



*Sostravel S.p.A. Annual Report as of
31 December 2019*

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

31 December 2019

TABLE OF CONTENTS



SOSTRAVEL.COM S.P.A.

1 Company presentation	page 4
2 Shareholding structure	page 10
3 Company bodies	page 11
4 sostravel.com in Borsa AIM	page 12



REPORT ON OPERATIONS

5 Operational trends and business outlook for sostravel	page 14
6 Economic and financial performance of sostravel	7
Other information	page 18
	page 22



FINANCIAL STATEMENTS OF SOSTRAVEL.COM S.p.A. AS OF 31 December 2019

8 Half-year financial statements	page 26
9 Explanatory notes	page 33



SOSTRAVEL.COM S.P.A.

1 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 TraWell Co (previously 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 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 operations

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 TraWell Co Group (previously Safe Bag) 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.

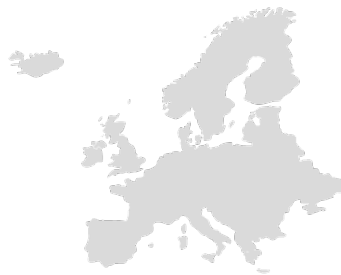
The graph below reports the geographical distribution of the TraWell Group and the location of the airports where, to date, sostravel also markets or aims to market its services.

AMERICA



Canada (3)
Usa (1)
Peru (1)

EUROPE



Italy (6)
France (7)
Switzerland (1)
Portugal (5)
Greece (1)
Poland (2)
Estonia (1)
Latvia (1)
Lithuania (2)

ASIA



Russia (17)
Thailand (1)
Philippines (1)

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 free of charge.

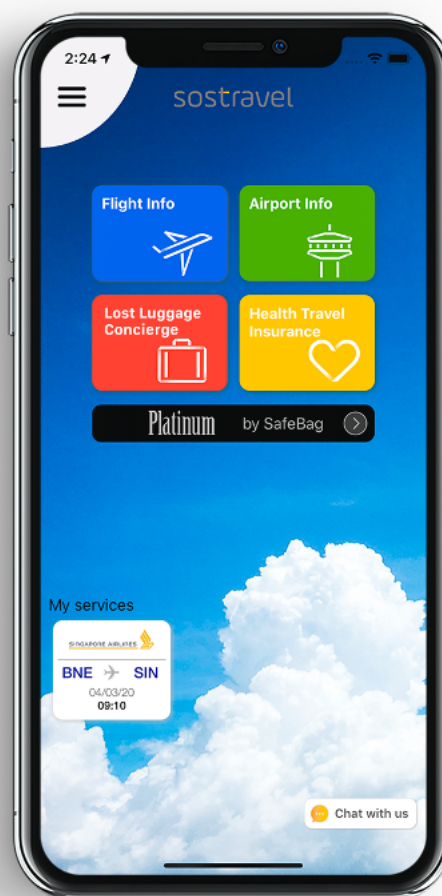
• **Airport info** this service (i) provides free access to various useful information related to the airports of interest (eg. modalities for transfer from or to the infrastructure, maps, food, Wi-Fi) and (ii) allows for the purchase of certain services available there (eg. parking, car rental services,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

• **Lost Luggage 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 track customer baggage within 1 (one) day of receiving the PIR; (ii) the commitment of the Company, in the event of failure to track the baggage within the period indicated above, to the payment of a daily penalty for each day of delay up to a maximum fixed amount;

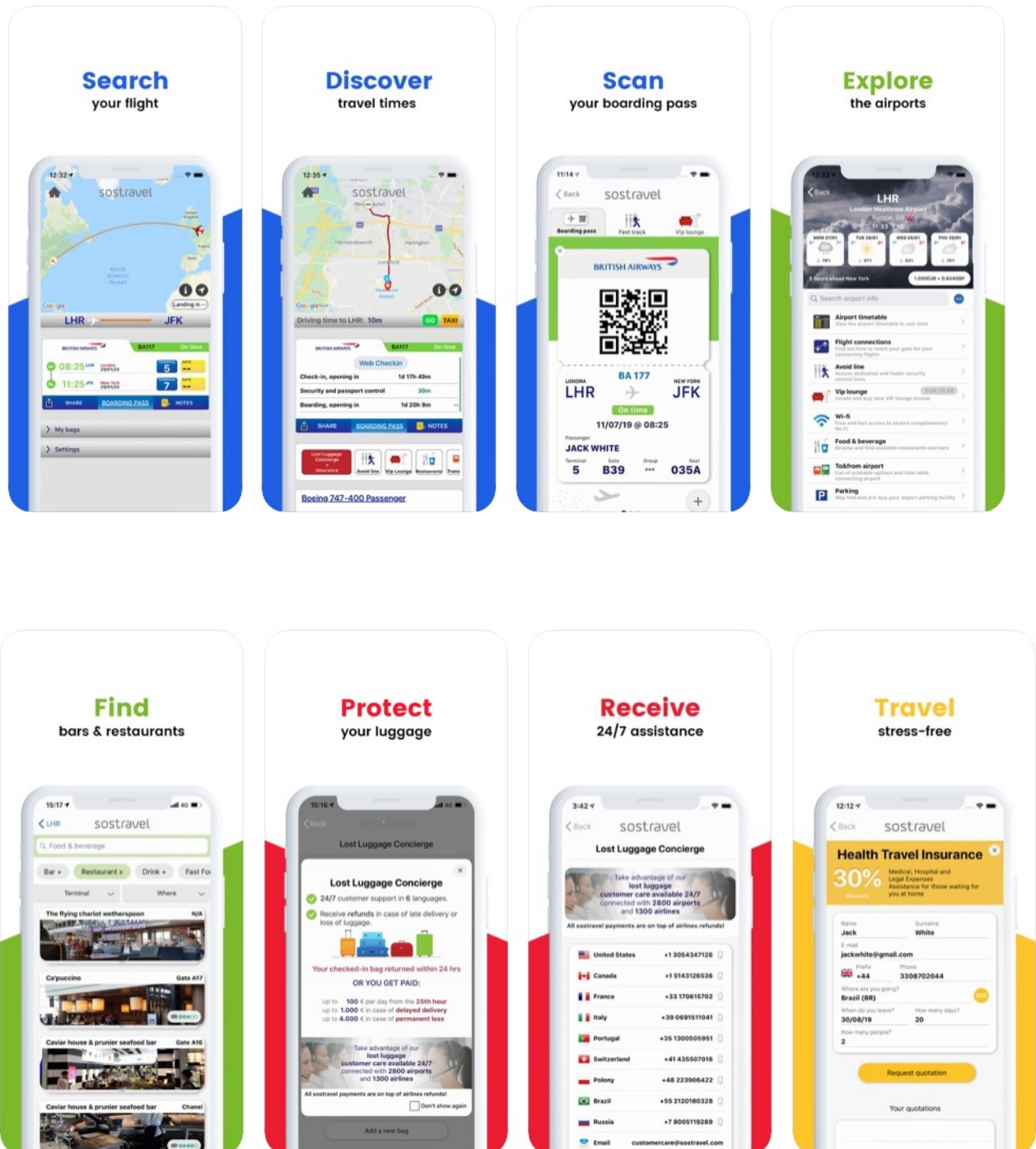
(iii) the commitment of the Company - in the case of the failure to track the baggage following 21 (twenty one) days from receipt of the PIR - to pay a penalty equal to the compensation paid by the airline for the loss of baggage, and up to a fixed limit amount. Finally, the service provides customers 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 allows users to access - through the sostravel App - the website of a leading insurance company authorized to sell multi-risk travel insurance policies and to purchase, also through remote communication modalities, products and insurance coverage related to the trip.



Development of Technological Products

During the course of 2019, sostravel.com has continued to invest in the development of its App whose graphical userface is shown below.



To date, the Flight Info, Airport Info, Lost Luggage Concierge and Travel Insurance services are fully developed and active.

Sales channels

Online sales channels

Sostravel aims 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.

TraWell-related sales channel

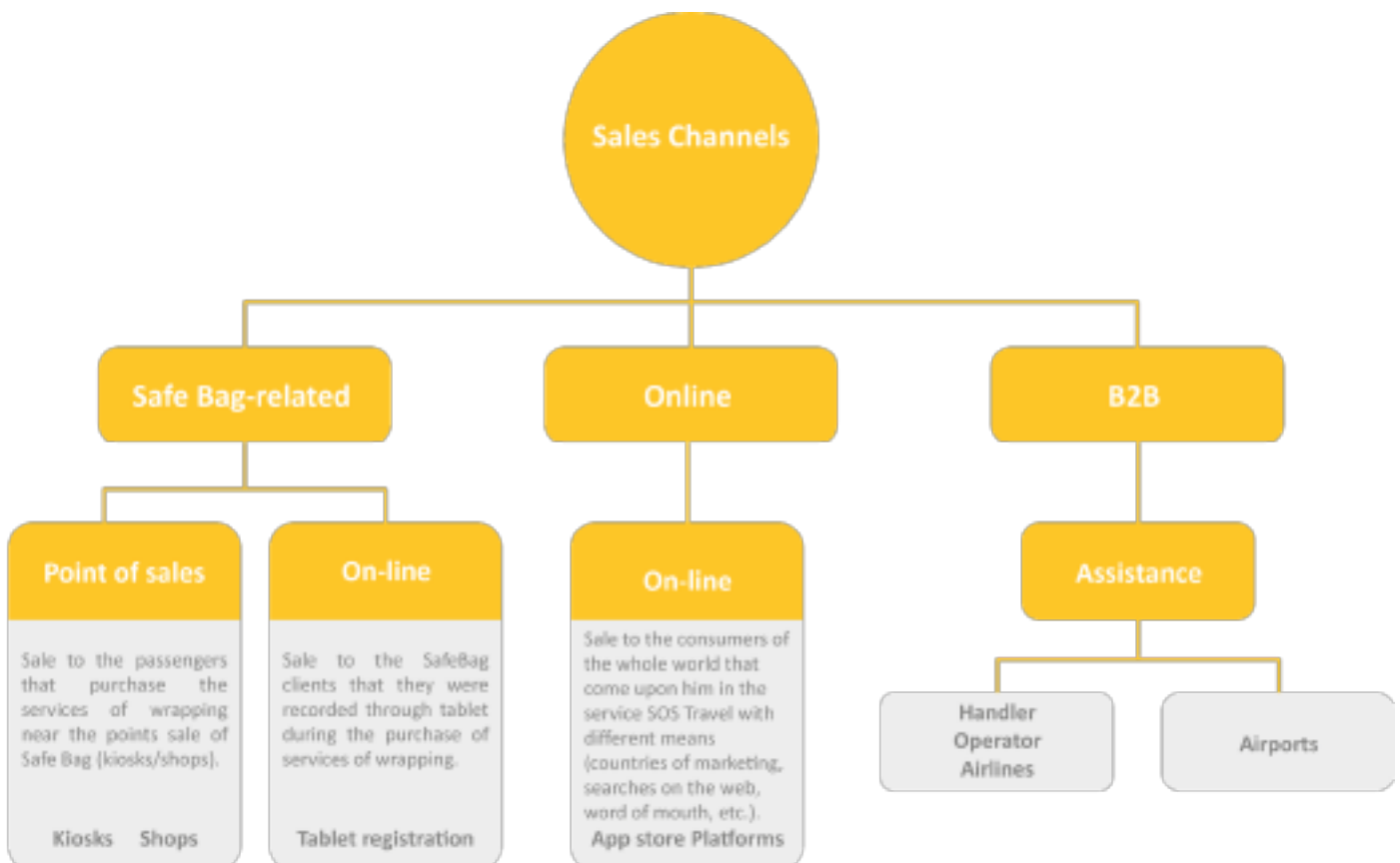
In addition to airline passengers, sostravel also offers its commercial offer to the companies of the TraWell Co. Group.

