MATTERHORN TELECOM HOLDING S.A.

Consolidated financial statements
for the year ended
December 31, 2020

Registered office: 4, rue du Fort Wallis
L-2714 Luxembourg
R. C. S. Luxembourg: B 195 766

TABLE OF CONTENTS

MATTERHORN TELECOM HOLDING S.A.

Consolidated Management Report

Year Ended December 31, 2020

Registered office : 4, rue du Fort Wallis
L-2714 Luxembourg
R.C.S. Luxembourg: B 195 766

Contents

Introduction

The Board of Directors of Matterhorn Telecom Holding S.A. ("the Management") ("the Company" or "we") is pleased to present the consolidated management report and the consolidated financial statements of the Company and its subsidiaries (hereafter "the Group") for the year ending December 31, 2020.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of the management of the Company. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. We have based these assumptions on information currently available to us but, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, could be materially adversely affected. You should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which such statements are made. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

1. Operational and Financial Overview

1.1. Important Events

Swiss Open Fiber

On May 19, 2020, Sunrise Communications AG and Salt Mobile SA ("Salt") announced their plans to enter a strategic partnership to create a leading fiber-to-the-home ("FTTH") platform for ultrafast broadband connectivity services on an open access basis across Switzerland. The roll-out was planned to be realized through Swiss Open Fiber, a Joint Venture to be established and co-owned with a prospective equity partner.

Salt remains committed to foster infrastructure competition in Switzerland and has the ambition of dramatically increasing its household reach with FTTH. Hence, Salt is exploring avenues to pursue a FTTH build out together with financial investors.

Covid-19 Pandemic

In 2020, the Covid-19 pandemic has led to significant impacts on Swiss as well as worldwide economic situation. During 2020, among the various measures against the spread of the Covid-19, the government restricted the economic activities in Switzerland. Therefore, during the lockdown period, the majority of our shops were closed, retail activities were reduced to a minimum and international travels were restricted. Despite relaxations starting in May 2020, the remaining restrictions and overall international travel activity slow-down have continued to affect all roaming activities. These developments have negatively impacted the financial performance of the Group, and more particularly the financial performance of the Group in the second, third and fourth quarters of the year. The effects are mostly related, but not limited to:

- Travel restrictions and bans leading to the reduction in wholesale Visitor roaming and Customer roaming traffics.
- The slowdown of retail activity, in particular in our physical channels and during the lockdown period, translating notably into reduced acquisitions and retentions as well as decreasing or no sales or no other services in stores.
- The reduction of specific revenue and profit lines such as the above-mentioned sales and other in-store services.
- Technical unemployment, mainly for sales employees during the lockdown period.

The overall Covid-19 financial impacts cannot be quantified at this stage due to global uncertainties and the combination of various factors, including the overall pandemic evolution, the government measures or the customer behaviour. Additionally, the broader impact of any major economic slowdown or downturn remains difficult to estimate at this stage.

1.2. Review and Development of the Company Business and Financial Position

Financial performance

Revenue for the financial year ended December 31, 2020, amounts to CHF 993.3 million, which represents a decrease of CHF (3.9) million, or -0.4%. This decrease was primarily driven by:

- A decrease in equipment revenue of CHF (19.5) million, or -11.3% driven by a lower number of handsets sold and limited volumes sold to partners, including the effect of the restricted retail activity during the Covid-19 lockdown period.
- A decrease in operating revenue, excl. incoming and Tower Sale impact, of CHF (1.3) million, or -0.2%. A variance mainly attributable to:
    - The decrease in other service revenue of CHF (5.3) million mainly driven by lower wholesales roaming revenue (inbound visitor roaming) mainly due to Covid-19, lower revenues associated with collection and other activities, the loss of UPC in early 2019 partly offset by an increase in accessories revenue,
    - The decline in prepay service revenue of CHF (3.3) million,
    - Partly offset by the increase in postpaid service revenues of CHF 7.3 million mainly driven by the growth in Mobile subscriptions coupled with the good development of our Fiber activity. These effects are partly offset by the lower Postpaid Mobile Average Revenue Per User mainly driven by the Covid-19 impact on Roaming Out-of-Bundle revenue since the beginning of the pandemic.
- Partially offset by the Tower effect with a positive impact of CHF 10.1 million for the Twelve-Month Period mainly driven by the sale in Q2 and Q4 of several sites to Swiss Infra Services SA (Cellnex), partially offset by the loss of site share revenues.
- And an increase in incoming revenue of CHF 6.9 million, or +11.0% as a consequence of an increase in Voice traffic mainly driven by the effect of Covid-19 (impacting both Revenue and Costs). The effect of this traffic increase is partly offset by the Swiss voice mobile termination rates decrease in 2020.

Net result for the financial year ended December 31, 2020 is a gain amounting to CHF 65.0 million.
For a more detailed financial analysis, please refer to the Matterhorn Telecom S.A. High Yield Report.

As at December 31, 2020, Matterhorn Telecom Holding S.A. does not hold any of its own shares.

Operational performance – Continued strong momentum in core brand

In 2020, Salt increased its mobile postpaid subscriber base by 56'300 subscribers, an increase of +42'100 compared to 2019, resulting in the highest net adds performance in the last 3 years. This performance was achieved thanks to:

- The good momentum in B2C mobile net adds, including 22 consecutive quarters of positive net adds in core brand,
- Combined with the best annualised churn ratio in the last 10 years.
- The accelerate momentum on the B-to-B activity with a positive net adds contribution for the last 6 quarters, translating in the highest net adds performance in the last 10 years.

Salt Home also benefited from a continued growth of its subscriber base driven by the success of the ultra-fast broadband offer. Salt Home successfully crossed 100'000 subscribers in June 2020 and will benefit from a new Fixed-Wireless-Access solution launched in January 2021.

1.3. Research and Development

During the year, the labour expenses capitalised as intangible assets amounted to CHF 3.7 million (CHF 4.0 million for the year ended December 31, 2019).

1.4. Important Events Since the Balance Sheet Date

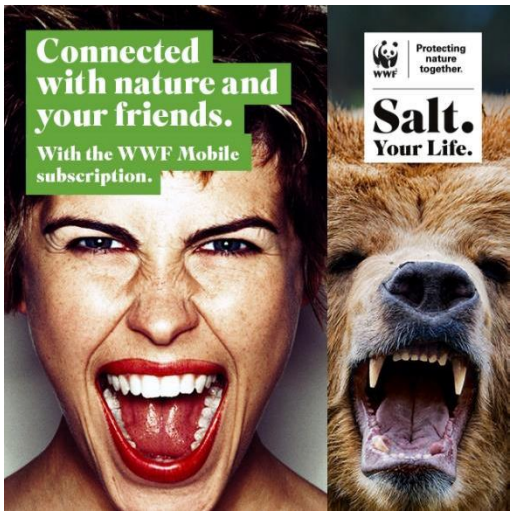
No matters or circumstances of importance have arisen since the end of the financial year, which have significantly affected the operations of the Company, the results of those operations or the affairs of the Company. In the course of Q1 2021, the Group:

- Proceeded to the repayment of a share premium for an amount of CHF 185 million,
- Completed the sale of the remaining investment in Swiss Infra Services SA to Swiss Tower AG for a consideration of CHF 146 million.

2. Environmental, Social and Governance Overview

True to its values of caring about humans and their living environment, being straightforward and sticking to what matters, Salt has long been paying attention to ethics, its relationships with employees and providers, its impact on the environment and questions of governance. Salt undertakes every day to improve the design and provision of its services in these aspects. In this report, Salt highlights the efforts and initiatives it has undertaken and continues to undertake in this respect.

Salt's initiatives in terms of sustainability and societal impact are sponsored by Management Board member Nina Hagmann, who joined Salt in 2020 as Chief Corporate Affairs and Chief Legal Officer, and involve all relevant stakeholders across the organization (including, in particular, network, devices, facilities, HR, finance).



An important step has been made in 2020 with the conclusion of Salt's partnership with WWF, which already resulted in the launch of a WWF mobile offer to make a change for Salt customers and the general public. A substantial part of the WWF subscription revenues (over CHF 1,000 for a typical customer lifetime) is contributed to WWF's worldwide environmental protection projects while WWF mobile subscribers benefit from Salt services and receive the WWF magazine. This partnership will also help Salt improve its internal operations in terms of environmental sustainability.

Finally, the specific context of the Covid-19 crisis in 2020 lead Salt to re-think things and accelerate transformational changes already initiated during previous years such as pushing for even more digitalization in processes, favouring more videoconferences (over travels) and making a more extensive use of work from home.

2.1. Environment

As a telecommunication company Salt is fully aware that its main carbon emissions originate from purchased goods – especially devices sold to customers and network equipment – and electricity consumption. Salt is determined to reduce its overall carbon footprint, and in particular in the aforementioned areas.

Rethink devices designed by Salt to improve their environmental impact

Although Salt already offers its customers products that are state-of-the-art in communication technology, in particular its Fiber Box with 10 Gbps FTTH, Salt is constantly improving its products and services. In 2021, Salt will launch a new Fiber Box that has been specifically eco-designed to significantly reduce its carbon footprint – mainly by decreasing the device weight, using post-consumer recycled plastic and improving its packaging – and its energy consumption, especially during the standby mode. An independent Life-Cycle Assessment (by Bureau Veritas as part of the Bureau Veritas Footprint Progress® certification awarded to eco-designed products) has shown that the new Fiber Box achieves a carbon footprint reduction of 21%, i.e. 22kg CO2 eq. saved during the device lifetime compared to the first generation Fiber Box.

Extend the lifespan of mobile devices

To reduce waste and in particular e-waste, Salt proposes attractive SIM only offers allowing and incentivizing customers to keep their devices still working perfectly. In 2020, SIM only offers represent a large majority and their share in terms of sales has tripled since 2014.

Mobiles and tablets are key objects of daily life. To protect them and extend their lifespan, Salt provides its customers easy access to repair services, either as part of its Care Insurance product or on demand. These services are available in Salt stores, remotely via online or care support – and even at 65 repair partners with Salt's Care Insurance.

In addition, for all Care Insurances subscribed to since 2021 a contribution will be made to plant trees to capture CO2 and help local population development in Ethiopia, Madagascar, Haiti, Nepal, Indonesia, Mozambique, Kenya and Central America thanks to a new partnership with the recognized NGO, Eden Reforestation Projects.

Close the loop on e-waste

To prevent mobile devices and their goldmine of precious metals and minerals from ending up in a drawer, or worse, in a waste bin when no longer used, Salt invites its customers to resell or recycle their mobile devices with dedicated partner programs such as CashBack for reselling as well as in-store drop-off for recycling.

Salt applies the same approach when having to renew its network and IT equipment, thus either reselling, donating or properly recycling it. In 2020, Salt donated around 300 computers to a NGO supporting schooling of children in rural areas of Cameroon.

Use green electricity

In 2020, Salt renewed the electricity contracts for its main offices and its in-house data centre, representing 6'535 MWh annually, in order to supply them with electricity coming from renewable sources starting as of January 1, 2021 (EU hydroelectricity for Renens, Crissier and Biel, EU wind electricity for Zürich).

Furthermore, Salt pays attention to how its providers source electricity for their operations. For instance, the external data centre in the Zurich region is using renewable electricity. The printing company for paper invoices and collection letters claims climate neutrality and uses 100% renewable electricity.

Reduce travel carbon footprint

Salt acts on both commuting and business travels to reduce CO2 emissions:

- Employees are entitled to work from home, up to 20% before the Covid19 crisis, and up to 100% until the Covid-19 crisis' ends, and whenever possible and compatible with their own specific work needs.
- Videoconferences have long been favoured to facilitate work between Salt offices and with partners. Videoconference solutions have been reinforced in 2020.
- Travels are subject to authorization and reimbursed only when relevant and videoconferences not suitable. Public transport, especially train travel, is favoured.
- The car fleet available to sales representatives (company cars) and other employees (pool cars) is composed of 70 cars in December 2020 and has evolved over the last years from thermic (115 CO2 g/km according to NEDC norm) to gas hybrid propulsion (96g) introduced in 2018, and then to plug-in hybrid electric (38 CO2 g/km according to WLTP norm) introduced in 2020 with the aim of eventually replacing the entire fleet. Offices are being equipped with charging stations and drivers are motivated to adopt a more efficient and environmentally conscious driving behaviour.

Decrease other resource consumption

On top of the aforementioned initiatives, Salt is also working on multiple actions to further reduce its resource consumption, including:

- Energy saving thanks to the choice of more efficient network and IT equipment and their parameterization. The same applies to lights and screens in stores for instance.
- Reduced paper consumption through process review, digitalization (where relevant), monitoring and incentives. Furthermore, Salt has been using FSC paper for customer invoices and collection letters since July 2019.
- Office waste reduction, especially in office cafeteria by replacing single-use cardboard, plastic goblets and cups by washable ones.

2.2. Employees

Salt employed 925 FTEs per the end of 2020, incl. affiliates, excl. apprentices and trainees, across three main office sites in Renens (headquarter), Biel and Zurich, over 100 stores across Switzerland and its additional call centre in Lisbon.

Promote women's carriers at Salt

Two senior directors, Julia Kinner in charge of Marketing and Nina Hagmann in charge of Corporate Affairs and Legal, joined the Salt Management Board in 2020, resulting in women representing 25% of the Management Board in December 2020, i.e. exceeding the Swiss companies' average.

As a company in a technological sector with a traditionally low percentage of women, women account for 30.0% of Salt workforce.

Support work-life balance & offer benefits

Salt offers a set of benefits to take care of its employees, motivate them and ensure a good work-life balance, such as:

- Flexibility offered through flexible work hours, home office and part-time work.
- Maternity and paternity leaves exceeding the legal requirements: Maternity leave paid at 100% (no cap) during 112 days after one year of employment / 98 days otherwise (vs. 98 days at 80%, incl. cap, by law) and paternity leave paid at 100% (no cap, vs. 80%, incl. cap, by law) during 10 days.

- 5 to 6 weeks of holidays.
- Loss of earnings health insurance fully paid by Salt.
- Flexible, individual pension plans allowing employees to choose how to invest in a financially well-managed pension fund. Salt supports the risk insurance (disability, death) and contributes on the whole fixed salary.
- Various presents to celebrate births, weddings and work anniversaries including paid leave days offered.

Ensure close contact & transparency with employees

Salt's flat and efficient organization with very few management layers and regular all-hands meetings (multiplied in 2020 in the Covid-19 context to better keep in touch with all employees while working from home) ensure transparent communication on Salt initiatives, enhance employee involvement and initiate direct discussions with the Management. In parallel, the Management has regular contacts with the Employee Forum, the elected committee representing the employees.

Promote multilinguism & diversity

Salt has a footprint across Switzerland thanks to its headquarters in Renens (VD), its offices in Biel and Zurich and more than 100 Salt stores all over Switzerland.

Employees from all cantons and 64 nationalities work for Salt, strengthening its cultural diversity and open-mindedness. Furthermore, a dedicated care hotline is available in Portuguese to serve the Portuguese community in Switzerland, the third largest community after the Italian and German communities.

Support training & employability

Salt is fully engaged to contribute to Swiss youth education and support their entry into the labour market, especially by training apprentices. In December 2020, Salt employed 72 apprentices and 8 trainees across its different functions (including stores, logistics, customer care, IT, marketing, and finance). Out of the 28 apprentices finishing their training in July 2020, 54% continued to work for Salt.

Staff in stores and call centres benefit from specific training to regularly develop their leadership, selling and support skills. Furthermore, Salt has a specific program to nurture and retain talents.

