

# **Andermatt Swiss Alps AG**

## **Unaudited Condensed Consolidated Interim Financial Statements**

**as of 30 June 2020**

## **Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements**

To the Board of Directors  
**ANDERMATT SWISS ALPS AG, ANDERMATT**

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial statements of Andermatt Swiss Alps AG as of 30 June 2020 and for the six-month period then ended (consisting of condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flow, and accompanying notes). The Board of Directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as of 30 June 2020 and for the six-month period then ended are not prepared, in all material respects, in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting".

## **Deloitte AG**

Chris Kraemer  
Partner  
Licensed Audit Expert

Adrian Kaeppli  
Director  
Licensed Audit Expert

Zurich, 15 September 2020  
CKR/AKA

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**Andermatt Swiss Alps AG**

**Unaudited condensed consolidated statement of comprehensive income**

for the period ended 30 June 2020

CHF	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
<b>CONTINUING OPERATIONS</b>			
Revenue	8	78,319,585	93,267,597
Cost of sales		(73,820,996)	(87,724,520)
<b>Gross profit</b>		<b>4,498,589</b>	<b>5,543,077</b>
Investment income		239,056	2,153
Other gains and losses		214,555	(96,516)
Administrative expenses	9	(10,238,739)	(11,060,435)
Finance expenses		(5,083,302)	(4,493,623)
Share of losses of associates		(95,579)	(52,707)
<b>Loss before tax</b>		<b>(10,465,420)</b>	<b>(10,158,051)</b>
Income tax (expenses)/income	10	(374,636)	764,504
<b>Loss for the period</b>		<b>(10,840,056)</b>	<b>(9,393,547)</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<b>Total other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(10,840,056)</b>	<b>(9,393,547)</b>
<b>Gain/(loss) attributable to:</b>			
Owners of the Parent Company		(10,505,536)	(11,661,466)
Non-controlling interests		(334,520)	2,267,919
		<b>(10,840,056)</b>	<b>(9,393,547)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent Company		(10,505,536)	(11,661,466)
Non-controlling interests		(334,520)	2,267,919
		<b>(10,840,056)</b>	<b>(9,393,547)</b>

  
**Raphael Krucker**  
 Group CEO

  
**Melina Marty**  
 Group CFO

**Andermatt Swiss Alps AG**

**Unaudited condensed consolidated statement of financial position**

at 30 June 2020

CHF	Notes	30 June 2020	31 December 2019 (restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	371,377,802	376,663,926
Investments in associates		2,293,492	2,389,071
Deferred tax assets		14,031,330	14,295,780
Other financial assets		1,157,529	1,067,530
<b>Total non-current assets</b>		<b>388,860,153</b>	<b>394,416,307</b>
<b>CURRENT ASSETS</b>			
Inventories	13	138,059,505	148,560,891
Trade and other receivables	14	29,064,262	14,740,784
Current receivables due from related parties		180,330	-
Other current assets	15	41,178,921	39,477,923
Cash and bank balances	16	23,779,093	17,538,426
<b>Total current assets</b>		<b>232,262,111</b>	<b>220,318,024</b>
<b>Total assets</b>		<b>621,122,264</b>	<b>614,734,331</b>

**Andermatt Swiss Alps AG**

**Unaudited condensed consolidated statement of financial position - continued**

at 30 June 2020

CHF	Notes	30 June 2020	31 December 2019 (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Issued capital	17	301,147,000	231,147,000
Reserves		(2,141,470)	(2,141,470)
Retained earnings		(249,532,052)	(239,026,516)
<b>Equity attributable to owners of the Parent Company</b>		<b>49,473,478</b>	<b>(10,020,986)</b>
<b>Non-controlling interests</b>		<b>441,394</b>	<b>2,079,313</b>
<b>Total equity</b>		<b>49,914,872</b>	<b>(7,941,673)</b>
<b>NON-CURRENT LIABILITIES</b>			
Shareholder's loan	18	129,154,442	198,678,865
Borrowings (excluding shareholder's loan)	19	259,550,752	255,166,151
Retirement benefit obligation		8,986,709	8,986,709
Deferred tax liabilities		1,256,625	1,256,625
Provisions		8,780,000	8,780,000
Deferred income from government grants	20	7,098,259	7,125,894
<b>Total non-current liabilities</b>		<b>414,826,787</b>	<b>479,994,244</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	19	56,728,789	58,325,759
Trade and other payables	21	20,201,542	23,759,848
Current payables due to related parties		1,419,004	987,131
Provisions		1,970,000	70,000
Deferred revenue	22	44,349,680	32,652,738
Other current liabilities	23	31,711,590	26,886,283
<b>Total current liabilities</b>		<b>156,380,605</b>	<b>142,681,760</b>
<b>Total liabilities</b>		<b>571,207,392</b>	<b>622,676,004</b>
<b>Total equity and liabilities</b>		<b>621,122,264</b>	<b>614,734,331</b>

