MATTERHORN TELECOM HOLDING S.A.

Annual Report
2022

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

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SALT CHAIRMAN'S LETTER

Dear Investors, Dear Partners,

2022 was a record year for Salt with a strong performance in all segments, a significant increase in the customer base and financial results outpacing the market. We recorded the highest number of net adds in postpaid mobile in ten years, with a strong momentum in both B2C and B2B, and ranked first in broadband subscriber growth.

Customer satisfaction remains one of our most important focus topics. We have gone to great lengths to identify the needs of our clients and find solutions to provide them with an excellent experience and the most attractive products in the premium segment. Last year, we launched the Salt Max portfolio for residential customers with four simple and straightforward mobile tariff plans that are fully tailored to customers' needs and offer the highest speeds at the most attractive prices. For small business, we launched Pro Office, a combined internet/fixed-network package at an unbeatable price. With this new offer, we are taking a major step towards becoming a full-service provider in the business segment.

Significant investments in network quality and customer service are paying off and form the basis for further growth in all areas. We have increased our network coverage to 99.9% of the Swiss population and, by improving our performance by 100 points over the last 5 years, our mobile network achieved excellent results in the latest Connect test. We are proud to provide our customers access to one of the best networks of Europe and on eye level with our Swiss peers.

While we already have a world-class network, we will further enhance the customer experience, particularly with the announced agreement with SpaceX's Starlink. We are the first telecommunications provider in Europe to announce such comprehensive connectivity, providing our customers with full and seamless coverage across Switzerland's territory. This agreement brings cutting-edge telecommunication services to the final frontier, allowing us to offer our customer base seamless usage, back-up coverage, and roaming on direct to cell abroad on participating carrier networks. Our mission is to continuously deliver the best technology and innovation to our customers, and working with SpaceX represents a major step towards achieving this goal.

Our aim remains to grow faster than the market in the coming years. We believe that we can achieve this by continuing to offer high-quality products at attractive prices to our customers. This is a promise we live up to every day and constantly strive for in our business approach.

In this report we give you not only an operational and financial overview of the company's situation, but also information on our corporate sustainability efforts. This shows our commitment to improve our work and the delivery and design of our services in order to meet our responsibilities towards society and the environment and to create added value that goes beyond mere telecommunication services. We also strive to be an attractive employer and to offer our employees the best in order to maximise both individual potential and company performance.

Because we work in such a competitive industry, we know that we demand a lot from our employees. The fact that we have such dedicated people is our strength and the reason for the successes we have achieved throughout 2022. Without such an ambitious and passionate team, it simply would not have been possible.

I would like to build on this by thanking you, Salt management team as well as our investors and partners for your loyalty and continued support of our company and, more importantly, for the trust you place in us. The future is bright for telecommunication providers as the desire for more flexible means of communication becomes an essential part of personal and professional life.

Sincerely,

Marc Furrer - Chairman of Salt

DISCLAIMER

By reading or reviewing the report that follows, you agree to be bound by the following limitations.

This report has been prepared by Matterhorn Telecom Holding S.A. (“the Matterhorn Group”) and its subsidiaries (“the Matterhorn Group”) solely for informational purposes. The Matterhorn Group has included non-IFRS financial measures in this presentation. These measurements may not be comparable to those of other companies. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures, but should not be considered a substitute for results that are presented in accordance with IFRS. This report should be read in conjunction with the consolidated financial statements for the Twelve-Month Period Ended December 31, 2022 which have been prepared in accordance with IFRS. Figures excluding IFRS15 and IFRS16 are based on Management accounts prepared at Salt Mobile SA level and are therefore excluding the operating expenses of the holdings in Luxembourg and the consolidation adjustments.

We present certain non-IFRS information in this report. This information includes EBITDA and Adjusted EBITDA, which are not metrics of performance or liquidity under IFRS. We define EBITDA as profit attributable to owners plus income tax expense, net finance costs, depreciation of right-of-use-assets, depreciation and amortization and result on disposal and other gains. We define Adjusted EBITDA as EBITDA adjusted for corporate and monitoring fees and restructuring, transition and transaction costs. We present this supplemental non-IFRS information because we believe that it is a useful indicator of our ability to incur and service our indebtedness. EBITDA, Adjusted EBITDA and similar measurements are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Caution should be exercised in comparing EBITDA and Adjusted EBITDA as reported by us to similar measurements reported by other companies.

Certain statements contained in this report that are not statements of historical facts, including, without limitation, any statements preceded by, followed by or including the words “targets”, “believes”, “expects”, “aims”, “intends”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof, constitute forward-looking statements, notwithstanding that such statements are not specifically identified. Examples of forward-looking statements include, but are not limited to: (i) statements about future financial and operating results; (ii) statements of strategic objectives, business prospects, future financial condition, budgets, projected costs and projected levels of revenues and profits of the Matterhorn Group, its management or its boards of directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements.

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 Matterhorn Group. 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 Matterhorn Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions of 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. In addition, past performance of the Matterhorn Group is not indicative of future performance. The future performance of the Matterhorn Group will depend on numerous factors which are subject to uncertainty.

Proformas and estimates included in this report are based on estimates of the Matterhorn Group management, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyze or compute data would obtain or generate the same results.

To the extent available, the industry, market and competitive position data or prediction contained in this report come from official or third-party sources believed to be reliable. We have not verified the accuracy and completeness of such information contained in this report. Our competitors may define our and their markets differently than we do. In addition, past performance of the Matterhorn Group is not indicative of future performance.

