



ASmallWORLD

HALF-YEAR REPORT 2019



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CONSOLIDATED INTERIM INCOME STATEMENT OF ASmallWorld GROUP
Unaudited figures

in TCHF	1st half 2019	1st half 2018	in %
Net sales	5'651.4	3'904.0	45%
Direct expenses for services rendered ¹⁾	-1'781.1	-2'412.1	-26%
Personnel expenses	-1'647.5	-1'167.4	41%
Research and development expenses	-165.4	-248.0	-33%
Other operating expenses ¹⁾	-1'556.9	-1'496.0	4%
EBITDA²⁾	500.5	-1'419.5	135%
Depreciation of fixed assets	-23.6	-14.7	61%
Amortization of intangible assets	-355.9	-402.1	-12%
Operating result	121.0	-1'836.3	107%
Financial income	360.3	35.3	920%
Financial expenses	-84.6	-34.0	149%
Ordinary result	396.7	-1'834.9	122%
Income taxes	-59.4	-33.1	79%
Net result	337.3	-1'868.0	118%
Earnings per share (basic/diluted in CHF)	0.03	-0.23	

1) In the prior year figures digital marketing cost of TCHF 187.7 were reclassified from direct expenses for services rendered to other operating expenses.

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

CONSOLIDATED INTERIM BALANCE SHEET OF AS SMALL WORLD GROUP

Unaudited figures

in TCHF	June 30, 2019	December 31, 2018
ASSETS		
Cash	6'314.8	6'055.6
Receivables from services	569.7	706.5
Other short-term receivables	91.4	92.4
Prepayments and accrued income	350.6	95.4
Total current assets	7'326.5	6'950.0
Tangible fixed assets	88.8	78.7
Financial assets	90.9	93.3
Intangible assets	1'986.2	2'104.6
Total non-current assets	2'165.8	2'276.6
Total assets	9'492.3	9'226.6
LIABILITIES AND EQUITY		
Short-term financial liabilities	48.6	55.1
Payables from goods and services	721.2	725.0
Other short-term liabilities	4'315.3	4'274.8
Short-term provisions	89.3	41.8
Accrued liabilities and deferred income	3'020.9	3'605.5
Total current liabilities	8'195.4	8'702.2
Long-term financial liabilities	2'259.5	1'181.4
Long-term provisions	7'765.0	7'888.3
Total non-current liabilities	10'024.4	9'069.7
Total liabilities	18'219.8	17'771.8
Share capital	11'367.2	11'367.2
Capital reserves	16'785.0	16'785.0
Retained earnings	-36'879.7	-36'697.4
Total equity	-8'727.5	-8'545.2
Total liabilities and equity	9'492.3	9'226.6

STATEMENT OF CHANGE IN EQUITY OF AS SMALL WORLD GROUP
Unaudited figures

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 2018	7'992.2	1'000.0	-	-3'488.5	-4'300.4	-7'789.0	1'203.2
Group result 1st half 2018	-	-	-	-	-1'868.0	-1'868.0	-1'868.0
Capital increase	870.0	8'538.5	-	-	-	-	9'408.5
Share-based compensation	-	-	-	-	254.7	254.7	254.7
Closing as per 30 June 2018	8'862.2	9'538.5	-	-3'488.5	-5'913.7	-9'402.3	8'998.4
Opening as per 1 Jan 2019	11'367.2	16'785.0	-33.4	-30'042.4	-6'621.7	-36'697.4	-8'545.2
Group result 1st half 2019	-	-	-	-	337.3	337.3	337.3
Share-based compensation	-	-	-	-	414.3	414.3	414.3
Goodwill offset with equity	-	-	-	-860.2	-	-860.2	-860.2
Currency translation adjustments 2019	-	-	-73.7	-	-	-73.7	-73.7
Closing as per 30 Jun 2019	11'367.2	16'785.0	-107.1	-30'902.6	-5'870.1	-36'879.7	-8'727.5

CONSOLIDATED INTERIM CASH FLOW STATEMENT OF ASmallWorld GROUP
Unaudited figures

in TCHF	1st half 2019	1st half 2018
OPERATING ACTIVITIES		
Net result	337.3	-1'868.0
Depreciation of tangible fixed assets	23.6	14.7
Amortization of intangible assets	355.9	402.1
Decrease of provisions that do not affect the fund	-75.9	-
Other expense/income that do not affect the fund	211.0	287.9
Operating cash flow before change in working capital	851.8	-1'163.4
Decrease/increase of receivables from services	135.3	-48.7
Increase/decrease of other receivables and prepayments and accrued income	-258.7	153.8
Decrease/Increase of payables from goods and services	-128.9	608.1
Decrease of other short-term liabilities and accrued liabilities and deferred income	-675.6	-657.9
Operating cash flow	-76.2	-1'108.2
INVESTING ACTIVITIES		
Outflows for investment (purchase) of tangible fixed assets	-4.0	-
Outflows for investment (purchase) of intangible assets	-237.6	-272.7
Acquisition of subsidiaries	72.2	-
Inflows/ouflows for investment of financial assets	12.8	-11.9
Cash drain from investing activities	-156.5	-284.6
FINANCING ACTIVITIES		
Inflows from capital increase (including agio, deducting capital transaction cost)	-	9'408.5
Issuance/repayment of short-term financial liabilities	-6.5	-1'104.0
Issuance of long-term financial liabilities	609.3	750.0
Cash inflow from financing activities	602.8	9'054.5
Currency translation effects	-111.0	-
Net change in net cash	259.1	7'661.7
Opening balance of net cash 1 January	6'055.6	1'606.2
Closing balance of net cash as of 30 June	6'314.8	9'267.9
Net change in net cash	259.1	7'661.7

Notes

Unaudited figures

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated interim financial statements comprise the unaudited half-year results of ASmallWorld AG and its subsidiaries for the reporting period ended 30 June 2019 and have been prepared in compliance with Swiss GAAP FER 31 “Additional accounting and reporting recommendations for listed companies” and the consolidation and accounting principles described in the 2018 consolidated financial statements. This half-year report should be read in conjunction with the annual report 2018.

