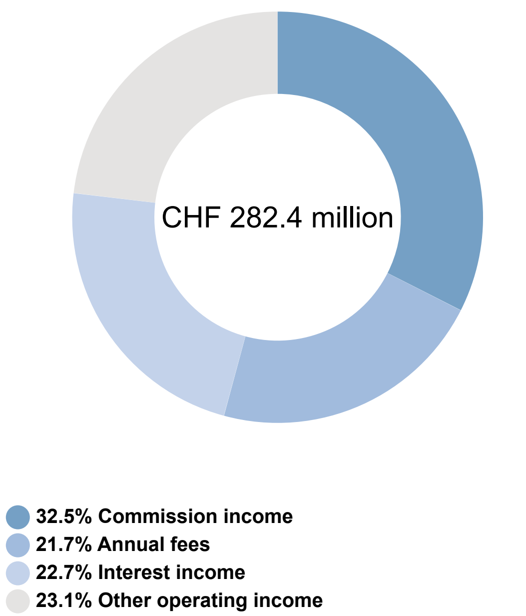
Half Year Report 2019

Aduno Group
the smart way to pay

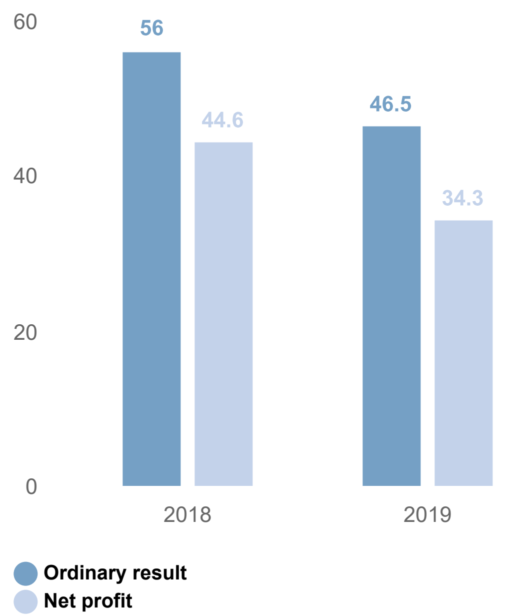
AT A GLANCE

Financial Year		1st half year 2019	1st half year 2018	1st half year 2019/2018
Total revenue	in million CHF	282.4	236.9	19.2%
Ordinary result	in million CHF	46.5	56.0	(17.1%)
in % of revenue		16.5%	23.6%	
Profit for the period	in million CHF	34.3	44.6	(23.0%)
in % of revenue		12.1%	18.8%	
Total assets	in million CHF	2,888	2,578	12.0%
Total equity	in million CHF	643.8	650.3	(1.0%)
in % of total assets		22.3%	25.2%	
Profit per share	in CHF	1,383	1,798	(23.1%)
Number of issued cards	in 1,000	1,623	1,532	6.0%
Transactions volume	in billion CHF	5.2	4.8	8.5%
Consumer Finance portfolio	in million CHF	1,511	1,400	7.9%
Number of employees (as at 30 June)	in FTE	913	731	24.8%

Distribution of revenue for first half year 2019 by source



Ordinary result and net profit for the half year 2018 and 2019
[in CHF million]



EDITORIAL

Dear shareholders,

The Aduno Group's ambition is to be the leader in the Swiss credit card business. In recent months we have achieved some important milestones on the way. The acquisition in October 2018 of Accarda, a specialist in customer cards and rewards programmes, gave a significant boost to growth in the first half of 2019. Overall, the number of cards and transaction volumes at the Aduno Group climbed to record levels; turnover was up almost 20 per cent and the number of cards exceeded 1.6 million for the first time.

Another key step was the agreement signed on 30 June 2019 to sell cashgate AG to Cembra Money Bank AG. This development is in line with the Aduno Group's long-term strategy to expand the cards business and focus on services in this area.

At product level, too, the Aduno Group has underlined its pioneering role on the Swiss market. We were the first provider in Switzerland to launch new-generation debit cards with Debit Mastercard and Mastercard Flex. These modern payment cards encompass the best of both worlds, combining the familiar advantages of bank debit cards with the modern functions of a credit card such as online shopping, global acceptance at 43 million points of sale, security and a full overview of expenditure. We are now once again at the cutting edge of technology, enabling mobile payments also with a debit card through the introduction of Samsung Pay. Since June, our customers have been able to make swift and secure contactless payments with their smartphone or smartwatch in Switzerland and abroad using this functionality. For the Aduno Group, supporting Samsung Pay is the logical consequence of our digitisation strategy, which is geared to customer needs. Further partnerships with providers of innovative payment solutions will follow.

On 1 August 2019, Christian Lazar assumed the post of CFO of the Aduno Group. He joins us from MAN Energy Solutions Schweiz AG, where he was most recently Vice President and CFO. Christian Lazar succeeds Conrad Auerbach, who has decided to leave the company after 14 years. The Board of Directors would like to thank Conrad Auerbach for his considerable services to the Aduno Group and wish him every success for the future.

The Aduno Group looks towards the second half of 2019 with confidence. We continue to expect positive consumer sentiment and a low interest rate environment. The reduction of the European interchange rate effective October 2019 will have no significant impact in the current year.

Pascal Niquille
Chairman of the Board of Directors

Max Schönholzer
Chief Executive Officer

In the first half of 2019, our employees once again demonstrated tremendous commitment to the Aduno Group. On behalf of the Board of Directors and the management, we would like to thank them for all their hard work. We would also like to thank our customers for their trust and our customer banks for their support. We continue to count on them.

Pascal Niquille	**Max Schönholzer**
Chairman of the Board of Directors	Chief Executive Officer

Aduno Group records a strong performance in the first half of 2019

The Aduno Group can look back on a successful first half of 2019. The Payment division took advantage of a favourable trading environment and a boost from the acquisition of Accarda to post a considerable increase in the volume of business. The Consumer Finance division maintained its position in the hard-fought personal credit market and achieved growth in the leasing business.

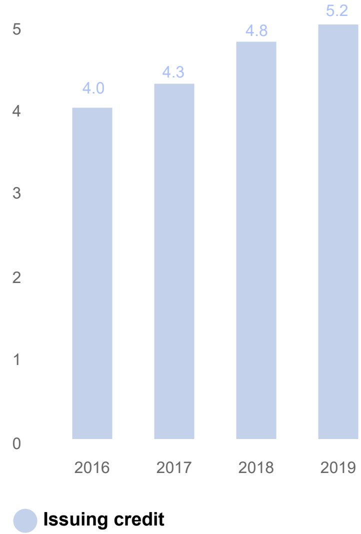
This Half Year Report has been prepared in accordance with the accounting standard Swiss GAAP FER for the first time.

In the first half of 2019, the Aduno Group benefited from a healthy trading environment, marked by positive consumer sentiment in Switzerland, low interest rates and a low euro/Swiss franc exchange rate. It made good use of these conditions and increased the number of cards and the volume of transactions to new record levels. An additional boost to growth came from the full acquisition as at 1 October 2018 of Accarda, which specialises in customer cards with a payment function, mobile payments, gift cards and rewards programmes.

