

Due Diligence and Valuation Report

Arrowhead code:	37-01-01
Coverage initiated:	15-June-2022
This document:	15-June-2022
Fair share value bracket:	EUR 7.14 to EUR 8.73
Share Price (14-June):	EUR 6.00

Analyst

Meenal Agarwal meenal.agarwal@arrowheadbid.com	Dhruv Sawhney dhruv.sawhney@arrowheadbid.com
--	---

Market Data

52-Week Range:	EUR 4.53 to EUR 7.00
52-Week Average Daily Volume:	14,822.33
Market Cap. on date:	14.33 million

Financial Forecast (in EUR mn) (FY Ending – Dec)

	'22P	'23P	'24P	'25P	'26P
NI (mn)	0.82	2.06	2.93	3.72	4.45
EPS (EUR)	0.33	0.83	1.18	1.50	1.79

Company Overview

TraWell Co Group ("TraWell" or "the Group") is a multinational Group operating in the Airport Retail space. The Group's offerings include baggage wrapping, travel accessories retail, baggage weighing, luggage tracking, and baggage lost & found assistance. The Group provides some additional services, such as baggage storage, baggage shipping and enabling passengers to shop & collect at duty free shops. They also offer baby equipment such as car seats, cribs, and strollers for rent.

The Group enters new geographies typically through acquisitions or Joint Ventures who in turn obtain the necessary licenses to operate Sales Points at local airport terminals. As of December 31, 2021, the Group had 145 operational Points of Sales ("PoS") across 44 airports and 1 bus station across 13 countries.

Key Highlights

1. TraWell designs and manufactures its wrapping machines in their plant located in Gallarate, Italy.
2. TraWell owns 11.04% stake in SosTravel S.p.A., an Italian company, which manages a mobile application used in TraWell's lost luggage concierge service.
3. TraWell has completed acquisitions of Pack&Fly Group OU, Wrapping Services LLC, and Care4Bag, gaining access to numerous airport locations globally.
4. TraWell aims at enhancing its portfolio of services by offering, in addition to the traditional services, beauty and relaxation services, forex, and spa services at the airport.
5. The Group recently reported Operating Revenue as at 30th April 2022 of EUR 6.4 million, 67.3% higher than EUR 3.8 million in the same period in 2021.



Company:	TraWell Co S.p.A.
Ticker:	BIT: TWL
Headquarters:	Gallarate, Italy
Founder & CEO:	Rudolph Gentile
Website:	www.TraWellco.com

Key Strengths

TraWell's strength lies in its long history of operating sales points at airports. Since licenses to operate these PoS are typically procured by a tender process, which gives high weightage to a Company's track record, TraWell has a sustainable advantage over potential new competitors. TraWell is now a prominent player in the space after achieving scale through several acquisitions.

TraWell designs and manufactures its own baggage wrapping machines which use an innovative technology that allows operators to safely wrap baggage in less than 30 seconds. These machines are equipped with sophisticated software owned by the Group that detects economic and operational performance in real time.

Key Risks

Russia's war against Ukraine has led to several sanctions against Russia including restrictions for Russian aircrafts entering the airspace of several countries. This has resulted in a decline in air passenger traffic in Russia, which is expected to significantly impact the Group as Russia is one of the highest revenue contributing geographies for TraWell. TraWell is evaluating the impact and preparing plans to mitigate the negative effect on the Company's assets and revenues. Additionally, the Group's ability to generate revenue depends upon renewal and acquisition of licenses to operate at various airports. Licenses are acquired through tenders and the duration of licenses is one to seven years. After a license expires, the licensee must apply for the license again, which poses a substantial regulatory risk as the potential loss of a license can directly impact the Group's revenues.

Valuation & Assumptions

Based on its due diligence and valuation estimates, Arrowhead believes that TraWell's fair share value lies in the EUR 7.14 to EUR 8.73 bracket, which has been calculated using a blended valuation method, with 50% weightage to the DCF method and 50% weightage to the Comparable Companies Valuation method. Our DCF model suggests a fair value of EUR 9.52, while the relative valuation provides a fair value of EUR 6.35.

Table of Contents

Investment Thesis.....	3
Company Presentation	4
News	11
Listing Information	13
Management and Governance	14
Services	16
Industry Analysis	18
Risk Profile Analysis.....	22
Financial Analysis.....	24
Valuation.....	29
Analyst Certifications	33
Appendix.....	34
Notes and References	35

Investment Thesis

Arrowhead is initiating equity research coverage of TraWell Co Group (“TraWell” or “the Group”) with the following investment highlights:

Ability to expand geographically and drive growth through M&As

Starting its operations in Italy in 1997, the Group currently operates 150 PoS across 43 airports and 1 bus station worldwide including PoS run by its subsidiaries. One of the key strategic focuses of the Group is to identify and acquire companies who have licenses to operate at airports in various geographies. Through its strategic acquisitions of CARE4BAG, Wrapping Services LLC, and Pack&Fly Group OU, the Group has expanded its presence in numerous airports. Without such acquisitions, it would have been difficult for the Group to acquire licenses and expand its operations globally. The Group continues to evaluate more acquisitions to drive inorganic growth in the future as well.

Returning airline passenger traffic to drive recovery

The impact of significant reduction in passenger traffic in 2020 was clearly visible in 2020 financials for the Group. Air traffic in Europe reduced from 2.46 billion passengers per year in 2019 to 0.72 billion passengers in 2020 ⁱ, whereas globally, international passenger demand in 2020 was 75.6% below 2019 levels ⁱⁱ. Reduction in air traffic also meant closure or limiting the availability of airport services around the world. Air travel has since recovered and has been picking up since 2021. In October 2021, Industry statistics Fact Sheet published by International Air Transport Association (“IATA”) projected that 19.3 million domestic and international flights will take off in 2021, which is 14.2% higher than the 16.9 million flights that took off in 2020 ⁱⁱⁱ. It also projected that 25.8 million domestic and international flights will take off in 2022, which is 33.7% more than the 2021 expected number. In February 2022, Industry-wide revenue passenger kilometers increased 115.9% YoY over February 2021 ^{iv}. This return in air traffic is expected to directly translate into recovery for TraWell, signs of which can be seen in 2021 results. Additionally, the Group reported Operating Revenue of EUR 6.4 million as at 30th April 2022, which was 67.3% higher than EUR 3.8 million reported in the same period in 2021. This recovery is expected to continue for foreseeable future, in line with returning passenger traffic. Further, structural changes in aviation industry with increased focus on safety and cost reduction are expected to provide a further bump to passenger traffic and act as tailwinds for Group’s business.

Incremental nature of the business limits scalability

The Group’s business model is fairly linear, and the business has to be built one airport at a time. Scalability is dependent on acquiring new licenses or companies with limited potential for achieving efficiencies through scale. The Group may find it difficult to create a model where it is able to create a pull for its services and demand is primarily driven by being present at the right location. Adding more services to the existing portfolio of services may help grow the revenues but the core service of the Group remains baggage wrapping service. This limits the growth potential due to portfolio expansion.

Track record of securing licenses a sustainable competitive advantage

The Group’s business is dependent on successfully acquiring and renewing licenses to operate at its PoS. Licenses are typically acquired through tenders and the duration of licenses is one to seven years. Each license win adds to Group’s credibility and helps it build a track record. This is important, as for issuing new licenses, the airports give a lot of consideration to prior track record. This is huge entry barrier for potential new competitors and is a sustainable competitive advantage.

Company Presentation

TraWell Co Group (“TraWell” or “the Group”) is a multinational group operating in the airport retail market, providing baggage protection services, sale of travel accessories, weigh and save services, luggage tracking, and baggage lost & found assistance. The group consists of a parent company, TraWell Co S.p.A. (“the Company”), and 12 subsidiaries. TraWell Co S.p.A was founded in 1997 in Italy and is a subsidiary of RG Holdings s.r.l. The Group has gradually expanded its presence in several geographies through organic growth as well as acquisitions.

Subsidiaries: TraWell initially focused on building its business in Italy before venturing in other geographies. In 2007, the Company formed a subsidiary in France called FSB Service SARL and started operations in Paris. Then in 2011, the Company entered Portugal by forming a subsidiary called Flysafeb Unipessoal LDA.

In 2012, Safebag USA LLC was formed to handle the Group’s operations in the US. After 8 days of formation, SafeBag USA LLC entered a JV with Secure Wrap Group, Inc. (“Secure Wrap”) to form Safe Wrap of Florida JV, LLC. In June 2021, the Company transferred 23.5% interest in the JV to Secure Wrap. Pursuant to this, Safe Bag USA, LLC owns 51% in the JV and the remaining 49% is owned by Secure Wrap.

In 2016, another subsidiary Safe Bag Canada Inc was formed, which acquired licenses in Montreal and Madeira airports. The Canadian subsidiary also acquired license to operate on Vancouver airport in 2017.

In 2017, The Company formed Safe Bag Polska Sp.Z.O.O in Warsaw, Poland and obtained new licenses for operation. In the same year, SosTravel.com S.p.A (“SosTravel”) was formed for the development of the mobile and web channels for the Group. TraWell Co S.p.A. currently holds 11.04% stake in SosTravel. Safe Bag Latam Peru S.A.C was also incorporated in the same year in Peru with 99% equity owned by the Company and 1% held by Fly Safeb Unipessoal Lda, the Company’s Portugal subsidiary.

In 2018, TraWell Co S.p.A. acquired 60% ownership of the Greek company Care4Bag. In the same year, the Company acquired 51% stake each in Wrapping Services LLC and Pack&Fly Group OU. Wrapping Services LLC operates in Russia, while Pack&Fly Group OU, an Estonian company operates in several geographies.

In 2021, TraWell Co. S.p.A. incorporated Safe Bag Czech Republic s.r.o. to establish TraWell’s business in Czech Republic and operate at the Prague Airport.

