C Securities held for trading	-	-
D Liquid funds (A+B+C+)	3.267.683	-
E Current financial receivables	-	26.757
F Current financial payables		-
G Current portion of non-current debt		-
H Other current financial payables		70.909
I Current financial debt (F+G+H)	-	70.909
J Net current financial debt (I-E-D)	-	44.152
K Non current trade payables		-
L Bonds issued Other non-current payables		-
M Other non-current payables		-
N Non-current financial debt (K+L+M)		-
O Net financial debt (cash) (J+N)		44.152

8 Other information

This section provides miscellaneous information that is consistent with the provisions of Article 2428.

Operational risks and uncertainties

The Company is careful in identifying and monitoring risks typical of its operations, with the dual objective of providing managers with appropriate tools for adequate management and maximizing the protection of corporate assets.

- Risk related to the lack of operational history of the new services that will be launched, with the exception of activities for tracking lost baggage which were already carried out in the past by the parent company Safe Bag S.p.A.;
- Risks related to the operation of the sostravel App, such as failures in the operation of the software, programming errors, lack of interaction or compatibility between the mobile application and the devices on which it is installed and/or with any platforms, data centers and operating systems (IOS, Android, etc.) of third parties, including the related updates over which sostravel does not retain any control;
- Risks associated with customer retention, ie the ability to retain acquired users and prevent them from ceasing to use or cancel the App;
- Risks associated with acts of computer piracy;
- Risks related to the competitiveness of the market in which the Company operates and the entry of new competitors to the market;
- Risks connected to the seasonal nature of sales of services.

Primary non-financial indicators

Pursuant to the second paragraph of the Art. 2428 of the Italian Civil Code, it is hereby certified that - given the specific activity that is carried out and for a more effective understanding of the company's situation, its performance and the result of operations - the reporting of non-financial indicators is not considered relevant.

Workplace environment and safety

It is hereby certified that the company has not implemented specific environmental impact policies given that they are not necessary in relation to its operations and considering the exclusively commercial sector in which it operates.

The disposal of waste and any packaging waste is carried out in full compliance with specific regulations.

In this regard, the company has never been sanctioned for environmental accidents or damages. With regard to regulations concerning the protection of privacy as well as workplace health and safety, all the required obligations have been promptly fulfilled or are being completed.

Personnel management

During the course of the year, our company made investments in personnel safety in compliance with Legislative Decree 81/08; in fact, all employees have been trained in the sectors of worker and employee safety.



R&D

Pursuant to and for the purposes of that reported in point 1 of the third paragraph of Art. 2428 of the Italian Civil Code, we hereby certify that the company constantly conducts research and development activities in order to expand the offered services and improve the current functionalities of the sostravel App.

The costs sustained for these activities have been partially capitalized and partly expensed directly.

Relations with subsidiaries, associates, parent companies and companies subject to control of parent companies

With regard to the provisions of paragraph 2 of the third paragraph of Art. 2428 of the Italian Civil Code, it should be noted that the company retains relations with the parent company Safe Bag S.p.A. and all companies belonging to the Safe Bag group. Relations established with the companies of the group are contractual and stipulated in compliance with substantive and procedural correctness as well as at normal market conditions. In particular, there is a commercial contract for active baggage tracking and a call center service.

Business outlook

In accordance with and for the purposes of the provisions of paragraph 6) of the third paragraph of Art. 2428 of the Italian Civil Code, it should be noted that, in accordance with management policies, the planned investment and growth initiatives continue. In particular, the online implementation of the new features of the App are confirmed.

In the second part of 2018, the process of listing within AIM Italia was completed. Reference is made to the section of relevant facts for more details regarding both the listing process and the distribution of reserves in July 2018.

The international expansion of the parent company Safe Bag S.p.A. is generating excellent sales results also for sostravel SpA after having replicated the active baggage tracking contract with the new companies of the Safe Bag SpA Group (Russia, Estonia and Greece above all).

As regards to the economic trend, the company expects to be able to confirm a positive result even in 2019.

It is believed that the company's ability to operate under business continuity conditions is adequately managed. The trend of the first months of the current year confirms the validity of the commercial decisions that were made.

The administrative body believes that the resources available to the company can reasonably allow the continuation of operations in the future. Based on this assessment, the assumption of a going concern was adopted during the preparation of financial statement data.

Use of relevant financial instruments for assessing the financial situation and economic result of the year

Pursuant to and by effect of the provisions of paragraph 6-bis) of the third paragraph of Art. 2428 of the Italian Civil Code, it is hereby certified that the company has not applied any specific financial risk management policies given that it is considered irrelevant in reference to our company operations.

Secondary offices

In compliance with the provisions of Art. 2428 of the Italian Civil Code, we hereby certify that the company does not have secondary offices.

Board of Directors

Gallarate 27 March 2019





SOSTRAVEL.COM FINANCIAL STATEMENTS AS OF 31 December 2018



9 Financial statements

Financial Statements as of 31/12/2018

BALANCE SHEET - ASSETS

	31-12-18	31-12-17
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE		
Total receivables from shareholders for payments still due (A)	0	0
B) FIXED ASSETS		
I – Intangible fixed assets		
1) start-up and expansion costs	1.156.623	59.057
2) Development costs	1.271.754	1.039.426
6) Assets under construction and advances	0	160.784
Total intangible fixed assets	2.428.377	1.259.267
II - Tangible fixed assets		
4) Other assets	13.078	3.396
Total tangible fixed assets	13.078	3.396
III – Financial fixed assets		
2) Receivables		
d) From companies subject to the control of parent companies		
Due after next year	0	1.089.797
Total receiv. due from companies subject to the control of parent companies	0	1.089.797
d-bis) From others		
Total receivables	0	1.089.797
Total financial fixed assets (III)	0	1.089.797
Total fixed assets (B)	2.441.455	2.352.460
C) CURRENT ASSETS		
I) Inventories		
Total inventories	0	0
II) Receivables		
1) Due from customers		

Due within next year	4.925	2.510
Total receivables due from customers	4.925	2.510
4) Due from parent companies		
Due within next year	479.954	181.530
Total receivables due from parent companies	479.954	181.530
5) From companies subject to the control of parent companies		
Due within next year	971.626	0
Total receiv. due from companies subject to the control of parent companies	971.626	0
5-bis) Tax receivables		
Due within next year	363.788	8.383
Total Tax receivables	363.788	8.383
5-ter) Prepaid taxes	49.708	36.069
Total receivables	1.870.001	228.492
III – Financial assets which are not fixed assets		
Total financial assets which are not fixed assets	0	0
IV – Liquid funds		
1) Bank and postal deposits	3.267.683	0
Total liquid funds	3.267.683	0
Total current assets (C)	5.137.684	228.492
D) ACCRUALS AND DEFERRALS	74.334	40.447
TOTAL ASSETS	7.653.473	2.621.399

BALANCE SHEET - LIABILITIES

	31-12-18	31-12-17
A) SHAREHOLDERS' EQUITY		
I – Share capital	593.400	500.000
II – Share price premium reserve	5.137.000	0
III – Revaluation reserves	0	0
IV - Legal reserve	100.000	0
V – Statutory reserves	0	0
VI – Other reserves, distinctly indicated		
Misc. other reserves	869.682	1.500.000

Total other reserves	869.682	1.500.000
VII - Reserve for hedging forecasted cash flows	0	0
VIII – Profit (loss) carried forward	69.239	0
IX – Profit (loss) of the year	-17.927	72.883
Loss covered in the year	0	0
X – Negative reserve for own shares in portfolio	0	0
Total shareholders' equity	6.751.394	2.072.883
B) PROVISIONS FOR RISKS AND CHARGES		
4) Other	178.165	115.393
Total provisions for risks and charges (B)	178.165	115.393
C) EMPLOYEE TERMINATION INDEMNITIES	4.812	0
D) PAYABLES		
7) Payables due to suppliers		
Due within next year	204.761	32.450
Total payables due to suppliers (7)	204.761	32.450
11) Payables due to parent companies		
Due within next year	331.919	0
Total payables due to parent companies (11)	331.919	0
11-bis) Payables due to companies subject to control by parent companies		
Due within next year	0	369.623
Total payables due to companies subject to control by parent companies (11-bis)	0	369.623
12) Tax payables		
Due within next year	38.080	31.022
Total tax payables (12)	38.080	31.022
13) Payables due to social security institutions		
Due within next year	27.618	0
Total payables due to social security institutions (13)	27.618	0
14) Other payables		
Due within next year	61.132	0
Total other payables (14)	61.132	0
Total payables (D)	663.510	433.095