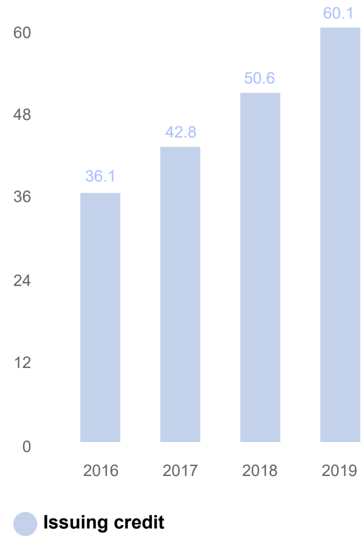
For the first half of 2019, the Aduno Group recorded turnover of CHF 282.4 million, an increase of 19.2 per cent compared to the same period last year. This growth was attributable chiefly to Accarda, but organic growth was also robust at 4.0 per cent.
Both divisions – Payment, which in addition to Accarda also includes the issuing business of Viseca Card Services SA (Viseca) and finance management specialist Contovista AG (Contovista), and Consumer Finance with cashgate AG (cashgate) – registered growth compared to the prior-year period.

The Payment division recorded a 12.4 per cent increase in commission income on the back of expanded business volumes. 6.9 percentage points of this was the result of organic growth, while the remainder came from Accarda. The level of new card sales remained gratifyingly high, which was reflected in rising annual fees and will generate higher commission income in the future. The effect of the Accarda purchase can be clearly seen in interest income and other operating income, which rose by 31.3 per cent and 30.8 per cent respectively. Naturally, the Accarda acquisition, while generating higher income, also meant higher expenses. Personnel expenses rose in particular, as did amortisation of the acquired intangible assets and goodwill for a limited period.

Payment turnover
[in CHF billion]



Card transactions
[in million transactions]



As a consequence, the ordinary result for the first half of 2019 was 17.1 per cent below that of the prior-year period, at CHF 46.5 million. Net profit in the first half of 2019 amounted to CHF 34.3 million, compared to CHF 44.6 million in the first half of 2018.

As at mid-2019, the Aduno Group employed 913 staff (full-time equivalents), versus 731 staff as at the end of 2018. This rise was attributable to the employees from Accarda following its acquisition.

The switch to Swiss GAAP FER reduced the Aduno Group's equity as at 30 June 2019 to CHF 643.8 million, equating to an equity ratio of 22.3 per cent, which is still solid.

Payment business grows at all levels

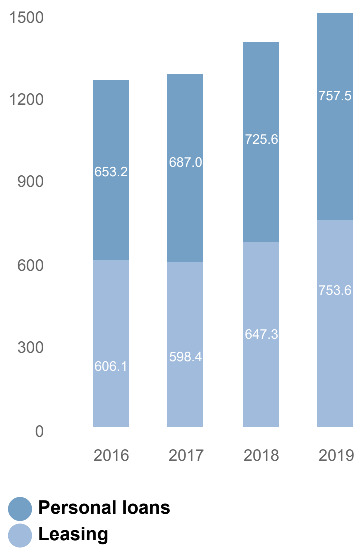
In the cards business, the Aduno Group achieved an 8.5 per cent increase in its transaction volumes in the first six months of 2019 to CHF 5.2 billion. While volumes in Switzerland rose by 12.3 per cent, volumes abroad registered growth of 4.2 per cent. The sharp rise in card transaction volumes in Switzerland reflects the ongoing substitution of cash, particularly in shops, restaurants, travel and entertainment. Relatively weak growth abroad was attributable to a lower euro exchange rate and the partial shifting of transaction volumes from abroad to Switzerland. Online business with foreign retailers and service providers as well as hotels and restaurants again recorded an above-average performance.

In the Swiss bricks-and-mortar business, the onward march of contactless payments continued. In the first half of 2019, for the first time more than half of all transactions were contactless, at 52.8 per cent. This is up sharply on last year's figure of 38.5 per cent. Consumers like being able to make quick and easy contactless payments for their everyday purchases using a card, including for relatively small amounts. As part of its digitisation strategy geared to customer needs, in June 2019 the Aduno Group introduced contactless payments via Samsung Pay. This means that customers with a Samsung smartphone or smartwatch can make payments easily and securely wherever contactless payments are available as well as in many online shops in Switzerland and abroad.

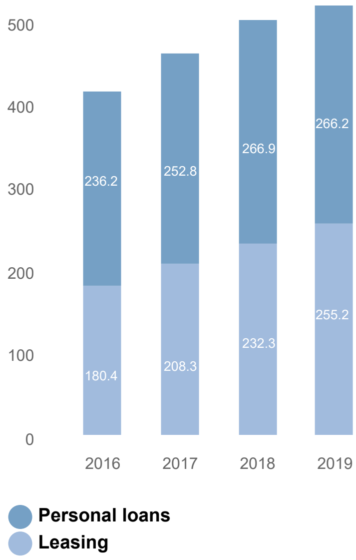
The number of cards climbed to a record 1.6 million. New sales of credit cards remained at a high level, attributable to strong distribution work at customer banks. Banking packages that include credit cards are particularly popular with customers. The "one" app also enjoys great popularity, being Switzerland's most loaded and most used card app. New functions were added in the period under review: customers can now order a replacement card directly through the app, while the analytics functionality enables them to analyse their expenditure according to various categories.

The analytics functionality is based on Contovista's Personal Finance Manager (PFM), which a number of banks have now integrated into their own apps. In addition, in the first half of 2019 Contovista launched a Business Finance Manager (BFM). This digital financial assistant enables business customers of customer banks to bundle all their banking relationships into a single solution. This not only

Consumer Finance portfolio
[in CHF million]



Consumer Finance new business
[in CHF million]



gives them greater security and an unrestricted overview of their financial position; it also saves them valuable time they can instead devote to their core business.

Leasing drives growth in the Consumer Finance business

The Consumer Finance division, featuring the cashgate personal credit and leasing business, posted an increase in new business in the first half of 2019 of 4.4 per cent to CHF 521.4 million. This enabled cashgate to just about maintain its position in a hard-fought market.

New volumes in the personal credit business stagnated in the first six months, following growth in the prior-year period. However, overall volumes rose by 4.4 per cent compared to the end of 2018.

The leasing segment increased its new volumes by 9.9 per cent in the first half of 2019. Overall volumes were up 6.5 per cent versus the end of 2018. Growth was driven mainly by a major strategic partner.

On 30 June 2019, Aduno Holding signed an agreement to sell cashgate AG to Cembra Money Bank AG. Completion of the transaction is subject to the usual conditions and is scheduled for the third quarter. For about a year the Aduno Group will provide services to Cembra Money Bank in various areas, such as finances, HR, IT and collections, as a transitional solution.

