



ASmallWorld

ANNUAL REPORT 2018



OVERVIEW

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ASMALLWORLD operates a group of business that collectively form a travel & lifestyle ecosystem, catering to the needs of the discerning traveller.

Our ecosystem is centred around the global ASMALLWORLD community, a curated social network, which enables and inspires members to make new connections, travel better, and experience more.

ASMALLWORLD members connect through our app and website, where they exchange advice and ideas, receive travel and lifestyle inspiration, enjoy member privileges, and access premium travel and lifestyle experiences and products.

Members also meet in person at over 1000 global ASW-organised events every year, ranging from regular get-togethers at premium venues in 150 major cities around the world, access to exclusive launches, shows, galas, soirees, exhibitions, major global sporting events, and larger flagship weekend experiences hosted in iconic destinations such as Saint-Tropez, Marbella, and Gstaad.

Other businesses of the ASMALLWORLD ecosystem are:

- **First Class & More**, a subscription-based luxury travel service that allows members to enjoy luxury travel at insider prices,
- **LuxuryBARED**, a luxury hotel booking platform offering a curated collection of the world's best hotels and exclusive booking upgrades and privileges,
- **The World's Finest Clubs**, which offers its members VIP access to the most exclusive nightlife venues around the world, and
- **ASW Hospitality**, which operates the ASMALLWORLD Hotel Collection and manages the iconic North Island resort in the Seychelles.

For more information, please visit:

www.asmallworldag.com

www.asw.com

www.first-class-and-more.de

www.first-class-and-more.com

www.finestclubs.com

www.luxuryBARED.com

www.north-island.com

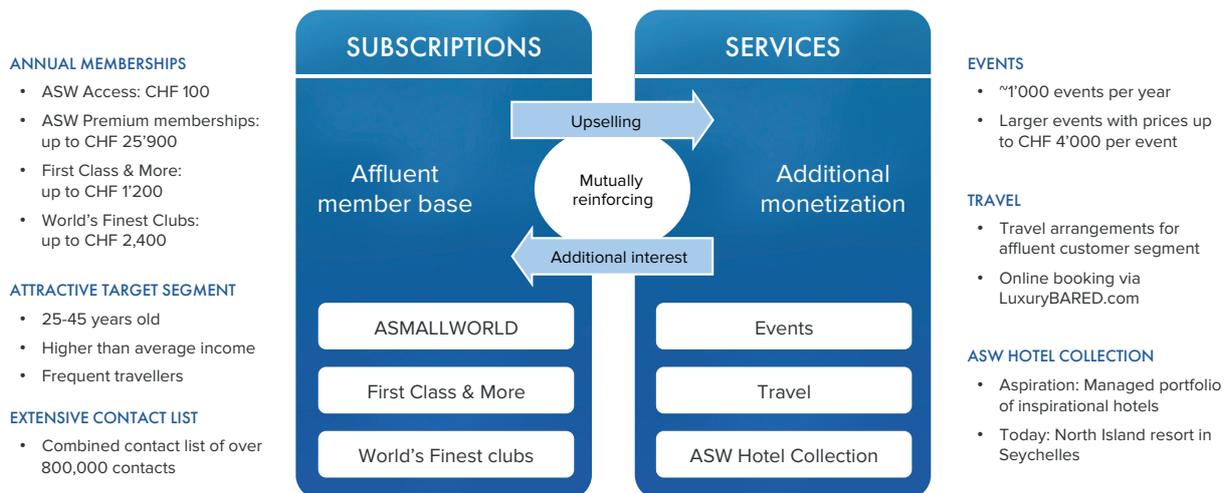
BUSINESS MODEL

ASMALLWORLD operates an ecosystem of businesses in the travel & lifestyle space, centred around the ASMALLWORLD community, a curated social network. All our businesses cater to the needs of the discerning traveller and aim to inspire and enable our customers to make new connections, travel better, and experience more.

ASMALLWORLD operates two business units ‘Subscriptions’ and ‘Services’ with different strategic purposes and business economics. Subscription businesses allow members to use one of our services for a predefined period time (usually a year), for which members will pay a membership fee. Subscription businesses are characterised by high fixed and low variable cost and offer attractive economies of scale with membership growth. ASMALLWORLD’s subscription businesses are the ASMALLWORLD community, First Class & More and The World’s Finest Clubs.

The Service business is characterised by traditional cost plus economics, where margins are more stable, related to scale. For ASMALLWORLD, the events and travel businesses as well as the new hotel management business with North Island, started in 2019, fall into this category.

OVERVIEW OF BUSINESS MODEL



Note: First Class & More and The World’s Finest Clubs also offer services which are accounted for in the Services segment.

STRATEGY 2022

Our current strategic framework, ‘Strategy 2022’ aims to grow our membership to 100’000 members and at least CHF 20M in revenue by 2022. We aim to achieve this goal through a combination of organic and inorganic growth initiatives across all our business and through a combination of growth in both our Services and Subscription businesses.

For ASMALLWORLD, our largest member business, we want to grow the community through growth in our core markets, expand our geographic reach, drive the adoption rate of premium memberships and expand our service offering with new, relevant services for our community. We are also constantly improving the technical product to deliver a state-of-the-art user experience. For our other businesses, we aim to grow their revenues and improve their profitability through consistent refinement of the end-user product.

Through a combination of these factors we strive to move from a business which is currently in an investment phase to a full-scale business which will reach profitability during the execution of our ‘Strategy 2022’ plan.

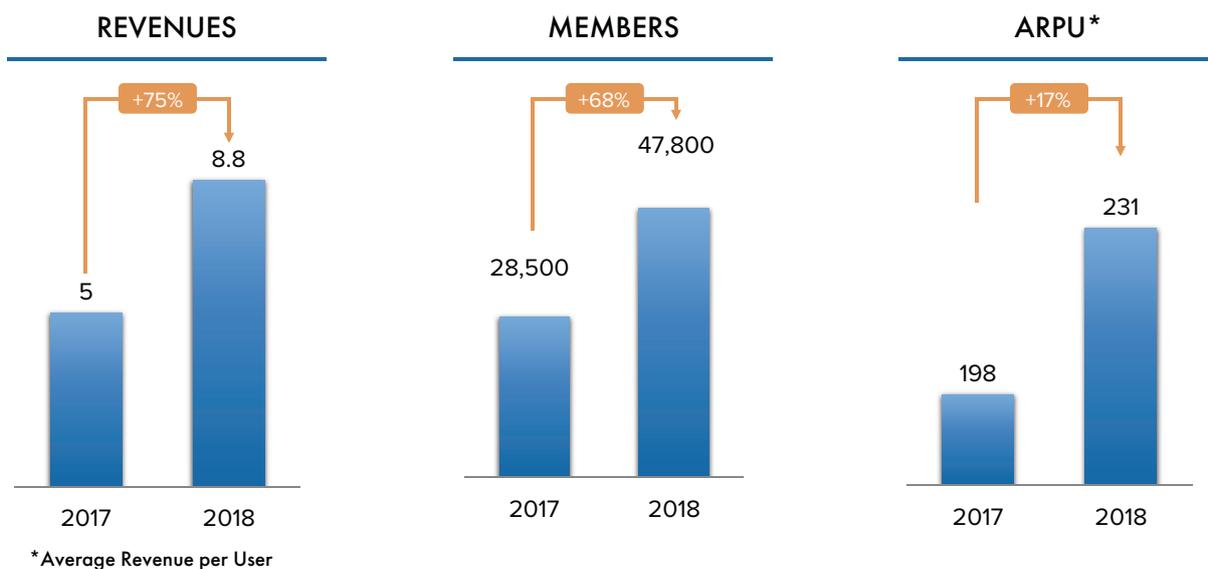
4 PRIMARY GROWTH INITIATIVES

	CORE MARKETS	GEOGRAPHIC EXPANSION	PREMIUM MEMBERSHIPS	SERVICE OFFERING
STARTING POINT (2017)	Top 30 markets make up 70% of revenue and offer further potential for growth	We have a presence in over 150 cities but many of these cities are sub-scale for a community	Traditionally, we offered one membership level to all our members	Services offering focussed on events and travel arrangements
GOALS BY 2022	Double down on core markets and grow member base by 25-30% per year	Bring select cities to scale and maintain a contribution of 30% from cities outside current core markets	Launch travel-focused premium memberships; target 0.5% adoption rate	Expand service offering and grow it in line with subscriptions business

HIGHLIGHTS 2018

- Listed ASmallWorld shares at SIX Swiss Exchange in March
- Increase revenues by 75% to CHF 8.8 million
- Grew memberships by 68% to 47,800 members
- Raised CHF 18 million by institutional investors in two capital increases
- Acquired First Class & More in October
- Launched two premium memberships with a wealth of travel privileges
- Improved EBITDA margin to -26% (vs.-34% in previous year)
- Improved operating cash flow to CHF -1.1M (vs. -1.5M in previous year)

STRONG PROGRESS ACROSS ALL KPI



DEAR SHAREHOLDERS,

2018 was a milestone year for ASmallWorld with its listing on the SIX Swiss Exchange in March. With this step, we expanded our strategic scope of action and created the basis to accelerate company growth through better access to capital and increased visibility.

In May 2018, the listing improved access to capital becoming apparent when we raised CHF 8.3 million from institutional investors, which allowed us to acquire the subscription-based luxury travel service, First Class & More. In December 2018, we received a second capital increase of CHF 10.0 million to strengthen our balance sheet, which consequently enabled us to acquire LuxuryBARED, an online booking platform for luxury travel, in February 2019.

The acquisition of First Class & More expands our travel-oriented service offering for our members and opens up significant synergies with our existing business. The newly acquired company grew strongly in 2018 and achieved a substantial positive cash flow. For a membership fee, First Class & More customers receive a newsletter several times a week, informing them of exclusive offers for low-cost business and first class flights, as well as special offers for luxury hotels. We intend to increase the market penetration of First Class & More in its core markets; Germany, Switzerland and Austria. Additionally, we will launch the international, English-language platform in Q2 2019. Given ASmallWorld's existing travel-savvy client base, we are confident that we can increase membership sales right from the start.

The online booking platform LuxuryBARED will be integrated into the ASmallWorld website and app later this year. Our members will have the opportunity to book from a selection of high-class hotels directly with us. To reap the full benefits of these acquisitions, the integration of these companies into the ASmallWorld Group requires a high degree of attention to detail. Luckily, our management team possesses a



strong background and track record in strategy consulting, and I am confident that they will create lasting shareholder value with both acquisitions.

Both acquisitions also perfectly fit into our Strategy 2022, which aims to grow the member base through increased market penetration in our core markets, the expansion of our geographic reach, and the introduction of premium memberships. At the same time, we are constantly striving to make our platform more attractive through the ongoing expansion and diversification of our service offering.

Executing this strategy, ASmallWORLD increased its member base from 28,500 subscribers at the end of 2017 to 47,800 subscribers by the end of 2018. Of these, over 10,000 members joined with the acquisition of First Class & More.

In May, we successfully launched our premium memberships that offer a variety of luxury travel privileges for frequent-travellers. Other initiatives focused primarily on improving the user experience with ongoing tech improvements made on the app and website.

The strategic and operational progress was summarised by the financial result for 2018. ASmallWORLD achieved sales of CHF 8.8 million, an increase of 75%, and improved its EBITDA margin from -34% to -26% despite significant one-off listing and M&A cost. We have thus significantly exceeded our own sales forecast of CHF 6.5 to 7.0 million that was set at the beginning of the year.

At the same time, we are less satisfied with the development of the share price in 2018. ASmallWORLD shares were listed on the SIX Swiss Exchange at CHF 9.75 on the 20th of March 2018 and stood at CHF 3.95 at the end of the year. Our strategic and operational progress has thus far not benefitted our share price. We are aware that as a small company with a unique business model in Switzerland, we will have to continue to deliver on our plans to earn more trust and also broaden our investor base going forward. As a result, we will place a stronger focus on investor relations in 2019.

Furthermore, our agenda for 2019 includes maintaining the high growth rate of our membership base, launching First-Class & More International, integrating LuxuryBARED into the ASmallWORLD platform, and launching the new ASmallWORLD Hotel Collection, starting with the iconic North Island Resort in the Seychelles. We also want to make significant progress towards reaching our financial break-even.

To summarise, 2018 was an excellent year for ASmallWORLD in every respect. On behalf of the Board of Directors, I thank the entire ASmallWORLD team for their remarkable efforts and commitment this past year. Our gratitude also goes to you, esteemed shareholders, for your trust in our company, and to our members who live our vision “share the good life”, and make ASmallWORLD so unique.



Patrick Liotard-Vogt
Chairman of the Board

“OUR PROGRESS OVER THE LAST 12 MONTHS WAS EXTRAORDINARY”

Jan Luescher, what does the CEO’s review of 2018 look like?

I am extremely happy with our achievements this year. We executed our strategy and made significant progress with shaping the ASmallWORLD of the future. We went public at the SIX Swiss Exchange in March, which was a major milestone for the company. This allowed us to do two rounds of capital increases over the course of the year in which we raised over CHF 18 million. This capital allowed us to purchase First Class & More, our first successful acquisition as a public company. Our operational progress on all fronts was equally significant and the combined efforts allowed us to achieve over 75% revenue growth and 68% member growth.

What was it that particularly pleased you in 2018 – and what less?

Our progress over the last 12 months was extraordinary: we went public, we acquired First-Class & More, we launched our new premium memberships, and we made significant operational progress with our technical platform and our events. It’s hard to say which one I see as the biggest single success as they are all smaller victories which helped us to develop the company further.

On the other side, I am less satisfied with our share price performance this year. We believe we can do much better here.

You have already mentioned it, ASmallWORLD was able to significantly increase the number of memberships. What were the reasons?

The increase in members is a result of multiple factors: most importantly, the user experience was greatly improved by many smaller app and website upgrades and refinements. Today, we have a much stronger product than one year ago. Members notice these changes and they tell their friends about it which drives up the member base. Further, more effective digital marketing efforts and strategic partnerships with renowned partners such as Miles & More also contributed to the growth.

In which regions did ASmallWORLD achieve the strongest growth?

Geographically, most of the growth took place in our existing core markets in Europe, as the direct result of our strategy to penetrate core markets first. In 2019, we will continue to focus on our biggest European cities, but we will also drive growth in other important markets like North America, and the rest of the world.

You have launched new premium memberships that offer many additional travel benefits but are also much more expensive. How were these premium memberships received?

The premium memberships brought a lot of attention to ASmallWORLD, primarily because the associated member privileges are so attractive for travellers. We offer air miles which can be used to buy flights much cheaper than when buying them with cash. Further, the packages offer status levels for hotels and car rentals as well as a membership



for The World's Finest Clubs. Such a comprehensive offering has its price though and memberships start at EUR 5200. Because of the higher price point, we targeted the adoption rate at 0.5% of our total members base, a target that we successfully achieved this year.

Partnerships such as the one with Miles & More are important for the attractiveness of ASMALLWORLD. Are there any other big partnerships planned?