The subscriber data included in this presentation, including average revenue per user (“ARPU”), subscriber numbers and churn, are derived from management estimates, are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of the terms ARPU or churn may not be comparable to the use or computation of similarly titled measures reported by other companies in the telecommunications industry. The ARPU reported in this report is an average of the ARPU of our Postpaid and Prepay mobile customers. ARPU is a non-IFRS measure and should not be considered in isolation or as an alternative measure of our performance under IFRS. Postpaid mobile subscribers are counted in our subscriber base as long as they have an active contract, for both handset and mobile broadband services, but exclude machine-to-machine subscriptions. Prepay subscribers are reported if their SIM card is connected to our network and they have had at least one chargeable or recharge event or have received at least one incoming traffic event (excluding, among other things, traffic initiated by us) within the last 435 days.

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MANAGEMENT REPORT

The Board of Directors of Matterhorn Telecom Holding S.A. (“the Management”) (“the Company” or “we”) is pleased to present the management report of the Company and its subsidiaries (hereafter “the Group”) for the year ending December 31, 2022. The Management report was approved on March 21, 2023 by the Board of Directors of Matterhorn Telecom Holding S.A..

1. Operational and Financial Overview

1.1. Important Events

Towers disposal

On August 5, 2019, the Group sold to Swiss Towers AG (“Cellnex”) a 90% equity interest in Swiss Infra Services S.A., a subsidiary of Matterhorn Telecom S.A. that was incorporated on July 1, 2019 for the purpose of transferring our passive mobile infrastructure in Switzerland (the “Towers Sale”). The sale was made for an upfront consideration of CHF 839 million at the closing of the transaction and a deferred consideration of CHF 63 million in August 2020. On March 18, 2021, the Group completed the sale of the remaining investment of 10% in Swiss Infra Services S.A. to Swiss Towers AG for a consideration of CHF 146 million.

The Group retains full ownership of the 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 (BTS) program.

Partnership with Swisscom

On April 29, 2021, Salt Mobile SA (“Salt”) and Swisscom announced that they entered into a long-term partnership regarding Swisscom’s P2MP (Point to Multipoint) roll out to further expand Salt’s FTTH footprint in Switzerland. The resulting FTTH footprint accessible to Salt, including current agreements with utilities across Switzerland, is expected to reach 3 million households by 2025. This partnership with Swisscom will allow Salt to accelerate its growth on the Broadband market. Within the targeted footprint, Salt will be able to offer and operate its own services through a physical Layer 1 access, enabling fully independent network operations.

COMCO opened an investigation into Swisscom’s P2MP topology in December 2020 and issued precautionary measures in this context. The Federal Administrative Court confirmed the precautionary measures imposed to Swisscom’s P2MP roll out by COMCO in October 2021. Swisscom appealed against this ruling. The decision of COMCO regarding its investigation is outstanding.

Swisscom has informed the market and Salt that it has decided to shift its FTTH roll out to a P2P (Point to Point) topology. The parties have reached an agreement and amended the fiber partnership, on March 3, 2023, so that Salt also secures access to any Swisscom roll out in a P2P topology.

COVID-19 Pandemic

The COVID-19 pandemic has led to significant impacts in Switzerland as well as on the worldwide economic situation. Since Q1 2020, among the various measures against the spread of COVID-19, the Government restricted economic activities several times in Switzerland. Despite relaxations, the remaining restrictions and overall international travel activity slow down have continued to affect some retail and roaming activities. The overall COVID-19 financial impacts cannot be quantified due to global uncertainties and the combination of various factors, including the overall pandemic evolution over time, government measures or customer behaviour.

Executive Management

On February 24, 2023 Salt Mobile’s Board of Directors announced the appointment of Massimiliano “Max” Nunziata as its new Chief Executive Officer. Max will replace Pascal Grieder, who has decided to step down for personal reasons after almost 5 years in this position. Until Max officially takes over as CEO on June 1, Franck Bernard, CFO, will lead the company ad interim. Pascal will work closely with Max and Franck to ensure a smooth transition in the months ahead.

Agreement with SpaceX

On March 1, 2023 Salt has announced a groundbreaking agreement with SpaceX to provide continuous coverage through satellite technology. This agreement, first of its kind in Europe, leverages SpaceX's Starlink satellite constellation as much as Salt's mobile network to connect Salt's current and future mobile customers to Starlink satellites, providing them with enhanced connectivity and coverage.

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

Financial performance

Total revenue for the Twelve-Month Period Ended December 31, 2022 increased by CHF 29.7 million, or +2.8% compared to previous year. This increase was primarily driven by:

- An increase in operating revenue, excl. incoming, of CHF 26.9 million, or +3.3%. A variance mainly attributable to:
    - The increase in postpaid service revenues of CHF 20.4 million mainly driven by the development of our Salt Home product (Fixed line offering) and the growth in mobile subscriptions, which led to a growth in our postpaid segments. This is partly offset by the lower Postpaid Mobile Average Revenue Per User despite the positive impact of the post-COVID recovery on customer roaming revenue until Q2'22, as well as lower early retention fees revenue due to a change in invoicing starting Q2'21 (no EBITDA impact) combined with lower additional fees paid by customers.
    - The increase in other services revenue of CHF 7.6 million mainly driven by an increase in accessories, collections, visitor roaming (offset on the roaming costs) and other wholesale revenues.
    - Partially offset by the decline in prepay service revenue of CHF (1.2) million.
- A decrease in incoming revenue of CHF (2.9) million, or -4.3% as a consequence of a decrease in voice mobile incoming revenue more than offset on the costs side. Despite the higher revenue decline in Q4'22, the EBITDA contribution of interconnection activities remained fairly stable.
- An increase in equipment and other revenue of CHF 5.7 million, or +3.3% mainly driven by a higher number of devices sold, partly offset by limited trading volumes (sales to partners - low margin activity) and lower volume of BTS sites sold to Swiss Infra Services S.A. (Cellnex) and the positive reassessment in 2021 of the collection risks on instalment accounting receivables.