Financial Report
1st Half Year 2019

Financial Report First Half Year 2019

Consolidated income statement

For the period ended 30 June

In 1,000 CHF	Note	2019 unaudited	2018 unaudited
Commission income	1.2	91,739	81,640
Annual fees	1.2	61,400	56,686
Interest income	1.2	63,960	48,706
Other operating income	1.2	65,292	49,873
Operating income		**282,391**	**236,905**
Processing and service expenses	1.3	40,402	29,532
Distribution, advertising and promotion expenses	1.3	56,181	52,125
Interest expenses	1.3	6,507	5,310
Expected credit and impairement losses	1.3	8,099	5,055
Personnel expenses	1.3	66,173	52,135
Other operating expenses	1.3	42,568	35,107
Depreciation of property and equipment		1,830	1,758
Amortisation of goodwill and intangible assets		23,486	6,099
Operating expenses		**245,247**	**187,122**
Operating result		**37,145**	**49,783**
Financial income		9,227	4,525
Income from associates		99	1,718
Ordinary result		**46,471**	**56,027**
Non-operating result		(24)	5
Profit before income tax		**46,448**	**56,032**
Income taxes		12,143	11,477
Profit for the period		**34,305**	**44,555**
Profit attributable to:			
Owners of the Company		34,568	44,947
Non-controlling interests		(263)	(392)
Earnings per share			
Basic earnings per share (in CHF)		1,382.72	1,797.89
Diluted earnings per share (in CHF)		1,382.72	1,797.89

Consolidated statement of financial position

In 1,000 CHF	Note	30.06.2019 unaudited	31.12.2018 unaudited
Assets			
Cash and cash equivalents		78,298	67,258
Receivables from business unit Payment	2.1	922,688	680,889
Receivables from business unit Consumer Finance	2.2	0	467,826
Other receivables		22,514	14,606
Prepaid expenses		43,069	64,378
Inventories		4,318	2,364
Assets held for sale	4.1	1,558,503	0
Total current assets		**2,629,391**	**1,297,320**
Receivables from business unit Consumer Finance	2.2	0	992,108
Property and equipment		8,735	12,675
Financial assets		47,866	43,874
Goodwill		64,433	72,994
Intangible assets		137,384	159,369
Total non-current assets		**258,417**	**1,281,021**
Total assets		**2,887,808**	**2,578,341**

In 1,000 CHF	Note	30.06.2019 unaudited	31.12.2018 unaudited
Liabilities			
Payables to counterparties		191,647	241,498
Other payables		40,670	32,570
Interest-bearing liabilities	3.1	1,442,255	1,117,921
Provisions		99,974	97,184
Accrued expenses and deferred income		98,804	121,526
Liabilities held for sale	4.1	55,911	0
Total current liabilities		**1,929,260**	**1,610,699**
Interest-bearing liabilities	3.1	274,704	274,767
Provisions		6,920	7,367
Deferred tax liabilities		33,083	35,220
Total non-current liabilities		**314,706**	**317,354**
Total liabilities		**2,243,967**	**1,928,053**
Equity			
Share capital		25,000	25,000
Share premium		94,101	94,101
Reserves		520,093	525,530
Equity attributable to the owners of the Company		**639,194**	**644,631**
Non-controlling interests		4,647	5,657
Total equity		**643,841**	**650,288**
Total equity and liabilities		**2,887,808**	**2,578,341**

Consolidated statement of changes in equity

As at 31 December 2018 (unaudited)

In 1,000 CHF	Note	Share capital	Share premium	Translation reserves 3)	Retained earnings 1) 3)	Total	Non-controlling interests	Total equity
Balance at 31 December 2017		25,000	94,101	0	682,885	801,986	4,867	806,852
Impairment model adjustment 2)		0	0	0	(2,506)	(2,506)	0	(2,506)
Switch from IFRS to Swiss GAAP FER		0	0	0	(109,030)	(109,030)	(114)	(109,143)
Balance at 1 January 2018		25,000	94,101	0	571,349	690,450	4,753	695,203
Profit for the period		0	0	0	104,489	104,489	(90)	104,399
Foreign currency translation differences		0	0	(41)	0	(41)	(1)	(42)
Effective portion of the changes in the fair value of cash flow hedges, net of tax		0	0	0	51	51	0	51
Transaction with non-controlling interests		0	0	0	(318)	(318)	994	676
Dividends to shareholders	3.2	0	0	0	(150,000)	(150,000)	0	(150,000)
Balance at 31 December 2018		**25,000**	**94,101**	**(41)**	**525,571**	**644,631**	**5,657**	**650,288**

1) Hedging reserves totalling CHF -51,000 are recognised as part of retained earnings.

2) Adoption of new impairment model for expected credit loss (ECL).

3) The retained earnings in the balance sheet comprise the above presented translation reserves and retained earnings.

As at 30 June 2019 (unaudited)

In 1,000 CHF	Note	Share capital	Share premium	Translation reserves*	Retained earnings*	Total	Non-controlling interests	Total equity
Balance at 31 December 2018		25,000	94,101	(41)	525,571	644,631	5,657	650,288
Profit for the period		0	0	0	34,568	34,568	(263)	34,305
Foreign currency translation differences		0	0	(4)	0	(4)	0	(4)
Effective portion of the changes in the fair value of cash flow hedges, net of tax		0	0	0	0	0	0	0
Transaction with non-controlling interests		0	0	0	0	0	(746)	(746)
Dividends to shareholders	3.2	0	0	0	(40,000)	(40,000)	0	(40,000)
Balance at 30 June 2019		**25,000**	**94,101**	**(45)**	**520,138**	**639,194**	**4,647**	**643,841**

* The retained earnings in the balance sheet comprise the above presented translation reserves and retained earnings.

As at 30 June 2018 (unaudited)

In 1,000 CHF	Note	Share capital	Share premium	Translation reserves [3]	Retained earnings [1] [3]	Total	Non-controlling interests	Total equity
Balance at 31 December 2017		25,000	94,101	0	682,885	801,986	4,867	806,852
Impairment model adjustment [2]		0	0	0	(2,506)	(2,506)	0	(2,506)
Switch from IFRS to Swiss GAAP FER		0	0	0	(109,030)	(109,030)	(114)	(109,143)
Balance at 1 January 2018		25,000	94,101	0	571,349	690,450	4,753	695,203
Profit for the period		0	0	0	44,947	44,947	(392)	44,555
Foreign currency translation differences		0	0	0	0	0	0	0
Effective portion of the changes in the fair value of cash flow hedges, net of tax		0	0	0	20	20	0	20
Transaction with non-controlling interests		0	0	0	0	0	0	0
Dividends to shareholders	3.2	0	0	0	(150,000)	(150,000)	0	(150,000)
Balance at 30 June 2018		**25,000**	**94,101**	**0**	**466,317**	**585,418**	**4,361**	**589,779**

1) Hedging reserves totalling CHF -31,000 are recognised as part of retained earnings.

2) Adoption of new impairment model for expected credit loss (ECL).

3) The retained earnings in the balance sheet comprise the above presented translation reserves and retained earnings.

Consolidated statement of cash flows

For the period ended 30 June

In 1,000 CHF	Note	2019 unaudited	2018 unaudited
Cash flows from operating activities			
Profit for the period		34,305	44,555
Adjustments for non-cash items:			
Interest income recognised in the income statement	1.3	(63,960)	(48,706)
Interest expenses recognised in the income statement	1.3	6,507	5,310
Financial income recognised in the income statement		(9,227)	(4,525)
Income tax expenses recognised in the income statement		12,143	11,477
Depreciation of property and equipment		1,830	1,758
Amortisation of goodwill and intangible assets		23,486	6,099
(Losses) / gains on disposals of property and equipment and intangible assets		24	(5)
Income from associates		(99)	(1,718)
Changes in			
(Increase) / decrease in receivables from business unit Payment	2.1	(241,798)	50,095
(Increase) / decrease in receivables from business unit Consumer Finance	2.2	(66,500)	(60,395)
(Increase) / decrease in inventories		(1,955)	371
(Increase) / decrease in other trade receivables and other short-term receivables		(10,244)	(737)
(Increase) / decrease in prepaid expenses		(5,546)	(1,109)
Increase / (decrease) in payables to counterparties		(14,686)	16,985
Increase / (decrease) in other payables		18,050	10,299
Increase / (decrease) in accrued expenses and deferred income		(13,894)	(5,802)
Increase / (decrease) in provisions		4,804	(1,674)
Foreign exchange and other financial items		(3)	(161)
Interest received		63,230	48,001
Interest paid		(6,999)	(6,810)
Income tax paid		(3,319)	(7,569)
Net cash from / (used in) operating activities		**(273,853)**	**55,741**

