


# **Andermatt Swiss Alps Group**

**Consolidated financial statements  
together with auditor's report for the  
year ended 31 December 2020**

CHF	Notes	2020	2019
<b>CONTINUING OPERATIONS</b>			
Revenue	7/8	154,169,434	167,278,459
Cost of sales		(150,372,786)	(167,635,501)
<b>GROSS PROFIT/(LOSS)</b>		<b>3,796,648</b>	<b>(357,042)</b>
Investment income	9	443,411	209,736
Other gains and losses	10	397,811	195,567
Administrative expenses	11	(22,752,109)	(22,401,105)
Finance expenses	12	(9,777,957)	(9,547,214)
Share of gains/(losses) of associates	17	(109,227)	(56,872)
<b>LOSS BEFORE TAX</b>		<b>(28,001,423)</b>	<b>(31,956,930)</b>
Income tax expense	14	(4,394,703)	(1,023,512)
<b>LOSS FOR THE YEAR</b>		<b>(32,396,126)</b>	<b>(32,980,442)</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit obligation		(1,052,625)	(3,295,035)
Net gain/(loss) on revaluation of financial assets at FVTOCI		(8)	16
<b>Total other comprehensive income for the year, net of tax</b>		<b>(1,052,633)</b>	<b>(3,295,019)</b>
<b>Total comprehensive income for the year</b>		<b>(33,448,759)</b>	<b>(36,275,461)</b>
<b>(Loss) attributable to:</b>			
Owners of the Parent Company		(31,156,462)	(32,144,715)
Non-controlling interests	26	(1,239,664)	(835,727)
		<b>(32,396,126)</b>	<b>(32,980,442)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent Company		(32,288,193)	(34,972,479)
Non-controlling interests	26	(1,160,566)	(1,302,982)
		<b>(33,448,759)</b>	<b>(36,275,461)</b>



Raphael Krucker  
Group CEO



Melina Marty  
Group CFO

# Andermatt Swiss Alps AG

## Consolidated statement of financial position at 31 December 2020

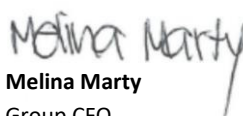
CHF	Notes	31 December 2020	31 December 2019 (restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	364,669,323	376,663,926
Investments in associates	17	2,279,844	2,389,071
Deferred tax assets	14.3	10,353,542	14,295,780
Other financial assets	18	157,522	1,067,530
<b>TOTAL NON-CURRENT ASSETS</b>		<b>377,460,231</b>	<b>394,416,307</b>
<b>CURRENT ASSETS</b>			
Inventories	19	123,203,996	148,560,891
Trade and other receivables	20	8,271,866	14,740,784
Other current assets	21	36,633,408	39,477,923
Cash and bank balances	22	43,665,719	17,538,426
<b>TOTAL CURRENT ASSETS</b>		<b>211,774,989</b>	<b>220,318,024</b>
<b>TOTAL ASSETS</b>		<b>589,235,220</b>	<b>614,734,331</b>

CHF	Notes	31 December 2020	31 December 2019 (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Issued capital	23	301,147,000	231,147,000
Reserves	24	(2,841,470)	(2,141,470)
Retained earnings	25	(271,314,709)	(239,026,516)
<b>Equity attributable to owners of the Parent Company</b>		<b>26,990,821</b>	<b>(10,020,986)</b>
<b>Non-controlling interests</b>	26	<b>(384,653)</b>	<b>2,079,313</b>
<b>Total equity</b>		<b>26,606,168</b>	<b>(7,941,673)</b>
<b>NON-CURRENT LIABILITIES</b>			
Shareholder's loan	27	129,800,604	198,678,865
Borrowings (excluding shareholder's loan)	28	318,302,153	255,166,151
Retirement benefit obligation	34	10,693,321	8,986,709
Deferred tax liabilities	14.3	1,256,625	1,256,625
Provisions	29	8,780,000	8,780,000
Deferred income from government grants	33	6,875,450	7,125,894
<b>Total non-current liabilities</b>		<b>475,708,153</b>	<b>479,994,244</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	28	7,899,602	58,325,759
Trade and other payables	30	21,799,182	23,759,848
Current payables due to related parties	36	1,164,053	987,131
Provisions	29	1,986,400	70,000
Deferred revenue	31	26,234,184	32,652,738
Other current liabilities	32	27,837,478	26,886,283
<b>Total current liabilities</b>		<b>86,920,899</b>	<b>142,681,760</b>
<b>Total liabilities</b>		<b>562,629,052</b>	<b>622,676,004</b>
<b>Total equity and liabilities</b>		<b>589,235,220</b>	<b>614,734,331</b>

As at 31 December 2019, a bond at the carrying amount of CHF 49.8 million which was 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**

**Consolidated statement of changes in equity for the year ended 31 December 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 year	-	-	(32,144,715)	(32,144,715)	(835,727)	(32,980,442)
Other comprehensive income for the year, net of income tax	-	-	(2,827,764)	(2,827,764)	(467,255)	(3,295,019)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(34,972,479)</b>	<b>(34,972,479)</b>	<b>(1,302,982)</b>	<b>(36,275,461)</b>
Dividends paid	-	-	-	-	(490,000)	(490,000)
Acquisition of non-controlling interests' share in equity of consolidated subsidiaries	-	-	2,890	2,890	(2,890)	-
<b>Balance at 31 December 2019</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>
<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 year	-	-	(31,156,462)	(31,156,462)	(1,239,664)	(32,396,126)
Other comprehensive income for the year, net of income tax	-	-	(1,131,731)	(1,131,731)	79,098	(1,052,633)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(32,288,193)</b>	<b>(32,288,193)</b>	<b>(1,160,566)</b>	<b>(33,448,759)</b>
Capital increase	70,000,000	-	-	70,000,000	-	70,000,000
Transaction cost in relation to capital increase	-	(700,000)	-	(700,000)	-	(700,000)
Dividends paid	-	-	-	-	(1,303,400)	(1,303,400)
<b>Balance at 31 December 2020</b>	<b>301,147,000</b>	<b>(2,841,470)</b>	<b>(271,314,709)</b>	<b>26,990,821</b>	<b>(384,653)</b>	<b>26,606,168</b>

**Andermatt Swiss Alps AG**
**Consolidated cash flow statement for the year ended 31 December 2020**

CHF	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) for the year		(32,396,126)	(32,980,442)
Adjustments for:			
Income tax expenses recognized in profit or loss	14.1	4,394,703	1,023,512
Finance expenses recognized in profit or loss	12	9,777,957	9,547,214
Investment income recognized in profit or loss	9	(443,411)	(209,736)
Depreciation expenses	15	24,157,296	21,985,918
Loss on disposal of property, plant and equipment		62,345	263,739
Share of (gains)/losses in associates	17	109,227	56,872
Write-down of inventories	19	70,000	-
Income from government grants	33	(445,619)	(386,975)
Change in defined benefit obligation		653,981	1,222,684
<b>MOVEMENTS IN WORKING CAPITAL</b>			
Decrease in trade and other receivables		6,468,918	10,726,185
Decrease in inventories		27,285,051	64,808,370
Decrease/(increase) in other current assets		2,833,266	(26,662,092)
(Decrease)/increase in trade and other payables		(1,960,666)	3,391,761
(Decrease)/increase in payables due to related parties		(323,078)	289,396
(Decrease) in deferred revenue		(6,418,554)	(31,455,238)
Increase in other liabilities		951,198	4,240,079
<b>Cash (used in)/generated from operations</b>		<b>34,776,488</b>	<b>25,861,247</b>
Interest paid		(7,703,929)	(6,400,041)
Income tax paid		(452,465)	(645,440)
<b>Net cash generated from operating activities</b>		<b>26,620,094</b>	<b>18,815,766</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	15	(8,594,496)	(54,299,804)
Proceeds from disposal of property, plant and equipment		122,178	98,953
Payments for other financial assets	17	(90,000)	-
Proceeds from disposal of other financial assets		1,000,163	341
Interest received		443,248	209,573
<b>Net cash (used in) investing activities</b>		<b>(7,118,907)</b>	<b>(53,990,937)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for equity transaction cost		(700,000)	-
Proceeds from shareholder's loan		-	11,300,000
Repayment of borrowings	28.2	(70,487,152)	(42,111,375)
Repayment of lease liabilities	28.2	(3,371,480)	(3,393,815)
Proceeds from borrowings	28.2	82,292,963	64,343,265
Dividends paid to non-controlling interests		(1,303,400)	(490,000)
Government grants received	33	195,175	1,814,557
<b>Net cash generated by financing activities</b>		<b>6,626,106</b>	<b>31,462,632</b>
Net increase/(decrease) in cash and bank balances		26,127,293	(3,712,539)
Cash and bank balances at the beginning of the year		17,538,426	21,250,965
<b>Cash and bank balances at the end of the year</b>	<b>22</b>	<b>43,665,719</b>	<b>17,538,426</b>

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# Notes to the consolidated financial statements for the year ended 31 December 2020

## 1 GENERAL INFORMATION

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, chalets 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 Application of International Financial Reporting Standards (“IFRSs”)

### 2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the current year. These revised Standards have not had a material effect on these consolidated financial statements. The details of the revised Standards are as follows:

#### Amendments to IFRS 3 Business Combinations

The amendments in Definition of a Business are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

#### Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments in Definition of Material clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

### 2.2 Standards and amendments issued but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not adopted the following Standards that have been issued but are not yet effective. They will be effective for annual periods beginning on or after the dates indicated below, with earlier application permitted.

Amendments to IFRS 16	Covid-19-related rent concessions	1 June 2020
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 16	Proceeds before intended use	1 January 2022
Amendments to IAS 37	Cost of fulfilling a contract	1 January 2022
Various	Amendments regarding interest rate benchmark reform – Phase 2 (IFRS 7, IFRS 9 and IAS 39)	1 January 2021
Various	Annual improvements to IFRS Standards 2018-2020 (IFRS 9 and IFRS 16)	1 January 2022

For all Standards issued, which are not yet effective, the Group does not expect any material impacts on the consolidated financial statements in the period of initial application.



## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

### 3.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and entities (including special purpose entities) controlled by the Parent Company (its subsidiaries). Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received or receivable and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at re-valued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Parent Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

### 3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

For common control transactions in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognises the difference between purchase consideration and carrying amount of net assets of acquired entities or businesses as an adjustment to equity. This accounting treatment is also applied to later acquisitions of some or all shares of the non-controlling interests in a subsidiary.

### 3.5 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group always acts as principal in such contracts. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

### 3.5.1 Revenue on sale of land

Revenue from sale of land, sale of land right and associated cost is recognised when control of the land has been transferred, being when land is delivered and registered. Management uses its judgment and considers the opinion obtained from the legal advisors in assessing whether the Group's contractual and legal rights and obligations in the agreements are satisfied and therefore control is transferred.

### 3.5.2 Revenue from agreements for construction of real estate

Management uses its judgment to analyse the Group's agreements for the construction of real estate and any related agreements to conclude whether or not the contractual terms of such agreements indicate that they are, in substance, for the provision of construction services (e.g. villas) or for the delivery of goods (e.g. apartments) that are not complete at the time of entering into the agreement. Such conclusion depends on the terms of the agreement and all the surrounding facts and circumstances and on whether such an agreement meets the definition of a construction contract. Currently, all construction projects are for the delivery of goods and are recognised at point in time as described below.

#### *Delivery of goods*

As control over the apartments is only fully transferred to the buyer once the unit is registered in the land register, the Group recognises revenue from real estate constructions at point in time. Hence, revenue from construction of real estate is recognised in full once construction is finalised and the real estate unit is registered in the name of the buyer.

### 3.5.3 Revenue from the rendering of services

The Group provides services in relation to hotel and ski area operations as well as destination management. Revenue from such services is recognised as a performance obligation satisfied over time. Revenue is recognised for these services using an output method which is based on the stage of completion of the contract. Hence, revenue is recognised in the accounting periods in which the services are rendered.

## 3.6 Leasing

### *The Group as lessee*

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate for such liabilities.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate

The lease liability is subsequently measured increase the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment on exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the lines "cost of sales" and "administrative expenses" in the statement of profit or loss. Currently, the Group does not have such variable rents.

As a practical expedient IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

### ***The Group as lessor***

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract classifies as a finance lease. All other leases are classified as operating lease. The Group currently only has operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **3.7 Foreign currencies**

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the preparation of the Group's consolidated financial statements, the results and financial position of each subsidiary are translated into Swiss Franc (CHF), which is the Group's presentation currency. Currently, the functional currency of all companies within the group is CHF.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

The exchange rates for the major foreign currencies against CHF relevant to the annual consolidated financial statements were:

Currency table	2020		2019	
	Average	Year end	Average	Year end
1 USD US Dollar	0.9380	0.8903	0.9930	0.9670
1 EUR Euro	1.0696	1.0805	1.1107	1.0848

## **3.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The amount of borrowing costs that an entity capitalises during the period shall not exceed the amount of borrowing costs it incurred during that period, provided that the carrying amount of the qualifying asset on which eligible borrowing costs have been capitalized does not exceed its recoverable amount (being the higher of fair value less costs to sell or amount in use for that asset).

### 3.9 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan granted at an interest rate below market level is treated as a government grant and measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### 3.10 Retirement benefit costs

Employee pension and retirement benefits are based on the regulations and prevailing circumstances of those countries in which the Group is represented. In Switzerland, ordinary pension and retirement benefit plans qualify as defined-benefit plans and are accounted for in conformity with IAS 19 Employee Benefits.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefits liability or asset. Defined benefit costs are categorized as service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement. The Group presents the first two components of defined benefit costs in profit or loss in administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### 3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the Balance Sheet Liability Method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax liabilities are not recognised if the temporary difference arises from goodwill and no deferred tax assets or liabilities are recognised for temporary differences resulting from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### 3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 3.12 Property, plant and equipment

Buildings, plant and equipment, furniture and fixtures held for use in the production, supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, administrative purposes or for a currently undetermined future use are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy as described in note 3.9. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation of buildings, plant and equipment as well as furniture and fixtures commence when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	20 – 50 years
Plant and equipment	4 – 10 years
Furniture and fixtures	3 – 10 years
Right-of-use assets	3 – 50 years

## 3.13 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flow that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.



Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### 3.14 Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 3.15 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs, including an appropriate portion of fixed and variable production overheads as well as other costs incurred in bringing the inventories to their present location and condition, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. For items acquired on credit and where payment terms of the transaction are extended beyond normal credit terms, the cost of that item is its cash price equivalent at the recognition date with any difference from that price being treated as an interest expense on an effective-yield basis (see note 12).

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Estimates of net realisable value are generally made on an item-by-item basis, except in circumstances, where it is more appropriate to group items of similar or related inventories.

The net realizable value of an item of inventory may fall below its cost for many reasons including, damage, obsolescence, slow moving items, a decline in selling prices, or an increase in the estimate of costs to complete and costs necessary to make the sale. In such cases, the cost of that item is written down to its net realizable value and the difference is recognized immediately in profit or loss.

Properties intended for sale in the ordinary course of business or in the process of construction or development for such a sale are included in inventories. These are stated at the lower of cost and net realizable value. The cost of development properties includes the cost of land and other related expenditure attributable to the construction or development during the period in which activities are in progress that are necessary to get the properties ready for its intended sale.

### 3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.17 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.18 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### 3.18.1 Classification of financial assets

Debt instruments, including trade and other receivables as well as other current assets, that meet the following conditions are subsequently measured at amortised cost (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets, including other non-current financial assets, are subsequently measured at fair value.

#### 3.18.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the “investment income” line item.

#### 3.18.3 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established in accordance with IAS 18 Revenue. Dividends earned are recognised in profit or loss and are included in the ‘investment income’ line item.

#### 3.18.4 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.



The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### **3.18.5 De-recognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is reclassified to retained earnings.

## **3.19 Financial liabilities and equity instruments**

### **3.19.1 Classification as debt or equity**

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### **3.19.2 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

- a) The instrument includes no contractual obligation:
  - i. to deliver cash or another financial asset to another entity; or
  - ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.
- b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
  - i. a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
  - ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

A contract that will be settled by the Group entity receiving or delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### 3.19.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

A financial liability is classified as current liability when it satisfies any of the following criteria:

- It is expected to be settled in the entity's normal operating cycle
- It is held primarily for the purposes of trading;
- It is due to be settled within twelve months after the reporting period;
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other financial liabilities are classified as non-current.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

#### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

### 4.1 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see note 4.2 below), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### 4.1.1 Revenue recognition – Real estate sales

The operating cycle of residential construction projects predominantly starts when the Group enters into agreements to sell the real estate units off-plan. The Group treats the sale of real estate units as sale of goods in accordance with IFRS 15 Revenue from Contracts with Customers. Management takes the view that the critical event of revenue recognition depends on the transfer of significant risks and rewards of ownership and control to the buyer. When management makes this assessment, it ensures that the detailed criteria for revenue recognition from the sale of goods as set out in IFRS 15 – including the transfer of control of a product or service to a customer - are satisfied and that recognition of revenue from the sale of real estate is appropriate in the current reporting period.

Given the structure of the real estate sale contracts and the application of IFRS 15 as described above, revenue recognition from residential construction projects can occur over time based on percentage of completion. Such revenue recognition over time would only be applicable for construction projects, where the Group provides construction services only (e.g. villas). The Group currently has no such construction projects.

For the current construction projects, where the Group constructs units on their own risk and sells the respective units (e.g. apartments), management has assessed that significant risk and rewards will be transferred to the buyer on completion of construction and the handing over of the properties. Hence, revenue is recognised at point in time.

#### **4.1.2 Cost of sales**

Cost of sales in relation to the construction of real estate are capitalized during construction and presented as inventory. On completion of the construction certain construction cost, which cannot be allocated directly to the units (i.e. infrastructure, common parts of the building) have to be allocated to the respective units based on their share of the total size of the respective real estate (m2) or other reasonable allocation keys. In selection of the allocation keys, management has to apply a significant degree of judgement.

#### **4.1.3 Employee benefits expense**

Employee benefits expense which is directly related to the sale of goods or rendering of services form part of the operation's cost of sales. Where employee benefit expense is incurred to perform head quarter functions or relate to non-revenue generating entities, such as corporate companies, holding companies and start-up companies, they are allocated to administration expenses.

### **4.2 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **4.2.1 Impairment of tangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Due to the ongoing development of the Andermatt project and the financial risks going along with it, management reconsidered the recoverability of the Group's significant items of property, plant and equipment, which are included in the consolidated statement of financial position at 31 December 2020 at CHF 364,669,323 (31 December 2019: CHF 376,663,926).

In 2020 and 2019, the impairment tests did not result in any impairment losses.

Management periodically reconsider their assumptions in light of the macroeconomic developments regarding future anticipated margins on their products. Detailed sensitivity analyses have been carried out and management is confident that the carrying amount of the residual assets will be recovered in full. This situation will be closely monitored, and adjustments will be made in future periods if future market activity indicates that such adjustments are appropriate. However, recoverability of the carrying values of the tangible assets and unsold inventory is dependent on the successful completion of the overall Andermatt project and thus subject to material estimation uncertainties. Also refer to note 6 regarding the impact of the Covid-19 pandemic on the recoverability of the Group's tangible assets.

#### **4.2.2 Deferred income taxes**

The measurement of deferred income tax assets and liabilities is based on the judgment of management. Deferred income tax assets are only capitalized if it is probable that they can be used. Whether or not they can be used depends on whether the deductible tax temporary difference can be offset against future taxable gains. In order to assess the probability of their future use, estimates must be made of various factors including future taxable profits. At 31 December 2020, deferred income tax assets amounted to CHF 10,353,542 (31 December 2019: CHF 14,295,780) and have mainly resulted from the tax impact of carry forward tax losses (refer to note 14). Such deferred tax assets are only recorded when the development phase of the project has been started and it becomes evident that future taxable profits are probable. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets and accounting for such a change, if any, is to be made on a prospective basis in the reporting periods affected by the change.

#### **4.2.3 Retirement benefit obligations**

The retirement benefit obligation is calculated on the basis of various financial and actuarial assumptions. The key assumptions for assessing these obligations are the discount rate, future salary and pension increases and the probability of the employee reaching retirement. The obligation was calculated using a discount rate of 0.20% (31 December 2019: 0.30%). The calculations were done by an external expert and the principal assumptions used are summarised in note 34. At 31 December 2020, the underfunding amounted to CHF 10,693,321 (31 December 2019: CHF 8,986,709). Using other basis for the calculations could have led to different results.

#### **4.2.4 Net realizable value of inventory**

Inventory mainly includes real estate construction work under progress which is recognised at cost or net realisable value.

Some of the real estate under construction is already sold at market prices which in total are higher than construction cost. In the rare cases where the price of the sold unit was below the cost price, a respective provision has been built. Therefore, the estimation uncertainty only relates to the unsold real estate under construction. In general, the profit margins on these real estate projects are high and management currently does not expect any of these projects to be sold below cost.

In 2020, there was a write-down of inventory of CHF 70'000 (2019: none). Also refer to note 6 regarding the impact of the Covid-19 pandemic on the recoverability of the Group's inventory.

## 5 THE GROUP AND MAJOR CHANGES IN GROUP ENTITIES

The Group is comprised of the Parent Company and its subsidiaries which are all operating in Switzerland (for further details on the group structure refer to note 16). The group controls its subsidiaries directly and indirectly.

There have been no changes in the group structure during 2020 and 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, such as hotels and the ski arena. 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 31 December 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. Management has not identified any negative impact on the recoverability of the Group's receivables and the Group's inventory. Therefore, no allowance for expected credit losses on receivables and no inventory write-downs have been recorded as of 31 December 2020 as a negative result of the Covid-19 pandemic.

The Group's cash generating units (CGUs) show sufficient headroom and the recoverability of the tangible assets is given as of 31 December 2020. The assessment of the recoverable amount of PP&E allocated to the segments Hotels and Ski Arena is more sensitive to the achievement of future budgets than the assessment of the recoverable amount of PP&E allocated to the segment Real Estate, construction and other operations. Group's management has based its impairment evaluation based on the following assumptions:

- The Real Estate sales budget for 2021 is deemed to be achievable as sales have positively developed since the outbreak of the Covid-19 pandemic.
- The Ski Arena budget for 2021/22 is prepared under the light that Covid-19 related restrictions will be released and that the Ski Arena will be able to operate the coming winter season without major restrictions.
- The Hotels budget for 2021 foresees that international travel restrictions will be largely removed and group and events business will come back in the second half of 2021.

Budgets comprise forecasts of revenue, direct costs, employee costs and overheads based on current and anticipated market conditions that have been considered and approved by the management and the Board. Whilst the Group is able to manage most of its budgeted costs, the revenue projections are inherently uncertain. If the Covid-19 situation will, contrary to the Group's expectations, become worse again in 2021, the budgeted revenues for 2021 for the segments Real Estate and the Ski Arena are still expected to be sufficient to support the carrying amounts in the statement of financial position. The impairment risk for the tangible assets related to these segments is deemed to be negligible. Regarding hotels, the revenue generation is amongst other dependent on how fast the MICE business (Meetings, Incentives, Conventions & Exhibitions) will return in 2021. In the mid-to-long-term perspective, the Group does not see a risk that the budgeted hotel revenues cannot be achieved. In the short-term perspective for 2021, a 25% underperformance against budgeted revenue would reduce the headroom for the Radisson Blu Hotel Reussen, which is deemed to be the most sensitive tangible asset, to nil but would not result in an impairment charge.

The Group has initiated liquidity relevant actions such as the application for short-time work compensation, the deferral of some fixed amortization payments, the exploration of additional capital channels and any cost saving measures. Furthermore, the Group has placed excess cash of CHF 27 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 21). 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 through third-party 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 REVENUE

An analysis of the Group's revenue for the year is as follows:

CHF	2020	2019
Revenue from hotel operations	44,907,430	38,914,264
Revenue from real estate, construction and other operations	84,728,661	101,355,921
Revenue ski arena operations	24,533,343	27,008,274
<b>TOTAL</b>	<b>154,169,434</b>	<b>167,278,459</b>

Of the total revenue of CHF 154.2 million (2019: CHF 167.3 million), CHF 79.3 million (2019: CHF 97.0 million), which are all included in revenue from real estate, construction and other operations, are recognised at point in time and the residual CHF 74.9 million (2019: CHF 70.3 million) recognised in the three segments are recognised over time.

There is no revenue allocated to (partially) unsatisfied performance obligation in relation to construction of real estate as at 31 December 2020 (2019: none).

## 8 SEGMENT INFORMATION

The analysis of the Group's revenue for the year is as follows:

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 and the Radisson Blu in Andermatt, which currently are the Group's only operating hotels.
- 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. These various revenue streams are shown as one operating segment as they have similar operating characteristics and risk profiles.
- Ski Arena – Includes development and operation of Ski Arena Andermatt Sedrun.

### 8.1 Segment results

CHF	Hotels		Real estate, construction and other operations		Ski Arena		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Total segment revenue	47,017,100	39,726,264	84,848,638	101,440,476	25,687,118	27,929,274	157,552,856	169,096,014
./.. inter-segment revenue	(2,109,670)	(812,000)	(119,977)	(84,555)	(1,153,775)	(921,000)	(3,383,422)	(1,817,555)
<b>Revenue external customers</b>	<b>44,907,430</b>	<b>38,914,264</b>	<b>84,728,661</b>	<b>101,355,921</b>	<b>24,533,343</b>	<b>27,008,274</b>	<b>154,169,434</b>	<b>167,278,459</b>
Depreciation expense	(10,855,353)	(10,880,598)	(1,782,008)	(2,607,974)	(9,717,484)	(8,497,346)	(22,354,845)	(21,985,918)
Other cost of sales	(36,238,779)	(42,783,379)	(75,151,038)	(83,456,654)	(16,628,124)	(19,409,550)	(128,017,941)	(145,649,583)
<b>Gross profit/(loss)</b>	<b>(2,186,703)</b>	<b>(14,749,713)</b>	<b>7,795,615</b>	<b>15,291,293</b>	<b>(1,812,265)</b>	<b>(898,622)</b>	<b>3,796,648</b>	<b>(357,042)</b>
<b>Segment result</b>	<b>(7,300,217)</b>	<b>(19,482,687)</b>	<b>(5,008,917)</b>	<b>2,472,823</b>	<b>(6,248,516)</b>	<b>(5,552,716)</b>	<b>(18,557,650)</b>	<b>(22,562,580)</b>
Share of losses of associates							(109,227)	(56,872)
Investment income							443,411	209,736
Finance costs							(9,777,957)	(9,547,214)
<b>(Loss) before tax</b>							<b>(28,001,423)</b>	<b>(31,956,930)</b>
Income tax (expense)/income							(4,394,703)	(1,023,512)
<b>(Loss) for the period</b>							<b>(32,396,126)</b>	<b>(32,980,442)</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.

In 2020, fixed rental commitments and other rental cost were shown within real estate, construction and other operations segment, whereas in 2019 they were shown in hotels segment. Therefore, the segment result of the hotels segment increased by CHF 6.0 million whereas the result of the real estate, construction and other operations decreased by the same amount.

In 2020, CHF 0.8 million (2019: CHF 0.9 million) in the segment real estate, construction and other operations was realised with related parties. For further details refer to note 36.