The net result for the financial year ended December 31, 2022 is a gain amounting to CHF 115.1 million.
A more detailed financial analysis is presented in the Matterhorn Telecom S.A. High Yield Report.

The management does not foresee any major changes in the coming financial years and expects to continue its Mobile and Home activities in a similar manner.

As at December 31, 2022, the Company does not hold any of its own shares.

Operational performance – Best subscriber growth in 10 years

In 2022, Salt increased its mobile postpaid subscriber base by +106'900 subscribers, compared to an increase of +69'800 in 2021, marking the second consecutive year of the highest net additions in the last 10 years. Furthermore, Q2, Q3 and Q4 2022 each boasted the best quarterly mobile postpaid net add performance over the past 10 years. This outstanding performance was achieved through:

- The strong momentum in B-to-C mobile net adds, including 30 consecutive quarters of positive net adds in core brands combined with good traction in secondary brands, which translated into the best annual net add performance in the last 10 years,
- The accelerated momentum in the B-to-B business with the best annual net add performance in the last 10 years.

This solid performance was also achieved thanks to the strengthening of our growth platform notably through an enhancement of the customer experience confirmed by the improvement of Salt Mobile's network quality for the fifth consecutive year[1] reaching 99.9% Mobile network coverage[2]. Salt was also awarded "best universal provider" based on customer survey's (Bilanz Magazine) on both residential mobile and small and medium-sized enterprises[3].

Salt Home also benefited from continued growth in its subscriber base, driven by the success of the ultra-fast broadband offer with the best internet performance since launch[4]. In 2022, Salt successfully launched its world-class ultra-fast broadband for SoHo.

1.3. Research and Development

During the year, the labour expenses capitalised as intangible assets amounted to CHF 4.3 million (CHF 3.6 million for the year ended December 31, 2021).

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[1] Connect Mobile Network Test 2023

[2] Data outdoor population coverage

[3] Swiss business magazine BILANZ, August 2022

[4] nperf 2022 report (January 2023). Salt was only measured in FTTH technology in 2019 and 2020

1.4. Impact of Exchange Rate Movements

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 EUR or USD (purchase of handsets or roaming for example). The Group is therefore exposed to fluctuations of the EUR and USD relative to the CHF. These currency fluctuations can have an impact of the results of operations.

To minimize its currency exposure, the Group has in place a policy regarding foreign exchange management, which is monitored and followed-up by Group Treasury, using hedging instruments. The Group also uses foreign currency inflows to pay for its foreign currency outflows.

Please refer to the Note 11 of the consolidated financial statements for the year ended December 31, 2022 for more detailed information.

1.5. Important Events Since the Balance Sheet Date

On January 11, 2023, the Group proceeded to the repayment of share premium for an amount of CHF 150 million to its shareholders.

On January 17, 2023, the Group extended the maturity of the EUR 254 million cross-currency interest rate Swap from 2024 to 2027 with a decrease of the hedging rate from 3.73% to 3.42%.

On March 3, 2023, following the decision of Swisscom to shift its FTTH roll out to a P2P (Point to Point) topology, the Group and Swisscom amended their fiber partnership so that Salt could secure access to any Swisscom roll out in a P2P topology. For more information, please refer to the section “Important events”.

2. Principal Risks and Uncertainties

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

The note 11 of the consolidated financial statements for the year ended December 31, 2022 provides information on market risk and fair value of financial assets and liabilities.

2.2. Legal Risks

Salt top legal risks are managed by Salt’s legal department to ensure compliance with the regulations in force in Switzerland.

2.3. 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 Salt’s IT and mobile infrastructure as well as the confidential handling of sensitive data are crucial for Salt and the services provided to its customers. Salt’s Corporate Security Department is an in-house department with highly qualified and certified resources (CISM / CRISC / CCiSO / CISSP) reporting to the executive Management to ensure direct, independent and fast interaction.

2.4. Safety and Environmental Risks

The Group strives to comply in all material respects with applicable environmental and health and safety laws, and all related permit requirements.

2.5. Risks Related to Our Market and Our Business

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

- Equipment and network system failures could result in reduced user traffic and revenue, require unanticipated capital expenditures or harm our reputation.
- 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.

- Our business may be adversely affected by health epidemics which may have a material impact on our results of operations. The Covid-19 pandemic, a potential new strain of the virus and measures to mitigate its impact could adversely affect our business, financial condition and results of operations.
- Any failure to comply with license conditions may jeopardize our licenses, which are required to operate our mobile business.
- The success of our mobile operations depends on our ability to attract and retain mobile and Home 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.
- We depend on roaming arrangements with other international telecommunications operators.
- We depend on third-party telecommunications providers over which we have no direct control for the provision of certain of our services.
- We depend on our wholesale resellers, MVNO and third-party partners to access a broader and more diverse base of subscribers and grow our subscriber base and/or revenues.
- Our success depends on the effective execution of our strategy.
- The assumptions made in preparing our financial targets and outlook may prove incorrect, incomplete or inaccurate.
- We may not be able to maintain the benefits from our IT transformation initiatives and to fully complete outstanding initiatives.
- 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 inability to adequately predict customer demand for data, calls and roaming services could result in increased costs and decreased profitability.
- We are subject to increasing operating costs and inflation risks which may adversely affect our earnings.
- 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.
- 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.
- We are exposed to the risk of fraudulent or otherwise improper behaviour by customers, distribution partners, suppliers, employees and others, which our risk management and internal controls may not prevent or detect.
- 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.
- Continuing uncertainties, blocking by authorities of (moratoria) and opposition of the public against, in particular, build permits and 5G rollout may adversely impact our business, financial condition and results of operations.
- 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.
- 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.
- The interests of our principal shareholder may conflict with your interests and we rely on NJJ's expertise for conducting our business.
- 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.
- Continuing uncertainties and challenging conditions in the global economy may adversely impact our business, financial condition and results of operations.

