TraWell Co

PRESS RELEASE

THE BOARD APPROVES THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2020

REDUCED OPERATIONAL LOSSES DUE TO PERMANENT STRUCTURAL INTERVENTIONS WHICH WILL GUARANTEE GREATER PROFITABILITY AT THE TIME OF RELAUNCHING.

Gallarate, 30 September 2020. The Board of Directors of TraWell Co S.p.A. (AIM Italia, ticker: TWL), which met in the late afternoon of yesterday, 29 September 2020, approved the Consolidated Half-Year Financial Report as of 30 June 2020.

The data reported below was clearly affected by the Covid-19 pandemic which has forced the almost total closure of sales points around the world as of March 2020. However, the decrease in revenues is in line with the trend in airport traffic recorded in the first half of 2020: 69.9% lower in Italy (Assaeroporti estimate) and 60% in the world (ACI - Airports Council International estimate) with a peak in the second quarter of 2020 during which the decrease was 97.3% in Italy and 89.3% in the world.

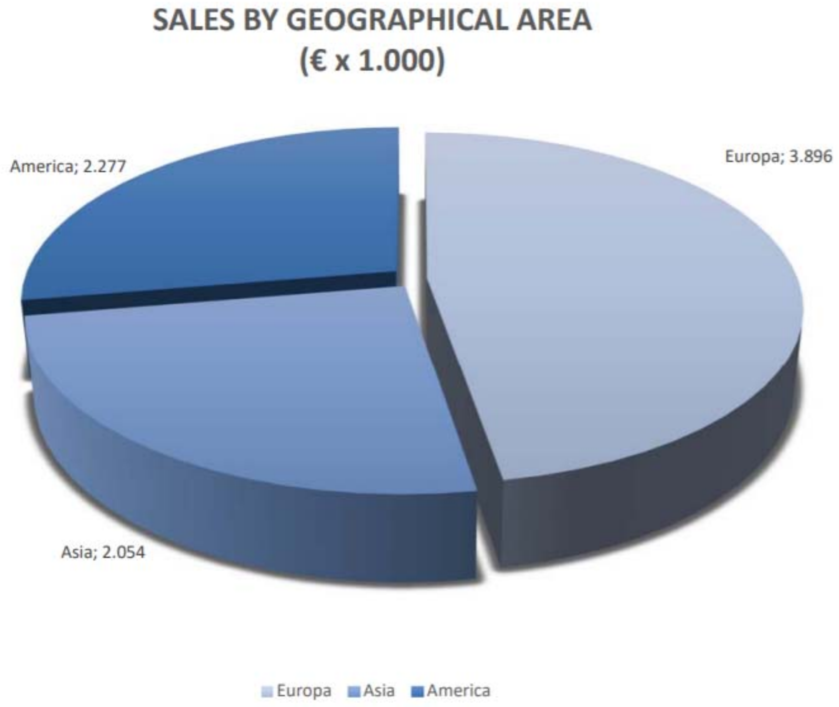
The consolidated economic/financial results as of 30 June 2020:

- REVENUES amounted to approximately 8.4 million Euro, down by 14.0 million Euro (-63%) compared to the same figure of the previous year;
- EBITDA decreased from +1.1 to -1.6 million Euro, down by 2.6 million Euro;
- EBIT was equal to -7.6 million Euro, down 7.8 million Euro;
- EBIT decreased from +1.7 to -7.8 million Euro, down by 9.5 million Euro;
- The NET RESULT decreased from +1.0 to -7.8 million Euro, down by 8.8 million Euro;
- The NFP was equal to 9.1 million Euro, down 3.5 million Euro with respect to 31 December 2019.
- Weighted average duration of the contracts portfolio: 1.8 years

Comments on the main consolidated economic results as of 30 June 2020

The decrease in revenues was determined by the almost total closure of sales points around the world as of March 2020 due to Covid-19. The decrease in revenues was in line with the trend in airport traffic recorded in the first half of 2020: 69.9% lower in Italy (Assaeroporti estimate) and 60% in the world (ACI - Airports Council International estimate) with a peak in the second quarter of 2020 during which the decrease was 97.3% in Italy and 89.3% in the world.

The analysis of revenues by geographical area confirms, in the first half of 2020, an international diversification, and includes Europe as the first market of the Group with approximately 47% of revenues, the US as the second market with approximately 28% of revenues and Asia as the third market with circa 25% of revenues.