Our members travel a lot. This is why we have partnerships with various hotel chains, airlines and other travel services. In 2019, we want to expand these partnerships and add new hotel and airline partners. We have a few promising discussions underway but it's too early to disclose any specifics before any contracts are signed.

It was rather quiet around the World's Finest Clubs in 2018. What happened there?

We were re-focusing the company at the end of last year and I took over the role of Managing Director on an interim basis. Since then I have adjusted the service offering and made the team smaller and more agile. These measures will have a positive impact on sales and profitability in 2019 and we are off to a very good start. In the first two months of 2019, we've already added more venues to our club network than in all of 2018. I am confident that World's Finest Clubs will continue to play an important role in our Group going forward.

The second business segment, Services, also grew strongly in 2018. What were the drivers?

There were two main drivers: we had quite a few more events in 2018, especially more paid events, and we have expanded our travel services' business quite significantly.

With First Class & More, ASMALLWORLD successfully completed its first acquisition in 2018 and in the first quarter of 2019 you followed this up with the acquisition of LuxuryBARED. What do you expect from these purchases?

We have emphasised from the start that we intend to expand ASMALLWORLD further, both organically, and with strategic acquisitions. Both acquisitions offer important synergies to ASMALLWORLD and will make our company stronger.

First Class & More has a large, loyal member base with a clear interest in travel. It offers strong revenue synergies with ASMALLWORLD through cross-marketing, and it is also a very profitable stand-alone business.

With LuxuryBARED we will be able to expand our travel services significantly. The company operates a state-of-the-art online booking platform focused on luxury hotels which we will integrate into ASMALLWORLD. This will allow our members to book a curated selection of premium hotels directly with us and increases our ability to generate revenues through value-added services.

With your new acquisitions, a lot of your offering is in the luxury travel space. Would you say that ASMALLWORLD is becoming a luxury travel agency?

Our social network will remain the core of ASMALLWORLD going forward, but our members have always been connected by a shared interest centred around travel, experiences and lifestyle. With travel playing such an important role for our members, we believe we can offer a tailor-made range of travel services that our members will value, and that will allow us to capture a larger share of their travel spend.

And what is the strategic rationale behind taking over the management of the North Island Resort in the Seychelles?

North Island is the first hotel in our newly-created ASMALLWORLD Hotel Collection. Our collection has the ambition to inspire the ASMALLWORLD community to travel to the world's most iconic destinations and experience the highest hospitality standards. The famous North Island Resort has been the holiday destination of many celebrities and is a perfect first hotel in our portfolio of exceptional hotels, which we will build on over the coming years. At the same time, this new business activity offers an attractive income stream for our Group and nicely complements our travel offering.

At the beginning you mentioned the share price. Although ASmallWORLD achieved its goals, the share price has not managed to keep up. To what do you attribute this?

As a relatively new and unknown company, many investors are interested in our business model but maintain a healthy level of scepticism. They want to see whether we are able to deliver on our plans or not, however, with the growth we achieved in 2018, the operational progress and the acquisitions of First Class & More and LuxuryBARED, we have made good on our promise to grow and develop the company further. As we continue to execute our plan, we will win the trust of more investors and the share price will appreciate in the process.

Looking back, would you say that the going public was the right thing to do?

Absolutely! Without going public, we would not have been able to complete the two capital increases and the acquisition of First Class & More. In addition, the listing has also brought more visibility for ASmallWORLD as a company, which has made it easier for us to forge new partnerships like the one with Miles & More.

Let us take a look at 2019. How did ASmallWORLD start?

With a lot of activity! The acquisition of LuxuryBARED has already been mentioned as well as the takeover of the management of North Island. Such transactions always require a



lot of time and energy to complete. And once the ink is dry, the operational integration, which we are focussed on right now, takes even more time to get right. In addition, we have started many larger operational initiatives to drive organic growth further.

What are your priorities for 2019?

High-level, we will further strengthen our business model, which is the symbiotic combination of our social network and value-added services that make the network even more interesting for members. On the service side, we will integrate the online travel booking engine, LuxuryBARED, into the ASmallWORLD environment and we will launch the English-speaking site for First Class & More, a service that is currently only available in German. This will enable us to make the superb First Class &

More offering available to the entire ASmallWORLD community as well as to the English-speaking world, with a special focus on Europe.

At the same time, we are working on many initiatives to further improve the user experience of our social network. In the second quarter, we will launch a completely new iOS app, which we are building from the ground up. This new app will be more fun and easier to use and encourages our members to spend more time on ASmallWORLD and encourages them to invite their friends to join as well.

The combination of these efforts will allow us to further grow our revenues, to improve our profitability quite significantly, and it will make ASmallWORLD and exciting business for the future.

ASMALLWORLD WITH STRONG GROWTH IN BOTH BUSINESS UNITS

ASMALLWORLD grew strongly in the 2018 financial year. Revenues rose from around CHF 5.0 million in the previous year to CHF 8.8 million, representing an increase of 75%. The company's revenue guidance of CHF 6.5 to 7.0 million was thus significantly exceeded. At the same time, the EBITDA margin improved from -34% to -26%. The outflow from operating cash flow could be reduced from CHF -1.5 million to -1.1 million.

Other key performance indicators also improved: the number of members grew by 68%, from 28,500 to 47,800, and the average revenue per user (ARPU) rose by 17% from CHF 198 to CHF 231.

The strong results are due to the positive operational development of both business units Subscriptions and Services, as well as the acquisition of First Class & More towards the end of 2018.

In March 2018, ASMALLWORLD became the first Swiss social media company to be listed on the SIX Swiss Exchange. The aim was to raise capital for the strategic development of the company through M&A activities, and to raise the company's profile and increase public awareness.

With two successful capital increases, one in May and one in December, ASMALLWORLD raised more than CHF 18 million, allowing the company to successfully acquire First Class & More. Such strategic acquisitions were one of the key reasons for the public listing, and further validated that it was the right step to take for the company. At the same time, it also enabled new co-operations such as the partnership with Miles & More for our Prestige memberships.

SUBSCRIPTIONS BUSINESS

The Subscriptions business unit increased its revenues by 88% to CHF 5.4 million, compared to CHF 2.9 million in the previous year. The EBITDA margin improved from -47% to -33%.

For the company's core business, the ASMALLWORLD Community, on-going investments in the app and the website have made a meaningful difference in the user experience and has made the community more relevant, evident through increased user satisfaction. Happier users, in combination with more effective digital marketing and larger external partnerships, have increased the number of members.

Besides the positive development in the ASMALLWORLD community, the strong 2018 results were also the result of the launch of the premium memberships, Prestige and Signature, as well as the acquisition of First Class & More, which was also included in the fourth quarter.

ASMALLWORLD's new premium memberships, Signature and Prestige, offers members exclusive travel privileges with hotels, car rental companies, and airlines, as well as unlimited access to airport lounges and nightclubs. Members also receive up to 1,000,000 miles from Etihad Guest, or 250,000 miles from Miles & More, which can be used for flight bookings. The Signature membership costs an annual fee of EUR 19,950 and the Prestige membership is available for EUR 5,200.

The World's Finest Clubs, the first and only curated network of the most exciting nightlife venues in the world, also expanded its membership base slightly compared to 2017.

First Class & More is a membership-based luxury travel service operating mainly in the DACH region. It is the leading German-language insider portal for luxury travel with over 10'000 paying members. The company achieved 30% growth in 2018 and managed to produce a substantial amount of free cash flow. The company so far only offers its service in German, but it will start offering its services to an English-speaking audience in Q2 2019.

SERVICES BUSINESS

The Services business unit increased its revenue by 58% from CHF 2.2 million to CHF 3.5 million in 2018. This growth was primarily realised through the expansion of the event activities and the growth of the travel business. EBITDA margins improved slightly, from -18% to -15%.

The number of ASMALLWORLD events increased by 30% compared to the previous year. Events are generally offered to all community members and range from free get-togethers to large weekend events with a price point of several thousand Swiss francs. As well as the general increase in events, the proportion of paid events have also increased, resulting in additional revenue for ASMALLWORLD from event activities.

Among the big flagship events, the ASW Summer Weekend took place for the second time in Saint-Tropez and firmly established itself as the second biggest event, next to the traditional ASW Winter Weekend, which took place for the ninth year in Gstaad. Both events are already scheduled to make a return in 2019.

The increase in the travel business was achieved by the operations of ASW Travel, which offers personalised travel arrangements for its customers. These custom-made travel arrangements are aimed at customers at the upper-end of the market and arrangements usually exceed prices of CHF 10,000. This service is offered to select ASMALLWORLD members as well as to external customers who appreciate personalised travel services.

CORPORATE GOVERNANCE REPORT

Effective corporate governance ensures fairness and transparency towards all stakeholders and particularly shareholders. ASMALLWORLD AG is committed to protecting the interests of actual and potential investors and to disclosing all relevant information.

The information in this report is based on ASMALLWORLD AG's articles of association (Articles of Association) and the Directive on Information relating to Corporate Governance

of the SIX Swiss Exchange (Corporate Governance Directive). The information is structured according to the Corporate Governance Directive.

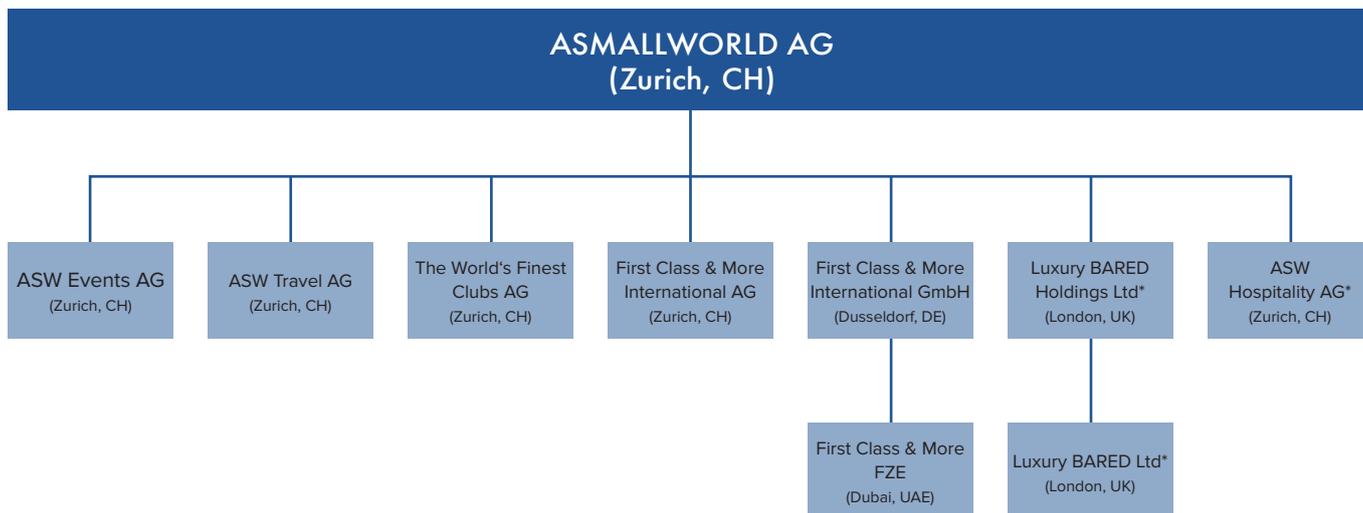
All information on ASMALLWORLD AG in general as well as ASMALLWORLD AG's board of directors (the Board of Directors) and ASMALLWORLD AG's compensation in particular in this report is as of December 31, 2018, unless stated otherwise.

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

1.1.1. OVERVIEW

ASMALLWORLD AG owns the following legally-independent companies (each a Group Company, and all group companies together the ASMALLWORLD Group):



Entity	Ownership (%)	Share Capital	Currency
ASW Events AG	100%	100'000	CHF
The World's Finest Clubs AG	100%	150'000	CHF
ASW Travel AG	100%	100'000	CHF
First Class & More International AG	100%	100'000	CHF
First Class & More International GmbH, Dusseldorf, Germany	100%	25'100	EUR
First Class & More FZE, Dubai United Arab Emirates	(indirect)	100'000	AED
LuxuryBARED Holdings Ltd.*	100%	251.45	GBP
LuxuryBARED Ltd.*	100%	793'125	GBP
ASW Hospitality AG*	100%	100'000	CHF

*Added to ASmallWorld Group after balance sheet date of December 31, 2018.

1.1.2. LISTED COMPANIES BELONGING TO THE ASmallWorld GROUP

ASSmallWorld AG, with its registered seat in Zurich, is the only listed company within the scope of consolidation. Its entire share capital is listed on SIX Swiss Exchange (Valor: ASWN; ISIN: CH0404880129). ASSmallWorld AG reports under SWISS GAAP FER. The market capitalization amounted to CHF 44.9 million as of December 31, 2018.

1.1.3. NON-LISTED COMPANIES BELONGING TO THE ASSmallWorld GROUP

The scope of consolidation comprises the following subsidiaries (unless stated otherwise, ASSmallWorld AG is the sole shareholder of these Group Companies).

ASW Events AG, Zurich

Organization, management and execution of events around the world
Share capital: CHF 100'000

The World's Finest Clubs AG, Zurich

Awarding the most exclusive nightlife venues and issuance of a member card
Share capital: CHF 150'000
Website: www.finestclubs.com

ASW Travel AG, Zurich

Organization of bespoke luxury travel arrangements
Share capital: CHF 100'000

First Class & More International AG

Subscription based luxury travel information services for English speaking clients
Share capital: CHF 100'000
Website: www.first-class-and-more.com

First Class & More International GmbH, Dusseldorf, Germany

Holding company owning First Class & More FZE Dubai
Share capital: EUR 25'100
Website: www.first-class-and-more.de

First Class & More FZE, Dubai, United Arab Emirates

Subscription based luxury travel information services in German for DACH region

As per December 31, 2018, no other companies or participations were held by ASSmallWorld AG. The following companies were acquired and founded by ASSmallWorld AG after the balance sheet date:

LuxuryBARED Holdings Ltd

Holding company owning LuxuryBARED Ltd
Acquired on February 1, 2019
Share capital: GBP 251.45
Website: www.luxurybared.com

LuxuryBARED Ltd

Luxury travel agency with online booking portal
Acquired on February 1, 2019
Share capital: GBP 793'125
Website: www.luxurybared.com

ASW Hospitality AG

Management of management of international luxury hotels and resorts
Founded on February 18, 2019
Share capital: CHF 100'000
Website: www.luxurybared.com

ASSmallWorld AG is the sole shareholder of these companies.

1.2. SIGNIFICANT SHAREHOLDERS

The Federal Act on Financial Market Infrastructures and the Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act; Finanzmarktinfrastrukturgesetz) requires that shareholders and holders of rights to acquire or sell shares or rights relating to shares disclose their direct and indirect holdings if those holdings meet, exceed or fall below certain thresholds of the company's voting rights. The relevant provisions are designed to ensure that material changes in the company's ownership structure and voting rights are transparent for all market participants.