- 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, in particular relating to our network, to legal and civil, tax, regulatory and competition proceedings as well as commercial disputes, which if adversely resolved, could have a material adverse effect on our business, financial condition, results of operations and reputation.
- 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.
- Our leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations pursuant to the terms of our debt.
- We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.
- We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.
- We may be able to incur more debt in the future, which may make it difficult for us to service our debt and impair our ability to operate our business.
- Our financings may bear interest at floating rates. Such floating rates could rise significantly, increasing our costs and reducing our cash flow.
- Exchange rate fluctuations could adversely affect our financial results.
- Our interest and cross-currency swap agreements may expose us to credit default risks and potential losses if our counterparties fall into bankruptcy.
- We may be subject to financial risks related to Swiss and foreign tax compliance.
- In order to maintain our high-quality network operations, we require a steady supply of hardware for replacement and upgrade purposes. If the supply of that hardware is restricted due to global supply chain challenges and/or political restrictions, maintaining the quality of our network will become more challenging.
- Network operations require a steady supply of electricity. If Switzerland is faced with electricity restrictions, this could have an impact on our cost base, as well as our revenue generating ability, as our services would be severely impacted.

3. Material Affiliate and Associate Transactions

We engage in transactions with our principal shareholder and other entities owned by or affiliated with our shareholders in the ordinary course of business. The following discussion is a brief summary of certain material arrangements, agreements and transactions we have with related parties.

NJJ

We have entered into a service agreement with our major shareholder, NJJ, for the provision of certain consulting services. NJJ provides us with operational support on strategic matters, such as business and technical development, capital expenditures, relationships with key business partners or negotiations with banks and other financial institutions. NJJ also advises us on accounting, legal and tax matters, marketing and communications, human resources and various other matters. In 2022, expenses related to NJJ amounted to CHF 4.0 million and are reported as Corporate and Monitoring fees.

Althaia Consulting

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

Exedra Consulting

Exedra Consulting provides us with B2B strategic and operational consulting services.

Eircom

Salt provides Eircom Limited, a fixed, mobile and broadband telecommunications company in Ireland in which our ultimate controlling owner has a majority interest, with some software development activities as well as managed services.

IT Solutions Factory

We have entered into a master agreement for IT services with IT Solutions Factory, an IT systems and logistics company owned by our principal shareholder. IT Solutions Factory provides us with software development services.

Riviera Solutions Factory

We have entered into a master agreement for IT services with Riviera Solutions Factory, an IT systems and logistics company owned by our principal shareholder. Riviera Solutions Factory provides us with software development services.

Monaco Telecom

We have entered into a master services agreement with Monaco Telecom, a Telecom and IT company in which our principal shareholder has a majority interest. Monaco Telecom provides us with software development services, international carrier services and cloud computing services.

Network Solutions Factory

We have entered into a master services agreement with Network Solutions Factory, a Telecom and Network company in which our principal shareholder has a majority interest. 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 centre and optimization of our network under a services agreement. Network Solutions Factory also provides network operations services to other NJJ telecommunications companies.

Roaming operations

As part of our international roaming operations, we have entered into roaming agreements with foreign telecommunications operators over which our ultimate shareholder has control or significant influence (notably Free Mobile). We also provide roaming management services for some of our affiliates.

ESG UPDATE

Unless otherwise stated, this ESG update refers to the perimeter of Salt Mobile S.A., the principal operating company of Matterhorn Telecom Holding S.A..

Salt's mission is to provide Swiss consumers with premium products at affordable prices. Because we believe that everyone should have access to excellent quality. Excellence also means that Salt is aware of its responsibility with regard to the impact of its business on the environment, society and corporate governance. Salt continuously analyses its impacts and sets its priorities and principles to meet its responsibilities towards society and the environment and to add value beyond mere telecommunication services.

True to its long-standing values of caring for people and their living environment, being straightforward and sticking to what matters, Salt is committed every day to improving its actions and the provision and design of its services in these aspects.

The year 2022 put the supply chain to the test with shortages (e.g. paper, cars, energy) to overcome, some of which occurred with the COVID-19 crisis and were exacerbated by the outbreak of war in Ukraine. This situation called for even more energy efficiency to address aspects such as the environment, security of supply and price inflation. On top of demanding the resilience of critical infrastructure in a VUCA environment (characterized by volatility, uncertainty, complexity and ambiguity), the authorities are enforcing new regulations to improve data protection, compliance and security, topics that have been of great importance to Salt for a long time.

1. Materiality analysis

To conduct its first materiality analysis, Salt first selected topics of importance to the company that impact its organisation and the way it conducts its business, as well as its external and internal stakeholders (customers, shareholders, investors, authorities and regulators, employees, suppliers, the public, media and non-governmental organisations) across the value chain. In doing so, Salt relied on internal feedback, stakeholder engagement, peer reviews and industry trends.

These topics were then rated by Management Board members and other key people at Salt (e.g. manager in charge of public relations) in terms of their importance for Salt or perceived importance for the stakeholders.