E) ACCRUALS AND DEFERRALS	55.592	28
TOTAL LIABILITIES	7.653.473	2.621.399

INCOME STATEMENT

	31-12-18	31-12-17
A) TOTAL REVENUES:		
1) Revenues from sales and services	2.481.273	2.273
5) Other revenues and proceeds		
Other	14.695	154.772
Total other revenues and proceeds	14.695	154.772
Total revenues	2.495.968	157.045
B) COST OF PRODUCTION		
6) For raw and ancillary materials, consumables and goods	29.828	0
7) For services	1.518.005	64.570
8) For use of third party assets	20.286	2.000
9) For personnel:		
a) Salaries and wages	311.275	0
b) Social security charges	87.829	0
c) Termination indemnities	17.874	0
e) Other costs	3.747	0
Total personnel costs	420.725	0
10) Amortization/depreciation and write-downs:		
a) Amortization of intangible fixed assets	389.822	880
b) Depreciation of tangible fixed assets	2.961	58
Total amortization/depreciation and write-downs	392.783	938
12) Allocations for risks	178.165	15.567
14) Other operating charges	33.374	599
Total cost of production	2.593.166	83.674
Difference between total revenues and cost of production (A-B)	-97.198	73.371
FINANCIAL PROCEEDS AND CHARGES:		
16) Other financial proceeds:		
d) Proceeds other than the above		

From companies subject to the control of parent companies	46.119	5.939
Other	44	0
Total proceeds other than the above	46.163	5.939
Total other financial proceeds	46.163	5.939
17) Interest and other financial charges		
Other	152	0
Total interest and other financial charges	152	0
17-bis) Exchange rate gains and losses	20.722	-16.143
Total financial proceeds and charges (C) (15+16-17+-17-bis)	66.733	-10.204
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES:		
Total adjustments of financial assets and liabilities (18-19)	0	0
RESULT BEFORE TAXES (A-B+-C+-D)	-30.465	63.167
20) Income taxes of the year: current, deferred and prepaid		
Current taxes	785	26.353
Taxes relative to previous years	316	0
Deferred and prepaid taxes	-13.639	-36.069
Total income taxes of the year: current, deferred and prepaid	-12.538	-9.716
21) PROFIT (LOSS) OF THE YEAR	-17.927	72.883

CASHFLOW STATEMENT 31/12/2018

	Current year	Previous year
A. Cash flows from operating activities (indirect method)		
Profit (loss) of the year	(30.781)	72.883
Income taxes	316	(9.716)
Payable / (receivable) interest	(44)	10.204
Dividends	0	0
(Capital losses)/Gains from the transfer of assets	0	0
1. Profit / (loss) of the year before income taxes, interest, dividends and capital gains/losses from disposals	(30.509)	73.371
<i>Adjustments to non-monetary items which do not have an offsetting item in net working capital</i>		

Allocations to funds	178.165	15.567
Amortization/depreciation of fixed assets	392.783	938
Write-downs for permanent impairment	(2.849)	0
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve cash flow movements	0	0
Other adjustments up / (down) for non-monetary items	0	0
Total adjustments to non-monetary items which do not have an off-setting item in net working capital	568.099	16.505
2. Cash flows before changes in net working capital	537.590	89.876
Changes in net working capital		
Decrease / (Increase) of inventories	0	0
Decrease / (increase) in receivables from customers	(2.416)	(2.510)
Increase/(decrease) in payables due to suppliers	28.874	32.449
Decrease/(Increase) in accrued income and deferred charges	(33.887)	(40.447)
Increase/(Decrease) in accrued liabilities and deferred income	55.564	28
Other decreases / (Other increases) of net working capital	(1.419.418)	143.641
Total changes in net working capital	(1.371.283)	133.161
3. Cash flows after changes in net working capital	(833.693)	223.037
Other changes		
Interest received / (paid)	44	(10.204)
(Income taxes paid)	15.125	40.738
Dividends collected	0	99.826
(Use of funds)	(128.455)	0
Other collections / (payments)	0	0
Total other adjustments	(113.286)	130.360
Cash flows from operating activities (A)	(946.979)	353.397
B. Cash flows from investment activities		
Tangible fixed assets		
(Investments)	(12.643)	(3.454)



Divestments	0	0
Intangible fixed assets		
(Investments)	(1.558.933)	(1.260.147)
Divestments	0	0
Financial fixed assets		
(Investments)	0	(1.089.796)
Divestments	1.089.797	0
Short term financial assets		
(Investments)	0	0
Divestments	0	0
(Acquisition of business units net of cash and cash equivalents)	0	0
Sale of business units net of cash and cash equivalents	0	0
Cash flows from investment activities (B)	(481.779)	(2.353.397)
C. Cash flows from financing activities		
Means of third parties		
Increase / (Decrease) short-term payables to banks	0	0
Opening of credit lines	0	0
(Funding repayment)	0	0
Own means		
Paid capital increase	4.696.441	2.000.000
(Capital repayment)	0	0
Sale (purchase) of treasury shares	0	0
(Dividends and advances on dividends paid)	0	0
Cash flows from financing activities (C)	4.696.441	2.000.000
Increase/(Decrease) in liquid funds (A ± B ± C)	3.267.683	0
Foreign exchange rate effect on liquid funds	0	0
Liquid funds at start of the year		
Bank and postal deposits	0	0
Checks	0	0

Cash and cash valuables	0	0
Total liquid funds at start of the year	0	0
Of which not freely available	0	0
Liquid funds at year end		
Bank and postal deposits	3.267.683	0
Checks	0	0
Cash and cash valuables	0	0
Total liquid funds at year end	3.267.683	0
Of which not freely available	0	0



10 Explanatory notes to the half-yearly financial statements as of 31 december 2018

Introduction

The financial statements for the year ended 31/12/2018 - of which these explanatory notes are an integral part pursuant to Art. 2423, paragraph one of the Italian Civil Code - corresponds to the results of the accounting records regularly held and is prepared in accordance with Articles 2423, 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter of the Italian Civil Code as well as with principles of drafting pursuant to Art. 2423 bis and the valuation criteria pursuant to Art. 2426 of the Italian Civil Code.

The company is a start-up that was founded at the end of 2017 from the transfer of the company branch operated by the single shareholder of the time Safe Bag period S.p.A..

sostravel.com S.p.A. provides the market with certain online services that were previously offered by Safe Bag in addition to a series of new passenger assistance services provided through a special digital platform that is accessible both via mobile devices and through the web.

The Company operates in the tourism sector, offering services to travelers which include, amongst other items, assistance in the search for mishandled baggage, baggage protection, detailed information on departure and arrival airports, weather at destination, information on booking and transfers from/to airports of departure and arrival, wayfinding and the marketing of services on the web and through mobile devices. The main activities that were implemented concern the management and technological development of the website and the app through which the aforesaid services are provided in addition to the planning of marketing and commercial initiatives aimed at increasing the number of users.

The company is part of the Safe Bag group which is one of the primary European and global operators in airport baggage protection and tracking services.

Drafting principles

In order to prepare the financial statements clearly as well as provide a true and accurate view of the financial position and economic result in accordance with the provisions of Article 2423 bis of the Italian Civil Code, the following was implemented:

- value the individual items according to prudence and assuming a going concern;
- only include the profits effectively made during the year;
- determine income and costs in compliance with the accruals principle, regardless of their cash inflows and outflows;
- understand all accrued risks and losses, even if they become known after the end of the year;
- separately consider, for the purposes of the related valuation, the heterogeneous elements included in the various items of the financial statements;
- maintain the valuation criteria adopted with respect to the previous year.

The following financial statement axioms pursuant to OIC 11 par. 15 are also complied with:

- a) prudence;
- b) assumption of a going concern;
- c) substantial representation;
- d) accruals;
- e) consistency in valuation criteria;
- f) relevance;
- g) comparability.



Assumption of a going concern APPLIED VALUATION CRITERIA

With regard to this principle, the valuation of the financial statement items was implemented on the basis of a going concern assumption and therefore by taking into account the fact that the company is a functioning economic complex which will - at least for a foreseeable future (12 months from reference date of the financial statements) – generate income. With regard to a future assessment of the going concern assumption, no significant uncertainties emerged, nor have reasonable alternatives been identified for a suspension of operations.

The budget is drawn up in Euro.

EXCEPTIONAL CASES PURSUANT TO ART. 2423, PARAGRAPH FIVE OF THE ITALIAN CIVIL CODE

No exceptional events occurred which made it necessary to resort to the derogations pursuant to Article 2423, paragraph five of the Italian Civil Code.

CHANGES IN ACCOUNTING PRINCIPLES

There were no changes in accounting principles during the year.

CORRECTION OF RELEVANT ERRORS

No significant errors committed in previous years emerged during the year.

COMPARABILITY AND ADJUSTMENT ISSUES

There are no assets or liabilities that fall under more than one item in the financial statements.