The offer to the companies of the TraWell Co. Group is based on an agreement between sostravel.com and the group and refers to the supply of the relative services: (i) the tracking of baggage of customers of TraWell Co. Group companies that have purchased the Lost Baggage Concierge Service in cases of loss and /or failure to deliver this baggage; (ii) call center assistance offered to customers of TraWell Co Group companies during the collection of reports of loss, theft and/or damages to the baggage.

B2B sales channels

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.



Communications and marketing

Sostravel.com launched, during 2019, certain important campaigns to improve its image and market penetration, in particular the campaign with the Chinese telephony giant Huawei and a local Italian operator which manages the brand “il Milanese Imbruttito”. Both campaigns, conducted in the summer months, have achieved significant results in terms of downloads.

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.

Human resources

During 2019, the Company was able to restructure itself with the entry of new employees: three new programmers and an administrative manager brought the workforce to a total of 14 employees as of 31 December 2019.

2 Shareholding structure

The shareholding structure as of 31 December 2019 is therefore the following:

Shareholding structure	No. of owned shares	% of share capital
RG Holding S.r.l. (1)	2.454.305	41,03%
TraWell Co S.p.A.	660.280	11,04%
Free Float	2.866.640	47,93%
Total	5.981.225	100%
Data updated as of 19 September 2019		
(1) Company controlled by Rudolph Gentile.		

It should be noted that, on 12 August 2019, the Issuer notified the market of a change in certain significant shareholders. In fact, and following the distribution of the dividend in kind of the previous parent company TraWell co S.p.A., the company and the firm RG Holding S.r.l., a company controlled by Mr. Rudolph Gentile, announced that they hold 41.36% and 11.13% respectively, as of today's date and following the dilution for the assignment of the Bonus Shares equal to 41.03% and 11.04%.

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



London
Stock Exchange Group

3 Company bodies



BOARD OF DIRECTORS

CEO <i>Chairman</i>	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 S.p.A.

Nomad

Nominated Advisor



Banca Finnat S.p.A.

4 sostravel.com in Borsa AIM

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").

Upon completion of the Private Placement, a total of 934,000 Shares - resulting from a share capital increase approved by the Company's shareholders' meeting - were underwritten. Warrants were assigned free of charge to the Shares underwritten as part of the Private Placement in the ratio of one warrant for one share. 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 2018 - 2021 sostravel Warrants, including those that will be assigned to members of the Board of Directors and/or the management of the Company, the overall placement could reach the range of Euro 14.1 - 15.9 million (based on the strike prices correlated to the conversions), with the market at 32.14% (not including the assignment of the so-called 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.

On 17 September 2019, in application of the provisions set out in the Admissions Document, the Issuer granted Bonus Shares free of charge to entitled parties for a total of 47,225 ordinary sostravel.com S.p.A. Shares with ISIN code IT0005338675. As a result of the issue of 47,225 ordinary shares, the share capital of sostravel.com S.p.A. is divided into 5,981,225 ordinary shares.



REPORT ON OPERATIONS

5 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 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 services for airport travelers pursuant to a commercial agreement undersigned with the TraWell Co S.p.A. Group (previously Safe Bag S.p.A.) on 15 December 2017 and partially amended on 25 June 2018 and 17 October 2019, the Company also provides its services to the companies of the TraWell Co. Group. In particular, and on behalf of the latter, sostravel implements the following activities: (i) tracking of the baggage of customers of the TraWell Co (previously Safe Bag) Group who have purchased the Lost Baggage Concierge Service in the event of loss and/or failure to return the baggage at the destination airports; (ii) assistance through call centers to customers of the companies of the TraWell Co (previously Safe Bag) Group during the collection of reports of loss, theft and/or damage 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 the relative tracking activities (B2B segment).

Given that the Company's first marketing campaign was launched in June 2019, the services actually provided by the Company since its founding and to date coincide largely with those provided to the TraWell Co. Group

These services primarily concern the following:

- baggage tracking for customers of TraWell Co (previously Safe Bag) Group companies who have purchased the Lost Baggage Concierge service, and in the event of loss and/or failure to return this baggage to the destination airports.

- Assistance through call centers to clients of the companies of the TraWell Group Co (previously Safe Bag) during the collection of reports of loss, theft and/or damage to baggage.

Update on corporate and financial dynamics

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

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

On 14 March 2019, the purchase of a second property was completed.

The registered office and the operations of the Company will be transferred to the new offices by the upcoming September.

On 16 July 2019, the Company undersigned an agreement to take over the main assets of the competitor Flio GmbH. In this case, the agreement provides for the purchase of the "Flio" brand, the website www.flio.com (which manages around 1 million visitors a year), the accounts relative to the App Store and Android Store and the database with over 1.2 million downloads, 140,000 active users per month, as well as a selection of commercial and content contracts for the airport traveler.

On 19 July 2019, the Company signed a commercial and co-marketing agreement with Huawei, the world leader in the telecommunications market and the second largest smartphone vendor in the world.

Sostravel.com and Huawei will develop content and will mutually promote their own brands; in particular, Huawei will promote the sostravel APP in its distribution channels (over 50 million users), while sostravel.com will promote the Huawei brand in the corners where it operates.

On 12 August 2019, the Company notified the market of the change in certain significant shareholders. In fact, and following the distribution of the dividend in kind of the previous parent company TraWell co S.p.A., the company and the firm RG Holding S.r.l., a company controlled by Mr. Rudolph Gentile, announced that they hold 41.36% and 11.13% respectively, which - following the dilution for the assignment of the Bonus Shares - was equal to 41.03% and 11.04%.

On 17 September 2019, in application of the provisions set out in the Admissions Document, the Issuer granted Bonus Shares free of charge to entitled parties for a total of 47,225 ordinary sostravel.com S.p.A. Shares with ISIN code IT0005338675. As a result of the issue of 47,225 ordinary shares, the share capital of sostravel.com S.p.A. is divided into 5,981,225 ordinary shares.

On 7 November 2019, sostravel signed a partner agreement with Air Help Limited, the global leader in airline compensation, thereby combining the Lost Baggage Concierge service (tracking and potential compensation related to lost baggage) with the compensation service for a delayed, canceled, or missed flight connection etc.

This agreement, without exclusive rights nor guaranteed minimums for the parties, provides for a retrocession from Air Help to sostravel for the sale of the aforementioned services that are correlated to the compensation obtained by the passenger.

Air Help Limited, the world leader in airline compensation, has helped over 13 million passengers to obtain more than € 250 million in compensation in the last six years.

On 27 November 2019, the Company reported a 2019 Forecast which revised the economic estimates published for that year in the Admission Document (shown on the following page).

HUAWEI **sostravel**

All your travel needs, in a single App!

DOWNLOAD SOSTRAVEL ON APPGALLERY

Download on AppGallery

SELECTED APPS, BETTER LIFE!

Carrier	Flight	Status	Origin	Time	Destination	Terminal	Gate
BRITISH AIRWAYS	BA117	On time	LHR	8:25	JFK	5	B39
			JFK	11:05	New York	1	--

DIGITAL CONCIERGE BOARDING PASS

Share your itinerary



2018-2019 Industrial Plan

Please note that - during the IPO - the Board of Directors approved the Issuer's 2018--2019 Industrial Plan found within the Admission Document and whose prospective results are summarized below: 2019 reports two columns given that it includes a "Revised" statement disclosed to the market on 27 November 2019.

Economic and financial results 2018-2019

(In thousands of Euros)	2017(pro-forma)	2018E	2019E	2019E (Revised)
Revenues from sale	1,723	2,487	4,385	2,281
Total revenues	1,861	2,609	4,478	3,038
EBITDA	916	436	1,248	310
EDITDA Margin (%)	49.20%	16.70%	27.90%	10.20%
EBIT	786	218	821	(682)

The growth strategy of the Plan is oriented towards the development of the following three sales channels:

- 1** the "TraWell-related" sales channel, ie the offer in favor of companies of the TraWell Co Group for the exercise of (i) baggage tracking activities for customers of the TraWell Co Group who have purchased the Lost Baggage Concierge Service in cases of loss and/or failure to return the baggage to the airports of destination and (ii) assistance through call centers to customers of the companies of the TraWell Co (previously Safe Bag) Group during the collection of reports of loss, theft and/or damage to the baggage;
- 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 baggages and activities pertaining to baggage tracking.

Primary events after 31 December 2019

On 4 March 2020, the Issuer communicated a strategic partnership agreement - stipulated jointly with TraWell Co S.p.A. (the "Partnership Agreement") - with the American company Secure Wrap of Miami Inc.; the latter is also specialized in the sector for baggage wrapping and protection and is part of a group (the "Secure Wrap Group") that is operational in 17 countries in North and South America with over 50 sales points.

In execution of the Partnership Agreement, Secure Wrap of Miami Inc. will initiate operations for the promotion, distribution and sale - within its airport stores - of the active baggage tracking service ("Lost Luggage Concierge"). The agreement also provides that Lost Luggage Concierge promotion, distribution and sales activities will be progressively extended to the entire scope of consolidation of the Secure Wrap Group. The tracking service of the Lost Luggage Concierge will be implemented - in the interest and for the benefit of the customers of the Secure Wrap Group - by TraWell Co S.p.A.; the latter will avail itself of the collaboration of sostravel.com S.p.A.

The Partnership Agreement will have a duration of 5 (five) years and provides for a tacit renewal at the first expiration date for a further 5 (five) years.