Subsidiaries	Country	Holding
FSB Services Sarl	France	100%
Safe Bag SAGL	Switzerland	100%
Safe Bag Polska	Polska	100%
FlySafeb Unipessoal Lda	Portugal	100%
Safe Bag Canada Inc	Canada	100%
Safe Bag Latam S.A.C. ¹	Peru	99%
Safe Bag USA LLC ²	US	100%
Safe Bag Czech Republic s.r.o.	Czech Republic	100%
SosTravel.com S.p.A.	Italy	11%
CARE4BAG	Greece	60%
Pack&Fly Group OU	Estonia	51%
Wrapping Services LLC ³	Russia	51%

1. FlySafeb Unipessoal Lda owns 1%
2. Safe Bag USA LLC owns 51% interest in Safe Wrap of Florida JV, LLC
3. Wrapping Services LLC owns 90% interest in Fly Pack LLC Russia

Business Description: Services provided by TraWell provides can be broadly classified into Baggage Protection Services, Travel Goods, and Weighing Services. A brief description of services provided by TraWell is as follows:

- 1. Baggage Protection:** Baggage protection service consists of baggage wrapping service and lost luggage concierge. This is TraWell’s core service and contributed approximately 93.6% of the Group’s total revenue in 2020. TraWell uses ultra-resistant protective film to protect luggage from wear and tear, damage due to bumps, scratches, accidental opening, and rain. This also acts as a deterrent against theft. TraWell also offers a baggage tracking service with the help of a tracker that enables real time information on baggage transfers. In case of damage in transit, loss in transit, theft, or late delivery, TraWell compensates its customers as per its compensation policy.
- 2. Travel Goods:** This business segment consists of sale of travel accessories which the Group offers through kiosks at the airports. The Group sells luggage, electronics, safety, and comfort accessories which accounted for 4.6% of its revenue in 2020.
- 3. Weigh and Save:** TraWell provides weigh and save service to enable travelers to check the weight of their luggage and ensure that it is within the allowed limits. This business segment is relatively small, as it contributed only 0.3% to its revenue in 2020.
- 4. Other Services:** The Group provides some additional services for travelers, such as baggage storage, baggage shipping and enabling passengers to shop & collect at duty free shops. They also offer baby equipment such as car seats, cribs, and strollers for rent. Other miscellaneous services include selling bike box for safe shipping of passengers’ bikes. These services contributed 1.5% to the Group’s revenue in 2020.

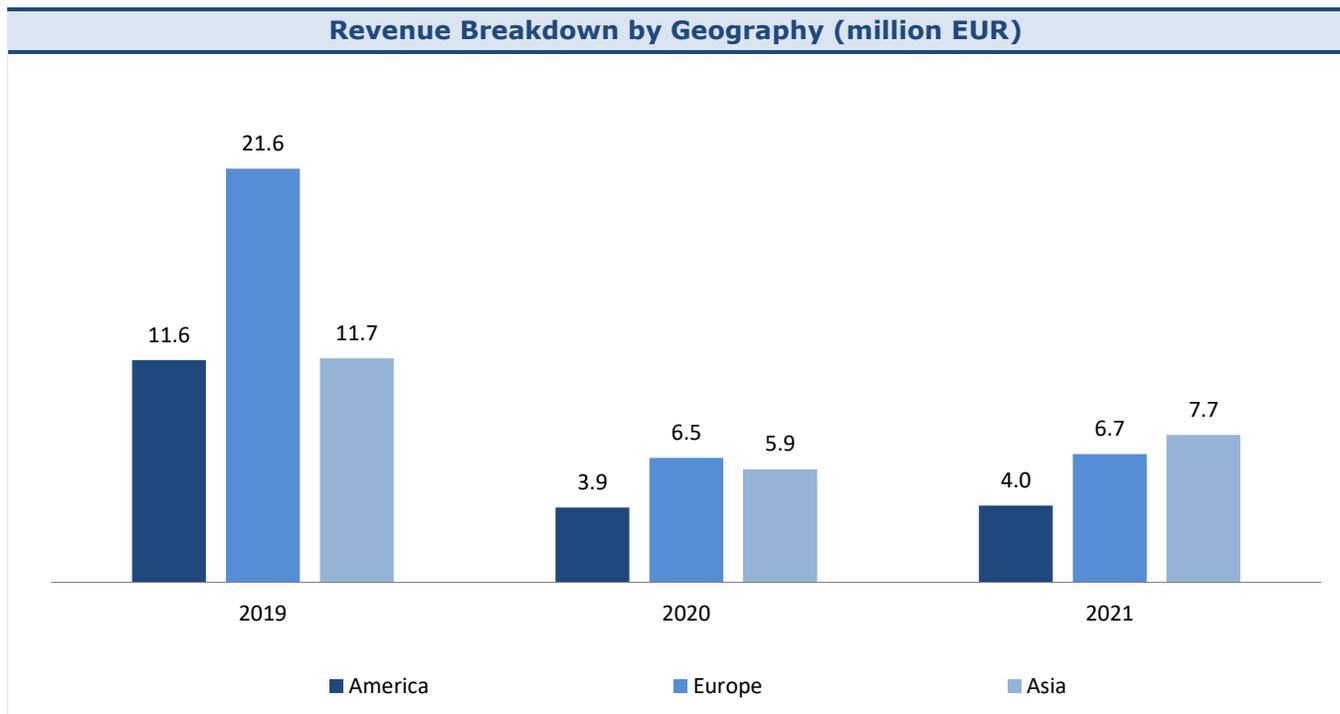
These services are provided through TraWell’s PoS located at airport terminals and bus stations. The Group operates 150 PoS across 43 airports and 1 bus station worldwide, including the PoS run by its subsidiaries. These PoS vary based on the point of sales size and variety of services. The PoS are of following three types:

Sales Points		
		
<p>Standalone baggage wrapping stations</p>	<p>Kiosks with signs and displays for travel accessories</p>	<p>Sales points with a wide range of products and services</p>

Packages: TraWell offers three package options to its customers.

Packages			
Type	Basic Package	Premium Package	Platinum Package
Services offered	<ul style="list-style-type: none"> Wrapping bags and suitcases Upto EUR 1,000 refund in case of damage 	Basic Package plus <ul style="list-style-type: none"> Upto EUR 1,000 refund in case of delayed delivery Upto EUR 4,000 refund in case of loss Tracking luggage service 24 hr customer service 	Premium Package plus <ul style="list-style-type: none"> delayed delivery and loss protection for the return

Geographical Breakdown of Revenue: Currently, the Group generates majority of its revenues from its operations in America, Asia, and Europe. Russia has the highest concentration of POS amongst the countries that TraWell currently operates in. Reliance on revenue from Russia is a major risk for the business due to the ongoing conflict. Revenue breakdown across America, Europe and Asia for the period of 2019 to 2021 is presented in the chart below:



Company Milestones

Year	Event
1997	<ul style="list-style-type: none"> Started offering its services in four Italian airports, at Bologna, Venice, Verona and Naples
2003	<ul style="list-style-type: none"> Expanded in Italy, introducing its services in Palermo, Florence, Genoa, Pisa, Olbia, Turin, and Alghero
2007	<ul style="list-style-type: none"> Entered other European markets, starting with Paris-Charles De Gaulle and Orly, and then expanding into all leading French airports
2011	<ul style="list-style-type: none"> Entered the Portuguese market, becoming an exclusive supplier at the country's main airports (Lisbon, Porto, Faro, Ponta Delgada) Started offering its services in Spain at the Ibiza airport Introduced the Safe Bag kiosk, a one-stop shop selling products and accessory services to ensure the comfort and safety of travelers
2012	<ul style="list-style-type: none"> Acquired license to operate at Zurich Airport, Switzerland
2013	<ul style="list-style-type: none"> Started offering its services at Miami International Airport, the leading airport for wrapping services, with 31 machines, 200 employees and almost 1 million wrappings per year
2014	<ul style="list-style-type: none"> Expanded its presence in Switzerland, by acquiring license to operate at the Geneva Airport Started operations in Italy's Rome-Fiumicino, Bari and Brindisi airports
2016	<ul style="list-style-type: none"> Entered the Canadian market at Montréal airport through subsidiary Safe Bag Canada Inc.
2017	<ul style="list-style-type: none"> Expanded its presence in Canada by opening at the Vancouver and Ottawa airports Started operations in Poland at Warsaw airport
2018	<ul style="list-style-type: none"> Renewed a 4-year contract with Guglielmo Marconi Airport, Bologna Secured a 7-year contract to provide services at RIOgaleão – Rio de Janeiro International Airport Acquired Pack & Fly Group OU and Wrapping Services LLC, leading baggage wrapping operators in Russia and Eastern Europe Secured a 5-year contract at Cebu – Mactan International Airport, Philippines through subsidiary PackandFly Received a 3-year contract at Vladivostok International Airport, Russia through subsidiary Wrapping Service LLC Renewed a contract with Domodedovo International airport, Moscow, Russia for 1 year through subsidiary Wrapping Service LLC

	<ul style="list-style-type: none"> Acquired Care4Bag, the main Greek operator in the luggage protection service sector. Signed a 7-year agreement to provide services at Terminal B of Sheremetyevo international Airport, Moscow, Russia Signed a 2-year contract with Salvador de Bahia "Deputato Luís Eduardo Magalhães" International Airport – Brazil in December 2018
2019	<ul style="list-style-type: none"> Renewed a contract with Marseilles International Airport – France for 4 years Renewed a 5-year contract with Vilnius and Kaunas airports, Lithuania through subsidiary PackandFly Signed a strategic agreement to serve 7 Russian airports through subsidiary Wrapping Service LLC Renewed a 4-year contract with Marseilles International Airport - France
2020	<ul style="list-style-type: none"> Won a 5-year contract with Siberian Airport Krasnoyarsk through subsidiary Wrapping Service LLC starting in July Won tender to provide services at Warsaw Airport Renewed an agreement for an additional 3 years with Vancouver Airport through subsidiary Safe Bag Canada Inc.
2021	<ul style="list-style-type: none"> Secured EUR 1.05 million funding from Simest Won tender to provide services for the next three years at Yakutsk International Airport, one of Siberia's most important airports through subsidiary Wrapping Service LLC Extended an agreement to provide its services at Montreal Airport - Trudeau until the end of 2028 through subsidiary Safe Bag Canada Inc. Signed an addendum to the agreement with Cagliari airport to extend the contract until April 2023.
2022	<ul style="list-style-type: none"> Signed a contract with GEASAR S.p.A., to provide services at Olbia Costa Smeralda Airport from April 2022 to October 2022 Renewed an agreement to provide services at Lyon Saint-Exupéry International Airport through its subsidiary FSB Service Sarl till December 2023 Renewed an agreement to provide services at the Miami Airport until the end of 2027 through US subsidiary Safe Wrap of Florida JV, LLC. Signed an agreement to provide services at the Prague Airport in Czech Republic for 7 years through its subsidiary Safe Bag Czech Republic s.r.o. Signed an agreement to provide services at Nur-Sultan International Airport in Kazakhstan through its subsidiary Pack & Fly

Corporate Strategy & Future Outlook

Until 2018, TraWell was known as SafeBag and primarily provided Baggage Protection services. In November 2018, the Group changed its name to TraWell, to better reflect its strategy of expanding beyond baggage protection services into other businesses, such as currency exchange, relaxation and beauty, entertainment, business services, and mobility services.