The criteria applied in the valuation of the items in the financial statements, shown below, comply with the provisions of Art. 2426 of the Italian Civil Code. The valuation criteria pursuant to Art. 2426 of the Italian Civil Code comply with those used when preparing the financial statements for the previous year.

Intangible fixed assets

Intangible assets are booked, within the limits of their recoverable value, at purchase or internal production cost, including all directly ascribable accessory charges, and are systematically amortized on a straight-line basis in relation to the residual possibility of use of the asset.

In particular, start-up and expansion costs derive from the capitalization of charges relating to the start-up or growth of operating capacity phases and are amortized over five years.

Development costs derive from the application of the results of basic research or other knowledge that is owned or acquired prior to the start of commercial production or use, and are amortized according to their useful life.

Fixed assets whose value at the end of the year is permanently lower than the residual cost to be amortized are entered at this lower value; this is not maintained if the reasons for the adjustment made cease to apply in subsequent financial years.

The booking and valuation of the items included in the category of intangible fixed assets was made with the consent of the Board of Statutory Auditors, where this is provided for by the Italian Civil Code.



Tangible fixed assets

Tangible fixed assets are recognized on the date in which the risks and rewards connected to the acquired assets are transferred and booked - up to the amount of the recoverable value - at purchase or production cost, net of the related accumulated depreciation and including all costs and directly ascribable accessory charges, indirect costs related to internal production, and charges relative to the financing of internal production incurred during the manufacturing period and up to the moment in which the asset can be used.

The cost of fixed assets - whose use is limited in time - is systematically depreciated in each financial year on the basis of economic-technical rates determined in relation to the residual possibility of use. Depreciation begins when the assets are available and ready for use.

Rates that reflect the result of the technical depreciation plans, confirmed by the companies and reduced by 50% for the acquisitions during the year, have been applied given that there exist for the latter the conditions set by OIC 16 paragraph 61

The depreciation plans, in accordance with OIC 16, paragraph 70, are reviewed in the event of a change in their residual possibility of use.

Below are the rates applied:

Other assets:

- furniture and furnishings: 12%
- electronic office machinery: 20%

Receivables

Receivables are classified under fixed assets or under current assets based on their allocation / origin with respect to ordinary operations and are booked at the estimated realizable value. The breakdown of the amounts due within and beyond the financial year is carried out with reference to the contractual or legal deadline while also taking into account facts and events that may determine a change in the original deadline as well as the realistic

ability of the debtor to fulfill the obligation within the contractual deadline and the time horizon within which we believe we can reasonably collect the credit.

Receivables pursuant to Art. 2426, paragraph 1, number 8 of the Italian Civil Code are booked according to the amortized cost criterion, except for the receivables for which the effects of the application of the amortized cost, pursuant to Art. 2423 paragraph 4 of the Italian Civil Code, are irrelevant (expiration less than 12 months).

Due to the aforementioned relevance principle, receivables have not been discounted if the interest rate that can be deduced from the contractual conditions is not significantly different from the market interest rate.

The “time factor” referred to in Art. 2426, paragraph 1, number 8 - involving the discounting of receivables falling due beyond 12 months in the event of a significant difference between the effective interest rate and the market rate - was taken into account.

Receivables for which the amortized cost criterion has not been applied have been recognized at their estimated realizable value.

Receivables, regardless of the application or not of the amortized cost, are reported in the financial statements net of the booking of an allowance for bad debts as well as of the generic risk relative to the remaining receivables, and based on estimates made on the basis of past experience, the trend in the seniority index of past due receivables, the general economic situation, sector and country risk, and events occurring after the end of the year which have an impact on values on the date of the financial statements.

In the case of receivables secured by guarantees, the effects relative to the enforcement of the guarantees were taken into account, while for insured receivables only the portion not covered by the insurance was taken into account.

In addition, an allocation was made to a specific risk provision with reference to the estimate - based on experience and on any other useful element - of returns of goods or products from customers as well as of discounts and rebates that are assumed to be granted at the time of collection.



Tax receivables and deferred tax assets

The item 'Tax receivables' includes the certain and determined amounts deriving from receivables for which a realization right has arisen through repayment or in compensation.

The item "Prepaid taxes" includes deferred tax assets determined on the basis of deductible timing differences or the carrying forward of tax losses by applying the estimated rate in force at the time when it is estimated that such differences will occur.

Deferred tax assets relative to a tax loss were booked in the presence of reasonable certainty of their future recovery, as demonstrated by tax planning for a reasonable period of time that forecasts sufficient taxable income to use the losses that can be carried forward and/or the presence of taxable timing differences which are sufficient to absorb the losses that can be carried forward.

Liquid funds

Liquid funds are reported at their nominal value.

Accruals and deferrals

Accruals and deferrals have been booked on the basis of the accruals principle and contain revenues/costs accrued in the year and payable in subsequent years as well as revenues/costs incurred by the end of the year, but pertaining to subsequent years.

As a result, only the quotas of costs and revenues, common to two or more years, are booked for amounts which vary over time.

At the end of the year, it was verified that the conditions that led to the initial booking were respected, applying the necessary value adjustments, if necessary and taking into account not only the temporal element but also potential recoverability.

Accrued income, similar to operating receivables, was valued at its estimated realizable value, while applying a write-down in the income statement if this value was lower than the book value.

Accrued liabilities, similar to payables, were valued at their nominal value.

In the case of deferred charges, the valuation of the future economic benefit relative to the deferred costs was implemented while applying a value adjustment if this benefit was lower than the rediscounted portion.

Cash and cash equivalents are stated at their nominal value.

Provisions for risks and charges

Provisions for risks represent liabilities related to situations existing on the date of the financial statements, but whose occurrence is only probable. With reference to risks for which the emergence of a liability is only possible or a cost which cannot be reliably estimated, a provision for risks has not been allocated.

Provisions for charges represent certain liabilities relative to negative components of income accruing in the financial year, but which will be paid in the following year.

The estimation process is applied and/or adjusted as of the financial statements date and is based on past experience as well as any useful available information.

In accordance with OIC 31 par.19 and given that the criterion for classifying costs by nature prevails, provisions for risks and charges are booked under the items of operational activity to which the transaction refers (ordinary, accessory or financial).

Tax provisions, even deferred

This item includes liabilities for probable taxes deriving from non-definitive assessments and pending disputes as well as liabilities for deferred taxes determined on the basis of taxable timing differences and by applying the estimated rate in force at the time in which such differences are deemed to have occurred.

The deferred tax provision also includes, pursuant to OIC 25, par. 53 to 85, deferred taxes deriving from extraordinary operations, the revaluation of assets, untaxed reserves that were not reported in the income statement or from shareholders' equity.



With reference to untaxed reserves that would be subject to taxation in the event of a distribution to shareholders, deferred taxes were not calculated given that, pursuant to OIC 25 par. 64, there are reasonable grounds for believing that they will not be used in ways that will give rise to conditions of taxability.

Employee termination indemnities

Employee termination indemnities is entered in compliance with the provisions of current legislation and corresponds to the actual commitment of the Company with respect to individual employees on the financial statement date, and after deducting any disbursed advances.

Payables

Payables pursuant to Art. 2426, paragraph 1, number 8 of the Italian Civil Code are recognized according to the amortized cost method, with the exception of payables for which the effects of the application of amortized cost, pursuant to Art. 2423 paragraph 4 of the Italian Civil Code, are irrelevant (expiration of less than 12 months).

Due to the aforementioned relevance principle, payables have not been discounted in the case that the interest rate deductible from contractual conditions is not significantly different from the market interest rate.

The “time factor” referred to in Art. 2426, paragraph 1, number 8, was also taken into account by discounting payables due beyond 12 months in the event of a significant difference between the effective interest rate and the market rate.

Payables for which the amortized cost method was not applied were booked at their nominal value.

The breakdown of the amounts due within and beyond the financial year is implemented with reference to contractual or legal deadlines, while also taking into account facts and events that may result in a change in the original maturity.

Payables originating from acquisitions of assets are recorded at the time the risks, charges and benefits are transferred; those relative to services are booked at the time the service is provided; those of a financial nature and of other nature are booked at the time when the obligation to the counterparty arises.

Tax payables include liabilities for certain and determined taxes as well as the withholdings made as a substitute tax, and not yet paid on the date of the financial statements and - where compensation is admitted - are recorded net of advances, withholding taxes and tax credits.

Values denominated in foreign currency

Monetary assets and liabilities denominated in foreign currencies are booked at the spot exchange rate in force at the end of the year, with the relative exchange rate gains and losses booked to the income statement.

Any net profit deriving from adjustment to exchange rates is entered - for the part not absorbed by any loss for the year - in a special reserve that cannot be distributed until it is realized.