## 8.2 Segment assets and liabilities

CHF	2020	2019
Hotels	123,910,132	134,747,923
Real estate, construction and other operations	234,862,868	272,482,867
Ski Arena	174,005,593	172,212,734
<b>Segment assets</b>	<b>532,778,593</b>	<b>579,443,524</b>
Unallocated assets	56,456,627	35,290,807
<b>Total consolidated assets</b>	<b>589,235,220</b>	<b>614,734,331</b>
Hotels	21,035,625	20,157,310
Real estate, construction and other operations	67,312,776	69,326,378
Ski Arena	15,857,612	18,777,785
<b>Segment liabilities</b>	<b>104,206,013</b>	<b>108,261,473</b>
Unallocated liabilities	458,423,039	514,414,531
<b>Total consolidated liabilities</b>	<b>562,629,052</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 other financial assets, investments in associates, amounts due from related parties, cash and bank balances 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.

### Additions to non-current assets

CHF	2020	2019
Hotels	286,820	36,819,950
Real estate, construction and other operations	1,489,158	4,192,831
Ski Arena	10,571,238	20,184,153
<b>TOTAL</b>	<b>12,347,216</b>	<b>61,196,934</b>

## 8.3 Geographical information

All operations of the Group are located in Switzerland. Hence, all revenue of the Group was generated in Switzerland. Further, all non-current assets are located in Switzerland.

## 9 INVESTMENT INCOME

CHF	2020	2019
Interest income:		
- Bank deposits	182	1,432
- Related party loans	399,289	206,597
- Other loans and receivables	43,941	1,707
<b>TOTAL</b>	<b>443,411</b>	<b>209,736</b>

All investment income is related to loans and receivables including cash and bank balances.

## 10 OTHER GAINS AND LOSSES

CHF	2020	2019
Income from government grants (note 33)	445,619	386,975
(Loss) on sale of property, plant and equipment	(62,345)	(263,739)
Net foreign exchange losses	(18,866)	(15,950)
Other gains (i)	33,403	88,281
<b>TOTAL</b>	<b>397,811</b>	<b>195,567</b>

(i) Other gains mainly relate to reimbursements from insurance companies.

## 11 ADMINISTRATIVE EXPENSES

CHF	2020	2019
Employee expenses	(9,154,162)	(7,932,519)
Marketing expenses	(7,485,352)	(8,863,791)
Depreciation expenses	(1,674,064)	(1,224,249)
Other administrative expenses	(4,438,531)	(4,380,546)
<b>TOTAL</b>	<b>(22,752,109)</b>	<b>(22,401,105)</b>

## 12 FINANCE EXPENSES

CHF	2020	2019
Interest on bank overdrafts and loans	(9,618,394)	(8,853,386)
Interest on lease liabilities	(383,207)	(824,881)
Bank charges	(51,289)	(29,192)
Other finance expense	(21,437)	-
<b>Total interest</b>	<b>(10,074,327)</b>	<b>(9,707,459)</b>
Less: amounts included in the cost of qualifying assets	296,370	160,245
<b>TOTAL</b>	<b>(9,777,957)</b>	<b>(9,547,214)</b>

## 13 COMPENSATION OF KEY MANAGEMENT PERSONNEL

CHF	2020	2019
Salaries	688,500	470,000
Other short-term employee benefits	175,735	70,332
Post employment benefits	40,230	19,970
<b>TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL</b>	<b>884,465</b>	<b>560,302</b>

Since 2013 there is a compensation plan in place for the external members of the Board of Directors which consists of a fixed compensation subject to an annual review. In 2020, a member of the Board of Directors has invoiced his fixed compensation as well as consulting fees through a company in the total amount of CHF 96,000 (2019; CHF 120,000).

As to the compensation of the members of Executive Management (CEO and CFO), the base salary as well as the bonuses, if any, is determined in a discretionary decision by the Board of Directors. The annual proposals and decisions concerning the compensation of Executive Management are based on an evaluation of the individual performance of each member, as well as of the performance of the business area for which each member is responsible and the Group's performance overall.



## 14 INCOME TAXES

### 14.1 Income tax recognized in profit or loss

CHF	2020	2019
<b>CURRENT TAX</b>		
Current tax expense for the current year	362,240	143,947
Adjustments recognized in the current year in relation to prior years	9,120	
	<b>371,360</b>	<b>143,947</b>
<b>DEFERRED TAX</b>		
Deferred tax (income) recognized in the current year	(3,043,390)	(3,092,836)
Adjustments to deferred taxes attributable to changes in tax rates	-	(1,916,964)
Write-down of deferred tax assets	7,066,733	5,889,365
	<b>4,023,343</b>	<b>879,565</b>
<b>TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT YEAR</b>	<b>4,394,703</b>	<b>1,023,512</b>

The following table provides reconciliation between income tax expense recognized for the year and the tax calculated by applying the applicable tax rates on accounting profit:

CHF	2020	2019
(Loss) before tax	(28,001,423)	(31,956,930)
Income tax (income) calculated at 12.81% (2019: 10.75%)	(3,584,220)	(3,434,323)
Effect of deferred tax balances due to changes in tax rates	-	(1,916,964)
Effect of adjustments in current taxes in relation to prior periods	9,120	-
Unrecognized deferred tax assets during the year	3,255,377	1,090,194
Effect of previously unrecognised tax losses	(2,316,159)	(602,643)
Effect of income that is exempt from taxation	(164,393)	(51,511)
Effect of expenses that are not deductible in determining taxable profit	19,688	9,727
Effect of concession (capitalized expense)	108,557	39,667
Effect of derecognized deferred tax assets	7,066,733	5,889,365
<b>INCOME TAX EXPENSE RECOGNIZED IN PROFIT OR LOSS</b>	<b>4,394,703</b>	<b>1,023,512</b>

The average tax rate of 12.81% (2019: 10.75%) is the applicable tax rate of the individual companies that generate taxable results.

### 14.2 Income tax recognized in other comprehensive income

CHF	2020	2019
<b>DEFERRED TAX</b>		
Remeasurement of defined benefit obligation	81,105	501,493
<b>TOTAL INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>	<b>81,105</b>	<b>501,493</b>

### 14.3 Deferred tax balances

Deferred tax assets and liabilities arise from the following:

2020 CHF	Opening balance	Charged to income	Recognized in OCI	Closing balance
<b>ASSETS</b>				
<i>Temporary differences</i>				
Tax losses	13,226,362	(4,079,919)	-	9,146,443
Property, plant and equipment (IFRS 16)	9,211	12,581		21,792
Pension plan	1,060,207	43,995	81,105	1,185,307
	<b>14,295,780</b>	<b>(4,023,343)</b>	<b>81,105</b>	<b>10,353,542</b>
<b>LIABILITIES</b>				
<i>Temporary differences</i>				
Property, plant & equipment	1,256,625	-	-	1,256,625
	<b>1,256,625</b>	-	-	<b>1,256,625</b>
<b>NET DEFERRED TAX ASSETS</b>	<b>13,039,155</b>	<b>(4,023,343)</b>	<b>81,105</b>	<b>9,096,917</b>

2019 CHF	Opening balance	Charged to income	Recognized in OCI	Closing balance
<b>ASSETS</b>				
<i>Temporary differences</i>				
Tax losses	14,189,601	(963,239)	-	13,226,362
Property, plant and equipment (IFRS 16)	-	9,211	-	9,211
Pension plan	484,251	74,463	501,493	1,060,207
	<b>14,673,852</b>	<b>(879,565)</b>	<b>501,493</b>	<b>14,295,780</b>
<b>LIABILITIES</b>				
<i>Temporary differences</i>				
Property, plant & equipment	1,256,625	-	-	1,256,625
	<b>1,256,625</b>	-	-	<b>1,256,625</b>
<b>NET DEFERRED TAX ASSETS</b>	<b>13,417,227</b>	<b>(879,565)</b>	<b>501,493</b>	<b>13,039,155</b>

### 14.4 Unrecognized deferred tax assets

Unused tax losses for which no deferred tax assets have been recognized:

CHF	31 December 2020	31 December 2019
Tax losses (expiry in 2020)	-	21,258,118
Tax losses (expiry in 2021)	17,753,745	12,265,366
Tax losses (expiry in 2022)	45,334,193	33,318,645
Tax losses (expiry in 2023)	36,632,264	11,310,590
Tax losses (expiry in 2024)	19,418,517	12,927,036
Tax losses (expiry in 2025)	25,756,727	12,871,654
Tax losses (expiry in 2026)	14,035,670	8,102,154
Tax losses (expiry in 2027)	6,626,532	-
<b>Total unused tax losses</b>	<b>165,557,648</b>	<b>112,053,563</b>

No deferred tax assets have been recognized for the above federal tax losses as the future realization of the tax losses is currently uncertain.

Further, state taxes have only been recognized for the hotel operation business, the ski arena business as well as other operations as gains from real estate sales are exempt from this taxation for most of the companies in the real estate and construction segment. Therefore, total tax losses of CHF 81.4 million (31 December 2019: CHF 69.9 million) will not be useable in the future.

## 15 PROPERTY, PLANT AND EQUIPMENT

CHF	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Property under construction	Right-of-use assets	Total
<b>COST</b>							
Balance at 1 January 2019	14,505,136	123,785,875	120,992,700	10,872,494	103,034,923	29,319,720	402,510,848
Additions	1,224,925	15,684,057	17,786,720	5,917,007	18,224,441	2,359,784	61,196,934
Disposals	-	(225,797)	(7,771,179)	(11,395)	-	(204,433)	(8,212,804)
Transfers within property, plant and equipment	500,563	52,914,945	34,089,030	2,912,705	(92,581,338)	(794,749)	(2,958,844)
Balance at 31 December 2019	16,230,624	192,159,080	165,097,271	19,690,811	28,678,026	30,680,322	452,536,134
Additions	-	286,304	666,075	1,741,889	5,900,227	3,752,721	12,347,216
Disposals	(27,151)	-	(863,590)	-	-	(442,178)	(1,332,919)
Transfers within property, plant and equipment	-	15,152,373	1,559,828	2,725,487	(17,700,483)	(1,737,205)	-
Balance at 31 December 2020	16,203,473	207,597,757	166,459,584	27,405,607	16,877,770	32,253,660	463,550,431
<b>ACCUMULATED DEPRECIATION</b>							
Balance at 1 January 2019	(159,913)	(19,138,269)	(30,300,828)	(7,988,747)	(5,203,905)	(1,766,123)	(64,557,785)
Disposals	-	201,958	7,431,154	11,395	-	68,144	7,712,651
Depreciation expenses	(8,730)	(4,894,793)	(11,908,223)	(2,129,238)	-	(3,044,934)	(21,985,918)
Transfers within property, plant and equipment	-	(1,030,556)	(393,990)	(10,600)	4,000,000	393,990	2,958,844
Balance at 31 December 2019	(168,643)	(24,861,660)	(35,171,887)	(10,117,190)	(1,203,905)	(4,348,923)	(75,872,208)
Disposals	-	-	706,218	-	-	442,178	1,148,396
Depreciation expenses	(81,640)	(5,601,279)	(12,141,826)	(2,992,216)	-	(3,340,335)	(24,157,296)
Transfers within property, plant and equipment	-	-	-	(1,543,856)	-	1,543,856	-
Balance at 31 December 2020	(250,283)	(30,462,939)	(46,607,495)	(17,900,682)	(1,203,905)	(5,703,224)	(98,881,108)
<b>CARRYING AMOUNT</b>							
At 31 December 2019	16,061,981	167,297,420	129,925,384	9,573,621	27,474,121	26,331,399	376,663,926
At 31 December 2020	15,953,190	177,134,818	119,852,089	9,504,925	15,673,865	26,550,436	364,669,323

In 2020 and 2019, there were no impairment losses. The impact of the Covid-19 pandemic on the recoverability of the Group's tangible assets is described in note 6.

At 31 December 2020, property, plant and equipment of the Group with a carrying amount of CHF 170.2 million (31 December 2019: CHF 139.1 million) were pledged to secure borrowings of the Group as described in note 28. In addition, the Group's obligations under leases are secured by the lessors' title to the leased assets, which have a carrying amount of CHF 26.7 million (2019: CHF 26.3 million). Refer to note 38 for further details on lease liabilities.

As at 31 December 2020, property under construction mainly consists of unfinished infrastructure work related to the podium in Andermatt as well as unfinished construction work in relation to the ski area. In 2020, the decrease is mainly due to reclassification of finalized infrastructure work related to the podium as well as finished construction work in relation to the ski area.

See note 38 for further details on the composition of right-of-use assets.

## 16 SUBSIDIARIES

The Group has control over all the subsidiaries below either directly or indirectly through subsidiaries controlled by the Parent Company. Details of the Group's significant subsidiaries at the end of the reporting period are as follows:

Company name	Domicile	Purpose	Share/paid-in capital		Proportion of ownership interest and voting power held by the Group	
					2020	2019
Bellevue Hotel & Appartement Development AG	Andermatt	Hotel and Real Estate	CHF	4,360,000	100.00%	100.00%
Bellevue Hotel & Appartement Management AG	Andermatt	Hotel	CHF	100,000	100.00%	100.00%
Hotel 4B Development AG	Andermatt	Hotel and Real Estate	CHF	100,000	51.00%	51.00%
Hotel 4B Management AG	Andermatt	Hotel	CHF	100,000	51.00%	51.00%
Alpine Development Andermatt AG	Andermatt	Real Estate	CHF	100,000	51.00%	51.00%
Saschi Immobilien AG	Andermatt	Real Estate	CHF	100,000	51.00%	51.00%
SAGA Andermatt Immobilien AG	Andermatt	Real Estate	CHF	100,000	51.00%	51.00%
Andermatt Invest AG	Andermatt	Real Estate	CHF	100,000	100.00%	100.00%
Andermatt Sedrun Sport AG	Andermatt	Ski Arena Operator	CHF	66,000,000	82.59%	82.59%
Andermatt Sedrun Disentis Marketing AG	Andermatt	Ski-Arena Operator	CHF	100,000	53.68%	53.68%
Schneesportschule Andermatt GmbH	Andermatt	Ski Arena Operator	CHF	80,000	68.14%	68.14%
White Emotion GmbH	Altdorf	Ski Arena Operator	CHF	20,000	68.14%	68.14%

In 2020 and 2019, there were no changes to the Group.