EBITDA was negative by approximately 1.6 million Euro, down by 2.6 million Euro compared to the same figure for 2019. This result was due to the vertical collapse of the contribution margin as a result of the closure of the sales points, partly mitigated by the actions implemented by management to contain fixed and operating costs:

- Additional and permanent interventions on overhead costs which were already significantly reduced due to the 42 micro-tasks carried out in the second half of 2019;
- access to the social safety nets provided by the decree-laws of various countries for airport operating personnel and central staff;
- Decrease in the salaries of management and of the Board of Directors as well as a decrease of company staff.

EBIT was negative by approximately 7.8 million Euro, down by 9.5 million Euro compared to the same figure for 2019. This result is determined not only by the items that affect EBITDA, but also by the write-down of goodwill which became necessary due to the Covid-19 dynamics and on the basis of the impairment tests performed on the French and Portuguese subsidiaries for approximately 5 million Euro and for 0.5 million Euro in relation to a bad debt provision relating to the former Brazilian subsidiary in addition to amortization of approximately 0.4 million Euro and net financial charges of approximately 0.3 million Euro.

The Net Result was negative by approximately 7.8 million Euro, down by 8.8 million Euro compared to the same figure for 2019.

Net financial debt (NFP) is equal to 9.1 million Euro, an increase of 3.5 million euros compared to the figure as of 31 December 2019; moreover, liquid funds amounted to 3.6 million Euro: this was also due to the effect on liquidity of the medium-term loans requested and obtained to deal with the Covid-19 emergency.

Covid-19

The Trawell Group was and is exposed to the effects of the worldwide spread of the Covid-19 virus infection (the so-called Coronavirus).

As is known, and as of 21 February 2020, the epidemic began to manifest itself in northern Italy, spreading within a few weeks first to the whole country and subsequently to all of Europe and even in the Americas. This has prompted government authorities in different countries to adopt increasingly stringent containment measures. Since the beginning of the emergency, the succession of national ordinances and decrees has resulted in the need to adapt to the measures which were progressively prescribed by governments and which culminated in the closure of all non-essential commercial activities, including those relating to our airport services. Between 10 March and 1 April, all sales points in the airports were progressively closed, starting with the Italian ones. The only exceptions were those of Miami and the main airports of the Russian Federation where containment measures were lighter and operations remained active with only a decrease in the number of open sales points. These closures lasted until June 2020.

Since the first signs of an epidemic appeared, Trawell has worked to safeguard the safety of all its employees and customers at its sales points as well as at the central office by providing the personal protective equipment required by healthcare legislation. The activities carried out by the central departments in Gallarate were always fully operational due to the immediate implementation of "smart working" for all staff employees.

As a result of Covid-19, the Group recorded revenues that fell by 63% in the first half of 2020. As noted, the decrease in revenues was in line with the trend in airport traffic recorded in the first half of 2020: 69.9% lower in Italy (Assaeroporti estimate) and 60% in the world (ACI - Airports Council International estimate) with a peak in the second quarter of 2020 during which the decrease was 97.3% in Italy and 89.3% in the world.

The prolonged closure of the sales points led to a significant decrease of the contribution margin. In order to limit the negative effects, management has implemented the following actions:

- additional and permanent decreases in overhead costs which were already significantly reduced due to the 42 micro-tasks carried out in the second half of 2019;
- as of the closing dates of the sales points, the employees of the whole Group were required to take holidays, if required by the country's regulations, and subsequently placed within the unemployment benefit systems provided for by the law decrees of different countries;
- decrease in the salaries of management and of the Board of Directors as well as a decrease of company staff.

In support of liquidity, access was made to the moratorium on loans and credit lines, as required by the “Cura Italia” decree, and new medium-term financing lines were requested with primary banking institutions in various countries.

Moreover, the strong uncertainty about the continuation of this crisis has led management to prudently write down certain items recorded in the balance sheet assets (goodwill) on the basis of the impairment tests carried out on the new plans drafted in relation to the CGUs of the reference companies.

As of July, there have been signs of recovery in airport traffic which - it is hoped - will consolidate and strengthen in the coming months. However, the estimate of the most accredited sector institutes in relation to total recovery times to pre-Covid 2019 traffic parameters remains unchanged at two years.