The list below shows the top 10 material topics:

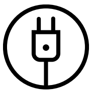
- **Network quality and reliability**: Offering high network quality, recognized during Connect tests for instance, and ensuring business continuity.
- **Customer value and service**: Offering high service quality at affordable prices, fair pricing, ensuring transparency of offerings and responsive/high-quality customer care.
- **Data protection & cybersecurity:** Ensuring the rights, privacy and security of Salt's, customers' and employees' information.
- **Compliance & corporate ethics**: Respect of law / regulations, decision/signature matrix, internal policies, prevention of corruption, fraud and other unethical behaviour within the company.
- **Working conditions**: Employer attractiveness, health & safety, inclusion and diversity, gender equality, work life balance, benefits, employee training.
- **Climate change response**: Measuring and reducing CO2 emissions, renewable energy, climate change mitigation.
- **Energy efficiency**: Energy savings (mostly electricity, but also fuels), prevention / mitigation of energy shortage.
- **Fair and responsible supply chain**: Respect for ethics, human rights, environment protection and management of risks, esp. child labour, in the supply chain.
- **Circular economy**: Reduced use of virgin materials, extended product use (incl. repairs, refurbishment), recycling and handling of e-waste.
- **Artificial intelligence & related concerns**: A technology that is gaining in importance in the telco market in general, e.g. for network operations, customer care and data analysis, presenting numerous opportunities but not without raising some concerns (e.g. ethics, data management).

2. Progress report

In this report, Salt highlights the efforts and initiatives it has undertaken in 2022 and will continue to undertake in this regard.

a. Environment

Energy



Salt seeks to operate its network as efficiently as possible in order to limit the increase in electricity consumption related to the growth of telco. service usages and data traffic.

Main facts & achievements in 2022

- Approx. 10% electricity savings in 2022 (vs. 2021) in RAN, while consumer data traffic increased by approx. 14%
- Continuation of obsolete platform (2G/GSM) dismantling
- Continuation of RAN refresh to new, more energy-efficient platforms while introducing 5G from 2020 onwards
- Relocating radio equipment from the shelter to the top of the masts to achieve free air cooling and thus lower power consumption. Furthermore, the optical-electronic conversion directly on the top mast elements reduces energy losses
- Continuous fibering of radio sites helping to decrease microwave usage and thus electricity consumption
- Strengthening the energy supply of backbone elements through additional energy capacity
- Continuation of the renovation of the Crissier data center & offices: Building & window renovation, improved insulation and cooling system, lighting system upgraded to LED over approx. 1’000 m2.
- Communication campaigns for employees to save energy in offices and stores (e.g. temperature adjustments, electrical device switches on/off and timers, rationalization)
- Social media campaign to raise awareness of energy saving tips when using Salt products

Outlook for 2023

- Launch of a joint energy optimization program with NJJ, EIR and Monaco Telecom to share best practices and efficiency solutions
- Installation of solar panels on the roof of the Crissier data center for self-consumption (first panels in 2023)
- Continuation of lighting system upgrades in Crissier for the remaining areas (exterior, technical rooms)
- Relocation of the headquarters to a low-energy consumption building (Swiss quality label Minergie) in Malley district in the suburb of Prilly.
- Continuation to move towards greener electricity sourcing
- Assess IA potential for radio resource management to reduce electricity consumption
- Continuation of RAN upgrade

Consumption

In 2022, Salt consumed 71’848 MWh of energy, of which 94.5% was electricity, 3.1% vehicle fuels (diesel, petrol, gas), 2.2% heating fuels, (oil, gas) and 0.2% district heating.

Renewable electricity

Since January 1, 2021, Salt’s main offices and in-house data centre are supplied with 100% electricity from renewable sources (EU hydroelectricity for Renens, Crissier and Biel, EU wind electricity for Zürich). Furthermore, Salt’s external data centre in the Zurich region is also supplied with renewable electricity. These offices and data centres represented an electricity consumption of 5’601 MWh in 2022.

Salt also pays attention to how its providers source electricity for their operations. For example, the printing company for paper invoices and collection letters claims to be carbon neutral and uses 100% renewable electricity.

Awareness campaign in social media on how to save energy

Greenhouse gas emissions

CO2

Salt is preparing a net zero roadmap in compliance with the Science Based Targets initiative and the 2015 Paris Agreement. Salt has already committed to achieving net zero on Scopes 1 and 2 by 2025, i.e. essentially the direct emissions associated with fossil fuel combustion for mobility and heating, and electricity.

Main facts in 2022

- Carbon footprint increases by +7'595 tons of CO2 eq. from 2021 to 2022, mainly due to higher volumes of devices and accessories sold and the peak of 5G deployment in 2022. The latter is expected to decrease from now on.

Outlook for 2023

- Validation and publication of reduction targets in line with the Science Based Target initiative and 2015 Paris Agreement

Salt carbon footprint

In tons of CO2 eq.	2021		2022	
Scope 1 (direct emissions due to the combustion of fossil fuels for heating and mobility and to refrigerants)	690	*1.5%*	717	*1.3%*
Scope 2 (emissions due to electricity 'market-based' and district heating)	101	*0.2%*	93	*0.2%*
Scope 3 (indirect emissions related to Salt operations and supply chain)	45'106	*98.3%*	52'681	*98.5%*
Total emissions	45'897	*100.0%*	53'492	*100.0%*

Salt's greenhouse gas (GHG) emissions are measured in accordance with the GHG Protocol standard with the methodological support and external verification of myclimate, an independent non-profit organisation with extensive expertise in corporate carbon footprints. The calculations are carried out by myclimate based on data from ecoinvent database, various external studies and Salt's own data.

Scope 1 relates to direct emissions from fossil fuel combustion for Salt's car fleet and owned or leased buildings (offices, data centres) and refrigerants. The increase in emissions is mainly due to a higher number of cars in operation (mainly due to B2B) and overall higher travel activity post-covid, which more than offsets further efficiency gains that were made in the year.

Scope 2 relates to direct emissions from electricity and district heating for Salt's network (mobile base stations, access and core networks), offices and data centres.

Scope 3, representing most of Salt carbon footprint, covers the indirect emissions related to Salt's operations and supply chain, especially the purchased/capitalized goods and services. Rented stores' electricity and heating emissions are also categorized under scope 3. The increase in emissions is mainly due to higher volumes of devices and accessories sold and the peak of 5G deployment in 2022.