## 17 INVESTMENTS IN ASSOCIATES

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held by the Group	Carrying value (CHF)	
			2020	2019
Andermatt Central AG	Andermatt	25%	2,279,844	2,389,071
<b>TOTAL</b>			<b>2,279,844</b>	<b>2,389,071</b>

The main operation of the associate is to construct and operate the new train station in Andermatt.

The Group measures its associate using the equity method of accounting as described in policy 3.14 of the notes to the consolidated financial statements.

The Group did not receive any dividends during the current year from Andermatt Central AG (2019: none).

Summarised financial information in respect of Andermatt Central AG is set out below:

	2020	2019
Current assets	145,840	280,358
Non-current assets	34,384,494	29,503,077
Current liabilities	(410,957)	(5,227,150)
Non-current liabilities	(25,000,000)	(15,000,000)
Net assets	9,119,377	9,556,285
Revenue for the year	-	-
(Loss) for the year	(436,908)	(227,489)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(436,908)	(227,489)
Group's share of comprehensive income for the year	(109,227)	(56,872)

Reconciliation of the above summarised financial information to the carrying amount of the interest in ASA recognised in the consolidated financial statements:

	2020	2019
Net assets of the associate over Group level	9,119,377	9,556,285
Proportion of the Group's ownership interest in ASA	25%	25%
Carrying amount of the Group's interest in ASA	2,279,844	2,389,071

## 18 OTHER FINANCIAL ASSETS

Details of the Group's other financial assets are as follows:

CHF	31 December 2020	31 December 2019
<b>Financial assets carried at amortised cost</b>		
Rental deposits	90,000	-
Pledged bank deposits	-	1,000,000
<b>Financial assets carried at fair value through other comprehensive income (FVTOCI)</b>		
Green Power Uri AG (i)	-	-
Andermatt-Urserntal Tourismus GmbH	10,000	10,000
Golfplatz Sedrun AG	7,300	7,300
Luzern Tourismus AG	36,000	36,000
Others	14,222	14,230
<b>TOTAL</b>	<b>157,522</b>	<b>1,067,530</b>

- (i) As at 31 December 2013 management decided to revalue its investment in Green Power Uri AG to zero due to uncertainties regarding the future business development of the investment.

## 19 INVENTORIES

CHF	31 December 2020	31 December 2019
Construction work in progress (i)	74,854,881	77,735,619
Other inventories (ii)	48,349,115	70,825,272
<b>TOTAL</b>	<b>123,203,996</b>	<b>148,560,891</b>

- (i) These include real estate construction work in progress. The real estate units are sold off plan. The decrease is mainly due to sold apartments on the podium which is only netted off partly by ongoing construction of apartments on the podium.
- (ii) This amount includes hotels and ski arena inventory of CHF 3.8 million (2019: CHF 3.2 million) as well as completed but unsold units of CHF 44.5 million (2019: CHF 67.7 million) regarding the Chedi project as well as the units of other apartment projects. The decrease is mainly due to the handing over of already finished Gotthard residences in 2020. At 31 December 2020, completed but unsold units with a carrying amount of CHF 65.7 million (31 December 2019: CHF 57.6 million) were pledged to secure borrowings of the Group as described in note 28.

In 2020, there were write-downs of inventory of CHF 70,000. (2019: none). No negative impact of the Covid-19 pandemic on the recoverability of the Group's inventory is identified; also refer to note 6.

## 20 TRADE AND OTHER RECEIVABLES

CHF	31 December 2020	31 December 2019
Current receivables	8,271,866	14,740,784
Expected credit loss allowance	-	-
<b>TOTAL</b>	<b>8,271,866</b>	<b>14,740,784</b>

Interest is only charged in case of customers' default.

In 2020, none of the Group's trade and other receivables is past due (2019: none). No negative impact of the Covid-19 pandemic on the recoverability of the Group's trade and other receivables is identified; also refer to note 6.

## 21 OTHER CURRENT ASSETS

CHF	31 December 2020	31 December 2019
Current account shareholder (i) (iv)	27,000,000	35,000,000
Loans to third parties (ii) (iv)	4,943,420	1,169,004
Other prepaid expenses	1,896,598	1,250,548
VAT	947,531	799,011
Deposit with others (iv)	569,506	127,326
Prepaid sales commissions related to uncompleted units (iii)	553,690	1,075,946
Withholding tax	11	101
Other debtors (iv)	722,652	55,987
<b>TOTAL</b>	<b>36,633,408</b>	<b>39,477,923</b>

- (i) The Group has placed some of its excess cash with Mr. Samih Sawiris as a short-term treasury measure. The objective of this transaction is to avoid being charged negative interest. This short-term treasury measure started in July 2019 and is due on 10 July 2021. Further, it is repayable within 20 business days if demanded by the Group. The short-term treasury measure has a variable interest rate of currently 1.25%. It should be considered in connection with the shareholder's loan of CHF 129.8 million granted by Mr. Samih Sawiris to the Group (refer to note 27 for further details).
- (ii) These are deferred payments granted to buyers of real estate units. None of those loans are past due.
- (iii) These are sales commissions of sold but uncompleted real estate units which have been paid to sales companies. As the revenue for these sold real estate units is only recognized on completion of the respective units, the corresponding prepaid commissions are accrued accordingly.
- (iv) These assets meet the definition of a financial instrument in accordance with IFRS 9 (refer to note 35.3).

## 22 CASH AND BANK BALANCES

For the purposes of the consolidated cash flow statement, cash and bank balances 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.

## 23 CAPITAL

### 23.1 Issued capital

CHF	31 December 2020	31 December 2019
Par value per share (in CHF)	1,000	1,000
Number of ordinary shares issued and fully paid	301,147	231,147
<b>Issued capital</b>	<b>301,147,000</b>	<b>231,147,000</b>

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 27).

### 23.2 Significant shareholders

CHF	2020		2019	
	Number of shares	%	Number of shares	%
SOSTNT Luxembourg S.a.r.l. (i)	153,585	51.00	117,885	51.00
Orascom Development Holding AG	147,562	49.00	113,262	49.00
<b>TOTAL</b>	<b>301,147</b>	<b>100.00</b>	<b>231,147</b>	<b>100.00</b>

(i) The ultimate beneficial owner is Mr. Samih Sawiris.

## 24 RESERVES

CHF	31 December 2020	31 December 2019
General reserves	(2,841,470)	(2,141,470)
<b>TOTAL</b>	<b>(2,841,470)</b>	<b>(2,141,470)</b>

Reserves decreased due to transaction cost in relation to capital increase which were recognised directly within reserves.

## 25 RETAINED EARNINGS

CHF	2020	2019
Balance at beginning of year	(239,026,516)	(204,056,927)
(Loss) attributable to owners of the Parent Company	(31,156,462)	(32,144,715)
Other comprehensive income attributable to owners of the Parent Company	(1,131,731)	(2,827,764)
Acquisition of non-controlling interests' share in equity of consolidated subsidiaries	-	2,890
<b>Balance at end of year</b>	<b>(271,314,709)</b>	<b>(239,026,516)</b>

During 2019 and 2020 no dividends were paid by the Company to its shareholders. In respect of the current year, the Board of Directors will not propose a dividend or a capital reduction to the shareholders at the Annual General Meeting.

## 26 NON-CONTROLLING INTERESTS

CHF	2020	2019
Balance at beginning of year	2,079,313	3,875,185
Share of (loss) for the year	(1,239,664)	(835,727)
Share of other comprehensive income for the year	79,098	(467,255)
Dividends paid by subsidiaries to non-controlling interests	(1,303,400)	(490,000)
Acquisition of non-controlling interests' share in equity of consolidated subsidiaries	-	(2,890)
<b>Balance at end of year</b>	<b>(384,653)</b>	<b>2,079,313</b>

## 27 SHAREHOLDER'S LOAN

Beside the capital increases in 2013 and 2020, Mr. Samih Sawiris has provided further financing for the resort Andermatt through a shareholder's loan, which amounts to CHF 129.8 million (31 December 2019: CHF 198.7 million) as at 31 December 2020.

As at 23 June 2020, CHF 70 million of the shareholder's loan were converted into share capital (note 23). Further, CHF 0.5 million were transferred to the current account. Including accrued interest, the shareholder's loan decreased by CHF 68.9 million.

The loan has currently an interest rate of 1% and is unsecured. As at 31 December 2020, CHF 80 million of the shareholder's loan are subordinated (31 December 2019: CHF 80 million).

In July 2019, the Group invested CHF 35 million of its excess cash with Mr. Samih Sawiris as a short-term treasury measure to avoid negative interest amounts. During 2020, CHF 8 million were drawn down (refer to note 21 for further details).

## 28 BORROWINGS

CHF	Current		Non-current	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Loans from JV Partners (i)</b>	-	-	<b>45,540,207</b>	<b>45,128,969</b>
<b>Lease liabilities (ii)</b>	<b>3,109,285</b>	<b>3,054,254</b>	<b>18,734,083</b>	<b>18,407,875</b>
Bonds (iii)	-	49,824,468	158,751,001	99,177,040
Bank loans (iv)	2,262,632	2,704,000	56,019,186	53,994,793
Government loans (v)	2,514,324	2,352,000	39,257,676	38,444,114
Other borrowings	13,361	391,037	-	13,360
<b>Due to third parties</b>	<b>4,790,317</b>	<b>55,271,505</b>	<b>254,027,863</b>	<b>191,629,307</b>
<b>TOTAL</b>	<b>7,899,602</b>	<b>58,325,759</b>	<b>318,302,153</b>	<b>255,166,151</b>

(i) Some of the buildings including one hotel and several apartment houses, are developed and financed together with joint venture partners. Whereas the Company contributes the land and additional financing, the joint venture partners provide financing for their share of the project costs. These loans are unsecured and in general carry an interest of 1%.

(ii) Refer to note 38 for details on lease liabilities

(iii) On 11 December 2020, the Company placed another bond listed on the SIX Swiss Exchange with a nominal value of CHF 60 million. The bond has a term of five years and pays annual interest of 4.375%. At the same date, the Company repaid its first bond listed on the SIX Swiss Exchange with a nominal value of CHF 50 million at par. The bond had a term of five years and paid annual interest of 3.875%.

On 9 July 2019, the Company placed a third bond listed on the SIX Swiss Exchange with a nominal value of CHF 50 million. The bond has a term of five years and pays annual interest of 3.75%

On 6 July 2018, the Company placed a second bond listed on the SIX Swiss Exchange with a nominal value of CHF 50 million. The bond has a term of five years and pays annual interest of 4.00%.

(iv) The Group has two long-dated credit arrangements with major Swiss banks for the financing of its hotels. The variable interest loans are secured with hotel property (note 15) as well as unsold units recognised in inventory (note 19) and have maximum terms of more than 20 years. The Group has further bank loans with various banks. In general, they have variable interest rates including a mark-up.

(v) Refer to note 33 for details on the government loans



Property, plant and equipment as well as inventory with a total carrying amount of CHF 235.9 million (2019: CHF 214.2 million) have been pledged to secure borrowings (see note 15 and 19).

## 28.1 Summary of borrowing arrangements

The weighted average contractual effective interest rate for all interest-bearing credit facilities and loans (including shareholder's loan (note 27) is 2.39% (2019: 2.05%). For a breakdown of debt bearing variable and fixed interest see note 35.4.

## 28.2 Reconciliation of liabilities arising from financing activities

CHF	1 January 2020	Financing Cash Flows	Non-cash changes			31 December 2020
			Accrued Interest	Leases	Capital transfer	
Shareholder's loan	198,678,865	-	1,621,739	-	(70,500,000)	129,800,604
Loans from JV Partners	45,128,969	376,092	35,146	-	-	45,540,207
Lease liabilities	21,462,129	(3,371,480)	-	3,752,721	-	21,843,368
Due to third parties	246,900,812	11,429,719	487,647	-	-	258,818,180
<b>TOTAL</b>	<b>512,170,775</b>	<b>8,434,331</b>	<b>2,144,532</b>	<b>3,752,721</b>	<b>(70,500,000)</b>	<b>456,002,359</b>

CHF	1 January 2019	Financing Cash Flows	Non-cash changes		31 December 2019
			Accrued Interest	Leases	
Shareholder's loan	185,451,308	11,300,000	1,927,557	-	198,678,865
Loans from JV Partners	47,115,726	(2,018,741)	31,984	-	45,128,969
Lease liabilities	13,315,785	(3,393,815)	-	11,540,159	21,462,129
Due to third parties	221,469,872	24,250,631	1,180,309	-	246,900,812
<b>TOTAL</b>	<b>467,352,691</b>	<b>30,138,075</b>	<b>3,139,850</b>	<b>11,540,159</b>	<b>512,170,775</b>

## 29 PROVISIONS

CHF	Construction Obligations (i)	Warranties (ii)	Dismantling (iii)	Rectification Work (iv)	Total
<b>Balance at 1 January 2019</b>	-	<b>2,780,000</b>	<b>2,000,000</b>	<b>70,000</b>	<b>4,850,000</b>
Additional provision recognised	4,000,000	-	-	-	4,000,000
Provisions used	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>4,000,000</b>	<b>2,780,000</b>	<b>2,000,000</b>	<b>70,000</b>	<b>8,850,000</b>
Additional provision recognised	1,916,400	-	-	-	1,916,400
Provisions used	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>5,916,400</b>	<b>2,780,000</b>	<b>2,000,000</b>	<b>70,000</b>	<b>10,766,400</b>
thereof current	1,916,400	-	-	70,000	1,986,400
thereof non-current	4,000,000	2,780,000	2,000,000	-	8,780,000

- (i) For certain construction cost the decision is not yet finally taken whether the Group or any third or related party is going to carry the incurred cost. The issue for one of the buildings is not expected to be settled within the next 12 months.
- (ii) In relation to the Chedi construction work, the Group is involved in warranty issues with one of the suppliers. The issue is not expected to be settled within the next 12 months.
- (iii) Estimated costs of dismantling or removing newly built ski lifts at the end of their useful lives are accrued with the corresponding amount shown as part of the acquisition cost of the ski lift. Cash outflow will incur once ski lift will be removed or replaced which will not take place within the next 12 months.
- (iv) The provision for rectification work relates to estimated cost of work agreed to be carried out in relation to the construction of a villa. The work is expected to be carried out within the next 12 months.