Prevent unethical behaviours

Long-established guidelines at Salt explain how to prevent and react in case of conflicts of interest, gifts, bribe solicitation, frauds and other unethical behaviours. A whistleblowing process is in place to report such cases.

Salt also demands from all its providers to respect similar ethics and regulations, especially in terms of human rights and corruption, with possibility of audits.

2.3. Clients & Community

Salt aims at providing to customers offers making an impact in terms of environment and society through initiatives such as partnering with WWF, improving sustainability around devices, and enhancing internal processes. Beyond these aspects, Salt also aims to have a larger positive impact on the community, through its own actions, the actions of its employees and of its providers.

Ensure protection of Salt customers' data

Salt is dedicated to protect its customers' data and privacy, both through the high security of its network and IT equipment, and through actions to raise awareness on cyber threats, and train its employees. Salt has appointed a data privacy officer.

Make an impact on community

Beyond its internal processes and actions toward customers, Salt also aims at having a positive impact on the community through different actions:

- Corporate volunteering (launch in 2021): A number of employees are already personally engaged in volunteering projects. To incentivize more employees to take on an environmental or social engagement, Salt will offer all employees to spend one working day per year on volunteering projects.
- ESG requirements for providers: The respect of such requirements in all areas of Salt's work and influence is of utmost importance to Salt. Therefore, Salt demands from its providers and their subcontractors to respect regulations in terms of human rights, environmental protection and ethics. Salt pays particular attention to the environmental performance of

products and services and takes it into account for business decisions, such as for instance when selecting its network equipment.

- Works with providers making a social impact: In the context of site transfers to Swiss Infra Services SA (Cellnex), in 2019, Salt mandated a sheltered workshop for blind and visually impaired people to manage the communication to landowners on the transfers. Salt will continue to engage in similar collaborations whenever appropriate.

2.4. Corporate Governance & Compliance

Management and shareholders

The Company is wholly owned (through one or more holding entities) by NJJ. Founded in 2010, NJJ is the private holding company of entrepreneur and telecommunications investor Xavier Niel. NJJ focuses on creating long-term shareholder value and excellence in operational and financial performance in its companies.

The current board of directors of the Company Luxembourg, consists of the following persons: Olivier Rozenfeld, Frédéric Viviand and Franck Bernard and three independent directors from Luxembourg: Geoffrey Henry, Emilie Bordaneil and Valérie Emond.

The current board of directors of Matterhorn Telecom S.A., Luxembourg, consists of the following persons: Olivier Rozenfeld, Frédéric Viviand and Franck Bernard and three independent directors from Luxembourg: Geoffrey Henry, Emilie Bordaneil and Valérie Emond.

The current board of directors of Salt consists of the following persons: Xavier Niel, Olivier Rozenfeld, Pierre-Emmanuel Durand, Pierre-Alain Allemand, Franck Brunel, Peter Brabeck-Letmathe, Robert-Philippe Bloch, Jacques de Saussure, Martin Lehmann and Jeannine Pilloud. It is further proposed that Marc Furrer is appointed member and chairman of the board of directors of Salt at the upcoming annual general meeting of Salt. It is foreseen that Marc Furrer, the longstanding president of the Federal Communications Commission (2005 to 2016) and first Director of the Federal Office of Communications (1992 to 2005) will replace Xavier Niel as chairman. Xavier Niel will remain a member of the board of directors of Salt.

The current members of the Management Board of Salt are:

Name	Position
Dr. Pascal Grieder	Chief Executive Officer
Mr. Christian Aveni	Chief Business Officer
Mr. Franck Bernard	Chief Financial Officer
Ms. Julia Kinner	Chief Marketing Officer
Mr. Lars Keller	Chief Sales Officer
Ms. Nina Hagmann	Chief Corporate Affairs and Chief Legal Officer
Mr. Stefano Orlando	Chief Customer Operations Officer
Mr. Eric Wolff	Chief Technology Officer

Corporate governance and compliance

Corporate governance is a pivotal element of the Group and our shareholder NJJ's core values. The management of the Group, together with the support of the NJJ team, promotes and ensures that the highest ethical standards, internal controls and compliance with laws are followed at Group level and for the Group companies.

In order to evaluate the governance of the Group and the Company individually, as well as the impact on shareholders and on consumers, the Group and the Group companies are subject to external control by official entities and decision processes provided by law but also to independent controls by non-official entities as well as to internal controls. In particular, such controls regarding Salt include:

- Compliance with applicable law incl. Corporate Governance provisions pursuant to the Swiss Code of Obligations,
- Compliance with regulations on antitrust and fair competition: control by the Swiss Competition Commission,

- Compliance with technical and environmental (non-ionising radiations, NIR) regulations: control by the Federal Office of Communication and Communication Commission and the authorities in charge of the protection against NIR,
- Compliance with telecom license and building permits conditions with regards to environmental protection: certification of Salt's quality management system for antennas, as imposed by the license, by an independent third-party according to ISO 9001:2015 standard,
- Compliance with labour (protection of workers' health) and safety laws: control by cantonal labour inspections.

Salt put in place comprehensive internal control and decision processes as well as internal policies, including the following key policies and guidelines:

- The Salt Ethics Policy stipulates Salt's commitment to adhere to the highest ethical standards within Salt and in all parts of its business.
- The Salt Management Regulations set the management structure and distinction of roles between Salt's board of directors and the Management Board, as well as the internal organisation of Salt, pursuant to the Swiss Code of Obligations;
- The Salt Signature Policy regulates the internal and external signatures within Salt and towards third parties and provides legal control of each of Salt's commitments towards third parties.

3. Principal Risks and Uncertainties

3.1. Market Risk and fair Value of Financial Assets and Liabilities

The note 11 of the consolidated financial statements for the year ended December 31, 2020 presents the information on market risk and fair value of financial assets and liabilities.

3.2. Legal Risks

Any legal risk is managed by the legal department of the Group in order to ensure compliance with all regulations in force in the jurisdictions in which the Group operates.

3.3. Cyber Security Risks

The Information Security is based on recognized international standards and best practices such as ISO/IEC 27002 "Code of Practice for Information Security Controls" and ISO/IEC 27001 "Information Security Management Systems – Requirements".

The availability of the Salt IT and mobile infrastructure as well as confidential handling of sensitive data is crucial for Salt and the services provided to its customers. The Salt Corporate Security Department is internalised, with highly qualified and certified resources (CISM / CRISC / CCiSO / CISSP) reporting to executive Management for direct, independent and fast interaction.

3.4. Safety and Environmental Risks

The Group objective is to comply in all material respects with applicable environmental and health control laws, and all related permit requirements.

3.5. Risks Related to Our Market and Our Business

The Company and its subsidiaries, including in particular Salt, are exposed to important risks, uncertainties and other factors, including:

- Our business may be adversely affected by health epidemics which may have a material impact on our results of operations. There is still significant uncertainty of the further development of the Covid-19 pandemic and the effects on our business. The continuous Covid-19 pandemic could have a negative impact on our business, financial condition and results of operations.
- Continuing uncertainties and challenging conditions in the global economy may adversely impact our business, financial condition and results of operations.
- The Swiss mobile telecommunications market is characterized by competition among existing and potential new mobile network operators. We face strong competition from established competitors and we may also face increased competition as a result of a consolidation of or cooperation between our competitors.

- We also face high levels of competition from resellers and MVNOs.
- We face increasing competition from alternative telecommunication services, such as OTT.
- Any failure to comply with license conditions may jeopardize our licenses, which are required to operate our mobile business.
- Equipment and network systems failures could result in reduced user traffic and revenue, require unanticipated capital expenditures or harm our reputation.
- The success of our mobile operations depends on our ability to attract and retain mobile subscribers.
- Customer satisfaction levels that are lower than our competitors' customer satisfaction levels could adversely affect our ability to acquire new and maintain existing customers.
- We depend on our key partners and other third-parties for the provision of certain services. Our relationships with certain suppliers of services and equipment are critical to conducting our business.
- We do not have direct contracts with all of our key sourcing partners.
- Our success depends on the effective execution of our strategy.
- If we are unable to identify, complete and successfully integrate acquisitions, our ability to grow our business may be limited and our business, financial condition and results of operations may be adversely impacted.
- The telecommunications industry has been, and will continue to be, significantly affected by rapid technological change and we may not be able to effectively anticipate or react to these changes.
- Our business is capital intensive. We cannot assure that we will have sufficient liquidity to fund our capital expenditure programs or our ongoing operations in the future.
- Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.
- Our business may be adversely affected by our ability to maintain and increase our network coverage.
- Continuing uncertainties, blocking by authorities of (moratoria) and opposition of the public against, in particular, built permits and 5G rollout may adversely impact our business, financial condition and results of operations.
- We could lose the contractual rights-of-way or other network access on which we rely.
- We are subject to extensive regulation and have recently been, and may in the future be, adversely affected by regulatory measures applicable to us.
- Political efforts and efforts of interest groups to regulate specific aspects of the telecommunication market, such as full protection of the mobile network against power outages, may adversely affect our business, financial condition and results of operations as well as materially obstruct and hinder our ability to maintain and increase our network coverage and quality.
- We depend on an open, independent and non-discriminatory economic and political environment, allowing us to choose our partners freely and based on economic, environmental and social aspects.
- We are exposed to changes in MTRs and other rates such as roaming tariffs, including new regulation imposing limitations on roaming.
- We operate primarily in the Swiss market and as a result our growth prospects depend on economic developments in Switzerland.
- If we fail to maintain or further develop our direct and indirect distribution and customer care channels, our ability to sustain and further grow our subscriber base could be materially and adversely affected.
- We depend on our relationship with our shareholder and certain affiliates.
- We depend on third-party telecommunications providers over which we have no direct control for the provision of certain of our services. Our shareholder and certain of our affiliates are highly engaged in our business, and adverse changes to our relationship could cause our operations to suffer.
- We may not be able to attract and retain key personnel and may experience difficulty or incur costs in replacing such personnel and in integrating new personnel.
- Our pension liability may reduce our cash flows, profitability, financial condition, net assets, distributable reserves and our ability to pay dividends.
- Our insurance may not be adequate to cover losses or liabilities that may arise.
- We face legal and regulatory dispute risks.
- We collect and process subscriber data as part of our daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect our business.
- Our business is subject to cybersecurity risks.
- Increasing data security requirements by financial institutions, certain other corporate customers and governmental entities may adversely affect our business and profitability.
- We may be subject to legal liability associated with providing online services or content.

4. Material Affiliate and Associate Transactions

We enter into transactions with our principal shareholder and other entities owned by, or affiliated with, our shareholders in the ordinary course of business. We present hereafter a brief summary of certain material arrangements, agreements and transactions we have with related parties.

NJJ

NJJ Consulting provides us with consulting services and operational support on strategic matters, such as business and technical development, capital expenditures, relationships with major business partners or negotiations with banks and other financial institutions. NJJ Consulting also provides us with advice on accounting, legal and tax matters, marketing and communication, human resources and various other matters.

Althaia Consulting

Althaia Consulting Sàrl provides us with consulting services and operational support on Network and IT operations, such as strategic analyses on IT, Network and Infrastructure development and evolution as well as relationships with major IT and Network business partners.

Eircom

Salt provides Eircom Limited with some software development activities as well as IT management services.

Free Mobile / iliad

Free Mobile is a major telecommunications operator in France owned by Group iliad, a company listed on the regulated market of Euronext in Paris in which our principal shareholder has a majority interest. Free Mobile provided support for the resolution of incidents on our network and software licensing, installation and maintenance (IT services). Such agreement was terminated as per December 31, 2020.

IT Solutions Factory

On May 27, 2016, Matterhorn Telecom S.A. (the Salt parent company) entered into a master IT services agreement with IT Solutions Factory, an IT systems and logistics company owned by our principal shareholder. The master IT services agreement was amended on May, 16, 2017. IT Solutions Factory provides us with software development services.

Monaco Telecom

On November 1s, 2016, we entered into a master services agreement with Monaco Telecom, a telecom and IT company in which our principal shareholder has a majority interest. As of today, Monaco Telecom mainly provides us with software development services, international carrier services and cloud computing services.

Network Solutions Factory (ex. Salt France)

Network Solutions Factory provides us with technical support services including radio planning, transmission planning, network configuration management, software upgrades, network supervision services, a service management center and optimization of our network under a services agreement dated August 1, 2015. Network Solutions Factory also provides administrative support for some finance activities.

Swiss Infra Services SA

On August 5, 2019, we entered into a long-term agreement with Swiss Infra Services SA regarding the provision of hosting services over passive mobile telecom infrastructure as well as the construction of new sites through a build-to-suit program, an agreement for the provision by Swiss Infra Services SA of works and engineering services and an agreement with Swiss Infra Services SA for the provision by Salt of services in connection with 5G rollout and other new technologies. We also entered into a transition service agreement to provide certain services to Swiss Infra Services SA.

Roaming operations

In the course of its international roaming operations, Salt entered into roaming agreements with the different telecom operators which are affiliates of the Company. Salt also provides roaming management services for some affiliates of the Company.

Matterhorn Telecom Holding S.A.

Luxembourg, March 23, 2021

The Board of Directors,

Represented by Valérie Emond

Director

Represented by Franck Bernard

Director

Audit report

To the Shareholder of
Matterhorn Telecom Holding S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Matterhorn Telecom Holding S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income / (loss) for the year then ended;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Consolidated Management Report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 identified above 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.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, 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.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit 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 audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

The Consolidated Management Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Electronically signed by:
Gilles Vanderweyen

Gilles Vanderweyen

Luxembourg, 24 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Swiss Francs)	Notes	2020	2019
Revenue	4	**993'327**	**997'179**
Access, backbone, interconnection and content costs	5	(116'341)	(116'821)
Commercial expenses and cost of equipment sold	5	(214'286)	(216'857)
Network, IT, property expenses and other purchases	5	(55'197)	(57'383)
Wages, salaries and post-employment benefits	9	(82'535)	(81'021)
Other operating expenses	12	(23'355)	(23'882)
Other operating income	12	6'145	7'025
Gain on disposal and other gains	15	3'938	359'715
Restructuring, transition and transaction costs	5	(3'465)	(765)
Corporate and monitoring fees		(4'122)	(3'634)
Depreciation and amortization	6	(252'094)	(248'752)
Depreciation of right-of-use assets	13	(50'611)	(56'805)
Operating profit		**201'404**	**557'999**
Finance costs	10	(110'076)	(136'600)
Finance income	10	170	1'569
Finance costs, net		**(109'906)**	**(135'031)**
Share of net profit (loss) of associates accounted for using the equity method	14	(1'152)	(1'136)
Profit before tax		**90'346**	**421'831**
Income tax (expenses) / benefit	7	(25'381)	63'958
Profit attributable to owners		**64'965**	**485'789**

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME / (LOSS)

(in thousands of Swiss Francs)	Notes	2020	2019
Profit		**64'965**	**485'789**
Gain (loss) on cash flow hedge	10	10'122	(13'317)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	(2'478)	3'343
Other comprehensive income from equity-accounted investees	14	(117)	-
Net other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods		**7'527**	**(9'974)**
Remeasurement of defined benefit obligation	9	13'389	(6'164)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	(2'039)	646
Net other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods		**11'350**	**(5'519)**
Other comprehensive income / (loss) after tax		**18'877**	**(15'492)**
Total comprehensive income		**83'842**	**470'297**

