



## HALF-YEAR REPORT 2022



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## CONSOLIDATED INTERIM INCOME STATEMENT

Unaudited figures

in TCHF	1st half 2022	1st half 2021	Δ in %
Net sales	7'372.8	9'548.2	-23%
Other operating income	0.0	-351.0	100%
Direct expenses for services rendered	-3'264.4	-5'544.5	-41%
Personnel expenses	-1'093.8	-1'015.9	8%
Research and development expenses	-116.1	-68.7	69%
Other operating expenses	-1'512.7	-1'264.0	20%
<b>EBITDA<sup>1)</sup></b>	<b>1'385.8</b>	<b>1'304.1</b>	<b>6%</b>
Depreciation of tangible fixed assets	-12.8	-11.1	15%
Amortization of intangible assets	-337.6	-344.1	-2%
<b>Operating result</b>	<b>1'035.4</b>	<b>948.8</b>	<b>9%</b>
Financial income	83.6	36.7	127%
Financial expenses	-135.3	-161.9	-16%
<b>Ordinary result</b>	<b>983.7</b>	<b>823.7</b>	<b>19%</b>
Income taxes	-23.1	-81.3	-72%
<b>Net result</b>	<b>960.6</b>	<b>742.4</b>	<b>29%</b>
<b>Basic earnings per share (in CHF)</b>	<b>0.08</b>	<b>0.07</b>	
<b>Diluted earnings per share (in CHF)</b>	<b>0.08</b>	<b>0.06</b>	

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

## CONSOLIDATED INTERIM BALANCE SHEET

Unaudited figures

in TCHF	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
Cash	2'999.4	5'226.0
Receivables from services	1'436.7	573.4
Other short-term receivables	371.8	294.5
Prepayments and accrued income	343.9	213.8
<b>Total current assets</b>	<b>5'151.7</b>	<b>6'307.6</b>
Tangible fixed assets	40.3	53.1
Financial assets	4'701.8	417.3
Intangible assets	1'199.7	1'350.8
<b>Total non-current assets</b>	<b>5'941.9</b>	<b>1'821.2</b>
<b>Total assets</b>	<b>11'093.6</b>	<b>8'128.8</b>
<b>LIABILITIES AND EQUITY</b>		
Short-term financial liabilities	143.0	143.0
Payables from goods and services	953.1	628.9
Other short-term liabilities	244.9	190.5
Short-term provisions	51.0	3'675.4
Accrued liabilities and deferred income	3'416.8	3'118.8
<b>Total current liabilities</b>	<b>4'808.8</b>	<b>7'756.6</b>
Long-term financial liabilities	9'056.9	5'133.8
<b>Total non-current liabilities</b>	<b>9'056.9</b>	<b>5'133.8</b>
<b>Total liabilities</b>	<b>13'865.7</b>	<b>12'890.4</b>
Share capital	11'718.7	11'367.2
Capital reserves	17'407.4	16'785.0
Retained earnings	-31'898.3	-32'913.9
<b>Total equity</b>	<b>-2'772.1</b>	<b>-4'761.7</b>
<b>Total liabilities and equity</b>	<b>11'093.6</b>	<b>8'128.8</b>

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Unaudited figures

in TCHF	Share capital	Capital reserves	Retained earnings				TOTAL
			Currency translation effects	Goodwill offset with equity	Other retained earnings	Total retained earnings	
<b>Opening as per 1 Jan 2021</b>	<b>11'367.2</b>	<b>16'785.0</b>	<b>-232.3</b>	<b>-30'918.9</b>	<b>-3'682.7</b>	<b>-34'833.8</b>	<b>-6'681.7</b>
Group result 1st half 2021	-	-	-	-	742.4	742.4	742.4
Share-based compensation	-	-	-	-	260.8	260.8	260.8
Currency translation adjustments	-	-	46.5	-	-	46.5	46.5
<b>Closing as per 30 Jun 2021</b>	<b>11'367.2</b>	<b>16'785.0</b>	<b>-185.8</b>	<b>-30'918.9</b>	<b>-2'679.5</b>	<b>-33'784.2</b>	<b>-5'632.0</b>
<b>Opening as per 1 Jan 2022</b>	<b>11'367.2</b>	<b>16'785.0</b>	<b>-354.5</b>	<b>-30'918.9</b>	<b>-1'640.4</b>	<b>-32'913.9</b>	<b>-4'761.7</b>
Group result 1st half 2022	-	-	-	-	960.6	960.6	960.6
Capital increase	351.6	622.4	-	-	-	-	973.9
Share-based compensation	-	-	-	-	110.4	110.4	110.4
Currency translation adjustments	-	-	-55.3	-	-	-55.3	-55.3
<b>Closing as per 30 Jun 2022</b>	<b>11'718.7</b>	<b>17'407.4</b>	<b>-409.8</b>	<b>-30'918.9</b>	<b>-569.5</b>	<b>-31'898.3</b>	<b>-2'772.1</b>