1.2.1. SIGNIFICANT SHAREHOLDERS AS OF DECEMBER 31, 2018

As of December 31, 2018, the following entities were significant shareholders of ASMALLWORLD AG:

• Patrick Liotard-Vogt (directly & indirectly)	68.71%
• HANSAINVEST Hanseatische Investmentgesellschaft mbH	9.98%
• Alexander Koenig (Fabian von Loewenfeld) (indirectly)	9.25%

Patrick Liotard-Vogt, Chairman of ASMALLWORLD AG, holds 68.71% of the shares (disclosure notice on December 22, 2018) both directly and indirectly through ASW Capital AG, a company he controls. Institutional Investor, HANSAINVEST Hanseatische Investmentgesellschaft mbH, Hamburg, Germany, holds 9.98% (disclosure notice on December 22, 2018). The founder of First Class & More, Alexander Koenig (Dr. Fabian Höffer von Loewenfeld), holds 9.25% via First Class & More Knowledge GmbH, Dusseldorf, Germany (disclosure notice on October 12, 2018). The information in this section is based on the latest notifications published in 2018 to provide investors with the information that was publicly available as per year end. All notifications published during the year under report, including notifications not expressly mentioned above, are published on the website of the SIX Swiss Exchange's disclosure office (<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>). The shareholdings are based on the latest disclosure notifications. Due to a capital increase in December 2018 (section 2.3 below), the shareholdings have slightly changed since the last disclosure notifications. Please refer to section 1.11 of ASMALLWORLD AG's remuneration report, accessible on <https://www.asmallworldag.com/financial-reports> (the Remuneration report) for the actual shareholdings of the

members of the Board of Directors and the Executive Management, respectively, taking into account the capital increase.

1.3. CROSS-SHAREHOLDINGS

No cross-shareholdings of more than 5% of the capital and/or the voting rights exist.

2. CAPITAL STRUCTURE

2.1. ORDINARY SHARE CAPITAL

ASMALLWORLD AG's nominal share capital amounts to CHF 11'367'153.00, divided into 11'367'153 fully paid-up registered shares with a nominal value of CHF 1.00 each. Each registered share carries one voting right.

2.2. AUTHORIZED AND CONDITIONAL CAPITAL

2.2.1. AUTHORIZED CAPITAL

The Board of Directors is authorized to increase the share capital at any time until November 28, 2020, in the maximal amount of CHF 1'000'000.00 by issuing at most 1'000'000 fully paid in registered shares with a nominal value of CHF 1.00 each. This corresponds to 8.8% of the share capital. Increases by firm underwriting procedure and increases in partial amounts are allowed. The respective issue price, the moment of entitlement to dividend and the kind of contributions will be determined by the Board of Directors. The Board of Directors is entitled to withdraw the pre-emptive rights of the shareholders and assign them to third parties if such shares are used (1) to take-over other companies by exchange of shares (2) to finance the purchase of other companies, parts of other companies or participations in other companies or to fund new investments of ASMALLWORLD AG, (3) for the employees' participation in ASMALLWORLD AG or (4) for the issuance of shares in the context of an international placement. The Board of Directors is entitled to allocate non-exercised pre-emptive rights in the best interest of the ASMALLWORLD AG.

2.2.2. CONDITIONAL CAPITAL

The conditional capital amounts to CHF 995'000.00. This corresponds to 8.8% of the share capital. The conditional capital is available to enable the members of the Board of Directors and employees of ASMALLWORLD AG at all levels of seniority to exercise the option rights they have acquired within the framework of the participation plan. For this purpose, ASMALLWORLD AG may issue a maximum of 995'000

shares with a nominal value of CHF 1.00 each. Only the bearers of such options shall be entitled to obtain such new registered shares. The advance subscription right and the pre-emptive right of the shareholders of ASMALLWORLD AG shall be excluded. The conditions for the issuance, including the issue price, date of dividend rights, type of contribution and the participation plan are set by the Board of Directors. The shares may be issued below the market price.

2.3. CHANGES IN CAPITAL

An overview of the changes in capital over the past three years is presented below:

Date	Measure	Share capital	Share capital new
September 16, 2016	Ordinary capital increase	CHF 100'000.00, divided into 1'000 shares with a nominal value of CHF 100.00 each	CHF 200'000.00, divided into 2'000 shares with a nominal value of CHF 100.00 each
December 20, 2017	Ordinary capital increase	CHF 200'000.00, divided into 2'000 shares with a nominal value of CHF 100.00 each	CHF 7'992'153.00, divided into 7'992'153 shares with a nominal value of CHF 1.00 each
January 16, 2018	Ordinary capital increase	CHF 7'992'153.00, divided into 7'992'153 shares with a nominal value of CHF 1.00 each	CHF 8'092'153.00, divided into 8'092'153 shares with a nominal value of CHF 1.00 each
February 20, 2018	Ordinary capital increase	CHF 8'092'153.00, divided into 8'092'153 shares with a nominal value of CHF 1.00 each	CHF 8'137'153.00, divided into 8'137'153 shares with a nominal value of CHF 1.00 each
May 31, 2018	Authorized capital increase	CHF 8'137'153.00, divided into 8'137'153 shares with a nominal value of CHF 1.00 each	CHF 8'862'153.00, divided into 8'862'153 shares with a nominal value of CHF 1.00 each
December 20, 2018	Authorized capital increase	CHF 8'862'153.00, divided into 8'862'153 shares with a nominal value of CHF 1.00 each	CHF 11'362'153.00, divided into 11'362'153 shares with a nominal value of CHF 1.00 each
December 31, 2018	Option Plan exercise	CHF 11'362'153.00, divided into 11'362'153 shares with a nominal value of CHF 1.00 each	CHF 11'367'153.00, divided into 11'367'153 shares with a nominal value of CHF 1.00 each

2.4. SHARES AND PARTICIPATION CERTIFICATES

The total number of registered shares at year end 2018 is 11'367'153 with a nominal value of CHF 1.00 each. There are no participation or profit-sharing certificates. Each registered share carries one voting right and entitles to a dividend. The registered shares are fully paid-up.

2.5. DIVIDEND-RIGHT CERTIFICATES

There were no dividend right certificates issued. No dividends have been paid in 2018 and there are no plans to pay out dividends for the period 2018 in 2019.

2.6. LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

2.6.1. LIMITATIONS ON TRANSFERABILITY

The Board of Directors maintains a share register listing the surname and first name (in case of legal entities, the company name) and address of each holder and usufructuary of registered shares. Only those registered in the share register are recognized as shareholders or usufructuaries by AS-MALLWORLD AG. Upon request, a shareholder's voting rights shall be recorded in the share register, provided the shareholder explicitly acknowledges to have acquired the shares in its own name and for its own account.

820'000 registered shares, held directly or indirectly by Alexander Koenig (Fabian von Loewenfeld) are currently subject to a lock-up agreement until October 2020. No other lock-up arrangements are in place.

2.6.2. EXCEPTIONS

No exceptions have been granted during the year under report.

2.6.3. NOMINEES

ASMALLWORLD AG does not have any nominees.

2.7. CONVERTIBLE BONDS AND OPTIONS

No convertible bonds were outstanding during the year under report.

The share-based management benefit program (the Employee Share Option Plan) provides for options to be granted to ASMALLWORLD AG's senior employees. These options have a maturity of ten years and may only be redeemed in exchange for common shares of ASMALLWORLD AG with a conversion ratio of 1:1. The exercise price is CHF 1.00. There were two grants during the year, each with a six-month vesting period. During the year under report, a total of 167'464 options has been granted under the Employee Share Option Plan, corresponding to 167'464 common shares, of which 5'000 options were exercised and 5'000 shares were therefore issued from conditional capital.

3. BOARD OF DIRECTORS

3.1. MEMBERS OF THE BOARD OF DIRECTORS

3.1.1. GENERAL RESPONSIBILITIES

The Board of Directors is responsible for the supervision and control of the executive management of ASmallWorld Group. It appoints and monitors the members of the executive management of ASmallWorld Group and periodically revises and signs off ASmallWorld Group's strategy. The Board of Directors acts as a collective body, issues the necessary directives and guidelines, establishes ASmallWorld Group's organization and risk policy and is briefed

about the course of business on a regular basis. The Board of Directors has the necessary leadership skills, expertise and experience in digital business models, hospitality business models, and travel business models. In addition to the main business areas, all areas including finance and accounting as well as risk management are competently represented.

3.1.2. INDIVIDUAL MEMBERS OF THE BOARD OF DIRECTORS

The following table sets forth name, year of birth, nationality, function, professional background, other activities and vested interests, and education of each member of the Board of Directors as of year-end 2018:

Name, year of birth, nationality	Function	Member since	Professional background, other activities, vested interests and education
Patrick Liotard-Vogt, born 1984, CH	Chairman of the Board of Directors; Chairman of the Compensation Committee; Chairman of the Audit Committee	2012	Patrick Liotard-Vogt, born 1984, a Swiss citizen, began his career early on as entrepreneur and investor in 2002. He has been active in the digital media space ever since and served as member of the board of directors of Amiado AG (operator of www.students.ch) and chairman of the board of Avivum AG (operator of www.usgang.ch), both of which were sold to Axel Springer Schweiz AG in private M&A transactions. From 2012–2013 he served on the board of directors of Sallfort Privatbank AG, a private bank based in Zurich and between 2011 and 2014 on the board of directors of Diners Club Schweiz AG. Patrick Liotard-Vogt is also active in the real estate sector in Switzerland and the Caribbean; he co-founded and chairs REP Real Estate Projects AG since 2007. Furthermore, he acts as chairman of the board of directors of ASW Capital AG as well as chairman of the ASmallWorld Foundation since its inception in 2012. He holds a Bachelor of Science FH in Banking & Finance from PHW in Zurich. Patrick Liotard-Vogt is a non-executive member of the Board of Directors and has never been a member of the Executive Management of ASmallWorld AG or any of its Group Companies. He has no material business relationship with the companies of ASmallWorld AG.

Name, year of birth, nationality	Function	Member since	Professional background, other activities, vested interests and education
Jan Luescher, born 1981, CH	Member of the Board; Chief Executive Officer	2017	Jan Luescher is a member of the Board of Directors and also CEO of ASMALLWORLD AG. He joined ASMALLWORLD AG in November 2016. He was born in Zurich in 1981 and is a Swiss citizen. He holds a Master's degree in Business Administration (MBA) from the Nanyang Business School in Singapore and a Master from the University of St. Gallen in Switzerland. Before joining ASMALLWORLD AG, Jan Luescher worked at Bain & Company, a leading strategy consulting firm, for over ten years and was stationed in Zurich, Johannesburg and New York. He primarily focused on strategy definition and execution, consumer-centric organizational design and performance improvement. In his position as Chief Executive Officer (CEO) of ASMALLWORLD AG, Jan Luescher is in charge of executing the company's growth strategy and has ultimate responsibility for the brand and product strategy. Jan Luescher is a member of the Executive Management of ASMALLWORLD AG and an executive member of the Board of Directors. He has no material business relationship with the companies of ASMALLWORLD AG.
Dr. Luca Schenk* Born 1969, I	Member of the Board; Member of the Compensation Committee	2018	Dr. Luca Schenk is a recognized financial markets expert with more than 20 years of experience in managing and consulting small and medium sized enterprises in Switzerland and abroad. He is a member of the board of directors of Fontavis AG, a Swiss asset manager, serves on several committees for financial markets regulation and regularly speaks on financial markets and IPOs. For seven years he was the Chief Executive Officer (CEO) of BX Swiss AG (former Berner Börsenverein), a Swiss regulated stock exchange. Previously he was a consultant in M&A and corporate finance for many years and, before that, managed a furniture retail chain in northern Italy. Luca Schenk studied at Bocconi University in Milan with a focus on corporate finance. He is an Italian citizen, was born in 1969 and lives in Switzerland since 2006. He is fluent in English, German, Italian and French. Luca Schenk is a non-executive member of the Board of Directors and has never been a member of the Executive Management of ASMALLWORLD AG or any of its Group Companies. He has no material business relationship with the companies of ASMALLWORLD AG.

(*) Dr. Luca Schenk has resigned with effect as of February 1, 2019 to focus his time on other projects

Name, year of birth, nationality	Function	Member since	Professional background, other activities, vested interests and education
Michael Manz, born 1980 CH	Member of the Board; Member of the Audit Committee	2018	Michael Manz is an entrepreneur and investor in hospitality and tourism. He was born in Switzerland in 1980 and represents a family tradition in hospitality of over 125 years. He holds a Masters of Music degree from Zürich Conservatory and an MBA from SDA Bocconi School of Management. As founding partner of the boutique hospitality firm 'Swiss Hospitality Partners' he strategically consults owners all over the world and as founder and board member of 'Swiss Hospitality Collection' he started a company that was able to sign over 40 hotels and became the largest in its field in the last four years. He is also member on the board of 'Oro Verde Hotels' in Ecuador, a company that manages a portfolio of seven hotels in South America. Finally, he is responsible for bringing the Ritz Carlton brand to Switzerland by opening their first hotel in Geneva, the Ritz Carlton hotel de la Paix. Michael Manz lives in Malta, is married and has three children. Michael Manz is a non-executive member of the Board of Directors and has never been a member of the Executive Management of ASMALLWORLD AG or any of its Group Companies. He has no material business relationship with the companies of ASMALLWORLD AG
Alexander Koenig (Dr. Fabian Höffer von Loewenfeld), born 1975 DE	Member of the Board	2018	Alexander Koenig (Dr. Fabian Höffer von Loewenfeld) is the founder of First Class & More and a highly recognized expert in hospitality and tourism with a particular focus on loyalty programs. He was born in Munich in 1975 and is a German citizen. He holds a PhD and a Master in Business Management from the University of Mainz in Germany. He started his professional career in 2000 as a consultant at the Boston Consulting Group (BCG). In 2004, he joined McKinsey & Co, where he was part of the European Marketing Practice. In 2008, he moved to Dubai and worked several years as the Head of Branding and Market Research for Emirates NBD. During his time in Dubai he started his own company, First Class & More, in 2009 and finally left Emirates NBD in 2012 to build what is now the leading German insider portal for luxury travel. In 2018, First Class & More became a part of ASMALLWORLD Group and Alexander Koenig is now Managing Director of the First Class & More International AG. Alexander Koenig is member of the executive management of First Class & More International AG, a subsidiary of ASMALLWORLD AG. Alexander Koenig is an executive member of the Board of Directors. He has no material business relationship with the Group Companies of ASMALLWORLD AG.

3.2. MATERIAL CHANGES AFTER THE REPORTING DATE

Between the reporting date (which is the balance sheet date) and the editorial deadline for report Dr. Luca Schenk was elected to the Board of Directors of ASmallWorld AG as non-executive director in March 2018. He is an expert for public markets and played an important role on the listing of ASmallWorld AG at the SIX Swiss Exchange and the setup of all processes related to the responsibility and duties of a public company. Given the successful listing of ASmallWorld AG, Dr. Luca Schenk has decided to step down from his responsibilities as a member of the Board of Directors in order to focus on other projects which require his time.

