



AS SMALL WORLD

HALF-YEAR REPORT 2023



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CONSOLIDATED INTERIM INCOME STATEMENT

Unaudited figures

in TCHF	1st half 2023	1st half 2022
Net sales	11'471.3	7'372.8
Other operating income	0.0	0.0
Total operating income	11'471.3	7'372.8
Direct expenses for services rendered	-7'389.5	-3'264.4
Personnel expenses	-1'151.0	-1'093.8
Research and development expenses	-127.9	-116.1
Other operating expenses	-1'769.0	-1'512.7
EBITDA¹⁾	1'033.9	1'385.8
Depreciation of fixed assets	-4.6	-12.8
Amortization of intangible assets	-233.6	-337.6
Operating result	795.7	1'035.4
Financial income	61.7	83.6
Financial expenses	-213.7	-135.3
Ordinary result	643.8	983.7
Income taxes	-59.6	-23.1
Net result	584.2	960.6
Basic earnings per share (in CHF)	0.05	0.08
Diluted earnings per share (in CHF)	0.05	0.08

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

CONSOLIDATED INTERIM BALANCE SHEET

Unaudited figures

in TCHF	June 30, 2023	December 31, 2022
ASSETS		
Cash	2'412.8	4'013.6
Receivables from services	1'034.4	1'402.1
Other short-term receivables	255.6	225.9
Prepayments and accrued income	1'315.1	839.9
Total current assets	5'017.9	6'481.5
Tangible fixed assets	28.7	30.7
Financial assets	5'877.3	4'678.4
Intangible assets	1'093.6	1'111.5
Total non-current assets	6'999.6	5'820.6
Total assets	12'017.4	12'302.1
LIABILITIES AND EQUITY		
Short-term financial liabilities	543.1	543.1
Payables for goods and services	1'355.3	1'549.2
Other short-term liabilities	127.3	145.8
Short-term provisions	40.7	35.7
Accrued liabilities and deferred income	3'481.0	3'642.9
Total current liabilities	5'547.3	5'916.6
Long-term financial liabilities	8'066.8	8'589.7
Total non-current liabilities	8'066.8	8'589.7
Total liabilities	13'614.1	14'506.3
Share capital	11'718.7	11'718.7
Capital reserves	17'407.4	17'407.4
Retained earnings	-30'722.8	-31'330.3
Total equity	-1'596.7	-2'204.2
Total liabilities and equity	12'017.4	12'302.1

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Unaudited figures

in TCHF	Share capital	Capital reserves	Retained earnings			Total retained earnings	Total equity
			Currency translation effects	Goodwill offset with equity	Other retained earnings		
Opening as per 1 Jan 2022	11'367.2	16'785.0	-354.5	-30'918.9	-1'640.4	-32'913.9	-4'761.7
Group result 1st half 2022	0.0	0.0	0.0	0.0	960.6	960.6	960.6
Capital increase	351.6	622.4	0.0	0.0	0.0	0.0	973.9
Share-based compensation	0.0	0.0	0.0	0.0	110.4	110.4	110.4
Currency translation adjustments	0.0	0.0	-55.3	0.0	0.0	-55.3	-55.3
Closing as per 30 June 2022	11'718.7	17'407.4	-409.8	-30'918.9	-569.5	-31'898.3	-2'772.1
Opening as per 1 Jan 2023	11'718.7	17'407.4	-387.1	-30'918.9	-24.3	-31'330.3	-2'204.2
Group result 1st half 2023	0.0	0.0	0.0	0.0	584.2	584.2	584.2
Share-based compensation	0.0	0.0	0.0	0.0	39.1	39.1	39.1
Currency translation adjustments	0.0	0.0	-15.7	0.0	0.0	-15.7	-15.7
Closing as per 30 June 2023	11'718.7	17'407.4	-402.8	-30'918.9	599.0	-30'722.8	-1'596.7

CONSOLIDATED INTERIM CASH FLOW STATEMENT FOLLOWING THE INDIRECT METHOD

Unaudited figures

in TCHF

1st half 2023

1st half 2022

OPERATING ACTIVITIES

Net result	584.2	960.6
Depreciation of tangible fixed assets	4.6	12.8
Amortization of intangible assets	233.6	337.6
Increase/decrease of provisions that do not affect the fund	5.6	-52.1
Other expense/income that do not affect the fund	77.6	125.1
Operating cash flow before change in operating working capital	905.5	1'383.8
Decrease/increase of receivables from services	367.8	-863.2
Increase of other receivables and prepayments and accrued income	-504.9	-207.4
Decrease/increase of payables for goods and services	-193.9	324.2
Decrease/increase of other short-term liabilities and accrued liabilities and deferred income	-178.6	365.2
Operating cash flow	395.9	1'002.6