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Goodwill	6	1'313'793	1'313'793
Other intangible assets	6	929'321	899'080
Property, plant and equipment	6	450'355	435'214
Right-of-use assets	13	220'626	232'435
Trade receivables and contract assets	4,11	35'950	40'332
Derivative assets	10	73'507	68'004
Investments accounted for using the equity method	14	-	99'044
Other non-current assets	11,12	8'741	8'984
Total non-current assets		**3'032'293**	**3'096'886**
Current assets			
Inventories	5	20'287	13'624
Trade receivables and contract assets	4,11	213'069	210'303
Other current assets	11,12	1'961	68'385
Prepaid expenses	12.3	32'316	32'707
Cash and cash equivalents	11,12	288'970	279'743
		556'603	**604'762**
Assets held for sale	14	97'776	-
Total current assets		**654'379**	**604'762**
TOTAL ASSETS		**3'686'672**	**3'701'648**

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2020	December 31, 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	12	8'200	8'200
Share premium	12	273'981	302'981
Retained earnings		12'927	138'962
Other reserves		17'585	(1'291)
Total equity		**312'693**	**448'852**
Non-current liabilities			
Long-lived assets payables	6,11	372'342	277'064
Borrowings and other financial liabilities	10,11	1'859'035	1'860'411
Lease liabilities	11,13	686'952	670'241
Employee benefits obligations	9	2'845	11'039
Provisions	8	29'569	30'805
Derivative liabilities	10	1'375	-
Deferred tax liabilities	7	41'349	27'750
Total non-current liabilities		**2'993'467**	**2'877'310**
Current liabilities			
Trade payables	11	123'165	109'880
Long-lived assets payables	6,11	92'012	71'613
Borrowings and other financial liabilities	10,11	11'573	10'634
Lease liabilities	11,13	69'771	94'651
Employee benefits obligations	9	12'483	12'201
Provisions	8	1'883	2'586
Other liabilities	12	45'431	48'495
Deferred income	4	24'194	25'426
Total current liabilities		**380'512**	**375'486**
TOTAL EQUITY AND LIABILITIES		**3'686'672**	**3'701'648**

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Swiss Francs)	Notes	Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Other Reserves	Retained earnings	Total equity
Balance at January 1, 2019		**8'200**	**142'981**	**1'344**	**12'857**	**-**	**163'173**	**328'555**
Profit attributable to owners		-	-	-	-	-	485'789	485'789
Loss on cash flow hedge	10	-	-	(13'317)	-	-	-	(13'317)
Remeasurement of defined benefit obligation	9	-	-	-	(6'164)	-	-	(6'164)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	-	-	3'343	646	-	-	3'989
Total comprehensive income		**-**	**-**	**(9'974)**	**(5'519)**	**-**	**485'789**	**470'297**
Dividend [1]	12	-	-	-	-	-	(510'000)	(510'000)
Increase of Share Premium	12	-	160'000	-	-	-	-	160'000
Balance at January 1, 2020		**8'200**	**302'981**	**(8'630)**	**7'338**	**-**	**138'962**	**448'852**
Profit attributable to owners		-	-	-	-	-	64'965	64'965
Loss on cash flow hedge	10	-	-	10'122	-	-	-	10'122
Remeasurement of defined benefit obligation	9	-	-	-	13'389	-	-	13'389
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	-	-	(2'478)	(2'039)	-	-	(4'517)
Other comprehensive income		-	-	-	-	(117)	-	(117)
Total comprehensive income		**-**	**-**	**7'644**	**11'350**	**(117)**	**64'965**	**83'843**
Dividend	12	-	-	-	-	-	(191'000)	(191'000)
Contribution from Shareholder to Share Premium	12	-	131'000	-	-	-	-	131'000
Share Premium repayment	12	-	(160'000)	-	-	-	-	(160'000)
Balance at December 31, 2020		**8'200**	**273'981**	**(985)**	**18'687**	**(117)**	**12'927**	**312'693**

The accompanying notes are an integral part of the consolidated financial statements.

[1] of which CHF 350 million paid in cash.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Swiss Francs)	Notes	2020	2019
OPERATING ACTIVITIES			
Profit attributable to owners		**64'965**	**485'789**
Adjustments to reconcile profit/(loss) to funds generated from operations			
Depreciation and amortization	6	252'094	248'752
Depreciation of right-of-use assets	13	50'611	56'805
Change in other provisions	8	629	(60)
Income tax recognized in the income statement	7	25'381	(63'958)
Finance costs net	10,11	109'906	135'031
Other non cash transaction		5'684	-
Net result on disposal of businesses	15	(3'938)	(359'715)
Share of net profit of associates accounted for using the equity method	14	1'152	1'136
Change in inventories, trade receivables and trade payables			
Decrease/(increase) in inventories	5	(1'553)	4'817
Decrease/(increase) in trade receivables	4	1'086	72'981
Increase/(decrease) in trade payables	11	14'164	(98'838)
Decrease/(increase) in other receivables and payables		3'742	(8'164)
Income tax paid	7	(15'906)	(29'018)
Decrease / (increase) in deposits		243	(676)
Net cash provided by operating activities		**508'260**	**444'882**
INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets	6	(188'836)	(260'038)
Proceeds from sale of a subsidiary, net of cash disposed	15	63'000	832'638
Interest income received		-	2
Net cash generated / (used) from investing activities		**(125'836)**	**572'602**
FINANCING ACTIVITIES			
Issuance of bonds	10,11	107'438	1'446'635
Bonds issuance costs	10,11	(2'408)	(8'954)
Repurchase of debt instrument	10	(105'470)	(1'923'485)
Repayment of lease liabilities	10,11	(48'791)	(56'954)
Interest paid and other financial charges	10	(103'091)	(97'746)
Share premium repayment	12	(160'000)	-
Dividend paid	12	(60'000)	(350'000)
Net cash used in financing activities		**(372'322)**	**(990'504)**
Net change in cash and cash equivalents		**10'102**	**26'980**
Cash and cash equivalents at beginning of period		**279'743**	**253'585**
Effect of exchange rates changes on cash and cash equivalents		(875)	(822)
Net change in cash and cash equivalents		10'102	26'980
Cash and cash equivalents at end of period	12.2	**288'970**	**279'743**

The accompanying notes are an integral part of the consolidated financial statements

Note 1 – Description of business and basis of preparation of the consolidated financial statements

1.1 Description of business

Matterhorn Telecom S.A. and Matterhorn Telecom Holding S.A. were incorporated as at March 25, 2015 as Luxemburg public limited liability Companies (S.A.) governed by the laws of the Grand Duchy of Luxembourg. Their registered office is established in Luxembourg-city.

Matterhorn Telecom Holding S.A. "The Company" (parent of Matterhorn Telecom S.A.) is the ultimate parent entity for financial information purpose.

Salt Mobile S.A. and its subsidiaries (hereafter "Salt Switzerland") provide consumers, businesses and other telecommunication operators with a wide range of services including mobile telecommunications, data transmission, Internet / TV / Fixed Telephony and other value-added services.

1.2 Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.

These consolidated financial statements have been prepared under the historical cost convention with the exception of derivative financial instruments, the defined benefit pension plan, and investment in Teldas AG that are measured at fair value.

These consolidated financial statements as at December 31, 2020 and the related consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the period from January 1, 2020 to December 31, 2020 were approved and authorised for issue on March 23, 2021 by the Board of Directors of Matterhorn Telecom Holding S.A..

1.2.1 New standards and Amendments to IFRS affecting amounts reported in the financial statements

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
- Covid-19-related Rent Concessions – Amendments to IFRS 16

Definition of Material – Amendments to IAS 1 and IAS 8
The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Definition of a Business – Amendments to IFRS 3
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated 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 output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39
The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

Covid-19-related Rent Concessions – Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.
This practical expedient has been early applied by the Group, refer to Note 13.

1.2.2 New and revised IFRS in issue but not yet effective

The Group has not early adopted any IFRS as endorsed by the European Union, which is not yet effective.
The Group does not expect any material impact from the application of any new standard or amendment that is not yet effective.

1.3 Use of estimates and judgements

In preparing the Group financial statements, the Group's management makes estimates, judgements and assumptions, insofar as many elements included in the financial statements cannot be measured with precision. These estimates and underlying assumptions are revised if the underlying circumstances evolve or in light of new information or experience.
Consequently, estimates made as at December 31, 2020 may subsequently be changed. The underlying assumptions used for significant estimates are as follows:

	Nature of estimate and judgement
Note 4 : Revenue and Trade Receivables	Determination of the bad debt based on an assessment of the future recoverable amount using the expected loss credit model
Note 6 : Impairment	Key assumptions used to determine recoverable amounts: discount rate, perpetual growth rate, expected cash flows
Note 8 : Provisions	Provisions for dismantling: churn rate, inflation rate, discount rate and restoring cost
Note 9 : Employee benefits (Pension)	Discount rate, inflation rate, salary increases, mortality table
Note 13 : Lease	Right-of -use assets and lease liability valuation (assessment of whether a contract contains a lease, lease term, probability to exercise a renewal option and discount rate)
Note 14 : Result in associates	Assessment of the significant influence based on the voting rights, number of Board Members and part in significant transactions

The consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations under the scope defined above.

1.4 Audit fees

The Group's consolidated financial statements are audited by PricewaterhouseCoopers, Luxembourg. The total fees are shown below:

(in thousands of Swiss Francs)	2020	2019
Audit fees	461	467
Other services	69	630
Fees	**530**	**1'097**

In 2019, the fees for other services mainly correspond to services related to the refinancing and to the disposal of a subsidiary (refer to Note 15).

1.5 COVID-19

In 2020, the Covid-19 pandemic has led to significant impacts on Switzerland as well as worldwide economic situation. During 2020, among the various measures against the spread of the COVID-19, the Government restricted the economic activities in Switzerland. Therefore, during the lockdown period, the majority of our shops were closed, retail activities reduced to a minimum and international travels were restricted. Despite relaxations in May 2020, the remaining restrictions and overall international travel activity slow down have continued to affect all roaming activities.

These developments have negatively impacted the financial performance of the Group, and more particularly the second, third and fourth quarters of the year. The effects are mostly related, but not limited to:

- Travel restrictions and bans leading to the reduction in wholesale Visitor roaming and Customer roaming traffics.
- The slowdown of retail activity in particular in our physical channels and during the lockdown period, translating notably into reduced acquisitions and retentions acts as well as decreasing or no sales or other services in stores.
- The reduction of specific revenue and profit lines such as the above-mentioned sales and other in-store services.
- Technical unemployment, mainly for sales employees during the lockdown period.

The overall COVID-19 financial impacts cannot be quantified at this stage due to global uncertainties and the combination of various factors, including the overall pandemic evolution, the government measures or the customer behaviour. Additionally, the broader impact of any major economic slowdown or downturn remains difficult to estimate at this stage.

Since the beginning of the pandemic the Group Management has constantly observed and analysed the Covid-19 impact on the Group and the key estimates and assumptions have been reassessed as of December 31, 2020. They essentially remain unchanged as compared to the ones reported in the consolidated financial statements as of December 31, 2019.

Note 2 – Accounting policies

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2020 and December 31, 2019. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and 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.

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

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 intragroup transactions and balances are eliminated in consolidation.

2.2 Business combinations and goodwill

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 to the former owners of the acquiree by the Group, and the equity interests issued by the Group in exchange for control of the acquiree. Transaction costs are recognised as a profit or loss as incurred.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively and;
- assets 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.

Assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements until the date the Group lose the control on the subsidiary. Gain and loss related to the divestment are recognized through the income statement for the difference between the fair value of the proceeds and the carrying value of the net assets.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities taken over, regardless of the level of the investment held, is recognised as goodwill. Goodwill is not amortised, but tested annually for impairment.

Therefore, the evolution of general economic and financial trends, the different levels of resilience of the telecommunication operators with respect to the decline of local economic environments, the changes in the market capitalisation values of telecommunication companies, as well as actual economic performance compared to market expectations represent external indicators that are analysed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 requires that these tests be performed at the level of each Cash Generating Unit (CGU) or groups of CGUs which are likely to benefit from acquisition-related synergies, within an operating segment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This allocation is reviewed if the Group changes the level at which it monitors return on investment for goodwill testing purposes. To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

The Company considers that the smallest group is the operational segment described in Note 3.
Impairment loss for goodwill is recorded in operating expenses and is never reversed subsequently.
Intangible assets acquired in business combinations and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.
Contingent consideration, if any, is recognised against the acquisition cost at the acquisition date. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.3 Associates

Associates are companies where the Group has the power to exercise a significant influence but does not exercise control. Significant influence may be obtained when the Group has 20% or more of the voting rights in the investee or has obtained a seat on the Board of Directors or otherwise participates in the policy-making process of the investee.
Associates are accounted for using the equity method. The net assets and results are adjusted to comply with the Group's accounting policies. The carrying amount of goodwill arising from the acquisition of associates is included in the carrying amount of investments in associates and joint ventures.

2.4 Segment reporting

The operating segments are components of the Group that engage in business activities and whose operating results are based on the internal reporting to the Chief Operating Decision-Maker in order to determine the allocation of resources and to assess of the operating segments' performance.

2.5 Effect of changes in foreign exchange rates

Functional and presentation currency

The Swiss Franc (CHF) is the functional currency of all entities within the Group and is the Group's presentation currency.

Transactions in foreign currencies

Transactions in foreign currencies are converted into the entities' functional currency at the exchange rate of the transaction date. Monetary assets and liabilities are remeasured at the exchange rate of the end of each reporting period and the resulting translation differences are recorded in the income statement, in finance income or finance expenses.

Both for transactions qualifying as hedge accounting and for transactions qualifying as economic hedge, the change in fair value of derivatives that can be attributed to changes in exchange rates is recorded in financial result. As the hedged item is not recognised in the statement of financial position in the context of a cash flow hedge of a highly probable forecast transaction, the effective portion of change in fair value of the hedging instrument is recorded in other comprehensive income and reclassified in:

- profit or loss in accordance with the precedent method with respect to financial assets and liabilities;
- the initial cost of the hedged item with respect to the non-financial assets and liabilities.

2.6 Revenue

Revenue from the Group activities is measured and accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers".

Service sales

Revenue from mobile telecommunication access subscription fees, is recognised on a straight-line basis over the minimum contract term, which is generally 12 or 24 months. Revenue related to out of bundle operations is recognised when the service is rendered.

Fixed-network services comprise principally the basic charges for fixed telephony, broadband and TV connections as well as the domestic and international telephony traffic of individuals. Revenues related to monthly flat rate subscription are recognised on a straight-line basis over the term of the contract. Revenue related to out of bundle operations is recognised when the service is rendered.

Revenue from incoming and outgoing telephone calls, including those from the wholesale of traffic data, are recognised when the service is rendered.

Equipment sales

Revenue from equipment sales is recognised at the moment time customer take delivery of the good.

Build-to-Suit (BTS) sites sales

Part of the master service agreement signed with Swiss Infra Services S.A. on August 5, 2019, the Group builds network sites to be then sold to Swiss Infra Services S.A. when available for use. The revenue from the sale is recognized when the site is transferred. Under IFRS 16, this transaction is considered as a sale and lease-back transaction.

Content sales

The accounting for revenue sharing arrangements and supply of content depends on the analysis of the facts and circumstances surrounding these transactions. The revenue is recognized on a gross basis when the Group acts as a principal. The Group is considered as a principal if it controls the specified services or goods before it is transferred to the customer. Otherwise the revenue is recognized on a net basis.

Promotional offers

Revenues are stated net of discounts. Certain commercial offers include a free service over a certain period (time-based incentives) when the customer commits to a fixed period contract. In such circumstances the total revenue generated under the contract is spread over the fixed and non-cancellable contract period.