### 30 TRADE AND OTHER PAYABLES

CHF	31 December 2020	31 December 2019
Non-current trade payables	-	-
Current trade and other payables	21,799,182	23,759,848

Trade and other payables are in general interest free. However, when they are overdue, certain penalty interest rates might apply.

### 31 DEFERRED REVENUE

CHF	31 December 2020	31 December 2019
Deferred revenue from real estate sales (i)	19,159,116	25,662,161
Deferred revenue from ski ticket sales	1,048,064	1,488,391
Other deferred revenue	6,027,004	5,502,186
<b>TOTAL</b>	<b>26,234,184</b>	<b>32,652,738</b>

- (i) The deferred revenue from real estate sales includes advances from buyers of real estate units (progress payments) between the time of the initial agreement and contractual completion. The decrease is mainly due to advances received on the Gotthard Residences that have subsequently been handed over as at 31 December 2020. The decrease is partly offset by advances for units in multi-family houses on the podium.

### 32 OTHER CURRENT LIABILITIES

CHF	31 December 2020	31 December 2019
Accrued expenses (i) (ii)	19,317,928	18,617,922
Deferred income from government grants (note 33)	6,404,357	6,404,357
Deposits from others (ii)	126,458	129,799
VAT payables	114,877	477,315
Other credit balances (ii)	1,873,858	1,256,890
<b>TOTAL</b>	<b>27,837,478</b>	<b>26,886,283</b>

- (i) Accrued expenses mainly include operating costs for the operational activities.
- (ii) These liabilities meet the definition of a financial instrument in accordance with IFRS 9 (refer to note 35.3).

### 33 GOVERNMENT GRANTS

In 2016, Andermatt Sedrun Sport AG, the main subsidiary operating the ski area, signed a contract with the cantons of Uri and Graubünden under which the two cantons provide financing for the further development of the ski area. These government grants are provided as part of the "Neue Regionalpolitik" ("NRP") program of the Swiss government and therefore qualify as government grants under the requirements of IAS 20.

From 2016 until 2020, the Group received CHF 48 million in several tranches based on the progress of the development of the ski area. CHF 40 million are repayable within 20 years whereas the remaining CHF 8 million are granted without further obligations ("a-fonds-perdu"). The repayable grant has an interest rate of 0.63% per annum.

In 2020, the Group received the final tranche of CHF 1.2 million (2019: CHF 7.0 million) of the CHF 48 million mentioned above of which CHF 1.0 million (2019: CHF 5.9 million) were recognised as non-current borrowings (note 28). The remaining CHF 0.2 million (2019: CHF 1.1 million) were deferred as non-current liabilities and recognised as income from government grants over the next 20 years.

In 2019, the Group has received an additional interest free government grant from the NRP program. In total the Group received CHF 3.0 million of which CHF 2.36 million are repayable within 22 years and the remaining CHF 0.64 million are granted without further obligations ("a-fonds-perdu").

In 2020, an income from government grants of total CHF 0.4 million is recognised within other gains and losses (note 10).

Further, when the Group purchased the land in Andermatt, part of the land was received for free with the obligation to build a sports centre in Andermatt. This government grant from the municipality of Andermatt is treated as a prepayment for the construction of the sports centre and is recognised as other current liability (note 32).

## 34 RETIREMENT BENEFIT PLANS

### 34.1 Defined benefit plans

Swiss pension plans need to be administered by a separate pension fund that is legally separated from the entity. The law prescribes certain minimum benefits.

The pension plan of the employees of the parent entity are carried out by a collective fund with Baloise-Sammelstiftung whereas the pension plans of the subsidiaries are carried by collective funds of Swiss Life, Hotela Vorsorgestiftung as well as Symova. Under the pension plans, the employees are entitled to retirement benefits and risk insurance for death and disability. The boards of the various pension funds are composed of an equal number of representatives from both employers and employees.

Due to the requirements of IAS 19 the above mentioned pension plans are classified as defined benefit plans. The pension plans are described in detail in the corresponding statutes and regulations. The contributions of employers and employees in general are defined in percentages of the insured salary. The retirement pension is calculated based on the old-age credit balance on retirement multiplied by the fixed conversion rate. The employee has the option to withdraw the capital at once. The death and disability pensions are defined as percentage of the insured salary. The assets are invested directly with the corresponding pension funds.

The pension funds can change their financing system (contributions and future payments) at any time. Also, when there is a deficit which cannot be eliminated through other measures, the pension funds can oblige the entity to pay a restructuring contribution. For the pension funds of the Group such a deficit currently cannot occur as the plans are fully reinsured. However, the pension funds could cancel the contracts and the entities of the Group would have to join another pension fund.

In the current and comparative period no plan amendments, curtailments or settlements occurred.

The fully reinsured pension funds have concluded insurance contracts to cover the biometric and investment risk. The board of each pension fund is responsible for the investment of assets and the investment strategies are defined in a way that the benefits can be paid out on due date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 31 December 2020. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

CHF	2020	2019
Current service cost	2,105,533	1,904,231
Net interest expense	19,648	59,493
Interest expense on effect of asset ceiling	-	82
Administration cost excl. cost for managing plan assets	13,589	10,040
<b>Expense recognised in profit or loss</b>	<b>2,138,770</b>	<b>1,973,846</b>

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

CHF	2020	2019
Remeasurement loss on defined benefit obligation (i)	1,299,789	3,082,368
Return on plan assets excl. interest income	(183,676)	(297,391)
Change in effect of asset ceiling excl. interest expense	-	(7,551)
Other	-	1,019,101
<b>Expense recognised in other comprehensive income</b>	<b>1,116,113</b>	<b>3,796,527</b>

- (i) In 2020, remeasurement losses arose from changes in financial assumptions of CHF 107,242 as well as arising from experience adjustments of CHF 1,192,547. In 2019, remeasurement losses arose from changes in financial assumptions of CHF 2,902,865 as well as losses arising from experience adjustments of CHF 179,503.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

CHF	31 December 2020	31 December 2019
Present value of funded defined benefit obligation	31,352,032	27,177,714
Fair value of plan assets	(20,658,711)	(18,191,005)
<b>Deficit/(surplus)</b>	<b>10,693,321</b>	<b>8,986,709</b>
Adjustment to asset ceiling	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>10,693,321</b>	<b>8,986,709</b>

Movements in the present value of the defined benefit obligation in the current year were as follows:

CHF	2020	2019
Opening defined benefit obligation	27,177,714	18,933,004
Current service cost	2,105,533	1,904,231
Interest expense on defined benefit obligation	57,853	237,088
Contributions from plan participants	1,407,225	1,252,654
Past service cost	(141,046)	-
Benefits (paid)/deposited	(568,625)	(608,076)
Remeasurement loss on defined benefit obligation	1,299,789	3,082,368
Administration cost (excl. cost for managing plan assets)	13,589	10,040
Other	-	2,366,405
<b>Closing defined benefit obligation</b>	<b>31,352,032</b>	<b>27,177,714</b>

Movements in the present value of the plan assets in the current period were as follows:

CHF	2020	2019
Opening fair value of plan assets	18,191,005	14,471,483
Interest income on plan assets	38,205	177,595
Return on plan assets excluding interest income	183,676	297,391
Contributions from the employer	1,407,225	1,252,654
Contributions from plan participants	1,407,225	1,252,654
Benefits (paid)/deposited	(568,625)	(608,076)
Other	-	1,347,304
<b>Closing fair value of plan assets</b>	<b>20,658,711</b>	<b>18,191,005</b>

The respective insurance companies are providing reinsurance of these assets and bear all market risk on these assets.

The actual return on plan assets was CHF 221,881 (2019: CHF 474,986).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2020	2019
Discount rates	0.20%	0.05%-0.30%
Expected rates of salary increase	1.00%	1.00%
Expected pension increases	0.00%	0.00%
Mortality tables	BVG 2015 GT	BVG 2015 GT

The following sensitivity analyses based on the principal assumptions have been undertaken based on reasonably possible changes to the assumptions occurring at the end of the reporting period:

- If the discount rate would be 25 basis points (0.25 percent) higher (lower), the defined benefit obligation would decrease by CHF 1,504,280 (increase by CHF 1,638,793) if all other assumptions were held constant.
- If the expected salary growth would increase (decrease) by 0.25%, the defined benefit obligation would increase by CHF 262,416 (decrease by CHF 256,700) if all other assumptions were held constant.
- If the life expectancy would increase (decrease) with one year for both men and women, the defined benefit obligation would increase by CHF 740,480 (decrease by CHF 740,686) if all other assumptions were held constant.

The average duration of the defined benefit obligation at the end of the reporting period is 19.0 years (2019: 18.4 years).

The Group expects to make a contribution of CHF 1,525,588 to the defined benefit plans during the next financial year.

### 34.2 Defined contribution plans

Within the subsidiaries operating the SkiArena Andermatt-Sedrun there are a lot of seasonal workers who generally leave the Group at the end of the skiing season and draw the pension benefits at the same time which leaves no further liability to the Group. Therefore, for the season workers, the pension plan was treated as a defined contribution plan.

## 35 FINANCIAL INSTRUMENTS

### 35.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings from third parties (note 28), shareholder's loan (note 27), offset by cash and bank balances (note 22) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 23 to 26).

The Group is not subject to any externally imposed capital requirements.

According to the Group's internal policies and procedures, Group Management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

During 2019 and 2020, the Group was refinanced through further debt investments of Mr. Samih Sawiris as well as two new bond placements of CHF 110 million in total, various credit arrangements with Swiss banks and financing by the government up to CHF 48 million for the development of the ski area, of which the entire amount is received based on the progress of the development of the ski area until 2020.

Due to the capital increase in 2020, the net debt to equity ratio decreased considerably.

The gearing ratio was as follows:

CHF	31 December 2020	31 December 2019
Shareholder's loan	129,800,604	198,678,865
Loans from JV partners	45,540,207	45,128,969
Loans due to third parties	280,661,548	268,362,941
<b>Total debt (i)</b>	<b>456,002,359</b>	<b>512,170,775</b>
Less: Cash and bank balances	(43,665,719)	(17,538,426)
<b>Net debt</b>	<b>412,336,640</b>	<b>494,632,349</b>
<b>Equity (ii)</b>	<b>26,606,168</b>	<b>(7,941,673)</b>
<b>Net debt to equity ratio</b>	<b>1,549.8%</b>	<b>-</b>

(i) Debt is defined as shareholder's loan as well as long- and short-term borrowings, as detailed in notes 27 and 28.

(ii) Equity includes all capital and reserves of the Group and non- controlling interests that are managed as capital.

### 35.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in 3.17 Financial instruments.

### 35.3 Categories of financial instruments

CHF	31 December 2020	31 December 2019
<b>Financial assets</b>		
Cash and bank balances	43,665,719	17,538,426
Fair value through other comprehensive income (FVTOCI) (i)	67,522	67,530
Financial assets measured at amortized cost (ii)	41,597,444	52,093,101
<b>Financial liabilities</b>		
At amortised cost (iii)	500,283,838	556,922,365

(i) Refer to note 18 for further details.

(ii) Consists of trade and other receivables (note 20) as well as certain other current assets as disclosed in note 21.

(iii) Consists of shareholder's loan (note 27), borrowings (note 28), trade and other payables (note 30), payables due to related parties (note 36) as well as certain other current liabilities as disclosed in note 32.

### 35.4 Financial risk management

In the course of its business, the Group is exposed to a limited number of financial risks. The Group's activities expose it primarily to the market risks of changes in foreign currency exchange rates (note 35.4.1), interest rates (note 35.4.2) and certain price risk on equity investments (note 35.4.3) as well as credit risk (note 35.4.4) and liquidity risk (note 35.4.5). Most of these risks are minimal which is further described below.

It is and has been throughout 2020 and 2019, the Group's policy not to use derivatives.

#### 35.4.1 Foreign currency risk management

The Group's activities are mainly carried out in CHF and therefore no significant foreign currency risk exists. As at year end there are no foreign currency exposures.

#### 35.4.2 Interest rate risk management

The Group's exposure to interest rate risk is very limited as the main part of the financing is provided by the majority shareholder through loans with fixed interest as well as through the bond which also has a fixed coupon. The residual risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. Due to the immaterial interest rate risk no sensitivity analyses have been prepared.

#### 35.4.3 Other price risks

The Group is exposed to limited equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

#### 35.4.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group credit risk arises from transactions with counterparties, mainly individual customers and corporations. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist mainly of a few customers from sales of real estates. The Group does not have any significant concentration of credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on sales of real estate is limited because the Group controls this risk through the property itself by registering the unit in the name of the customer only after receiving the entire amount due from the customer.

Counterparty risk is also minimized by ensuring that all financial assets are placed with well-known banks in Switzerland.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### 35.4.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements.

In the last few years, the Group has demonstrated that the Andermatt project had reached a size and development threshold which makes it attractive for outside investors. This was exemplified with the inaugural bond transactions (total CHF 210 million), the long-dated bank funding arrangements (total CHF 90 million) as well as the development projects for multifamily houses with joint venture partners. This is further evidenced by the government loans received for the development of the ski area.

In addition to the external financing referred to above, the Group has placed excess cash of CHF 27 million with Samih O. Sawiris which can be called back for further financing of Group projects (note 21). 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 from the government, the Chairman has signed a letter of commitment in April 2020 to avail up to CHF 30 million until the end of December 2021. None of the committed amount has been drawn down yet.

Management believes that these plans are sufficient to substantially mitigate the liquidity risk.

### Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

2020	Weighted average effective interest Rate	Less than 6 months	6 months to one year	1 – 5 years	5 + years	Total
CHF						
Non-interest bearing	-	44,696,136	-	2,854,000	44,619,025	92,169,161
Variable interest rate instruments	1.80%	1,464,097	1,714,979	40,810,426	19,029,681	63,019,183
Fixed interest rate instruments	2.49%	7,194,599	5,794,531	197,656,251	170,888,734	381,534,115
<b>TOTAL</b>		<b>53,354,832</b>	<b>7,509,510</b>	<b>241,320,677</b>	<b>234,537,440</b>	<b>536,722,459</b>

2019	Weighted average effective interest rate	Less than 6 months	6 months to one year	1 – 5 years	5 + years	Total
CHF						
Non-interest bearing	-	43,761,855	290,085	249,360	44,737,025	89,038,325
Variable interest rate instruments	2.08%	2,065,693	1,524,742	32,587,206	18,618,444	54,796,085
Fixed interest rate instruments	2.05%	6,516,332	5,505,408	189,336,614	239,811,291	441,169,645
<b>TOTAL</b>		<b>52,343,880</b>	<b>7,320,235</b>	<b>222,173,180</b>	<b>303,166,760</b>	<b>585,004,055</b>

## 35.6 Fair value of financial instruments

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

Management considers that except for the bonds, the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. The total fair value of the bonds are CHF 161.7 million compared to the carrying amount of CHF 159.4 million (note 28).

### 35.6.2 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 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.

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

Financial instruments that are measured subsequent to initial recognition at fair value are 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 (see note 18 for further details) 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	2019
Opening balance	67,530	67,514
Remeasurement (losses)/gains through other comprehensive income	(8)	16
Closing balance	67,522	67,530

## 36 RELATED PARTY TRANSACTIONS

A party (a company or individual) is related to an entity if:

- a) directly, or indirectly through one or more intermediaries, the party:
  - i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - ii. has an interest in the entity that gives it significant influence over the entity; or
  - iii. has joint control over the entity;
- b) the party is an associate of the entity;
- c) the party is a joint venture in which the entity is a venturer;
- d) the party is a member of the key management personnel of the entity or its parent;
- e) the party is a close member family of any individual referred to in (a) or (d);
- f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.



The following balances were outstanding at the end of the reporting period:

CHF	Due from related parties		Due to related parties	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>JV-Partners (i)</b>				
Besix Group SA	-	-	42,613,025	42,613,025
Swiss Property Group	-	-	319,102	1,559,851
Migati	-	-	-	132,247
Schmid	-	-	2,608,079	823,845
<b>Non-controlling shareholders</b>				
Orascom Development Holding AG	-	-	1,122,820	960,888
<b>Close family members</b>				
Samih Sawiris(ii)	27,000,000	35,000,000	129,841,837	198,705,109
<b>Total</b>	<b>27,000,000</b>	<b>35,000,000</b>	<b>176,504,863</b>	<b>244,794,965</b>
Current	27,000,000	35,000,000	1,164,053	987,131
Non-current	-	-	175,340,810	243,807,834
<b>Total</b>	<b>27,000,000</b>	<b>35,000,000</b>	<b>176,504,863</b>	<b>244,794,965</b>

- (i) Loans due to JV-Partners are classified as borrowings and disclosed in note 28.
- (ii) Amounts due to Mr. Samih Sawiris (ultimate controlling party) include a loan of CHF 129,800,604 (31 December 2019: CHF 198,678,865) which is classified as shareholder's loan (note 27) as well as a current account of CHF 41,233 (31 December 2019: CHF 26,244) which is classified as current payables due to related parties. Amounts due from Mr. Sawiris is excess cash which the Group has placed as short-term treasury measure (note 21).

Further transactions involving Mr. Samih Sawiris, Chairman and major shareholder:

#### Acuro Transaction

In 2012, Acuro Immobilien AG ("Acuro") has purchased 73 apartments in The Chedi Andermatt, Switzerland from one of the Swiss subsidiaries of the Group for CHF 122.7 million plus participation in future sales profits on the properties.

Acuro is a real estate investment vehicle that is managed by third parties. Mr. Samih Sawiris, Chairman of the Board of Directors and major shareholder of Orascom Development, and his family are invested in Acuro as important minority shareholder.

As at 31 December 2020 there were no receivables due from Acuro (31 December 2019: none). As the real estate units were completed and in general handed over in 2015, no revenue from sale of real estate (2019: none) was recognised. However, in 2020 there was revenue in relation to resale provisions of CHF 0.4 million (2019: CHF 0.9 million). As at 31 December 2020, there are no residual deferred revenues in relation to the above transaction.

#### Taurus Transaction

Taurus Andermatt AG ("Taurus") has purchased a total of 25 apartments in multi-family houses on the podium as well as in The Chedi Andermatt from the Group for CHF 50.5 million. The agreed purchase price has been collected at closing of this transaction in 2018.

Taurus is a real estate investment vehicle that is managed by third parties. Mr. Samih Sawiris, Chairman of the Board of Directors and major shareholder of Orascom Development, and his family are invested in Taurus as important minority shareholder.

As the real estate units were completed and handed over by the time of the transaction in 2018, no revenue from sale of real estate (2019: none) was recognised. In 2020, revenue from sales commissions of CHF 0.4 million (2019: CHF 0.3 million) was recognised.

The following table shows the total amount of construction work invoiced by JV Partners to Group companies in the respective years:

CHF	2020	2019
Besix Group SA	-	63,832,113
Other JV Partners	14,715,504	15,288,462
<b>TOTAL</b>	<b>14,715,504</b>	<b>79,120,575</b>

- (i) Other JV Partners include Ganter, Schmid and Swiss Property Group.

Such invoiced construction costs are initially capitalized within inventory and are recognised as cost of goods sold upon recognition of the sale in the financial statements.

## 37 NON-CASH TRANSACTIONS

During the current year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flow:

- Capital increase through shareholder's loan of CHF 70 million (note 23.1)
- Capitalization of interest of CHF 0.3 million over projects under constructions (note 12).
- Accrued interest on loans of CHF 2.7 million (note 28.2)
- New lease contracts of CHF 2.4 million (note 38.1.1).

## 38 LEASES

### 38.1 The Group as lessee

#### 38.1.1 Right-of-use assets

The Group leased offices spaces in Altdorf and Andermatt, certain of its operating equipment in the SkiArena Andermatt-Sedrun, certain electronic equipment for the Chedi hotel as well as various apartment houses. Further the Group has long-term land leases related to the golf course as well as other easements in relation to land. The lease terms are between 1 and 49 years. For certain operating equipment, the Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under leases are secured by the lessors' title in the leased assets. The increase in 2020 is mainly due to additional retail leases and equipment.

CHF	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Total
<b>COST</b>					
<b>Balance at 1 January 2019</b>	<b>3,618,176</b>	<b>5,500,377</b>	<b>18,463,963</b>	<b>1,737,204</b>	<b>29,319,720</b>
Additions	-	2,173,624	186,160	-	2,359,784
Disposals	-	-	(204,433)	-	(204,433)
Transfer within PPE	-	-	(794,749)	-	(794,749)
<b>Balance at 31 December 2019</b>	<b>3,618,176</b>	<b>7,674,001</b>	<b>17,650,941</b>	<b>1,737,204</b>	<b>30,680,322</b>
Additions	-	2,368,737	1,073,706	310,278	3,752,721
Disposals	-	(442,178)	-	-	(442,178)
Transfer within PPE	-	-	-	(1,737,205)	(1,737,205)
<b>Balance at 31 December 2020</b>	<b>3,618,176</b>	<b>9,600,560</b>	<b>18,724,647</b>	<b>310,277</b>	<b>32,253,660</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Balance at 1 January 2019</b>	-	-	<b>(737,839)</b>	<b>(1,028,284)</b>	<b>(1,766,123)</b>
Disposals	-	-	68,144	-	68,144
Transfer within PPE	-	-	393,990	-	393,990
Depreciation expenses	(171,129)	(1,426,390)	(1,131,247)	(316,168)	(3,044,934)
<b>Balance at 31 December 2019</b>	<b>(171,129)</b>	<b>(1,426,390)</b>	<b>(1,406,952)</b>	<b>(1,344,452)</b>	<b>(4,348,923)</b>
Disposals	-	442,178	-	-	442,178
Transfer within PPE	-	-	-	1,543,856	1,543,856
Depreciation expenses	(171,130)	(1,823,364)	(1,146,437)	(199,404)	(3,340,335)
<b>Balance at 31 December 2020</b>	<b>(342,259)</b>	<b>(2,807,576)</b>	<b>(2,553,389)</b>	<b>-</b>	<b>(5,703,224)</b>
<b>CARRYING AMOUNT</b>					
<b>At 31 December 2019</b>	<b>3,447,047</b>	<b>6,247,611</b>	<b>16,243,989</b>	<b>392,752</b>	<b>26,331,399</b>
<b>At 31 December 2020</b>	<b>3,275,917</b>	<b>6,792,984</b>	<b>16,171,258</b>	<b>310,277</b>	<b>26,550,436</b>

### 38.1.2 Maturity analysis of lease liabilities

CHF	31 December 2020	31 December 2019
Less than 12 months	3,109,285	3,054,254
1-5 years	8,177,668	7,832,340
More than 5 years	10,556,415	10,575,535
<b>Total</b>	<b>21,843,368</b>	<b>21,462,129</b>

The Group does not face a significant liquidity risk with regards to its lease liabilities.

### 38.1.3 Amounts recognised in profit or loss

CHF	2020	2019
Depreciation expense on right-of-use assets	3,340,335	3,044,934
Interest expense on lease liabilities	383,207	824,881
Expense relating to short-term lease	2,066,742	1,022,335
Expense relating to variable lease payments not included in the measurement of the lease liabilities	171,035	173,937

### 38.1.4 Further information on leases

At 31 December 2020, the Group is committed to CHF 45'950 (2019: CHF 46,070) for short-term leases

In 2020, the total cash outflow for leases amounts to CHF 4.0 million (2019: CHF 5.3 million).

## 39 COMMITMENTS FOR EXPENDITURE

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

CHF	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 31 December 2019, 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.

One part of the Group's business is to acquire land for the development of touristic projects. Out of these business opportunities often no legally binding commitments incur however the Group has unbinding business opportunity commitments in relation to their projects. Such commitments should be considered together with the legally binding commitments for expenditure listed above.

## 40 LITIGATION

There were no significant litigations in process as at 31 December 2020 and 2019.

## 41 SUBSEQUENT EVENTS

There were no subsequent events after 31 December 2020.

## 42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors and authorized for issue on 30 March 2021.

## Statutory Auditor's Report

To the General Meeting of  
**ANDERMATT SWISS ALPS AG, ANDERMATT**

### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Andermatt Swiss Alps AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statement (pages F-2 to F-43) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### **Basis for Opinion**

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Impairment testing of the assets related to the hotel "The Chedi", the hotel "Radisson Blu" and the "Ski Arena" (included in property, plant and equipment)**

#### Key audit matter

The consolidated financial statements of Andermatt Swiss Alps include significant assets in relation to the segments "Hotels" and "Ski Arena" amounting to CHF 149 million, which are part of the total recorded property, plant and equipment balance of CHF 365 million. The assets include the capitalized costs for the hotels and the skiing infrastructure.

Despite the Covid-19 pandemic, the Group achieved to generate positive cash inflows from operations in 2020. However, the pandemic with its significant impact on the "Hotels" and "Ski Arena" segments (driven by governmental orders on social distancing and travel restrictions) adversely impacted these operations.

Management reviews the carrying amount annually if impairment indicators exist. If the recoverable amount is lower than the carrying value, an impairment would be recorded. Management used the discounted cash flow method to assess the value of the recorded assets. The net present value is dependent on Management's forecast of the future cash flows as well as the applicable discount rates and growth rates. The valuation involves an exercise of judgment by Management including the use of assumptions and estimates that contains an inherent uncertainty.

The valuation methodology is explained in the notes to the consolidated financial statements (note 4.2.1) and the capitalized costs are part of note 15, *Property, plant, and equipment*.

#### How the scope of our audit responded to the key audit matter

We tested design and implementation of the related controls. We evaluated the preparation of the valuation model and underlying assumptions. We assessed how the Group determines budget and forecast information on earnings and related cash flows and how the applicable discount rates were derived. We also audited the different input factors to the discount rate against observable market data (if any) and evaluated whether these are consistently applied by Management. We performed sensitivity analysis and corroborated the budgets and forecasts through review of underlying documentation and discussions with Management. We also challenged and reviewed Management's forecasts with regard to Covid-19 impacts. Furthermore, we involved internal valuation specialists to assist us in evaluating the valuation models (structure, completeness and mathematical accuracy) and in validating the discount rates applied.

Based on the audit procedures performed, we consider the audit risk in relation to impairment of "The Chedi", "Radisson Blu" and the "Ski Arena" to be adequately addressed.