TraWell's corporate strategy revolves around adding more products and services to its portfolio, increasing penetration in airports and bus stations, and focusing on strategic acquisitions and joint ventures.

Expanding product portfolio while maintaining a lean Balance Sheet

The Group is expanding its portfolio by adding travel accessories such as neck pillows, eye masks, safe pouches, luggage, charging solutions, etc. The idea is to capitalize on the PoS presence and generate cash flow with minimal investment.

Providing low-priced value-added services that feed into each other

The Group's PoS provide one stop solution where different products and services feed into each other. For e.g., Weigh and Save, a low-priced service, can attract customers who may end up buying other value-added services such as baggage protection and baggage shipping. Moreover, in case of overweight luggage, travelers can buy additional luggage and redistribute their luggage contents to meet airline requirements.

Capitalizing on Track Record and secure licenses globally

Airport services business required licenses to operate in various locations. Ability to secure these licenses is a huge barrier for new competitors. Typically, these licenses are awarded through a tender process which requires grading of the bidder on the factors like, experience, financial strength, technical and commercial skills, and economic offer. Through its subsidiaries and strategic acquisitions, the Group has been able to acquire licenses at numerous airports globally. TraWell has extensive experience in acquiring and renewing licenses globally, which creates a sustainable competitive advantage.

Investing in Hardware and Software

TraWell designs and manufactures its own wrapping machines. The software that goes into these machines has been developed in-house and TraWell owns the IP. According to TraWell, the machines use an innovative technology that allows operators to safely wrap baggage in less than 30 seconds. The proprietary software is very sophisticated, as it detects economic and operational performance in real time.

Growing Inorganically through Acquisitions

In 2018, the Group acquired 60% ownership of the company Care4Bag, which gave the Group access to airports in Greece. In the same year, the Company acquired 51% stake each in Wrapping Service LLC and Pack&Fly Group OU. Wrapping Services LLC operates in Russia, while Pack&Fly Group OU, an Estonian company operates in several geographies. Wrapping Services LLC and Pack&Fly Group OU provide services in numerous airports in Russia, Estonia, Siberia, Lithuania, Philippines. Following table shows the details of the Group's M&A transactions:

M&As

Company	Date	Description
Care4Bag	October 2018	Safe Bag S.p.A. acquired 60% of the capital of Care4Bag, the main Greek operator in the luggage protection service sector. The binding agreement to purchase Care4Bag was signed in July 2018. The transaction value of EUR 937,800 was based on a multiple equal to 3 times the adjusted EBITDA for 2017 to which the Net Financial Position (Cash) at closing was added. The transaction was funded with a dedicated financing line, supplied by Banca Intesa.
Wrapping Services LLC	June 2018	Safe Bag acquired 51% interest in Wrapping Services LLC in a cash and share transaction. The letter of intent was signed in February 2018, and a binding agreement was communicated in April 2018. The Company is the main operator in the Russian Federation.
Pack&Fly Group OU	June 2018	Safe Bag acquired 51% interest in PackandFly Group OU in a cash and share transaction. The letter of intent was signed in February 2018, and a binding agreement was communicated in April 2018. The PackandFly Group OU, an Estonian company, operates in Europe and Asia.

Through its strategic acquisitions of CARE4BAG, Wrapping Services LLC, and Pack&Fly Group OU, the Group expanded its presence in numerous airports. Without such acquisitions, it would have been difficult for the Group to acquire licenses and operate in airports of these countries. The Group continues to evaluate more acquisitions to drive inorganic growth in the future as well.

News

[TraWell's subsidiary signed a franchising agreement to provide services at Nur-Sultan International Airport](#)

June 1, 2022

TraWell's subsidiary Pack & Fly signed a franchising agreement with Kazakh's local company Develop4 LLP for the management of its services at the Nur-Sultan International Airport of Kazakhstan. The Company will provide luggage protection, luggage storage, and ancillary services at the second most important airport in Kazakhstan.

[TraWell's subsidiary signed an agreement for the Prague airport](#)

May 26, 2022

TraWell's subsidiary, Safe Bag Czech Republic sro, signed an agreement to provide its integrated passenger assistance services at the International Airport of Prague for a period of 7 years, starting from June 2022. In 2019, the passenger traffic at the Prague Airport was 17.8 million international passengers approximately.

[TraWell's subsidiary renewed agreement with Miami airport](#)

April 5, 2022

TraWell's US subsidiary, Safe Wrap of Florida JV, LLC, renewed agreement to provide its integrated travel assistance services at Miami International Airport for a period of 6 years, effective January 2022 and until December 2027. Miami International Airport was the US's 11th largest airport in terms of passenger traffic in 2020.

[TraWell's subsidiary renewed agreement with Lyon Saint-Exupéry International Airport](#)

March 28, 2022

TraWell's French subsidiary, FSB Service Sarl has renewed the agreement to provide its integrated traveler assistance services at Lyon Saint-Exupéry International Airport. Under this agreement FSB Service will be able to offer a wider range of products and services than in the past and will continue to operate at Lyon until December 2023.

[TraWell signed a contract to provide services at Olbia Costa Smeralda Airport](#)

March 22, 2022

TraWell signed a contract with GEASAR S.p.A., the Company that manages Olbia Costa Smeralda Airport, for the management of the service for April to October 2022.

[TraWell extended contract to operate in Cagliari Airport](#)

April 26, 2021

TraWell signed an addendum to the agreement with Cagliari Airport. Under this addendum, TraWell will provide its services at the Cagliari Airport until April 2023. Cagliari Airport is Sardinia's most important airport and handled traffic of 1.7 million passengers in 2019.

[TraWell's subsidiary extended agreement to provide services at Montreal-Trudeau International Airport](#)

October 27, 2021

TraWell's Canadian subsidiary, Safe Bag Canada Inc., has extended the agreement to provide its integrated travel assistance services at Montreal-Trudeau International Airport (Canada). Under this agreement, Safe Bag Canada will continue to operate in Montreal for a further 7 years until December 2028. Montreal Airport is Canada's third largest airport.

[TraWell's subsidiary won tender at Yakutsk International Airport](#)

September 10, 2021

TraWell's subsidiary Wrapping Service LLC won the tender to provide its integrated range of services for travelers for the next three years at Yakutsk International Airport, one of Siberia's most important airports.

[TraWell obtained EUR 1.05 million from Simest](#)

April 26, 2021

TraWell received two separate loans from Simest SpA, the Italian Development Finance Institution, for a total of € 1.05 million. This amount includes EUR 0.45 million for the development of international e-commerce, and EUR 0.6 million for the capitalization of exporting companies. Both loans have a non-repayable component of 40% (amounting to EUR 420,000) while the remaining 60% will be repaid to the lending institution.

[TraWell and Sanycar partnered to create airport luggage sanitisation machines](#)

June 17, 2020

TraWell signed an exclusive agreement with Sanycar, a disinfection technology company. Through this agreement, Sanycar will design and manufacture luggage sanitization machines, which will help TraWell to respond to ongoing concerns about the spread of the COVID-19 and other diseases by sanitizing luggage and ensuring the safety of its customers and improve services offered to airport travelers.

Listing Information

TraWell Co S.p.A. (previously Safe Bag S.p.A.) is listed on the Borsa Italiana - Italian Stock Exchange since September 2013 within the AIM Italia segment.

Contacts

Head office	Via Olona 183/G, 21013 Gallarate (Va) – Italy
Telephone	+39 0331 777154
E-mail	investor.relations@TraWellco.com

Shareholders as on 31st December 2021

Equity Holder	No. of ordinary shares held	% Shareholding
RG Holding S.r.l. ⁽¹⁾	1,288,120	51.94%
Marchin Investments BV ⁽²⁾	146,700	5.92%
Free Float	1,045,080	42.14%
Total	2,479,900	100%

Source: TraWellco.com

(1) data includes the shareholding directly owned by Rudolph Gentile

(2) data includes the shareholding directly owned by Giuseppe Gentile

Management and Governance

Rudolph Gentile

Founder, Chairman of the Board & CEO

- Started as airport representative of the Air Europe airline company at Fiumicino and Ciampino airports in Rome in 1993
- Worked briefly in the marketing division of Air Europe and then moved to the Cargo division, becoming head of the division the following year in 1995
- Founded the Safe Bag company in 1997 and has been serving as its chairman ever since
- Has over 20 years of experience in the fields of air transport and airport services
- Founded Moviemax S.p.A., a film production and distribution company and served as its CEO and Chairman until 2010
- Founded M2 Pictures S.r.l which is also active in the Film production & Distribution market and held the CEO position until August 2020
- Holds over 23 years of industry experience
- Served as a member of the Board for Air Italy S.p.A between 2010 and 2012
- Graduated in Sociology from Sapienza University of Rome and began his career in the travel services industry as an airport representative

David Debach

Chief Business Development Officer

- Has over 20 years of consultancy experience in various companies in retail, consumer goods, and airport services sectors
- 11 years of experience at A.T. Kearney, a leading management consulting firm
- Areas of expertise include strategy and organization, planning and control, and business development

Roberto Mosca

Chief Commercial and Operations Officer

- Joined TraWell in 2004
- Began career in 1990, leading a group of experts at the Mediolanum investment bank
- Held the positions of National Director for Italy at Progetel and Director of Sales for Europe at Sunlife System
- Held various positions in different sectors including Commercial Director between 1995 and 2004
- Competent in the areas of managing airport operations, recruitment, training at airports, and managing relations with airport commercial partners

Gianluca Farioli

Chief Financial Officer

- Has over 15 years of experience working as management controller in airlines such as Lauda Air, Livingston, Air Italy, Meridiana.
- Joined Safe Bag in 2014 as head of management control, to develop and implement budgeting and reporting processes and to manage the preparation of economic offers relating to tenders
- Became CFO in 2019.