As a result, the minimum conditions to evaluate a selective reopening of certain sales points in the main airports, starting with that of Rome Fiumicino, were determined to be applicable as of July. Before resuming operations, the management renegotiated the economic and operating conditions for the Covid period with the airports themselves in order to take into account the changed conditions of business.

The Directors of TraWell Co, as highlighted above, are implementing all necessary actions in order to mitigate the negative effects of Covid-19 on the business and preserve the economic and financial solidity of the company; they also believe, even on the basis of prospective management evidence of business continuity, that it is possible to approve the consolidated financial statements of the TraWell Co Group as of 30 June 2020 with a view to continuity.

We remain confident that the baggage protection business can be relaunched; this is also due to the growing and increasing focus of passengers on hygiene and protection for not only themselves but also their own luggage.

Additional events in the first half of 2020

- In February 2020, the subsidiary Care4Bag renewed the 5-year agreement (with two potential extensions) at Athens International Airport. Athens International Airport is a strategic airport for the entire Eastern Mediterranean/Balkan region. The airport managed an approximate total of 25.6 million passengers in 2019, an increase of 6% compared to 2018.
- In March 2020, Trawell Co S.p.A. stipulated a strategic partnership agreement lasting 5 (five) years which provides for a tacit renewal mechanism on the first expiration date for an additional 5 (five) years with the American company Secure Wrap of Miami Inc., a former partner for the joint venture relative to the Miami airport; in this partnership, the latter will initiation activities for the promotion, distribution and sale of the active Lost Luggage Concierge service. 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.
- In June 2020 - TraWell Co SpA undersigned an exclusive agreement with Sanycar for the exclusive design and production of machinery dedicated to the sanitization of baggage by using UV rays which will be installed at its sales points with the aim of integrating its offer of services at Safe Bag sales points in airports.
- In June, TraWell Co S.p.A. renewed - through its Canadian subsidiary, Safe Bag Canada Inc. - the agreement for the supply of its integrated passenger assistance services at Vancouver International Airport (Canada) for a further three years.

Corporate and shareholding changes

With regard to corporate and shareholding changes, the main events which occurred in the first half of 2020 are illustrated below.

- In March 2020 - TraWell Co S.p.A., announced that the independent director, Ms. Roberta Pierantoni, resigned - due to unexpected and incompatible professional commitments - from the position of director of the Company. The Board of Directors of the Company, having acknowledged the aforementioned resignation, then appointed Mr. Edoardo Zarghetta by cooptation, again as independent director.
- In April 2019, the shareholders' meeting of Trawell Co SpA approved the financial statements as of 31.12.2019. The same Meeting - upon proposal of the Board of Directors, on the basis of the current socio-economic context, and with a view to a prudent containment of costs - resolved in favor of the confirmation in office of the co-opted director Mr. Edoardo Zarghetta and did not confirm the appointment of the attorney Francesco Bordiga. The number of members of the Company's Board of Directors therefore decreased from seven to six.

Primary events after 30 June 2020

In the current phase, activities have resumed in the major airports of all countries, even if with reduced operations, while in smaller airports the sales points are still closed. The performance parameters are correlated with the trends of airport traffic that are exhibiting gradual recovery compared to the corresponding months of traffic in 2019, pre-Covid. For more details, see the Covid-19 chapter. As a result, there are no events to report that must be included within the financial statement values or that may affect business continuity.

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In addition, at the end of the session, the Chief Executive Officer, Mr. Alessandro Notari, informed the Board of Directors of the fact that his health conditions, which have worsened in recent weeks, no longer make his commitment to his office sustainable. The Chief Executive Officer himself was therefore forced to resign from the role of Director and Chief Executive Officer for health reasons.

The Board of Directors of TraWell Co S.p.A. took note of the resignation, thanking him for his contribution, and consequently proceeded to assign all the powers previously assigned to the aforementioned Mr. Alessandro Notari in favor of the Chairman of the Board of Directors, Mr. Rudolph Gentile, who will now assume the operational leadership of the Group. In the coming days, the Chairman will convene a new Board of Directors in order to deliberate, pursuant to Art. 2386 of the Italian Civil Code, upon the co-optation of a new director who will replace Mr. Notari.

"In the first half of the year, the Group confirmed its resilience in the face of *storms*: following a drop in revenues of 63%, it managed to significantly contain its losses, revised its contractual conditions with most airports for the Covid-19 time period and has equipped itself with the financial resources that are necessary to support its recovery.