## ***Other Information in the Annual Report***

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ***Responsibility of the Board of Directors for the Consolidated Financial Statements***

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-publiccompanies>. This description forms part of our auditor's report.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

### Deloitte AG



Chris Kraemer  
Licensed Audit Expert  
Auditor in Charge



Adrian Kaeppli  
Licensed Audit Expert

Zurich, 31 March 2021

# **Andermatt Swiss Alps AG**

**Statutory standalone financial statements  
together with auditor's report for the  
year ended 31 December 2020**



# Andermatt Swiss Alps AG

## Bilanz per 31. Dezember

Balance Sheet as of 31 December

## Anhang Notes

2020

2019

AKTIVEN  
ASSETS

CHF

CHF

### Umlaufvermögen

Current assets

Flüssige Mittel

Cash and cash equivalents

14'851'484

2'210'347

Forderungen aus Lieferungen und Leistungen

Trade accounts receivable

1'290'629

696'963

Übrige kurzfristige Forderungen

Other current receivables

- gegenüber Dritten

from third parties

3'143'270

67'665

- gegenüber Konzerngesellschaften

from group companies

21'976'232

8'509'537

- gegenüber Aktionären

from shareholders

27'000'000

35'000'000

Vorräte

Inventories

3.1

56'139'268

59'058'625

Aktive Rechnungsabgrenzungen

Prepaid expenses and accrued income

1'453'185

122'313

125'854'068

105'665'450

### Anlagevermögen

Non-current assets

Übrige langfristige Forderungen

Other non-current assets

- gegenüber Dritten

from third parties

100'000

500'000

- gegenüber Konzerngesellschaften

from group companies

5.1

233'681'707

226'597'233

Finanzanlagen

Financial assets

53'300

53'300

Beteiligungen

Shareholdings

3.2 / 5.1

61'958'484

61'958'484

Sachanlagen

Tangible fixed assets

- Mobile Sachanlagen

Movable fixed assets

3'986'192

3'936'243

- Immobile Sachanlagen

Immovable fixed assets

53'063'811

49'051'000

- Angefangene Bauten

Projects under progress

13'482'756

19'081'579

366'326'250

361'177'839

492'180'318

466'843'289

# Andermatt Swiss Alps AG

**Bilanz per 31. Dezember**  
Balance Sheet as of 31 December

**Anhang**  
Notes

**2020**

**2019**

**PASSIVEN**  
LIABILITIES AND SHAREHOLDERS' EQUITY

CHF

CHF

## **Fremdkapital**

Liabilities

### **Kurzfristiges Fremdkapital**

Current liabilities

Verbindlichkeiten aus Lieferungen und Leistungen

Trade accounts payable

-	gegenüber Dritten	4'672'447	2'348'887
	to third parties		
-	gegenüber Konzerngesellschaften	426'573	61'249
	to group companies		
-	gegenüber Aktionären	1'122'820	960'888
	to shareholders		

Kurzfristige verzinsliche Verbindlichkeiten

Current interest-bearing liabilities

-	gegenüber Konzerngesellschaften	1'555'436	334'000
	to group companies		

Übrige kurzfristige Verbindlichkeiten

Other current liabilities

Passive Rechnungsabgrenzungen	12'310'677	11'177'199
Accrued expenses and deferred income		

20'893'105

15'463'664

### **Langfristige Verbindlichkeiten**

Non-current liabilities

Vorausahlungen von Kunden

Advances from customers

9'274'389

1'127'426

Rückstellungen

Provisions

1'986'400

70'000

Langfristige verzinsliche Verbindlichkeiten

Non-current interest-bearing liabilities

-	gegenüber Dritten	3.4	165'850'000	149'323'508
	to third parties			
-	gegenüber Aktionären	3.3	129'800'604	198'678'865
	to shareholders			

Übrige langfristige Verbindlichkeiten

Other non-current liabilities

-	gegenüber Aktionären	3.3	41'233	26'244
	to shareholders			

306'952'626

349'226'043

### **Eigenkapital**

Shareholders' equity

Grundkapital

Share capital

301'147'000

231'147'000

Kumulierte Verluste

Accumulated losses

-	Verlustvortrag	-128'993'418	-109'950'315
	Loss carried forward		
-	Jahresverlust	-7'818'995	-19'043'103
	Net loss for the year		

164'334'587

102'153'582

492'180'318

466'843'289

## Andermatt Swiss Alps AG

<b>Erfolgsrechnung</b> Income statement	<b>Anhang</b> Notes	<b>01.01. - 31.12.20</b>	<b>01.01. - 31.12.19</b>
		CHF	CHF
Verkaufserlös Revenue from sales		35'041'905	2'760'998
Ertrag aus Joint Venture Revenue from joint venture		1'356'600	510'000
Dienstleistungsertrag Revenue from services		1'726'629	1'571'737
Dienstleistungsertrag Konzerngesellschaften Revenue from services to group companies		1'524'079	1'948'745
Diverse Erträge Other income		129'331	116'494
<b>Betrieblicher Gesamtertrag</b> Total operating income		39'778'544	6'907'974
Herstellkosten des Verkaufs Cost of sales	4.1 / 4.2	-27'774'510	-7'550'753
<b>Bruttoergebnis</b> Gross margin		12'004'034	-642'779
Verkaufs- und Verwaltungsaufwand Selling, General and administrative expenses	4.1 / 4.2	-12'945'475	-12'310'979
Übriger Betriebsertrag / (-aufwand) Other operating income / (expense)		-42'382	17'642
<b>Betriebsergebnis vor Zinsen und Steuer</b> Operating result before interests and tax (EBIT)		-983'823	-12'936'116
Finanzertrag Financial income		1'323'613	983'091
Finanzaufwand Financial expenses		-8'161'003	-7'132'449
<b>Ordentliches Unternehmungsergebnis (vor Steuer)</b> Ordinary loss before tax		-7'821'213	-19'085'474
Ausserordentlicher Aufwand Extraordinary expenses	4.3	-	-11'838
Ausserordentlicher Ertrag Extraordinary income	4.4	2'218	54'209
<b>Jahresergebnis (vor Steuer)</b> Result before tax		-7'818'995	-19'043'103
Einkommensteuern Income tax		-	-
<b>Jahresverlust</b> Net loss for the year		-7'818'995	-19'043'103

## Andermatt Swiss Alps AG

### Anhang der Jahresrechnung

Notes to the Financial Statements

#### 1. Allgemeine Informationen / General information

Grundsatz / Basic principle	Erläuterung / Explanation
<b>Allgemeine Informationen</b>	Die Andermatt Swiss Alps AG (die Gesellschaft) und ihre Tochtergesellschaften sind in der Schweiz tätig. Der Zweck ist insbesondere die Entwicklung eines umfassenden Tourismusprojektes in Andermatt.
General information	Andermatt Swiss Alps AG (the Company) and its subsidiaries are active in Switzerland. The main purpose of the company is to develop a tourism resort in Andermatt.
<b>Rechtsform, Sitz und Stammkapital</b>	Die Gesellschaft wurde am 11. Mai 2007 gegründet und ist in Andermatt, UR domiziliert. Das Grundkapital wurde in 2020 um CHF 70'000'000 erhöht auf CHF 301'147'000 und setzt sich aus 301'147 Namenaktien zu je CHF 1'000 zusammen.
Legal form, registered office and capital	Andermatt Swiss Alps AG was founded on 11 May 2007 and is domiciled in Andermatt, UR. The share capital of the Company was increased in 2020 by CHF 70'000'000 to CHF 301'147'000 and consists of 301'147 registered shares with a par value of CHF 1'000.
<b>Angaben zu den Vollzeitstellen im Jahresdurchschnitt</b>	Die Gesellschaft weist im Jahresdurchschnitt weniger als 250 Vollzeitstellen (Vorjahr weniger als 250 Vollzeitstellen) aus.
Information on full-time positions on annual average	The Company has an annual average of less than 250 full-time positions (prior year: less than 250 full-time positions).

#### 2. Wichtige Bilanzierungs- und Bewertungsgrundsätze / Key accounting and valuation principles

<b>Rechnungslegungsgrundsätze</b>	Die vorliegende Jahresrechnung wurde gemäss den Bestimmungen des Schweizer Rechnungslegungsrechtes erstellt. Die wesentlichen angewandten Bilanzierungs- und Bewertungsgrundsätze, die nicht bereits durch das Obligationenrecht vorgeschrieben sind, sind nachfolgend beschrieben.
Principles of financial reporting	The present annual accounts have been prepared in accordance with the regulations of Swiss financial reporting law. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.
<b>Schätzungen und Annahmen des Managements</b>	Die Rechnungslegung in Übereinstimmung mit dem Obligationenrecht erfordert gewisse Schätzungen und Annahmen durch das Management. Diese werden laufend vorgenommen und basieren auf Erfahrungswerten und anderen Faktoren. Die später tatsächlich eintreffenden Ergebnisse können von diesen Schätzungen abweichen. Wesentliche Positionen in der Jahresrechnung, die auf Schätzungen und Annahmen des Managements basieren, sind die Abgrenzungen.
Estimates and assumptions made by management	Financial reporting under the Code of Obligations requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors. The results subsequently achieved may deviate from these estimates. Actual items in the annual accounts which are based on estimates and assumptions made by management are the accruals.

<b>Grundsatz / Basic principle</b>	<b>Erläuterung / Explanation</b>
<b>Fremdwährungspositionen</b>	Die funktionale Währung der Gesellschaft ist Schweizer Franken (CHF). Transaktionen in fremden Währungen werden zum jeweiligen Tageskurs der Transaktion in die funktionale Währung (CHF) umgerechnet. Monetäre Aktiven und Passiven in Fremdwährungen werden per Bilanzstichtag zum Stichtagskurs in die funktionale Währung umgerechnet. Die sich daraus ergebenden Fremdwährungsdifferenzen werden in der Erfolgsrechnung erfasst. Nicht monetäre langfristige Aktiven und Passiven werden zu historischen Kursen bilanziert. Unrealisierte Gewinne werden in der Bilanz zurückgestellt.
Foreign currency items	The currency in which the company operates is Swiss Francs (CHF). Transactions in foreign currencies are converted into the currency in which the company operates (CHF) at the exchange rate on the day the transaction takes place. At year end close monetary assets and liabilities in foreign currency are converted at closing rate into the functional currency (CHF). The resulting foreign exchange difference is recorded in the income statement. Non-monetary non-current assets and liabilities are recorded at historical rates. Unrealized gains are deferred in the balance sheet.
<b>Konzerngesellschaften</b>	Bei den Konzerngesellschaften handelt es sich um die Beteiligungsgesellschaften (siehe Anhang 3.2). Transaktionen erfolgen zu marktgerechten Bedingungen (Dealing at arm's length).
Group companies	Group companies are defined as investment shareholdings (see note 3.2). Transactions with group companies take place at proper market conditions (dealing at arm's length).
<b>Flüssige Mittel</b>	Die Position Flüssige Mittel beinhaltet Kassenbestände und Bankguthaben. Sie werden zu Nominalwerten bilanziert.
Cash and cash equivalents	The position Cash and cash equivalents comprises of petty cash and bank balances. They are recorded at nominal value.
<b>Forderungen aus Lieferungen und Leistungen</b>	Forderungen aus Lieferungen und Leistungen werden mit dem ursprünglichen Netto-Rechnungsbetrag erfasst, abzüglich einer Wertberichtigung für spezifische risikobehaftete Forderungen (Delkredere).
Trade accounts receivable	Trade accounts receivable are recorded at their original net invoice amount, less a value adjustment for specific receivables carrying risk (allowance for doubtful receivables).
<b>Vorräte</b>	Vorräte sind grundsätzlich zu Anschaffungs- bzw. Herstellungskosten erfasst. Herstellungskosten umfassen sämtliche direkt zurechenbaren Material- und Fertigungskosten. Liegt der Nettoveräußerungswert am Abschlussstichtag unter den Anschaffungs- oder Herstellungskosten, ist dieser massgebend für die Bewertung.
Inventories	Inventories are generally recorded at acquisition or manufacturing costs. Manufacturing costs cover all the directly attributable materials and production costs. The lower of cost or net realisable value is determining the value at closing date.

<b>Grundsatz / Basic principle</b>	<b>Erläuterung / Explanation</b>												
<b>Sachanlagen</b>	<p>Sachanlagen werden entsprechend ihrer erwarteten wirtschaftlichen Nutzungsdauer linear abgeschrieben. Ausnahmen bilden Grundstücke (Land), die nicht abgeschrieben werden. Die Nutzungsdauer ist wie folgt festgelegt:</p> <table> <tr> <td>Grundstücke (Land)</td><td>Keine Abschreibungen</td></tr> <tr> <td>Gebäude</td><td>20 bis 50 Jahre</td></tr> <tr> <td>Maschinen und Anlagen</td><td>4 bis 10 Jahre</td></tr> <tr> <td>Mobile Sachanlagen</td><td>3 bis 10 Jahre</td></tr> <tr> <td>Anlagen im Bau</td><td>Keine Abschreibungen</td></tr> <tr> <td>Anlagen im Leasing</td><td>Gemäss Vertragslaufzeit</td></tr> </table> <p>Sofern Anzeichen einer Überbewertung erkennbar werden, werden die Buchwerte überprüft und gegebenenfalls wertberichtigt.</p>	Grundstücke (Land)	Keine Abschreibungen	Gebäude	20 bis 50 Jahre	Maschinen und Anlagen	4 bis 10 Jahre	Mobile Sachanlagen	3 bis 10 Jahre	Anlagen im Bau	Keine Abschreibungen	Anlagen im Leasing	Gemäss Vertragslaufzeit
Grundstücke (Land)	Keine Abschreibungen												
Gebäude	20 bis 50 Jahre												
Maschinen und Anlagen	4 bis 10 Jahre												
Mobile Sachanlagen	3 bis 10 Jahre												
Anlagen im Bau	Keine Abschreibungen												
Anlagen im Leasing	Gemäss Vertragslaufzeit												
<b>Tangible fixed assets</b>	<p>The straight-line depreciation method is used for tangible fixed assets according to their expected used life. Exceptions are made for land which are not depreciated. Useful life is established as follows:</p> <table> <tr> <td>Land</td><td>No depreciation</td></tr> <tr> <td>Buildings</td><td>20 to 50 years</td></tr> <tr> <td>Machines and facilities</td><td>4 to 10 years</td></tr> <tr> <td>Furniture, fixtures and equipment</td><td>3 to 10 years</td></tr> <tr> <td>Assets under production</td><td>No depreciation</td></tr> <tr> <td>Leased assets</td><td>According to term of contract</td></tr> </table> <p>If there is any evidence of an over-valuation, the accounting values are checked and adjusted where necessary.</p>	Land	No depreciation	Buildings	20 to 50 years	Machines and facilities	4 to 10 years	Furniture, fixtures and equipment	3 to 10 years	Assets under production	No depreciation	Leased assets	According to term of contract
Land	No depreciation												
Buildings	20 to 50 years												
Machines and facilities	4 to 10 years												
Furniture, fixtures and equipment	3 to 10 years												
Assets under production	No depreciation												
Leased assets	According to term of contract												
<b>Umsatzrealisierung</b>	<p>Die Gesellschaft verbucht die auf den Rechnungen brutto ausgewiesenen Beträge, nach Abzug der Mehrwertsteuer, als Erlöse aus Lieferungen und Leistungen. Die Erlöse aus Verkauf von Immobilien werden verbucht, wenn die massgeblichen Risiken und Chancen auf den Kunden übertragen sind (grundsätzlich im Zeitpunkt der Anmeldung beim Grundbuchamt). Der Dienstleistungsumsatz wird erst bei Abschluss des Auftrages erfasst.</p>												
<b>Revenue recognition</b>	<p>The Company records the gross invoice amounts, after deduction of value-added tax, as revenues from goods and services. Revenues from real estate are recorded when the significant risks and rewards have transferred to the customer (basically, at the time of registration at land register). Revenues from services are recognised when contracts are completed only.</p>												
<b>Leasinggeschäfte</b>	<p>Leasing- und Mietverträge werden nach Massgabe des rechtlichen Eigentums bilanziert. Entsprechend werden die Aufwendungen als Leasingnehmerin bzw. als Mieterin periodengerecht im Aufwand erfasst.</p>												
<b>Leasing transactions</b>	<p>Leasing and rental contracts are accounted for in accordance with legal ownership. Expenses as a lessee or tenant are recorded correspondingly as expenditure in the relevant period.</p>												