Separable components of bundled offers

Some products sold by the Group, through its direct channel, include two components: equipment (e.g. a mobile handset / TV box) and service (fix or mobile). As far as a sale with multiple products or services is concerned, the Group analyses all deliverables in the contract to identify the different performance obligations. The fixed or determinable total amount in the contract is allocated to each identified performance obligation on the basis of relative stand-alone selling prices. Non-refundable activation fees are not considered as a separate performance obligation. They are included in the contract price and allocated on a relative stand-alone selling prices basis to the individual performance obligations under the customer contract.

2.7 Subscriber acquisition and retention costs, advertising and related cost

Subscriber acquisition and retention costs

Subscriber acquisition and retention costs, mainly commissions paid to retailers and employees, are capitalized in the statement of financial position and amortized over the contract term if they are directly related to obtaining a contract. This results in the recognition of prepaid expenses under current assets on the statement of financial position.

Advertising and related costs

Advertising, promotion, sponsoring, communication and brand marketing costs are expensed when incurred.

2.8 Other intangible assets

Intangible assets mainly consist of licenses, content rights, customer contracts, reseller and MVNO agreements, indefeasible rights of use, development costs and software.

Gross value

Intangible assets are initially and subsequently recognised at their acquisition or production cost. When intangible assets are acquired in a business combination, their cost is determined in connection with the purchase price allocation based on their respective market value. When their market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally generated trademarks and subscriber bases are not recognised as assets.

Indefeasible Rights of Use (IRUs) acquired by the Group correspond to the right to use cable or capacity transmission cable granted for a fixed period. IRUs are recognised as assets when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right corresponds to the major part of the economic life of the underlying asset. The instalments to be paid for the Group IRUs are spread over a number of years. The related liability is presented as long-lived asset payables with a current and a non-current portion.

The Group's research and development projects mainly relate to the upgrade of the network architecture or functionality and the development of service platforms aimed at offering new services to the Group's customers. These projects generally give rise to the development of software. An intangible asset arising from development is recognised if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure the expenditure attributable to the intangible asset during the development phase.

Amortisation

Intangible assets are amortised on straight-line basis over their expected useful life:

Licenses	Over contractual period
Software	3 to 5 years
Customer relations	1 to 11 years
Reseller and MVNO contracts	9 to 11 years
Other intangible assets	5 to 20 years

Licenses to operate mobile telephone networks are amortised over the license period from the date when the licence is ready to be used. The right to operate a mobile network is recorded in an amount corresponding to the fixed portion of the royalties due when the license was granted. The variable user fee is expensed as incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

2.9 Property, plant and equipment

Gross Value

Fixed assets are recognised at their purchase or production cost, which includes costs directly attributable to bringing the asset to the location and to a working condition for its intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, representing the obligation incurred by the Group.

The cost of networks includes design and construction costs, as well as costs related to the improvement in equipment and facility capacity.

The total cost of an asset is allocated to its different components. Each component is accounted for separately when the components have different useful lives or when the pattern in which their future economic benefits are expected to be consumed by the entity varies. Depreciation rate and method of such components are different accordingly.

Maintenance and repair costs are recognised in profit or loss as incurred, except where they serve to increase the productivity or useful life of the asset.

Depreciation

Depreciation is based on the cost of a property, plant and equipment less any residual value and reflects the pattern in which the future economic benefits of the asset are expected to be consumed. Thus, the asset is usually depreciated on the straight-line basis over the following estimated useful lives:

Buildings	10 to 30 years
Network: Switching, transmission and other network equipment	5 to 10 years
Network: Cables and civil works	15 to 30 years
IT equipment: Computer hardware	3 to 5 years

These useful lives are reviewed annually and are adjusted if they differ from previous estimates. These changes in accounting estimates are recognised prospectively.

2.10 Impairment of non current assets

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets with definite useful life to determine whether there is any indication that those assets have suffered an impairment loss.

Indicators of impairment include events or circumstances occurring during the period (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators).

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any).

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, which is assessed using the discounted cash flows method based on management's best estimate of the set of economic conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units to which the asset belongs to.

The impairment loss recognised is equal to the difference between the net book value and the recoverable amount.

2.11 Financial assets and liabilities

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or at amortised cost using the effective interest method depending on the category in which they are classified.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. This calculation includes all fees and points paid or received between parties to the contract.

2.11.1 Financial assets to be measured at amortised cost

This category mainly includes trade receivables, cash, certain deposits, as well as other loans and receivables. These instruments are recognised at fair value upon origination and are subsequently measured at amortised cost using the effective interest method. Receivables with no stated interest rate are measured at initial nominal amount unless there is any significant impact resulting from the application of an implicit interest rate.

The loss allowances for loan and receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 6 months before the closing date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery from the company. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for an extended period of time.

Impairment losses on trade receivables are presented as net impairment losses within in other operating expenses.

Financial assets are fully or partially derecognised when:

- the rights to receive cash flows from the asset have expired;
- an obligation to pay the cash flows received from the asset to a third party has been assumed;
- the rights to receive cash flows from the asset have been transferred to a third party and all the risks and rewards of the asset have been substantially transferred.

2.11.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are:

- assets held for trading that the Group acquired principally for the purpose of selling them in the short term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking;
- derivative assets not qualifying for hedge accounting.

2.11.3 Financial liabilities to be measured at amortised cost

Borrowings and other financial liabilities at amortised cost are recognised upon inception at fair value of the sums paid or received in exchange of the liability, and subsequently measured at amortised cost using the effective interest method. Current interest-free payables are booked at their nominal value.

Transaction costs that are directly related to the acquisition or issuance of a financial liability are deducted from its carrying value. The costs are subsequently amortised over the life of the liability by using the effective interest method.
Within the Group, some financial liabilities at amortised cost are subject to hedge accounting. They mostly relate to foreign currency borrowings in order to hedge future cash flows against changes in currency value (cash flow hedge).

2.11.4 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist mainly of derivative instruments described below.

2.11.5 Recognition and measurement of hedging derivatives

Derivatives are measured at fair value and are presented in the statement of financial position according to their maturity date whether or not they qualify for hedge accounting under IFRS 9.

Derivatives are financial assets or liabilities measured at fair value through profit or loss and are classified in a separate line item of the statement of financial position when they qualify for hedge accounting.

Hedge accounting designation:
At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.
The Group enters into cross-currency / interest rate swaps that have similar critical terms as the hedged item, such as reference rate, , payment dates and notional amount. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. As all critical terms matched during the year, there is an economic relationship.
Hedge ineffectiveness for cross-currency / interest rate swaps may occur due to the credit value/debit value adjustment on the interest rate swaps.

The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Cash flow hedges that qualify for hedge accounting:
The cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular interest rate and/or currency risk associated with a recognised asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and could affect profit or loss. The hedged item being not recognised, the effective portion of changes in fair value of the hedging instrument is recognised in other comprehensive income. Such amounts are recycled to profit or loss when the hedged financial asset or hedged financial liability affects the income statement. When the hedged item is not a financial asset or a financial liability, such amounts are reclassified in its initial cost.
Hedge accounting is terminated when the hedged item is no longer recognised, when the Group voluntarily revokes the designation of the hedging relationship, or when the hedging instrument is terminated or exercised. The accounting consequences are that amounts booked in other comprehensive income are immediately reclassified in profit or loss when the hedged item is no longer recognised or, in all other cases, when the hedged item affects profit or loss. Subsequent changes in the value of the hedging instrument are recorded in profit or loss.

2.12 Inventory

Inventory mainly comprises handsets, TV boxes and related accessories for resale and is measured at the lower of their cost and their net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.
From 2020 onwards, inventory also includes the work in progress related to the sites built to be sold within the Built to Suit Program under the Master Services Agreement signed with Swiss Infra Services SA on August 5, 2019. When the sites are sold, the related construction cost is presented in cost of equipment sold.

Obsolete, defective or slow-moving inventories have been written down to estimated net realisable value. The recoverable amount of inventory is calculated based on inventory age and turnover.

2.13 Income and deferred taxes

The current and deferred income tax expense is reviewed each year and includes both current and deferred taxes.

Current tax is measured by the Group at the amount expected to be paid to or recovered from the tax authorities of each country, based on its interpretation with regard to the application of tax legislation.

Deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, using the liability method taking into account the tax rates, which are enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognised only when their realisation is considered probable.

Deferred tax assets arising from tax losses are not recognised under certain circumstances specific to each tax entity, and particularly when:
- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to forecasts horizon and uncertainties as to the economic environment;
- entities do not expect to use the losses within the timeframe allowed by tax regulations;
- tax losses are uncertain to be used due to the risks of divergent interpretations with regard to the application of tax legislation.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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.

2.14 Provisions

A provision is recognised when the Group has a present obligation towards a third party as resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice or published policies creating a valid expectation on the part of other parties that the Group will discharge certain responsibilities.

The estimate of the amount of the provision corresponds to the probable outflow of resources likely to be incurred by the Group to settle its obligation.

Contingent liabilities are disclosed in the Notes to the financial statements. They correspond to:
- probable obligations resulting from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control; or
- present obligations arising from past events that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Litigation

In the ordinary course of business, the Group is involved in a number of legal and arbitration proceedings and administrative actions. The costs that might result from these proceedings are only accrued when they are probable and when their amount can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk.

Restructuring

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan, prior to the end of the reporting period.

Asset Retirement Obligation

The Group is required to dismantle equipment and restore sites and office buildings. Provision is measured as the best estimate of the amount required to settle its obligations (on a per site basis for mobile antennas). These dismantling costs are calculated on the basis of the identified costs for the current financial year, extrapolated for future years using the best estimate of future trends in prices, inflation, etc., and are discounted at a risk-free rate (same discount rate as the one used for the employee benefits), based on market yields on high quality corporate bonds.

This estimate is revised at the end of each reporting period and adjusted, when appropriate. The asset to which the provision relates is also adjusted for the corresponding amount.

The majority of this obligation is not expected to result in cash outflow within a year.

2.15 Employee benefits

The Group is affiliated to a legally independent pension fund. The annual contributions to this fund are made by both employee and employer in accordance with unchanged regulatory provisions. This is a defined contribution plan according to Swiss legislation, but it qualifies as a defined benefit plan under IAS 19 due to the constructive obligation of the employer to guarantee a minimum rate of interest and a fixed conversion rate.

The plan is providing several categories of coverage and the employees' contributions are based on various percentages of their gross salaries. All employees are entitled to participate in the plan for retirement, disability or death. The Group's contributions exceed those of the employees. The risks of disability and death are entirely reinsured by an insurance company.

The Group's obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value of the obligation, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary in accordance with the projected unit credit method using information available at year end. Current pension entitlements are charged to income in the period in which they arise. Actuarial gains and losses are recorded in full under other comprehensive income in the reporting period in which they arise.

2.16 Cash & cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, deposits and other highly liquid investments with an original maturity of three months or less. Restricted cash is considered as cash equivalent if it can be available with a short notice period (less than 3 months). These items are stated at historical cost.

2.17 Lease

The Group leases various network sites, offices, stores and vehicles. Rental contracts are typically made for fixed periods , but may have extension options as described below.
The Group assess whether a contract contains a lease at the inception of the contract. The contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The criteria to be considered to meet the definition of a lease are the follows:

- The contract specifies the right to use an asset,
- The Group has the right to obtain substantially all of the economic benefit from the use of the asset over the period of use, and
- The Group has the right to direct the use of the asset.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group does not apply any exemption for short term leases or low value leases.

Lease liabilities include the net present value of the fixed lease payments.
Extension options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessor.
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.
Lease liabilities are remeasured in the following cases:

- Change in the lease payment due to a change in the discount rate
- Change in the lease term or in the extension option assessment
- Change in the lease contract when the modifications are not accounted for a separate lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Extension options in offices, stores and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

Extension options for the network sites have been considered when they are reasonably certain to be extended.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease, e.g. term, country and currency.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Sale and leaseback transaction

If an entity (the seller-lessee) transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, both the seller-lessee and the buyer-lessor assess whether the transfer of the asset is a sale. An entity applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the seller-lessee. Accordingly, the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Note 3 – Segment Information

Operating segments are reported based on the internal reporting to the Chief Operating Decision Maker (CODM), and have been prepared in accordance with the Group's accounting policies. The CODM is using EBITDA (excluding the gain on disposal and other gains) as the main measure of performance and for resource allocation purposes. EBITDA for 2019 has been represented to reflect the exclusion of the gain on disposal of a subsidiary for CHF 359.7 million.

No measures of assets or liabilities are being reported regularly to the CODM.

The Group activity is mainly operated in Switzerland.

(in thousands of Swiss Francs)	2020	2019
Services revenue	826'993	824'725
Equipment revenue and other revenue	166'334	172'454
Revenue	**993'327**	**997'179**
EBITDA	**500'171**	**503'841**

Net margin to operating profit before tax reconciliation

(in thousands of Swiss Francs)	2020	2019
EBITDA	**500'171**	**503'841**
Result on disposal and other gains	3'938	359'715
Depreciation and amortization	(252'094)	(248'752)
Depreciation of right-of-use assets	(50'611)	(56'805)
Operating profit	**201'404**	**557'999**
Finance costs	(110'076)	(136'600)
Finance income	170	1'569
Finance costs, net	**(109'906)**	**(135'031)**
Share of net profit (loss) of associates accounted for using the equity method	**(1'152)**	**(1'136)**
Profit before tax	**90'346**	**421'831**

Note 4 – Sales

4.1 Revenue

(in thousands of Swiss Francs)	2020	2019
Services revenue	826'993	824'725
Equipment revenue and other revenue	166'334	172'454
Revenue	**993'327**	**997'179**

Services revenue is recognized over time whereas equipment revenue is recognized at a point in time.

The Group applies the practical expedient from IFRS 15.121 to the non-disclosure of the transaction price allocated to unsatisfied subscription based performance obligations since the Group's right to consideration corresponds directly with the value to the customers. With respect to bundle offers with a sale of a subsidised device together with a subscription service, estimated revenues of CHF 220.6 million is expected to be recognised from such contracts in the coming years (CHF 55.7 million in 2022 and 2023).

In 2020, the equipment revenue and other revenue includes the proceeds from the sale of sites under Build-to-Suit program with Swiss Infra Services S.A. for CHF 13.4 million.

4.2 Trade receivables and contract assets

Trade receivables and contract assets are presented as follows at the face of the statement of financial position:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Contract assets	55'078	56'286
Trade receivables	219'535	215'600
Allowance for doubtful receivables	(25'594)	(21'251)
Trade receivables and contract assets	**249'019**	**250'635**

Contract assets mainly include deferrals related to the sale of bundled offers. When subsidised devices are sold with a service contract, the allocation of the revenue for the delivered device based on standalone selling price results in an earlier revenue recognition. This results in the recognition of a contract asset.

The following table provides an ageing balance of gross trade receivables and contract assets:

(in thousands of Swiss Francs)	Expected Credit Loss rate	December 31, 2020	December 31, 2019
Past due - under 60 days	6%	33'028	39'162
Past due - 60 to 120 days	7%	9'557	3'436
Past due - over 120 days	82%	23'746	20'759
Gross trade receivables and contract assets past due		**66'331**	**63'357**
Gross trade receivables and contract assets not past due	**2%**	**208'282**	**208'529**
Gross trade receivables and contract assets		**274'613**	**271'886**

The Group outsources part of its receivables collection. Customer receivables are mainly transferred to an agency if overdue by 121 days or more. Enterprise and MVNO (mobile virtual network operator) customers are treated on a case by case basis. Receivables under servicing agreement are recognised in 2020 for a total value of CHF 16.6 million (CHF 14.0 million in 2019), most of them being covered by a bad debt provision amounting CHF 16.2 million (CHF 13.5 million in 2019).