Marek Gentile Niedzielski

Non-Executive Director

- Has over 30 years of experience in the IT industry
- Participated as a technical delegate in the International Press Telecommunications Council (IPTC), the European Pressphoto Agency (EPA)
- Commands expertise in computer security for operating systems, applications, and networks
- Has experience with new emerging technologies including AI (Artificial Intelligence) and Big Data

Edoardo Zarghetta

Independent Director

- Holds a degree in Law and Politics from the University of Rome La Sapienza
- Obtained an MSc in Energy from Heriot-Watt University in Edinburgh and graduated with honors in the MBA programme of Heriot-Watt Business School
- Has over 20 years of experience in Swiss, Japanese, and European banks in Debt Capital Markets, issuing and trading fixed income securities
- Has expertise in sustainable finance and climate change
- Serves as a Director for two listed companies and as Advisor to a large Industrial and Engineering Group

Services

The services offered by TraWell can be categorized mainly into Baggage Protection Service, Sale of Travel Goods, and Weigh and Save Service. The Group also provides some additional services for travelers. A brief description of the Group’s main services is as follows:

Baggage Protection Services

Baggage Protection Services provided by the Group comprise Basic Wrapping Service and Lost Luggage Concierge.

In the Basic Wrapping Service, customers’ luggage is wrapped with protective film to protect from damage while in transit. For wrapping the luggage, the Group uses ultra-resistant protective film, which is waterproof, heat and cold resistant, 100% recyclable, and thin enough (approx. 17 microns) to facilitate easy removal. These properties help protect luggage from wear and tear, damage due to bumps, scratches, accidental opening, and rain, and acts as a deterrent against theft. The protective film is made of LLDPE (Linear Low-Density Polyethylene), in conformity with currently applicable European legislation. The film is extremely durable and can be stretched up to 300%. If the protective film is unable to protect the luggage from damage during flight, customers are entitled to a compensation of up to EUR 1,000.

The Group has also started providing bubble wrapping service for fragile and valuable items using perforated bubble wrap. This service is currently available only at the Athens airport.

Under Lost Luggage Concierge, the Group provides tracking service for lost baggage. It is exclusively available via the Group’s partner and subsidiary SosTravel’s App and includes the following:

	Active Tracking with SITA WorldTracer System
	Compensation of up to EUR 100 per day for delayed luggage delivery starting 48 hours after luggage is found missing, and up to EUR 4,000 for permanent luggage loss
	Lost & Found assistance through the Group’s 24/7 Customer Care service and the Group’s Lost & Found partner offices at the airport
	Information services for passengers before, during, and after the trip

The Group uses air transport technology giant SITA’s WorldTracer System with Active Tracking, which gives the Group access to real-time information on baggage transfers and enables its customer care to be actively involved in recovery operations. The Active Tracking service gives the customers access to information about their bag’s route through various phases of airport transport. The service reduces recovery times by proactively notifying TraWell’s staff, who can initiate recovery through Lost & Found offices at various airports.

The service compensates customers up to EUR 100 per day for a maximum of EUR 1,000, if the luggage is not delivered within 48 hours. If the tracking service is not able to find the missing luggage altogether, customers are entitled to a compensation of up to EUR 4,000.

If luggage is missing upon arrival at customer’s destination, TraWell provides systematic and timely customer support 24 x 7, through phone, email, web, and social media. It also provides support at the airport, through the Group’s Lost & Found office network partners.

The exclusive SosTravel app also includes a series of information services aimed at optimizing the travel experience, before, during, and after the flight. The services are constantly developing and currently include the following:

	Real time flight information (before departure and during flight)
	Useful information about the departure and destination airports
	Other information services related to travel (weather, currency, etc.)
	Information related to means of transport, points of sale, etc.

Sale of Travel Goods

TraWell offers one of the largest selections of travel goods sourced from leading brands in the market. Products offered by the Group include luggage, neck pillows, eye masks, safe pouches, charging solutions, and other travel accessories. The accessories are displayed category-wise at the Group’s kiosks and stores to simplify selection and facilitate a swift purchase.

Weigh and Save Service

The Weigh and Save service allows the customers to make sure that their luggage weight does not exceed the airlines’ weight limits. The service is provided using scales which are purchased from third party suppliers. The scales are then updated with the Group’s inhouse software, which shows information in 5 languages. TraWell operators are always up to date on the weight limits for each of the major airlines and provide the customer with reliable information on current restrictions.

Other Services for Travelers

Apart from the main services, the Group also provides the following additional services:

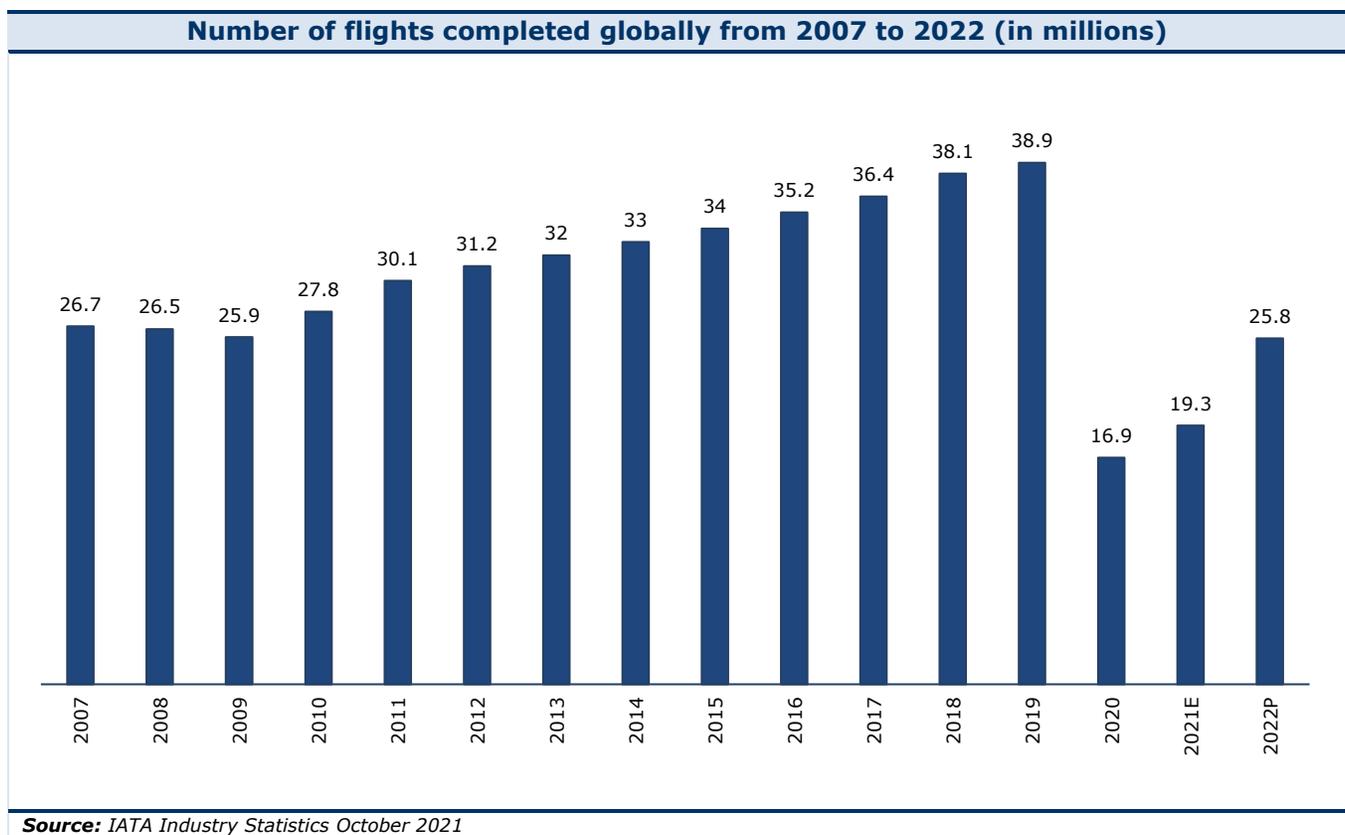
	Luggage storage service where luggage is accepted directly at its stores after being subjected to a security check
	Renting baby equipment like cribs, strollers etc.
	Selling bike boxes to passengers to safely ship their bikes
	Shop & collect service at duty free shops which allows passengers to shop in Duty Free shops, drop their purchased items off at the airport for free (at the Service Center) and easily pick them up on their return
	Shipping passenger’s baggage through an express service or economy service
	Concierge Service to allow travelers to purchase products and services related to the destination city, such as sim cards, tickets for attractions, bus and train ticket etc.

