



**Mid-year report 2018
of ASMALLWORLD Group**

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Consolidated interim income statement of ASmallWorld Group
Unaudited figures
in TCHF

	1st half 2018	1st half 2017 ¹⁾	in %
Net sales	3'904.0	1'845.1	112%
Direct expenses for services rendered	-2'599.8	-826.6	215%
Personnel expenses	-1'167.4	-1'015.2	15%
Research and development expenses	-248.0	-262.9	-6%
Other operating expenses	-1'308.3	-576.3	127%
EBITDA²⁾	-1'419.5	-835.9	70%
Depreciation of fixed assets	-14.7	-16.8	-13%
Amortization of intangible assets	-402.1	-308.6	30%
Operating result	-1'836.3	-1'161.3	58%
Financial income	35.3	2.8	1161%
Financial expenses	-34.0	-22.9	48%
Ordinary result	-1'834.9	-1'181.4	55%
Income taxes	-33.1	-224.3	
Net result	-1'868.0	-1'405.7	33%
Earnings per share (basic/diluted in CHF)	-0.23	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 interim balance sheet of ASmallWorld Group
Unaudited figures
in TCHF

	30 June 2018	31 Dec 2017 ¹⁾
Assets		
Cash	9'365.8	1'634.3
Receivables from services	337.6	288.9
Other short-term receivables	173.7	38.1
Prepayments and accrued income	326.0	615.4
Total current assets	10'203.1	2'576.7
Tangible fixed assets	93.8	108.4
Financial assets	128.6	149.8
Intangible assets	2'216.6	2'346.0
Total non-current assets	2'439.0	2'604.3
Total Assets	12'642.1	5'181.0
Liabilities and equity		
Short-term financial liabilities	97.9	1'132.1
Payables from goods and services	789.9	181.8
Other short-term liabilities	83.1	207.2
Accrued liabilities and deferred income	1'922.8	2'456.7
Total current liabilities	2'893.7	3'977.8
Long-term financial liabilities	750.0	.0
Total non-current liabilities	750.0	.0
Total liabilities	3'643.7	3'977.8
Share capital	8'862.2	-
Capital reserves	9'538.5	-
Accumulated losses	-9'402.3	-
Net assets ¹⁾	-	1'203.2
Total equity / net assets	8'998.4	1'203.2
Total liabilities and equity	12'642.1	5'181.0

1) Prior year figures are a combined balance sheet statement (see note 1.2).

Statement of changes in equity of ASMALLWORLD Group
Unaudited figures
in TCHF

	Share capital	Capital reserves	Goodwill offset with equity ²⁾	Accumulated losses ²⁾	TOTAL
Opening as per 1 Jan 2017¹⁾	-	-	-	-	-666.1
Group result 1st half 2017					-1'405.7
Closing as per 30 June 2017¹⁾	-	-	-	-	-2'071.8
Opening as per 1 Jan 2018	7'992.2	1'000.0	3'488.5	-7'789.0	1'203.2
Capital increase	870.0	8'538.5			9'408.5
Group result 1st half 2018				-1'868.0	-1'868.0
Share-based compensation				254.7	254.7
Closing as per 30 June 2018	8'862.2	9'538.5	3'488.5	-9'402.3	8'998.4

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).

2) Goodwill offset with equity is included in accumulated losses.

Consolidated cash flow statement following the indirect method

Unaudited figures

in TCHF

	1st half 2018	1st half 2017
Operating activities		
Net result	-1'868.0	-1'405.7
Depreciation of tangible fixed assets	14.7	16.8
Amortization of intangible assets	402.1	308.6
Other expense/income that do not affect the fund	287.9	232.3
Decrease/increase of receivables from services	-48.7	161.2
Decrease/increase of other receivables and prepayments and accrued income	153.8	-22.0
Increase/decrease of payables from goods and services	608.1	-140.5
Increase/decrease of other short-term liabilities and accrued liabilities and deferred income	-657.9	-172.3
Cash drain from operating activities	-1'108.2	-1'021.6
Investing activities		
Outflows for investment (purchase) of tangible fixed assets	.0	-3.0
Outflows for investment of financial assets	-11.9	.0
Outflows for investment (purchase) of intangible assets	-272.7	-180.4
Cash drain from investing activities	-284.6	-183.4
Financing activities		
Inflows from capital increase (including agio, deducting capital transaction cost)	9'408.5	.0
Issuance/repayment of short-term financial liabilities	-1'104.0	33.0
Issuance of long-term financial liabilities	750.0	527.1
Cash inflow from financing activities	9'054.5	560.1
Net change in net cash	7'661.7	-644.8
Opening balance of net cash 1 January	1'606.2	853.3
Closing balance of net cash as of 30 June	9'267.9	208.5
Net change in net cash	7'661.7	-644.8

Notes

1 Consolidated accounting principles

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 2018 and have been prepared in compliance with Swiss GAAP FER 31 “Additional accounting and reporting recommendations for listed companies”. This half-year report should be read in conjunction with the combined financial statements 2017.