In 1,000 CHF	Note	2019 unaudited	2018 unaudited
Cash flows from investing activities			
Acquisition of property and equipment		(127)	(290)
Acquisition of intangible assets		(312)	(1,809)
Disposals of subsidiaries , net of cash disposed		1,631	0
Acquisition of investments in associates		0	(500)
Disposals of investments in associates		322	0
Dividends received from associates		36	1,500
Net cash from / (used in) investing activities		**1,550**	**(1,099)**
Cash flows from financing activities			
Proceeds from interest-bearing liabilities	3.1	1,084,908	575,777
Repayments of interest-bearing liabilities	3.1	(760,638)	(490,422)
Dividend payments		(40,000)	(136,350)
Net cash from / (used in) financing activities		**284,270**	**(50,995)**
Net (decrease) / increase in cash and cash equivalents		**11,967**	**3,647**
Cash and cash equivalents at 1 January		67,258	22,146
Effect of exchange rate fluctuations on cash held		3	161
Cash and cash equivalents at 30 June		**79,228**	**25,954**

The cash flow statement for the first half of 2019 also includes the cash flows from Consumer Finance, which is included in the balance sheet as "assets" and "liabilities held for sale".

Cash and cash equivalents amounting to CHF 79.2 million also include cash and cash equivalents of CHF 0.9 million reported under "assets held for sale".

Information about this report

This section describes what makes up the Aduno Group, explains the basis on which the financial statements have been prepared, and provides an overview of the key assumptions and estimations made by the management. In addition, it gives an insight into significant events in the financial year that affect the financial report.

The Aduno Group

Aduno Holding AG (Aduno Holding or Company) is a company domiciled in Zurich (Switzerland). The Company's condensed consolidated interim financial statements as at 30 June 2019 set out the financial condition, position and performance of Aduno Holding and its subsidiaries (together referred to as the Group).

Aduno Holding and its subsidiaries provide financial services in cashless payments, personal credit and leasing.

Subsidiary	Services
Viseca Card Services SA (Viseca)	Viseca offers services for cashless payments. Viseca issues payments cards (Issuing) under the brands of the credit card organisations (schemes) Mastercard and Visa. These are issued to personal and corporate customers, for Swiss retail banks, for a number of co-branding partners and in Viseca's own name. It provides all associated customer services.
Aduno Finance AG (Aduno Finance)	Aduno Finance acts as the central treasury unit for the entire Group.
Accarda AG (Accarda)	Accarda operates in the business of customer cards with a payment function.
cashgate AG (cashgate)	cashgate provides personal credit and leasing finance to personal and corporate customers and offers rental guarantees for its customers in the Swiss market.
Contovista AG (Contovista)	Contovista develops software for finance management and analytics and makes this available to banks.

The condensed interim financial statements from 1 January to 30 June were approved on 21 August 2019.

Accounting basis

These consolidated financial statements comprise unaudited half-year accounts for the six months ending on 30 June 2019. Since the beginning of 2019, the consolidated financial statements have been prepared in accordance with Swiss GAAP FER accounting standards. The 2019 consolidated interim financial statements have been prepared in accordance with FER 31 “Complementary recommendation for listed companies”.

These interim financial statements do not include all information and disclosures that are required in the annual financial statements. They should therefore be read in conjunction with the consolidated financial statements as at 31 December 2018, which were prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated interim financial statements are presented in Swiss francs, the Company’s functional currency. Unless noted otherwise, all financial data in Swiss francs have been rounded to the nearest thousand. This may result in rounding differences.

The consolidated interim financial statements have been prepared on the assumption that business activities will continue. The basis for valuation for the consolidated interim financial statements is historical cost, unless a standard stipulates a different basis for valuation for an accounting item or the option of selecting a different basis for valuation has been utilised. In this event, this is explicitly mentioned in the accounting principles.

Effects of the switch to Swiss GAAP FER

As at 1 January 2019, the Aduno Group switched its financial reporting from IFRS to Swiss GAAP FER. In past years the International Financial Reporting Standards (IFRS) were applied. In view of the increasing complexity and ongoing adjustments of the IFRS and the associated reporting workload, the Group decided to switch its financial reporting.

The date of the switch was 1 January 2019. Accordingly, in its first consolidated financial statements under Swiss GAAP FER the Group presents the two balance sheets as at 30 June 2019 and as at 31 December 2018 and the two income statements for the 2019 and 2018 half-years in accordance with Swiss GAAP FER. All provisions of the standards in force at the time of the switch have been applied in full and retroactively.

Reconciliation for equity

In 1,000 CHF	01.01.2018 Opening amount	31.12.2018 Closing amount
Equity in accordance with IFRS	806,852	769,919
Adjustment of goodwill	(105,853)	(114,181)
Adjustment of intangible assets	(42,084)	(50,609)
Adjustment of employee pension benefit obligations	37,651	43,586
Effect of adjustments on deferred tax items	1,143	1,573
Equity in accordance with Swiss GAAP FER	**697,709**	**650,288**

Reconciliation for earnings

In 1,000 CHF	First half year 2018 Profit for the period	Full year 2018 Profit for the period	First half year 2018 Other comprehensive income	Full year 2018 Other comprehensive income
Result in accordance with IFRS	49,391	106,393	10,805	8,502
Adjustment of goodwill	(2,697)	(8,328)		
Adjustment of intangible assets	(8,361)	(8,525)		
Adjustment of financial assets	4,525	4,282	(4,525)	(4,282)
Adjustment of employee pension benefit obligations	1,117	12,217	(9,110)	(6,417)
Adjustment of foreign currency translation differences			0	42
Adjustment of fair value of cash flow hedges			(22)	(57)
Effect of adjustments on deferred tax items	579	(1,640)	2,853	2,212
Result in accordance with Swiss GAAP FER	**44,555**	**104,399**	**0**	**0**

Adjustment	Description
Goodwill	According to the options available under FER 30 “Consolidated financial statements”, goodwill from acquisitions is capitalised at the time of the acquisition and amortised over its useful life. Under IFRS goodwill recognised as part of an acquisition was capitalised without being amortised. The goodwill was reviewed annually for any impairment in value at the level of the cash generating unit.
Intangible assets from acquisitions	Under Swiss GAAP FER any intangible assets from acquisitions, including customer relationships, are capitalised and amortised. Amortisation takes place over the same period as amortisation of the associated goodwill – so over five years, or up to 20 years in justified cases. Under IFRS the customer relationships that came with an acquisition were amortised over a period of 10 to 15 years in line with an average “customer lifespan” depending on the business area involved using the digital degressive method. The switch has no effect on profit for 2018 and 2019.
Intangible assets generated internally	Intangible assets generated internally are not capitalised under Swiss GAAP FER. Intangible assets generated internally as a result of acquisitions are classified as assets acquired from third parties and as such are valued as part of the purchase price allocation, capitalised and amortised over their expected useful life.
Financial assets	Under Swiss GAAP FER equity instruments shown in financial assets are measured at fair value; changes in value are recognised in the income statement. Under IFRS they were likewise measured at fair value. However, changes in the fair value were booked to other comprehensive income. The switch has no effect on the balance sheet item “financial assets” or on total equity. The switch leads to a reclassification within equity from the “financial assets at fair value through other comprehensive income” reserves to retained earnings, and to a shift from other comprehensive income to the income statement. The IFRS “financial assets at fair value through other comprehensive income” reserves amounting to CHF 4.2 million and the reclassification to retained earnings have not been set out separately in the consolidated statement of changes in equity and have no effect on the amount of equity.
Financial assets, classification	The structure of the balance sheet according to FER 3 envisages among other things that securities, deferred income tax assets, associates and employer contribution reserves can be recognised as financial assets. The Aduno Group now shows these items in aggregated form as financial assets. Under IFRS these were shown as individual items in the statement of financial position, with the exception of employer contribution reserves.
Employee pension benefit obligations	Under FER 16 “Pension benefit obligations”, the real economic impact (obligation or benefit) for the Group is established on the basis of the financial statements of the Swiss pension institutions, which are prepared in accordance with FER 26 “Accounting of pension plans”. On this basis it is assessed whether there is an economic obligation or an economic benefit. An economic benefit is capitalised if it is permitted and intended to use the surplus to reduce the employer contributions. If there are freely available employer contribution reserves these are also capitalised. Under IFRS defined benefit plans were valued with the aid of the Projected Unit Credit Method and recognised in accordance with IAS 19.
Provisions	The basic structure in accordance with FER 3 envisages that tax liabilities can be disclosed as part of provisions. Under IFRS tax liabilities were shown separately. This switch is merely a reallocation and has no effect on the balance sheet or equity.