As at 31 December 2019, a bond at the carrying amount of CHF 49.8 million which is due in 2020 was classified erroneously within non-current borrowings instead of current borrowings. The correction is regarded as an error in accordance with the provisions of IAS 8. Therefore, the comparative statement of financial position was restated by a reclass of CHF 49.8 million from borrowings (non-current liabilities) to borrowings (current liabilities).



**Raphael Krucker**  
Group CEO



**Melina Marty**  
Group CFO

**Andermatt Swiss Alps AG**

**Unaudited condensed consolidated statement of changes in equity**

for the period ended 30 June 2020

CHF	Issued Capital	General reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
<b>Balance at 1 January 2019</b>	<b>231,147,000</b>	<b>(2,141,470)</b>	<b>(204,056,927)</b>	<b>24,948,603</b>	<b>3,875,185</b>	<b>28,823,788</b>
Loss for the period	-	-	(11,661,466)	(11,661,466)	2,267,919	(9,393,547)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(11,661,466)</b>	<b>(11,661,466)</b>	<b>2,267,919</b>	<b>(9,393,547)</b>
<b>Balance at 30 June 2019</b>	<b>231,147,000</b>	<b>(2,141,470)</b>	<b>(215,715,504)</b>	<b>13,290,026</b>	<b>6,140,215</b>	<b>19,430,241</b>
<b>Balance at 1 January 2020</b>	<b>231,147,000</b>	<b>(2,141,470)</b>	<b>(239,026,516)</b>	<b>(10,020,986)</b>	<b>2,079,313</b>	<b>(7,941,673)</b>
Loss for the period	-	-	(10,505,536)	(10,505,536)	(334,520)	(10,840,056)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(10,505,536)</b>	<b>(10,505,536)</b>	<b>(334,520)</b>	<b>(10,840,056)</b>
Share capital increase	70,000,000	-	-	70,000,000	-	70,000,000
Dividends paid	-	-	-	-	(1,303,400)	(1,303,400)
<b>Balance at 30 June 2020</b>	<b>301,147,000</b>	<b>(2,141,470)</b>	<b>(249,532,052)</b>	<b>49,473,478</b>	<b>441,393</b>	<b>49,914,871</b>

## Andermatt Swiss Alps AG

### Unaudited condensed consolidated statement of cash flow

for the period ended 30 June 2020

CHF	Six months ended 30 June 2020	Six months ended 30 June 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) for the period	(10,840,056)	(9,393,547)
Adjustments for:		
Income tax expense/(income) recognized in profit or loss	374,636	(764,504)
Finance expenses recognized in profit or loss	5,083,302	4,493,623
Investment income recognized in profit or loss	(239,056)	(2,153)
Depreciation expenses	12 11,794,397	9,917,100
Loss on disposal of property, plant and equipment	-	253,265
Share of losses in associates	95,579	52,707
Income from government grants	(27,635)	(169,906)
<b>MOVEMENTS IN WORKING CAPITAL</b>		
(Increase)/decrease in trade and other receivables	(14,323,478)	2,352,852
Decrease in inventories	12,401,386	30,312,379
(Increase) in due from related parties	(180,330)	-
(Increase) in other current assets	(1,700,998)	(2,969,114)
Increase/(decrease) in trade and other payables	(3,558,306)	13,753,762
Increase/(decrease) in payables due to related parties	(68,127)	96,333
Increase/(decrease) in deferred revenue	11,696,942	(16,128,997)
Increase in other current liabilities	4,825,306	1,720,506
<b>Cash generated from operations</b>	<b>15,333,562</b>	<b>33,524,306</b>
Interest paid	(3,556,371)	(3,288,700)
Income tax paid	(110,186)	(113,601)
<b>Net cash generated from operating activities</b>	<b>11,667,005</b>	<b>30,122,005</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(5,038,154)	(30,392,153)
Proceeds from sale of property, plant and equipment	-	86,760
Proceeds from sale of other financial assets	-	341
Payments for other financial assets	(90,000)	-
Interest received	239,056	1,990
<b>Net cash used in investing activities</b>	<b>(4,889,098)</b>	<b>(30,303,062)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from shareholder's loan	-	11,500,000
Repayment of borrowings	(10,491,453)	(25,008,013)
Proceeds from borrowings	11,257,613	11,162,008
Dividends paid to non-controlling shareholders	(1,303,400)	-
Government grants received	-	1,809,342
<b>Net cash used in financing activities</b>	<b>(537,240)</b>	<b>(536,663)</b>
Net increase/(decrease) in cash and cash equivalents	6,240,667	(717,720)
Cash and cash equivalents at the beginning of the period	17,538,426	21,250,965
<b>Cash and cash equivalents at the end of the period</b>	<b>16 23,779,093</b>	<b>20,533,245</b>