The Partnership Agreement also provides for recognition in favor of TraWell Co S.p.A. of a fixed fee for each service effectively sold by the companies of the Secure Wrap Group. Relations between TraWell Co S.p.A. and sostravel S.p.A. will instead be regulated on the basis of the commercial agreements already in place between the two companies.

Global Healthcare Crisis linked to Covid-19: the Company, due to the particular nature of its business, is significantly exposed to the critical issues connected with the spread of infections and to the regulatory measures adopted to contain the spread of the epidemic; the latter, as of 21 February 2020, began to manifest in northern Italy and then spread within a few weeks to the whole country and subsequently to Europe and in the rest of the world which was not yet affected. This has prompted the government authorities of the various countries involved in the pandemic to adopt increasingly restrictive "containment" measures.

The succession of national ordinances and decrees has entailed, since the beginning of the emergency, the need to adapt to the various prescribed measures, and this, first of all, has forced the closure of the Company's operational headquarters and the need to allocate the entire staff at home under a smart-working regime.

The pandemic, which is still ongoing, as well as the regulatory provisions mentioned above have moreover led to a massive decrease in air traffic and ultimately forced the closure of almost all sales points located inside airports and assigned to the sale of non-essential goods and/or services. In particular, and for that falling under our primary concern, the main customer of sostravel (TraWell Co S.p.A.), was in fact forced to progressively close - between the past 10 and 25 March - all its sales points.

Given the above, it is inevitable to expect a decrease in revenues in the first half of 2020, but accompanied, however, with the hope of a recovery in the second half of the year, it being understood that the business is, as is known, particularly subject to seasonal fluctuations and that the peak periods are traditionally those of the summer months (June-September) as well as the month of December.

The Company's management is obviously working to adopt all provisions which are necessary to preserve the company's economic and financial solidity and, from this perspective, is working to contain costs in the period associated with the current emergency phase, including costs relative to employees by means of the Company's access to all available "social safety nets".

6 Financial performance of sostravel

Economic performance as of 31 December 2019:

• **Total revenues** of 3,174 thousand Euro, an increase with respect to the figure of 31 December 2018 of 2,495 thousand Euro (due to the increase in changes in internal work and other revenues); this figure was in line with the annual target of 3,038 thousand Euro;

• **EBITDA** of -126 thousand Euro, a decrease compared to the figure of 31 December 2018 of 473 thousand Euro (this was due to the planned strengthening of the organizational structure which serves to promote growth); it was also a decrease with respect to the annual target of 310 thousand Euro;

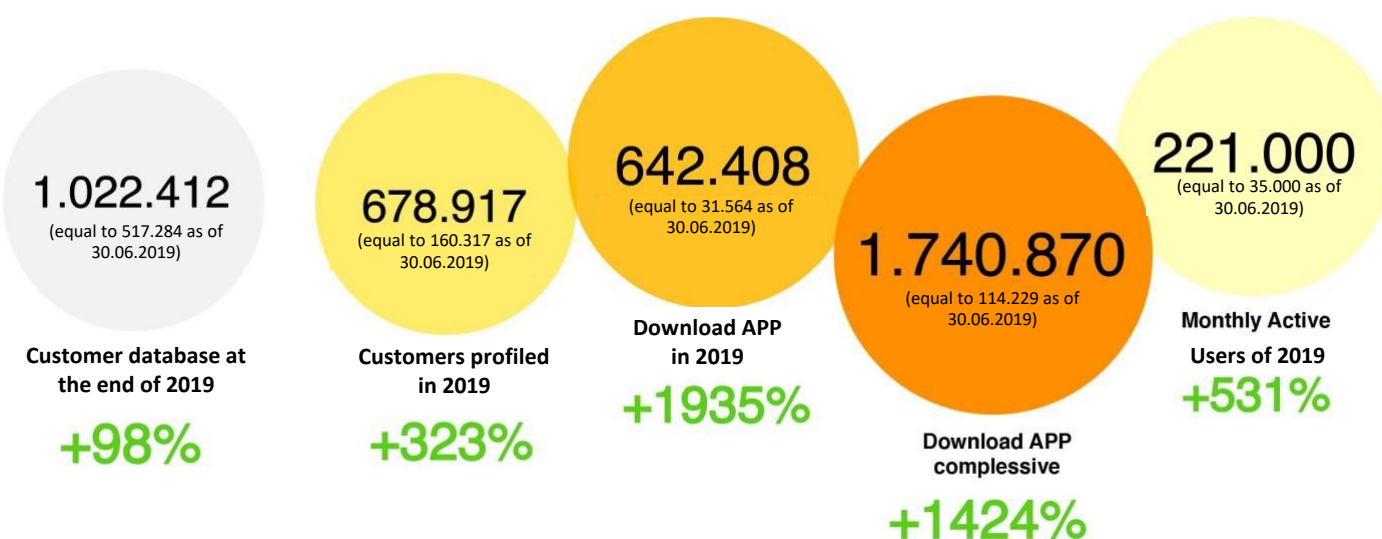
• **EBIT** of - 1,206 thousand Euro, down with respect to the figure of 31 December 2018 of -97 thousand Euro and the annual target of - 682 thousand Euro; this was due not only to the elements that affect EBITDA but also due to the increased amortization costs relative to listing and software development costs;

• **Net INCOME** of -1,265 thousand Euro (which does not include prepaid taxes);

• **Positive NFP (cash)** equal to 1,222 thousand Euro but down compared to the same figure of 31 December 2018 which was equal to 3,268 thousand Euro; this was mainly for due to: (i) investments on the APP for 600 thousand Euro (ii); the acquisition of the competitor Flio for approximately 300 thousand Euro (iii); the purchase of properties (to be used as an office) for approximately 560 thousand Euro; and (v) support for operating activities for approximately 600 thousand Euro.

Primary economic and operational results as of 31 December 2019:

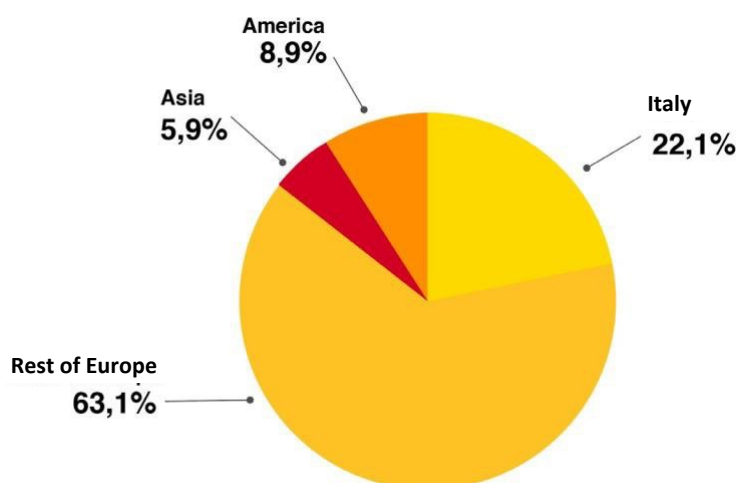
In addition to the economic-financial data, the growth of the database of profiled customers and the downloads of the two APPs (Flio and sostravel) also seem relevant for a complete assessment; all these parameters exhibited significant growth (they include - it should be reiterated - the acquisition of the Flio database).



BREAKDOWN OF SALES AS OF 31.12.2019

Geographical breakdown of sales as of 31 December 2019:

The geographical breakdown of the aforementioned sales exhibited excellent geographical diversification with Italy at 22.1% of sales, the rest of Europe at 63.1%, and finally America (8.9%) and Asia (5.9%).



Financial statements as of 31 December 2019

Economic situation

Values in Euro	31-dec-19	31-dec-18
Revenues	2,238,911	2,481,273
Own work capitalized	600,577	
Other revenues	334,758	14,695
Total revenues	3,174,246	2,495,968
Cost of the product	-2,542,213	-1,568,121
Total personnel costs	-725,969	-420,724
Change in inventories		
Other costs	-31,762	-33,374
EBITDA	-125,698	473,750
Amortization/depreciation	-974,844	-392,783
- Write-downs	-12,334	0
Allocations	-93,088	-178,165
EBIT	-1,205,964	-97,198
Financial proceeds and charges (net)	-8,443	66,733
Revaluations/write-downs of financial assets	0	0
Profit (loss) before taxes	-1,214,407	-30,465
Taxes	-50,803	12,538
Net result	-1,265,210	-17,927

Balance sheet

Values in Euro	30-dec-19	31-dec-18
Intangible fixed assets	2,367,251	2,428,377
Tangible fixed assets	560,951	13,078
Financial fixed assets	0	0
(A) Net non-current assets	2,928,202	2,441,455
Inventories		
Trade receivables	2,379,259	1,456,505
Other assets	970,318	487,830
Trade payables	-1,298,380	-536,680
Other liabilities	-598,226	-182,422
(B) Working capital	1,452,971	1,225,233
(C) Total provisions	-117,016	-182,977
(D)=(A)+(B)+(C) Invested capital capital	4,264,157	3,483,711
Liquid funds	1,222,028	3,267,683
Financial liabilities	0	0
(E) Net financial payables/receivables	1,222,028	3,267,683
(F) Shareholders' equity	5,486,185	6,751,394
(G)=(F)-(E) Sources	4,264,157	3,483,711

Net Financial Position

Values in Euro	31/12/2019	31/12/2018
A Liquid funds	-	-
B Other liquid funds	1,222,028	3,267,683
C Receivables due from tax authorities	-	-
D Liquidity (A+B+C)	1,222,028	3,267,683
Current financial receivables	0	0
Current bank payables		
G Current portion of non-current debt H Other current financial payables		
Current financial debt (F + G + H)	0	0
J Net current financial debt (I-E-D)	-1,222,028	-3,267,683
K Non-current bank payables		
L Bonds issued Other non-current payables		
M Other non-current payables		
N Non-current financial debt (K + L + M)	0	0
O Net financial debt (cash) (J + N)	-1,222,028	-3,267,683

7 Other information

The section provides a variety of information consistent with the provisions of Art. 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 company TraWell Co. 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 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.

Security, working environment and privacy

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 incurred for these activities were partly capitalized and partly directly expensed.

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 subsidiary of the parent company TraWell Co. S.p.A. and all companies belonging to this group. Relations established with the companies of the TraWell Co. S.p.A. 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 and continuity

In accordance with and by effect of point 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 activation of the new App features is confirmed.

It is our duty to report any effects caused by the COVID-19 healthcare emergency to which the company has been exposed as well as any assessments of uncertainties for the forecasting of revenues. The adoption of containment and safeguard measures that have been put in place by governments around the world has required the closure of commercial activities at the airports where the services offered by the Issuer are sold through the network of the company TraWell. Co.