## CONSOLIDATED INTERIM CASH FLOW STATEMENT

Unaudited figures

in TCHF	1st half 2022	1st half 2021
<b>OPERATING ACTIVITIES</b>		
Net result	960.6	742.4
Depreciation of tangible fixed assets	12.8	11.1
Amortization of intangible assets	337.6	344.1
Decrease of provisions that do not affect the fund	-52.1	-19.8
Other expense/income that do not affect the fund	125.1	949.2
<b>Operating cash flow before change in operating working capital</b>	<b>1'383.8</b>	<b>2'027.0</b>
Increase/decrease of receivables from services	-863.2	24.6
Increase/decrease other receivables and prepayments and accrued income	-207.4	44.1
Increase of payables from goods and services	324.2	1'137.3
Increase of other short-term liabilities and accrued liabilities and deferred income	365.2	866.9
<b>Operating cash flow</b>	<b>1'002.6</b>	<b>4'099.9</b>
<b>INVESTING ACTIVITIES</b>		
Outflows for investment (purchase) of intangible assets	-186.5	-202.2
Outflows from acquisition of subsidiaries <sup>2)</sup>	-3'515.1	-1'966.5
Outflows for investment (purchase) of financial assets <sup>3)</sup>	-3'333.7	-185.3
Inflows for divestment (selling) of financial assets	0.0	2.2
<b>Cash drain from investing activities</b>	<b>-7'035.3</b>	<b>-2'351.7</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term financial liabilities	-136.5	-60.7
Issuance of long-term financial liabilities <sup>3)</sup>	4'000.0	700.0
<b>Cash inflow from financing activities</b>	<b>3'863.5</b>	<b>639.4</b>
Currency translation effects	-57.3	38.9
<b>Net change in net cash<sup>1)</sup></b>	<b>-2'226.5</b>	<b>2'426.4</b>
Opening balance of net cash 1 January	5'226.0	2'918.6
Closing balance of net cash as of 30 June	2'999.4	5'345.0
<b>Net change in net cash<sup>1)</sup></b>	<b>-2'226.5</b>	<b>2'426.4</b>

1) Bank current accounts with credit balances (as of June 30, 2022 and June 30, 2021 TCHF 0) 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.

2) There was no acquisition in the first half-year of 2022. The cash outflow was the result of the final earn-out payment related to the acquisition of First Class & More International GmbH in 2018.

3) In May 2022, ASmallWorld AG acquired a 10% stake in Global Hotel Alliance (GHA) for USD 4.5 Mio. The purchase price was paid with USD 3.5 Mio. in cash and shares in ASmallWorld AG amounting to 3% of the company's total share capital. The cash component was financed with a long-term bank loan of CHF 4 Mio.

## 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 2022 (HY1) 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 2021 consolidated financial statements. This half-year report does not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements compiled for the financial year ending 31 December 2021 as they represent an update of the last complete set of financial statements.

ASSmallWorld AG is the Group’s parent company, a limited company under Swiss law, which is registered and domiciled in Zurich, Switzerland. ASSmallWorld AG (ASWN) is listed on SIX Swiss Exchange.

### 2 DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES (APM)

APM are financial measures not clearly defined or specified in the applicable recognized accounting standard. Where relevant for the reader, specific subtotals were added, which can be found directly in the tables.

### 3 CHANGE IN SOPE OF CONSOLIDATION

There was no change in scope of consolidation, either in the first half-year of 2022, nor in the first half-year of 2021.