The Group sold certain trade receivables to a collection agency for cash. These financial assets, that are classified as financial assets at fair value through profit or loss, are derecognised in their entirety at the date of the transfer. As of December 31, 2020 the receivables classified as fair value through profit or loss, had a carrying amount, equivalent to their fair value, of approximately CHF 0.7 million (CHF 0.9 million in 2019).

Information about the credit quality of trade receivable and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 11.1.

Tables below provide an analysis of the changes in provision for trade receivables in the statement of financial position:

(in thousands of Swiss Francs)	January 1, 2020	Additions	Used	December 31, 2020
Allowance for doubtful receivables	**(21'251)**	(18'059)	13'716	**(25'594)**

(in thousands of Swiss Francs)	January 1, 2019	Additions	Used	December 31, 2019
Allowance for doubtful receivables	**(22'381)**	(16'705)	17'835	**(21'251)**

4.3 Deferred income

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Customer contract liabilities	23'703	24'339
Other deferred income	491	1'088
Deferred income	**24'194**	**25'426**

Customer contract liabilities mainly corresponds to the deferral arising on the payment of prepaid cards and activation fees. The estimated revenue recognised in 2020 that was included in the contract liability balance at the beginning of the year amounts to CHF 21.5 million.

Other deferred income is composed of deferred sub rental income (sites and shops).

Note 5 – Operating costs and other costs

5.1 Access, backbone, interconnection and content costs

(in thousands of Swiss Francs)	2020	2019
Interconnection and roaming costs	(103'583)	(104'708)
Transmission lines	(5'447)	(6'652)
Content costs	(7'311)	(5'461)
Access, backbone, interconnection and content costs	**(116'341)**	**(116'821)**

5.2 Commercial expenses and cost of equipment sold

(in thousands of Swiss Francs)	2020	2019
Commercial expenses	(44'773)	(48'990)
Cost of equipment sold	(169'513)	(167'867)
Commercial expenses and cost of equipment sold	**(214'286)**	**(216'857)**

5.3 Network, IT, property expenses and other purchases

(in thousands of Swiss Francs)	2020	2019
Network and IT expenses	(23'906)	(22'466)
Property expenses	(3'685)	(5'423)
Subcontracting and professional services	(12'617)	(14'508)
Other purchases	(14'989)	(14'986)
Network, IT, property expenses and other purchases	**(55'197)**	**(57'383)**

5.4 Restructuring, transition and transaction costs

(in thousands of Swiss Francs)	2020	2019
Restructuring costs	(994)	(300)
Transition and transaction costs	(2'471)	(465)
Restructuring, transition and transaction costs	**(3'465)**	**(765)**

In 2020, transition and transaction costs are mainly related to a Joint Venture project with Sunrise for FTTH expansion (Swiss Open Fiber) aborted in Q3 2020.

5.5 Inventories

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Handsets	13'797	12'666
Other products and BTS under construction	8'058	3'155
Gross value	**21'855**	**15'821**
Provisions	(1'568)	(2'197)
Inventories	**20'287**	**13'624**

Cost of equipment sold amounted to CHF 169.5 million (CHF 167.9 million for the period from January 1, 2019 to December 31, 2019).

Note 6 – Long-lived assets

6.1 Goodwill

Goodwill as of December 31, 2020 amounts to CHF 1'313.8 million (CHF 1'313.8 million in 2019). As per IAS 36, goodwill is tested for impairment annually.

1. Key assumptions and impairment testing

A cash-generating unit to which goodwill has been allocated shall be tested for impairment at least annually by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit:

- if the recoverable amount of the unit exceeds its carrying amount, the unit (including the goodwill allocated to it) is not impaired
- if the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized

As described in the Note 2.4, the Group is operating on one segment which represents the unique CGU for impairment testing purpose.

At the end of each reporting period, an entity is required to assess whether the goodwill may be impaired (i.e. its carrying amount may be higher than its recoverable amount).
The basis chosen to calculate the CGU's recoverable value is "value in use".

The following key assumptions have been used in the economic model (Discounted Cash Flows "DCF" model) used for impairment testing:

- Perpetual growth: 1% (-0.5% in 2019)
- Discount rate (WACC) pre-tax: 5.3% (5.3% in 2019)

More specifically, perpetual growth rate considers both economic environment and market conditions. Economic environment assessment relies on economic growth projections built by public and private financial institutions.
The DCF model uses a projection of the most reliable information available as of the testing date and for the next 3 years in order to measure free cash flows generated by operations. The projection is based on approved Company's budget and business plan.

Based on the evaluation performed, no impairment charge has been recorded as of December 31, 2020 (no impairment as of December 31, 2019).

2. Sensitivity analysis

A sensitivity analysis has been performed on recoverable values, based on significant variations the discount rate after tax (+2%) and expected cash-flows after tax (-20%). As at December 31, 2020 and 2019, the outcome of the impairment test was not sensitive to any of the changes described above.

6.2 Other intangible assets

Intangible assets were as follows as at December 31, 2020:

(in thousands of Swiss Francs)	December 31, 2020			
	Cost	Accumulated amortization	Accumulated Impairment	Net
Telecommunication licenses	364'097	(155'483)	-	208'614
Software	141'959	(117'439)	(4'516)	20'004
Customer contracts	680'847	(482'607)	-	198'240
Reseller Agreements	35'439	(35'439)	-	-
MVNO agreements	36'909	(36'909)	-	-
Other intangibles assets	589'670	(87'117)	(90)	502'463
Intangible assets	**1'848'921**	**(914'994)**	**(4'606)**	**929'321**

Intangible assets were as follows as at December 31, 2019:

(in thousands of Swiss Francs)	December 31, 2019			
	Cost	Accumulated amortization	Accumulated Impairment	Net
Telecommunication licenses	364'097	(133'790)	-	230'307
Software	131'461	(104'545)	(4'516)	22'400
Customer contracts	680'847	(410'632)	-	270'215
Reseller Agreements	35'439	(35'439)	-	-
MVNO agreements	36'909	(36'909)	-	-
Other intangibles assets	438'194	(61'946)	(90)	376'158
Intangible assets	**1'686'947**	**(783'261)**	**(4'606)**	**899'080**

Intangible assets under construction amounted to CHF 0.2 million as at December 31, 2020 (CHF 0.2 million as at December 31, 2019).

Movements in the Net Book Value of Intangible assets were as follows:

(in thousands of Swiss Francs)	Telecommunica-tion licenses	Software	Customer contracts	Other Intangibles assets	TOTAL
Opening balance as at January 1, 2020	230'307	22'400	270'215	376'158	899'080
Additions	-	11'577	-	151'477	163'054
Amortization	(21'693)	(13'973)	(71'975)	(25'172)	(132'813)
Closing balance as at December 31, 2020	**208'614**	**20'004**	**198'240**	**502'463**	**929'321**

(in thousands of Swiss Francs)	Telecommunica-tion licenses	Software	Customer contracts	Other Intangibles assets	TOTAL
Opening balance as at January 1, 2019	154'874	22'238	357'625	339'741	874'479
Additions	94'501	10'490	1	56'032	161'024
Amortization	(19'068)	(10'328)	(87'411)	(19'615)	(136'423)
Closing balance as at December 31, 2019	**230'307**	**22'400**	**270'215**	**376'158**	**899'080**

During the year ended December 31, 2020 the Group has continued to renew and has extend agreements for mobile backhauling (core network and antennas) and for FTTH access by ways of operating Indefeasible Rights of Use (IRUs) for a total of CHF 149.7 million (in 2019: CHF 56.1 million). In addition, in 2019, the Group acquired spectrum licenses for CHF 94.5 million.

CHF 2.6 million accelerated depreciation has been recognised in 2020 related to software (nil in 2019).

Capitalised expenditure
The labour expenses capitalised during the year amounted to CHF 3.7 million (CHF 4.0 million as at December 2019).

6.3 Property, Plant and Equipment

Tangible assets were as follows as at December 31, 2020:

(in thousands of Swiss Francs)	December 31, 2020			
	Cost	Accumulated depreciation	Accumulated Impairment	Net
Land and buildings	123'439	(80'094)	(18'142)	25'203
Network	1'473'175	(1'003'079)	(68'578)	401'518
IT equipment	21'461	(14'544)	(4'777)	2'140
Other property, plant and equipment	54'151	(30'510)	(2'147)	21'494
Tangible assets	1'672'226	(1'128'227)	(93'644)	450'355

Tangible assets were as follows as at December 31, 2019:

(in thousands of Swiss Francs)	December 31, 2019			
	Cost	Accumulated depreciation	Accumulated Impairment	Net
Land and buildings	122'279	(74'058)	(18'142)	30'079
Network	1'391'508	(938'849)	(68'578)	384'081
IT equipment	20'773	(12'947)	(4'777)	3'049
Other property, plant and equipment	45'347	(25'195)	(2'147)	18'005
Tangible assets	1'579'907	(1'051'049)	(93'644)	435'214

Tangible assets under construction or paid in advance amounted to CHF 51.6 million as at December 31, 2020 (CHF 32.2 million as at December 31, 2019).

Movements in the Net Book Value of Tangibles assets were as follows:

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 1, 2020	30'079	384'081	3'049	18'005	435'214
Additions	1'125	129'714	688	8'783	140'310
Depreciation and Impairment	(6'001)	(106'389)	(1'597)	(5'294)	(119'281)
Disposal of assets	-	(778)	-	-	(778)
Transfers to Inventory (BTS)	-	(5'110)	-	-	(5'110)
Closing balance as at December 31, 2020	**25'203**	**401'518**	**2'140**	**21'494**	**450'355**

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 1, 2019	38'586	549'753	2'589	17'817	608'745
Additions	2'341	98'855	1'657	4'926	107'779
Depreciation and Impairment	(4'912)	(101'482)	(1'197)	(4'738)	(112'329)
Transfers to Right-of-use assets	(5'936)	(17'994)	-	-	(23'930)
Transaction impact (refer to Note 15)	-	(145'051)	-	-	(145'051)
Closing balance as at December 31, 2019	**30'079**	**384'081**	**3'049**	**18'005**	**435'214**

The accelerated depreciation recognised in 2020 amounted to CHF 14.4 million and was mainly related to Network assets that are no longer in use (CHF 1.2 million in 2019).

Capitalised expenditure
The labour expenses capitalised during the year amounted to CHF 7.1 million (CHF 5.1 million as at December 2019).

6.4 Purchases of Property, Plant Equipment and Intangible assets

For cash flow statement purposes, purchases of Property, Plant, Equipment and Intangible assets were as follows:

(in thousands of Swiss Francs)	2020	2019
Additions or advances in property, plant and equipment and intangible assets	**(303'364)**	**(268'803)**
Adjustments of non cash-flow effect items		
Net Increase / (decrease) in amounts due to fixed assets suppliers (excluding spectrum)	114'528	8'765
Total adjustments of non cash-flow effect items	**114'528**	**8'765**
Cash effect of purchases of property, plant and equipment and intangible assets	**(188'836)**	**(260'038)**

The increase in long live assets payable in 2020 is related to the additions of IRUs for Mobile backhauling and FTTH access paid over several years.

Note 7 – Income Tax

7.1 Corporate income Tax profit / (loss)

Salt Mobile S.A. is liable for taxes in all Swiss cantons based on an inter-cantonal allocation at various rates. With this regard the current average tax rate is our estimated rate of 16.09% (16.85% in 2019) based on the statutory tax rates applicable in Switzerland, which can potentially vary in the upcoming years.

The Group is liable for capital and income taxes. Matterhorn Telecom S.A. and Matterhorn Telecom Holding S.A., which are registered in Luxemburg, are subject to an income tax at a rate of 24.94% (24.94% in 2019).

In Luxemburg, companies may carry over losses arisen before 2017 until they are used up for an unlimited number of years to offset taxable profits. From 2017, losses arisen can be used for a period of seventeen years. In Switzerland, tax losses are normally available to be set off against future taxable income for a period of seven years.

The income tax is broken down as follows:

(in thousands of Swiss Francs)	2020	2019
Total tax expense	**(25'381)**	**63'958**
Current tax expense in respect of the current year	(16'298)	(29'027)
Deferred tax income / (expense)	(9'083)	92'985

7.2 Group Tax Proof

The reconciliation between effective income tax expense and the theoretical tax calculated based on the Luxemburg statutory tax rate is as follows:

(in thousands of Swiss Francs)	2020	2019
Profit / (loss) before tax before the share of net profit (loss) of associate result	**91'498**	**422'967**
Income tax rate	24.94%	24.94%
Theoretical income tax income / (expense)	**(22'820)**	**(105'488)**
Reconciliation items:		
Effect on deferred tax balances due to the change in income tax rate	(682)	3'220
Effect of different tax rates of subsidiaries operating in other jurisdictions	13'989	(38'308)
Deferred tax assets not recognized on tax loss carry forwards arising in the period	(10'901)	(16'881)
Net income exempted from tax	-	233'841
Reassessment of previous years deferred, current tax asset and liabilities	(1'727)	-
Impairment of deferred tax assets	-	(11'424)
Other	(3'240)	(1'002)
Income tax expense recognised in profit or loss	**(25'381)**	**63'958**

In 2019, the effect on deferred tax balances due to the change in income tax rate is mainly due to the enacted decrease of the income tax rates in several cantons from January 1, 2020.
The income exempted from tax in 2019 corresponds to the gain on the disposal of a subsidiary (refer to Note 15).

7.3 Statement of financial position - tax position

The tax position by class of temporary difference is as follows:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Pension provision	-	1'734
Intangible assets & Property, plant and equipment	(113'935)	(100'840)
Lease obligation	84'785	83'344
Tax loss carryforwards	28'279	24'335
Hedge accounting	(17'953)	(16'944)
Revenue recognition	(12'125)	(12'088)
Other	(10'400)	(7'290)
Net deferred taxes - Group	**(41'349)**	**(27'750)**
- Deferred tax assets	-	-
- Deferred tax liabilities	*(41'349)*	*(27'750)*

7.4 Change in Group net deferred taxes

(in thousands of Swiss Francs)	December 31, 2019	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2020
Pension	1'734	306	(2'039)	-
Intangible assets & Property, plant, equipment	(100'840)	(13'096)	-	(113'935)
Lease obligation	83'344	1'442	-	84'785
Tax loss carryforwards	24'335	3'944	-	28'279
Hedge accounting	(16'944)	1'469	(2'478)	(17'953)
Revenue recognition	(12'088)	(38)	-	(12'125)
Other	(7'290)	(3'110)	-	(10'400)
Deferred taxes on temporary differences	**(27'750)**	**(9'083)**	**(4'517)**	**(41'349)**

(in thousands of Swiss Francs)	December 31, 2018	Recognized as a profit or loss	Transaction impact (Refer to Note 15)	Recognized in other comprehensive income	December 31, 2019
Pension	711	377	-	646	1'734
Intangible assets & Property, plant, equipment	(125'204)	11'913	12'451	-	(100'840)
Lease obligation	-	83'344	-	-	83'344
Tax loss carryforwards	41'953	(17'619)	-	-	24'335
Hedge Accounting	(45'934)	25'646	-	3'343	(16'944)
Revenue recognition	(12'812)	724	-	-	(12'088)
Other	4'110	(11'400)	-	-	(7'290)
Deferred taxes on temporary differences	**(137'175)**	**92'985**	**12'451**	**3'989**	**(27'750)**

The total of tax loss to be carry-forward as at December 31, 2020 amounted to CHF 574.3 million of which for CHF 462.5 million, deferred tax asset of CHF 115.3 million was not recognized (CHF 510.5 million as at December 31, 2019 of which CHF 103.0 million was not recognized).
The unrecognised tax loss only relates to the Luxembourg companies.