Adjustment	Description
Foreign currency translation differences	Differences from currency translation for foreign entities are recognised directly in equity under Swiss GAAP FER. Under IFRS they were recognised in other comprehensive income. The switch has no effect on the equity total.
Fair value of cash flow hedges	The changes in the fair value of cash flow hedges recognised in other comprehensive income under IFRS are recognised directly in equity under Swiss GAAP FER. The switch has no effect on the equity total.

Assumptions and estimations of the management

In order to prepare the consolidated financial statements in accordance with Swiss GAAP FER, the management must make estimations, evaluations and assumptions that have an impact on the application of accounting and valuation methods and on the amounts shown for assets, liabilities, income and expenses. The estimations and associated assumptions are based on previous experience and various other factors deemed useful. The actual results may differ from these estimations.

The estimations and underlying assumptions are regularly reviewed. Changes in estimations relating to the financial reporting are recognised in the periods currently under review and future periods affected. In the first half of 2019 the existing assumptions and estimations were not adjusted. Changes from the switch from IFRS to Swiss GAAP FER are set out in the previous section.

1 Performance

This section describes the operational performance of the Aduno Group. The segment reporting sets out the segment results used at the most senior level of management to guide the Company. In addition, details are provided on selected income and expense items.

1.1 Segment reporting

External segment reporting is based on the internal reporting that is used by the Executive Board to guide the Company. The Executive Board is comprised of the CEO (Chief Executive Officer) of the Group, the CFO (Chief Financial Officer), the CSO (Chief Sales Officer), the CMO (Chief Marketing Officer) and the COO (Chief Operations Officer).

For the purposes of financial reporting and organisation, the management has divided the Group’s business activities into three segments:

Segment	Activity
Payment	The business unit Payment provides services for cashless payments via credit, prepaid, debit and customer cards to private and corporate customers, and also provides the associated transaction and customer services in this area. Most of its business activity is based on the Mastercard and Visa brands.The business unit Payment is operated through Viseca, Accarda and Contovista. The business unit’s main revenue streams come from interchange fees and commission, annual fees for cards, services, income from card transactions in foreign currencies and interest income. AdunoKaution and SmartCaution merged into cashgate in 2018 and were subsequently transferred to the Consumer Finance segment.
Consumer Finance	The business unit Consumer Finance sells and operates leasing contracts and credit facilities for consumer goods to private and corporate clients. The business unit Consumer Finance is operated by cashgate. The main revenue streams are interest income, commission income and fees for chargeable services.
Internal Financing	As the Group’s central treasury unit (Aduno Finance AG), the Internal Financing business provides financial services to the other Group companies. Treasury services comprise the handling of payments, the processing of foreign currency transactions and the management of the Group’s brand assets. The main revenue streams are income from foreign currency business and interest income.

The financial result of Aduno Holding AG and intercompany consolidation items are shown in the “Corporate Functions / Consolidation” column.

The following table includes certain items of information about the business segments that are based on the management’s evaluation and the internal reporting structure as at 30 June in each case (unaudited).

In 1,000 CHF	Payment 2019	Payment 2018 restated [1]	Consumer Finance 2019	Consumer Finance 2018 restated [1]	Internal Financing 2019	Internal Financing 2018 restated	Corporate Functions / Consolidation 2019	Corporate Functions / Consolidation 2018 restated	Consolidated 2019	Consolidated 2018 restated
Commission income	81,966	72,128	0	0	9,773	9,512	0	0	91,739	81,640
Annual fees	59,629	54,930	1,772	1,756	0	0	0	0	61,400	56,686
Interest income	20,344	6,420	44,109	42,920	9,137	10,500	(9,630)	(11,135)	63,960	48,706
Other operating income	47,464	25,900	4,572	4,835	25,071	32,957	(11,814)	(13,819)	65,292	49,873
Operating income	**209,402**	**159,378**	**50,452**	**49,511**	**43,982**	**52,969**	**(21,444)**	**(24,954)**	**282,391**	**236,905**
Processing and service expenses	38,960	28,164	1,518	1,368	0	0	(75)	0	40,402	29,532
Distribution, advertising and promotion expenses	51,152	47,278	9,649	11,716	0	0	(4,620)	(6,869)	56,181	52,125
Interest expenses	3,882	3,800	5,379	6,559	9,957	9,829	(12,712)	(14,877)	6,507	5,310
Expected credit and impairement losses	3,498	1,130	4,601	3,925	0	0	0	0	8,099	5,055
Personnel expenses	56,614	42,644	9,188	9,008	352	377	18	108	66,173	52,135
Other operating expenses	38,212	30,351	7,118	6,882	2,734	2,605	(5,496)	(4,730)	42,568	35,107
Depreciation of property and equipment	1,287	1,185	155	185	2	2	386	386	1,830	1,758
Amortisation of goodwill and intangible assets	21,642	3,648	1,844	2,449	0	0	0	2	23,486	6,099
Operating expenses	**215,247**	**158,199**	**39,453**	**42,091**	**13,046**	**12,813**	**(22,499)**	**(25,981)**	**245,247**	**187,122**
Operating result	**(5,845)**	**1,179**	**10,999**	**7,421**	**30,936**	**40,156**	**1,055**	**1,028**	**37,145**	**49,783**
Financial income	9,227	4,525	0	0	0	0	0	0	9,227	4,525
Income from associates	99	1,718	0	0	0	0	0	0	99	1,718
Ordinary result	**3,482**	**7,422**	**10,999**	**7,421**	**30,936**	**40,156**	**1,055**	**1,028**	**46,471**	**56,027**
Non-operating result	8	6	(32)	(2)	0	0	0	0	(24)	5
Profit before income tax	**3,489**	**7,429**	**10,967**	**7,419**	**30,936**	**40,156**	**1,055**	**1,028**	**46,448**	**56,032**
Income taxes	5,856	5,168	2,431	1,663	3,336	4,340	520	306	12,143	11,477
Profit for the period	**(2,367)**	**2,261**	**8,536**	**5,756**	**27,600**	**35,816**	**535**	**722**	**34,305**	**44,555**

[1] The rental deposit of the AdunoKaution and SmartCaution entities recorded within the Payment business in the 2018 half-year has been restated within Consumer Finance for better comparability.