Sales point closures around the world as a result of government-imposed travel restrictions began in February 2020 and continue to exist today.

This state of affairs can obviously only lead to a significant decrease in revenues in the first half of 2020 and a slow recovery in the second half of the year.

It is important to note that the decrease in revenues for the year 2020 cannot be quantified in a timely manner given that the reopening dates of commercial businesses at airports are not known, nor is it possible to

forecast the resumption of traveler flows throughout the airports of the world.

However, a recovery is hoped for as of the second half of 2020, albeit with a forecast of decreasing business volumes compared to the corresponding period of the previous year.

In this regard, analyses of economic scenarios for 2020 were conducted on the basis of business recovery assumptions starting from the second half of 2020 that the Directors are committed to monitoring in order to take any action to safeguard the economic and financial situation.

However, at present it is not possible to specifically quantify the economic and financial effects for our Company that have arisen or that may arise as a consequence of the current situation. It is not even possible to assess the effects on the value of the items recorded under assets given that there is still strong uncertainty regarding the continuation of the extraordinary closures and the crisis linked to the travel restrictions imposed by governments around the world.

Nevertheless, the directors believe they can approve these financial statements with a view to business continuity due to the current financial solidity of the company, its organizational and managerial capacity and the actions that the directors are taking to prevent the occurrence of situations that may have negative effects in the short to medium term.

Of these actions, it should be noted that the Issuer made use of the instruments made available by the law which allow companies to cope with the financial difficulties related to the contingent situation; on 23 April 2020 the Issuer filed a request to utilize the Salary supplement relative to the Coronavirus epidemiological emergency (COVID-19). The Company is also in contact with primary banking institutions in order to be able to take advantage of available loans due to the Liquidity Decree, and if necessary.

These elements will allow the Issuer to overcome this crisis and resume operations with even greater determination as soon as the epidemiological conditions allow for it.

Use of financial instruments relevant to the valuation of the financial situation and the economic result for 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, it is hereby certified that the company has no secondary offices.

The Board of Directors

Gallarate, 27 April 2020

Organizational model

On 01 July 2019, sostravel.com S.p.A. adopted its own Organizational, Management and Control Model pursuant to the provisions contained in Legislative Decree No. 231 of 8 June 2001, as amended and supplemented.

Through the adoption of the Model, and its subsequent and continuous updating, sostravel.com S.p.A. intends to strengthen its internal control system, thereby ensuring compliance with the requirements of correctness and transparency while equipping itself with an instrument to protect itself in the event of crimes involving the administrative liability of the Company.

The adopted Model is the result of specific analyses regarding the organization and activities implemented by the Company, in accordance with the best practices on the subject and considering the specificities of the sector to which it belongs as well as the so-called Confindustria "guidelines" on the subject.

As required by law, sostravel.com S.p.A. appointed its own Supervisory Body at the same time; it is identified as a single body in the person of Mr. Dario Tozzi who is entrusted with the tasks of supervising the correct functioning of the Model and ensuring its updating and correct application.

Finally, the Code of Ethics is an integral part of the Model; it encompasses a set of rules aimed at ensuring that the behavior of the recipient parties - including collaborators and suppliers of sostravel.com S.p.A. - are always inspired by the principles of fairness, collaboration, loyalty, transparency and mutual respect. It also aims to prevent conduct which can be classified under the types of crimes and administrative offences included in the list of Legislative Decree 231/2001.



FINANCIAL STATEMENTS OF SOSTRAVEL.COM

AS OF 31 December 2019

8 FINANCIAL STATEMENTS

BALANCE SHEET

	31/12/2019	31/12/2018
Assets		
B) Fixed assets		
I- Intangible fixed assets		
1) Start up and expansion costs	702,668	1,156,623
2) Development costs	1,464,583	1,271,754
4) Authorizations, licenses, trademarks and similar rights	200,000	-
Total intangible fixed assets	2,367,251	2,428,377
II - Tangible fixed assets		
1) Land and buildings	544,520	-
4) Other assets	16,431	13,078
Total tangible fixed assets	560,951	13,078
Total fixed assets (B)	2,928,202	2,441,455
C) CURRENT ASSETS		
II - Receivables		
1) Trade receivables		
Due within next year	22,363	4,925
Total receivables due from customers	22,363	4,925
4) receivables due from parent companies		
Due within next year	-	479,954
Total receivables due from parent companies	0	479,954
5) Due from companies subject to the control of the parent companies		
Due within next year	2,356,896	971,626
Total Receivables due from companies subject to the control of the parent companies	2,356,896	971,626
5-bis) tax receivables		
Due within next year	911,204	363,788
Total tax payables	911,204	363,788

5-ter) prepaid taxes	0	49,708
Total receivables	3,290,463	1,870,001
IV - Liquid funds		
1) Bank and postal deposits	1,222,028	3,267,683
Total Liquid funds	1,222,028	3,267,683
Total current assets (C)	4,512,491	5,137,684
D) Accruals and deferrals	59,114	74,334
Total assets	7,499,807	7,653,473
Liabilities		
Shareholders' equity		
I - Share capital	598,123	593,400
II - Share premium reserve	5,132,278	5,137,000
IV - Legal reserve	100,000	100,000
VI - Other reserves, distinctly specified		
Misc. other reserves	869,683	869,682
Total other reserves	869,683	869,682
VII - Profit (loss) carried forward	51,311	69,239
IX - Profit (loss) of the year	(1,265,210)	(17,927)
Total shareholders' equity	5,486,185	6,751,394
B) Provisions for risks and charges		
4) other	93,088	178,165
Total provisions for risks and charges	93,088	178,165
C) Employee termination indemnities	23,928	4,812
D) Payables		
7) Payables due to suppliers		
Due within next year	402,630	204,761
Total payables due to suppliers	402,630	204,761
11) payables due to parent companies		
Due within next year	-	331,919
Total payables due to parent companies	-	331,919

11-bis) Due to companies subject to the control of the parent companies		
Due within next year	895,750	-
Total payables due to companies subject to the control of the parent companies	895,750	-
12) Tax payables		
Due within next year	35,237	38,080
Total tax payables	35,237	38,080
13) Payables due to social security institutions		
Due within next year	55,028	27,618
Total payables due to social security institutions	55,028	27,618
14) Other payables		
Due within next year	103,308	61,132
Total other payables	103,308	61,132
Total payables	1,491,953	663,510
E) Accruals and deferrals	404,653	55,592
Total liabilities	7,499,807	7,653,473

Income statement

	31-dec-19	31-dec-18
A) TOTAL REVENUES:		
1) Revenues from sales and services	2,238,911	2,481,273
4) Own work capitalized	600,577	-
5) Other revenues and proceeds		
other	334,758	14,695
Total other revenues and proceeds	334,758	14,695
Total revenues	3,174,246	2,495,968
B) Cost of production		
6) For raw and ancillary materials, consumables and goods	37,234	29,828
7) For services	2,326,413	1,518,005
8) Costs for use of third party assets	178,566	20,286
9) Total personnel costs		
a) salaries and wages	518,861	311,275
b) social security charges	149,137	87,829
c) termination indemnities	33,286	17,874
e) other costs	24,685	3,747
Total personnel costs	725,969	420,725
10) amortization/depreciation and write-downs		
a) amortization of intangible fixed assets	961,703	389,822
b) depreciation of tangible fixed assets	13,141	2,961
d) write-downs of receivables booked under current assets and liquid funds	12,334	-
Amortization/depreciation and write-downs	987,178	392,783
12) allocations for risks	93,088	178,165
14) other operating charges	31,762	33,374
Total cost of production	4,380,210	2,593,166
Difference between value and cost of production	(1,205,964)	(97,198)
C) Financial proceeds and charges		
16) other financial proceeds		

d) proceeds other than the above		
Due from companies subject to the control of the parent companies	-	46,119
other	41	44
Total proceeds other than the above	41	46,163
Total other financial proceeds	41	46,163
17) interest and other financial charges		
other	8,186	152
Total interest and other financial charges	8,186	152
17-bis) net income and exchange rate losses	(298)	20,722
Total financial proceeds and charges (15 + 16 - 17 + - 17-bis)	(8,443)	66,733
Result before taxes (A - B + - C + - D)	(1,214,407)	(30,465)
20) Income taxes for the year, current, deferred and prepaid		
Current taxes	-	785
Taxes relative to previous years	1,095	316
Deferred and prepaid taxes	49,708	(13,639)
Total income taxes for the year, current, deferred and prepaid	50,803	(12,538)
21) Profit (loss) of the year	(1,265,210)	(17,927)

CASH FLOW STATEMENT

INDIRECT METHOD

	30.12 2019	30.12 2018
A. Cash flows from operating activities (indirect method)		
Profit (loss) of the year	(1,265,210)	(17,927)
Income taxes of the year	50,803	(12,538)
Payable/(receivable) interest	8,145	(44)
1. Profit / (loss) of the year before income taxes, Interest, dividends and capital gains/losses from disposals	(1,206,262)	(30,509)
<i>Adjustments to non-monetary items which do not have an offsetting item in net working capital</i>		
Allocations to provisions	112,921	178,165
Amortization/depreciation of fixed assets	974,844	392,783
Write-downs for permanent impairment	-	(2,849)
Total adjustments to non-monetary items which do not have an an offsetting item in net working capital	1,087,765	568,099
2) Cash flows before changes in net working capital	(118,497)	537,590
Changes in net working capital		
Decrease/(Increase) in receivables due from customers	(17,438)	(2,416)
Increase/(Decrease) in payables due to suppliers	197,869	28,874
Decrease/(Increase) in accrued income and deferred charges	15,220	(33,887)
Increases/(Decreases) in accrued liabilities and deferred income	349,061	55,564
Other decreases/(Other increases) in net working capital	(823,253)	(1,419,418)
Total changes in net working capital	(278,541)	(1,371,283)
3) Cash flows after changes in net working capital	(397,038)	(833,693)
Other changes		
Interest collected/(paid)	(8,145)	44
(Paid income taxes)		15,125
(Use of provisions)	(178,882)	(128,455)
Total other changes	(187,027)	(113,286)
Cash flows from operating activities (A)	(584,065)	(946,979)

C. Cash flows from investment activities		
Tangible fixed assets		
(Investments)	(561,013)	(12,643)
Intangible fixed assets		
(Investments)	(900,577)	(1,558,933)
Financial fixed assets		
Divestments	-	1,089,797
Cash flows from investment activities (B)	(1,461,590)	(481,779)
C. Cash flows from financing activities		
Own assets		
Paid share capital increase	-	4,696,441
Cash flows from financing activities (C)	-	4,696,441
Increase (decrease) in liquid funds (A ± B ± C)	(2,045,655)	3,267,683
Liquid funds at the start of the year		
Bank and postal deposits	3,267,683	-
Liquid funds at the end of the year	3,267,683	-
Liquid funds at the end of the year		
Bank and postal deposits	1,222,028	3,267,683
Liquid funds at the end of the year	1,222,028	3,267,683

9 Explanatory notes to the financial statements as of 31/12/2019

Explanatory notes, initial section

The financial statements as of 31/12/2019 - of which these explanatory notes are an integral part, pursuant to art. 2423, first paragraph of the Italian Civil Code - are consistent with the results of the accounting records duly kept and are drawn up in accordance with Articles 2423, 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter of the Italian Civil Code in addition to complying with the drafting principles pursuant to the provisions of 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 a business unit operated by the past sole shareholder Safe Bag S.p.A. (currently TraWell Co S.p.A.). Sostravel.com S.p.A. offers the market certain online services, previously offered by Safe Bag S.p.A., in addition to a series of new passenger assistance services provided through a special digital platform accessible both via mobile device and online.