## Notes to the condensed consolidated interim financial statements

### 1. Description of business

Andermatt Swiss Alps AG (“ASA” or “the Parent Company”) is a limited company incorporated in Andermatt, Switzerland.

The Parent Company and its subsidiaries (the “Group”) are responsible for the development, planning, implementation and operation of the newly integrated holiday resort in the Swiss mountain village of Andermatt which includes hotels, private villas and apartments as well as leisure facilities such as ski areas, golf courses and supporting infrastructure.

The address of its registered office and principal place of business is Gotthardstrasse 2 in Andermatt, Switzerland.

### 2. Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019.

### 3. Basis of preparation

The condensed consolidated interim financial statements include all the subsidiaries controlled by the Parent Company and are presented in Swiss Francs (CHF).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements of the year ended 31 December 2019.

### 4. Adoption of new and revised International Financial Reporting Standards

#### 4.1. Standards and interpretations effective in the current period

The following revised standards are effective for the current period:

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Revised Standards	
IFRS 3	Definition of a business (Amendments)
IAS 1	Definition of material (Amendments)
IAS 8	Definition of material (Amendments)

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These amended Standards have not had any significant impact on the condensed consolidated financial statements.

#### 4.2. Standards and interpretations not yet adopted

At the date of authorization of these condensed consolidated interim financial statements, the Group has not adopted the following amended standards that have been issued but are not yet effective. They will be effective for annual periods beginning on or after the dates described below.

<b>New and Revised Standards and Interpretations</b>		<b>Effective for annual reporting periods beginning on or after</b>
IFRS 16	Covid-19-related rent concessions (Amendments)	1 June 2020
IAS 1	Classification of liabilities as current or non-current (Amendments)	1 January 2023
IAS 16	Proceeds before intended use (Amendments)	1 January 2022
IAS 37	Cost of fulfilling a contract (Amendments)	1 January 2022
Various	Annual improvements to IFRS Standards 2018-2020 (IFRS 9 and IFRS 16)	1 January 2022

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application. However, the Group does not expect any major changes from these amended Standards.

## 5. Significant accounting policies

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate, and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Group is not subject to any significant seasonality or cyclicity. The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019.

## 6. Significant events during the reporting period

The COVID-19 pandemic has impacted the Group's business in 2020. Due to the restrictions imposed by the Swiss Federal Council, the Group was obliged to temporarily close part of its operations. The business conditions are impacted by various factors beyond the Group's control, including a prolonged spread of the pandemic, government measures affecting the Group's operations and customers' behaviours. These factors led to a high degree of uncertainty on the estimates and assumptions concerning the future. The estimates and assumptions, notably those relating to the valuation of receivables, inventories and property, plant and equipment have been based on the available information as at 30 June 2020 and are believed to be reasonable, supportable and realistic under the circumstances. Group's management is constantly assessing the impact of the Covid-19 pandemic on its business and the consolidated financial statements.

The Group has initiated liquidity relevant actions such as the application for short-time work compensation, the deferral of any fixed amortization payments, the exploration of additional capital channels and any cost saving measures. Furthermore, the Group has placed excess cash of CHF 31 million with its ultimate beneficial owner Samih O. Sawiris ("Chairman") which can be called back for further financing of Group projects (also refer to note 15). In case the Group needs additional liquidity support as a result of the negative impact of Covid-19 on planned refinancing projects and this need cannot be covered via bridging loans, the Chairman has signed a letter of commitment in April 2020 to avail up to CHF 30 million until end of December 2021. None of the committed amount has been drawn-down yet.

