



## PRESS RELEASE

### SAFE BAG COMPLETES ITS DUE DILIGENCES AND SIGNS THE PRELIMINARY AGREEMENT FOR ACQUISITION OF 51% OF THE PACKANDFLY GROUP: CLOSING EXPECTED FOR 12 JULY

*Milan, 21 May 2018.* Safe Bag S.p.A. , world leader in luggage protection and tracing services for airport passengers, after the positive result of its due diligence activities, notifies that it has concluded, with Polad Akhmedov and Alexander Fedoseev, a preliminary contract for the acquisition of 51% of the two main companies in the PackandFly Group ([www.packandfly.eu](http://www.packandfly.eu), hereinafter: **The Group**), in which all the other activities managed by the Group will converge, allowing Safe Bag to fully benefit (through the Companies involved in the acquisition) from the marginalities produced in all the airports where the PackandFly Group (hereinafter: **The Preliminary Contract**) is present .

Signing of the Preliminary Contract follows the negotiations resulting from the letter of intents signed on 1st February 2018, information of which was given to the market with the press release of 1st February 2018 (with subsequent integration of 2 February 2018) and the binding agreement notified on 3 April 2018.

The Adjusted EBITDA 2017, recognised during the due diligence, is equal to around 2.4 million euros and is generated by an overall turnover of the Group of around 14 million euros.

The PackandFly Group, the main operator in the Russian Federation, also operates in Europe and Asia, and is currently present in 24 airports with around 60 points of sale. Founded in 2011, it has strong roots in Russia with 17 locations (including those of Moscow Domodedovo, Moscow Sheremetyevo and Saint Petersburg) and is present in Lithuania with 2 airports, including the one in the capital Vilnius, in Kyrgyzstan with 2 airports, including that of the capital Bishkek, in Latvia and Estonia with, respectively, the capitals Riga and Tallinn. In recent years it has also launched a penetration campaign in Asia, acquiring the airport of Krabia in Thailand.

The recently signed **Preliminary Contract** confirms the main **elements of the operation already announced on 3rd April** and bearing in mind the result of the due diligence carried out, also envisages further guarantees mainly granted in favour of Safe Bag. In particular, the agreement envisages:

1. the acquisition by Safe Bag of quotas representing 51% of the capital of the company Wrapping Service LLC (a Russian company which, following a process of reorganisation and simplification of the structure of the PackandFly Group, will take over and include all the activities on Russian territory) and the company PackandFly Group OU (an Estonian company which includes all the other activities of the Group in the rest of the world). The

Equity Value of the acquired companies is 14.2 million euros (equal to 5.6 times the Adjusted EBITDA 2017 defined during the due diligence) and includes a positive Net Financial Position of 0.8 million euros. 0.5 million euros are added to this assessment as a majority bonus to Mr. Alexander Fedoseev;

2. a part of the quotas mentioned above, equal to 26% of the Company Wrapping Service and to 25.5% of the Company PackandFly, will be acquired by Safe Bag through payment in cash on Closing;
3. also on Closing, the remaining part of the quotas concerned in the Contract, equal to 25% of the Company Wrapping Service and 25.5% of the company PackandFly, subject to approval by the relevant bodies of Safe Bag of a capital increase reserved to Polad Akhmedov and Alexander Fedoseev, will be confirmed in kind in Safe Bag. In establishing the issue price of the Safe Bag shares resulting from the afore-mentioned capital increase, the parties agreed to assume as the reference value, the value corresponding to the average of the list values of Safe Bag shares in the 3 months prior to Closing, notwithstanding (i) that such a value may not be lower than 5 euros per share and higher than 7 euros per share and (ii) that said value must in any case be established in respect of that laid down in art. 2343 and subsequent amendments and integrations and art. 2441 of the Italian Civil Code;
4. following completion of the operations, Safe Bag will hold 51% of the share capital of Wrapping Service LLC and PackandFly Group OU, while the remaining 49% of the capital of the same companies will belong to Mr. Alexander Fedoseev. Messrs. Alexander Fedoseev and Polad Akhmedov will become minority shareholders of Safe Bag, with a total quota currently estimated approximately as within the range of 3.5% - 4.8%;
5. with regard to the two foreign companies, relations between Safe Bag and Mr. Alexander Fedoseev will be governed by an inter-company agreement, the contents of which have already been defined in the Preliminary Contract concluded today. In particular, in addition to the commitment of Mr. Fedoseev to take on and maintain the role of administrator of the two companies and the rules relating to the transfer of the quotas and their governance, the inter-company agreement governs certain transfer/purchase commitments (the so-called put and call) for the minority quota belonging to Mr. Fedoseev (49%), which will come into operation when specific conditions are satisfied. Specifically, the put option may be exercised by Mr. Fedoseev when the minimum EBITDA targets of the two companies are achieved, while Safe Bag may exercise the call option when circumstances arise connected with (i) achievement of the minimum EBITDA targets of the two companies or (ii) breaches of the commitments assumed by Mr. Fedoseev in the inter-company agreement;
6. the Safe Bag shares allocated to Messrs. Polad Akhmedov and Alexander Fedoseev following completion of the capital increase will be subject to a lock-up of 3 years and, in guarantee of satisfaction of the obligations assumed by Messrs. Polad Akhmedov and

Alexander Fedoseev regarding Safe Bag (including, in particular, those concerning the declarations and guarantees issued concerning the companies involved in the operation), will remain lodged, for the agreed period of time, on an Escrow Account managed by one of the most important Italian trust companies appointed by the parties;

7. it was also agreed that, in addition to the agreed consideration, only Mr. Alexander Fedoseev will be paid the amount of € 500,000 as at 31 December 2018 as earn out, on condition that the licences relating to the strategic airports are obtained and/or renewed;
8. Safe Bag made the commitment to pay Messrs. Polad Akhmedov and Alexander Fedoseev, within 7 days of signature of the Preliminary Contract, the amount of € 100,000 as an advance on the sale price of the quotas;
9. thanks to the current market conditions and the good credit worthiness of the Company, payment of the part of the quotas which according to the signed agreements will be made by Safe Bag in cash will mainly be funded by bank borrowing.

In the immediate future activities will begin in preparation for closing the operation which is currently expected to take place on 12 July 2018.

Following Closing, presumably in September, a new Industrial Plan including the PackandFly acquisition will be notified to the market.

“We welcome our Russian partners to the Safe Bag group. We are joined by the obsession for innovation, technology and quality of service, to the point that the integration process is already well underway and proceeds swiftly! - states **Alessandro Notari, CEO of Safe Bag**”.

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**Safe Bag**, founded in 1997 by Rudolph Gentile and guided by him together with the CEO Alessandro Notari, is the leader in the luggage protection and tracing service for airport passengers, through an integrated portfolio of solutions for passenger safety and comfort: luggage wrapping; traceability, reimbursement in the event of loss or damage to luggage, travel products and accessories.

The company has been listed on the Italian Stock Exchange Borsa Italiana –AIM segment – since September 2013.

Safe Bag, with headquarters in Gallarate (VA), has around 400 collaborators at global level, with around 2 million customers a year, and is present in the airports of Italy, France, Portugal, Switzerland, USA, Canada and Poland with around 100 points of sale.

The Group closed 2017 with a turnover of around 30.5 million euro. [www.safe-bag.com/it/](http://www.safe-bag.com/it/)

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