1.2 Further information on selected income statement items

Additional information on commission income

In 1,000 CHF	First half year 2019	First half year 2018
Interchange revenue and related revenue	44,177	37,777
Currency exchange commissions	32,586	31,363
Other commission revenue	14,977	12,500
Commission income	**91,739**	**81,640**

Additional information on other income

In 1,000 CHF	First half year 2019	First half year 2018
Foreign exchange gains or losses, net	25,810	24,768
Income from services	31,448	14,377
Other income	8,034	10,728
Other operating income	**65,292**	**49,873**

Accounting principles

Category	Accounting principle
Commission income	Commission income refers to transaction-based fees that are charged to customers in all areas of business. They are recognised gross on a transaction basis at the time of the transaction.
Annual fees	Annual fees are recognised on a straight-line basis over the term of the service contract and deferred accordingly.
Interest income	Interest income is comprised of interest on short-term credit for credit card holders. In the cards business, credit card holders can convert the balance on their credit card to personal credit, for which the Group charges interest over its short-term duration. In addition, interest income includes interest on longer-term personal credit granted to personal customers and from leasing finance granted to personal and corporate customers. Interest income is recognised using the effective interest method.
Other operating income	Other income is chiefly comprised of net foreign currency gains, income from services and other income. It is recognised on a transaction basis at the time of the transaction. Customers in the Group's cards business are billed based on a typical exchange rate close to the spot rate, whereas the Group is billed near the interbank rate (interbank rate plus Group's credit spread).

1.3 Operating expenses

In 1,000 CHF	First half year 2019	First half year 2018 restated
Card processing expenses	22,890	17,442
Service expenses	17,512	11,937
Material expenses	0	153
Processing and service expenses	**40,402**	**29,532**
Distribution channel compensation	43,096	37,389
Rewards and redemption expenses	5,568	6,095
Advertising and promotion expenses	7,463	8,598
Costs for distribution	53	42
Distribution, advertising and promotion expenses	**56,181**	**52,125**
Interest expenses	**6,507**	**5,310**
Expected credit losses in the Payment business, credit cards	763	442
Expected credit losses in the Payment business, other payment cards	1,985	0
Expected credit losses in Consumer Finance	4,601	3,925
Impairment losses on commission income	750	689
Expected credit and impairement losses	**8,099**	**5,055**
Wages and salaries	53,147	42,234
Social security contributions	5,112	4,268
Employee pension benefit expenses	3,742	2,655
Other personnel expenses	4,171	2,978
Personnel expenses	**66,173**	**52,135**
Audit and professional services	20,385	16,511
IT expenses	12,515	10,635
Telephone and postage	1,135	1,030
Premises expenses	4,828	3,808
Travel and representation expenses	330	359
Other administration expenses	3,375	2,764
Other operating expenses	**42,568**	**35,107**
Depreciation of property and equipment	**1,830**	**1,758**
Amortisation of goodwill and intangible assets	**23,486**	**6,099**
Operating expenses	**245,247**	**187,122**

Accounting principles

Expenses are recognised on an accrual basis at the time when they are incurred. The table below provides information on selected expense items.

Category	Accounting principle
Processing and service expenses	Processing and service expenses comprise processing fees for service partners, fees for the use of the global network of card organisations and other service fees. They are recognised when they are incurred.
Distribution, advertising and promotion expenses	The Group offers a customer loyalty programme in which customers collect points through their card transactions that are credited to special points accounts. Customers can exchange the points for gifts, vouchers and annual fee credits. The estimated future expense increases accrued expenses and deferred income. In cases in which bonus programmes are run by third parties, the associated costs are recognised directly in the income statement.
Interest expenses	Interest expenses consist of the expense of refinancing the areas of business that generate interest income, of losses on derivative financial instruments, of bank charges and of expenses for bank guarantees. Interest expenses are recognised using the effective interest method.
Expected credit losses on financial assets	The expected credit losses on financial assets arise principally from defaults on receivables and from the increase in expected credit losses in the Payment business and the Consumer Finance business.
Impairement losses on commission income	The impairment losses on commission income consist of impairments on fraudulent and chargeback transactions that do not represent a credit loss.

2 Operational assets and liabilities

The following section sets out the items in current and non-current assets of relevance to the business activity of the Aduno Group. The notes on the assets are focused on the receivables of the Payment and Consumer Finance businesses.

2.1 Receivables from the business unit Payment

In 1,000 CHF	30.06.2019	31.12.2018
Receivables within the scope of the ECL calculation		
Receivables from cardholders, credit cards*	668,743	424,280
Receivables from debt collection, credit cards	3,674	3,483
Other receivables from Payment business, credit cards	285	4,960
Receivables from cardholders, other payment cards	243,397	239,913
Receivables from debt collection, other payment cards	9,337	7,636
Other receivables from Payment business, other payment cards	7,082	8,783
Loss allowance	(10,188)	(8,498)
Receivables outside the scope of the ECL calculation		
Receivables from fraud and chargeback	450	419
Allowance for doubtful debts	(93)	(86)
Total receivables from business unit Payment	**922,688**	**680,889**

* This position also contains receivables from debit and prepaid business.

The total receivables from cardholders in the credit card business fluctuate depending on the applicable date. A customer pays its credit card bill once a month. The time of payment varies from month to month and depends among other things on when the banks process their direct debit collections. If a direct debit collection is completed after the end of the month, a higher receivables total may result. This fluctuation does not correlate with customers' creditworthiness or payment habits.

Accounting principles
Receivables from cardholders and others are calculated using the effective interest method and valued at amortised cost after impairment losses.

Impairment losses are booked to the allowance accounts for receivables unless the Group is of the view that the amount owed is not recoverable. In this case the amount deemed uncollectible is written off directly against the receivable.

The switch from IFRS to Swiss GAAP FER had no effect on the recognition and valuation of receivables in the business unit Payment.

2.2. Receivables from the business unit Consumer Finance

The receivables from the business unit Consumer Finance set out below are classified in the consolidated statement of financial position as at 30 June 2019 as part of "assets held for sale".

In 1,000 CHF	30.06.2019	31.12.2018
Receivables from consumer loans	806,893	782,445
Receivables from finance leases	751,196	707,374
Allowance for doubtful debts	(29,497)	(29,885)
Total receivables from business unit Consumer Finance, net	**1,528,592**	**1,459,934**
- of which short-term	455,245	467,826
- of which long-term	1,073,348	992,108

Additional information on receivables from finance leases

The due dates of the non-discounted lease payments are indicated in the table below.

In 1,000 CHF	30.06.2019	31.12.2018
Due within up to 1 year	223,095	251,981
Due within 1–5 years	586,206	511,612
Total non-discounted lease payments	**809,301**	**763,594**

On the reporting date, the financial income from finance leases not yet claimed and not recognised in the balance sheet totalled CHF 58.1 million (31 December 2018: CHF 56.2 million), of which CHF 25.4 million (31 December 2018: 24.8 million) is due in the next 12 months.

Accounting principles

Receivables from Consumer Finance customers are calculated using the effective interest method and valued at amortised cost after impairment losses.

Impairment losses are booked to the allowance accounts for receivables unless the Group is of the view that the amount owed is not recoverable. In this case the amount deemed uncollectible is written off directly against the receivable.

The switch from IFRS to Swiss GAAP FER had no effect on the recognition and valuation of receivables in the business unit Consumer Finance.