Given the measures taken to face the impacts of the Covid-19 pandemic and the confirmed support of the major shareholder, Group's management does not see any issues regarding the Group's ability to continue as a going concern.

## 7. Subsidiaries

The Group is comprised of the Parent Company and its subsidiaries operating in Switzerland. There have been no changes in the group structure during the period.

The group controls its subsidiaries directly and indirectly.

## 8. Segment information

The Group currently has three reportable segments which are its business units. The business units offer different products and services and are managed separately because they require different skills or have different customers. For each of the business units, the Head of Segments together with the Group CEO and Group CFO review the internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

- Hotels – Includes hotel operating services for The Chedi Hotel and the Radisson Blu Hotel in Andermatt, which are currently the Group's only operating hotels. The hotels are managed with the support of international hotel chains.
- Real estate, construction and other operations – Includes acquisition of land and addition of substantial value by building residential real estate and other facilities which are sold upon completion. Further it includes other destination operations like rental of holiday units as well as the operation of the golf course in Andermatt.
- Ski Arena – Includes development and operation of Ski Arena Andermatt Sedrun.

### Segment results

CHF	Hotels		Real estate, construction and other operations		Ski Arena		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Total segment revenue	20,321,948	21,192,530	38,057,975	52,528,246	20,899,071	20,746,828	79,278,994	94,467,604
./. inter-segment revenue	(376,000)	(620,000)	(46,410)	(20,007)	(537,000)	(560,000)	(959,410)	(1,200,006)
<b>Revenue external customers</b>	<b>19,945,948</b>	<b>20,572,530</b>	<b>38,011,565</b>	<b>52,508,239</b>	<b>20,362,071</b>	<b>20,186,828</b>	<b>78,319,585</b>	<b>93,267,597</b>
<b>Segment result</b>	<b>(5,797,552)</b>	<b>(9,461,305)</b>	<b>(271,195)</b>	<b>3,995,366</b>	<b>543,152</b>	<b>(147,935)</b>	<b>(5,525,595)</b>	<b>(5,613,874)</b>
Investment income							239,056	2,153
Finance costs							(5,083,302)	(4,493,623)
Share of losses of associates							(95,579)	(52,707)
<b>Profit/(loss) before tax</b>							<b>(10,465,420)</b>	<b>(10,158,051)</b>
Income tax income							(374,636)	(764,504)
<b>Profit/(loss) for the period</b>							<b>(10,840,056)</b>	<b>(9,393,547)</b>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit before financial result and income taxes. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Of the total revenue of CHF 78.3 million (2019: CHF 93.3 million), CHF 35.7 million (2019: CHF 50.8 million), which are all included in revenue from real estate, construction and other operations, are recognised at point in time and the residual CHF 42.6 million (2019: CHF 42.5 million) recognised in the three segments are recognised over time.

### Segment assets and liabilities

CHF	30 June 2020	31 December 2019
Hotels	131,145,677	134,747,923
Real estate, construction and other operations	275,274,196	272,482,867
Ski Arena	173,260,617	172,212,734
<b>Segment assets</b>	<b>579,680,490</b>	<b>579,443,524</b>
Unallocated assets	41,441,774	35,290,807
<b>Consolidated total assets</b>	<b>621,122,264</b>	<b>614,734,331</b>
Hotels	19,028,749	20,157,310
Real estate, construction and other operations	88,430,353	69,326,378
Ski	15,638,677	18,777,785
<b>Segment liabilities</b>	<b>123,097,779</b>	<b>108,261,473</b>
Unallocated liabilities	448,109,613	514,414,531
<b>Consolidated total liabilities</b>	<b>571,207,392</b>	<b>622,676,004</b>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than investments in associates, other financial assets, amount due from related parties, cash and cash equivalents as well as current and deferred tax assets.
- All liabilities are allocated to reportable segments other than shareholder's loan, borrowings, amounts due to related parties as well as current and deferred tax liabilities

### 9. Administrative expenses

CHF	Six months ended 30 June 2020	Six months ended 30 June 2019
Employee expenses	(3,982,047)	(3,673,770)
Marketing expenses	(3,890,432)	(4,663,631)
Depreciation expenses	(733,915)	(553,810)
Other administrative expenses	(1,632,345)	(2,169,224)
<b>Total</b>	<b>(10,238,739)</b>	<b>(11,060,435)</b>

### 10. Income taxes

Tax expense recognised during the period amounted to CHF 374,636 (six months ended 30 June 2019: tax income CHF 764,504). These accruals are based on the estimated average annual effective income tax rate expected for the full year, applied to the pre-tax income for the six-months period.