Note 8 – Provisions

(in thousands of Swiss Francs)	January 1, 2020	Additions	Used	Released	Discounting	Other	December 31, 2020
Restructuring provisions	206	914	(440)	-	-	-	680
Provisions for dismantling and restoring sites	31'851	778	(426)	-	106	(1'695)	30'614
Other provisions	1'334	232	(1'145)	(263)	-	-	158
Provisions	**33'391**	**1'924**	**(2'011)**	**(263)**	**106**	**(1'695)**	**31'452**
of which non-current provisions	30'805	778	(425)	-	106	(1'695)	29'569
of which current provisions	2'586	1'146	(1'586)	(263)	-	-	1'883

The other movements in the provision for dismantling and restoring sites correspond to the release of the provision for sites to be sold under the Build-to-Suit program with Swiss Infra Services S.A..

Note 9 – Employee benefits

9.1 Wages, salaries and post-employment benefits

(in thousands of Swiss Francs)	2020	2019
Wages, social contributions & individual incentive / bonus plans	(85'915)	(84'420)
Capitalised Labour	10'804	9'132
Post-employment benefits	(7'424)	(5'733)
Wages, salaries and post-employment benefits	**(82'535)**	**(81'021)**

The wages, social contributions & individual incentive / bonus plans include the wages, bonus and related social charges. Capitalised labour reflects the time spent by Salt Mobile S.A. employees on tangible and intangible assets. Post-employment benefits include the net service costs.
In 2020, the Group received CHF 3.7 million indemnities from the Swiss government to cover temporary unemployment due to Covid-19 which was recorded as a reduction of wages.

The number of FTE's (excluding apprentices and trainees) at the end of 2020 was 925 (842 in 2019).

9.2 Non Current Employee benefits obligation

(in thousands of Swiss Francs)	2020	2019
Post employment benefit	-	11'039
Other non current employee benefit	2'845	-
Wages, salaries and post-employment benefits	**2'845**	**11'039**

The other non current employee benefit relates to retention bonuses to be paid over several years.

The Group provides retirement benefits to its employees as required by Swiss law through a Pension Fund that is a separate legal entity. The Group's employees are insured for the risks of old age, death and disability.
The plan's benefits are based on age, salary and on an individual old age account. The plan is financed by contributions paid by the employees and by the employer. The assets of the Pension Fund are invested in qualified insurance policies Equities, Bonds, Real Estate, Alternative Investments and Cash, in accordance with organizational guidelines and investment regulations.

The Board of Trustees consists of an equal number of employer and employee representatives and is responsible for managing the Foundation in accordance with Swiss law. Per the regulatory framework, a temporary funding shortfall is permitted. The Board of Trustees must take appropriate measures to solve the shortfall within a reasonable timeframe. If those measures do not lead to the desired results, the Pension Fund may temporarily charge remedial contributions to employers, insured persons and pensioners. The employer contribution must at least equal the aggregate contributions levied from the insured persons.
All Swiss plans qualify as defined benefit plans under IAS 19. The Pension Plan Salt Mobile SA is overfunded by 125.3% as of December 31, 2020 (December 31, 2019: 125%).

The standard retirement age is 65. Employees are entitled to early retirement with a reduced old-age pension. The amount of the old-age pension is the result of multiplying the individual retirement savings account at the time of retirement by a conversion rate set out in the pension-fund rules. The retirement benefits can also be paid out in the form of a capital payment either in full or in part. In case of early retirement, the employer also finances an OASI bridging pension until the standard retirement age. One of the benefits provided by the Group is a temporary disability pension up to retirement. This disability pension is independent of the years of service. Disability and death risks are reinsured by Zurich Assurance.

Actuarial valuations of the plan assets and of the defined benefit obligation were carried out by an external actuarial expert. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The expected employer contributions to post-employment benefit plans for the year ending December 31, 2021 are CHF 5.0 million.

The principal assumptions used for the purpose of the actuarial valuations were as follow:

	December 31, 2020	December 31, 2019
Discount rate	0.10%	0.30%
Salary increase	0.75%	0.75%
Cost-of-living adjustment	0.00%	0.00%
Interest credit on total account balance	0.40%	0.30%
Mortality and disability - Swiss official tables	Swiss BVG 2015	Swiss BVG 2015

The evaluation is done on a yearly basis.

The amount recognised in the consolidated statement of financial position in respect of the Group's defined benefit retirement plan is as follow :

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Present value of funded obligations	(139'291)	(139'777)
Fair value of plan assets	139'291	128'738
Employee benefit obligations	**-**	**(11'039)**

The amount recognised in the consolidated statement of profit / (loss) in respect of the defined benefit plan is as follows:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Service costs	(7'158)	(5'490)
Administration expenses	(266)	(243)
Net interest expenses	(23)	(8)
Net periodic pension cost	**(7'447)**	**(5'741)**

Service costs were determined as follows:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Current service cost	(7'424)	(5'733)
Service costs	**(7'424)**	**(5'733)**

Change in the present value of defined benefit obligation is as follow:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Defined Benefit Obligation (DBO) at the beginning of period	139'777	121'437
Current Service cost	7'424	5'733
Interest cost	410	1'067
Employee contributions (incl. administration expenses)	2'201	3'110
Actuarial (gain) / loss - experience	16'109	2'623
Actuarial (gain) / loss - financial assumptions	(20'867)	11'679
Benefits paid	(5'763)	(4'010)
Transaction impact (refer to Note 15)	-	(1'862)
Defined Benefit Obligation (DBO) at the end of the period	**139'291**	**139'777**

The duration of the DBO is 11.9 years (20.6 years as at December 31, 2019).

The plan assets consists of the following categories of assets:

	December 31, 2020	December 31, 2019
Equity Securities	42%	40%
Bonds Securities	23%	25%
Real Estate / Property	22%	20%
Other	13%	15%
	100%	100%

The strategic asset allocation is diversified within the requirements of providing long-term returns with an acceptable level of risk. The plan assets are primarily invested in listed investments which insure good liquidity.

Change in the fair value of plan assets is as follows:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Fair value of plan assets at the beginning of period	128'738	117'171
Return on plan assets	388	1'059
Return on plan assets greater / (less) than discount rate	16'132	8'138
Employer contributions	5'097	4'562
Employee contributions (incl. administration expenses)	2'200	3'110
Benefits paid	(5'763)	(4'010)
Changes in asset ceiling	(7'501)	-
Transaction impact (refer to Note 15)	-	(1'292)
Fair value of plan assets at the end of the period	**139'291**	**128'738**

The actual return on assets during the year is 6.22% (+15.82% as at December 31, 2019).

The movement in the net liability during the year is as follows:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Accrued pension cost at the beginning of period	(11'039)	(4'266)
Net periodic pension cost	(7'447)	(5'741)
Employer contributions	5'097	4'562
Amount recognised in OCI	13'389	(6'164)
Transaction impact (refer to Note 15)	-	570
Accrued pension cost at the end of the period	**-**	**(11'039)**

The variations resulting from changes in actuarial assumption have been summarized in the following sensitivity analysis as December 31, 2020:

(in thousands of Swiss Francs)	Current Assumption	Sensitivity change	DBO change
Discount rate	0.10%	0.50% increase	(8'032)
		0.50% decrease	9'099
Salary increase	0.75%	0.50% increase	850
		0.50% decrease	(813)

The variations resulting from changes in actuarial assumption have been summarized in the following sensitivity analysis as December 31, 2019:

(in thousands of Swiss Francs)	Current Assumption	Sensitivity change	DBO change
Discount rate	0.30%	0.50% increase	(9'861)
		0.50% decrease	11'321
Salary increase	0.75%	0.50% increase	1'524
		0.50% decrease	(1'441)

For any change in actuarial assumption, sensitivity analysis assesses the impact on defined benefit obligation (DBO). In each situation only one assumption is modified while other parameters remain unchanged.

9.3 Current Employee benefits obligation

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Employees, payables	246	199
Employees accrual	8'235	9'248
Social institutions, payables	4'002	2'754
Current employee benefit obligation	**12'483**	**12'201**

As at December 31, 2020 employees accrual mainly consists of bonus payables for CHF 7.0 million and holidays allowance for CHF 1.3 million (as at December 31, 2019, CHF 7.7 million and CHF 1.5 million, respectively).

Note 10 – Derivatives, borrowings and financial results

10.1 Derivatives and borrowing

Assets		December 31, 2020			December 31, 2019		
(in thousands of Swiss Francs)	Notes	Current	Non-current	**Total**	Current	Non-current	**Total**
Derivatives	**10.2**	-	73'507	**73'507**	-	68'004	**68'004**
Derivatives		**-**	**73'507**	**73'507**	**-**	**68'004**	**68'004**

Liabilities		December 31, 2020			December 31, 2019		
(in thousands of Swiss Francs)	Notes	Current	Non-current	**Total**	Current	Non-current	**Total**
Debt instruments		-	1'859'035	**1'859'035**	-	1'860'411	**1'860'411**
Accrued interest on debt instruments		11'304	-	**11'304**	10'362	-	**10'362**
Derivatives	**10.2**	-	1'375	**1'375**	-	-	**-**
Other		269	-	**269**	272	-	**272**
Borrowings and other financial liabilities		**11'573**	**1'860'410**	**1'871'983**	**10'634**	**1'860'411**	**1'871'045**

On March 27, 2019 the Group repurchased EUR 40.0 million of senior notes for a CHF 43.3 million total net amount (net of swap unwind).

On September 19, 2019 the Group issued the notes for a total value of EUR 825.0 million and entered into a Senior Facilities Agreement which provides for a EUR 500 million term loan Facility B. With these funds and part of the proceed from the transaction (refer to Note 1.5), the Group repurchased the whole Senior Notes and part of the Senior Secured Notes for a total amount of CHF 1'866.9 million for CHF 1'880.2 million total net amount (net of swap unwind). The costs related to the transaction amounted to approximately CHF 10.0 million and were composed of underwriting fees (CHF 5.8 million) and other issuance costs (CHF 4.2 million). All the costs directly attributable to the new bonds have been capitalized.

On March 6, 2020, the Group issued additional EUR 100.0 million of 3.125% Senior Secured Notes due 2026 under existing indenture.
On March 19, 2020, the Group repriced its Term Loan Facility B from Euribor 3M + 3.500% to Euribor 3M + 2.875%, and used the proceeds from the additional notes to partially prepay the Term Loan Facility B, decreasing the nominal amount from EUR 500.0 million to EUR 400.0 million. According to IFRS 9, this transaction has been considered has an extinguishment of the EUR 500.0 million Term Loan Facility B and the issuance of a new one of EUR 400.0 million. All the costs directly attributable to the new bonds have been capitalized and the previously capitalized costs related to the EUR 500.0 million Term Loan Facility B have been fully released.

The debt instruments are measured at amortised cost, using the effective interest rate method.

The debt instruments (excluding transaction costs) issued by Matterhorn Telecom S.A. as at December 31, 2020:

December 31, 2020

Original currency	Debt instrument	Date of issuance	Current nominal amounts	Current nominal amounts	Maturity	Nominal interest rate (%)	Outstanding interest amount
			in thousands of currency unit	in thousands of CHF			in thousands of CHF
EUR	Senior Secured Notes (a)	27.11.2017	400'000	432'880	2027	4.00%	2'165
EUR	Term Loan B (b)	19.03.2020	400'000	432'880	2026	EURIBOR 3M (floored at 0) +2.875%	410
EUR	Senior Secured Notes (c)	19.09.2019	675'000	730'485	2026	3.125%	6'658
EUR	Senior Secured Notes (d)	19.09.2019	250'000	270'550	2024	2.625%	2'071
Total				**1'866'795**			**11'304**

The above bonds as of December 31, 2020 are hedged as follows:

December 31, 2020

Original currency	Debt instrument	Hedging amount	Hedging rate	Maturity
		in thousands of currency unit		
EUR	Senior Secured Notes (a)	140'000	3.94%	2024
		260'000	3.73%	2024
EUR	Term Loan B (b)	100'000	3.70%	2024
		300'000	3.72%	2024
EUR	Senior Secured Notes (c)	300'000	3.19%	2024
		100'000	3.25%	2024
		212'000	3.19%	2024
		63'000	3.19%	2024
EUR	Senior Secured Notes (d)	151'866	2.67%	2024
		98'134	2.51%	2024

The debt instruments (excluding transaction costs) issued by Matterhorn Telecom S.A. as at December 31, 2019:

December 31, 2019

Original currency	Debt instrument	Date of issuance	Current nominal amounts	Current nominal amounts	Maturity	Nominal interest rate (%)	Outstanding interest amount
			in thousands of currency unit	in thousands of CHF			in thousands of CHF
EUR	Senior Secured Notes (e)	27.11.2017	400'000	434'320	2027	4.00%	2'172
EUR	Term Loan B (f)	19.09.2019	500'000	542'900	2026	EURIBOR 3M (floored at 0) +3.50%	792
EUR	Senior Secured Notes (g)	19.09.2019	575'000	624'335	2026	3.125%	5'419
EUR	Senior Secured Notes (h)	19.09.2019	250'000	271'450	2024	2.625%	1'979
Total				**1'873'005**			**10'362**

The above bonds as of December 31, 2019 are hedged as follows:

December 31, 2019

Original currency	Debt instrument	Hedging amount	Hedging rate	Maturity
		in thousands of currency unit		
EUR	Senior Secured Notes (e)	140'000	3.94%	2024
		260'000	3.73%	2024
EUR	Term Loan B (f)	100'000	3.71%	2024
		100'000	3.70%	2024
		300'000	3.72%	2024
EUR	Senior Secured Notes (g)	300'000	3.19%	2024
		212'000	3.19%	2024
		63'000	3.19%	2024
EUR	Senior Secured Notes (h)	151'866	2.67%	2024
		98'134	2.51%	2024

(in thousands of Swiss Francs)

As at December 31, 2018	**2'395'133**
Unrealised exchange loss (gain)	(139'223)
Capitalisation of debt issuance costs	(9'910)
Amortization of debt issuance costs	10'644
Loss on price	18'251
Repurchase of bonds	(1'930'145)
Realized exchange loss (gain)	69'026
Issuance of new bonds	1'446'635
As at December 31, 2019	**1'860'411**
Repurchase & repricing of loan	(105'470)
Issuance of bonds	105'850
Capitalisation of debt issuance costs	(75)
Amortization of debt issuance costs	4'909
Realized exchange loss (gain)	(3'710)
Unrealized exchange loss (gain)	(2'880)
As at December 31, 2020	**1'859'035**

Credit lines

(in thousands of Swiss Francs)	December 31, 2020		December 31, 2019	
	Amount available	Amounts drawn down	Amount available	Amounts drawn down
Super Revolving Credit Facility	60'000	-	60'000	-
Bank overdraft	-	-	-	-
Credit lines	**60'000**	**-**	**60'000**	**-**

On December 18, 2019, the Revolving Credit Facility was decreased from CHF 75 million to CHF 60 million.
As at December 31, 2020, the Group has not drawn any amount under the RCF Agreement.

10.2 Derivative instruments

For the periods ended December 31, 2020 and December 31, 2019, the Group's designated hedges were limited to cash flow hedges as the Group did not have any hedges designated as fair value or net investment hedges.