INVESTING ACTIVITIES

Outflows for investment (purchase) of tangible fixed assets	-2.6	0.0
Outflows from acquisition of subsidiaries	0.0	-3'515.1
Outflows for investment (purchase) of intangible assets	-216.0	-186.5
Outflows for investment (purchase) of financial assets	-1'254.0	-3'333.7
Inflows for divestment (selling) of financial assets	14.9	0.0
Cash outflow from investing activities	-1'457.7	-7'035.3

FINANCING ACTIVITIES

Repayment of short-term financial liabilities	-522.9	-136.5
Issuance of long-term financial liabilities	0.0	4'000.0
Cash outflow/inflow from financing activities	-522.9	3'863.5
Currency translation effects	-16.2	-57.3
Net change in net cash	-1'600.8	-2'226.5
Opening balance of net cash 1 January	4'013.6	5'226.0
Closing balance of net cash as of 30 June	2'412.8	2'999.4
Net change in net cash	-1'600.8	-2'226.5

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2023 (HY1) and have been prepared in compliance with Swiss GAAP FER 31 “Additional accounting and reporting recommendations for listed companies” relating to interim financial reporting and the consolidation and accounting principles described in the 2022 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 2022 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 SCOPE OF CONSOLIDATION

There was no change in scope of consolidation, either in the first half-year of 2023, nor in the first half-year of 2022.

4. CHANGE IN ACCOUNTING ESTIMATES

Starting from January 1st, 2023, the useful life of capitalized development costs of web platforms and mobile apps was reduced from 5 to 3 years. It resulted from management’s periodic assessment of information used in the preparation of its financial statements. The change considers the increasingly shorter innovation cycles for digital technologies. The change in accounting estimates has no material impact on the 2023 HY1 numbers.

5. FOREIGN CURRENCY TRANSLATION

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

	Closing rate 30 June 2023	Average rate HY1 2023	Closing rate 30 June 2022	Average rate HY1 2022
1 EUR	0.9769	0.9982	1.0072	1.0456

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

6. 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 (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 AG, First Class & More FZE (service business) and First Class & More International AG (service business)

	1st half 2023	1st half 2022
	TCHF	TCHF
Net revenues by segment		
Subscriptions	7'463.2	4'806.1
Services	4'008.1	2'566.7
Net sales	11'471.3	7'372.8

	1st half 2023	1st half 2022
	TCHF	TCHF
EBITDA result by segment		
Subscriptions	650.6	776.8
Services	383.3	609.0
EBITDA¹⁾	1'033.9	1'385.8

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

7. SEASONALITY

The second half of the year 2023 is expected to be slightly more profitable as there were some one-off expenses incurred in HY1 2023. But in general, no significant seasonal effect is expected for either segment.

8. BALANCE SHEET

CASH

The cash position decreased by TCHF 1'601 during the reporting period. This was mainly due to an investment in financial assets and repayments of short-term financial liabilities (refer to the consolidated interim cash flow statement on page 6 and the following notes on the individual balance sheet items).

RECEIVABLES FROM SERVICES

The decrease in receivables from services is due to settlement of invoices from hospitality projects which were open as of year-end 2022.

PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income increased mainly due to prepayments for travel arrangements, member privileges, consulting and legal services.

FINANCIAL ASSETS

ASMALLWORLD AG has invested TEUR 1'250 in a luxury hotels fund. The fund has the aim to acquire a small number of luxury hotels. ASW Hospitality has provided due diligence services to the fund for the acquisition of a hotel property in Saint-Tropez, France, which is expected to be the first hotel in the portfolio of the fund. The fund is valued at historical costs less impairment charges.

INTANGIBLE ASSETS

In the reporting period, ASMALLWORLD capitalized development costs of TCHF 216 (prior period: TCHF 187) for web platforms and mobile apps. As of December 31, 2022, the IP and the customer base were purchased from ASW Capital AG at the amount of TCHF 1'152. The IP was fully depreciated as of year-end 2022. Therefore, the amortization of intangibles decreased by TCHF 114. Starting from January 1st, 2023, capitalized development costs for web platforms and mobile apps are amortized over 3 instead of 5 years (refer to note 4 above).