3.3. COMPENSATION, SHAREHOLDING AND LOANS

No loans have been granted to members of the Board of Directors or ASmallWorld AG's executive management (Executive Management). For additional information please refer to section 5 below and to the Remuneration report, accessible on <https://www.asmallworldag.com/financial-reports>

3.4. RESTRICTIONS OF ADDITIONAL ACTIVITIES

Issuers that are subject to the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC or VegüV; Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften) are required to provide information on the number of permitted activities for members of the Board of Directors and for members of ASmallWorld AG's executive management (the Executive Management).

Members of the Board of Directors may exercise functions on senior management level or as members of boards of other entities that are obliged to be entered into the Swiss commercial register or a comparable foreign register only if these activities are compatible with their workloads and responsibilities at ASmallWorld AG. The number of such additional functions is limited to 25, of which no more than five may be functions with listed companies, ten may be functions with non-listed other entities, and ten may be non-remunerated functions. Functions at companies that are part of the same group of companies are deemed to constitute one function. Excluded from these limitations are functions that members of the Board of Directors exercise based on the direction of ASmallWorld AG.

3.5. ELECTION AND TERM OF OFFICE

The Shareholders Meeting elects all members of the Board of Directors individually for a term of one year. The term of office of the members of the Board of Directors and the chairman of the Board of Directors (Chairman) expires not later than together with the closure of the following ordinary Shareholders Meeting. There are no further restrictions on the term of office or re-election of members of the Board of Directors.

The rules in the Articles of Association governing the appointment of the chairman, the members of ASmallWorld AG's compensation committee (Compensation Committee) and the independent voting proxy comply with the standard laid down by the OaEC. If the Chairman of the Board of Directors does not exercise his or her office until the end of the term of office, the Board of Directors shall elect a replacement from amongst its members for the period until the following Shareholders Meeting.

The Board of Directors consists of two or more members. Decisions are taken by the entire Board of Directors, based on the majority of the votes present. If a vote results in a tie, the Chairman takes the final decision. In the case of routine matters and in urgent cases, the Board of Directors may accept or reject applications in writing, unless at least one member requests a meeting. For support and in order to ease its own workload, the Board of Directors has established an audit committee (Audit Committee) as well as a compensation committee (Compensation Committee). These committees prepare decisions relating to their topics, and also submit motions to the Board of Directors. In view of the number of directors, no further committees are required. The entire Board of Directors decides whether or not a committee is necessary. Members of the Board of Directors abstain from voting on matters that directly conflict with their own interests or the interests of natural persons or legal entities with which they are associated.

3.6. INTERNAL ORGANIZATIONAL STRUCTURE AND DIVISION OF RESPONSIBILITIES

3.6.1. BOARD OF DIRECTORS

Pursuant to the Swiss Code of Obligations as well as to the Articles of Association and internal organizational regulations, the Board of Directors has the following duties:

- the ultimate direction of the business of ASmallWorld AG and the issuance of the necessary instructions;
- the determination of the organization of ASmallWorld AG;
- the regulation of accounting, financial control and financial planning;
- the appointment and removal of the persons entrusted with the management and representation of ASmallWorld AG;
- the ultimate supervision of the persons entrusted with the management of ASmallWorld AG, specifically in view of their compliance with law, these Articles of Association, the regulations and directives;
- the preparation of the business report and the remuneration report as well as the preparation of the Shareholders Meeting and the implementation of their resolutions;
- the adoption of resolutions concerning an increase in share capital to the extent that such power is vested in the Board of Directors (art. 651 para. 4 of the Swiss Code of Obligations) and of resolutions concerning the confirmation of capital increases and corresponding amendments of the Articles of Association, as well as making the required report on the capital increase;
- the examination of the professional qualifications of the qualified auditors;
- the notification of the court if liabilities exceed assets.

The Board of Directors meets as often as business requires, at least four times per year. These meetings usually take half a day.

In 2018, the Board of Directors had four ordinary meetings plus two strategy workshops with selected members of the Executive Management. In the year under report, the Board of Directors has met with all members present. The Board of Directors has invited external consultants to join all meetings in the year under report.

3.6.2. CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors, Patrick Liotard-Vogt, has the following duties:

- the chairmanship of the Board of Directors as a whole;
- the preparation of the agenda for the Shareholders Meetings and the meetings of the Board of Directors;
- the convening of the meetings of the Board of Directors;

- the chairing of the Shareholders Meetings and the meetings of the Board of Directors;
- the monitoring of the implementation of the decisions taken by the Board of Directors;
- the keeping of the share register, whereas the administration of the register may be delegated to a suitable service provider;
- the keeping of ASmallWorld AG's records, documents and minutes;
- the internal and external representation of the Board of Directors;
- the shaping of ASmallWorld AG's strategy, communication and culture.

3.6.3. COMPENSATION COMMITTEE

According to the Articles of Association, the Shareholders Meeting elects a Compensation Committee consisting of two or more members. The members of the Compensation Committee are elected individually. Only members of the Board of Directors are eligible for election. The ordinary term of office for the members of the Compensation Committee ends at the latest with the closing of the ordinary Shareholders Meeting following their election. Re-election is admissible. The Compensation Committee constitutes itself. If the Compensation Committee is not fully staffed, the Board of Directors elects the missing members for the rest of the ordinary term.

The task of the Compensation Committee is to prepare the information relevant for the resolution of the Board of Directors concerning the compensation of members of the Board of Directors and members of the Executive Management, and to submit a corresponding proposal to the Board of Directors. Based on the information provided by the Compensation Committee and the proposal of the Compensation Committee, the Board of Directors resolves on the compensation of the members of the Board of Directors and the members of Executive Management, and submits these resolutions to the Shareholders Meeting, which will vote on the matter in accordance with art. 26d of the Articles of Association. To fulfil its duties, the Compensation Committee may consult other persons and external consultants and have them participate in its meetings. In particular, the chair of the Compensation Committee may invite other persons to the meetings of the committee. Such additional attendees do not have any voting rights. The Board of Directors may assign further tasks to the Compensation Committee.

The Compensation Committee normally meets once a year. These meetings usually take two to four hours.

Luca Schenk and Patrick Liotard-Vogt were members of the Compensation Committee for 2018. In 2018, the Compensation Committee had one meeting.

3.6.4. AUDIT COMMITTEE

The tasks of the Audit Committee are to review and assess the effectiveness of the statutory auditors, in particular, their independence from ASmallWorld AG. In connection therewith, the Audit Committee reviews, in particular, additional assignments given by ASmallWorld AG or its subsidiaries to the statutory auditors, which may compromise the auditors' independence. The Audit Committee may issue binding regulations or directives in connection with such additional assignments. Further, the Audit Committee reviews and assesses the scope and plan of the audit, the examination process and the results of the audit, and examines whether the recommendations issued by the auditors have been implemented by management. It also reviews the auditors' reports in order to discuss their contents with the auditors and with the Executive Management, and approves the terms and conditions of the engagement of the auditors.

The Audit Committee meets at least once a year. The meetings usually take two to four hours.

Michael Manz and Patrick Liotard-Vogt were members of the Audit Committee for 2018. In 2018, the Audit Committee had one meeting.

3.7. INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS EXECUTIVE MANAGEMENT

3.7.1. DUTY TO REPORT

The Chief Executive Officer of ASmallWorld AG regularly reports to the Board of Directors about the performance of the companies in the ASmallWorld Group and the fulfilment of the Chief Executive Officer's tasks. The Chief Executive Officer may inform all of the members of the Board of Directors in writing or orally on the occasion of a board meeting. The Chief Executive Officer also provides reports on ASmallWorld AG's financial situation to the other members of the Board of Directors on a regular basis, and unsolicited points out unforeseen financial liabilities. Irrespective of the regular reporting, the Chief Executive Officer also immediately informs the members of the Board of Directors about events that might have a substantial impact on the course of business, such as in particular:

- planned changes in the Executive Management;
- events that might significantly impair the financial situation of Group Companies (e.g. impending lawsuits, hacking attacks, etc.); and/or
- significant irregularities in the management of ASmallWorld AG.

3.7.2. RISK MANAGEMENT SYSTEM

An impeccable reputation among ASmallWorld members, investors, creditors, business partners and the public is a core asset for the ASmallWorld Group. Managing risks effectively contributes to build a reputation and is essential for sound and efficient business operations. Therefore, the correct assessment, the careful and conscious handling and the systematic monitoring of all important risks is crucial for ASmallWorld AG's long-term success. No business activity is free of risks. In the fields in which ASmallWorld AG operates directly or indirectly through a Group Company, we are exposed to very particular and complex risks, especially in connection with technology, digital services, cyberattacks, underlying travel service providers, etc. ASmallWorld Group generally avoids activities with an unfavorable risk/return ratio and enters a business field only if it believes it has the human and technical resources to adequately control the risks.

In the area of community management, operations of online luxury travel booking platforms and subscription-based information services, we are exposed to many different technical risks relating to the underlying technology we use. Furthermore, we are confronted with potential cyberattacks and identity theft, which forces us to take the right measures to protect our various platforms. The overall responsibility for the risk management lies with ASmallWorld AG's Board of Directors. It defines the risk policy, issues organizational, business and competence regulations and draws up a risk analysis every year.

3.7.3. INTERNAL AUDIT

ASmallWorld AG does not have an internal audit function.

3.7.4. RIGHT TO REQUEST INFORMATION

Insofar as this is necessary to fulfill their duties, each member of the Board of Directors may inspect the financial records and documents, and the Chairman of the Board of Directors may demand information from the Chief Executive Officer about the performance of the business and about individual transactions. If the Chairman or the Chief Executive Officer rejects a request for information, for a hearing or an inspection, then this matter shall be decided by the Board of Directors.

4. EXECUTIVE MANAGEMENT

4.1. RESPONSIBILITIES

4.1.1. EXECUTIVE MANAGEMENT

The Executive Management of ASmallWorld AG is responsible for the management of the entire company. Together with the Board of Directors it is responsible for developing the business strategy of ASmallWorld AG and its companies. It discusses the focus of the subsidiary companies and of the business units in terms of strategy, corporate culture and business philosophy as well as interdepartmental projects of personnel, risk policy or market profile nature. The Executive Management has the necessary leadership skills, expertise and experience in the sector ASmallWorld AG operates in.

4.1.2. CHIEF EXECUTIVE OFFICER

In accordance with the law and the Articles of Association as well as the internal organizational regulations, the Chief Ex-

ecutive Officer is responsible for the management and representation of ASmallWorld AG externally. The responsibilities of the Chief Executive Officer include in particular:

- organizing, managing and monitoring the business activities at the operative level;
- submitting proposals to the Board of Directors concerning the appointment of members of the Executive Management;
- organizing, managing and monitoring the accounting system, the financial controls and the financial reporting; and
- preparing the passing of resolutions by the Board of Directors.

4.2. INDIVIDUAL MEMBERS OF THE EXECUTIVE MANAGEMENT

The following table sets forth the name, year of birth, nationality and function, professional background, other activities and vested interests, and education of each member of the Executive Management as of year-end 2018:

Name, year of birth, nationality	Function	Member since	Professional background, other activities, vested interests and education
Jan Luescher, born 1981, CH	Chief Executive Officer (CEO)	2016	Jan Luescher holds a Master's degree in Business Administration (MBA) from the Nanyang Business School in Singapore and a Master from the University of St. Gallen in Switzerland. Before joining ASmallWorld AG, Jan Luescher worked at Bain & Company, a leading strategy consulting firm, for over ten years and was stationed in Zurich, Johannesburg and New York.
Stefan Keller, born 1981, CH	Director of Finance	2016	Stefan Keller is a Swiss Certified Public Accountant and holds a Master's degree in Business Administration (MBA) from the University of Zurich in Switzerland. Before joining ASmallWorld AG, Stefan Keller worked as an auditor at BDO AG for eight years where he was leading audits of national and international small and medium-sized enterprises.
Tino Köhler*, born 1984, DE	Chief Revenue Officer (CRO)	2015	Tino Köhler was Chief Revenue Officer (CRO) at ASmallWorld AG. He joined the company in April 2015. He holds a Master of Management and Engineering from the University of Applied Science in Leipzig in Germany. He is a German citizen. Tino Köhler has over ten years of experiences in VC-backed, fast-growing start-ups and headed teams in business intelligence, marketing, CRM and online marketing.

(*) The employment contract with Chief Revenue Officer, Tino Köhler, was terminated in December 2018 and he left ASmallWorld AG in February 2019.

The members of the Executive Management do not hold any public or political office or a permanent management or advisory function for important Swiss or foreign interest groups. For reasons of materiality, the term 'other activities' as used herein only covers activities for entities which are subject to a regular audit.

4.3. RESTRICTION OF ADDITIONAL ACTIVITIES

Members of the Executive Management may occupy positions or exercise functions in the highest managing or supervising body of other entities that are obliged to be entered into the Swiss commercial register or a comparable foreign register only if these additional activities are compatible with their workloads and responsibilities at ASMALLWORLD AG. Additional remunerated activities are subject to the approval of the Board of Directors. The number of additional functions is limited to 25, of which no more than five may be functions with listed companies, ten may be functions with non-listed other entities, and ten may be non-remunerated functions. Functions at companies that are part of the same group of companies are deemed to constitute one function. Excluded from these limitations are functions that members of the Executive Management exercise based on the direction of ASMALLWORLD AG.

4.4. CHANGES DURING THE REPORTING PERIOD

The employment contract with the Chief Revenue Officer, Tino Köhler, was terminated in December 2018 and he left ASMALLWORLD AG in February 2019. The responsibilities of the former Chief Revenue Officer, Tino Köhler, have been transferred to and merged with the responsibilities of the Chief Executive Officer, Jan Luescher.

4.5. MANAGEMENT CONTRACTS

ASMALLWORLD AG has no management contracts.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

This information is provided in sections 1 and 2 of the Remuneration report, accessible on <https://www.asmallworldag.com/financial-reports>

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1. RESTRICTIONS ON VOTING RIGHTS AND REPRESENTATION

6.1.1. RESTRICTIONS ON VOTING RIGHTS

The Board of Directors maintains a share register, where the surname and first name (in case of legal entities, the company name) and address of each holder and usufructuary of registered shares are registered. Each share listed in the share register entitles the holder to one vote. Entry in the share register is contingent upon proof that the share has been acquired for ownership or for the establishment of a usufruct. Vis-à-vis ASMALLWORLD AG, shareholders or usufructuaries' shall be deemed to be only those persons who are recorded in the share register. Further information about the registration conditions is set out in the section «Limitations on transferability and nominee registrations».

If an entry in the share register was based on false information by the shareholder, ASMALLWORLD AG may cancel the entry after a hearing with the nominee. The shareholder must be notified immediately after the cancellation.

Changes to the statutory provisions and restrictions on the transferability of shares are subject to the approval of two thirds of the represented votes and the absolute majority of the represented nominal share values at the Shareholders Meeting. Shareholders may only exercise their voting rights if they are recorded as shareholders with voting rights in the share register of ASMALLWORLD AG. No exemptions to these provisions were granted during the year under report. The rules pertaining to participation at the Shareholders Meeting correspond to the rules of the Swiss Code of Obligations.