## 11. Dividends

During the interim period, no dividends were declared or paid to shareholders of the Parents Company.

## 12. Property, plant and equipment

Six months ended 30 June 2020 CHF	Property, plant and equipment (i)	Property under construction	Right-of-use assets	Total
<b>Opening net book value at 01/01/2020</b>	<b>322,858,406</b>	<b>27,474,121</b>	<b>26,331,399</b>	<b>376,663,926</b>
Additions	1,778,395	3,259,759	1,470,119	6,508,273
Transfers within property, plant and equipment	9,259,043	(9,259,043)	-	-
Depreciation and amortization	(10,097,642)	-	(1,696,755)	(11,794,397)
<b>Closing net book value at 30/06/2020</b>	<b>323,798,202</b>	<b>21,474,837</b>	<b>26,104,763</b>	<b>371,377,802</b>

  

Six months ended 30 June 2019 CHF	Property, plant and equipment (i)	Property under construction	Right-of-use assets	Total
<b>Opening net book value at 01/01/2019</b>	<b>212,568,448</b>	<b>97,831,018</b>	<b>27,553,597</b>	<b>337,953,063</b>
Additions	21,575,525	8,816,627	-	30,392,152
Disposals	(340,025)	-	-	(340,025)
Transfer within property, plant and equipment	75,166,210	(75,166,210)	-	-
Depreciation and amortization	(8,500,654)	-	(1,501,108)	(10,001,762)
<b>Closing net book value at 30/06/2019</b>	<b>300,469,504</b>	<b>31,481,435</b>	<b>26,052,489</b>	<b>358,003,428</b>

(i) Includes freehold land, buildings, plant and equipment, furniture and fixtures

The Group has performed a review of the property, plant and equipment impairment test performed as of year end 2019 under the light of the Covid-19 pandemic. Where needed updates of the assumptions with respect to future cash flows and discount rates have been considered based on the information available as at 30 June 2020. No impairment losses on property, plant and equipment have been identified in the reporting period. The Group will continue to closely monitor the asset valuation.

## 13. Inventories

CHF	30 June 2020	31 December 2019
Construction work in progress (i)	71,084,300	77,735,619
Other inventories (ii)	66,975,205	70,825,272
<b>Total</b>	<b>138,059,505</b>	<b>148,560,891</b>

(i) This amount includes real estate construction work under progress. The real estate units are sold off plan. The decrease is due to finalized and delivered units. The decrease is partly netted-off by ongoing construction within the joint ventures.

- (ii) This amount includes hotels and ski area inventory of CHF 3.4 million (31 December 2019: 3.2 million) as well as completed but unsold units of CHF 63.6 million (31 December 2019: CHF 67.6 million) regarding the Chedi and Gotthard residences projects and other units on the podium. At 30 June 2020, completed but unsold units with a carrying amount of CHF 34.8 million (31 December 2019: CHF 57.6 million) were pledged to secure borrowings of the Group.

There were write-downs of inventory of CHF 311,000 in the first six months of 2020 (HY 2019: nil).

#### **14. Trade and other receivables**

Trade and other receivables increased by CHF 14.3 million mainly due to invoices issued to buyers for finalised units. The increase was partly netted-off by the settlement of outstanding receivables in relation to the Gotthard residences and other units. There were no other significant changes in the first six months of 2020.

#### **15. Other current assets**

Other current assets mainly consist of the current account due from shareholder (CHF 31.0 million), prepaid sales commissions (CHF 1.1 million), deferred payments granted to buyers of real estate units (CHF 4.8 million), other prepaid expenses (CHF 2.2 million), VAT receivables (CHF 0.6 million) as well as other debtors (CHF 1.5 million). Other current assets increased by CHF 2.5 million mainly due to deferred payments granted to buyers of real estate units and other prepaid expenses. The increase was partly netted off by a reduction of the current account due from shareholder of CHF 4.0 million.

#### **16. Cash and bank balances**

For the purposes of the condensed consolidated cash flow statement, cash and cash equivalents include cash on hand, demand deposits and balances at banks. Cash equivalents are short-term, highly liquid investments of maturities of three months or less from the acquisition date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **17. Issued and paid-up capital**

Issued and paid-up capital as of 30 June 2020 amounts to CHF 301,147,000 and is divided into 301,147 registered ordinary shares with a par value of CHF 1,000 per share.