Non-monetary assets and liabilities denominated in foreign currencies are booked at the exchange rate in force at the time of their purchase, and - pursuant to OIC 26 par. 31, and at the time of preparation of the financial statements - this cost is compared, according to the accounting standards of reference, with the recoverable value (fixed assets) or with the value inferable from the market (current assets).

Costs and revenues

These are reported according to the principle of prudence and accruals.

Economic and financial transactions with group companies and related parties are conducted at normal market conditions.

With reference to “Revenues from sales and services”, it should be noted that the adjustments of revenues, pursuant to OIC 12 par. 50, are deducted from revenues, with the exception of those referring to previous years and deriving from corrections of errors or changes in accounting principles which are recognized, pursuant to OIC 29, in the opening balance of shareholders’ equity.

Other information

The specific sections of the explanatory notes illustrate the criteria with which Art. 2423, paragraph four, was implemented in the event of failure to comply with reporting, valuation, presentation and disclosure requirements and when their observance has irrelevant effects on truthful and correct representation.

The principles and recommendations published by the Italian Accounting Body ("Organismo Italiano di Contabilità", OIC) have been observed and integrated, where missing, by international principles of general acceptance (IAS / IFRS), in order to give a true and fair representation of the financial situation as well as the economic result of the year.

INFORMATION ON THE BALANCE SHEET ASSETS

The valuation of financial statement items was implemented by taking into account the principle of prudence and with a view to a going concern as well as by taking into account the economic function of the asset and liability item in question. The accruals principle was also applied and, as a result, the effect of transactions and other events was booked and recorded to the financial year to which these transactions and events refer, and not to the year in which the relative cash flows occurred.

RECEIVABLES DUE FROM SHAREHOLDERS

The item – as of 31.12.2018, and equal to zero - has not undergone any movement during 2018.

FIXED ASSETS

The valuation criteria for fixed assets are in compliance with the provisions of Art. 2426 of the Italian Civil Code.

Fixed assets are booked at cost or internal production value, including all directly ascribable costs.

The tables below report changes in fixed assets, as required by point 2 of Article 2427 of the Italian Civil Code

Intangible fixed assets

Intangible assets amounted to € 2,428,377 (€ 1,259,267 in the previous year).

The composition and movements of the individual items are illustrated below:

	Start-up & expansions costs	Development costs	Int. Fixed assets under construction & advances	Total intangible fixed assets
Value at year start				
Cost	59.057	1.039.426	160.784	1.259.267
Book value	59.057	1.039.426	160.784	1.259.267
Changes during the year				
Increases for acquisitions	1.271.211	287.721	0	1.558.932
Reclassifications (of book value)	0	160.784	-160.784	0
Amortization of the year	173.645	216.177	0	389.822
Total changes	1.097.566	232.328	-160.784	1.169.110
Value at year end				
Cost	1.384.683	1.435.145	0	2.819.828
Amortization (provisions for amortization)	228.060	163.391	0	391.451
Book value	1.156.623	1.271.754	0	2.428.377

The founding and listing costs were reported in the item Start up and expansion costs.

The item Development costs includes proprietary software developed by the company;

Intangible fixed assets mainly refer to investments implemented for the purposes of developing and increasing the functionality of the software, and both for web and mobile services.

Tangible fixed assets

Tangible fixed assets amounted to € 13,078 (€ 3,396 in the previous year).

Tangible fixed assets consist of office machinery and electronic telephone systems.

Tangible fixed assets are originally booked at their cost of purchase or production.

The purchase cost includes directly ascribable accessory charges.

Tangible fixed assets are booked at their purchase cost. The depreciation quotas are booked in the income statement in a systematic and on a straight-line basis by using rates considered representative of the residual possibility of utilization of the assets.

Fixed assets which, at the end of the financial year, are permanently of a lower value than the book value are reduced to this lower value and the difference is booked within the income statement as a write-down. If the reasons for the impairment adjustment no longer exist, the original value is reinstated.

The composition and movements of the individual items are represented as follows:

	Other tangible fixed assets	Total tangible fixed assets
Value at year start		
Cost	3.396	3.396
Book value	3.396	3.396
Changes during the year		
Increases for acquisitions	12.643	12.643
Depreciation for the year	2.961	2.961
Total changes	9.682	9.682
Value at year end		
Cost	16.097	16.097
Depreciation (provisions for depreciation)	3.019	3.019
Book value	13.078	13.078

Non current receivables

Receivables included in financial fixed assets amounted to € 0 (€ 1,089,797 in the previous year).
The composition and movements of the individual items are represented as follows:

	Initial nominal amount	Provisions for initial write-down	Initial net value	Allocations to the provisions for write-downs	Use of the provisions for write-downs
To companies subject to the control of parent companies due after one year	1.089.797	0	1.089.797	0	0
Total	1.089.797	0	1.089.797	0	0

	(Write-downs)/value reinstatements	Reclassifications from other items	Other increases /(decreases)	Final nominal amount	Final provisions for write-downs	Net final value
To companies subject to the control of parent companies due after one year	0	0	-1.089.797	0	0	0
Total	0	0	-1.089.797	0	0	0

Movements are summarized below:

	Value at year start	Changes during the year	Value at year end	Quota expiring within the year	Quota expiring after the year	With residual duration of more than five years
Non-current receivables due from companies subject to control of parent companies	1.089.797	-1.089.797	0	0	0	0
Total non-current receivables	1.089.797	-1.089.797	0	0	0	0

The change is due to the extinction of the receivable from the company Safe Bag USA LLC, transferred from Safe Bag SpA at the time of the original transfer carried out when the company was founded. The receivable was repaid following the Board of Directors' resolution of 16 July 2018, and was carried out according to the following procedures:

- Advance collection by July 2018, and as a partial repayment of the loan granted to the associated company Safe Bag USA for an amount (including the installments already paid) of USD 678,200, in addition to the interest accrued up to the date of the payment;
- Distribution, in favor of the shareholder Safe Bag S.p.A. and in compliance with the provisions of Art. 2431 of the Italian Civil Code, of a portion of the share premium reserve for a total amount corresponding to USD 621,670 and therefore equal to - based on the USD / Euro exchange rate recorded by the European Central Bank on 13 July 2018 - 533,958.363 Euro, implemented by assignment in kind to Safe Bag SpA itself of the residual part of the credit deriving from the aforementioned financing, net of the portion subject to the advance repayment referred to in the previous point

Non current receivables – Repurchase agreements

It should be noted that there were no non-current receivables deriving from repurchase agreements with the purchaser, in compliance with Art. 2427, paragraph 1 number 6-ter of the Italian Civil Code:

Financial fixed assets booked at a value higher than fair value

In compliance with Art. 2427 bis, paragraph 1, number 2 letter a) of the Italian Civil Code, it should be noted that there were no financial fixed assets booked at a value higher than their fair value.

CURRENT ASSETS Receivables

Receivables included in current assets amounted to € 1,870,001 (€ 228,492 in the previous year). The composition is broken down as follows:

	Due within next year	Due past the year	Total nominal value	(Provisions for risks/write-downs)	Net value
Due from customers	4.925	0	4.925	0	4.925
Due from parent companies	479.954	0	479.954	0	479.954
From companies subject to the control of parent companies	971.626	0	971.626	0	971.626
Tax receivables	363.788	0	363.788		363.788
Prepaid taxes			49.708		49.708
Total	1.820.293	0	1.870.001	0	1.870.001

Receivables – Subdivision by maturity

The data relative to the breakdown of receivables by maturity, pursuant to Art. 2427, paragraph 1 number 6 of the Italian Civil Code, is provided below:

	Value at year start	Changes during the year	Value at year end	Quota expiring within the year	Quota expiring after the year	With a residual duration of more than five years
Receivables booked under current assets due from customers	2.510	2.415	4.925	4.925	0	0
Receivables booked under current assets due from parent companies	181.530	298.424	479.954	479.954	0	0
Receivables booked under current assets due from companies subject to control by parent companies	0	971.626	971.626	971.626	0	0
Tax receivables booked under current assets	8.383	355.405	363.788	363.788	0	0
Prepaid tax assets booked under current assets	36.069	13.639	49.708	49.708		
Total receivables booked under current assets	228.492	1.641.509	1.870.001	1.820.293	0	0

Receivables – Subdivision by geographical area

Below is the data relative to the breakdown of the receivables booked under current assets and by geographical area, pursuant to Art. 2427, paragraph 1 number 6 of the Italian Civil Code:

FRANCE	633.761
PORTUGAL	100.797
SWITZERLAND	25.079
CANADA	93.512
POLAND	27.050
RUSSIA	37.934
BRAZIL	11.843
GREECE	41.652
ITALY	484.879

Receivables – Repurchase agreements

There are no outstanding receivables booked under current assets deriving from repurchase agreements with the purchaser, in accordance with Art. 2427, paragraph 1 number 6-ter of the Italian Civil Code.