### 4 SEGMENT INFORMATION

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

- Segment “Subscriptions”: Consists of legal entities ASSmallWorld AG (excluding Partnership and non-event related sponsoring income), The World’s Finest Clubs AG, First Class & More FZE (memberships) and First Class & More International AG (memberships)
- Segment “Services”: Consists of the legal entities ASW Events AG, ASW Travel AG, ASW Hospitality, First Class & More FZE (service business) and First Class & More International AG (service business)

in TCHF	1st half 2022	1st half 2021
<b>Net sales by segment</b>		
Subscriptions	4'806.1	5'819.3
Services	2'566.7	3'728.8
<b>Net Sales</b>	<b>7'372.8</b>	<b>9'548.2</b>

in TCHF	1st half 2022	1st half 2021
<b>EBITDA by segment</b>		
Subscriptions	776.8	646.2
Services	609.0	657.8
<b>EBITDA<sup>1)</sup></b>	<b>1'385.8</b>	<b>1'304.1</b>

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

## 5 SEASONALITY

The Subscription segment is expected to generate more sales in the second half of the year due to higher anticipated sales volumes of the Prestige Memberships. ASmallWorld entered a new partnership with Emirates Skywards and will expand its Prestige and Signature membership offering to miles from Emirates Skywards starting September 2022. For the Services segment, there is no significant seasonality effect expected.

## 6 BALANCE SHEET

### Cash

The cash position of the company decreased by TCHF 2'227 during the reporting period. This was mainly due to the earn-out payout related to the acquisition of First Class & More International GmbH compared to the same period last year (excess cash compensation as part of the purchase price and earn-outs). It was the final payout related to the acquisition of First Class & More International GmbH. Please refer to the consolidated interim cash flow statement on page 6 for more details.

### Receivables from services

The increase in receivables from services is mainly due to open invoices from hospitality projects which were finalized close to the reporting date. As such, invoicing took place after the reporting date and payments are expected in Q3 2022.

### Prepayments and accrued income

Prepayments and accrued income increased due to prepayments for travel arrangements and events which will take place in HY2 2022.

### Financial assets

ASSmallWorld AG acquired a 10% stake in Global Hotel Alliance (GHA) in the amount of USD 4.5 Mio. in May 2022. The purchase price for the stake was USD 3.5 million in cash plus a 3% share of ASSmallWorld AG.

### Intangible Assets

In the reporting period, ASSmallWorld capitalized development costs of TCHF 187 (prior period: TCHF 202) for its technology platform. The amortization of intangibles was on the same level as in prior year. There were no major updates in the reporting period for the iOS/Android apps and the website but there was an extensive release which focused on improvements of existing features.

### Payables from goods and services

The increase in payables from goods and services relates to a Prestige Membership Miles & More promotion in June 2022. During this promotion a high sales volume has been generated. This resulted in a high invoice from Miles & More for air miles which was issued in June and settled in July 2022. As the costs relate to sales in June, the invoice was recorded as a payable from goods and services as of June 30, 2022.

### Short-term provisions

Short-term provisions were mainly 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 in 2018. Partial settlements were made in 2020 (TCHF 1'923.8) and 2021 (TCHF 1'966.5). The final payout related to the acquisition of First Class & More International GmbH took place in HY1 2022 (TCHF 3'515.1).

### Accrued liabilities and deferred income

The increase in accrued liabilities and deferred income was mainly driven by an increase in deferred income from the flagship event in Gstaad (CH) which will take place again in December 2022 after 2 years absence due to the COVID-19 pandemic.



**Long-term financial liabilities / short-term financial liabilities**

ASSmallWorld AG acquired a 10% stake in Global Hotel Alliance (GHA) for USD 4.5 Mio. Please refer to paragraph "Financial assets" above. The acquisition was financed with a long-term bank loan of CHF 4 Mio. The term of the loan is 5 years. The interest rate consists of a base interest rate and a bank margin. The bank margin is based on senior debt/EBITDA ratio and lies between 1.85 – 2.45%. The base interest rate is based on the money market conditions, depends on the chosen term and is at least 0.00%.

Long-term financial liabilities consisted of a loan in CHF from Pellegrino Capital AG (majority shareholder) at an interest rate of 2.75% as part of a credit line of CHF 5 million.

In 2020, ASSmallWorld Group has also drawn on guaranteed COVID-19 loans in Switzerland (TCHF 858). The interest rate on these loans is 0.0%. The interest terms can be adjusted based on the requirements of the Federal Department of Finance. The term of the loan is 8 years, in cases of hardship, an extension to 10 years is possible. The first repayment was made in March 2022 (TCHF 72). Further repayments are due in September 2022 and March 2023. As a result, TCHF 143 were reclassified from long-term to short-term financial liabilities.