"Location-" and "market-based" emissions related to electricity in Scope 2

In tons of CO2 eq.	2021	2022
"Lcation-based" emissions (using Switzerland average mix of energy sources)	5'508	4'510
"Market-based" emissions (based on Salt energy contracts and certified electricity, as reported in above table)	94	90

Car fleet

The car fleet available to sales representatives (company cars) and other employees (pool cars) consists of 79 cars in December 2022, of which 11 are diesel cars (115 CO2 g/km according to NEDC norm), 6 are gas hybrid cars (96g) introduced in 2018 and 62 are plug-in hybrid electric cars (35 CO2 g/km according to WLTP norm) introduced since 2020. The 6 remaining gas cars will be replaced in 2023 and the 11 diesel cars will be changed in 2024. In addition, the offices are being equipped with charging stations and drivers are motivated and guided towards more efficient and environmentally conscious driving behavior. Salt is also funding 50% of the charging station installation at employees' home.

Reduction of travel carbon footprint

Complementing the car fleet, Salt acts on both commuting and business travel to reduce CO2 emissions:

- Employees were already entitled to work from home up to 20% before the COVID-19 crisis. The proportion of working from home went up to 100% during the COVID-19 crisis peaks, whenever possible and compatible with specific work needs. As of March 2022, Salt employees are entitled to work from home 60% of the time, whenever possible.

- Video conferencing has long been favored to facilitate work between Salt offices and with partners. Video conferencing solutions have been reinforced in 2020 and continue to be used extensively even with the easing of the work from home rule since the COVID-19 crisis.
- Travel is subject to authorization and only reimbursed when relevant and video conferencing is not suitable. The use of public transportation, especially train travel, is favored.

Decrease of other resource consumption

On top of the above initiatives, Salt is continuously working on various actions to further reduce its resource consumption, including:

- Reducing paper consumption through process review, digitalization (where relevant), monitoring and incentives. Salt has been using FSC certified paper for customer invoices and collection letters since July 2019.
- Reducing office waste, especially in office cafeteria, by replacing single-use cardboard, plastic cups and mugs with washable ones.

Circular economy and sustainable offers

Salt is constantly improving its products and services to make them more sustainable

Main facts & achievements in 2022

- New BuyBack program launched in August with Revendo partnership to increase rate of devices brought back to stores for refurbishment
- Extension of eco-designed Salt Fiber box to B2B segment with Pro Office offer
- Launch of refurbished tablet offers for customers
- Social media campaign to promote more sustainable use of mobile devices for Earth Day 2022
- Continuation of network equipment resale as part of the intensive RAN refresh and 5G rollout

Outlook for 2023

- Continuous promotion of repair services and refurbishment
- New Keep & Care offer to insure existing devices (and not just newly purchased ones) against drops and broken displays, the most common problems customers face

Refurbishment

Another lever to improve the environmental impact of products distributed by Salt is to offer customers refurbished devices, thus avoiding the emissions associated with the material extraction and manufacturing phases, that generally represent on average 80% of the device footprint.

Earth Day 2022 campaign on social media

Salt Fiber Box X6 key aspects

- Second-generation Fiber Box with 10 Gbps FTTH launched in 2021
- Eco-designed, leading to a carbon footprint reduction of 21%, i.e. 22kg CO2 eq. saved during the device lifetime compared to the first-generation Fiber Box.
- Proven by an independent Life-Cycle Assessment (by Bureau Veritas as part of the Bureau Veritas Footprint Progress® certification awarded to eco-designed products)
- Reduced device weight
- Use of post-consumer recycled plastic for the box casing
- Improved packaging
- Reduced energy consumption, especially in standby mode

Extending the lifespan of mobile devices

To reduce waste and in particular e-waste, Salt proposes attractive SIM only deals that enable and incentivize customers to continue using their perfectly functioning devices. In 2022, SIM only offers represent a large majority of all offers, and their share in terms of sales more than tripled since 2014.

Mobiles and tablets are key objects of daily life. To protect them and extend their lifespan, Salt offers 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 is made to planting trees to capture CO2 and support local community development in Ethiopia, Madagascar, Haiti, Nepal, Indonesia, Mozambique, Kenya and Central America thanks to a partnership with the recognized NGO Eden Reforestation Projects.

Closing the loop on e-waste

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

Salt applies the same approach when needing to renew its own network and IT equipment, thus is either resold, donated or properly recycled.

Finally, Salt offers e-SIM technology, which is an environmental-friendly alternative to traditional SIM cards and helps to avoid plastic waste.

b. Employees and social impact

Employees and Corporate Culture

Salt positions itself as an attractive employer and strives to provide the highest quality jobs in an open, diverse, healthy environment to maximize individual potential and company performance.

Main facts & achievements in 2022

- 1'026 FTEs* employed by Salt at the end of 2022
- 63 nationalities** as of 31.12.22
- 73 apprentices and 13 trainees** as of 31.12.22, across its different functions (including stores, logistics, customer care, IT, marketing, finance and HR). Out of the 27 apprentices finishing their training in July 2022, 63% continued to work for Salt.
- Women representing 28.5% of Salt workforce**, exceeding the average of the Swiss ICT industry
- Building on Gender equal pay analysis with the Women in Tech posts on social media and the facilitation of part-time hirings for women and men
- Continuous support to work-life balance with flexible work hours and working from home
- Review of Salt accident and daily sickness insurance policy portfolio to improve further employee benefits
- Successful launch of the 360° evaluation pilot to enhance Salt performance management process
- Training provided to managers, store and call center agents to resp. develop their leadership, sales and support skills