Cash-flow hedges

The Group's cash-flow hedges during the period consisted of cross-currency swaps, that the Group uses to protect against variability in future interest cash flows on liabilities which bear interest at variable or fixed rates and/or foreign currency risk on EUR-denominated debt instruments. The cash flows are expected to occur simultaneously with the payment of interests on debt instruments.

(in thousands of Swiss Francs)	December 31, 2020		December 31, 2019	
	Notional	**Fair Value asset / (liability)**	**Notional**	**Fair Value asset / (liability)**
Cross-currency swaps	1'866'795	72'132	1'873'005	68'004

The swaps are measured at fair value (level 2). Fair value of financial assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On March 26, 2019, the Group partially unwound a swap in parallel of the repurchase of EUR 40.0 million of senior notes.
On September 19, 2019, the Group unwound swaps simultaneously to the repurchase of the Senior Notes and Senior secured notes of EUR 1'333.9 million and settled new cross-currency swaps in relation with the offering launched on the same date for EUR 1'325.0 million.
As a consequence, the cash flow hedge reserve at the date of the transaction has been recycled through the income statement for CHF 1.2 million (gain).

In March 2020, coincident with the partial repayment of the Term Loan Facility and the issuance of additional EUR 3.125% Senior Secured Notes due to 2026, the related hedge instrument was adjusted with no cash settlement. As a consequence, the cash flow hedge reserve at the date of the settlement has been recycled through income statement for CHF 1.7 million (loss).

During the year 2020, the cash flow hedges were fully effective, both retrospectively since inception and prospectively as of December 31, 2020. Therefore the full changes in their fair values (gains and losses) since inception initially were been recognised in other comprehensive income, and were reclassified to the income statement when the hedged cash flows affect earnings.

During the year 2020, the net amount recognised in OCI (net change in OCI) related to hedging activities was a net increase of CHF 10.1 million (net decrease of CHF 13.3 million in 2019) deferred in OCI. The details of these changes are described in the table below.

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Beginning accumulated OCI balance	**(11'476)**	**1'841**
Net loss deferred in accumulated OCI due to change in the fair value of the derivative (effective portion)	5'758	(83'041)
Reclassified out of accumulated OCI into Income Statement	4'364	69'724
Ending accumulated OCI Balance	**(1'354)**	**(11'476)**

10.3 Finance costs, net

(in thousands of Swiss Francs)	2020	2019
Commitment fees on Super Revolving Credit Facility	(591)	(1'129)
Amortization of debt issuance costs	(4'909)	(11'080)
Interest on bonds	(58'317)	(77'951)
Net interest on net defined benefit obligation	(23)	(8)
Net foreign exchange losses (operating)	(1'214)	(571)
Net foreign exchange losses (financing)	(303)	(3)
Interest on lease agreements	(43'735)	(23'662)
Other financial expenses	(984)	(22'196)
Finance costs	**(110'076)**	**(136'600)**
Change in derivatives fair value (including Hedge ineffectiveness)	170	1'567
Other financial gains	-	2
Finance income	**170**	**1'569**
Finance costs, net	**(109'906)**	**(135'031)**

In 2020 and 2019, hedge ineffectiveness is mainly due change in credit risk adjustment and unwound swaps.

In 2019, the other financial expenses mainly relate to the premium paid on bonds repurchase within the refinancing transaction.

10.4 Management of covenants

Under the new Revolving Credit Facility ("RCF") which forms part of the Senior Facilities Agreement dated September 12, 2019 the Group is obliged to comply with a senior secured net leverage ratio covenant ("the financial covenant").
The financial covenant shall not be required to be satisfied unless, on the last day of the relevant period, the aggregate outstanding exposure in respect of the RCF (subject to certain exceptions) is greater than CHF 35.0 million.
As at December 31, 2020, the Company complied with those covenants as the RCF was not used.

Under the indentures to the Senior Secured Notes issued by the Company and its subsidiaries, certain non-financial covenants are to be respected. The non-compliance may result in an Event of Default and in the principal and the accrued unpaid interest becoming due and payable immediately. As at December 31, 2020, the Company complied with those covenants.

10.5 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt between December 31, 2019 and December 31, 2020:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Cash and cash equivalents net	288'970	279'743
Derivatives	72'132	68'004
Borrowings and other financial liabilities - Non Current	(1'859'035)	(1'860'411)
Borrowings and other financial liabilities - Current	(11'573)	(10'634)
Lease liabilities	(756'723)	(764'892)
Net debt	**(2'266'229)**	**(2'288'190)**

(in thousands of Swiss Francs)	Cash and cash equivalents net	Derivatives	Lease liabilities	Borrowings, and other financial liabilities	Net debt
As at December 31, 2019	**279'743**	**68'004**	**(764'892)**	**(1'871'045)**	**(2'288'190)**
Cash flow	10'102	-	48'791	9'982	68'875
Acquisition- leases	-	-	(44'588)	-	(44'588)
Foreign exchange adjustments	(875)	-	(706)	6'590	5'009
Other non cash movements	-	4'128	4'672	(16'135)	(7'335)
As at December 31, 2020	**288'970**	**72'132**	**(756'723)**	**(1'870'608)**	**(2'266'229)**

(in thousands of Swiss Francs)	Cash and cash equivalents net	Derivatives	Lease liabilities	Borrowings, and other financial liabilities	Net debt
As at December 31, 2018	**253'585**	**158'551**	**-**	**(2'416'318)**	**(2'004'182)**
Cash flow	26'980	-	56'954	485'805	569'739
Change in accounting principles	-	-	(257'741)	5'853	(251'888)
Acquisition finance lease	-	-	(673'212)	-	(673'212)
Transaction impact (refer to Note 15)			118'983		118'983
Foreign exchange adjustments	(822)	-	-	70'197	69'375
Other non cash movements	-	(90'547)	(9'876)	(16'583)	(117'005)
As at December 31, 2019	**279'743**	**68'004**	**(764'892)**	**(1'871'045)**	**(2'288'190)**

Note 11 – Information on market risk and fair value of financial assets and liabilities

11.1 Financial risks

The Group is subject to various financial risks. These risks include capital risk, credit risk, liquidity risk and financial market risk (including interest rate risk and currency risk). These risks are monitored by Management of the Group.

Capital risk management

The Group manages its capital to ensure that it 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 debt, which mainly includes borrowings described in Note 10, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

Credit Risk management

Financial instruments that could potentially subject the Group to concentrations of credit risk consist primarily of cash, trade receivables, investments and deposits.

The Group considers that it has an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and large business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

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. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continuously monitoring cash flows, and by matching the maturity profiles of financial assets and liabilities, including from time to time the repayment or repurchase of our existing indebtedness prior to its scheduled maturity. Note 10 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk (refer to the Note 11.2).

Interest Rate Risk

The Group manages its net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in its total financial debt portfolio. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on a notional amount and agreed-upon fixed and variable interest rates and into forward contracts, in which it exchanges fixed amounts of foreign currency and fixed amounts of Swiss francs.

Sensitivity analysis of the Group's position to changes in interest rates

The sensitivity of the Group's financial assets and liabilities to interest rate risk is analysed only for components of net financial debt. Only these components are interest-bearing and therefore exposed to interest rate risk.

Counterparty Risk management

The Group is exposed to a counterparty risk on the fair value of the derivatives. This risk is assessed using a Credit Valuation Adjustment ("CVA") amounting to CHF 1.2 million as at December 31, 2020 (CHF 1.4 million as at December 31, 2019) and calculated using probabilities of default of the banking counterparties. This risk of counterparty is considered as hedge ineffectiveness and is therefore recognized trough the profit / (loss) of the year.

Sensitivity of financial expenses
Based on a constant amount of debt and a constant management policy, a 1% rise in interest rates would result in an increase of CHF 2.2 million in financial expense as at December 31, 2020 (CHF 1.9 million as at December 31, 2019).

Foreign exchange rate risk management

The Group operates mainly in the currency of its country (CHF). However, the Group is subject to foreign currency risk arising from borrowings and future commercial transactions which can be done in Euros (purchase of handsets or roaming for example). The Group uses derivative financial instruments to hedge certain exposures (for instance Bonds denominated in Euros).

The Group's policy to mitigate foreign exchange risk is to hedge all debt instruments denominated in Euros.

The Group uses foreign currency inflows to pay for its foreign currency outflows. If necessary, the Group buys foreign currency shortly before the transaction.

Sensitivity of cash flow hedge reserves

A 0.5% change in spot rates would change the market value of cross-currency swaps designated as cash flow hedges and the associated cash flow hedge reserves by approximately CHF 37 million as at December 31, 2020 (change of CHF 46 million as at December 31, 2019).

The following table shows the exposure (before hedging instruments) of the Group financial positions by currency:

	December 31, 2020				
(in thousands of Swiss Francs)	Total	EUR	USD	GBP	CHF
Financial assets (A)	**548'691**	**16'558**	**1'542**	**318**	**530'273**
Other assets	10'702	364	-	-	10'338
Trade receivables	249'019	8'175	1'017	-	239'827
Cash and cash equivalents	288'970	8'019	525	318	280'108
Financial liabilities (B)	**2'465'887**	**1'928'607**	**21'830**	**664**	**514'786**
Debt instruments excluding issuance costs [1]	1'866'795	1'866'795	-	-	-
Trade payables	123'165	48'370	14'490	664	59'641
Long-lived assets payables	464'354	1'869	7'340	-	455'145
Current borrowings and other financial liabilities [1]	11'573	11'573	-	-	-
Net exposure (A) - (B)	**(1'917'196)**	**(1'912'049)**	**(20'288)**	**(346)**	**15'487**

(in thousands of Swiss Francs)	December 31, 2019				
	Total	EUR	USD	GBP	CHF
Financial assets (A)	**607'747**	**43'739**	**2'382**	**516**	**561'110**
Other assets	77'369	-	-	-	77'369
Trade receivables	250'635	13'190	274	1	237'170
Cash and cash equivalents	279'743	30'549	2'108	515	246'571
Financial liabilities (B)	**2'342'196**	**1'899'787**	**3'767**	**87**	**438'555**
Bonds excluding issuance costs [1]	1'873'005	1'873'005	-	-	-
Trade payables	109'880	15'671	3'767	87	90'355
Long-lived assets payables	348'677	477	-	-	348'200
Current borrowings and other financial liabilities [1]	10'634	10'634	-	-	-
Net exposure (A) - (B)	**(1'734'449)**	**(1'856'048)**	**(1'385)**	**429**	**122'555**

[1] Refer to Note 10.1 for further information regarding debt instruments, accrued interests and derivatives instruments.

The following table shows the sensitivity of the Group to a 10% change in the foreign exchange rates of the currency to which they are exposed and the related impact on its income statement:

(in thousands of currency)	December 31, 2020		
	Net position at the end of the year [2]	+10% change	-10% change
EUR	(31'123)	(2'829)	3'458
USD	(23'023)	(2'093)	2'558
GBP	(287)	(26)	32

(in thousands of currency)	December 31, 2019		
	Net position at the end of the year [2]	+10% change	-10% change
EUR	25'411	2'310	(2'823)
USD	(1'430)	(130)	159
GBP	337	31	(37)

[2] Net positions related to the debt instruments and current borrowings which are hedged and have been excluded (Refer to Note 10.1 for further information regarding bonds, accrued interests and derivatives instruments).

10% is the sensitivity rate considered by management for foreign currency risk and represents the assessment of the reasonably possible change in foreign exchange rates.

11.2 Financial instruments

The market value of financial assets and liabilities measured at fair value in the statement of financial position shown in the table below has been ranked based on the three hierarchy levels defined by IFRS 13:

- Level 1: quoted price in active markets;
- Level 2: inputs observable directly or indirectly;
- Level 3: inputs not based on observable market data.

Derivative instruments were the only items measured at fair value (level 2) in the statement of financial position and presented according to their maturity date. Fair value of financial assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair value for disclosure purpose:

- The carrying amounts of trade receivables and payables are a reasonable estimate of their fair value because of their short-term maturities;
- The carrying amounts of deposits and other items, fixed assets payables and cash and cash equivalents correspond to the fair values;
- The fair value of fixed interest-bearing financial liabilities is estimated on the basis of the maturing future payments discounted at market interest rates (level 2).

	December 31, 2020	
(in thousands of Swiss Francs)	Book value	Estimated fair value
Loans, receivables and cash and cash equivalents	**548'691**	**548'691**
Other assets	10'702	10'702
Trade receivables	249'019	249'019
Cash and cash equivalents	288'970	288'970
Financial liabilities at amortised cost	**(2'457'858)**	**(2'452'150)**
Debt instruments and accrued interests on debt instruments	(1'870'339)	(1'864'631)
Trade payables	(123'165)	(123'165)
Long-lived assets payables	(464'354)	(464'354)
Hedging derivatives	**72'132**	**72'132**

	December 31, 2019	
(in thousands of Swiss Francs)	Book value	Estimated fair value
Loans, receivables and cash and cash equivalents	**607'747**	**607'747**
Other assets	77'369	77'369
Trade receivables	250'635	250'635
Cash and cash equivalents	279'743	279'743
Financial liabilities at amortised cost	**(2'329'330)**	**(2'404'273)**
Bonds and accrued interests on bonds	(1'870'773)	(1'945'716)
Trade payables	(109'880)	(109'880)
Long-lived assets payables	(348'677)	(348'677)
Hedging derivatives	**68'004**	**68'004**

Gains and losses related to financial assets and liabilities are as follows:

	December 31, 2020		
(in thousands of Swiss Francs)	Net finance costs	Other operating expenses and income	Other comprehen-sive income
Other non-current assets	-	-	-
Trade receivables	(535)	(17'343)	-
Other receivables and payables	5	-	-
Cash and cash equivalents	(18)	-	-
Borrowings, derivatives and other financial liabilities	(108'669)	-	10'122
Trade payables	(679)	-	-
Total	**(109'896)**	**(17'343)**	**10'122**

(in thousands of Swiss Francs)	December 31, 2019		
	Net finance costs	Other operating expenses and income	Other comprehen-sive income
Other non-current assets	-	-	-
Trade receivables	(234)	(17'570)	-
Other receivables and payables	12	-	-
Cash and cash equivalents	(6)	-	-
Borrowings, derivatives and other financial liabilities	(133'481)	-	(13'317)
Trade payables	(337)	-	-
Total	**(134'046)**	**(17'570)**	**(13'317)**

Other operating expenses related to the trade receivables mainly consist in the customer bad debt (please refer to the Note 12.1).

Net finance costs related to the borrowings, derivatives and other financial liabilities mainly consist in interest on debt instruments net of hedge effect (please refer to the Note 10.3).

Other comprehensive income is related to the cash-flow hedge (please refer to the Note 10.2).