Liquid funds

Liquid funds booked under current assets amounted to € 3,267,683 (€ 0 in the previous year). The composition and movements of the individual items are represented as follows:

	Value at year start	Changes during the year	Value at year end
Bank and postal deposits	0	3.267.683	3.267.683
Total liquid funds	0	3.267.683	3.267.683

ACCRUED INCOME AND DEFERRED CHARGES

Accrued income and deferred charges amounted to € 74,334 (€ 40,447 in the previous year).

The composition and movements of the individual items are represented as follows:

	Value at year start	Changes during the year	Value at year end
Accrued income	40.447	-40.447	0
Deferred charges	0	74.334	74.334
Total accrued income and deferred charges	40.447	33.887	74.334

Composition of accrued income:

There was no accrued income as of 31/12/2018.

Composition of deferred charges:

The changes are two to ordinary operational activities.

Deferred charges are mainly relative to:

- Purchase of a Vip Lounge pass for € 34,000;
- Purchase of a uFirst pass for Fast Track service for € 17,000;
- An insurance policy for € 4,166;
- Spriano editorial consultancy for € 1,750;
- ERP Navision infrastructure for € 1,930;
- Ongoing stock exchange consultancy (Nomad, Specialist, etc.) for € 12,044;
- Technological infrastructure and software licenses for € 3,443

Capitalized financial charges

There were no financial charges in the financial year booked in relation to the values entered in the assets of the Balance Sheet, pursuant to Art. 2427, paragraph 1, number 8 of the Italian Civil Code.

To complement the information provided on the assets of the Balance Sheet, "Write-downs for permanent impairment" and "Revaluations of tangible and intangible fixed assets" are specified below.

Write-downs for permanent impairment of tangible and intangible fixed assets

In compliance with Art. 2427, paragraph 1 number 3-bis of the Italian Civil Code, it should be noted that they have not been applied to intangible and tangible fixed assets as per accounting principle OIC 9.

In particular, it should be noted that the simplified method referred to in paragraphs 30 to 35 of OIC 9 was applied by comparing the recoverable value of the fixed assets - determined on the basis of depreciation capacity - with their net book value recorded in the financial statements. This test revealed the sustainability of the investments, as based on an estimate of future income flows referable to the overall production structure.

Revaluation of intangible and tangible fixed assets

Pursuant to Article 10 of Law 72/1983, it should be noted that no monetary and economic revaluations have been carried out.



INFORMATION ON THE BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

The shareholders' equity at the end of the year amounted to € 6,751,394 (€ 2,072,883 in the previous year).

The following tables report the changes of the year of the individual items that make up shareholders' equity and the detail of the item 'Other reserves':

	Value at year start	Allocation of dividends	Other allocations	Increase
Share capital	500.000	0	0	93.400
Share price premium reserve	0	0	0	5.137.000
Legal reserve	0	0	3.644	96.356
Other reserves				
Misc. other reserves	1.500.000	0	0	0
Total other reserves	1.500.000	0	0	0
Profit (loss) carried forward	0	0	69.239	0
Profit (loss) of the year	72.883	0	-72.883	0
Total shareholders' equity	2.072.883	0	0	5.326.756

	Decrease	Reclassifications	Result of the year	Value at year end
Share capital	0	0		593.400
Share price premium reserve	0	0		5.137.000
Legal reserve	0	0		100.000
Other reserves				
Misc. other reserves	630.318	0		869.682
Total other reserves	630.318	0		869.682
Profit (loss) carried forward	0	0		69.239
Profit (loss) of the year	0	0	-17.927	-17.927
Total shareholders' equity	630.318	0	-17.927	6.751.394

Changes in shareholders' equity during the year were due to the following events:

- Share capital, following the underwriting of the share capital increase for the purpose of listing, increased by 93,400 euros and as of 31 December 2018 was 593,400;
- The reserve pursuant to Art 2430 of the Italian Civil Code is equal to € 100,000 due to the allocation of 5% of the profit for 2017, equal to € 3,644, and of the transfer of € 96,356 from the contribution reserve;
- The share price premium reserve, amounting to 5,137,000 Euro, was established as a result of the placement of the company's shares on the AIM stock market, following the listing on 1 August 2018;

- The contribution reserve, amounting to € 869,682, reported a decrease of € 630,318 with respect to the previous year, including € 533,958 distributed to the shareholder Safe Bag S.p.A. - by assigning in kind the residual part of the loan to the company Safe Bag USA LLC - as well as € 96.356 allocated to the legal reserve;

- Net income of the year for 2017, equal to € 72,883, was carried forward net of the portion allocated to the legal reserve and totaling € 69,239. The 2018 financial year instead reported a loss of € 17,927.

For the sake of improved intelligibility of the changes in shareholders' equity, the changes in the previous year in the items of shareholders' equity are highlighted:

	Value at year start	Allocation of dividends	Other allocations	Increase
Share capital	0	0	0	500.000
Other reserves				
Misc. other reserves	0	0	0	1.500.000
Total other reserves	0	0	0	1.500.000
Profit (loss) of the year	0	0	0	0
Total shareholders' equity	0	0	0	2.000.000

	Decrease	Reclassifications	Result of the year	Value at year end
Share capital	0	0		500.000
Other reserves				
Misc. other reserves	0	0		1.500.000
Total other reserves	0	0		1.500.000
Profit (loss) of the year	0	0	72.883	72.883
Total shareholders' equity	0	0	72.883	2.072.883

Availability and use of shareholders' equity items

The information required by Article 2427, paragraph 1 number 7-bis of the Italian Civil Code in relation to specification of the items of the shareholders' equity with reference to their origin, possibility of use and distributability, as well as to their use in previous years, is illustrated in the tables below:

	Amount	Origin/nature	Possibility of use	Available quota	Summary of uses in the last three years for coverage of losses	Summary of uses in the last three years for other reasons
Share capital	593.400	Capitale		0	0	0
Share price premium reserve	5.137.000	Capitale	A - B - C	5.137.000	0	0
Legal reserve	100.000	Capitale	B	0	0	0
Other reserves						
Misc. other reserves	869.682	Capitale	A - B - C	869.682	630.318	0
Total other reserves	869.682			869.682	630.318	0
Profit carried forward	69.239	Utili	A - B - C	69.239	0	0
Total	6.769.321			6.075.921	630.318	0
Non distributable quota				2.428.377		
Distributable residual quota				3.647.544		
Legend: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory restrictions E: other						

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are booked under liabilities for a total of € 178,165 (€ 115,393 in the previous year).

The composition and movements of the individual items are represented as follows:

	Provisions for retirement and similar obligations	Provisions for taxes, even deferred	Financial derivative liabilities	Other provisions	Total provisions for risks and charges
Value at year start	0	0	0	115.393	115.393
Changes during the year					
Other changes	0	0	0	62.772	62.772
Total changes	0	0	0	62.772	62.772
Value at year end	0	0	0	178.165	178.165

Provisions for risks and charges are booked for a value suitable for hedging the company's share of risk connected with the activity of tracking lost baggage.

Termination indemnities

Employee termination indemnities are booked under liabilities for a total of € 4,812 (€ 0 in the previous year).

The composition and movements of the individual items are represented as follows:

	Employee termination indemnities
Changes during the year	
Allocation during the year	17.874
Utilization during the year	13.062
Total changes	4.812
Value at year end	4.812

PAYABLES

Payables are booked under liabilities for a total of € 663,510 (€ 433,095 in the previous year).

The composition of the individual items is represented as follows:

	Value at year start	Changes during the year	Value at year end
Payables to suppliers	32.450	172.311	204.761
Payables to parent companies	0	331.919	331.919
Payables due to companies subject to control by parent companies	369.623	-369.623	0
Tax payables	31.022	7.058	38.080
Payables to pension and social security institutions	0	27.618	27.618
Other payables	0	61.132	61.132
Total	433.095	230.415	663.510

Payables – Breakdown by maturity

Below is the data relating to the breakdown of payables by maturity, pursuant to Art. 2427, paragraph 1 number 6 of the Italian Civil Code:

	Value at year start	Changes during the year	Value at year end	Quota expiring within the year	Quota expiring after the year	With a duration of more than five years
Payables to suppliers	32.450	172.311	204.761	204.761	0	0
Payables to parent companies	0	331.919	331.919	331.919	0	0
Payables due to companies subject to control by parent companies	369.623	-369.623	0	0	0	0
Tax payables	31.022	7.058	38.080	38.080	0	0
Payables to pension and social security institutions	0	27.618	27.618	27.618	0	0
Other payables	0	61.132	61.132	61.132	0	0
Total payables	433.095	230.415	663.510	663.510	0	0

Payables – Breakdown by geographical area

Below is the data relating to the breakdown of payables by geographical area, pursuant to Art. 2427, paragraph 1 number 6 of the Italian Civil Code:

Geographic area	Amount
Moldavia	38.248
Switzerland	1.940
Italy	506.767

Payables secured by collateral on company assets

Below is information on collateral securities on corporate assets, pursuant to Art. 2427, paragraph 1 number 6 of the Italian Civil Code:

Payables – Repurchase agreements

There are no payables arising from repurchase agreements with the purchaser, pursuant to Art. 2427, paragraph 1 number 6-ter of the Italian Civil Code.

ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are booked under liabilities for a total of € 55,592 (€ 28 in the previous year). The composition and movements of the individual items are represented as follows:

	Value at year start	Changes during the year	Value at year end
Accrued liabilities	28	1.315	1.343
Deferred income	0	54.249	54.249
Total accrued liabilities and deferred income	28	55.564	55.592

Composition of deferred income:

	Description	Amount
	Deferred income	1.343
Total		1.343

Deferred income refers entirely to tax credits for research and development activities carried out during 2018 for € 54.249.

INFORMATION ON THE INCOME STATEMENT

TOTAL REVENUES

Revenues from sales and services – Breakdown by category of activity

In relation to the provisions of Art. 2427, paragraph 1 number 10 of the Italian Civil Code, the following tables report the breakdown of revenues by category of activity:

Revenues For services

Revenues from sales and services – Breakdown by geographical area

In relation to the provisions of Art. 2427, paragraph 1 number 10 of the Italian Civil Code, the following tables report the breakdown of revenues by geographical area:

Geographical area	Value in current year
ITALY	774.808
CANADA	164.715
FRANCE	976.941
POLAND	28.059
PORTUGAL	293.022
SWITZERLAND	104.992
RUSSIA	85.241
BRAZIL	11.843
GREECE	41.652
Total	2.481.273

Other revenues and proceeds

Other revenues and income are booked under total revenues within the income statement for a total of € 14,695 (€ 154,772 in the previous year).

The composition of the individual items is composed as follows:

	Value in previous year	Change	Value of current year
Other			
Other revenues and proceeds	154.772	-140.077	14.695
Total other	154.772	-140.077	14.695
Total other revenues and proceeds	154.772	-140.077	14.695

COST OF PRODUCTION

Expenses for services

Service costs are recorded under the cost of production of the income statement for a total of € 1,518,005 (€ 64,570 in the previous year).

The composition of the individual items is composed as follows:

	Value of previous year	Change	Value of current year
Transportation	0	159	159
Maintenance and repair costs	0	689	689
Technical services and consultancy	10.900	88.730	99.630
Compensation to directors	0	65.061	65.061
Compensation to auditors	0	47.777	47.777
Payable commissions	0	139	139
Advertising	0	1.492	1.492
Expenses and legal advice	0	36.400	36.400
Tax, administrative and commercial consultations	2.000	181.596	183.596
Telephone charges	0	33.143	33.143
Service from financial companies and banks of non-financial nature	0	4.741	4.741
Insurance	2.083	24.737	26.820
Entertainment expenses	0	5.538	5.538
Travel and transfer costs	0	23.093	23.093
Training and updating expenses	0	820	820
Other	49.587	939.320	988.907
Total	64.570	1.453.435	1.518.005

Expenses for use of third-party assets Other operating charges

Expenses for use of third-party assets were booked as production costs in the income statement for a total of € 20,286 (€ 2,000 in the previous year).

The composition of the individual items is composed as follows:

	Value of previous year	Change	Value of current year
Rentals and leases	2.000	18.000	20.000
Other	0	286	286
Total	2.000	18.286	20.286

Other operating expenses are booked under cost of production within the income statement for a total of € 33,374 (€ 599 in the previous year).

The composition of the individual items is composed as follows:

	Value of previous year	Change	Value of current year
Other operating charges	599	32.775	33.374
Total	599	32.775	33.374

FINANCIAL PROCEEDS AND CHARGES

Interest and other financial charges - Breakdown by type of debt

In relation to the provisions of Art. 2427, paragraph 1, number 12 of the Italian Civil Code, it should be noted that financial charges refer entirely to interest on bank accounts.

Exchange rate gains and losses

Below is the information concerning the subdivision of foreign exchange gains and losses deriving from the year-end valuation with respect to those effectively realized:

	Valuation portion	Realized portion	Total
Exchange rate gains	0	9.253	9.253
Exchange rate losses	0	-11.469	-11.469

REVENUES OF EXCEPTIONAL AMOUNT OR INCIDENCE

In relation to the provisions of Art. 2427, paragraph 1 number 13 of the Italian Civil Code, there were no revenues of exceptional size or incidence in 2018.

COSTS OF EXCEPTIONAL AMOUNT OR INCIDENCE

In relation to the provisions of Art. 2427, paragraph 1 number 13 of the Italian Civil Code, there were no costs of exceptional size or incidence in 2018.

INCOME TAXES FOR THE FINANCIAL YEAR: CURRENT, DEFERRED AND ADVANCE

The composition of the individual items is represented as follows:

	Current taxes	Taxes relative to previous years	Deferred taxes	Advance taxes	Income (expenses) from participation in the consolidated tax / fiscal transparency regime
IRES	485	316	0	13.639	
IRAP	300	0	0	0	
Total	785	316	0	13.639	0

The following tables, prepared on the basis of the indications suggested by OIC 25, contain the information required by Art. 2427, paragraph 1 number 14, lett. a) and b) of the Italian Civil Code.

Prepaid taxes have been determined with reference to the timing differences generated by the booking of provisions for risks.

OTHER INFORMATION

Employment data

Below is the data concerning personnel pursuant to Art. 2427, paragraph 1 number 15 of the Italian Civil Code.

	Average number
Mid-level manages	3
Office employees	7
Total employees	10

Remuneration to corporate bodies

Below is the information concerning the directors and statutory auditors, pursuant to Art. 2427, paragraph 1 number 16 of the Italian Civil Code.

	Directors	Auditors
Compensation	62.200	29.000

Remuneration to the regulatory auditor or auditing company

The following information is provided in relation to the fees paid to the regulatory auditor or auditing company pursuant to Art. 2427 paragraph 1 number 16 bis of the Italian Civil Code:

	Value
Regulatory audit of annual accounts	17.300
Total fees due to the regulatory auditor or auditing company	17.300

Categories of shares issued by the company

The information required by Article 2427, paragraph 1 number 17 of the Italian Civil Code relating to data on the shares that constitute the share capital of the company as well as the number and the nominal value of the shares underwritten during the year can be found in the following tables:

	Description	Initial amount, number	Initial amount, nominal value	Shares underwritten in the year, number	Shares underwritten in the year, nominal value	Final amount, number	Final amount, nominal value
	Azioni ordinarie	5.000.000	5.000.000	934.000	934.000	5.934.000	5.934.000
Total		5.000.000	5.000.000	934.000	934.000	5.934.000	5.934.000

Commitments, guarantees and contingent liabilities not reported in the balance sheet

In relation to the provisions of Art. 2427, paragraph 1, number 9 of the Italian Civil Code, there are no guarantees and potential liabilities not reported in the balance sheet.

Information on assets and loans intended for a specific transaction

There are no assets destined for a specific transaction, in accordance with Art. 2447 bis of the Italian Civil Code, nor is there financing allocated to a specific transaction, in accordance with Art. 2447 decies of the Italian Civil Code.

Transactions with related parties

The information relative to the transactions carried out with related parties, pursuant to Art. 2427, paragraph 1 number 22-bis of the Italian Civil Code, is reported below:

- March 2019, accrual in 2018 – Re-debiting of costs incurred by the parent company Safe Bag S.p.A. in 2018 and relative to the development and implementation of the sostravel App as well as the management of the Company's listing process for € 303,301.
- July 2018: consulting contract with the company SHS srl for Investor Relations activities and totaling an amount of 18,300 Euro.

Agreements not reported in the balance sheet

There are no agreements not reported the balance sheet, pursuant to Art. 2427, paragraph 1 number 22-ter of the Italian Civil Code.

Significant events after the end of the year

No significant events occurred after the financial statement date.

Name and registered office of the companies that prepare the consolidated financial statements of the largest / smallest group of companies to which they belong

The following table reports the information required by Article 2427, paragraph 1 number 22 quinquies and 22 sexies of the Italian Civil Code:

	Largest group
Company name	Safe Bag SpA
City (if in Italy) or foreign state	Gallarate (VA)
Tax code (for Italian companies)	02389980125

Derivative financial instruments

The company is not a party to derivative financial instruments pursuant to Art. 2427 bis, paragraph 1, point 1 of the Italian Civil Code.