6.1.2. INSTRUCTIONS ISSUED TO THE INDEPENDENT VOTING RIGHTS PROXY

Shareholders may issue powers of attorney and instructions to the independent voting rights proxy up to ten days before the start of the Shareholders Meeting. Specific instructions may be issued in respect of motions that are listed in the invitation to the Shareholders Meeting, as well as general instructions on unannounced motions or new agenda items. The Board of Directors defines the rules that are to be used for the issue of powers of attorney and instructions.

6.2. QUORUMS PURSUANT TO THE ARTICLES OF ASSOCIATION

The conversion of registered shares into bearer shares as well as the liquidation and dissolution of ASmallWorld AG are only possible with the consent of the Shareholders Meeting. The minimum quorum required is two thirds of the represented voting rights as well as the absolute majority of the nominal share value represented. All other arrangements correspond to the provisions of art. 703 and 704 of the Swiss Code of Obligations.

6.3. CONVENING SHAREHOLDERS MEETINGS

ASSmallWorld AG's procedures to convene the Shareholders Meetings are in line with the provisions of the Swiss Code of Obligations.

6.4. AGENDA

The agenda for the Shareholders Meetings is set by the Board of Directors. One or more shareholders with the registered right to vote who own shares of ASSmallWorld AG representing at least one million Swiss Francs of the share capital of ASSmallWorld AG may request no later than 30 days prior to the day of the Shareholders Meeting that an item be included in the agenda. Such request must be made in writing and specify the proposed motions.

6.5. ENTRY IN THE SHARE REGISTER

The Board of Directors sets the deadline for entries in the share register and notifies the shareholders in the invitation to the annual Shareholders Meeting. The share register typically closes 23 days prior to the annual Shareholders Meeting.

7. CHANGES OF CONTROL AND DEFENCE MEASURES

7.1. MANDATORY PUBLIC TAKE-OVER OFFER – OPTING OUT

According to art. 30 of the Articles of Association, a person who acquires shares in ASSmallWorld AG is not required to make a public offer pursuant to the relevant provisions of the Financial Market Infrastructure Act.

7.2. CHANGES OF CONTROL

No change-of-control clauses are included in the Articles of Association, in agreements or plans in favor of members of the Board of Directors, the Executive Management and/or the management.

8. AUDITORS

8.1. DURATION OF THE MANDATE AND TERM OF OFFICE OF THE HEAD AUDITOR

The Shareholders Meeting held on March 6, 2018, elected PricewaterhouseCoopers Ltd (PwC) as external auditor of ASSmallWorld Group for the 2018 financial year. PwC has held this mandate since 2012, and Thomas Wallmer has been the head auditor in charge since 2016. This makes him eligible for another four years until the legally required rotation is due. Swiss law states a maximum statutory period of seven years for companies with registered offices in Switzerland. After this period the head auditor must be changed.

8.2. AUDITING FEES

The fees paid to PwC for the performance of their legally prescribed duties in connection with the audit amounted to CHF 61'500.00 for the financial year 2018.

8.3. ADDITIONAL FEES

In 2018, PwC charged additional fees for audit-related services amounting to CHF 103'900.00. This amount was in connection with the preparations of the going public of ASSmallWorld AG (legal, strategy and capital markets advisory fees) and audit services in relation to capital increases in 2018. The additional services by the auditors are compatible with their auditing services.

8.4. INFORMATION INSTRUMENTS EXERCISED BY EXTERNAL AUDITORS

The Audit Committee oversees the external auditing in terms of performance, amount of audit fees and independence. It acknowledges the audit objectives and the audit plan, where these are not defined by supervisory authorities. It peruses the auditors' findings, recommendations and reports and monitors the scope and organization of the audit activities. Finally, it assesses the quality of the audit, the compensation and the conditions of the auditors. In order to assess the work of the external auditors, the Audit Committee holds meetings with the Director of Finance, the responsible head auditor and the senior auditor. Evaluation criteria include qualifications, expertise, independence and achievements of the various audit teams as well as of the head auditor. These criteria are also relevant for the procedure regarding the selection of the external audit firm. The Audit Committee identifies potential conflicts of interests with the auditors, especially where they take on additional consultancy mandates. The external auditors review the annual statements with the members of the Audit Committee and attend addi-

tional meetings upon request. The members of the Audit Committee discuss their feedback on the auditors' work as well as on the cooperation with the head auditor in charge on a regular basis via meetings in person or over conference calls. The Audit Committee reports to the Board of Directors on a yearly basis. During the year under report, the external auditors attended no meetings of the Audit Committee. The Head of the Audit Committee briefs the members of the Board of Directors on the auditing activities on an as needed or required basis.

9. INFORMATION POLICY

9.1. REGULAR PROVISION OF INFORMATION

ASMALLWORLD AG has a policy of communicating with shareholders, the capital market and the public in a transparent, comprehensive and regular, proactive manner. Regular reporting to shareholders includes publication of the annual and half-yearly reports, shareholder letters, the holding of media and analysts' conferences as well as of Shareholders Meetings. In addition, ASMALLWORLD AG takes part in conferences for financial analysts and investors on a regular basis. Such information dates are public and announced well in advance. In accordance with the SIX Listing Rules and the Financial Market Infrastructure Act, ASMALLWORLD AG discloses any price-relevant or current information to all investors. These services comply with the requirements of the Directive on Ad hoc Publicity of SIX Swiss Exchange. Ad hoc notices are distributed to the following: SIX Exchange Regulation, at least two electronic information systems widely used by professional market participations, at least two Swiss newspapers of national importance, all interested parties upon request.

9.2. PERMANENT SOURCE OF INFORMATION

ASMALLWORLD AG publishes information simultaneously for all market participants and interested parties on www.asmallworldag.com. Under the section "IR NEWS" (<https://www.asmallworldag.com/ir-news>), interested parties can put their names on a mailing list if they want to be kept informed automatically about our corporate news.

9.3. CONTACT ADDRESSES

The main contact address is ASMALLWORLD AG, Bellerivesstrasse 241, 8008 Zurich, Switzerland. The corporate website is available at www.asmallworldag.com. The phone number is +41 (44) 215 5025 and the e-mail is info@asmallworldag.com. Further contact details are found on the website of SIX Swiss Exchange https://www.six-group.com/exchanges/shares/security_info_en.html?id=ASWN.

9.4. RELEVANT CHANGES SINCE BALANCE SHEET DATE

On February 1, 2019, ASMALLWORLD AG acquired LuxuryBARED Holding Ltd with registered offices in Chester, United Kingdom. The company owns LuxuryBARED Ltd and operates the luxury travel booking platform www.luxurybared.com.

On the same date, ASMALLWORLD AG informed the market that Dr. Luca Schenk has decided to step down from his responsibilities as Member of the Board to focus his time on other projects which require his time.

On February 21, ASMALLWORLD AG informed the market through an ad-hoc news, that it had launched the ASW Hotel Collection through a newly incorporated subsidiary ASW Hospitality AG, Zurich and signed a hotel management agreement with North Island, a Luxury Collection resort in the Seychelles.

9.5. FINANCIAL AGENDA

Annual report:	March 19, 2019
Earnings call:	March 19, 2019
Annual General Meeting:	April 12, 2019
Closing of exercise:	December 31, 2019

Latest dates and further calendar information is available on www.asmallworldag.com.

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CONSOLIDATED INCOME STATEMENT

in TCHF	Note	2018	2017 ¹⁾
Net sales	2	8'824.4	5'041.5
Other operating income		0.2	4.6
Direct expenses for services rendered	3	-4'641.6	-2'192.7
Personnel expenses	4	-2'819.1	-1'981.8
Research and development expenses		-405.2	-523.7
Other operating expenses	5	-3'258.4	-2'086.3
EBITDA²⁾		-2'299.6	-1'738.3
Depreciation of fixed assets	11	-30.7	-33.7
Amortization of intangible assets	13	-757.0	-634.5
Operating result		-3'087.3	-2'406.5
Financial income	6	178.7	8.1
Financial expenses	6	-266.3	-52.4
Ordinary result		-3'174.9	-2'450.7
Income taxes	7	-61.9	-196.8
Net result		-3'236.9	-2'647.4
Earnings per share (basic/diluted in CHF)	20	-0.36	n/a

¹⁾ Prior year figures are derived from a combined income statement (see note 1.2).

²⁾ Earnings before interest (including all financial income and expenses), taxes, depreciation and amortisation

CONSOLIDATED BALANCE SHEET

in TCHF	Note	December 31, 2018	December 31, 2017 ¹⁾
ASSETS			
Cash	1.4	6'055.6	1'634.3
Receivables from services	8	706.5	288.9
Other short-term receivables	9	92.4	38.1
Prepayments and accrued income	10	95.4	615.4
Total current assets		6'950.0	2'576.7
Tangible fixed assets	11	78.7	108.4
Financial assets	12	93.3	149.8
Intangible assets	13	2'104.6	2'346.0
Total non-current assets		2'276.6	2'604.3
Total Assets		9'226.6	5'181.0
LIABILITIES AND EQUITY			
Short-term financial liabilities	14	55.1	1'132.1
Payables from goods and services	15	725.0	181.8
Other short-term liabilities	16	4'274.8	207.2
Short-term provisions	17	41.8	0.0
Accrued liabilities and deferred income	18	3'605.5	2'456.7
Total current liabilities		8'702.2	3'977.8
Long-term financial liabilities	14	1'181.4	0.0
Long-term provisions	17	7'888.3	0.0
Total non-current liabilities		9'069.7	0.0
Total liabilities		17'771.8	3'977.8
Share capital		11'367.2	–
Capital reserves		16'785.0	–
Retained earnings		-36'697.4	–
Net assets ¹⁾		–	1'203.2
Total equity	19	-8'545.2	1'203.2
Total liabilities and equity		9'226.6	5'181.0

¹⁾ Prior year figures are a combined balance sheet statement, hence equity is only shown as one single line item (see also note 1.2).

STATEMENT OF CHANGES IN EQUITY

in TCHF	Retained earnings						TOTAL
	Share capital	Capital reserves	Currency translation effects	Goodwill offset with equity	Other retained earnings	Total retained earnings	
Opening as per 1 Jan 2017¹⁾	-	-		-	-	-	-666.1
Group result 2017							-2'647.4
Capital increase							7'792.2
Change in the scope of combination							100.0
Offset of investments in subsidiaries with equity							-3'375.4
Closing as per 31 Dec 2017¹⁾	-	-		-	-	-	1'203.2
Opening as per 1 Jan 2018	7'992.2	1'000.0	0.0	-3'488.5	-4'300.4	-7'789.0	1'203.2
Group result 2018					-3'236.9	-3'236.9	-3'236.9
Capital increase	3'375.0	15'785.0					19'160.0
Share-based compensation					915.6	915.6	915.6
Goodwill offset with equity				-26'553.8		-26'553.8	-26'553.8
Currency translation adjustments			-33.4			-33.4	-33.4
Closing as per 31 Dec 2018	11'367.2	16'785.0	-33.4	-30'042.4	-6'621.7	-36'697.4	-8'545.2

¹⁾ The prior year figures are derived from combined financial statements. Hence, the equity is solely presented as one single line item corresponding to net assets of the Group (see also note 1.2).

CONSOLIDATED CASH FLOW STATEMENT FOLLOWING THE INDIRECT METHOD

in TCHF	Notes	2018	2017
OPERATING ACTIVITIES			
Net result		-3'236.9	-2'647.4
Depreciation of tangible fixed assets	11	30.7	33.7
Amortization of intangible assets	13	757.0	634.5
Increase of provisions that do not affect the fund		6.6	0.0
Other expense/income that do not affect the fund		914.3	214.8
Increase of receivables from services		-56.2	-105.5
Increase/decrease of other receivables and prepayments and accrued income		468.6	-639.4
Increase/decrease of payables from goods and services		507.3	-17.6
Decrease/increase of other short-term liabilities and accrued liabilities and deferred income		-511.5	1'001.6
Operational cash flow		-1'120.1	-1'525.3
INVESTING ACTIVITIES			
Outflows for investment (purchase) of tangible fixed assets	11	0.0	-2.9
Acquisition of subsidiaries	25	-7'955.9	0.0
Outflows for investment (purchase) of intangible assets	13	-508.9	-361.4
Cash drain from investing activities		-8'464.9	-364.3
FINANCING ACTIVITIES			
Inflows from capital increase (including agio, deducting capital transaction cost)		14'010.4	100.0
Issuance/repayment of short-term financial liabilities	14	-1'104.0	1'104.0
Issuance/repayment of long-term financial liabilities	14	1'149.6	1'438.6
Cash inflow from financing activities		14'056.0	2'642.6
Currency translation effects		-28.4	0.0
Net change in net cash		4'442.5	752.9
Opening balance of net cash 1 January		1'606.2	853.3
Closing balance of net cash as of 31 December		6'048.8	1'606.2
Net change in net cash		4'442.5	752.9

¹⁾ Prior year figures are a combined balance sheet statement, hence equity is only shown as one single line item (see also note 1.2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These audited consolidated financial statements comprise the results of ASMALLWORLD AG and its subsidiaries for the financial year 2018 and have been prepared in accordance with Swiss GAAP FER (including the provisions of Swiss GAAP FER 31 “Complementary Recommendation for Listed Companies”).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently in all the years presented, unless otherwise stated.

1.1 BASIS OF PREPARATION

These consolidated financial statements include the financial statements of ASMALLWORLD AG and of all companies controlled by ASMALLWORLD AG (see note 25 for a list of the consolidated companies).

Assets and liabilities as well as expenses and income of the fully consolidated companies are included in their entirety. All intercompany transactions and relations between the consolidated companies are offset against each other and eliminated. Profits on intercompany transactions are eliminated.

The assets and liabilities of companies included in consolidation for the first time are measured at fair value. Goodwill arising from this revaluation is offset against equity. First-time consolidations are included from the date on which control is acquired.

In December 2017, ASW Events AG, The World’s Finest Clubs AG and ASW Travel AG were acquired and are consolidated as from 1 January 2018 (see also 1.2). The assets and liabilities of all these subsidiaries were valued at existing Swiss GAAP FER book values as per 1 January 2018 (and due to materiality not as per acquisition date which was on the 8 December 2017). The difference between the purchase price and net assets (goodwill) was offset with equity as per 1 January 2018.

Liquidity risk:

The group has a history of losses and operating cash outflows. From the current cash position a significant portion will be used to compensate the excess cash position related to the acquisition of First Class & More International GmbH (see note 16). To cover upcoming anticipated operating and investing cash outflows, the group plans to partly utilise the credit line granted by the majority shareholder (ASW Capital AG) of up to TCHF 5’000, of which as per 31 December 2018 TCHF 1’181 were already used (see note 14). The credit line was granted at the beginning of 2018 to the company to finance the 5-year growth strategy. The board of directors is of the view that ASW Capital AG is able to fulfil its commitments and the going concern assumption for the group is appropriate.