As at 23 June 2020, the share capital was increased by CHF 70 million through issuance of 70,000 registered ordinary shares with a par value of CHF 1,000 per share. The share capital was increased through conversion of the shareholder's loan (note 18).

#### **18. Shareholder's loan**

As at 23 June 2020, CHF 70 million of the shareholder's loan were converted into share capital (note 17). Further, CHF 0.5 million were transferred to the current account. Including accrued interest, the shareholder's loan decreased by CHF 69.5 million. The loan has currently an interest rate of 1%.

## 19. Borrowings

CHF	Current		Non-current	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
<b>Loans from JV Partners</b>	-	-	<b>46,775,642</b>	<b>45,128,969</b>
Bonds	49,932,786	49,824,468	99,275,320	99,177,040
Bank loans	2,124,000	2,704,000	55,523,818	53,994,793
Lease liabilities	3,158,657	3,054,254	17,420,553	18,407,875
Government loans	1,216,581	2,352,000	40,555,419	38,444,114
Other borrowings	296,765	391,037	-	13,360
<b>Due to third parties</b>	<b>56,728,789</b>	<b>58,325,759</b>	<b>212,775,110</b>	<b>210,037,182</b>
<b>Closing net book value</b>	<b>56,728,789</b>	<b>58,325,759</b>	<b>259,550,752</b>	<b>255,166,151</b>

## 20. Deferred income from government grants

As part of the external financing of the development of the ski arena as well as the Gotthard residences project, the Group receives government loans (refer to note 19 for further details). Part of these loans do not have to be paid back and therefore meet the criteria of government grants. As these government grants relate to the assets of the ski arena and the Gotthard residences project, the received government grants are deferred and recognised as income over the average useful life of the respective assets, which in this case is 20 years.

## 21. Trade and other payables

Trade and other payables decreased by CHF 3.6 million mainly due to paid invoices in relation to the construction of real estate and the ski arena. There were no other significant changes in the first six months of 2020.

## 22. Deferred revenue

Deferred revenue is mainly related to real estate sales. It includes advances received from buyers of real estate units (progress payments) between the time of the initial agreement and contractual completion. Deferred revenue increased by CHF 11.7 million in the first six months of 2020 mainly due to payments for units.

## 23. Other current liabilities

Other current liabilities consist of accrued expenses (CHF 21.0 million), deferred revenue from government grants (CHF 6.4 million) as well as other liabilities (CHF 4.3 million). Other current liabilities increased by CHF 4.8 million mainly due to an increase in accrued expenses and VAT payables.

## 24. Assets and liabilities measured at fair value

### Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

### Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes unlisted and listed equity investments classified as at FVTOCI).
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Specifically, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

### Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets at FVTOCI are grouped into Level 3 as none of them are listed and their values are not based on observable market data. The financial assets at FVTOCI were measured at fair value based on a method that combined the earning and net equity book values of the companies.

### Reconciliation of Level 3 fair value measurements of financial assets

CHF	Unquoted equity securities
	2020
Opening balance	67,530
Total gains/losses recognized in other comprehensive income	-
Closing balance	67,530

### 25. Non-cash transactions

During the six months period, except for the capital increase (note 17), the Group did not enter into any significant non-cash investing and financing activities which are not reflected in the condensed consolidated statement of cash flows.

## 26. Commitments for expenditure

The following commitments for expenditure have been made for the future development of the respective projects:

CHF	30/06/2020
Andermatt Swiss Alps AG (i)	20,985,000

- (i) ASA has obligations towards the canton of Uri and the municipality of Andermatt. ASA is responsible for the construction of certain parts of the tourism resort Andermatt. Within certain periods of time or should the construction work be stopped for whatever reason. ASA has the obligation to rebuild the relevant plots of land to the original state. At 30 June 2020, 19,985 ASA shares with a nominal value of CHF 1,000 each, amounting to a total book value of CHF 19,985,000, have been pledged as a security to the canton and municipality. Additionally, land with a value of CHF 1,000,000 has been pledged under this transaction.

## 27. Litigation

There were no significant litigations in process as at 30 June 2020.

## 28. Events after the date of statement of financial position

There were no significant subsequent events after 30 June 2020.

## 29. Approval of condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by management and board of directors on 2 September 2020.