Information on companies or organizations that exercise management and coordination activities - Art. 2497 bis of the Italian Civil Code

The company is not subject to management or coordination by companies or entities.

Information relating to Startups, including non-profits, and innovative SMEs

During the financial year 2018, the company conducted research and development activities in relation to experimental activities in favor of new technical and technological solutions in reference to the new SOSTRAVEL software application for mobile devices which aims at improving air travel experience.

For the development of these projects, the company incurred, in the past year, the previously reported costs related to R&D activities. To this end, it should be noted that these were booked under assets on the basis of the discretion of the administrative body and subject to the approval of the Board of Statutory Auditors.

In compliance with national accounting principle no. 24 of the CNDC and CNR, as revised by the OIC, and article 2426 of the Italian Civil Code, point 5, it was concluded that the R&D costs shown above retain the requirements to be capitalized and amortized over a period not exceeding five years.

In the case of R&D activities, the company intends to avail itself of the tax credit pursuant to Art. 1 paragraph 35 of Law no. 190 of 23 December 2014 and subsequent regulatory changes, including law No. 145 of 30 December 2018, Art. 1 paragraphs 70 - 72.

In compliance with transparency and advertising requirements pursuant to Law no. 124 of 4 August 2017, Article 1 paragraphs 125-129, which imposed on the companies the obligation to report - in the explanatory notes - “subsidies, contributions, and in any case economic advantages of any kind”; the details of the relative amounts are shown below:

ISSUING PARTY	2018 CONTRIBUTION VALUE	STATUS OF FILE (DELIBERATED/ DISBURSED/DE-TERMINED/COMPENSATED) (1)	DATE	REGULATORY REFERENCE
Italian government	67.811,00 €			R&D Law 190 and subsequent amendments and supplements

Allocation of the operating result

Pursuant to Art. 2427, paragraph 1 number 22-septies of the Italian Civil Code, it is hereby proposed to carry forward the accrued loss to the new financial year.

Administrative body



SosTravel.com Spa

Registered office VIA OLONA, 183/G – Zip Code 21013 (VA)

Registration number of the Varese Companies Register, Tax Code and VAT No. 03624170126

Share Capital fully paid in Euro 500,000.00

Registered under number VA - 366690 of Economic & Administrative Index of Varese

Certified public e-mail address: SOSTRAVEL@PEC.NET

REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 2429, paragraph 2 of the Italian Civil Code

At the shareholders' meeting of the company SosTravel.com Spa

Dear Shareholders, the Board of Statutory Auditors, in the financial year ended 31.12.2018, performed the functions pursuant to Articles 2403 et sequitur of the Italian Civil Code

A1) Supervisory activities pursuant to Art. 2403 et sequitur of the Italian Civil Code

Knowledge of the company, risk assessment and report on assigned tasks

- Given the consolidated knowledge that the Board of Statutory Auditors declares to have regarding the company, and in relation to the type of operations which were performed as well as its organizational and accounting structure while also taking into account the size and problems of the company, it should be reiterated that the "planning of supervisory activity" phase - during which it is necessary to assess the intrinsic risks and critical issues pertaining to the two parameters mentioned above - was implemented with positive feedback compared to what was already known on the basis of information previously acquired over time.
- It was possible to confirm the following: the typical activity carried out by the company has not changed during the year in question and is consistent with the provisions of the company purpose; the organizational structure and IT assets were increased during this year; the same applies to the human resources that make up the "workforce"; the above is indirectly confirmed by comparing the results of the values expressed in the income statement for the last two years, ie the one under analysis and the previous one. It is also possible to note how the company operated in the year which just ended in comparison with the previous year and, consequently, our audits were implemented by using these assumptions after having verified the substantial comparability of values and results.
- This report therefore summarizes the activity concerning the disclosure pursuant to Art. 2429, paragraph 2 of the Italian Civil Code, and more specifically: the results of the financial year; the activities carried out for the fulfillment of duties provided for by the law; the observations and proposals regarding the financial statements, with specific reference to the potential use – on the part of the administrative body - of the derogation pursuant to Art. 2423, paragraph 5 of the Italian Civil Code.; the possible receipt of complaints by shareholders pursuant to Art. 2408 of the Italian Civil Code. In any case, we remain at your complete disposal to further analyze any further aspects during the shareholders' meeting discussion. The activities implemented by the Board concerned, from a temporal perspective, the entire year and - during the same year - the meetings pursuant to Art. 2404 of the Italian Civil Code were conducted and specific minutes were duly drafted of these meetings, undersigned with unanimous approval.

Implemented activities

- During the periodic audits, the Board took note of the development of the operations carried out by the company, paying specific attention to contingent and/or extraordinary issues in order to identify the economic and financial impact on the operating result of the year and on the financial situation. There were also discussions with the professional firms that assist the company in terms of legal, accounting and tax consultancy as well as assistance on technical and specific issues: the findings provided a positive outcome.
- The Company was admitted to the AIM market of Borsa Italiana on 30 July 2018 with a share price of 5.60 Euro and capitalization equal to € 33 million. On 1 August 2018, following the first day of trading, the IPO transaction was completed with the full underwriting of the share capital increase by the market and with a gross financial collection of € 5.2 million.
- During the course of the entire year, the Company also dedicated itself to the development and implementation of the Sostravel App as well as to the negotiation and stipulation of certain contracts that are functional to the exercise of its business.
- The Board has therefore periodically evaluated the adequacy of the organizational and functional structure of the company and its potential changes with respect to the minimum operational requirements.
- Relations with the individuals operating in the aforementioned structure - directors, employees and external consultants - were based on a spirit of mutual collaboration, in accordance with the roles assigned to each person, and after having clarified those of the Board of Statutory Auditors. For the entire duration of the year, the following was noted: the internal administrative personnel in charge of collecting company data was subject to change with respect to the previous year given that the company attempted to improve the level of technical preparation of these important professionals, and the latter remains adequate with respect to the type of ordinary corporate facts to be recorded and can boast a sufficient knowledge of company issues; the consultants and external professionals in charge of accounting, tax, corporate and employment law assistance have not changed and therefore retain historical knowledge of the implemented operations and of the extraordinary management problems that influenced the results of the financial statements.
- Given the relative simplicity of the company's organizational chart, the information required by Art. 2381, paragraph 5 of the Italian Civil Code was provided by the Chairman of the Board of Directors at intervals, both at the time of scheduled meetings and during individual accesses by members of the Board of Statutory Auditors at the company's registered office and also through telephone and IT contacts/information flows with other members of the Board of Directors.
- In conclusion, and to the extent that was noted during the activities carried out during the year, the Board of Statutory Auditors can state that:
 - the decisions taken by the shareholders and by the administrative body were compliant with the law and the company Articles of Association and were not clearly imprudent or such as to definitively compromise the integrity of the company's assets;
 - sufficient information was acquired in relation to the general operational performance and its foreseeable evolution, as well as on the most significant transactions, by size or characteristics, carried out by the company;
 - the implemented operations were also compliant with the law and the company Articles of Association and were not in potential conflict with the resolutions adopted by the shareholders' meeting or such as to compromise the integrity of the company's assets; no specific observations are hereby provided regarding the adequacy of the company's organizational structure or regarding the adequacy of the administrative and accounting system or in relation to the reliability of the latter in correctly representing operational facts;
 - during the supervisory activity, as described above:

- no further significant facts emerged such as to require notification in this report;
- no action had to be taken due to omissions by the administrative body pursuant to art. 2406 of the Italian Civil Code;
- no complaints have been received pursuant to art. 2408 of the Italian Civil Code;
- no complaints have been made pursuant to art. 2409, paragraph 7 of the Italian Civil Code;
- during the year, the Board did not issue opinions required by law.

A2) Observations relative to the financial statements of the year

Financial statements of the year

- We have examined the draft financial statements for the year ended 31.12.2018 which was made available to us under the terms of Article 2429 of the Italian Civil Code, and on which we report the following. Given that we are not entrusted with the audit of the financial statements, we have supervised over its general structure as well as its general compliance with the law as regards its preparation and structure and in this regard we have no particular observations to report.
- The draft financial statements for the year ended 31.12.2018 were approved by the administrative body and consist of the balance sheet, the income statement, the cash flow statement and the explanatory note, in compliance with the provisions of Art. 2423 of the Italian Civil Code and according to the outlines envisaged by Articles 2424 and 2425 of the Italian Civil Code.