The Group is currently able to confirm its natural position as a global operator - commented **Alessandro Notari, former CEO of TraWell Co -.** At the same time, and in order to sustain the company relaunching, there is a need for a full-time commitment which I can no longer guarantee for health reasons. I'm certain that Rudolph and the whole team are ready to successfully write the next chapter of TraWell Co's more than 20-year history!".

"Due to targeted and timely interventions, we were able to contain the negative impact of the pandemic - stated **Rudolph Gentile, CEO and Chairman of TraWell Co -.** At the same time we are working hard to define new anti-cyclical business lines correlated with the core business - **continues Gentile** - which we plan to introduce as early as the end of this year, and which we are certain will generate important developments even outside the airport system itself.

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For further information:

TraWell Co. S.p.A.
Investor Relations
David Debach
investor.relations@safe-bag.com
www.safe-bag.com
Tel: +39 0331 777154
Fax:+39 0331789141

Nomad
Baldi Finance S.p.A.
Luca Carra
lcarra@baldiandpartners.it
Corso Europa, 13
20122 Milan, Italy
Tel:+39 02 58318214
Fax:+39 02 58310893

Consolidated financial statements as of 30 June 2020

Consolidated income statement

Values in Euro (consolidated financial statements)	30-jun-20	% on revenues	30-jun-19	% on revenues	Change 20-19	Change. %
Revenues	8.227.099	98%	21.654.235	97%	(13.427.136)	(62%)
Changes due to internal works	-	0%		3%	-	n.a
Changes in inventories	(12.867)	0%		0%	(12.867)	n.a
Other revenues	177.115	2%	767.202	3%	(590.087)	(77%)
Total revenues	**8.391.347**	**100%**	**22.421.437**	**100%**	**(14.030.090)**	**(63%)**
Cost of sales	749.892	9%	1.653.170	7%	(903.278)	(55%)
Service costs	5.700.355	68%	11.209.009	50%	(5.508.654)	(49%)
Personnel costs	2.933.340	35%	6.970.903	31%	(4.037.563)	(58%)
Other costs	569.013	7%	1.531.523	7%	(962.510)	(63%)
EBITDA	**(1.561.252)**	**(19%)**	**1.056.832**	**4,7%**	**(2.618.084)**	**(248%)**
Amortization	(449.338)	(5%)	(624.211)	(3%)	174.873	(28%)
Depreciation	(5.544.026)	(739%)	-	0%	(5.544.026)	n.a
Allocations		0%	(200.256)	(1%)	200.256	(100%)
EBIT	**(7.554.617)**	**(90%)**	**232.365**	**1,0%**	**2.550.813**	**11**
Financial income and charges (net)	96.137	1%	1.451.092	6%	(1.354.955)	(93%)
Revaluations / Write-downs of financial assets	(379.690)	(5%)		0%	(379.690)	n.a
Profit (loss) before taxes	**(7.838.170)**	**(93%)**	**1.683.457**	**7,5%**	**816.168**	**0**
Taxes	72.587	1%	(697.915)	(3%)	770.502	(110%)
Net Income	**(7.765.583)**	**(93%)**	**985.542**	**4,4%**	**1.586.670**	**2**
Result pertaining to the Group	**(7.638.136)**	**(91%)**	**431.522**	**1,9%**	**(8.069.658)**	**(1.870%)**

Consolidated balance sheet

Values in Euro (separate financial statements)	30-jun-20	31-dec-19
Intangible fixed assets	19.098.761	24.272.457
Tangible fixed assets	3.798.124	4.188.500
(A) Capital assets	**22.896.885**	**28.460.957**
Inventories	1.120.808	1.169.880
Trade receivables	2.398.597	3.282.727
Other assets	4.888.926	6.154.316
Trade payables	(4.235.955)	(6.977.713)
Other liabilities	(3.446.439)	(3.237.003)
(B) Operating working capital	**725.937**	**392.207**
(C) Total provisions	**(759.966)**	**(683.546)**
(D)=(A)+(B)+(C) Net invested capital	**22.862.856**	**28.169.617**
Liquid funds	3.604.039	3.123.519
Current financial receivables	1.988.543	1.939.744
Financial liabilities	(14.701.541)	(10.707.439)
(E) Net financial payables/receivables	**(9.108.959)**	**(5.644.176)**
(F) Shareholders' equity	**13.753.897**	**22.525.442**
(G)= (F)- (E) Sources	**22.862.856**	**28.169.618**