And, in fact, the Company operates in the tourism sector, offering services to travellers 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 - which are designed and instrumental for the production of the aforementioned services - concern the management and technological development of the website and the app through which the aforementioned services are provided in addition to the planning of marketing and commercial initiatives aimed at increasing the number of users.

The company belongs to the RG Holding Group, and to which TraWell Co S.p.A. also belongs. It is one of the main European and world operators in baggage protection and tracking services at airports.

General preparation

principles

In order to clearly prepare the financial statements and provide a true and fair report of the financial position and the economic performance - in accordance with the provisions of Article 2423 bis of the Italian Civil Code - the following was provided for:

- valuating the individual items according to the principle of prudence and on the basis of a going concern assumption;
- including only the profits that were effectively generated during the year;
- determining income and costs in compliance with the accruals principles and regardless of their cash flows;
- understanding all the risks and losses which accrued, even if they become known after the end of the year;
- separately considering, for the purposes of the relative assessment, the heterogeneous elements included in the various items of the financial statements;
- maintaining the applied valuation criteria unchanged with respect to the previous year.

The following financial statement postulates pursuant to OIC 11 par. 15 were also complied with.

- a) prudence;**
- b) assumption of a going concern;**
- c) substantial representation;**
- d) accruals principle;**
- e) consistency of valuation principles;**
- f) relevance;**
- g) comparability;**

Assumption of a going concern;

With regard to this principle, the valuation of the items in the financial statements was implemented on the basis of a going concern assumption and therefore by taking into account the fact that the company constitutes a functioning economic organization which is expected - at least for a foreseeable future period of time of 12 months from the closing date of reference of the financial statements - to generate income.

For the purposes of prospectively assessing the assumption of business continuity - and despite the awareness of the particularly critical nature of the market situation following the epidemiological crisis due to Covid-19 (for an analysis of the effects of this crisis, please refer to the specific comments in the section "Significant events that occurred after the end of the financial year") - it was deemed in any case feasible to confirm the existence of this assumption for the purposes of drafting these financial statements on the basis of the corporate forecasts and plans in force as of 23 February 2020 and, therefore, in accordance with the provisions of Art. 7 of Law Decree no. 23 of 8 April 2020.

The financial statements were drawn up in Euro units.

Exceptional cases pursuant to Art. 2423, fifth paragraph, of the Italian Civil Code

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

Changes in accounting principles

There were no changes in accounting principles in the year.

Correction of relevant errors

No relevant errors committed in previous years emerged.

Applied valuation criteria

The criteria applied during the valuation of the items of the financial statements - as reported 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 in the preparation of the financial statements of the previous year.

Intangible fixed assets

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

In particular, start-up and expansion costs derive from the capitalization of charges relative to the start-up or growth phases of operating capacity. Within the start-up and expansion costs, incorporation costs are amortized over five years, while the listing and start-up costs are amortized over three 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; they are amortized according to their useful life and, more specifically, on a straight line basis over a period of five years. Authorizations, trademarks and other similar rights are amortized over three years.

In application of accounting principle OIC 12 par. 57, the tax credits recognized for R&D activities and listing costs are classified as contributions that are proportional to the cost of the intangible assets in question. Proceeds - which constitute the tax credit - are booked under deferred income and gradually charged to the income statement under the item "A5-Other revenues", as positive income items for the relevant portion which is calculated in proportion to the amortization of subsidized costs that accrued for the year.

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

The posting and valuation of the items included in the category of intangible assets was implemented 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 booked on the date in which the risks and benefits connected to the acquired assets are transferred; they are recorded - up to the amount of the recoverable value - at purchase or production cost, net of the relative provisions for depreciation and including all directly attributable costs and accessory charges, indirect costs related to internal production, and charges relative to the financing of internal production which were incurred during the manufacturing period and up to the moment in which the asset can be utilized. The cost of fixed assets whose use is limited in time is systematically depreciated each financial year on the basis of economic-technical rates determined in relation to their residual possibility of use. Depreciation begins when the assets are available and ready for use.

The rates that reflect the result of the technical depreciation plans, as 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 16.

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

The rates which were applied are reported below.

Land and buildings 3%

Other assets:

- Furniture and furnishings: 12%
- Electronic office machinery: 20%
- Electronic telephone systems: 20%

Receivables

Receivables pursuant to Art. 2426, paragraph 8

Receivables are classified under fixed assets or current assets based on their destination/origin and in relation to ordinary operations; they are recorded at their estimated realizable value.

The breakdown of the amounts due within and beyond the financial year is implemented with reference to their contractual or legal expiration dates while also taking into account facts and events that may result in a change in the original expiration dates and of the realistic capacity of the debtor to fulfil the obligation within the contractual deadlines in addition to the time period within which one reasonably believes to collect the receivable.

number 8 of the Italian Civil Code are booked in accordance with the amortized cost criterion, except for receivables for which the effects of application of the amortized cost - pursuant to Art. 2423 paragraph 4 of the Italian Civil Code - are irrelevant (maturity less than 12 months).

With regard 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" pursuant to in Art. 2426, paragraph 1 number 8, was also taken into account by discounting receivables falling due beyond 12 months and in the case of a significant difference between the effective interest rate and the market rate.

Receivables for which the amortized cost criterion was not 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 - which covers receivables deemed non-collectable - as well as net of the generic risk related to the remaining receivables; the latter is based on estimates from past experience, the performance of the seniority index of past due receivables, the general economic and sector situation and country risk, as well as events after the end of the year that have an impact on the values as of the date of the financial statements.

With regard to receivables secured by guarantees, the effects relative to the enforcement of the guarantees was taken into account and - for the 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 information - of returns of goods or products by customers and 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 reimbursement or 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 believed that these differences will occur, and provided there is a well-founded certainty of their future recovery, as evidenced by business plans covering a reasonable period of time in which taxable income is expected to be sufficient to absorb the losses that can be carried forward and/or the temporary timing differences that accrued.

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 the revenues/costs pertaining to the year which are 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 portions of costs and revenues which are common to two or more years - whose amount which varies over time - are booked.

At the end of the year it was determined that the conditions that led to the initial recognition were respected while making the necessary value adjustments, if necessary, and taking into account not only the timing factor but also potential recoverability.

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

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

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

Provisions for risks and charges

Provisions for risks represent liabilities relative 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 if the cost cannot be reliably estimated, provisions for risks have not been allocated.

Provisions for charges represent certain liabilities that are related to negative income items pertaining to the year but which will become cash flows in the following year. The valuation process is implemented and/or adjusted as of the financial statements date and based on past experience as well as any available useful 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 ordinary operations to which the transaction refers (ordinary, accessory or financial).

Provisions for taxes, including deferred taxes

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 by applying the estimated rate in force at the time in which such differences are deemed to occur.

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

Employee termination indemnities

Employee termination indemnities are booked in compliance with the provisions of current legislation and correspond to the actual commitment of the Company towards individual employees on the closing date of the financial statements after deducting any disbursed advances.

Payables

Payables pursuant to Art. 2426, paragraph 1 number 8 of the Italian Civil Code are booked in accordance with the amortized cost criterion, except for payables for which the effects of application of the amortized cost - pursuant to Art. 2423 paragraph 4 of the Italian Civil Code - are irrelevant (maturity less than 12 months).

With regard to the aforementioned relevance principle, payables 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" pursuant to in Art. 2426, paragraph 1 number 8, was also taken into account by discounting payables falling due beyond 12 months and in the case of a significant difference between the effective interest rate and the market rate.

Payables for which the amortized cost criterion was not applied have been recognized at their nominal value.

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

Payables originating from acquisitions of assets are booked 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 financial and other natures are booked at the time when the obligation with the counterparty arises.

Tax payables include liabilities for certain and determined taxes as well as the withholdings made as a withholding agent and not yet paid on the financial statements date; if compensation is allowed, they are recorded net of advances, withholding taxes and tax receivables.

Values in foreign currency

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

Any potential net income deriving from adjustment to exchange rates is booked - for the portion 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 preparing the financial statements - this cost is compared, according to accounting principles of reference, with the recoverable value (fixed assets) or with the value deducible from the market trend (current assets).

Costs and revenues

They are reported according to the principles of prudence and accruals.

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

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

Other information

If the conditions are applicable, the specific sections of the explanatory notes illustrate the criteria with which the Article 2423, fourth paragraph was implemented in the case of failure to comply with the reporting, valuation, presentation and disclosure requirements and when their compliance has irrelevant effects on truthful and correct reporting.

The principles and recommendations published by the Italian Accounting Body (OIC) have been complied with and integrated, where required, by generally accepted international principles (IAS/IFRS) in order to provide a true and fair representation of the financial situation and economic performance of the year.

Explanatory notes, 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 from shareholders for payments still due

This item - as of 31.12.2019, equal to zero - did not undergo any changes during 2019.

Fixed assets

The valuation criteria for fixed assets comply 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 fixed assets amounted to €2,367,251 (€ 2,428,377 in the previous year).

The composition and movements of the individual items were as follows:

Movements in intangible fixed assets

	Start up and expansion costs	Development costs	Authorizations, licenses, trademarks and similar rights	Total intangible fixed assets
Value at year start				
Cost	1,384,683	1,435,145	-	2,819,828
Amortization (provisions for amortization)	228,060	163,391	-	391,451
Book value	1,156,623	1,271,754	-	2,428,377
Changes during the year				
Increase for acquisitions	-	600,577	300,000	900,577
Amort. of the year	453,955	407,748	100,000	961,703
Value at year end				
Cost	1,384,683	2,035,722	300,000	3,720,405
Amortization (provisions for amortization)	682,015	571,139	100,000	1,353,154
Book value	702,668	1,464,583	200,000	2,367,251

The item "Start-up and expansion costs" includes founding and listing costs and expenses. Development costs include proprietary software developed by the company.