**Equity**

The increase in equity was mainly due to the positive net result for the first half of the year 2022. Furthermore, a capital increase took place in May 2022 in order to deliver shares to Global Hotel Alliance (GHA) as part of the acquisition of a 10% stake in GHA. The purchase price was paid with USD 3.5 Mio. in cash and shares in ASSmallWorld AG amounting to 3% of the company's total share capital. Please also refer to the consolidated interim statement of changes in equity on page 5.

## 7 INCOME STATEMENT

**Net sales**

Net sales decreased by TCHF 2'175 (-23%) compared to the previous year. There are several effects which explain the decrease. First, there is a seasonality effect in the sales of the ASSmallWorld Prestige Memberships. Last year, two special Miles & More promotions took place in HY1 2021 which generated record sales volumes. This year, the second Miles & More promotion took place in June & July, and therefore sales were partially shifted in HY2 2022. Therefore, the Subscription segment is expected to generate more sales in the second half of the year due to higher anticipated sales volumes of the Prestige Memberships. ASSmallWorld entered a new partnership with Emirates Skywards and will expand its Prestige and Signature membership offering to miles from Emirates Skywards starting September 2022. Secondly, a significant part of the revenues is in EURO. Due to the historical weakness of the EURO, net sales decreased as a result of currency translation into CHF. Furthermore, service revenues from First Class & More decreased especially from sales of upgrade options as well as business and first-class flight packages. This was mainly in the light of the new partnership with Emirates Skywards, which took place in HY2 2022 but was originally expected to happen earlier in the year.

**Other operating income:**

In 2021, the receivable from the IP sale in 2019 was impaired by TCHF 500. This effect was partially offset by government support ("COVID-19 Hardship Assistance") for ASW Events AG in the amount of TCHF 149 in HY1 2021.

**Direct expenses**

Direct expenses decreased by TCHF 2'280 (-41%) which is in line with the decrease in net sales as explained above. The lower sales volume of Prestige memberships resulted in lower direct costs for travel benefits. The same applies for the service business of First Class & More.

**Research and Development expense**

Research and Development expenses increased as some of the cost-cutting measures introduced during the COVID-19 pandemic were lifted (e.g. salary cuts). Furthermore, there were no major updates for the iOS/Android apps and the website but there was an extensive release which focused on improvements of existing features. As a result, the capitalisation was lower as in prior year and higher costs went through the income statement.

**Other operating expenses**

The increase is mainly driven by higher legal and consulting costs incurred due to the acquisition of a 10% stake in Global Hotel Alliance (GHA). The acquisition was financed with a long-term bank loan in the amount of CHF 4 Mio. Furthermore, a capital increase took place in May 2022 to deliver shares to GHA. The acquisition, the capital increase and the financing incurred additional expenses.

**Financial result**

In HY1 2021, a loss resulted from the FX revolution of the liabilities regarding the acquisition of First Class & More. With the final payment in 2022, a FX revolution gain was realised from these liabilities which resulted in lower financial expenses and higher financial income and therefore improved financial result compared to HY1 2021.

**Income taxes**

Income taxes are mainly driven by changes in deferred income taxes resulting from valuation differences in comparison to the values relevant for tax law purposes. No deferred tax assets are recognized for tax losses carried forward. The average tax rate used to calculate deferred taxes was 19% (19% in prior period). In 2019, the intellectual property (IP) rights for the international business of First Class & More were transferred from First Class & More International GmbH to First Class & More International AG. The IP is not capitalized in the consolidated financial statements but only under local GAAP. The IP will be depreciated under local GAAP over 5 years in accordance with the accounting policy of ASmallWorld. As a result, the recognized deferred tax asset on that temporary difference will be reduced over 5 years as deferred income tax expense. Furthermore, the FX revaluation gains from 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 in 2018 were treated differently for tax law purposes. With the final payout in HY1 2022 this valuation difference has been reversed which resulted in a positive tax impact (reduction deferred taxes liability).

**8 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

No significant events occurred after the balance sheet date of 30 June 2022. Events after the balance sheet date were considered until August 23, 2022. On this date, the half-year report 2022 was approved by the Board of Directors of ASmallWorld AG.