The maturity of the financial liabilities were as follows:

(in thousands of Swiss Francs)	December 31, 2020				
	Net book value	Contractual Cash Flow	<1 Year	Between 1 and 5 Years	> 5 Years
Trade and long-lived asset payable	**(587'519)**	**(587'519)**	(215'177)	(200'614)	(171'728)
Debt instruments and accrued interests on debt instruments	**(1'870'339)**	**(2'221'575)**	(59'857)	(507'905)	(1'653'813)
Lease liability	**(756'723)**	**(1'226'302)**	(94'440)	(296'409)	(835'453)

(in thousands of Swiss Francs)	December 31, 2019				
	Net book value	Contractual Cash Flow	<1 Year	Between 1 and 5 Years	> 5 Years
Trade and long-lived asset payable	**(458'557)**	**(458'557)**	(181'494)	(137'782)	(139'281)
Debt instruments and accrued interests on debt instruments	**(1'870'773)**	**(2'303'526)**	(63'280)	(522'492)	(1'717'754)
Lease Liability	**(764'892)**	**(1'292'906)**	(94'651)	(297'285)	(900'970)

Note 12 – Other operating results, assets, liabilities & equity

12.1 Other operating results

(in thousands of Swiss Francs)	2020	2019
Customer bad debt	(17'343)	(17'570)
Other expenses	(6'012)	(6'312)
Other operating expenses	**(23'355)**	**(23'882)**
Other income	6'145	7'025
Other operating income	**6'145**	**7'025**
Other operating results	**(17'210)**	**(16'857)**

12.2 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the periods presented were as follows:

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Cash and bank balances	288'970	279'743
Cash and cash equivalents net	**288'970**	**279'743**

12.3 Other assets

Other assets mainly consists of:

	December 31, 2020			December 31, 2019		
(in thousands of Swiss Francs)	Current	Non-current	Total	Current	Non-current	Total
Financial assets at fair value through profit or loss [1]	-	23	**23**	-	23	**23**
Other non-current assets	-	8'718	**8'718**	-	8'961	**8'961**
Others current assets	1'961	-	**1'961**	68'385	-	**68'385**
Other assets	**1'961**	**8'741**	**10'702**	**68'385**	**8'984**	**77'369**

[1] The investment classified as assets at fair value is related to 23% shares of Teldas AG for an amount of CHF 23 thousand at December 31, 2020 (CHF 23 thousand at December 31, 2019).

As at December 31, 2019 the other current assets are mainly composed by the deferred consideration related to the Transaction (refer to Note 15) which has been received in 2020.

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Prepaid external purchase	1'894	1'898
Deferred contract costs	30'422	30'809
Total prepaid expenses	**32'316**	**32'707**

Deferred contract costs include costs to obtain a contract and are mainly composed by commissions paid to dealers and incentives paid, directly attributable to contract acquisition. These costs are amortized when the related revenues are recognized.

Change in contract costs over the period are as follows:

(in thousands of Swiss Francs)	Total
Balance as of January 1, 2020	30'809
Additional capitalized contract costs	32'269
Amortized contract costs	(32'656)
Balance as of December 31, 2020	**30'422**

12.4 Equity

Matterhorn Telecom Holding S.A. was incorporated under the laws of the Grand Duchy of Luxemburg on March 25, 2015. As at December 31, 2020 and December 31, 2019 the share capital is composed by 8'200'000 shares with a par value of CHF 1.

On January 10, 2020 CHF 160 million of Share Premium has been repaid to the shareholders.
On June 9, 2020 the Group distributed a dividend of CHF 46 million fully used to increase the share premium. On October 15, 2020 the Group distributed a dividend of CHF 145 million of which CHF 60 million were paid in cash and CHF 85 million were used to increase the share premium.
On September 19, 2019 the Company distributed a dividend of CHF 510 million of which CHF 350 million were paid in cash and CHF 160 million were used to increase the share premium.

12.5 Other liabilities

(in thousands of Swiss Francs)	December 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
VAT payable	6'576	-	**6'576**	10'193	-	**10'193**
Income tax payable	24'526	-	**24'526**	24'133	-	**24'133**
Other	14'329	-	**14'329**	14'169	-	**14'169**
Other liabilities	**45'431**	**-**	**45'431**	**48'495**	**-**	**48'495**

Note 13 – Leases

13.1 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(in thousands of Swiss Francs)	Buildings	Network	Other	TOTAL
Opening balance as at January 1, 2019	**-**	**-**	**-**	**-**
Impact of change in accounting policy	45'184	202'553	1'774	249'511
Transfer from Property, Plant and Equipment	5'936	17'994	-	23'930
Additions	15'276	136'181	297	151'754
Transaction impact (refer to Note 15)	-	(135'955)	-	(135'955)
Depreciation	(13'220)	(42'985)	(600)	(56'805)
Closing balance as at December 31, 2019	**53'176**	**177'788**	**1'471**	**232'435**
Additions	10'191	21'995	88	32'274
Depreciation	(16'675)	(33'434)	(502)	(50'611)
Sale and lease back	-	13'580	-	13'580
Disposal	-	(6'057)	-	(6'057)
Reclassifications	1'041	(1'042)	1	-
Other [1]	-	(995)	-	(995)
Closing balance as at December 31, 2020	**47'733**	**171'835**	**1'058**	**220'626**

In 2020, the Group recognized CHF 32.3 million (CHF 151.8 million in 2019) additions of right-of-use of leased assets of which CHF 13.5 million (CHF 89.9 million in 2019) are recorded in accordance with the Master Service Agreement as a sale and lease back (refer to Note 15).

[1]In 2020, other impact is related to the change in ARO asset related to the sites built to be sold within the Built to Suit program with Swiss Infra Services S.A..

13.2 Lease liability

(in thousands of Swiss Francs)	
Balance as of January 1, 2019	**(257'741)**
Additions	(55'511)
Transaction impact (refer to Note 15)	(498'819)
Accretion of interest	(23'662)
Payments (including interests)	70'841
Balance as of December 31, 2019	**(764'892)**
Additions	(31'376)
Sale and lease back	(13'212)
Accretion of interest	(43'735)
Payments (including interests)	92'526
Contract termination	4'672
Balance as of December 31, 2020	**(756'017)**

Lease prepaid	706
Lease Current	(69'771)
Lease Non-Current	(686'952)

13.3 Amount recognized in the consolidated income statement

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Income from sub-leased right-of-use assets	3'345	7'463
Depreciation of right-of-use assets	(50'611)	(56'805)
Interest on lease agreements	(43'735)	(23'662)
Other [1]	607	-
Total	**(90'394)**	**(73'004)**

The total cash outflow for leases in 2020 was CHF 92.5 million (CHF 70.8 million in 2019).

[1]In 2020, the Group has benefited from rent reductions due to the pandemic. These reduction were not assessed as a lease modification as permitted by the practical expedient indicated on the Note 1.2.1. It has resulted in a positive impact of CHF 0.6 million.

In 2020, the income from sub-lease right-of-use assets in 2020 mainly related to sub-leased space in stores recognized as other operating income. The decrease is related to the disposal of a subsidiary in 2019 as described in note 15.

Note 14 – Result of associates / Assets held for sale

Through the shareholder agreement signed August 5, 2019, the Group is guaranteed one seat on the board of Swiss Infra Services S.A. and participates in significant financial and operating decisions. The Group has therefore determined that it has significant influence over this entity, even though it only holds 10% of the voting rights.

The tables below provide summarised financial information for the associate. The information disclosed has been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments.

(in thousands of Swiss Francs)	December 31, 2020	December 31, 2019
Assets		
Non-current assets	1'302'125	1'323'532
Current assets	62'353	26'506
Liabilities		
Non-current liabilities	342'939	348'778
Current liability	42'743	11'132
Income statement		
Revenue	80'358	23'062
Net loss	(10'163)	(11'364)
Dividend	-	-

Value of the investment in associates

(in thousands of Swiss Francs)	Total
Investment value at the transaction date	100'180
Share of the net loss attributable to the Group	(1'136)
Investment value at December 31, 2019	**99'044**
Share of the net loss attributable to the Group	(1'151)
Share of the other comprehensive loss	(117)
Investment value at December 31, 2020	**97'776**

In December 2020, the Group initiated the discussions with Swiss Tower AG to sell the remaining investment in Swiss Infra Services SA. The associated asset was consequently presented as held for sale as at December 31, 2020. The sale was completed on March 18, 2021 for a CHF 146 million consideration with an expected gain of CHF 48 million.

Note 15 – Gain on disposal and other gains

On May 7, 2019, the Company entered into a sale and purchase agreement with Swiss Towers AG for the sale of a 90% equity interest in Swiss Infra Services S.A. a subsidiary of Matterhorn Telecom S.A. that was incorporated on July 1st, 2019 for the purpose of transferring our passive mobile infrastructure in Switzerland. The transaction closed on August 5, 2019 and was made for a total consideration of CHF 0.9 billion. The Group retained full ownership of its telecom-active equipment and entered into a long-term service contract (Master Service Agreement) with Swiss Infra Services S.A. regarding the provision of hosting services over mobile telecom infrastructure as well as the construction of new sites through a build-to-suit. Under IFRS 16, this contract is considered as a lease agreement. Therefore the overall transaction ("the Transaction") is considered as a sale and lease-back under IFRS 16.

Carrying amount of the net asset sold

(in thousands of Swiss Francs)	August 5, 2019
Assets	
Property, plant and equipment	145'051
Right-of-use asset	135'955
Other non-current assets	698
Cash	100
Total Assets	**281'804**
Liabilities	
Deferred tax liabilities	12'451
Provisions	39'025
Employee benefits obligations	570
Non-current portion of lease liability	107'338
Current portion of lease liability	11'645
Other current liabilities	844
Deferred income	2'182
Total Liabilities	**174'055**
Carrying amount of the net asset	**107'749**

As a result of the Master Service Agreement signed with Swiss Infra Services S.A., the Group recognized a CHF 89.9 million right-of-use of leased assets and related lease liabilities of CHF 617.8 million. The related CHF 527.9 million loss is included in the gain on the transaction.

Gain on disposal

(in thousands of Swiss Francs)	2019
Total sale proceed	901'625
Disposal-related expenses	(6'471)
Carrying value of the net assets sold	(96'974)
Remeasurement of the retained investment at Fair value	89'406
Gain on disposal before lease-back impact	**887'586**
Carrying value of the Right-of-use the leased back assets	89'932
Lease liability related to the lease back assets	(617'803)
Gain on disposal of subsidiary	**359'715**
Carrying value of the net assets sold	96'974
Lease-back adjustment	527'871
Deferred consideration	(63'000)
Remeasurement of the retained investment at Fair value	(89'406)
Expenses not paid	485
Proceeds from sale of a subsidiary	**832'639**

The proceed of the transaction was used to repurchase existing bonds and to pay a dividend to the shareholders for CHF 350 million (refer to Note 10) in 2019.

On the various notes, the disposal impact is disclosed under "Transaction impact".

In August 2020, the Group received a deferred consideration of CHF 63 million.

In 2020, the gain on disposal and other gains includes release of extinguished lease liabilities related to terminated contracts over the period.

Note 16 – Scope of consolidation

	Country of Incorporation	Equity Interests	Consolidation method	Nature of business
Matterhorn Telecom Holding S.A.	Luxembourg	Parent Equity	Full Consolidation	Holding
Matterhorn Telecom S.A.	Luxembourg	100%	Full Consolidation	Holding
Matterhorn Mobile S.A.	Luxembourg	100%	Full Consolidation	Holding
Salt Mobile S.A.	Switzerland	100%	Full Consolidation	Communications
Salt Communication S.A.	Switzerland	100%	Full Consolidation	Communications
Salt Liechtenstein AG	Liechtenstein	100%	Full Consolidation	Communications
Salt Services S.A.	Portugal	100%	Full Consolidation	Communications

On January 1, 2019 Salt Network S.A. was merged into Salt Mobile S.A.. On July 1, 2019 part of Salt Mobile S.A.'s activity was transferred to Swiss Infra Services S.A. and on August 5, 2019 the Group completed the sale of 90% of the share of its subsidiary, refer to Note 15.

Note 17 – Related parties

The Group related parties consist of the intermediate holding companies, the ultimate parent company, the ultimate controlling party, companies under common control in addition to the Group's key management. The ultimate parent company is NJJ Suisse Animation SAS and the ultimate controlling party is Mr. Xavier Niel.

17.1 Directors and Executive Officers

The total remuneration of directors and executive officers is as follow:

(in thousands of Swiss Francs)	2020	Represented 2019
Board of Directors	355	361
Executive Officers	4'815	4'495
Remuneration	**5'170**	**4'856**

The remuneration of executive officers consists in short-term benefit for CHF 3.4 million in 2020 (CHF 3.1 million in 2019), other long term benefit for CHF 1.1 million in 2020 (CHF 1.1 million in 2019) and estimated post-employment benefit for CHF 0.3 million in 2020 (CHF 0.3 million in 2019).

17.2 Related enterprises

The following related party transactions have been recorded (shareholders and Companies under common control):

	2020				2019			
(in thousands of Swiss Francs)	Shareholders	Affiliates	Associates	Total	Shareholders	Affiliates	Associates	Total
Monitoring fees [1]	(4'122)	-	-	**(4'122)**	(3'634)	-	-	**(3'634)**
Transaction costs	(500)	-	-	**(500)**	-	-	-	**-**
Telecom services net revenue (cost)[2]	-	(8'833)	-	**(8'833)**	-	(7'003)	-	**(7'003)**
Subcontracting expenses [3]	-	(11'481)	-	**(11'481)**	-	(11'528)	-	**(11'528)**
Equipment revenue and other revenue [4]	-	523	13'387	**13'910**	-	303	-	**303**
Other operating revenue	-	316	1'314	**1'630**	-	825	760	**1'585**
Related party transactions	(4'622)	(19'475)	14'701	**(9'396)**	(3'634)	(17'402)	760	**(20'277)**

[1] Monitoring fees paid by Salt Mobile to NJJ Suisse Acquisition and to OCH AT Holding S.A.
[2] Telecom services transactions with Monaco Telecom, Eir Telecom and Free Mobile
[3] Subcontracting purchases paid mostly to IT Solutions Factory, Free Mobile, Monaco Telecom, Network Solutions Factory and Althaia SA.
[4] Equipment revenue and other revenue mostly related to sale of sites to SIS in 2020

The cost for 2020 related to the master service agreement with Swiss Infra Services S.A. amounts to CHF 52.4 million (in 2019, CHF 20.8 million).

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

	December 31, 2020				December 31, 2019		
(in thousands of Swiss Francs)	Shareholders balances	Affiliates balances	Associates balances	Total	Affiliates balances	Associates balances	Total
Assets							
Trade receivables and contract assets	-	780	-	**780**	15	2'683	**2'698**
Liabilities							
Trade payables	(72)	(2'534)	(428)	**(3'035)**	(3'038)	-	**(3'038)**
Lease liabilities	-	-	(13'255)	**(13'255)**	-	(12'866)	**(12'866)**

As at December 31, 2020, there was no recognised loss on related party receivables (December 31, 2019, nil).

Note 18 – Unrecognised contractual commitments

There were no existing commitments, other than those described in this Note, likely to have a material effect on the current or future financial position of the Group.
Salt's shares are pledged by Matterhorn Telecom S.A. under the Indentures.

The table below provides a schedule of unrecognised commitments and contractual obligations at the end of each reporting period.

Investments and good and services purchase commitments

(in thousands of Swiss Francs)	December 31, 2020 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	163'410	91'010	31'400	41'000
Purchase of handsets	75'338	75'338	-	-
Other commitments related to the purchase of goods and services	6'555	6'555	-	-
Investment and goods and services purchase commitments	**245'303**	**172'903**	**31'400**	**41'000**

(in thousands of Swiss Francs)	December 31, 2019 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	167'716	104'366	29'349	34'000
Purchase of handsets	51'671	51'671	-	-
Other commitments related to the purchase of goods and services	5'088	5'088	-	-
Investment and goods and services purchase commitments	**224'474**	**161'125**	**29'349**	**34'000**

Note 19 – Litigations

As at December 31, 2020 the Group had no material unprovided pending or threatened litigation with third parties.

As at December 31, 2019 the Group had no material unprovided pending or threatened litigation with third parties.

Note 20 – Subsequent events

On January 26, 2021 the Group proceeded to the repayment of share premium for an amount of CHF 185 million.

On March 18, 2021, the Group completed the sale of the remaining investment in Swiss Infra Services SA to Swiss Tower AG for a CHF 146 million consideration with an expected gain of CHF 48 million.