Authorizations, licenses, trademarks and similar rights include only the cost of purchasing the FLIO brand.

Tangible fixed assets

Tangible fixed assets amounted to €560,951 (€ 13,078 in the previous year). Tangible fixed assets consist of buildings, furniture and furnishings, office machinery, electronic telephone systems and equipment. Tangible fixed assets are originally entered at purchase or production cost. The purchase cost includes directly attributable accessory charges.

Tangible fixed assets are entered at their purchase cost. The depreciation rates are booked within the income statement on a straight line basis and in accordance with rates deemed representative of the residual possibility of use 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 were as follows:

Movements in tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total tangible fixed assets
Value at year start			
Cost	-	16,097	16,097
Amortization (provisions for amortization)	-	3,019	3,019
Book value	-	13,078	13,078
Changes during the year			
Increase for acquisitions	552,373	8,640	561,013
Depr. of the year	7,853	5,287	13,140
Value at year end			
Cost	552,373	24,737	577,110
Amortization (provisions for amortization)	7,853	8,306	16,159
Book value	544,520	16,431	560,951

Finance lease operations

Pursuant to Art. 2427, paragraph 1, number 22, of the Italian Civil Code, it should be noted that no finance leasing operations have been implemented for which there is an obligation to provide the information requested therein.

Financial fixed assets

Details on long-term investments in subsidiaries

Pursuant to art. 2427, paragraph 1, number 5 of the Italian Civil Code, it should be noted that the Company does not own any shareholdings in subsidiaries or affiliates for which the obligation to provide the information provided therein exists.

Non current receivables relative to transactions with a repurchase obligation

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

Value of financial fixed assets

Pursuant to art. 2427 bis, paragraph 1, number 2 letter a) of the Italian Civil Code, it should be noted that there are no financial fixed assets booked at a value higher than their fair value.

CURRENT ASSETS

Tax receivables booked under current assets

Receivables booked under current assets were equal to €3,290,463 (€1,870,001 in the previous year). The composition is as follows:

Changes and expiration dates of receivables booked under current assets
Data relative to the breakdown of receivables by expiration data is reported below, in accordance with 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
Trade receivables booked under current assets	4,925	17,438	22,363	22,363
Receivables booked under current assets due from parent companies	479,954	(479,954)	0	-
Receivables due from companies subject to the control of the parent companies and booked under current assets	971,626	1,385,270	2,356,896	2,356,896
Tax receivables booked under current assets	363,788	547,416	911,204	911,204
Prepaid tax assets booked under current assets	49,708	(49,708)	0	
Total receivables booked under current assets	1,870,001	1,420,462	3,290,463	3,290,463

As a result of the internal restructuring of the Group and the consequent change in the direct controlling shareholder - identified today as RG HOLDING SRL - the company that held direct control in the previous year has become an associated company and, consequently, the receivables from the same, previously classified as "receivables from parent companies", are now incorporated under the item "receivables from companies subject to the control of parent companies". For the purposes of a correct comparison with the data of the previous financial statements, it is therefore necessary to consider the essential incorporation of the two items.

With regard to the deferred tax assets, it should be noted that, in these financial statements, no new incremental values of the credit balance have been recognized - despite the formation of additional temporary negative income differences and a tax loss that can be carried forward for the purposes of IRES - on the basis of a prudential approach which takes into account the impossibility, at this time, of formulating reliable income forecasts for future years and therefore the possibility of "recovery" of deferred tax assets, even if abstractly identifiable.

Breakdown of receivables booked under current assets by geographical area

Data relative to the breakdown of receivables booked under current assets is reported below, in accordance with Art. 2427, paragraph 1 number 6 of the Italian Civil Code:

Geographical area	Italy	France	Portugal	Switzerland	Canada	Poland	Russia	Brazil
Trade receivables booked under current assets	9,823	-	-	-	-	-	-	12,335
Receivables booked under current assets due from companies subject to control by parent companies	1,033,436	752,313	176,805	36,144	130,077	50,448	169,640	-
Tax receivables booked under current assets	911,204	-	-	-	-	-	-	-
Total receivables booked under current assets	1,954,463	752,313	176,805	36,144	130,077	50,448	169,640	12,335

Geographical area	Greece	Other EU countries	Total
Trade receivables booked under current assets	-	205	22,363
Receivables booked under current assets due from parent companies	-	-	0
Receivables due from companies subject to the control of parent companies and booked under current assets	8,033	-	2,356,896
Tax receivables booked under current assets	-	-	911,204
Prepaid tax assets booked under current assets	-	-	0
Total receivables booked under current assets	8,033	205	3,290,463

Receivables booked under current assets relative to transactions with a repurchase obligation

It should be noted that there are no receivables booked under current assets with a repurchase obligation, in accordance with Art. 2427, paragraph 1 number 6-ter of the Italian Civil Code.

Liquid funds

Receivables booked under current assets were equal to €1,222,028 (€ 3,267,683 in the previous year).

The composition and movements of the individual items were as follows:

	Value at year start	Changes during the year	Value at year end
Bank and postal deposits	3,267,683	(2,045,655)	1,222,028
Total Liquid funds	3,267,683	(2,045,655)	1,222,028

Accrued income and deferred charges

Accrued income and deferred charges were equal to €59,114 (€ 74,334 in the previous year). The composition and movements of the individual items were as follows:

	Value at year start	Changes during the year	Value at year end
Deferred charges	74,334	(15,220)	59,114
Total accrued income and deferred charges	74,334	(15,220)	59,114

Composition of accrued income

There was no accrued income as of 31/12/2019.

Composition of accrued income:

The changes derive from ordinary management activities.

Deferred charges primarily refer to:

- Vip Lounge Key for Euro 32,674;
- Accounting management fee for Euro 1,415;
- Call center services for Euro 5,654;
- App development services for Euro 2,946;
- Financial consulting for Euro 2,948;
- Miscellaneous insurance premiums for Euro 8,305;

Capitalized financial charges

There were no financial charges in the financial year booked under balance sheet assets, pursuant to Art. 2427, paragraph 1 number 8 of the Italian Civil Code.

Write-downs for permanent losses in value of tangible and intangible fixed assets

Pursuant to Art. 2427, paragraph 1, number 3-bis of the Italian Civil Code, it should be noted that no write-downs for permanent losses in value have been applied to intangible and tangible fixed assets pursuant to accounting standard OIC 9.

In particular, it should be noted that the simplified approach for determining permanent losses in value referred to in paragraphs 30 to 35 of OIC 9 was applied by comparing the recoverable value of fixed assets - determined on the basis of their depreciation capacity - with their net book value recorded in the financial statements.

The sustainability of investments was confirmed by these tests, and was based on the estimate of future income flows referable to the production structure as a whole.

Revaluation of intangible and tangible fixed assets

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

EXPLANATORY NOTES: LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity

The shareholders' equity existing at the end of the year was equal to € 5,486,185 (€ 6,751,394 in the previous year). The following tables report the changes during the year of the individual items that constitute shareholders' equity as well as details of the item 'Other reserves':

Changes in shareholders' equity items

	Value at year end	Allocation of the result of the previous year		Other changes		Result of the year	Value at year end
		Other allocations		Increases	Decreases		
Share capital	593,400	-	-	4,723	-	-	598,123
Share premium reserve	5,137,000	-	-	-	4,722	-	5,132,278
Legal reserve	100,000	-	-	-	-	-	100,000
Other reserves							
Misc. other reserves	869,682	-	-	1	-	-	869,683
Total other reserves	869,682	-	-	1	-	-	869,683
Profit (loss) carried forward	69,239	-	-	-	17,928	-	51,311
Profit (loss) of the year	(17,927)	17,927	-	-	-	(1,265,210)	(1,265,210)
Total shareholders' equity	6,751,394	17,927	-	4,724	22,650	(1,265,210)	5,486,185

Details of miscellaneous other reserves

Description	Amount
Contribution reserve	869,686
Roundings reserve	(3)
Total	869,683

During the year, and in implementation of the resolution of the extraordinary shareholders' meeting of 19/06/2018, an increase in the share capital of € 4,722.50 was booked; the latter was equal to the nominal value of the shares for which certain shareholders - having accrued the right - requested free issue and assignment as bonus shares. Against this nominal increase in share capital, there was an equivalent decrease in the associated share premium reserve on the basis of the aforementioned resolution.

Availability and use of shareholders' equity items

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

	Amount	Origin/nature	Possibility of use	Available quota	Summary of utilizations	
					in the previous three years	for other reasons
Share capital	598,123	Share capital		-		-
Share premium reserve	5,132,278	Share capital	A - B - C	5,132,278		-
Legal reserve	100,000	Profit	A - B	100,000		-
Other reserves						
Misc. other reserves	869,683	Share capital - net income	A - B - C	869,683		630,318

	Amount	Origin/nature	Possibility of use	Available quota	Summary of utilizations	
					in the previous three years	for other reasons
Total other reserves	869,683			869,683		630,318
Profit carried forward	51,311	Profit	A - B - C	51,311		-
Total	6,751,395			6,153,272		630,318
Non-distributable quota				3,532,461		
Residual distributable quota				2,620,811		

Legend:

A: for share capital increase
B: to cover losses
C: for distribution to shareholders

D: for other statutory restrictions
E: other

Origin, possibility of use and distributability of various other reserves

Description	Amount	Origin/nature	Possibility of use	Available quota	Available quota Summary of uses in the previous three years for other reasons
Contribution reserve	869,686	Share capital Profit	A - B - C	869,686	630,318
Roundings reserve	(3)			(3)	-
Total	869,683				

Legend:

A: for share capital increase
B: to cover losses
C: for distribution to shareholders

D: for other statutory restrictions
E: other

The non-distributable share of equity is made up of the legal reserve for €100,000, the total of start-up and expansion and development costs not yet amortized pursuant to Art. 2426, paragraph 1 no. 5, of the Italian Civil Code for €2,167,251 and the loss for the year totaling €1,265,210.