3 Financing and risk management

The following describes the guidelines and procedures that are applied in managing the capital structure and financial risks. The Aduno Group seeks to ensure that it has an appropriate equity base in order to retain the trust of investors, creditors and the market and to continue the Group’s expansion.

3.1. Interest-bearing liabilities

In 1,000 CHF	30.06.2019	31.12.2018
Other bank liabilities	727,220	202,652
Current portion of syndicated loan	540,000	390,000
Current portion of unsecured bond issues	175,035	525,269
Short-term interest-bearing liabilities	**1,442,255**	**1,117,921**
Unsecured bond issues	274,436	274,299
Other long-term liabilities	267	468
Long-term interest-bearing liabilities	**274,704**	**274,767**
Total interest-bearing liabilities	**1,716,959**	**1,392,688**

Changes in interest-bearing liabilities are mainly changes to cash flows from financing activities and are disclosed in the consolidated cash flow statement.

Terms and debt repayment schedule

In 1,000 CHF	Currency	Nominal interest rate	Year of maturity	Nominal value 30.06.2019	Carrying amount 30.06.2019	Nominal value 31.12.2018	Carrying amount 31.12.2018
Syndicated loan	CHF	0.68%	2019	540,000	540,000	390,000	390,000
Unsecured bond issue	CHF	0.00%	2019	175,000	175,035	175,000	175,082
Unsecured bond issue	CHF	1.125%	2021	275,000	274,436	275,000	274,299
Unsecured bond issue	CHF	3 M Libor 1)	2019	0	0	100,000	100,022
Unsecured bond issue	CHF	3 M Libor 1)	2019	0	0	100,000	100,000
Unsecured bond issue	CHF	0.00%	2019	0	0	150,000	150,165
Other bank liabilities	CHF	0.78%	2019	371,741	371,741	7,170	7,170
Other bank liabilities	CHF	0.20%	2019	195,469	195,469	195,469	195,469
Other bank liabilities	CHF	0.25%	2019	160,000	160,000	0	0
Other bank liabilities	CHF	0.78%	current account	10	10	13	13
Other long-term liabilities	CHF	0.00%	2021	267	267	468	468
Total				**1,717,487**	**1,716,959**	**1,393,120**	**1,392,688**

1) Floor at 0.0% and cap at 0.05%

Syndicated loan
As at 30 June 2019 the Group had a syndicated loan facility of CHF 600 million headed by Zürcher Kantonalbank (ZKB) (31 December 2018: CHF 600 million) at its disposal. The interest conditions of the facility are quoted by ZKB at market conditions at the fixing date according to the maturity plus a margin, depending on the Company’s credit rating.

Other bank liabilities
As at 30 June 2019 the Group had access to a bilateral credit facility with Zürcher Kantonalbank of CHF 800 million (31 December 2018: CHF 800 million). The interest rate for the credit facility is set at the market interest rate plus a fixed credit margin. As at 30 June 2019 CHF 371.7 million (31 December 2018: CHF 7.6 million) of this credit facility had been utilised.

In addition to the credit facility with Zürcher Kantonalbank, the Group has two short-term credit facilities with Commerzbank: one for CHF 195 million, which was fully utilised as at 30 June 2019 (31 December 2018: CHF 195 million), and another for CHF 160 million, of which CHF 160 million was utilised as at 30 June 2019 (31 December 2018: CHF 0.0 million). The interest rate for the credit facilities is set at the market interest rate plus a fixed credit margin. In addition, as of the balance-sheet date, the Group has an unused Credit Suisse credit limit of CHF 200 million (31 December 2018: none).

Accounting principles

Interest-bearing liabilities are initially recognised at fair value minus allocable transaction costs. Following their initial recognition they are calculated using the effective interest method and recognised at amortised cost.

3.2 Share capital and reserves

Share capital

As at 30 June 2019 the share capital of parent company Aduno Holding consisted of 25,000 registered shares with a par value of CHF 1,000 each (31 December 2018: 25,000 registered shares with a par value of CHF 1,000 each). Shareholders are entitled to receive the declared dividends and to exercise one vote per share at the Company's Annual General Meeting.

Reserves

The statutory reserves not available for distribution amounted to CHF 5.0 million as at 30 June 2019 (previous year: CHF 5.0 million).

Dividends

The following dividends were declared and paid by the Group:

In 1,000 CHF or as indicated	2019	2018
Number of registered shares eligible for dividends (number)	25,000	25,000
Ordinary dividend per registered share (in CHF)	1,600	6,000
Dividends paid	**40,000**	**150,000**

3.3 Risk management

As a financial services provider the Aduno Group is subject to constant change and thus confronted with opportunities and risks that can have a decisive influence on its ability to achieve its strategies and goals.

The Aduno Group defines risk as the uncertainties that apply to strategic and operational objectives and are inherent in any business activity. These uncertainties mean that goals may be missed or assets lost. The different types of risk are systematically and actively managed. Risk management at the Aduno Group is based on a standardised model, from the determination of risk policy to the management and monitoring of risk in business activities and risk reporting.

For the general principles of risk management, please refer to the 2018 Annual Report. In the first half of 2019 no significant changes were made.

Derivates
The Group makes use of derivative financial instruments to hedge against foreign currency and interest rate risks that arise in operational and financing business.

In 1,000 CHF	30.06.2019 Assets	30.06.2019 Liabilities	31.12.2018 Assets	31.12.2018 Liabilities
Foreign currency derivatives	166	(300)	93	(495)
Interest rate derivatives	0	0	0	0

The positive and negative values of derivatives are recognised in other receivables and other payables.

The Group has to refinance outstanding receivables from cardholders and customers in Consumer Finance on a constant basis. They are refinanced using Libor-based bank loans with a term of 1 day to 90 days. In addition, the Group can enter into interest rate swaps and thereby exchange Libor-based interest payments for fixed-rate ones to hedge against fluctuating interest rates. As at 30 June 2019 no receivables were hedged with interest rate swaps (31 December 2018: CHF 0.0 million).

Accounting principles
Derivative financial instruments are recognised at fair value. Allocable transaction costs are recognised in the income statement when they are incurred. Following their initial recognition, derivative financial instruments are measured at fair value. The gain or loss on revaluation of the fair value is recognised in the income statement.

4 Group structure

This section sets out the structure of the Aduno Group including significant changes and resulting effects on the consolidated financial statements.

4.1 Change in the scope of consolidation

Acquisition of subsidiaries

As at 1 October 2018 Aduno Holding acquired an additional 70% of the shares in Accarda AG in Brüttisellen, Canton Zurich. Added to its stake of 30% Aduno Holding now has full ownership of Accarda AG. The company operates in the business of customer cards with a payment function. The purchase price for the 70% share was CHF 195.5 million, which was paid in cash. Revaluation of the existing 30% resulted in a valuation gain of CHF 27.4 million. The revaluation gain was recognised in “Income from associates”.

The transaction resulted in goodwill of CHF 58.7 million. This was allocated to the cash generating unit Issuing. Increasing the equity interest in Accarda will allow future business models to be pursued and generate synergies with the existing issuing business, while increasing income through existing Accarda customers.

The final purchase price allocation is disclosed in the 2018 Annual Report.

Sale of subsidiaries

As at 4 March 2019 the Group sold its 60% interest in Paycoach AG. The sale resulted in a gain of CHF 1.2 million, which was recognised in other operating income.

As at 9 May 2019 the Group sold its 20% interest in Loyalty Services AG. The sale resulted in a loss of CHF 0.1 million, which was recognised in other operating expenses.