1.2 REMARKS TO PRIOR YEAR FIGURES (COMBINED FINANCIALS STATEMENTS)

The prior year figures are derived from the combined financial statements which were prepared for the purpose of integration in the prospectus for the initial listing of the shares of ASMALLWORLD AG as part of the financial disclosures required pursuant to the SIX Swiss Exchange Directive on the Presentation of a Complex Financial History in the Listing Prospectus.

As a result of a reorganization in December 2017, ASMALLWORLD AG purchased 100% of the shares of ASW Events AG, The World’s Finest Clubs AG and ASW Travel AG from ASW Capital AG (the majority shareholder of ASMALLWORLD AG). These entities have been already under common control during the entire reporting period.

The combined financial statements 2017 of ASW Group have been derived from the aggregation of the net assets of ASMALLWORLD AG, ASW Events AG, The World’s Finest Clubs AG although control was obtained only on 8 December 2017. All intra-group balances, income, expenses and unrealized gains and losses arising from transactions between companies belonging to the Group were eliminated when preparing the combined financial statements. In addition, the investments of the holding company of the Group were eliminated against the equity of the respective subsidiaries.

1.3 FOREIGN CURRENCY TRANSLATION

1.3.1 FUNCTIONAL AND PRESENTATION CURRENCY

The presentation currency of these consolidated financial statements is CHF, which is also the functional currency of all entities except First Class & More GmbH and its subsidiary (EUR as functional currency).

1.3.2 TRANSACTIONS AND BALANCES

Transactions in foreign currency are recorded and translated into CHF using the actual exchange rate (monthly average rates). The resulting translation differences are included in the income statement as exchange gains or losses.

Monetary assets and liabilities in foreign currencies are translated into the functional currency on the balance sheet date at the year-end rates of exchange. Non-monetary items are translated using the exchange rate prevailing on the transaction date. Translation differences are recorded in the income statement.

1.3.3 FOREIGN CURRENCY TRANSLATION

The financial statements of the Group companies which use EUR as their functional currency were translated into CHF (presentation currency of ASMALLWORLD Group) as follows:

- balance sheets at year-end exchange rates (EUR/CHF rate: 1.1269)
- income statements at average rates for the reporting period (EUR/CHF: 1.1360)
- cash flow statements at average rates for the reporting period (EUR/CHF rate: 1.1360)

The resulting translation differences are taken directly to the consolidated shareholders' equity.

1.4 CASH

Cash includes money the Group holds with financial institutions that can be withdrawn without notice. The remaining term to maturity does not exceed 3 months. Bank current accounts with credit balances will be deducted from cash in the consolidated cash flow statement in order to indicate the change in the net cash amount in the reporting period.

1.5 RECEIVABLES FROM SERVICES AND OTHER SHORT-TERM RECEIVABLES

Receivables from services are short-term receivables resulting from normal business activities. Other short-term receivables are all other receivables that have a remaining life of up to one year as of the balance sheet date.

All receivables are stated at nominal value less provision for bad debt, which is calculated on the basis of an individual assessment of the receivables. Each receivable are valued individually (single allowance for doubtful accounts). There is no general allowance for doubtful debts.

1.6 PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income are expenses that belong to the new financial year but which have been paid in the prior financial year (deferred expense; e.g. rent) and income that belongs to the previous financial year but which is received only in the new financial year (accrued income; e.g. subscription income).

Accruals and deferrals are recorded at nominal or actual values.

1.7 TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at acquisition or production cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are as follows:

Asset class	useful lifetime
Hardware and equipment	3 years
Furniture (other tangible fixed assets)	5 years
Works of art (other tangible fixed assets)	10 years

In exchange of media services the Group received in 2014 product supplies which were classified as works of art.

1.8 FINANCIAL ASSETS

Financial assets consist of a rent deposit and deferred tax assets.

Deferred income tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for reporting purposes, using the currently enacted tax rates on an entity level. Movements in the deferred tax provision are included in the tax position in the income statement (see note 7). Deferred taxes for temporary differences are only capitalized when in all probability future taxes on profits can be offset. In accordance with Swiss GAAP FER no deferred tax assets are recognized for tax losses carried forward.

1.9 INTANGIBLE ASSETS

This line item includes intellectual property rights as well as capitalized development cost for ASmallWORLD and World's Finest Clubs web platforms as well as the ASmallWORLD Android and iOS mobile applications.

Capitalized development costs of web platforms and ASW mobile apps are based on the work effort supplied by contractors or other third party suppliers. This work effort must be directly linked to the development of a certain platform module or app release. There is no capitalization of administration hours nor efforts spending in bug fixing and maintenance.

Capitalized and identifiable intangible assets are measured at historical cost less amortization required.

Amortization must be applied on a straight-line basis over the useful economic life. The usual, uniformly, established useful lives are as follows:

Asset class	useful lifetime
Development Cost	5 years
Intellectual property rights (trademarks and customer lists)	5 years

The recoverable amount of the intangible assets is subject to an impairment test at least once a year, provided that the asset has not yet been used or if there are any indications of impairment over the course of the year. Intangible assets are tested for impairment as soon as there are any indications of impairment. The amortization period, the residual values and amortization method of an intangible asset are reviewed regularly, at least at the end of each financial year.

1.10 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. Consideration transferred comprises payments in cash as well as the fair value of the assets transferred, the obligations entered into or assumed and the equity instruments transferred. Transaction costs are recognized directly in profit or loss.

Any surplus of acquisition cost over the newly valued net assets are offset with equity.

In case of an acquisition of an entity under common control there is no revaluation of the Swiss GAAP FER book values.

1.11 LIABILITIES

Liabilities are recognized at their nominal values.

1.12 PROVISIONS

Provisions are recognized if an event in the past gives rise to a justified, likely obligation which is of uncertain timing and amount, but which can be estimated reliably. Provisions are measured on the basis of the estimated amount of money required to satisfy the obligation.

1.13 CONTINGENT LIABILITIES

The probability and the potential economic impact of contingent liabilities are assessed at each balance sheet date. Based on that assessment, contingent liabilities are evaluated and disclosed in the notes. There are no contingent liabilities as per balance sheet date.

1.14 LEASING

Finance Lease: A lease contract is classified as a finance lease when the Group bears practically all the risks and benefits associated with the ownership of the leasing object. At the beginning of the contract period, the lower of the market value of the leased object or the net cash value of the future leasing payments are accounted for as both non-current assets and liabilities. Each leasing payment is divided into a principal and interest component. The latter will be directly booked as an expense in the income statement. Capitalized leased objects are depreciated over their estimated useful life or over the shorter term of the contract. In the reporting period no lease contract is classified as financial lease.

Operating Lease: A lease contract is classified as an operating lease when a significant part of the risks associated with the ownership remains with the lessor. Payments for operating lease contracts will be booked evenly in the income statement as an expense over the term of the contract. Operating lease contracts which can not be terminated within one year are disclosed in the notes to these consolidated financial statements.

1.15 REVENUE RECOGNITION

In general, income is recognized, if a service has been performed or a tangible or intangible asset has been delivered and benefits and risks as well as the authority to dispose of the property have been assigned to the purchaser.

Revenues from the sale of services are recorded in the accounting period in which the service is provided. If a service is rendered over a certain contractual duration, revenue is recognized on a straight-line basis over this period.

Overview of the main revenue streams and corresponding recognition

1.15.1 INCOME FROM SALE OF MEMBERSHIPS AND REVENUE FROM PARTNERSHIPS (SUBSCRIPTION SEGMENT)

(Standard) ASMALLWORLD subscription income: Sale of ASW membership fees valid for one year (for approx. CHF 100). Sales are realized monthly over 12 months. The Membership allows to use the web platform and mobile app of ASW including all services, benefits and privileges. Besides the standard 1-year membership there is also a lifetime membership. Revenue for such memberships are realized monthly over 36 months.

Premium membership income: Sale of premium memberships. In case of delivery of goods (as part of a package), revenue will be recognized when risks and rewards as well as the power of disposition are transferred to the purchaser. In case of rendered services, revenue will be recognized when services are provided (at a certain time or straight-line over a contractual duration).

In May 2018 ASMALLWORLD introduced two new membership levels (Signature and Prestige). They include a certain amount of frequent flier miles and exclusive status privileges at hotels, car rental companies and airlines as well as an unlimited access to airport lounges and nightlife venues.

Privilege & Partnership income: Provider of benefits and privileges on the ASW website have the possibility to present their products or services (regarded as sponsored content and not as advertisement in a narrow sense). Revenue is recognized on a straight-line basis over the contractual duration.

First Class & More subscription income: Sale of subscriptions (membership fees), typically valid for one year. Sales are realized linear over such period. The Membership allows subscribers to get advice and insights regarding favorable luxury travel deals through newsletters and other online publications.

The World's Finest Clubs Membercard private & corporate: Revenue from The World's Finest Clubs membercards is realized over the period for which the card is valid (straight-line, usually over one year).

1.15.2 INCOME FROM SERVICES, E.G. EVENTS AND TRAVEL ORGANIZATION (SERVICES SEGMENT)

Event ticketing & event ticketing fee: Tickets for ASW events (including a fee if tickets are sold through the ASW platform) are related to specific, single events and revenue is recognized when the event took place.

Event sponsorship: Sponsorship in this category is clearly allocated to one event and revenue is recognized when the event took place.

Travel organization: Mainly revenue through organizing tailor-made trips (flight and accommodation). Revenue is recognized in line with consumption of services by clients.

Income from other First Class & More services: Sale of customized around the world travel arrangements and commission-based placements of special offers by third party providers (airlines, hotel travel agencies, etc.) and affiliates. These revenues are recognized when a service has been provided.

1.16 SHARE-BASED COMPENSATION

The Group operates an equity-settled, share-based compensation plan. Selected members of the Board of Directors and Management were enabled to participate in a stock option incentive plan. The eligible recipients are able to buy stocks at nominal value. As vesting condition there is only a service condition: The employee shall remain in the ASMALLWORLD Group's employ for a specific period of time.

ASMALLWORLD measures the fair value of the employee services received in exchange for the grant of the options by reference to the fair value of the options. The fair value of the options is measured at grant date using the Black-Scholes model. On the basis of a best estimate of the adherence of the service condition respectively the number of options that are going to vest, personal expenses are recognized over the vesting periods with a corresponding change in equity.

2 SEGMENT INFORMATION

Top management level steers the business with two operating segments (following the legal entity structure):

- Segment “Subscriptions”: Consists of legal entities ASmallWORLD AG and The World’s Finest Clubs AG
- Segment “Services”: Consists of the legal entities ASW Events AG and ASW Travel AG
- Services of First Class & More are split between the two segments (see also description in 1.15)

	2018	2017
	TCHF	TCHF
Net revenues by segment		
Subscriptions	5'370.0	2'850.4
Services	3'454.4	2'191.1
Net sales	8'824.4	5'041.5

	2018	2017
	TCHF	TCHF
EBITDA result by segment		
Subscriptions	-1'775.0	-1'340.9
Services	-524.7	-397.3
EBITDA	-2'299.6	-1'738.3

For an explanation of the most important sources of revenue and their recognition see note 1.15.

3 DIRECT EXPENSES FOR SERVICES RENDERED

	2018	2017
	TCHF	TCHF
Event costs/event sponsorship/cost for travel services	2'739.2	1'889.2
Commissions	141.5	0.0
Cost for member privileges	1'625.7	181.2
Merchant account fees	116.4	81.0
Production cost membercards and club labels	18.7	36.7
Other direct expenses for services rendered	0.1	4.6
Total direct expenses for services rendered	4'641.6	2'192.7

In the prior year figures digital marketing cost of TCHF 672.1 were reclassified to other operating expenses.

4 PERSONNEL EXPENSES

	2018	2017
	TCHF	TCHF
Wages and salaries	1'720.2	1'738.5
Share-based compensation	915.6	0.0
Social security expenses	162.5	195.3
Other personnel expenses	20.9	47.9
Total personnel expenses	2'819.1	1'981.8

Additional information to share-based compensation:

Selected members of the Board of Directors and Management were enabled to participate in a stock option incentive plan. The eligible recipients are able to buy stocks at nominal value. As vesting condition there is only a service condition: The employee shall remain in the ASmallWORLD Group's employ for a specific period of time.

In 2018 there were two grant dates when options were granted (29 June 2018 and 2 July 2018). The valuation of the options are calculated using the financial option pricing model Black-Scholes. The used standard deviation was based on a peer group as the ASmallWORLD share was only listed for a short period of time at the grant dates.

In 2018 5'000 options were exercised.

Grant date	Number of granted options	Total value of options (in CHF)	Value of one option (in CHF)	Stock price at grant date (in CHF)	Exercise price of an option (in CHF)	Vesting date	Expiration date	Risk-free interest rate	Standard deviation
29.6.18	43'938	254'748	5.7979	6.5	1	29.6.2018 (with lock-up until 1.11.2018)	28.6.28	-0.012%	58.87%
2.7.18	123'526	660'815	5.3496	6.04	1	30.11.2018/ 31.12.2018	1.7.28	-0.030%	58.87%
	167'464	915'563							

5 OTHER OPERATING EXPENSES

	2018	2017
	TCHF	TCHF
Digital marketing	490.1	672.1
M&A and listing/being public cost	662.3	0.0
Consulting fees	703.9	469.3
Advertising and public relations	683.9	216.2
Rent	198.5	202.5
IT expenses	129.1	128.2
Public fees and charges	68.3	143.3
Audit, book keeping and legal fees	121.4	111.2
Maintenance, office supplies, postage	80.0	70.0
Agency Affiliate	18.5	0.0
Travel and representation cost	88.3	53.1
Insurance	11.7	13.0
Other operating expenses	2.4	7.5
Total other operating expenses	3'258.4	2'086.3

6 FINANCIAL RESULT

	2018	2017
	TCHF	TCHF
Foreign currency gains	178.7	8.1
Total financial income	178.7	8.1
Interest expense third parties and bank charges	39.1	25.4
Interest expense related parties	17.6	18.5
Foreign currency losses	209.6	8.4
Total financial expenses	266.3	52.4
Total financial result	-87.6	-44.2

7 INCOME TAXES

	2018	2017
	TCHF	TCHF
Current income taxes	1.3	0.3
Deferred income taxes	60.6	196.5
Total income taxes	61.9	196.8

The average tax rate used to calculate deferred taxes was 21% in all reporting periods.

In accordance with Swiss GAAP FER no deferred tax assets are recognized for tax losses carried forward.