Industry Analysis

The Travel and Tourism (“T&T”) industry includes airlines, railways, hotels & resorts, amusement parks, historical sites, and other tourist attractions. Being a large and rapidly growing industry (except during the COVID-related downturn), a vibrant ecosystem has developed around the T&T industry over the years. This ecosystem comprises providers of several peripheral products and services, such as flight & hotel bookings, tour management, luggage management, travel insurance, travel information, etc. Prior to the pandemic, the World T&T industry contributed USD 9.2 trillion (10.4%) to the global GDP in 2019 and accounted for 1 in 4 of all the new jobs created across the world. But the contribution of the T&T industry fell to USD 4.7 trillion (5.5%) in 2020, and 62 million jobs were lost due to travel restrictions imposed by countries in response to the COVID-19 pandemic.^v

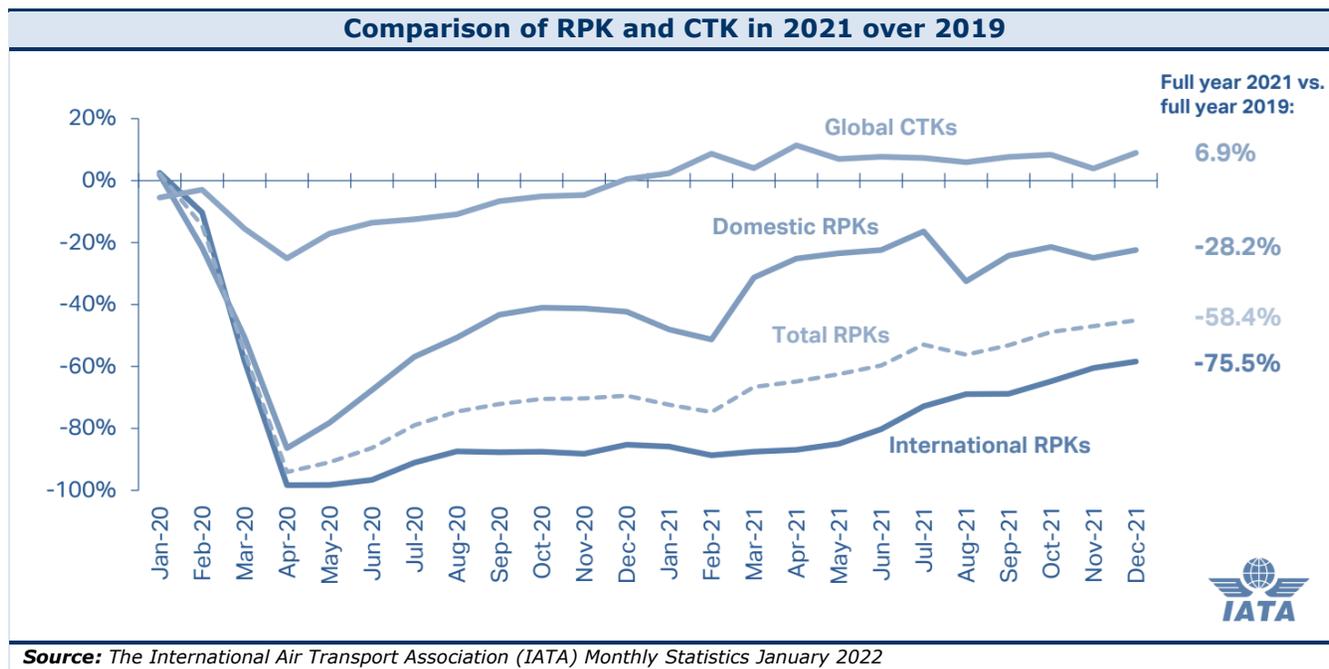
The global airport services market size was USD 172.19 billion in 2019 and is projected to reach USD 232.88 billion by 2027, exhibiting a CAGR of 16.7% during the forecast period.^{vi} Airport services include ground handling services such as baggage and cargo handling and catering, passenger handling services such as customer service operations, baggage wrapping services, temporary baggage storage services, lost luggage concierge, weighing services, WiFi rental services, etc.

Level of Activity in Air Travel: The level of activity in the Passenger Air Travel space is a key determinant of growth for the T&T industry and the Airport Services industry. Since 2007 passenger airline traffic has grown consistently each year except for 2020 when it fell significantly due to COVID-induced travel restrictions. The following chart shows number of flights completed from 2007 to 2022 as per IATA:



Revenue passenger-kilometers (“RPK”) and Cargo tonne-kilometers (“CTK”) in 2021 vs 2019:

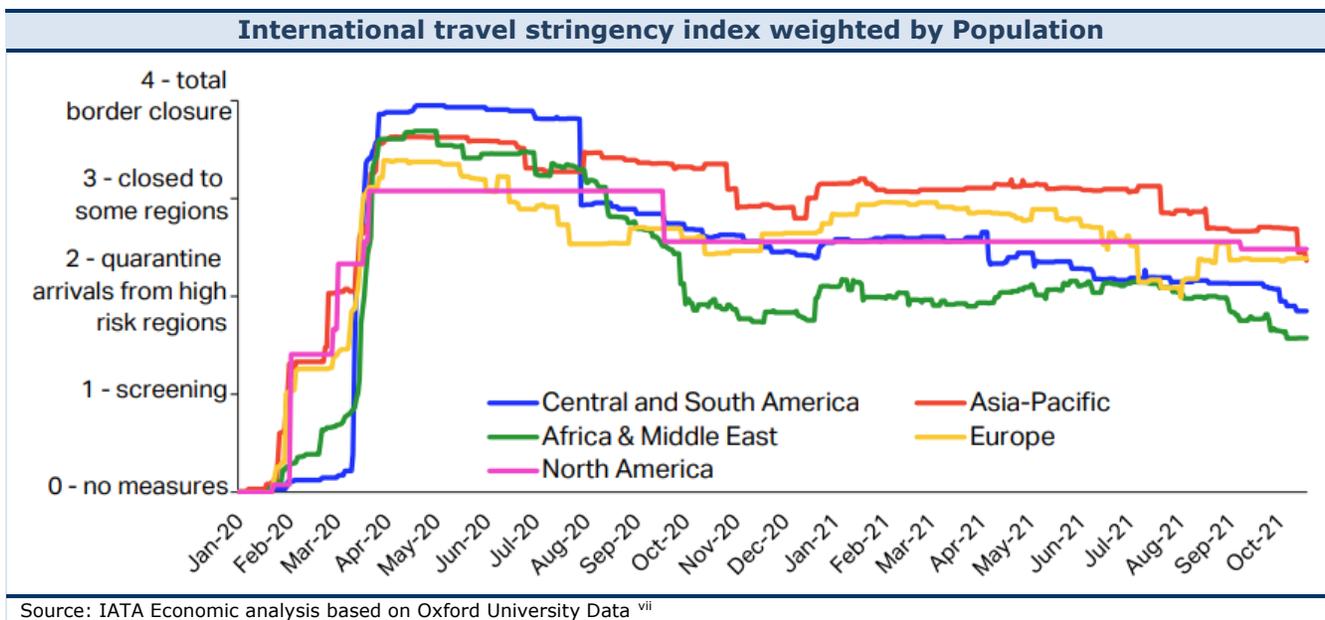
In 2020, when travel was restricted by several countries in response to COVID-19, RPK fell and were lowest in April 2020. At first, several countries started allowing essential travel which led to slight increase in RPK. As the first wave of COVID-19 started to recede, and vaccinations were introduced, travel started to pick up. The following chart depicts how RPK, and CTK have increased in 2021 from their fall in 2020.



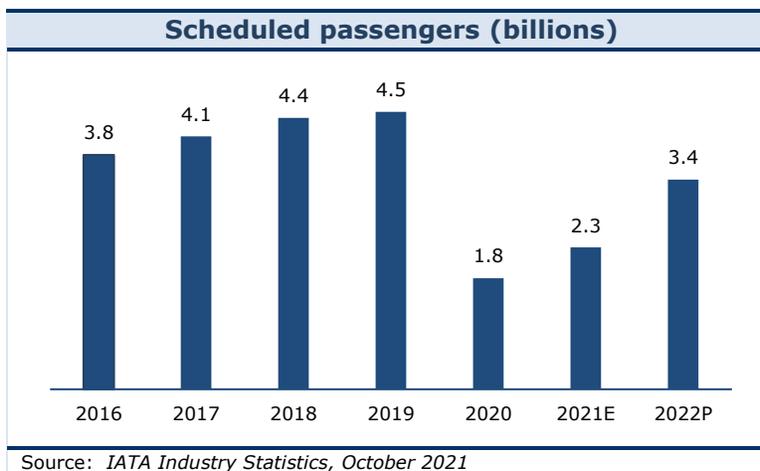
Travel Restrictions and Vaccinations: Restrictions on international travel imposed by governments of several countries were tightened across all regions in January 2020, in response to the surge of new cases caused by the emergence of various virus variants. In 2021, major countries relaxed norms for domestic travel, but the restrictions on international travel were high so that newer strains of COVID-19 are not transmitted across countries.

But in later 2021 and in 2022, restrictions have been sufficiently relaxed in many regions especially for people who are vaccinated. Vaccinations have accelerated in many advanced economies in Europe and North America and in Asia, where distribution started late. Several large aviation markets have fully vaccinated at least half of their populations. Numerous emerging markets, however, lack vaccine doses despite coordination efforts.

Vaccinations will play a vital role in the recovery and growth of the T&T industry. Many countries have mandated one or both doses of vaccination before being allowed entry. Vaccination can also slow down the spread of virus and reduce the complications associated with it. Therefore, increase in vaccination indirectly correlates with travel restrictions, and travel restrictions are the most important factor restricting growth of T&T industry to pre-pandemic levels. The following chart depicts how travel restrictions have eased with increasing vaccination rates.