PAYABLES FROM GOODS AND SERVICES

The high sales volume of a Prestige Membership Miles & More promotion at the end of 2022 resulted in a high invoice from Miles & More for air miles which was settled in 2023. As a result, the balance of payables from goods and services as of year-end 2022 was above average and decreased accordingly.

ACCRUED LIABILITIES AND DEFERRED INCOME

The high sales volume of a Prestige Membership Miles & More promotion resulted in a balance of deferred income above average as of year-end 2022. As a result, the balance of deferred income decreased accordingly.

LONG-TERM FINANCIAL LIABILITIES / SHORT-TERM FINANCIAL LIABILITIES

In 2022, ASMALLWORLD AG acquired a 10% stake in Global Hotel Alliance (GHA) for USD 4.5 Mio. The acquisition was financed with a long-term bank loan in the amount of CHF 4 Mio. Repayments are due in March every year. As a result, short-term financial liabilities in the amount of TCHF 400 were amortized. At the same time, TCHF 400 were reclassified from long-term to short-term financial liabilities.

In 2020, ASMALLWORLD Group has drawn on guaranteed COVID-19 loans in Switzerland (TCHF 858). The Federal Council has increased the interest rates on outstanding COVID-19 loans from 0% to 1.5% effective as of March 31, 2023. Repayments are due in March & September every year. As a result, short-term financial liabilities in the amount of TCHF 143 were amortized. At the same time, TCHF 143 were reclassified from long-term to short-term financial liabilities.

Furthermore, long-term financial liabilities consist of a loan in CHF from Pellegrino Capital AG (majority shareholder) as part of a credit line of CHF 5 million. Pellegrino Capital AG finances the credit line with a bank loan and charges on the interest costs to ASMALLWORLD AG. Pellegrino Capital AG has signed a subordination agreement in the amount of TCHF 4'300 as part of the financing of the GHA acquisition. The loan may not be claimed until ASMALLWORLD has repaid the bank loan in full or the leverage of ASMALLWORLD AG is lower/equal to 1.50x or the minimum equity (incl. shareholder loan) is equal/higher than TCHF 6'000.

EQUITY

The increase in equity was mainly due to the positive net result for the first half of the year 2023. Please also refer to the consolidated interim statement of changes in equity on page 5.

9. INCOME STATEMENT

NET SALES

Net sales increased by TCHF 4'099 (+56%) compared to the previous year. ASMALLWORLD entered a new partnership with Emirates Skywards and started offering Prestige and Signature memberships with Emirates Skywards air miles as of September 2022. Furthermore, the service revenues from First Class & More increased especially from sales of upgrade options as well as business and first-class flight packages. ASMALLWORLD is benefiting from the current particularly strong demand for business and first-class flights and the increased travel volume in general.

DIRECT EXPENSES

Direct expenses increased by TCHF 4'125 (+126%) which is in line with the increase in net sales as explained above. The higher sales volume of Prestige and Signature memberships and sales of upgrade options as well as business and first-class flight packages resulted in higher direct costs for travel benefits. The increase in revenue was primarily driven by Emirates Prestige and Signature memberships which have higher direct costs. In addition, the old server infrastructure is currently being replaced by a "hardware-as-a-service" solution that offers more performance and flexibility. In the transition phase both systems have to run in parallel, which causes double costs for hosting in 2023.

OTHER OPERATING EXPENSES

The development and initial set-up of ASMALLWORLD DISCOVERY, ASMALLWORLD's newly created hotel brand, incurred one-off expenses. Legal, consulting and marketing costs increased as part of various strategic initiatives. Many foreign suppliers and consultants have also increased their prices for product and services due to inflation.

FINANCIAL RESULT

With the final earnout payment relating to the acquisition of First Class and More, a currency revolution gain was realised which resulted in financial result above average in 2022. In addition, financial expenses increased due to interest payments on higher long-term financial liabilities.

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.

10. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date of 30 June 2023. Events after the balance sheet date were considered until August 16, 2023. On this date, the half-year report 2023 was approved by the Board of Directors of ASMALLWORLD AG.