Provisions for risks and charges Employee termination

Provisions for risks and charges are booked under liabilities for a total of €93,088 (€178,165 in the previous year). The composition and movements of the individual items were as follows:

	Other provisions	Total provisions for risks and charges
Value at year start	178,165	178,165
Changes during the year		
Changes during the year	93,088	93,088
Utilization during the year	110,374	110,374
Other changes	(67,791)	(67,791)
Total changes	(85,077)	(85,077)
Value at year end	93,088	93,088

Provisions for risks and charges are booked at a value suitable for coverage as well as for the company's share of risk related to the tracking of lost baggage.

indemnities

Employee termination indemnities are booked under liabilities for a total of €23,928 (€4,812 in the previous year). The composition and movements of the individual items were as follows:

	Employee termination indemnities
Value at year start	4,812
Changes during the year	
	Employee termination indemnities
Changes during the year	19,833
Utilization during the year	717
Total changes	19,116
Value at year end	23,928

Payables

Payables are booked under liabilities for a total of €1,491,953 (€663,510 in the previous year). The composition of the individual items was as follows:

Changes and expiration dates in payables

Data relative to the breakdown of payables by expiration date is reported below, in accordance with 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
Payables due to suppliers	204,761	197,869	402,630	402,630
Payables due to parent companies	331,919	(331,919)	-	-
Payables due to companies subject to control of parent companies	-	895,750	895,750	895,750
Tax payables	38,080	(2,843)	35,237	35,237
Payables due to social security institutions	27,618	27,410	55,028	55,028
Other payables	61,132	42,176	103,308	103,308
Total payables	663,510	828,443	1,491,953	1,491,953

As already reported in the comments on the changes in receivables booked under current assets, and following the organizational restructuring of the Group and the change in the direct controlling entity - currently RG HOLDING SRL - the company that previously exercised direct control has become an affiliated company and, consequently, "payables to parent companies" are now incorporated under the item "payables to companies subject to the control of parent companies". For the purposes of a correct comparison with the data of the previous financial statements, it is therefore necessary to consider the essential incorporation of the two items.

Subdivision of payables by geographical area

Data relative to the breakdown of payables by geographical area is reported below, in accordance with Art. 2427, paragraph 1 number 6 of the Italian Civil Code:

Geographical area	Italy	Other countries	Total
Payables due to suppliers	290,382	112,248	402,630
Total payables due to companies subject to the control of the parent companies	895,750	-	895,750
Tax payables	35,173	64	35,237
Payables due to social security institutions	55,028	-	55,028
Other payables	103,308	-	103,308
Payables	1,379,641	112,312	1,491,953

Payables secured by collateral on corporate assets

Reported below is the information concerning collateral security on corporate assets, pursuant to Art. 2427, paragraph 1, number 6 of the Italian Civil Code:

Payables relative to transactions with a repurchase obligation

It should be noted that there are no payables deriving from transactions with a repurchase obligation, in accordance with Art. 2427, paragraph 1 number 6-ter of the Italian Civil Code.

Financing from company shareholders

The Company has no outstanding payables to its shareholders for financing whose data must be reported pursuant to Art. 2427, paragraph 1, no. 19 bis, of the Italian Civil Code.

Accrued liabilities and deferred income

Accrued liabilities and deferred income are booked under liabilities for a total of €404,653 (€ 55,592 in the previous year). The composition and movements of the individual items were as follows:

	Value at year start	Changes during the year	Value at year end
Accrued liabilities	1,343	(1,200)	143
Deferred income	54,249	350,261	404,510
Total accrued liabilities and deferred income	55,592	349,061	404,653

As previously noted in the valuation criteria for intangible fixed assets, the residual portions of tax credits recognized for R&D expenses and those incurred for the listing on the AIM - proportional to the subsidized costs that have not yet been amortized - were booked under deferred income.

The composition of deferred income is as follows:

- €40,687 Tax credit for 2018 research and development activities
- €111,996 Tax credit for 2019 research and development activities
- €251,827 Tax credit for listing costs

Explanatory notes, income statement

Total revenues

Revenues from sales and services Breakdown by category of activity

In relation to the provisions of Article 2427, paragraph 1, number 10 of the Italian Civil Code, the following table reports the breakdown of revenues by category of activity:

Revenues for services

Category of activity	Value of current year
Revenues for services	2,236,001
Revenues for sale of goods	2,910
Total	2,238,911

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 concerning the breakdown of revenues by geographical area, reference is made to what has already been reported in the "Report on operations" under Chapter 6, "Economic and financial performance of sostravel" within the paragraph "Main economic and operational results as of 31 December 2019".

Other revenues and proceeds

Other revenues and proceeds are booked under total revenues of the income statement for a total of € 334,758 (€ 14,695 in the previous year) and are mainly represented by (i) the portion (€ 266,880) of the tax credit for research and development activities (2018 and 2019) and listing expenses proportional to the depreciation rates calculated during the year for the same subsidized expenses, or referable to the depreciation rates calculated in years prior to the accrual of the same receivables; and (ii) contingent assets relative to provisions (€ 67,791).

In particular, these contingent assets were determined by an estimate adjustment of the provisions for risks for claims occurring in previous years and with respect to their final outcomes. In accordance with the provisions of accounting standard OIC 12, par. 56 l. d), and given that the provision was initially booked within area B of the income statement under management costs, the contingent asset was booked under item A5.

Cost of production

Costs for raw materials

Costs for raw materials are booked under the cost of production within the income statement for a total of € 37,234 (€ 29,828 in the previous year).

Service costs

Service costs are booked under the cost of production within the income statement for a total of €2,326,413 (€ 1,518,005 in the previous year) and consist of:

	Value of previous year	Change	Value of current year
Transportation	159	1,696	1,855
Maintenance and repairs	689	721	1,410
Technical services and consulting	99,630	(40,539)	59,091
Compensation to directors	65,061	111,504	176,565
Compensation to auditors	47,777	196	47,973
Payable commissions	139	(139)	0
Advertising	1,492	92,509	94,001
Legal expenses and consulting	36,400	12,182	48,582
Fiscal, administrative and commercial consulting	183,596	449,835	633,431
Telephone expenses	33,143	15,400	48,543
Services from financial companies and banks of non- financial nature	4,741	3,085	7,826
Insurance	26,820	(1,643)	25,177
Entertainment expenses	5,538	(1,161)	4,377
Travel expenses	23,093	1,980	25,073
Updating, education and training expenses	820	1,860	2,680
Call center expenses	146,946	87,405	234,351
Expenses for reimbursement of lost/damaged baggage	244,653	71,043	315,696
Commercial services from associates	564,268	(53,925)	510,343
other	33,040	56,399	89,439
Total	1,518,005	808,408	2,326,413

Costs for use of third party assets

Costs for use of third party assets are booked under the cost of production within the income statement for a total of €178,566 (€20,286 in the previous year) and consist of:

Costs for use of third party assets	Value of previous year	Change Value of year	Value of year
Rents and leases	20,000	21,409	41,409
Software rental	0	135,532	135,532
other	286	1,339	1,625
Total	20,286	158,280	178,566

Other operating charges

Other operating charges are booked under the cost of production within the income statement for a total of €31,762 (€33,374 in the previous year).

Financial proceeds and charges

Composition of proceeds from shareholdings

Given that no shareholdings were held for the entire year, the disclosure referred to in paragraph 11 of Art. 2427 of the Italian Civil Code is not required.

Breakdown of interest and other financial charges by type of payable

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

	Interest and other financial charges
other	8,186
Total	8,186

Reported below is information concerning the subdivision of exchange rate gains and losses deriving from the year-end valuation with respect to those which were effectively realized:

	Currency portion	Effective portion	Total
Exchange rate gains	0	93	93
Exchange rate losses	0	(391)	(391)

Amount and nature of individual revenue/cost items of exceptional size or incidence

In relation to the provisions of art. 2427, paragraph 1, number 13 of the Italian Civil Code, no revenues of exceptional size or incidence occurred in 2019.

In relation to the provisions of Art. 2427, paragraph 1, number 13 of the Italian Civil Code, no costs of exceptional size or incidence occurred in 2019.

Income taxes of the year: current, deferred and prepaid

The composition of the individual items was as follows:

Booking of deferred and prepaid taxes and the consequent effects

	IRES	IRAP
B) Fiscal effects		
Provisions for deferred (prepaid) taxes at the start of the year	(42,760)	(6,948)
Deferred (prepaid) taxes of the year	42,760	6,948
Provisions for deferred (prepaid) taxes at the end of the year	0	0

Details on deductible timing differences

Description	Amount at the end of the previous year	Change during the year	Amount at the end of the year	IRES rate	IRAP rate
Provisions for accident risks	178,165	(178,165)	0	24.00%	3.90%

Information on fiscal losses

	Current year
	Amount
Fiscal losses of the year	1,454,858
Total fiscal losses	1,454,858
Tax losses carried forward that are recoverable with reasonable certainty	0

In these financial statements, conditions do not exist for neither the recognition of current taxes (in light of the absence of taxable income for both IRAP and IRES purposes) nor for the recognition of prepaid and deferred taxes.

With regard to prepaid taxes, in particular - and despite the fact that additional negative temporary income differences and a substantial tax loss that can be carried forward for IRES purposes occurred in the 2019 financial year - the conditions for a reliable forecast of economic results suitable for reabsorbing said differences was found to be missing. This also took into account the necessary prudence which - particularly in the current socio-economic context (see the section "Significant events that occurred after the close of the financial year") - must characterize the valuation of assets of this kind.

Explanatory notes, other information

Employment data

Reported below is the information concerning personnel, pursuant to Art. 2427, paragraph 1, number 15 of the Italian Civil Code:

	Average number
Mid-level managers	2
Office employees	14
Total employees	16

Remuneration, advances and credits granted to directors and auditors as well as commitments undertaken on their behalf

Reported below is the information concerning directors and auditors, in accordance with Art. 2427, paragraph 1, number 16 of the Italian Civil Code:

	Directors	Auditors
Remuneration	151,440	29,152

Compensation to the regulatory auditor or auditing company

The following information is provided on the compensation paid to the regulatory auditor or the auditing company, in accordance with Art. 2427, paragraph 1 number 16-bis of the Italian Civil Code:

	Value
Regulatory audit	18,821
Total compensation paid to the regulatory auditor or the auditing company	18,821

Categories of shares issued by the company

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

Description	Initial amount, number	Initial amount, nominal value	Final amount, number	Final amount, nominal value
Ordinary shares	5,934,000	593,400	5,981,225	598,123
Total	5,934,000	593,400	5,981,225	598,123

In relation to the provisions of Art. 2427, paragraph 1, number 18 of the Italian civil code, it should be noted that the company has not issued dividend right shares, bonds convertible into shares, warrants or options.