Due to the reduction in travel restrictions, scheduled passenger numbers are expected to increase. In 2020, 1.8 billion passengers were scheduled to travel by air. As per IATA’s industry statistics fact sheet released in October 2021, scheduled passengers are expected to be 2.3 billion and 2021 and 3.4 billion in 2022. The fall and growth in scheduled passengers is represented in the chart:



Impact of COVID-19 on airports: COVID-19 has severely impacted operations within airports. Travel

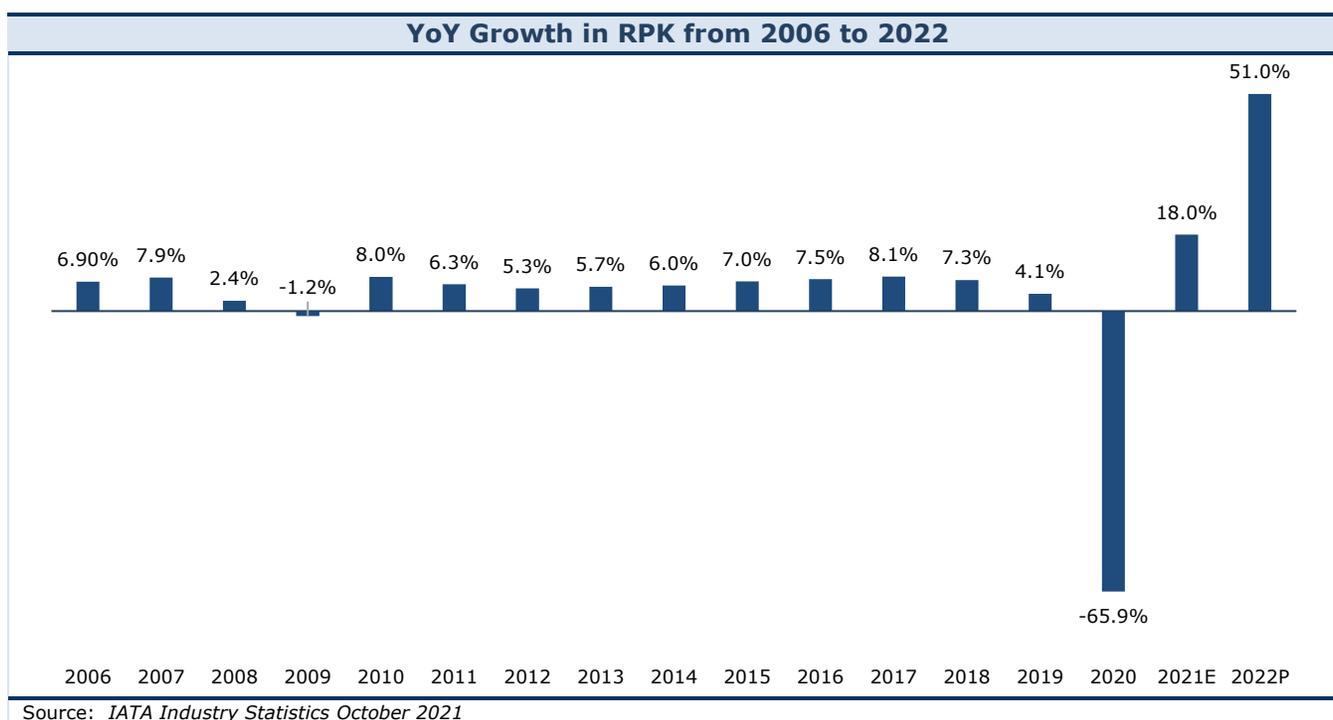
restrictions immediately stalled airports, and the economic crisis that has followed will continue to drive lower demand for air travel. Airline service providers, and airport service providers are reducing variable costs to cope with the reduction in revenue ^{viii}. But at the same time, some technological advancements which would be deferred otherwise, have increased, such as biometric testing. The pandemic is likely to cause some long-term changes to airport design, such as automated screening systems to avoid patting down passengers and deployment of more sanitation stations ^{ix}. Companies selling travel accessories at the airports can increase their product portfolio to offer masks, sanitizers, UV sterilizers for phones and other gadgets, and other travel goods that became a necessity due to COVID-19.

New safety priorities at airports have accelerated transition to touchless technologies. One such example is Avinor, which operates 44 state-owned Norwegian airports, and has launched an end-to-end touchless travel system across four airports in partnership with travel technology company Amadeus. The solution works across check-in, baggage drop, security, and boarding. It relies on Amadeus’s cloud-based passenger handling platform and encourages people to use their phone as a boarding pass throughout the airports. Another example is Dubai International Airport, which recently introduced a smart tunnel at immigration control that uses facial recognition to speed up queues. This concept is further amplified by

companies like Vision-Box, which is using biometrics to eliminate manual and face-to-face operations at e-gates and several airport touchpoints. IATA’s one ID concept involves using a single biometric travel token through all travel touch points without using any physical documents. Air transport technology giant SITA has also developed similar biometric-based passenger processing solutions.

Similarly, passengers at Australia’s Avalon Airport can now interact with kiosks and displays at the places where you can drop your bags themselves by moving their head. The company behind this technology, called Elenium Automation, is also fitting devices with voice recognition technology. Etihad Airways and Elenium Automation are testing the feasibility of self-service kiosks that monitor a passenger’s temperature, heart, and respiratory rate. Passengers may now also use social distancing-focused wayfinding apps like Wisefly, which sends out alerts when they get too close to others ^x. Airports are changing drastically in response to the pandemic, and this provides an opportunity for airport service companies.

Advancement in technology and increase in demand for air transport are the most important growth drivers: With the advent of technology, newer and better aircrafts are being built which can accommodate a larger number of passengers. Better aircrafts and economies of scale have resulted in decrease in the cost of air travel and increased number of airports and demand for air transport over the years.



Latest technological advancements such as structural health monitoring sensors to obtain valuable information on structural health of aircraft while on ground or air, and pilot fatigue monitors can make air travel safer than ever. Novel aircraft coatings and coating maintenance systems can result in increase in durability, and life of aircrafts. Use of alternative fuel in aircrafts can reduce the environmental impact and the cost of air travel. Increased reliance on air travel coupled with lower cost can result in steady growth in demand. More passenger traffic will induce growth for airline companies and result in more footfall for the allied airport service companies such as TraWell.

Risk Profile Analysis

- 1. Operational Risk:** The Group operates in a niche segment of the airport retail services, primarily offering baggage wrapping services to passengers. The baggage wrapping machines are designed and manufactured in the Group's plant in Gallarate. According to the Group, the machines use an innovative technology that allows operators to safely wrap baggage in less than 30 seconds and is equipped with a proprietary software that detects economic and operational performance in real time. This machine can provide some leverage to the Group in terms of operational efficiency. The Group's operations are fairly simple, and the revenues mainly rely on the number of passengers that can be served. The COVID-19 pandemic has resulted in stringent travel restrictions which severely affected air travel and thus the Group's business. But demand for air travel has been picking up since 2021. Industry-wide RPK increased 115.9% YoY in February 2022 ^{xi}. As the demand for air travel increases, demand for the Group's products and footfall in the Group's PoS might increase. Therefore, we believe that overall, the Group has a **LOW** operational risk profile.
- 2. Geo-Political Risk:** The business environment in which TraWell operates depends on various political factors. Russia's invasion of Ukraine has resulted in several sanctions being imposed on Russia and many multinational companies leaving the Russian markets. As of 25 March 2022, 36 countries, including EU countries, the UK, and the US, have closed their airspace to Russian airlines. As a result, Russia has also banned airlines from these countries from entering its airspace ^{xii}. This has resulted in a decline in air passenger traffic in Russia which will impact the Group as Russia is one of the largest contributing geographies for TraWell. TraWell is evaluating the impact and preparing plans to mitigate the negative effect on the Company's assets and revenues. Therefore, we believe that the Group has a **HIGH** geo-political risk profile.
- 3. Financing Risk:** Since 2020, the Group has suffered a decline in sales and increase in losses due to COVID-19 pandemic, and according to the report published by Airports Council International ("ACI") Europe in October 2021, passenger traffic might not recover to pre-pandemic levels until 2025. Therefore, the Group's pre-pandemic profitability level might not be recovered for a few years. Additionally, given that the Group operates in various international markets with transactions implemented in different currencies, it is subject to market risk deriving from exchange rate fluctuations. The Group is also exposed to interest rate risk as the Group has EUR 14.1 million financial debt in its Balance Sheet as of December 31, 2021. Moreover, debt exposes it to liquidity risk if the cash flows from operating activities are not sufficient to meet the financial and commercial obligations. But the latest 2021 results reported by the Group indicate recovery of economic activities. The Group reported EBITDA Margin of 11.5%, up from -6.3% in 2020. Additionally, the Group renewed its contract with the Miami Airport for 6 years with reduced royalties, which will have a positive impact on its profitability. Therefore, overall, we believe that the Group has a **MODERATE** financial risk profile.
- 4. Market Risk:** The Group's main revenue comes from baggage wrapping services, which uses a protective film which is not a technology based or patented product and can be replicated by competitors. The Group's luggage concierge service provides luggage tracking with Airport tech giant SITA's WorldTracer System, which is not exclusively available through TraWell's services, but is being used by many other companies, including Airline companies. Moreover, luggage tracking hardware is available in the market which can be used to track one's luggage. Therefore, this service does not provide any competitive edge to the Group.

The next major revenue contributor is sale of travel goods which the Group sources from leading brands. If such brands open their own shops in airports, they will directly compete with the Group and

have an impact on the Group's revenue. The Group's weigh and save service is also not differentiable. But competitors looking to enter the market will require licenses to operate at various airports which poses as an entry barrier. Licenses are acquired through tenders and the tender process considers the bidder's track record. Since, TraWell has a rich background in acquiring and renewing licenses, it will have an advantage over its competitors. Therefore, overall, we believe that the Group has a **MODERATE** market risk profile.

- 5. Legal Risk:** The Group filed a legal suit against SEA - Società Per Azioni Esercizi Aeroportuali, ADR-Aeroporti di Roma SpA, and TrueStar Group S.p.A. for violation of the competition rules pursuant to articles 101 and 102 of the TFEU and Articles 2 and 3 of Law 287/1990. The Group won the case in 2017, but the Court of Milan rejected the Group's compensation claim. The Group filed an appeal with Italian Supreme Court on 2nd March 2020 whose proceedings are pending. On the same date, Truostar also challenged the ruling which is also pending as of 31st December 2021. Prolonged legal battle can increase legal costs for the Group and will have financial implications. For these reasons, we believe that the Group has a **MID-LOW** legal risk profile.