1.1 Scope and method of consolidation

These consolidated interim financial statements include the interim financial statements of ASmallWorld AG and of all companies controlled by ASmallWorld AG (ASW Events AG, The World's Finest Clubs AG and ASW Travel AG). All subsidiaries were acquired as per 8 December 2017 and are 100% owned by ASmallWorld AG since then.

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.

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 subsidiaries were valued at existing Swiss GAAP FER book values as per 1 January 2018 (and due to materiality not as per acquisition date). The difference between the purchase price and net assets (goodwill) was offset with equity as per 1 January 2018.

1.2 Remarks to prior year figures (combined interim financial 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 interim 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.

2 Changes in scope of consolidation

ASW Travel AG was founded in July 2017. Hence, ASW Travel AG is not included in the income statement of first half-year 2017.

3 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 Travel AG (only 2018) and ASW Events AG

	1st half 2018	1st half 2017
Net sales by segment		
Subscriptions	2'144.3	1'444.2
Services	1'759.7	400.9
Net Sales	3'904.0	1'845.1

	1st half 2018	1st half 2017
EBITDA by segment		
Subscriptions	-982.7	-687.5
Services	-436.8	-148.5
EBITDA	-1'419.5	-835.9

4 Seasonality

In the Subscription segment, the first half-year of 2018 is expected slightly stronger than the second half-year, due to the strong results of the initial launch campaigns of the Prestige Membership with special promotions (incl. SPG membership) and media support. In the Services segment, revenues for Travel are also typically higher in the first half-year than in the second half-year. Overall, considering strong revenues in the first half-year, year-end revenues are expected to be at the higher end of the previously stated guidance of TCHF 6'500 to TCHF 7'000.

5 Balance sheet

Cash

Cash increased by TCHF 7'732 in the reporting period. ASmallWorld Group strengthened its liquidity through 3 capital increases in the first half of 2018 totaling a net cash inflow of TCHF 9'409. Operational cash drain increased from TCHF 1'022 in prior year to TCHF 1'108.

Intangible Assets

ASmallWorld invested TCHF 273 in the reporting period into the technology platform (prior period: TCHF 180). The amortization of intangibles was TCHF 94 higher than in the previous year, mainly because ASmallWorld acquired intellectual property in the amount of TCHF 1'152 at the end of 2017.

Financial liabilities

The outstanding amount of short-term financial liabilities as per 31 December 2017 was fully repaid.

As per balance sheet date short-term financial liabilities only consist of a bank current account.

The majority shareholder (ASW Capital AG) has granted a credit line of TCHF 5'000 of which ASmallWorld has used TCHF 750 as per 30 June 2018 (presented as long-term financial liabilities).

Accrued liabilities and deferred income

The decrease in accrued liabilities and deferred income is mainly due to ASW Travel AG as there were large prepaid bookings as per 31 December 2018.

Equity

Due to three capital increases the equity base was strengthened to an equity ratio of 70.8%. In the course of the capital increases, equity transaction cost of TCHF 379 in total were recognized as a reduction of capital reserves. As per 1 January 2018 goodwill of TCHF 3'478 was offset with equity (included in accumulated losses). The comparable figure as per 31.12.2017 of TCHF 1'203 is the result from the aggregation of the net assets of all combined entities (see note 1.2). There is a seamless transition regarding equity from the combined financial statements 2017 to the consolidated financial statements 2018: The goodwill resulting from the three acquisitions in December 2018 was determined as per 31 December 2017. Hence, there is no difference in total equity between combined financial statements as per 31 December 2017 and consolidated equity following the purchase method for the same date.

6 Income statement

Operating result

Net sales were TCHF 3'904 which is an increase of 112% compared to previous year. The two main factors leading to this increase in revenue was the first time consolidation for the first half-year of ASW Travel AG, founded in July 2017, and the launch of new premium membership categories (especially the Prestige Membership led to an increase in subscription sales).

Direct expenses for services rendered went up to TCHF 2'600 from TCHF 827 in prior year. The three main reasons for this increase was the purchase of outside goods and services as part of the new Prestige Membership packages, the cost for travel services (of ASW Travel AG) and higher event costs (ASW Events AG).

Personnel expenses contain TCHF 254 of share-based payments as there is an option plan agreement in place for senior management and the Board of Directors.

Other operating expenses increased to TCHF 1'308 compared to TCHF 576 in prior year. A substantial part of these expenses were related to going public expenses, consulting fees, M&A activities and advertisement and launch activities regarding the Prestige Membership.

Income taxes

For both reporting periods income taxes are solely deferred income taxes resulting from valuation differences in comparison to the values relevant for tax law purposes. In 2017 an accounting policy change in the statutory financial statements led to a major decrease of the deferred tax assets and hence also to unusual high deferred tax expenses. 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).

7 Events after balance sheet date

No significant events occurred after the balance sheet date of 30 June 2018.