Commitments, guarantees and contingent liabilities not resulting from the balance sheet

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

Information on assets and financing allocated to a specific transaction

There are no assets allocated for a specific business, pursuant to Art. 2447 bis of the Italian Civil Code, nor financing intended for a specific transaction, pursuant to Art. 2447 decies of the Italian Civil Code.

Information on operations with related parties

Reported below is the information concerning operations with related parties, pursuant to Art. 2427, paragraph 1, number 22-bis of the Italian Civil Code:

- RG HOLDING for 36,000 Euro of costs relative to the rental of the premises of the operational headquarters in Via Marsala 34 / A located in Gallarate; as of 31.12.2019, there were no credit / debit items with respect to the related party.
- TraWell Co Group: transactions with the companies of the TraWell Co Group are based on commercial agreements concerning the supply of the related services: (i) the tracking of baggage of customers of TraWell Co. Group companies that have purchased the Lost Baggage Concierge Service in cases of loss and /or failure to deliver this baggage; (ii) call center assistance offered to customers of TraWell Co Group companies during the collection of reports of loss, theft and/or damages to the baggage.

In addition, transactions were implemented with other parties such as:

- SHS S.r.l. for activities relating to the role of Investor Relations and totaling an annual cost of € 40,000 as well as a payable recognized as of 31 December 2019 totaling €10,000;
- Mosca Roberto for commercial activities, and for a cost of 6,000 Euro fully paid during the 2019 financial year.

Information on agreements not reported in the balance sheet

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

Information on significant events occurring after the close of the financial year

There is no doubt that the most significant event that occurred after the end of the financial year is the global epidemiological crisis from Covid-19 which, amongst other factors, is significantly affecting the entire air transportation sector that is closely linked to the company's operations. It is currently not possible to make reliable forecasts of what the effects of this crisis will be on the company's financial position.

In any case, the Board of Directors and the management of the company will continue to constantly monitor the evolution of the emergency situation and will adopt all decisions and measures to deal with it while also utilizing- where necessary and with applicable conditions - public tools of financial support which are gradually being introduced into our system.

Companies that prepare financial statements of the largest / smallest set of companies to which it belongs as a subsidiary

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

	Largest set
Company name	RG HOLDING SRL
City (if in Italy) or foreign country	ROME
Tax code (for Italian companies)	04158211005
Registration location of the consolidated financial statements	VIALE AVENTINO 80, ROME

Information relative to derivative financial instruments pursuant to Art. 2427-bis of the Italian Civil Code

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

Summary statement of the financial statements of the company that exercises management and coordination

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

Information relative to startups, including social ones, and innovative SMEs

During the 2019 financial year, the Company continued to carry out experimental R&D activities aimed at new technical and technological solutions for a new sostravel software application that can be used on mobile devices and which aims at improving the experience of air travel.

For the development of these projects, the Company incurred - during the 2019 financial year - costs relative to R&D activities subject to capitalization (in relation to those of merely developmental nature) given their multi-year usefulness; these were booked under intangible fixed assets in accordance with the requirements and conditions required by accounting standard OIC 24, and totaled € 600,577 (as previously highlighted). This capitalization was implemented with the consent of the Board of Statutory Auditors.

With regard to R&D activities, the company intends to make use of the tax credit provided for by Art. 1, paragraph 35 of law No. 190 of 23 December 2014 and its subsequent regulatory amendments, including law No. 145 of 30 December 2018, Art. 1 paragraphs 70 - 72, as specified in more detail in the appropriate subsequent section of these explanatory notes.

SOSTRAVEL.COM S.P.A.

During the 2019 financial year, our company implemented research and development activities for technological innovation and focused its efforts, in particular, on projects that are considered particularly innovative; these are conducted in the Gallarate plant and include the following:

Project 1 - Experimental activities in favor of new technical and technological solutions in reference to a new sostravel software application for mobile devices aimed at improving the experience of air travel

For the development of these projects, the company incurred - during the past year - costs relative to R&D activities for a total of € **402,329**.

It is hoped that the positive outcome of these innovations will generate good results in terms of revenues and have favorable effects on the company's performance.

With regard to R&D activities, the company intends to make use of the tax credit provided for by Art. 1, paragraph 35 of law No. 190 of 23 December 2014 and its subsequent regulatory amendments, including law No. 145 of 30 December 2018, Art. 1 paragraphs 70 - 72.

CHOICE OF ACCOUNTING TREATMENT OF R&D COSTS:

In compliance with national accounting principle No. 24 of the CNDC ("Consiglio Nazionale dei Dottori commercialisti", National Board of Chartered Accountants) and CNR ("Consiglio Nazionale Ragionieri", National Board of Accountants) revised by the OIC ("Organismo Italiano di Contabilità", Italian Accounting Body) and Article 2426 of the Italian Civil Code, point 5, it is believed that the aforementioned R&D costs retain the conditions to be capitalized and amortized within a period not exceeding five years.

To this end, it should be noted that these items have been booked under assets with the prior consent of the Board of Statutory Auditors.

Information pursuant to Art. 1, paragraph 125, of law No. 124 of 4 August 2017.

In compliance with the transparency and publicity requirements provided for by Law no. 124 of 4 August 2017, Article 1, paragraphs 125-129 (as replaced by Art. 35 of Legislative Decree no. 34 of 30 April 2019) - which imposed an obligation for companies to indicate in the explanatory notes "the amounts and information relating to grants, subsidies, advantages, contributions or aids, in cash or in kind, not of a general nature nor of payment, remuneration or compensation nature, and actually paid to them by public administrations " - the totals of the aforementioned amounts are shown below with the relative regulatory details, based upon a very prudent and expansive interpretation of the aforementioned provision:

Disbursing party	Type	Contribution value accrued during the year	Contribution value received / compensated during the year	File status (approved, paid, determined, compensated)	Reference legislation
Italian government: 2018	Tax credit for research and development activities	0	0	Determined	L. 190/2014 art. 1 paragraph 35 and its subsequent amendments and supplements 2018
Italian government: 2019	Tax credit for research and development activities	139,994		Determined	L. 190/2014 art. 1 paragraph 35 and its subsequent amendments and supplements 2018
Italian government listing	Tax credit for listing costs	477,146	231,177.74	Determined/Compensated	L. 205/2017 art. 1 Paragraph 89

Proposal for the allocation of profits or coverage of losses

Dear shareholders, when asking you to approve these financial statements, we also propose to postpone the decision to cover the loss for the year of €1,265,210 to the future.

27 April 2020

On behalf of the
Board of Directors

Rudolph Gentile

SosTravel.com S.p.A.

**Independent Auditor's Report
on the
Financial Statements
as at December 31, 2019**

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

**Independent Audit's Report in accordance with art. 14 of D. Lgs. January, 27 2010, no. 39
(Translation from the original Italian text)**

To the Shareholders of
SosTravel.com S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of SosTravel.com S.p.A. (the Company), which comprise the balance sheet statement as at December 31, 2019, the income statement, and the cash flow statement for the year then ended, and the explanatory notes.

In our opinion, the financial statements, give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent from the Company in accordance with the rules and principles of ethics and independence applicable in Italian law to the auditing of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

Emphasis of Matter

Without changing our opinion, we draw attention to the information reported by the Directors in the management report on operations in the paragraph "Business outlook and continuity", to which reference should be made, which describes the considerations of the Directors regarding the Covid-19 emergency and to the scenarios they considered.

Other aspect

The audit work was carried out in the context of the situation created by the diffusion of Covid-19 and the related measures, including restrictions on movement, issued by the Italian Government to protect the health of citizens. As a result, due to objective force majeure situations, the review procedures provided for by the professional standards of reference were carried out within (i) of a re-modulated staff organization, based on a wide use of smart working and (ii) of different ways to interface with the company's contacts and to collect evidences, through the use, in a prevalent way, of documentation in electronic format transmitted to us with techniques of distance communication.

Responsibilities of the directors and the board of statutory auditors for the financial statements

The Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian laws and regulations that govern their preparation and, as provided by the law, for such internal control as they determines is necessary to enable the preparation of Statutory

financial statements that are free from material misstatements due to fraud or unintentional acts or events.

The Directors are responsible for assessing the capacity of the Company to continue operating as a going concern entity and, in preparing the financial statements, for the appropriateness of using the going concern basis of accounting, and for the adequate disclosure in this regard. The Directors use the going concern basis of accounting in preparing the financial statements unless they either intend to liquidate the Company or to cease operations or have no realistic alternatives but to do so.

The board of statutory auditors is responsible for supervising, within the terms established by law, the process of preparing the financial information.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, due to fraud or unintentional acts or events, and to issue an audit Company's report that includes our opinion. Reasonable assurance is a high-level assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing (ISA Italy) will always detect a material misstatement, when it exists. Misstatement can arise from fraud or unintentional acts or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by the users on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italy), we exercise professional judgment and maintain professional skepticism throughout the entire audit process. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or unintentional acts or events. Design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from unintentional acts or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and but not for the purpose of expressing an opinion on the effectiveness of Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the directors;
- Reach a conclusion on appropriateness of the going concern basis of accounting used by Directors and, based on the obtained evidence, on the possible existence of significant uncertainty concerning events or circumstances that may arise significant doubts over the capacity of the Company to continue operating as a going concern entity. In case of a significant uncertainty, we have to call the reader's attention in the audit Company's report to the related information in the financial statements or, if that information is inadequate, to consider this circumstance in expressing our opinion. Our conclusions are based on the audit evidence obtained up to the date of this audit report. Nevertheless, subsequent events or circumstances may cause the Company to cease operations as a going concern entity;
- Evaluate the overall presentation, structure and content of the financial statements as a whole and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with the persons in charge of governance activities that have been identified at an appropriate level in accordance with the requirements of the ISA Italy, among other matters, regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other provisions of law and regulations

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

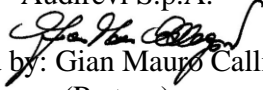
The Directors of SosTravel.com S.p.A. are responsible for the preparation of the management report on the operations of SosTravel.com S.p.A. as of 31 December 2019, including its consistency with the financial statements and its compliance with the law and regulations.

We have carried out the procedures indicated in the audit standard SA Italia n. 720B in order to express an opinion on the consistency of the management report on operations with the financial statements of SosTravel.com S.p.A. as at December 31, 2019 and on its compliance with the applicable laws and regulations, and in order to assess whether its contain material misstatements.

In our opinion, the management report on operations is consistent with the financial statements of SosTravel.com S.p.A. as of 31 December 2019 and drafted in compliance with the law and regulations.

With reference to the declaration pursuant to art. 14, co. 2, letter e) of Legislative Decree 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, May 11th, 2020

Audirevi S.p.A.

Signed by: Gian Mauro Calligari
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.



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