Financial Analysis

Revenue

TraWell's Total Revenue increased steadily from EUR 26.5 million in 2016 to EUR 45.7 million 2019 at a CAGR of 19.9% as the Group expanded its operations in several geographies and acquired licenses to operate at various airports. But in 2020, its Total Revenue decreased to EUR 16.9 million which translates to a YoY decrease of 63.1% over 2019 due to travel restrictions imposed by governments in several countries in response to COVID-19 pandemic. In 2021, the Group generated Total Revenue of 20.0 million. This translates to a YoY growth of 18.8%.

As per the base case scenario in ACI's report on airports traffic forecast, air traffic will continue to recover and surpass 2019 numbers by 2025. Considering that, the Group's Total Revenue is projected to reach EUR 25.7 million in 2022 and EUR 41.5 million by 2026. This translates into a CAGR of 15.7% between 2021 and 2026.

Costs and Profitability

The Group's Operational Costs increased from 82.6% of Total Revenue in 2016 to 106.3% of Total Revenue in 2020, but in 2021 they reduced to 88.5% of Total Revenue. The decrease in Operational Costs can be attributed to an increase in Revenue as some of the costs included in Operational Costs such as Service Cost, and Personnel Cost don't increase at the same pace as Revenue. These costs are projected to steadily decrease as a percentage of Total Revenue over the next few years as the Group's operations normalize and scale up. The Group's Operational Costs are expected to be 78.5% of Total Revenue by 2026. This will result in an EBITDA margin of 21.5% in 2026.

TraWell's Net Margin was 9.1% in 2016 which fell to 3.4% in 2019 as the Group invested in increasing its service portfolio and in acquiring more licenses. As COVID-19 resulted in sharp fall in revenues without much reduction in costs, the Net Margin fell sharply in 2020 to -74.8%. The Group started recovering this year and is moving towards pre-pandemic profitability. Its Net Margin, recovered significantly to -2.8% in 2021. The Group is projected to turn profitable again in 2022, with 3.2% Net Margin. The Net Income margin is projected to reach 10.7% by 2026.

Balance Sheet

TraWell's business is not working capital intensive. TraWell's receivable period is low, and it has a higher payable period. TraWell does not need to carry much inventory, as it has lean operations and can replenish its inventory as and when required. Further, apart from wrapping machines most of the Group's equipment is procured from third-party suppliers, without any need to invest in plant and machinery. The baggage wrapping machines are produced by the Group at its plant in Gallarate, Italy. Goodwill was the largest asset on the Group's Balance Sheet as of December 31, 2020, and December 31, 2021, at 48.7% and 44.3% of Total Assets respectively. The second largest asset was Cash and Cash Equivalents at 11.1% and 14.0% as of December 31, 2020, and December 31, 2021, respectively.

The Group had EUR 10 million in Non-Current Financial Payables as on December 31, 2020, which increased to EUR 11.7 million as of December 31, 2021. Long-term Debt is the largest liability for the Group at 46.3% and 53.8% of Total Liabilities as of December 31, 2020, and December 31, 2021, respectively. The Group's Debt-Equity ratio was 1.2x as of December 31, 2021. At the current operational level, the Group's current cash flow from operations may be sufficient to meet its financial obligations but we expect that the Group might need to raise additional capital to expand its operations.

Income Statement – Historical

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2017	2018	2019	2020	2021
Revenue	30,503	43,078	45,723	16,864	20,030
<i>YoY Growth</i>	14.9%	41.2%	6.1%	-63.1%	18.8%
Operational Cost	25,735	36,619	42,041	17,925	17,725
<i>%ge of Total Revenue</i>	84.4%	85.0%	91.9%	106.3%	88.5%
EBITDA	4,769	6,459	3,682	(1,061)	2,304
<i>%ge of Total Revenue</i>	15.6%	15.0%	8.1%	-6.3%	11.5%
Amortization / Depreciation	738	1,029	1,075	846	725
Allocations for Risks	129	417	131	275	546
Revaluations / (Write-Downs)	23	-	295	9,253	-
EBIT	3,879	5,013	2,182	(11,436)	1,033
<i>%ge of Total Revenue</i>	12.7%	11.6%	4.8%	-67.8%	5.2%
Financial Proceeds	145	108	2,196	173	437
Financial Charges	688	471	557	861	519
EBT	3,337	4,650	3,821	(12,124)	951
<i>%ge of Total Revenue</i>	10.9%	10.8%	8.4%	-71.9%	4.7%
Taxes	979	851	1,181	99	246
<i>% of EBT</i>	29.3%	18.3%	30.9%	-0.8%	25.8%
Net Results	2,358	3,800	2,640	(12,223)	705
<i>%ge of Total Revenue</i>	7.7%	8.8%	5.8%	-72.5%	3.5%
(Net Income) / Loss Pertaining to Third Parties	552	1,870	1,066	400	1,276
Net Income Pertaining to the Group	1,806	1,930	1,573	(12,622)	(571)
<i>%ge of Total Revenue</i>	5.9%	4.5%	3.4%	-74.8%	-2.8%

Balance Sheet – Historical

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2017	2018	2019	2020	2021
Current Assets					
Inventories	774	1,000	1,170	948	902
Trade Receivables	389	1,513	3,283	1,474	1,969
Other Current Assets	1,445	2,325	2,764	2,879	3,541
Current Tax Assets	59	428	443	202	322
Current Financial Assets	1,174	1,343	1,940	265	421
Cash and Cash Equivalents	2,634	6,465	3,124	3,354	4,611
Total Current Assets	6,476	13,074	12,723	9,123	11,767
Non-Current Assets					
Intangible Fixed Assets	1,450	2,139	910	678	843
Goodwill	12,474	22,173	23,362	14,653	14,653
Land, Properties, Plants and Machinery	4,155	4,320	4,189	3,451	3,109
Equity Investments	-	-	1,298	530	748
Other Non-Current Assets	19	114	100	186	338
Non Current Financial Assets	1,345	1,221	1,470	1,308	1,309
Deferred Tax Assets	88	424	79	163	277
Total Non-Current Assets	19,531	30,390	31,409	20,970	21,278
TOTAL ASSETS	26,007	43,464	44,131	30,092	33,045
Current Liabilities					
Current Financial Payables	466	2,079	3,738	3,933	2,383
Trade Payables	4,097	3,661	6,978	3,471	2,223
Other Current Liabilities	1,844	1,894	2,441	2,558	3,237
Liabilities for Current Taxes	1,071	874	737	406	656
Financial Derivatives Instruments	-	-	54	100	56
Total Current Liabilities	7,478	8,508	13,948	10,468	8,556
Non-Current Liabilities					
Non Current Financial Payables	1,475	7,517	6,915	9,959	11,699
Provisions for Other Employee Benefits	372	426	568	642	555
Provisions for Future Risks And Charges	236	483	115	185	686
Deferred Tax Liabilities	35	50	59	42	49
Other Non-Current Liabilities	-	-	-	207	192
Total Non-Current Liabilities	2,118	8,475	7,658	11,035	13,180
Shareholder's Equity					
Share capital	13,485	14,158	14,158	14,158	16,018
Reserves	480	7,473	2,141	2,141	2,092
Valuation Reserve	(45)	(53)	(758)	(1,733)	(1,633)
Profit (Loss) Carried Forward	239	209	3,085	4,658	(7,964)
Net Result for the Period	1,806	1,930	1,573	(12,622)	(571)
Total Equity Attributable to Shareholders of the Parent Company	15,966	23,718	20,200	6,602	7,942
Third-Party SE	445	2,763	2,326	1,988	3,366
Total Shareholder's Equity	16,411	26,481	22,525	8,590	11,308
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	26,007	43,464	44,131	30,092	33,045

Income Statement Summary – Projected

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2022P	2023P	2024P	2025P	2026P
Revenue	25,726	35,172	38,381	40,389	41,483
<i>YoY Growth</i>	28.4%	36.7%	9.1%	5.2%	2.7%
EBITDA	3,498	5,500	6,766	7,905	8,906
<i>%ge of Total Revenue</i>	13.6%	15.6%	17.6%	19.6%	21.5%
EBIT	2,801	4,831	6,064	7,159	8,116
<i>%ge of Total Revenue</i>	10.9%	13.7%	15.8%	17.7%	19.6%
EBT	2,420	4,550	5,864	7,024	8,032
<i>%ge of Total Revenue</i>	9.4%	12.9%	15.3%	17.4%	19.4%
Net Results	1,839	3,458	4,457	5,339	6,105
<i>%ge of Total Revenue</i>	7.1%	9.8%	11.6%	13.2%	14.7%
Net Income Pertaining to the Group	819	2,058	2,925	3,725	4,445
<i>%ge of Total Revenue</i>	3.2%	5.9%	7.6%	9.2%	10.7%