The **balance sheet** - in terms of groupings of asset and liability items provided for by Art. 2424 of the Italian Civil Code – is summarized below:

A)	Receivables due from shareholders for payments still due	0
B)	Fixed assets	2,441,455
C)	Current assets	5,137,684
D)	Accrued income and deferred charges	74,334
	Total assets	7,653,473
A)	Shareholders' equity	6,751,394
B)	Provisions for risks and charges	178,165
C)	Employee termination indemnities	4,812
D)	Payables	663,510
E)	Accrued liabilities and deferred income	55,592
	Total liabilities and shareholders' equity	7,653,473

The operating result for the period 01.01.2018 - 31.12.2018 is reported in the **income statement** according to the summarized groupings of cost and revenue items required by Art. 2425, as illustrated below:

A)	Total revenues	2,495,968
B)	Cost of production	2,593,166
	Balance	(97,198)
C)	Financial proceeds and charges	66,733
D)	Value adjustments of financial assets	0
	Balance	66,733
	Result before taxes	(30,465)
(22	Income taxes	(12,538)
)		
	Profit of the year	(17,927)

- The administrative body has also prepared the report on operations pursuant to Art. 2428 of the Italian Civil Code; these documents have been delivered to the Board of Statutory Auditors in time for them to be

registered at the company's registered office along with this report, regardless of the deadline set by Art. 2429, paragraph one, of the Italian Civil Code.

- The draft financial statements were then reviewed, and for which the following additional information is provided: the criteria used in preparing the financial statements for the year ended 31.12.2018 do not differ from those used for the preparation of the previous year's financial statements.
- Focus was given to the structure of the draft financial statements, its general compliance with the law as regards its preparation and structure, and in this regard there are no comments that should be highlighted in this report.
- Compliance with legal norms concerning the preparation of the report on operations has been verified and in this regard there are no comments that should be highlighted in this report.
- The administrative body, when preparing the financial statements, has not derogated from the provisions of the law pursuant to Art. 2423, paragraph 4 of the Italian Civil Code.
- The consistency of the financial statements with the facts and information that were acquired following the fulfillment of the typical duties of the Board of Statutory Auditors was verified and no further observations are highlighted in this regard.
- In compliance with Art. 2426, paragraph 5 of the Italian Civil Code, the significant values recorded in items B-I-1) and B-I-2) of the assets were subject to our specific audit and with consequent consent to their booking; it should be noted, for mere reference, that it will not be possible to distribute dividends by utilizing net income reserves beyond the net amount of this item capitalized under assets.

The accuracy of the information contained in the explanatory notes to the financial statements regarding the absence of receivable and payable financial and monetary positions - that originally arose in currencies other than the Euro - was verified.

- The information required by Art. 2427-bis of the Italian Civil Code, relative to derivative financial instruments and financial fixed assets booked at a value higher than their fair value, was reported in the explanatory notes;
- The net result ascertained by the administrative body for the financial year ended 31.12.2018, as is also evident from a reading of the financial statements, was negative by € 17,927. The Board agrees with the proposal for the allocation of the operating result of the year made by the directors in the explanatory notes. The result of the regulatory audit of the financial statements was the subject of the report issued on 12/04/2019 by the independent single auditor

A3) Observations and proposals in relation to the approval of the financial statements

Observations

- Given the results of the activities we have conducted, the Board proposes to the shareholders' assembly to approve the financial statements for the year ended on 31.12.2018, as prepared by the directors

Rome, 12 April 2019

The Auditors

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In acknowledgement,
the Chairman of the Board of Directors

Sos Travel.com S.p.A.

**Report of the auditing company pursuant to Art. 14 of Legislative Decree No.
39 of 27 January 2010**

Report of the auditing company pursuant to Art. 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of:

SOS Travel.com S.p.A.

Report on the audit of the financial statements of the year

Assessment

We performed the audit of the financial statements of SOS Travel.com S.p.A. (the Company) consisting of the balance sheet as of 31 December 2018, the income statement, and the cash flow statement for the year ended on that date as well as the explanatory notes to the financial statements.

In our opinion, the financial statements provide a true and accurate representation of the Company's financial position as of 31 December 2018 as well as of the economic result and the cash flows for the year ended on that date, in accordance with Italian regulations govern drafting criteria.

Elements underlying the assessment

We performed the audit in compliance with international auditing standards (ISA Italy). Our responsibilities pursuant to these principles are further described in the section *Responsibilities of the auditing company for the audit of the financial statements for the year* of this report. We are independent with respect to the Company, in compliance with rules and principles regarding ethics and independence applicable in Italian law to the audit of the financial statements. We believe we have acquired sufficient and appropriate auditing evidence on which to base our assessment.

Informational references

Reference should be made to the information in the financial statements relative to the listing process, and which describes the effects of the procedure completed on 1 August 2018 with the listing on the AIM Italia segment. Our assessment is not expressed with remarks in relation to this element.

Responsibilities of the Directors and of the Board of Statutory Auditors for the financial statements of the year

The Directors are responsible for the preparation of the financial statements of the year; the latter should provide a true and accurate representation in accordance with Italian regulations governing preparation criteria and, under the terms established by law, for that part of the internal control they consider necessary to allow for the preparation of financial statements that do not contain significant errors due to fraud or unintentional behavior or events.

The Directors are responsible for assessing the Company's ability to continue to operate as a going concern and, when preparing the financial statements of the year, for the appropriateness in using the going concern assumption as well as for adequate disclosure in this matter. The Directors use the going concern assumption during the preparation of the financial statements of the year unless they have assessed that conditions exist for the liquidation of the Company or for the suspension of operations or do not have realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for the supervision, within the terms established by law, of the process for preparing the Company's financial information.

Responsibility of the auditing company for the audit of the financial statements of the year

Our objectives include the acquisition of a reasonable certainty that the financial statements as a whole do not contain significant errors due to fraud or unintentional behavior or events, and the issue of an audit report that includes our assessment. Reasonable certainty is considered a high level of security which, however, does not provide a guarantee that an audit carried out in accordance with international auditing standards (ISA Italia) will always detect a significant error, if it exists. Errors can derive from fraud or unintentional behavior or events and are considered significant if it can reasonably be expected that these errors - individually or jointly - may influence the economic decisions made by users based on the financial statements of the year.

As part of the audit carried out in accordance with international auditing standards (ISA Italy), we have exercised our professional judgment and have maintained professional skepticism for the entire duration of the audit. In addition:

- we have identified and assessed the risks of significant errors in the financial statements of the year due to fraud or unintentional behaviors or events; we have defined and conducted audit procedures in response to these risks; we have acquired sufficient and appropriate audit evidence on which to base our assessment. The risk of not detecting a significant error due to fraud is higher than the risk of not identifying a significant error deriving from unintentional behaviors or events given that fraud can imply the existence of collusion, falsifications, intentional omissions, misleading representations or tampering with internal controls;
- we have acquired an understanding of internal control that is relevant for the purposes of the audit and in order to define audit procedures which are appropriate in the circumstances and not to express an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of the accounting principles which were utilized as well as the reasonableness of accounting estimates made by the Directors, including the relative informational disclosures;
- we have reached a conclusion on the appropriateness of the use of the going concern assumption on the part of the Directors and – on the basis of the audit evidence which was obtained - on the potential existence of significant uncertainty regarding events or circumstances that could give rise to significant doubts about the Company's capacity to continue to operate as a going concern. In the presence of significant uncertainty, we are required to note this fact in the relevant financial statement audit report, or, if this information is inadequate, to reflect this fact when formulating our assessment. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances could result in the Company ceasing to operate as a going concern;
- we evaluated the presentation, structure and content of the overall financial statements of the year, including the informational reports - as well as whether the financial statements of the year represent the underlying transactions and events - in order to provide a correct representation.

We notified, amongst other items, the managers of the governance activities - identified at an appropriate level, as requested by the ISA Italy – of the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in internal control which were identified during the course of the audit.

Report on other legal and regulatory provisions

Assessment pursuant to Art. 14, paragraph 2, letter e), of Legislative Decree 39/10

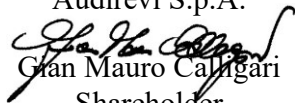
The Directors of SOS Travel.com S.p.A. are responsible for preparing the report on operations of SOS Travel.com S.p.A. as of 31 December 2018, including its consistency with the relative financial statements of the year and its compliance with the law.

We have implemented the procedures indicated in audit principle (SA Italia) no. 720B in order to express an assessment on the consistency of the report on operations with the financial statements of the year of SOS Travel.com S.p.A. as of 31 December 2018 as well as its compliance with the law and to issue a statement on any significant errors.

In our opinion, the report on operations is consistent with the financial statements of the year of SOS Travel.com S.p.A. as of 31 December 2018 and was prepared in accordance with the law.

With reference to the declaration pursuant to Art. 14, paragraph 2, letter e), of Legislative Decree 39/10 - issued on the basis of our knowledge and understanding of the company and its context. as acquired during the audit - we have nothing to report.

Milan, 12 April 2019

Audirevi S.p.A.

Gian Mauro Caligari
Shareholder



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Via Olona, 183/G 21013 Gallarate (VA) Italy

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