	2018	2017
	TCHF	TCHF
Unrecognized deferred taxes on tax losses carried forward	1'977.9	991.6

8 RECEIVABLES FROM SERVICES

	2018	2017
	TCHF	TCHF
From third parties	658.3	287.9
From related parties	48.3	1.0
Value adjustments	0.0	0.0
Total receivables from services	706.5	288.9

9 OTHER SHORT-TERM RECEIVABLES

	2018	2017
	TCHF	TCHF
From third parties	69.0	18.3
From related parties	23.4	19.8
Value adjustments	0.0	0.0
Total other short-term receivables	92.4	38.1

10 PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	TCHF	TCHF
Prepaid expenses for travel arrangements	29.1	604.4
Other accrued income/prepaid expenses	66.3	11.0
Total prepayments and accrued income	95.4	615.4

11 TANGIBLE FIXED ASSETS

in TCHF	Hardware & Equipment	Other tangible fixed assets	Total tangible fixed assets
Purchase cost 1 January 2018	209.4	169.2	378.6
Changes in the scope of consolidation	0.9	0.0	0.9
Removals	-10.3	0.0	-10.3
Purchase cost 31 December 2018	200.1	169.2	369.2
Cumulative depreciation 1 January 2018	-189.3	-80.8	-270.2
Scheduled depreciation	-11.7	-18.9	-30.7
Removals	10.3	0.0	10.3
Cumulative depreciation 31 December 2018	-190.8	-99.8	-290.6
Net carrying amount 31 December 2018	9.3	69.4	78.7
Of which, financial leasing	0.0	0.0	0.0
Purchase cost 1 January 2017	206.5	169.2	375.7
Additions	2.9	0.0	2.9
Purchase cost 31 December 2017	209.4	169.2	378.6
Cumulative depreciation 1 January 2017	-174.8	-61.6	-236.4
Scheduled depreciation	-14.5	-19.2	-33.7
Cumulative depreciation 31 December 2017	-189.3	-80.8	-270.2
Net carrying amount 31 December 2017	20.1	88.3	108.4
Of which, financial leasing	0.0	0.0	0.0

12 FINANCIAL ASSETS

	2018	2017
	TCHF	TCHF
Deferred tax assets	43.3	99.8
Rent deposit	50.0	50.0
Total financial assets	93.3	149.8

13 INTANGIBLE ASSETS

in TCHF	Intellectual property	Development costs	Total intangible fixed assets
Purchase cost 1 January 2018	1'152.0	3'364.0	4'516.0
Changes in the scope of consolidation	0.0	6.6	6.6
Additions	0.0	508.9	508.9
Purchase cost 31 December 2018	1'152.0	3'879.6	5'031.6
Cumulative amortization 1 January 2018	0.0	-2'170.0	-2'170.0
Scheduled amortization	-230.4	-526.6	-757.0
Cumulative amortization 31 December 2018	-230.4	-2'696.6	-2'927.0
Net carrying amount 31 December 2018	921.6	1'183.0	2'104.6
Of which, acquired intangible assets	921.6	1'183.0	2'104.6
Purchase cost 1 January 2017	0.0	3'002.6	3'002.6
Additions	1'152.0	361.4	1'513.4
Purchase cost 31 December 2017	1'152.0	3'364.0	4'516.0
Cumulative amortization 1 January 2017	0.0	-1'535.5	-1'535.5
Scheduled amortization	0.0	-634.5	-634.5
Cumulative amortization 31 December 2017	0.0	-2'170.0	-2'170.0
Net carrying amount 31 December 2017	1'152.0	1'194.0	2'346.0
Of which, acquired intangible assets	1'152.0	1'194.0	2'346.0

The purchase of intellectual property in 2017 was financed with a vendor loan which was converted into equity in December 2017.

Goodwill

The goodwill resulting from acquisitions is offset against equity at the time of acquisition. For the shadow accounting in accordance with Swiss GAAP FER, the goodwill is amortized in principle on a straight-line basis over its estimated useful life of five years.

The goodwill in the reporting period is resulting from the acquisition of First Class & More International GmbH, Dusseldorf (Germany). There is no shadow accounting presented for the prior year as it were combined financial statements. The net carrying amount of goodwill as per 1 January 2018 is resulting from the acquisition of ASW Travel AG and The World's Finest Clubs AG in December 2017.

Theoretical capitalization of goodwill would have the following effects on the consolidated financial statements:

	TCHF
Theoretical asset register – goodwill	
Cost 1 January 2018	3'488.5
Additions	26'553.8
Foreign currency effect	-306.5
Cost 31 December 2018	29'735.8
Cumulative amortization 1 January 2018	
Scheduled amortization	-1'961.9
Impairment	-674.5
Cumulative amortization 31 December 2018	-2'636.4
Net carrying amount 1 January 2018	3'488.5
Net carrying amount 31 December 2018	27'099.5
Theoretical impact on income statement	
Group result 2018	-3'236.9
Amortization of goodwill	-2'636.4
Theoretical group result 2018, incl. amortization of goodwill	-5'873.2
Theoretical impact on balance sheet	
Equity as per 31 Dec 2018	-8'545.2
Theoretical capitalization of net book value of goodwill	27'099.5
Theoretical equity as per 31 Dec 2018, incl. net book value of goodwill	18'554.2

14 FINANCIAL LIABILITIES

	2018	2017
	TCHF	TCHF
Bank current account	6.8	28.1
Short-term loans from related parties	48.3	1'104.0
Total current financial liabilities	55.1	1'132.1
Long-term loans from related party	1'181.4	0.0
Total non-current financial liabilities	1'181.4	0.0
Total financial liabilities	1'236.5	1'132.1

	2018	2017
	TCHF	TCHF
Remaining life		
2–5 years	0.0	0.0
More than 5 years	1'181.4	0.0
Total non-current financial liabilities	1'181.4	0.0

Conditions:

Bank current account: Credit line with a major Swiss bank at an interest rate of 6.5%.

Short-term loans from related parties: A prepayment of a vendor invoice from another related party. In prior year mainly a loan in CHF from ASW Capital AG (majority shareholder) which was paid back in early January 2018.

Long-term loan from related party: Loan in CHF from ASW Capital AG (majority shareholder) at an interest rate of 2.75% as part of a credit line of TCHF 5'000.

In 2018 ASW Capital AG granted ASMALLWORLD AG in total loans of TCHF 5'378 in cash and TCHF 5'196 which were non liquidity-related. The major part of the of the non-liquidity related loans (TCHF 5'150) were granted for the delivery of ASMALLWORLD AG shares to the seller of First Class & More GmbH on behalf of ASMALLWORLD AG (see also note 25).

In December 2018 loans from ASW Capital AG in the amount of TCHF 9'396 were converted into equity (loans were also granted within 2018).

15 PAYABLES FROM GOODS AND SERVICES

	2018	2017
	TCHF	TCHF
From third parties	725.0	181.8
From related parties	0.0	0.0
Total payables from goods and services	725.0	181.8

16 OTHER SHORT-TERM LIABILITIES

	2018	2017
	TCHF	TCHF
From third parties	223.6	177.0
From related parties	4'051.2	30.2
Total other short-term liabilities	4'274.8	207.2

Other short-term liabilities to related parties in the amount of TCHF 3'965 are related to the acquisition of First Class & More International GmbH, Dusseldorf (excess cash compensation as part of the purchase price).

17 PROVISIONS

in TCHF	Provisions for deferred taxes	Other provisions	Total provisions
Carrying amount as of 1 January 2018	0.0	0.0	0.0
Creation	4.2	7'982.8	7'987.0
Changes in the scope of consolidation	0.0	35.7	35.7
Foreign currency effect	0.0	-92.6	-92.6
Carrying amount as of 31 December 2018	4.2	7'926.0	7'930.1
Of which, short-term provisions	4.2	37.7	41.8
Of which, long-term provisions	0.0	7'888.3	7'888.3

The main part of the other provisions (TCHF 7'883) are staged purchase price payments (which are conditional on the future success of First Class & More Group) and an earn-out which are both related to the acquisition of First Class & More International GmbH, Dusseldorf and were part of the purchase price. Possible payouts are dependent on and financed through future results of First Class & More GmbH. Earliest payments are due in 2020.

In prior year there were no provisions.

18 ACCRUED LIABILITIES AND DEFERRED INCOME

	2018 TCHF	2017 TCHF
Deferred income (subscriptions revenue recognition)	3'051.6	1'363.7
Advance payments from clients	86.5	830.6
Consulting fees	172.0	68.1
Personnel expenses related accruals	59.0	0.0
Issuance stamp	99.0	77.9
Taxes, audit, miscellaneous	137.4	116.3
Total accrued liabilities and deferred income	3'605.5	2'456.7

19 EQUITY

Share capital:

The share capital of ASMALLWORLD AG consists of 11'367'153 registered shares with a par value of CHF 1. Each outstanding share grants the owner one vote at the Annual General Meeting of the shareholders. All shares issued by the company were fully paid in.

Authorized Capital:

The Board of Directors is authorized to increase the share capital at any time until 28 November 2020, in the maximal amount of TCHF 1'000 by issuing at most 1'000'000 fully paid in registered shares with a nominal value of CHF 1 each.

Conditional capital:

In connection with the employee stock option plan there is a conditional capital of TCHF 995 as per 31 December 2018. As per 31 December 2018 options in the amount of TCHF 5 were exercised.

Capital reserves:

In the course of three capital increases in 2018, equity transaction cost of TCHF 632 were recognized as a reduction of capital reserves.

20 EARNINGS PER SHARE

Earnings per share are calculated by dividing the Group result for the period attributable to owners of the parent by the time-weighted number of shares outstanding during the financial year.

Group result 2018 (in TCHF)	-3'236.9
Weighted-average number of outstanding shares	8'897'518
Basic earnings per share (in CHF)	-0.36

For the purpose of calculating diluted earnings per share, the weighted-average number of ordinary shares is adjusted by the number of ordinary shares which would be issued on the conversion of all potential dilutive options into ordinary shares.

Group result 2018 (in TCHF)	-3'236.9
Weighted-average number of outstanding shares	8'897'518
Adjustment for the dilutive number of outstanding share options	162'464
Weighted-average number of diluted shares	9'059'982
Diluted earnings per share (in CHF)	-0.36

21 PENSION FUND

The employees of Swiss-based Group companies are insured under collective pension plans. Consequently, due to its joint and several nature, the information to be disclosed cannot be determined on the basis of the individual participation agreement. The level of coverage of the collective plan as a whole, however, amounted to 112% as per 31 December 2018.

	2018	2017
	TCHF	TCHF
Surplus / Deficit according Swiss GAP FER 26	0.0	0.0
Economic benefit / obligation at balance sheet date	0.0	0.0
Change to prior year or charge to income current year	0.0	0.0
Contributions for the period	45.0	45.3
Pension plan expenses in personnel expenses	45.0	45.3

There is no pension benefit obligation plan for employees of First Class & More FZE, Dubai (only foreign company with employees).

22 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties consist of normal business transactions under normal market conditions.

	2018	2017
	TCHF	TCHF
Transactions with related parties		
Sale of services to related parties	175.6	51.9
Consulting services from related parties	64.6	126.0

The corresponding balances from receivables and payables are disclosed separately in the accompanying financial statements. For the acquisition of First Class & More International GmbH and its subsidiary, ASW Capital AG provided ASmallWORLD AG shares on behalf of ASmallWORLD AG in the amount of TCHF 5'150 (see also note 14). These shares were valued at fair value at the date of the acquisition (stock exchange price).

23 OFF-BALANCE SHEET LEASING (RENTAL OBLIGATION)

	2018	2017
	TCHF	TCHF
1 to 2 years	321.4	321.4
3 to 5 years	120.5	281.2
Total off-balance sheet leasing/rental obligation	441.9	602.6

24 FIXED PURCHASE COMMITMENTS

In connection with the new Prestige Membership there is an existing contract with a supplier which includes fixed purchase commitments of TCHF 237 for the year 2019 and TCHF 237 for the year 2020.

25 SCOPE OF CONSOLIDATION

The consolidated financial statements include ASmallWORLD AG and the companies under its control (as per 31 December 2018).

Company	balance sheet date
ASW Events AG, Zurich, Switzerland	31.12.
The World's Finest Clubs AG, Zurich, Switzerland	31.12.
ASW Travel AG, Zurich, Switzerland	31.12.
First Class & More International GmbH, Dusseldorf, Germany	31.12.
First Class & More FZE, Dubai, United Arab Emirates	31.12.
First Class & More International AG, Zurich, Switzerland	31.12.

As per 31 December 2018 ASmallWORLD AG owns 100% of all subsidiaries shown above.

First Class & More International AG was founded in November 2018. ASW Events AG, The World's Finest Clubs AG and ASW Travel AG were acquired from ASW Capital AG in December 2017. ASW Travel AG was founded in July 2017.

Acquisitions in the reporting period

On 5 October 2018 ASmallWORLD AG acquired 100% of the shares of First Class & More International GmbH, Dusseldorf and its subsidiary (First Class & More FZE, Dubai). The purchase price for First Class & More International GmbH amounted to TCHF 29'066. The transaction cost related to this acquisition were recorded in the income statement as other operating expenses.

Most important parts of the balance sheet of First Class & More Group as per 5 October 2018

	in TCHF
Assets	
Cash	4'015.1
Receivables from services	388.5
Other current assets	2.9
Fixed assets	7.6
Total assets	4'414.1
Liabilities	
Payables from goods and services	36.2
Other short-term liabilities	127.0
Short-term provisions	35.7
Accrued liabilities and deferred income	1'702.6
Total liabilities	1'901.5
Net assets	2'512.6
Purchase price	29'066.4
Net assets of First Class & More Group	2'512.6
Goodwill	26'553.8

The goodwill of TCHF 26'554 is offset against equity as per date of acquisition.

Components of purchase price	in TCHF
Purchase price settled in cash	11'971.1
Purchase price settled in shares	5'149.6
Staged purchase price payment	5'130.3
Earn-out	2'850.2
Excess cash compensation	3'965.3
Total purchase price	29'066.4

Cash flows resulting from the acquisition of First Class & More Group	in TCHF
Purchase price settled in cash	11'971.1
Less cash acquired	4'015.1
Net cash outflow – net cash from investing activities	7'955.9

26 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

ASMALLWORLD AG acquired as per 1 February 2019 LuxuryBARED Holdings Ltd, the parent company of UK-based luxury travel booking platform LuxuryBARED.com for a purchase price of TCHF 361. This purchase price was financed with ASMALLWORLD AG shares which were delivered by ASW Capital AG at market conditions. The purchase price is mainly goodwill.

On 11 February 2019 ASMALLWORLD AG incorporated ASW Hospitality AG which will take over the management of the North Island Resort in the Seychelles.

No further significant events occurred after the balance sheet date of 31.12.2018. Events after the balance sheet date were considered until 18 March 2019. On this date, the financial statements were approved by the Board of Directors of ASMALLWORLD AG.



Report of the statutory auditor

**to the General Meeting of
ASMALLWORLD Ltd.
Zürich**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of ASMALLWORLD Ltd. and its subsidiaries (the Group), which comprise the consolidated income statement as at 31 December 2018 and the consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 30 to 49) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Our audit approach

Overview	Overall Group materiality: CHF 80'000
	<p>We concluded full scope audit work at two reporting units. These Group companies represented 69.2% of sales and 40.1% of the assets of the Group. We have included three further companies in the specified procedure scope covering cash and revenue. These three companies represented 17.1% of sales and 52.4% of the assets of the group. Together they cover 86.3% of sales and 92.5% of the assets of the Group.</p> <p>As key audit matter the following area of focus has been identified:</p> <ul style="list-style-type: none"> • Revenue recognition of subscription income and from the sales of services (cut-off)

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 80'000
How we determined it	1% of the consolidated revenue.
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.