Balance Sheet – Projected

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2022P	2023P	2024P	2025P	2026P
Current Assets					
Inventories	1,057	1,445	1,577	1,660	1,705
Trade Receivables	2,114	2,891	3,155	3,320	3,410
Other Current Assets	4,229	5,493	5,678	5,643	5,569
Current Tax Assets	322	322	322	322	322
Current Financial Assets	421	421	421	421	421
Cash and Cash Equivalents	1,805	991	1,618	3,545	6,743
Total Current Assets	9,948	11,563	12,771	14,911	18,169
Non-Current Assets					
Intangible Fixed Assets	872	947	1,030	1,113	1,191
Goodwill	14,653	14,653	14,653	14,653	14,653
Land, Properties, Plants and Machinery	2,946	3,070	3,243	3,422	3,581
Equity Investments	748	748	748	748	748
Other Non-Current Assets	338	338	338	338	338
Non Current Financial Assets	1,309	1,309	1,309	1,309	1,309
Deferred Tax Assets	277	277	277	277	277
Total Non-Current Assets	21,145	21,343	21,599	21,861	22,099
TOTAL ASSETS	31,093	32,906	34,371	36,772	40,268
Current Liabilities					
Current Financial Payables	2,114	2,698	2,839	2,988	3,069
Trade Payables	2,740	3,414	3,378	3,293	3,213
Other Current Liabilities	2,558	2,927	2,858	2,670	2,678
Liabilities for Current Taxes	656	656	656	656	656
Financial Derivatives Instruments	56	56	56	56	56
Total Current Liabilities	8,125	9,751	9,788	9,663	9,671
Non-Current Liabilities					
Non Current Financial Payables	9,359	7,487	5,990	4,792	3,833
Provisions for Other Employee Benefits	555	555	555	555	555
Provisions for Future Risks And Charges	686	686	686	686	686
Deferred Tax Liabilities	49	49	49	49	49
Other Non-Current Liabilities	192	192	192	192	192
Total Non-Current Liabilities	10,841	8,969	7,471	6,273	5,315
Shareholder's Equity					
Share capital	16,018	16,018	16,018	16,018	16,018
Reserves	2,092	2,092	2,092	2,092	2,092
Valuation Reserve	(1,633)	(1,633)	(1,633)	(1,633)	(1,633)
Profit (Loss) Carried Forward	(8,535)	(7,715)	(5,657)	(2,732)	993
Net Result for the Period	819	2,058	2,925	3,725	4,445
Total Equity Attributable to Shareholders of the Parent Company	8,762	10,820	13,745	17,470	21,915
Third-Party SE	3,366	3,366	3,366	3,366	3,366
Total Shareholder's Equity	12,128	14,186	17,111	20,836	25,282
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	31,093	32,906	34,371	36,772	40,268

Valuation

Equity Value of TraWell stands between **EUR 17.7 million and EUR 21.7 million**

Equity Value per share for TWL stands between **EUR 7.14 and EUR 8.73**

(All figures in EUR thousands)

Valuation Approach	Variance	Equity Value as on 14-Jun-2022	Price per Share (EUR)
Downside Case	-10%	17,716	7.14
Base Case	0%	19,685	7.94
Upper Case	10%	21,653	8.73

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation research possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, Arrowhead researches the fundamentals, assets and liabilities of a Company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earnings ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

We have presented the Discounted Cash Flow ("DCF") estimate approach for Free Cash Flow to Firm ("FCFF") valuation. We have also presented Comparable Company Analysis. The fair value bracket is built on the basis of these two methods.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the Company intangibles to analyze the strengths and weaknesses, and other essential Company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium-term alignment analysis (one to twelve months).

Estimation of Equity Value

Value of TraWell's equity has been arrived at using two approaches – Listed Comparable Analysis and DCF Valuation Approach. We have conducted the Listed Comparable Analysis using 2021 valuation multiples. The results have been summarized in the table below.

(All figures in EUR thousands)

Valuation Approach	Equity Value as on 14-Jun-2022	Price per share (EUR)	Weight (%)
Listed Company Analysis	15,758	6.35	50%
DCF Valuation	23,611	9.52	50%
Weighted Average Equity Value	19,685	7.94	100%

1. Listed Company Analysis

Listed Comparable Analysis method operates under the assumption that similar companies will have similar valuation multiples such as EV/Sales, P/S multiples, and EV/EBITDA. We have shortlisted companies similar in business with TraWell based on parameters such as products and services, geography etc.

A list of available statistics for the companies was compiled, and EV/Sales, P/S multiples, and EV/EBITDA were calculated for each of the comparable companies for 2021. Since most of the data was not normalized, we have left outliers in our calculations. The weighted average of the resulting multiples was then calculated and used as benchmark for valuing TraWell.

The weights allocated to the comparable companies were based on the degree of their business match with the subject Company.

(All figures in EUR thousands)

Relative Valuation based on:	Weight	Equity Value as on 14-Jun-2022	Implied Share Price (EUR)
EV/Sales	25%	33,088	13.34
P/S	25%	24,017	9.68
EV/EBITDA	50%	2,965	1.20
Weighted Average Equity Value	100%	15,758	6.35

Stock Exchange	Ticker	Company Name	Business Match %	EV/Sales	P/S	EV/EBITDA
SIX Swiss Exchange	DUFN	Dufry Ltd	60%	2.4	0.8	8.2
Euronext Paris	ELIOR	Elior Group SA	50%	0.4	0.1	14.8
Euronext Paris	SW	Sodexo SA	50%	0.8	0.6	13.7
Borsa Italiana	AGL	Autogrill SpA	50%	1.6	0.9	6.6
London Stock Exchange	CPG	COMPASS GROUP PLC	50%	1.8	1.7	25.5
London Stock Exchange	SSPG	SSP GROUP PLC	50%	3.9	2.2	NM
London Stock Exchange	SMWH	WH SMITH PLC	30%	2.8	2.0	NM
Borsa Italiana	SOS	SosTravel.com SpA	40%	4.2	5.2	NM
New York Stock Exchange	DESP	Despegar.com, Corp.	30%	0.9	1.5	NM
Median				1.8	1.5	13.7
Mean without Outliers				2.3	1.4	13.7
Weighted Average Without Outliers				2.3	1.3	13.5
Borsa Italiana	TWL	TraWell Co SpA		1.3	0.8	25.9

2. Discounted Cash Flow Approach

- **Valuation Methodology:** The Arrowhead fair valuation for TraWell is based on the Discounted Cash Flow analysis using Free Cash Flows to the Firm.
- **Time Horizon:** The time period selected for valuation is 5 years (2022 – 2026).
- **Terminal Value:** Terminal value is based on terminal growth rate of 2.0%.

The following table calculates the weighted average cost of capital of TraWell. The expected return on the market is assumed for the broader market. We have assumed 5% additional company-specific risk to account for the risk involved in taking TraWell's business forward.

Weighted Average Cost of Capital

Valuation	
Perpetual Growth rate	2.0%
Risk Free Rate (Rf)	3.9%
Beta	1.4
Expected Market Rate of Return	10.3%
Cost of Equity	18.1%
Interest Rate Paid on Debt	4.5%
Assumed Weight – Debt	40%
Assumed Weight – Equity	60%
Weighted Average Cost of Capital (WACC)	12.2%

The following table summarizes the FCFF computation for TraWell, which is subsequently discounted by the Weighted Average Cost of Capital ("WACC").

FCFF (All figures in EUR thousands)					
	2022	2023	2024	2025	2026
Net Income	819	2,058	2,925	3,725	4,445
Add: Depreciation and Amortization	696	669	702	746	790
Add: Interest Expense x (1-Tax Rate)	384	307	246	196	157
Less: CAPEX	563	868	958	1,007	1,028
Less: Increase in Net Working Capital	1,420	802	545	338	52
Free Cash Flow to Firm (FCFF)	(83)	1,364	2,370	3,322	4,313
Terminal Value					43,024
Present Value of Free Cash Flow to Firm (FCFF)	(74)	1,083	1,677	2,094	26,591

Valuation (All figures in EUR thousands)	
Enterprise Value as on 31-Dec-2021	31,371
Equity Value as on 31-Dec-2021	21,901
Equity Value as on 14-Jun-2022	23,611
Number of Shares Outstanding (in thousands)	2,480
Value per Share (EUR)	9.52

Analyst Certifications

We, Meenal Agarwal and Dhruv Sawhney, certify that all of the views expressed in this research report accurately reflect our personal views about the subject security and the subject company, based on the collection and analysis of public information and public company disclosures.

Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2021-22 and will receive fees in 2022 from TraWell Co S.p.A. for researching and drafting this report and for a series of other services TraWell Co S.p.A., including distribution of this report, investor relations and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in TraWell Co S.p.A. Arrowhead BID's principals have a mandate for investment banking services from TraWell Co S.p.A. and expect to receive compensation for investment banking activities from TraWell Co S.p.A. in 2022 or beyond.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment

objectives and financial situation utilizing their own financial advisors as they deem necessary. Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision-taking process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall and may be affected by simple and complex changes in economic, financial, and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

This report is published solely for information purposes and is not to be considered as an offer to buy any security, in any state.

Other than disclosures relating to Arrowhead Business and Investment Decisions, LLC, the information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete statement or summary of the available data.

Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

Appendix

Glossary

PoS	Points of Sales
S.p.A	Società per azioni (Form of corporate in Italy)
SA	Société anonyme (French Term for Public Limited Company)
IP	Intellectual Property
JV	Joint Venture
M&A	Mergers & Acquisitions
LLDPE	Linear Low-Density Polyethylene
T&T	Travel & Tourism
IATA	International Air Transport Association
RPK	Revenue passenger-kilometers
CTK	Cargo tonnes-kilometer
ACI	Airports Council International
DCF	Discounted Cash Flow
FCFF	Free Cash Clow to Firm
CAGR	Compounded Annual Growth Rate
WACC	Weighted Average Cost of Capital
EBITDA	Earnings Begore Interest, Tax, Depreciation, and Amortization

Notes and References

- ⁱ [Airports Council International, COVID-19: Traffic and Economic Forecast for Europe's airports](#)
- ⁱⁱ [IATA, 2020 Worst Year in History for Air Travel Demand, February 3, 2021](#)
- ⁱⁱⁱ [IATA Industry Statistics Fact sheet, October 2021](#)
- ^{iv} [IATA Air Passenger Market Analysis, February 2022](#)
- ^v [World Travel & Tourism Council, Economic Impact Reports](#)
- ^{vi} [Fortune Business Insights, Airport Services Market, June 2020](#)
- ^{vii} [IATA Annual Review 2021, October 2021](#)
- ^{viii} [IATA, Travel restrictions easing with increasing vaccination rates, November 2021](#)
- ^{ix} [World Economic Forum, How is COVID-19 changing airports? September 2020](#)
- ^x [Airport Technology, The rise of touchless technology at airports, September 17, 2020](#)
- ^{xi} [IATA Air Passenger Market Analysis, February 2022](#)
- ^{xii} [IATA Factsheet, The impact of the war in Ukraine on the aviation industry, March 25, 2022](#)