As at 5 December 2018 the Aduno Group sold its 67% interest in Vibbek AG for CHF 3.3 million. The sale of Vibbek AG brought a gain of CHF 0.4 million, which was recognised in the second half of 2018 in other operating income.

Discontinued operations

On 30 June 2019 the Group signed an agreement with Cembra Money Bank AG to sell its wholly owned subsidiary cashgate. The sale price is set at CHF 277 million. The sale will take place in the third quarter of 2019. Below are the income statement and balance sheet for cashgate for the first half of 2019.

Income statement, first half year 2019

In 1,000 CHF	**First half year 2019**
Annual fees	1,772
Interest income	44,109
Other operating income	4,572
Operating income	**50,452**
Processing and service expenses	1,518
Distribution, advertising and promotion expenses	9,649
Interest expenses	5,379
Expected credit and impairement losses	4,601
Personnel expenses	9,188
Other operating expenses	7,118
Depreciation of property and equipment	155
Amortisation of goodwill and intangible assets	1,844
Operating expenses	**39,453**
Operating result	**10,999**
Non-operating result	(32)
Profit before income tax	**10,967**
Income taxes	2,431
Profit for the period	**8,536**

Balance sheet as at 30.06.2019

In 1,000 CHF	30.06.2019
Assets	
Cash and cash equivalents	930
Receivables from business unit Consumer Finance	455,245
Other receivables	2,334
Prepaid expenses	15,344
Total current assets	**473,852**
Receivables from business unit Consumer Finance	1,073,348
Property and equipment	2,237
Financial assets	1,694
Intangible assets	7,372
Total non-current assets	**1,084,650**
Total assets held for sale	**1,558,503**
Liabilities	
Payables to counterparties	35,165
Other payables	9,949
Provisions	2,461
Accrued expenses and deferred income	8,335
Intercompany obligations	1,060,447
Total current liabilities	**1,116,358**
Intercompany obligations	325,000
Total non-current liabilities	**325,000**
Total liabilities held for sale*	**55,911**
Net assets	**117,144**
Net cash from / (used in) operating activities	(68,557)
Net cash from / (used in) investing activities	68
Net cash from / (used in) financing activities	64,387
Net (decrease) / increase in cash and cash equivalents	**(4,102)**

* The balance sheet item "Liabilities held for sale" totalling TCHF 55,911 doesn't contain any intercompany obligations.

The intercompany obligations relate to the refinancing of cashgate at a sister company.

4.2 Group companies

In 1,000	Country of incorpo-ration	Currency	Share capital 30.06.2019	Share capital 31.12.2018	Ownership interest 30.06.2019	Ownership interest 31.12.2018
Aduno Holding AG, Zurich (ZH), parent company	Switzerland	CHF	25,000	25,000	-	-
Accarda AG, Brüttisellen (ZH) 1)	Switzerland	CHF	18,500	18,500	100%	100%
Aduno Finance AG, Stans (NW)	Switzerland	CHF	1,000	1,000	100%	100%
cashgate AG, Zurich (ZH)	Switzerland	CHF	35,000	35,000	100%	100%
Contovista AG, Schlieren (ZH)	Switzerland	CHF	140	140	70%	70%
SwissWallet AG, Zurich (ZH) 2)	Switzerland	CHF	105	105	33.3%	33.3%
Viseca Card Services SA, Zurich (ZH)	Switzerland	CHF	20,000	20,000	100%	100%
Subsidiaries of Accarda AG						
Loyalty Gift Card AG	Switzerland	CHF	500	500	100%	100%
Loyalty Gift Card GmbH	Austria	EUR	35	35	100%	100%
Loyalty Gift Card GmbH	Germany	EUR	100	100	100%	100%
Loyalty Services AG 2) 3)	Switzerland	CHF	n/a	100	n/a	20%
Paycoach AG 3)	Switzerland	CHF	n/a	300	n/a	60%
Sanavena GmbH	Switzerland	CHF	336	336	100%	100%
Zaala AG	Switzerland	CHF	500	500	55%	55%

1) Prior to the acquisition in 2018 the Group had significant influence.

2) Associates, the Group has significant influence.

3) Paycoach AG and Loyalty Services AG were sold in 2019.

Accounting principles

Consolidation of subsidiaries

The consolidated financial statements are based on individual financial statements of all subsidiaries prepared in accordance with uniform principles. Subsidiaries are entities controlled by the Group. Control is assumed to exist if the Group holds more than half of the voting rights in the subsidiary or it has control in another way. The consolidated financial statements include the financial statements of the subsidiaries from the beginning to the end of control.

Consolidation is based on the purchase method. Group-internal balance sheet assets and liabilities and unrealised gains and losses or income and expenses from Group-internal transactions are eliminated when preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of an impairment in value.

Associates

Associates are recognised in the balance sheet using the equity method and initially at fair value. Associates are those entities in which the Group has significant influence on their financial and business policy but does not control them.

The Group’s share in the profit or loss of the associate is included in the income statement.

5. Other accounting principles

Fair value estimation
Assets and liabilities are valued at the amount at which an asset could be sold or a liability settled in an ordinary transaction between market participants on the valuation date (exit price).

Impairment
The recoverable amount for non-current assets is reviewed at least once a year. If there is an indication of an impairment in value (triggering event), the possibility of recognising an impairment is examined. If the carrying value of an asset or of its cash generating unit exceeds the recoverable amount, an impairment loss is recognised in the consolidated income statement.

A cash generating unit is the smallest identifiable group of assets that produces cash flows that are largely independent of other assets and groups of assets. Impairment losses recognised for cash generating units are deducted first from the carrying value of the allocated goodwill and thereafter on a pro rata basis from the carrying value of the other assets in the unit (group of assets).

Foreign currency translation
The individual Group companies prepare their financial statements in their functional currency. Assets and liabilities held in a foreign currency are converted at the rate on the reporting date.

The foreign currency gains and losses resulting from transactions and from the conversion of balance sheet items in a foreign currency are recognised in the income statement. The consolidated financial statements are established and presented in Swiss francs. The foreign currency financial statements of foreign Group companies are converted to Swiss francs for consolidation purposes as follows: balance sheet at exchange rates on the reporting date; income statement and cash flow statement at the average rate for the financial year. Translation differences resulting from the differing conversion of balance sheets and income statements are recognised in equity. If a foreign Group company is sold, the associated cumulative foreign currency differences are transferred to the income statement.

The following principal exchange rates have been used:

	Average	Average	Reporting date as at	Reporting date as at
CHF	**First HY 2019**	First HY 2018	**30.06.2019**	31.12.2018
EUR 1	1.1392	1.1771	1.1202	1.1373
USD 1	1.0083	0.9774	0.9856	0.9943
GBP 1	1.3061	1.3391	1.2484	1.2616

6. Subsequent events

As at 24 July 2019, on the basis of the sale announcement by minority shareholders as at 20 June 2019, the Group acquired the remaining 30% of Contovista AG for CHF 12.4 million and now has full ownership of Contovista.

Zurich, 21 August 2019

Pascal Niquille
Chairman of the Board of Directors

Max Schönholzer
Chief Executive Officer

Dr. Christian Lazar
Chief Financial Officer

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PUBLISHING DETAILS

Half Year Report 2019

This Half Year Report is published in German and English. The German version is binding for the condensed consolidated financial statements.

Exclusion of liability

This report contains forward-looking statements that do not give any guarantees of future performance. These statements contain risks and uncertainties, including but not restricted to future economic conditions, legal provisions, market conditions, activities of competitors and other factors that are outside the Company's control.

Publisher

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