We agreed with the Board of Directors that we would report to them misstatements above CHF 6'400 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The main subsidiaries of the Group are audited by PwC Switzerland. As the auditor of the consolidated financial statements, we regularly visit local management. As part of the audit of the 2018 consolidated financial statements, we performed the audit of the two most significant Swiss Group companies.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition of subscription income and from the sales of services (cut-off)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue is a key factor at ASmallWorld Ltd. and, due to its business model, the associated accruals and deferrals are an integral part of the balance sheet. The business model consists of the two revenue streams subscription income (membership fees) and services (travel organisation and event sponsorship).</p> <p>Please refer to note 1.15 "Revenue recognition" in the annual report for further details.</p> <p>Due to the business model, revenues must be deferred over a contractual duration or at a certain time. We see the risk that, in the event of an error in the accrual/deferral, revenue may not have been recognized correctly in the period and in accordance with Swiss GAAP FER requirements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Test of revenue transactions during the year on a sample basis by comparing invoices and bank receipts. • Test the monthly accrual/deferral of sales transactions and their reversal in order to ensure that revenue recognition criteria are met at period-end and cut-off is correctly stated. • Obtained third-party confirmations from customers on a sample basis in order to track the receivables as of the balance sheet date and the related sales revenues. • Test whether credit notes raised after year-end were appropriately issued and recognized. <p>On the basis of our audit procedures, we have addressed the risk around revenue recognition from the sales of services and obtained sufficient audit evidence.</p>



Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Wallmer
Audit expert
Auditor in charge

Remo Hegner
Audit expert

Zürich, 18 March 2019

BALANCE SHEET AS OF 31 DECEMBER

	Note	2018 TCHF	2017 TCHF
ASSETS			
Cash		1'078.0	1'087.8
Trade accounts receivable			
– from third parties		232.3	274.0
Other short-term receivables			
– from third parties		64.1	9.2
– from holders of participations and governing bodies		8.8	0.0
– from group entities		172.4	77.4
Prepaid expenses and accrued income		12.3	11.0
Total current assets		1'567.9	1'459.4
Financial assets			
– from third parties		50.0	50.0
– from group entities		49.0	0.0
Investments	2.1	31'366.4	3'375.4
Property, plant and equipment			
– Furniture	1.3	10.7	15.0
– Other equipment	1.3	146.0	146.0
– Hardware	1.3	20.1	29.5
Intangible assets	1.3	2'025.1	2'307.3
Total non-current assets		33'667.3	5'923.3
TOTAL ASSETS		35'235.2	7'382.7

BALANCE SHEET AS OF 31 DECEMBER

	Note	2018 TCHF	2017 TCHF
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade accounts payable			
– to third parties		524.3	112.8
– to holders of participation and governing bodies		107.8	0.0
– to group entities		23.2	0.0
Short-term interest-bearing liabilities			
– to holders of participation		0.0	1'008.2
Other short-term liabilities			
– to third parties	2.2	111.9	165.6
– to holders of participation	2.3	3'965.3	0.0
Accrued expenses and deferred income	2.4	1'552.7	1'227.4
Total short-term liabilities		6'285.2	2'514.1
Long-term interest-bearing liabilities			
– to holders of participation	2.5	1'181.4	0.0
Provisions	2.6	7'980.4	0.0
Total long-term liabilities		9'161.8	0.0
Total liabilities		15'447.0	2'514.1
Share capital			
Legal capital reserves		11'367.2	7'992.2
– Reserves from capital contributions ("KER")	2.7	17'204.6	998.0
– Other capital reserves		2.0	2.0
Legal retained earnings		50.0	50.0
Accumulated losses		-4'173.5	-1'112.4
Loss for the year		-4'662.1	-3'061.1
Total shareholders' equity		19'788.2	4'868.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		35'235.2	7'382.7

INCOME STATEMENT

	Note	2018 TCHF	2017 TCHF
Net Sales from services	1.6	4'220.6	1'263.0
Other operating income		91.5	144.8
Total operating income		4'312.2	1'407.7
Direct expenses for services rendered		-1'909.6	-268.0
Personnel expenses		-1'434.8	-1'641.5
Other operating expenses		-3'441.2	-2'001.1
Depreciation and impairment losses on			
– fixed assets	1.3	-13.8	-13.6
– intangible assets	1.3	-734.1	-606.5
– investments	2.8	-1'216.4	0.0
Total operating expenses		-8'749.9	-4'530.8
Operating result		-4'437.7	-3'123.1
Financial income		40.7	6.8
Financial expenses		-228.9	-31.1
Extraordinary, non-recurring or prior period income	2.9	0.0	100.0
Loss for the year before taxes		-4'625.9	-3'047.3
Direct taxes		-36.1	-13.7
Loss for the year		-4'662.1	-3'061.1

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL ASPECTS AND APPLIED ACCOUNTING PRINCIPLES

ASMALLWORLD AG was incorporated on October 12, 2012, as a Swiss corporation headquartered in Zurich.

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

ASMALLWORLD AG is presenting consolidated financial statements according Swiss GAAP FER. As a result, these financial statements and notes do not include additional disclosures, cash flow statement and management report.

1.1 TRADE ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

All receivables are stated at nominal value less provision for bad debt, which is calculated on the basis of an individual assessment of the receivables. Each receivable are valued individually (single allowance for doubtful accounts). There is no general allowance for doubtful debts.

1.2 INVESTMENTS

Investments in subsidiaries and associates are carried at cost less impairment charges. Impairment charges are calculated on an individual basis.

1.3 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Tangible and intangible assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Tangible Assets: Useful life of 5 years (except other equipment which contains works of art which are not depreciated)

Intangible Assets: Useful life of 5 years

Intangible assets includes intellectual property rights as well as capitalized development cost for ASMALLWORLD.

The cost of maintenance and repairs is expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from their respective accounts, and any gain or loss on such sale or disposal is reflected in the profit & loss statement.

1.4 LIABILITES

Liabilities are recognized at their nominal value.

1.5 PROVISIONS

Provisions are recognized if an event in the past gives rise to a justified, likely obligation which is of uncertain timing and amount, but which can be estimated reliably. Provisions are measured on the basis of the estimated amount of money required to satisfy the obligation.

1.6 REVENUE RECOGNITION – SUBSCRIPTION INCOME

ASMALLWORLD members pay an annual membership fee (or equivalent in EUR, GBP, USD) by using debit and credit cards, PayPal, or other methods. Until the business year 2016 the membership was recognized as revenue when a customer successfully approved the payment transaction for the purchase of the membership on the ASMALLWORLD website. In the business year 2017 ASMALLWORLD AG changed the accounting policy: Sales of memberships are realized monthly over 12 months (in line with Swiss GAAP FER group accounting policy).

2. DISCLOSURE ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 INVESTMENTS

Company name, domicile	Voting rights and capital rights in %		2018	2017
	2018	2017	Capital in 1'000	Capital in 1'000
The World's Finest Clubs AG, Zurich (CH)	100	100	CHF 150	CHF 150
ASW Events AG, Zurich (CH)	100	100	CHF 100	CHF 100
ASW Travel AG, Zurich (CH)	100	100	CHF 100	CHF 100
First Class & More International GmbH, Dusseldorf (DE)	100	0	EUR 25.1	0
First Class & More International AG, Zurich (CH)	100	0	CHF 100	0
First Class & More FZE, Dubai (UAE) – indirect participation	100	0	AED 100	0

On 5 October 2018 ASMALLWORLD AG acquired First Class & More International GmbH and its subsidiary First Class & More FZE. First Class & More International AG was founded through ASMALLWORLD AG on 12 November 2018.

2.2 PENSION SCHEME LIABILITIES

	2018	2017
	TCHF	TCHF
NEST Sammelstiftung (BVG)	12.5	14.1

The pension scheme liabilities are included in the balance sheet position "Other short-term liabilities to third parties".

2.3 OTHER SHORT-TERM LIABILITIES TO HOLDERS OF PARTICIPATION

Other short-term liabilities to holders of participation are related to the acquisition of First Class & More International GmbH, Dusseldorf (excess cash compensation as part of the purchase price).

2.4 ACCRUED EXPENSES AND DEFERRED INCOME

This balance sheet position consists mainly of deferred income due to revenue recognition of subscription income (TCHF 1'208; see also note 1.6). The remainder are accrued expenses including capital taxes.

2.5 LONG TERM INTEREST-BEARING LIABILITIES

The majority shareholder granted a credit line of up to TCHF 5'000 of which as per 31 December 2018 TCHF 1'181 were used. Repayment is due in 2025.

2.6 PROVISIONS

Provisions are a staged purchase price payment and an earn-out which are both related to the acquisition of First Class & More International GmbH, Dusseldorf and were part of the purchase price.

2.7 RESERVES FROM CAPITAL CONTRIBUTIONS (“KAPITALEINLAGERESERVE”)

As of 31 December 2018 capital contribution reserves in the amount of TCHF 17'205 have been made, of which TCHF 16'207 have not yet been confirmed by the Federal Tax Administration. The distribution of these reserves as dividends is not subject to income taxes for individuals in Switzerland and can be effected free of Swiss withholding tax.

2.8 IMPAIRMENT LOSSES ON INVESTMENTS AND FINANCIAL ASSETS

In the course of the yearly impairment testing ASMALLWORLD AG made an impairment on one of its investments in the amount of TCHF 1'175 and TCHF 41 on financial assets towards the same subsidiary.

2.9 EXTRAORDINARY, NON-RECURRING OR PRIOR PERIOD INCOME AND EXPENSES

Prior year: Release of a provision for hosting (TCHF 100) in connection with change of revenue recognition (see note 1.1) to be in line with the matching principle of revenue and cost.

3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS

The annual average number of full-time equivalents for the reporting year did not exceed 50 (prior year: did not exceed 50).

3.2 RESIDUAL AMOUNT OF LONG-TERM RENTAL OBLIGATIONS

	2018	2017
	TCHF	TCHF
Residual amount of rental obligation	441.9	602.6

3.3 TOTAL AMOUNT OF ASSETS USED TO SECURE OWN LIABILITIES

	2018	2017
	TCHF	TCHF
Assets used to secure own liabilities	29'066.4	0

3.4 REMUNERATION DISTRIBUTED TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS AND TO THE EXECUTIVE MANAGEMENT

	Number of granted options 2018	Value of granted options in 2018 (in TCHF)	Salaries and other compensation 2018 (in TCHF)
Board of Directors	36'668	201.4	0.0
Executive management	130'796	714.2	630.5

Value of options according valuation at grant date of options.

Salaries and other compensation includes the total compensation in cash (including social security cost).

No prior year disclosures as the company was not yet listed on SIX Swiss Exchange as per 31 December 2017.

3.5 SIGNIFICANT SHAREHOLDERS

	2018
Patrick Liotard-Vogt (directly & indirectly)	68.74%
HANSAINVEST Hanseatische Investmentgesellschaft mbH	9.98%
Alexander Koenig (indirectly)	8.05%

No prior year disclosures as the company was not yet listed on SIX Swiss Exchange as per 31 December 2017.

3.6 SHARES HELD BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

	2018
Board of Directors	
Patrick Liotard-Vogt (directly & indirectly)	7'813'304
Luca Schenk	5'000
Michael Manz	0
Alexander Koenig (indirectly)	915'000
Executive Management	
Jan Luescher, Chief Executive Officer	0
Tino Köhler, Chief Revenue Officer	0
Stefan Keller, Head of Finance	0

No prior year disclosures as the company was not yet listed on SIX Swiss Exchange as per 31 December 2017.

3.7 OPTIONS HELD BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2018

Board of Directors

Patrick Liotard-Vogt	26'668
Luca Schenk	0
Michael Manz	5'000
Alexander Koenig	0

Executive Management

Jan Luescher, Chief Executive Officer	95'796
Tino Köhler, Chief Revenue Officer	35'000
Stefan Keller, Head of Finance	0

No prior year disclosures as the company was not yet listed on SIX Swiss Exchange as per 31 December 2017.

4 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

ASMALLWORLD AG acquired as per 1 February 2019 LuxuryBARED Holdings Ltd, the parent company of UK-based luxury travel booking platform LuxuryBARED.com.

On 11 February 2019 ASMALLWORLD AG incorporated ASW Hospitality AG which will take over the management of the North Island Resort in the Seychelles.



Report of the statutory auditor

**to the General Meeting of
ASMALLWORLD Ltd.
Zürich**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ASMALLWORLD Ltd., which comprise the balance sheet as at 31 December 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 55 to 62) as at 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Our audit approach

<p>Overview</p>	<p>Overall materiality: CHF 43'000</p>
	<p>We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.</p> <p>As key audit matter the following area of focus has been identified: Impairments of Investments</p>

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<p>Overall Group materiality</p>	<p>CHF 43'000</p>
<p>How we determined it</p>	<p>1% of revenue</p>
<p>Rationale for the materiality benchmark applied</p>	<p>We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the ASmallWorld Ltd. is most commonly measured.</p>



Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairments of Investments

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2018, the book value of investments in group companies amount to CHF 31.4 Mio. We consider the valuation of investments in group companies to be a key audit matter owing to the magnitude of the balance in relation to the financial statements and the importance of management's estimates of future cash flows to the assessment of potential impairment. Investments in group companies are carried at cost less impairment charges. Impairment charges are calculated on an individual basis.</p> <p>There is a risk that carrying investments are not recoverable. Further details about the investments in group companies can be found in note 1.2 "Investments".</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We obtained management's memorandum addressing the recoverability of selected investments in subsidiaries. • Compared the book value of the investments with the net assets of the related investment. • In instances when the carrying value was either impaired or supported by a discounted cash flow of future earnings, we challenged management to substantiate its key assumptions in the cash flow projections and checked the mathematical integrity of the valuation model. • Checked whether the impairments were booked correctly. <p>On the basis of our audit procedures we performed, we addressed the risk that investments in group companies might be significantly over valued and obtained adequate assurance.</p>

**Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.



We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to be 'TW', written over a light gray rectangular background.

Thomas Wallmer
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to be 'RH', written over a light gray rectangular background.

Remo Hegner
Audit expert

Zürich, 18 March 2019

CONTACT

**FOR MORE INFORMATION ABOUT
THE ASMALLWORLD GROUP, PLEASE VISIT:**

www.asw.com

www.asmallworldag.com

www.first-class-and-more.de

www.first-class-and-more.com

www.finestclubs.com

www.luxuryBARED.com

www.north-island.com

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Jan Luescher, CEO

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FINANCIAL CALENDAR:

September 3, 2019 Publication H1 Results 2019

March 19, 2020 Results and Annual Report 2019

April 17, 2020 Annual General Meeting

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