2 DEFINITION OF NON-SWISS GAAP FER MEASURES

Where relevant for the reader, specific subtotals were added, which can be found directly in the tables.

3 CHANGE IN SOPE OF CONSOLIDATION

ASW Hospitality AG was founded in February 2019. On February 1st, 2019 ASmallWorld AG acquired 100% of the shares of LuxuryBARED Holdings Ltd., London (renamed to ASmallWorld TRAVEL Holding Ltd.) and its subsidiary LuxuryBARED Ltd., Chester (renamed to ASmallWorld TRAVEL Ltd.). The purchase price amounted to TCHF 480. The transaction cost related to this acquisition were recorded in the income statement as other operating expenses.

4 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, ASW Travel AG, ASmallWorld TRAVEL (former LuxuryBARED) and ASW Hospitality AG
- First Class & More provides both, subscriptions and services. The figures of First Class & More are split between the two segments accordingly.

in TCHF	1st half 2019	1st half 2018
Net sales by segment		
Subscriptions	3'857.0	2'144.3
Services	1'794.4	1'759.7
Net Sales	5'651.4	3'904.0
EBITDA by segment		
Subscriptions	860.5	-982.7
Services	-360.0	-436.8
EBITDA¹	500.5	-1'419.5

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

5 SEASONALITY

In the Subscription segment, the first half-year of 2019 is expected slightly stronger than the second half-year, due to the strong results of the initial launch campaigns of the Prestige Membership in 2018 with special promotions (incl. SPG membership) and media support. In the Services segment, no seasonal effects are expected for 2019 as the revenue profile will be primarily impacted by the acquisition of LuxuryBARED (renamed to ASmallWorld TRAVEL) and the subsequent transition to a new travel setup.

6 BALANCE SHEET

Cash

Cash increased slightly by TCHF 259 in the reporting period. This is mainly due to the positive net result of the period. Furthermore, there were less financing and investing activities compared to the prior year (refer to consolidated interim cash flow statement on page 6).

Intangible Assets

In the reporting period, ASmallWorld invested TCHF 238 into its technology platform (prior period: TCHF 273). The amortization of intangibles was TCHF 46 lower than in the prior year. ASmallWorld re-designed the iOS-App and did not acquire any other major intangible assets.

Other short-term liabilities

Other short-term liabilities mainly relate to the acquisition of First Class & More International GmbH in 2018 (excess cash compensation as part of the purchase price).

Accrued liabilities and deferred income

The decrease in accrued liabilities and deferred income is mainly driven by revenue recognition of subscriptions in ASmallWorld AG. There was a special membership sale close to year-end 2018 (Christmas Special). This led to the higher balance at year-end 2018 compared to June 30, 2019.

Non-current liabilities

Long-term financial liabilities consist of a loan in CHF from ASW Capital AG (majority shareholder) as part of a credit line of TCHF 5'000.

The main part of the provisions are staged purchase price payments (which are conditional on the future success of First Class & More Group) and earn-outs which relate to the acquisition of First Class & More International GmbH, Dusseldorf. Possible payouts are dependent on and financed through future results of First Class & More GmbH. Earliest payments are due in 2020.

Equity

The slight decrease in equity is due to the acquisition of LuxuryBARED Holding Ltd., London (renamed to ASmallWorld TRAVEL Holding Ltd.). The goodwill of TCHF 860 was offset against equity as per date of acquisition. This effect was partly offset by the positive net result of the period (refer to statement of changes in equity on page 5).

7 INCOME STATEMENT

Operating result

Net sales increased by TCHF 1'747 (45%) compared to previous year due to an increase in memberships. Furthermore, First Class & More was acquired at the end of 2018 and has fully contributed to the result of the reporting period. Premium membership sales further contributed to the strong sales increase.

Direct expenses decreased by TCHF 631 (26%) which is mainly due to the acquisition of LuxuryBARED and the subsequent transition to a new travel setup which is reflected in both, less revenue and expenses from travel business.

Research and Development expenses decreased slightly as most of the work was relating to the re-design of the iOS App. Therefore, relatively more costs were capitalized as part of intangible assets compared to prior year.

Personnel expenses contain TCHF 414 of share-based compensation as there is an option plan agreement in place for senior management and the Board of Directors.

Other operating expenses are on the same level as in prior year (+TCHF 61 /+4%).

The positive **financial result** is driven by the revaluation of liabilities regarding the acquisition of First Class & More (staged purchase price payments, earn-out, excess cash compensation). These amounts are due in EUR. The liabilities regarding the acquisition of LuxuryBARED (renamed to ASmallWorld TRAVEL) are dependent on the share price of ASmallWorld AG. As the share price decreased since the acquisition, these liabilities decreased in value as well. In accordance with the ASmallWorld Group Accounting Policy these changes are recognised in the financial result and not in a retrospective adjustment of purchase price and goodwill.

Income taxes

For both reporting periods income taxes are almost solely deferred income taxes resulting from valuation differences in comparison to the values relevant for tax law purposes. In accordance with Swiss GAAP FER no deferred tax assets are recognized for tax losses carried forward. The average tax rate used to calculate deferred taxes was 21% (unchanged to the prior period).

8 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date as of 30 June 2019.