## Andermatt Swiss Alps AG

### Anhang der Jahresrechnung

Notes to the Financial Statements

### 3. Angaben zu Bilanzpositionen / Information relating to items on balance sheet

#### 3.1 Vorräte / Inventories

	31.12.2020	31.12.2019
Angefangene Bauten / Projects under progress	56'139'268	57'655'668
Nicht verkaufte Einheiten / Unsold units	0	1'402'957
<b>Total</b>	<b>56'139'268</b>	<b>59'058'625</b>

#### 3.2 Beteiligungen / Shareholdings

		Kapitalanteile in % Capital shares in %		Stimmanteile in % Voting shares in %	
Name, Sitz Name, Registered office	Grundkapital Share capital in 1'000	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Direkte Beteiligungen Direct investments					
Bellevue Hotel & Appartment Development AG, Andermatt	4'360	100	100	100	100
Hotel 4b Development AG, Andermatt	CHF 100	51	51	51	51
Andermatt-Sedrun Sport AG, Andermatt	CHF 66'000	82.59	82.59	82.59	82.59
Alpine Development Andermatt AG, Andermatt	CHF 100	51	51	51	51
Saschi Immobilien AG, Andermatt	CHF 100	51	51	51	51
SAGA Andermatt Immobilien AG, Andermatt	CHF 100	51	51	51	51
Andermatt Invest AG, Andermatt	CHF 100	100	100	100	100
Andermatt Central AG, Andermatt	CHF 10'000	25	25	25	25
Signifikante indirekte Beteiligung Significant indirect investment					
Bellevue Hotel & Appartment Management AG, Andermatt	CHF 100	100	100	100	100

#### 3.3 Langfristige Verbindlichkeiten gegenüber Aktionären / Long-term liabilities to shareholders

Die Gesellschaft hat einigen ihrer Beteiligungsgesellschaften bis zum Berichtsdatum Rangrücktritte im Betrag von CHF 162'518'350 gewährt (siehe auch Anmerkung 5.2). Diese würden zusammen mit den in der Bilanz zum 31. Dezember 2020 ausgewiesenen kumulierten Verlusten zu einer Überschuldung gemäss Art 725 Abs. 2 OR führen. Samih O. Sawiris hat CHF 80'000'000 seiner langfristigen Forderungen gegenüber bereits bestehenden und zukünftig entstehenden Forderungen gegen die Gesellschaft im Rang zurückgestellt.

The Company has granted subordinated loans to some of its shareholdings until the report date in the total amount of CHF 162'518'350 (refer also to note 5.2). They would lead, together with the accumulated losses disclosed in the balance sheet as of 31 December 2020, to an overindebtedness as per art. 725 par. 2 CO. Samih O. Sawiris has subordinated CHF 80'000'000 of his non-current receivable to all other existing and future claims against the Company.

	31.12.2020	31.12.2019
<b>Darlehen / Loan Samih O. Sawiris</b>	<b>129'841'837</b>	<b>198'705'109</b>

#### 3.4 Langfristige verzinsliche Verbindlichkeiten gegenüber Dritten / Long-term interest-bearing liabilities

	31.12.2020	31.12.2019
<b>Anleihe / Bond</b>	<b>160'000'000</b>	<b>149'001'508</b>
<b>Hypothek / Mortgage</b>	<b>5'350'000</b>	<b>322'000</b>
<b>Covid-19 Kredit / Covid-19 credit</b>	<b>500'000</b>	<b>0</b>

Die Gesellschaft hat drei an der SIX Swiss Exchange kotierte Schweizer-Franken-Anleihen im Nominalwert von CHF 160 Millionen ausgegeben. Die Anleihen sind mit 4.0%, 3.75% bzw. 4.375% p.a. verzinst und sind zur Rückzahlung fällig am 06. Juli 2023, 09. Juli 2024 bzw. 11. Dezember 2025.

The Company has issued three SIX Swiss Exchange listed bonds with nominal value of total CHF 160 million. The bonds have coupons of 4.0%, 3.75% resp. 4.375% p.a. and are due on 06 July 2023, 09 July 2024 resp 11 December 2025.

**4. Angaben zu Erfolgsrechnungspositionen / Information relating to items on income statement**

	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>4.1 Personalaufwand / Personnel expense</b>	9'135'888	7'411'015
<b>4.2 Abschreibungen Total / Depreciation total</b>	2'591'365	2'245'652

**4.3 Ausserordentlicher Aufwand / Extraordinary expenses**

Beim ausserordentlichen Aufwand handelt es sich um Verluste aus Veräusserungen des Anlagevermögens.  
The extraordinary expenses are losses from sale of fixed assets.

**4.4 Ausserordentlicher Ertrag / Extraordinary income**

Beim ausserordentlichen Ertrag handelt es sich um ausgebuchte verwirkte Verbindlichkeiten.  
The extraordinary income is the write off of forfeited liabilities.

**5. Weitere Angaben / Further informations**

**5.1 Restbetrag der Miet- und Leasingverpflichtungen / Residual amount of lease and leasing liabilities**

	<b>31.12.2020</b>	<b>31.12.2019</b>
< 1 Jahr / < 1 year	301'021	497'376
1 - 5 Jahre / 1 - 5 years	1'069'428	1'531'405
> 5 Jahre / > 5 years	3'771'319	5'750'999
<b>Total</b>	<b>5'141'768</b>	<b>7'779'779</b>

**5.2 Gesamtbetrag der zur Sicherung eigener Verbindlichkeiten verwendeten Aktiven**

Total amount of assets pledged or assigned to secure own liabilities and assets under reservation

	<b>31.12.2020</b>	<b>31.12.2019</b>
Rangrücktritt auf Darlehen gegenüber Bellevue Hotel & Appartement Development AG		
Subordinated loan Bellevue Hotel & Appartement Development AG	116'800'000	116'800'000
Rangrücktritt auf Darlehen gegenüber Hotel 4b Development AG		
Subordinated loan Hotel 4b Development AG	43'886'850	43'886'850
Rangrücktritt auf Darlehen gegenüber Andermatt Invest AG		
Subordinated loan Andermatt Invest AG	1'500'000	1'500'000
Rangrücktritt auf Darlehen gegenüber Alpine Development Andermatt AG		
Subordinated loan Alpine Development Andermatt AG	331'500	331'500
Grundpfandgesicherte Hypothek der Credit Suisse / Urner Kantonalbank		
Real security pledged for mortgage of Credit Suisse / Urner Kantonalbank	5'350'000	627'594
<b>Total</b>	<b>167'868'350</b>	<b>163'145'944</b>

**5.3 Eventualverbindlichkeiten / Contingent Liabilities**

	<b>31.12.2020</b>	<b>31.12.2019</b>
Die Gesellschaft hat Verpflichtungen gegenüber dem Kanton Uri und der Gemeinde Andermatt. Sie ist verantwortlich für den Bau von bestimmten Teilen des Tourismusresorts Andermatt. Sollten die Bauarbeiten aus einem bestimmten Grund nicht weitergeführt werden, hat die Gesellschaft die Verpflichtung die betreffenden Landteile zurückzubauen zum ursprünglichen Status. Per 31. Dezember 2020 waren 19'985 (2018: 19'985) ASA Aktien, die von der Orascom Development Holding AG gehalten werden, mit einem Nominalwert von CHF 1'000 verpfändet als Sicherheit an den Kanton und die Gemeinde. Zusätzlich wurde im Zusammenhang mit dieser Transaktion Land mit einem Wert von CHF 1'000'000 CHF verpfändet.	20'985'000	20'985'000

The Company has obligations towards the canton of Uri and the municipality of Andermatt. It is responsible for the construction of certain parts of the tourism resort Andermatt. Should the construction work be stopped for whatever reason, the Company has the obligation to rebuild the relevant plots of land to the original state. At 31 December 2020, 19'985 (2018: 19'985) ASA shares, owned by Orascom Development Holding AG, with a nominal value of CHF 1'000 each, 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.



**5.3. Eventualverbindlichkeiten Fortsetzung / Contingent Liabilities continue**

**31.12.2020 31.12.2019**

Die Gesellschaft hat sich dazu verpflichtet, einen allfälligen Nettoverlust resp. Nettogewinn der Gastronomiebetriebe im Tal, welche von der Andermatt-Sedrun Sport AG unter dem Mountain Food Brand betrieben werden zu übernehmen für die Periode vom 01. Oktober 2020 bis 30. September 2021. Da die Höhe eines allfälligen Nettoverlusts resp. Nettogewinns aufgrund des volatilen Marktumfelds unter Covid-19 per Bilanzstichtag nicht verlässlich geschätzt werden kann, wurde keine Rückstellung verbucht.

2'494'564 0

The Company is obliged to take over any net loss or net profit of the gastronomy outlets in town, which are operated by Andermatt-Sedrun Sport AG under the Mountain Food brand, for the period from 1 October 2020 until 30 September 2021. As the amount of any net loss resp. net profit cannot be estimated reliably as at balance sheet date due to the volatile market environment under Covid-19, no provision has been recorded.

**5.4 Sicherungsverpflichtung zugunsten Dritter / Joint liability in favour of third parties**

Die Andermatt Swiss Alps Gruppe tritt gegenüber der Eidgenössischen Mehrwertsteuerverwaltung als Gruppe auf, was zu einer Solidarhaftung aus Gruppenbesteuerung für die Mehrwertsteuer führt.

Andermatt Swiss Alps Group acts as Group company against federal value-added tax authorities. This leads to a joint liability from Group taxation for value-added tax purposes.

**5.5 Wesentliche Ereignisse während des Berichtszeitraums / Significant events during the reporting period**

Die Covid-19-Pandemie hat sich auf das Geschäft des Unternehmens und das Geschäft seiner Beteiligungen im Jahr 2020 ausgewirkt. Aufgrund der vom Bundesrat auferlegten Beschränkungen war das Unternehmen verpflichtet, einen Teil seiner Geschäftstätigkeit vorübergehend einzustellen. Die Geschäftsbedingungen werden durch Faktoren beeinflusst, die nicht in der Kontrolle der Gesellschaft liegen, wie beispielsweise eine weitere Ausbreitung der Pandemie oder behördlich auferlegte Massnahmen, welche die Geschäftstätigkeit der Gesellschaft oder das Verhalten der Kunden beeinflusst. Diese Faktoren führen zu einem hohen Mass an Unsicherheit in Bezug auf Schätzungen und Annahmen, welche die Zukunft betreffen. Die Schätzungen und Annahmen, v.a. jene in Bezug auf die Bewertung von Forderungen, Vorräten und Anlagevermögen, wurden basierend auf den vorliegenden Informationen per 31. Dezember vorgenommen und als adäquat und realistisch eingestuft. Das Management bewertet ständig die Auswirkungen von Covid-19 auf sein Geschäft und den Jahresabschluss. Die Gesellschaft hat liquiditätsrelevante Massnahmen wie die Beantragung von Kurzarbeitsentschädigung, die Stundung fester Amortisationszahlungen, die Erschliessung zusätzlicher Kapitalkanäle und Kostensenkungsmassnahmen eingeleitet. Angesichts der Massnahmen, die ergriffen wurden um den Auswirkungen der Pandemie zu begegnen und der bestätigten Unterstützung des Großaktionärs sieht das Management keine Probleme hinsichtlich der Fortführungsfähigkeit des Unternehmens.

The Covid-19 pandemic has impacted the Company's business and the business of its investments in 2020. Due to the restrictions imposed by the Swiss Federal Council, the Company was obliged to temporarily close part of its operations. The business conditions are impacted by various factors beyond the Company's control, including a prolonged spread of the pandemic or government measures affecting the Company'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 31 December and are believed to be reasonable, supportable and realistic under the circumstances. The Company's management is constantly assessing the impact of the Covid-19 pandemic on its business and the financial statements. The Company has initiated liquidity relevant actions such as the application for short-time work compensation, the deferral of some of the fixed amortization payments, the exploration of additional capital channels and any cost saving measures. Given the measures taken to face the impacts of the pandemic and the confirmed support of the major shareholder, Company's Management does not see any issues regarding the Company's ability to continue as a going concern.

## **Report of the Statutory Auditor**

To the General Meeting of  
ANDERMATT SWISS ALPS AG, ANDERMATT

## **Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the accompanying financial statements of Andermatt Swiss Alps AG, which comprise the balance sheet as at 31 December 2020, and the income statement and notes for the year then ended.

### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

## **Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## **Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

## **Deloitte AG**



Chris Kraemer  
Licensed Audit Expert  
Auditor in Charge



Adrian Kaeppli  
Licensed Audit Expert

Zurich, 31 March 2021