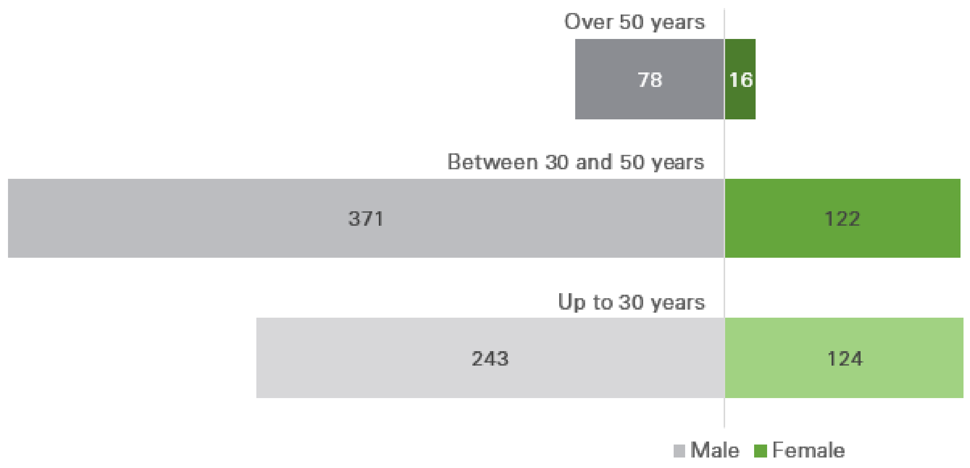
Outlook for 2023

- Continuous engagement to contribute to Swiss youth education
- Focus on Employer branding and quality recruitment
- Improvement of the onboarding process for new employees
- Building on the successful launch of the 360° evaluation for the whole company to insure improved performance management
- Facilitated part-time hiring for women and men
- Introduction of a standardized leadership training course
- Enhanced collaboration with universities

**: incl. affiliates, excl. apprentices and trainees, across three main office sites in Renens (headquarters), Biel and Zurich, over 100 stores across Switzerland and its additional call centre in Lisbon.*

***: in Switzerland and Liechtenstein, incl. apprentices and trainees – Excl. Portugal (Salt Services S.A.)*

Staff breakdown by gender and age, for Switzerland and Liechtenstein with apprentices and trainees (in FTEs)



Gender equality

In 2021, Salt conducted an equal pay analysis as required by the Swiss Gender Equality Act. The results showed that Salt complies with the requirements of the Swiss Gender Equality Act.

Women in Tech posts in social media

Since International Women's Day 2022, Salt has portrayed 20 women working in various departments (Network, IT, Sales, Finance, HR, Marketing...) to celebrate the role of women in tech and possibly inspire other women to join the ICT sector.

Salt benefits for its employees

- Flexible work hours, with the possibility of working from home and part-time.
- Maternity and paternity leave that exceed legal requirements: Maternity leave paid at 100% (no cap, vs. 80%, incl. cap, by law) for 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 that allow employees to decide how they want to invest in a financially well-managed pension fund. Salt supports risk insurance (disability, death) and contributes a sum based on the total fixed salary that exceeds the legal limit.
- Various gifts to celebrate births, weddings and work anniversaries, including paid leave, are offered.

Salt ensuring close contact & transparency with employees

Salt's flat and efficient organization with very few management layers and regular all-hands meetings ensures transparent communication on Salt initiatives, promotes employee involvement and encourages direct discussions with management.

Health and safety

Salt's Health and Safety department promotes and ensures a safe working environment for employees. It constantly improves the quality of health and safety culture through long-term solutions.

Main facts & achievements in 2022

- Consolidation of the Health and Safety (H&S) department
- Improvement of H&S training processes
- Update of bylaws including psychosocial risk (PSR) awareness
- PSR awareness trainings and workshops with line managers
- First aid training refresh to Salt first aid team
- Generic mailbox to address H&S-related questions and suggestions from all employees
- Action plan to decrease the number of incidents and illnesses among employees
- Monitoring of health and safety regulations, esp. in regard to new regulations

Outlook for 2023

- Analysis to reduce absenteeism and turnover rates
- Implementation of an external solution of trusted person available to any employee to address professional or personal matters
- Review and strengthening of policies, esp. in regard to the prevention of harassment and mobbing
- Continuation of compliance assessment and improvement, esp. in regard to new regulations

Accidents in Switzerland and Liechtenstein

In 2022, the lost-time injury rate in Switzerland and Liechtenstein decreased to 22.1 per one thousand full-time employees per year, in reduction of 6% compared to 2021. 71% of professional accidents in 2022 were minor accidents (vs. 38% in 2021), causing no or less than 3 days of absence from work.

	2021	2022
Occupational accidents	21	24
Occupational fatalities	0	0
Lost-time injury rate * (per 1'000 full-time employees)	23.5	22.1

**: Incl. apprentices and trainees*

Corporate volunteering and community

Salt is committed to the community and especially the most vulnerable ones.

Main facts & achievements in 2022

- Corporate volunteering activities
- 25 employees participated in the Morat-Fribourg and Geneva Escalade runs. They also helped the charity Paint a Smile, which enables children's wards in Geneva hospitals to be decorated by artists to provide a welcoming place for young children when they need to visit.
- Free of charge calls from Switzerland to Ukraine, within Ukraine and from Ukraine to Switzerland during the month following the outbreak of war in Ukraine.

Outlook for 2023

- Continuous efforts in terms of volunteering and accessibility

Corporate volunteering

To incentivize more employees to take on an environmental or social engagement, Salt offers all employees to spend one working day per year on volunteer projects.

Pascal Grieder, former Salt CEO, spent one day with Pro Infirmis, organisation that represents disabled people in Switzerland and whose goal is to help them better participate in everyday life. He took part in assessing the accessibility of various places of interest (e.g. museums, restaurants).

Geneva Escalade run

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 requires from its providers and their subcontractors to comply with regulations relating to human rights, environmental protection and ethics. Salt pays particular attention to the environmental performance of products and services and takes it into account in business decisions, e.g. in the selection of its network equipment.

c. Governance

Management and shareholders

The Matterhorn Group and its shareholder NJJ strive to draw on diverse and specialized expertise in the management and operation of Salt.

Main facts in 2022

- Alexandra Reich and Libor Voncina elected as new members to the Board of Directors of Salt Mobile SA. Jeannine Pilloud and Martin Lehmann left.

  Alexandra Reich served as CEO of Telenor Thailand and Hungary and held executive roles at Deutsche Telekom, Sunrise and Swisscom among others, and today is on the board of DELTA Fiber in the Netherlands, Cellnex and Speed Connect Austria.

  Libor Voncina's roles include CEO of Sunrise Communications, CEO of KPN Group Belgium and CEO of Telekom Slovenija.

- Pierre-Emmanuel Durand elected as new member to the Boards of Directors of Matterhorn Telecom Holding S.A. and Matterhorn Telecom S.A. Emilie Bordaneil and Véronique Hermet left.

Outlook for 2023

- Massimiliano "Max" Nunziata appointed as new Salt CEO, formally taking over on June 1, 2023 and replacing Pascal Grieder who decided to step down for personal reasons after almost 5 years in the job.

  Max Nunziata has held several challenging leadership positions in various industries and geographies in both B2C and B2B markets over the last 30 years. Most recently he served as CEO of BonusCard a leading provider or credit and prepaid cards at Cornèr Bank Group. He grew up in Geneva and studied Electrical Engineering with specialization in Telecommunications at the ETH Zürich. He began his career at the European Headquarters of Procter & Gamble in Brussels. He then joined GE Capital where, over a period of 18 years, he held positions in Internal Audit, M&A, Six Sigma, Operations and Sales before becoming CEO of the Italian Leasing and Fleet Management businesses. In 2013, he returned to Switzerland to join the Management Board of Sunrise as Chief Customer Experience Officer and then Chief Business Officer.

Salt 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 businesses.
Matterhorn Telecom Holding S.A. (in Luxembourg) directly owns 100% of Matterhorn Telecom S.A. (in Luxembourg), which in turn directly owns 100% of the principal operating company, Salt Mobile S.A. (in Switzerland).

The current Boards of Directors consist of the following individuals:

Entity	Frequency	Nr of directors	Directors	
Matterhorn Telecom Holding S.A. (Luxembourg)	Meetings (6)	5	- Olivier Rozenfeld, since 2015 - Franck Bernard, since 2018 - Pierre-Emmanuel Durand, since 2022	- Geoffrey Henry, since 2015 - Valerie Emond, since 2015
Matterhorn Telecom S.A. (Luxembourg)	Meetings (6)	5	- Olivier Rozenfeld, since 2015 - Franck Bernard, since 2018 - Pierre-Emmanuel Durand, since 2022	- Geoffrey Henry, since 2015 - Valerie Emond, since 2015
Salt Mobile SA (Switzerland)	Meetings (7)	9	- Xavier Niel, since 2016 - Olivier Rozenfeld, since 2015 - Franck Brunel, since 2016 - Pierre-Alain Allemand, since 2019 - Pierre-Emmanuel Durand, since 2020	- Marc Furrer, since 2021 (chairman) - Jacques de Saussure, since 2018 - Alexandra Reich, since 2022 - Libor Voncina, since 2022

Appointed Member and Chairman of the Board of Directors of Salt at the Annual General Meeting in May 2022, Marc Furrer was the longstanding President of the Swiss Federal Communications Commission (from 2005 to 2016) and the first Director of the Swiss Federal Office of Communications (from 1992 to 2005).

The members of the Management Board of Salt are:

Name	Position	Year of appointment
Mr. Max Nunziata	Chief Executive Officer (starting Jun.23)	2023
Dr. Pascal Grieder	Former Chief Executive Officer (until Feb.23)	2018
Mr. Franck Bernard	Chief Financial Officer (and Chief Executive Officer ad interim from Feb. to May 23)	2017
Mr. Lars Keller	Chief Sales Officer	2018
Mr. Stefano Orlando	Chief Customer Operations Officer	2016
Mr. Eric Wolff	Chief Technology Officer	2015
Mr. Atila Civelek	Chief Marketing Officer	2021
Ms. Nina Hagmann	Chief Corporate Affairs and Chief Legal Officer	2020
Mr. Christian Aveni	Chief Business Officer	2019
Mr. Luis Hernandez	Chief Strategy and Business Development Officer	2021

More information about the members of the Management Board can be found on the Salt website:
https://www.salt.ch/en/about/management

Salt's ESG initiatives are now supervised at Management Board level by Franck Bernard – who is also responsible for Investor Relations – and at Board of Director level by Olivier Rozenfeld. ESG topics are discussed at least quarterly in Salt Management Board and involve all relevant stakeholders across the company (including, in particular, network, devices, facilities, HR, finance).

Corporate governance, compliance and ethics

Corporate governance is a pivotal element of the Matterhorn Group, Salt and its shareholder NJJ's core values. Salt's management, together with the support of the NJJ team, promotes and ensures that the highest ethical standards, internal controls and compliance with the law are followed.

Main facts & achievements in 2022

- Admission as member of a self-regulatory organization to comply with requirements on anti-money laundering
- Preparation to the revision of Swiss law on data protection coming into force on September 1, 2023 (see more details in the Personal data and cyber security section)

Outlook for 2023

- Continuous work on the new regulations for 2023, in particular the revision of Swiss Telecommunication services Ordinance coming into force on January 1, 2023, esp. regarding business continuity and security to ensure the reliability of Swiss critical infrastructures
- Preparation for the ISSB standard on ESG reporting to be published in 2023 and enter into force in 2024

In order to evaluate the governance of Salt, as well as the impact on shareholders and on consumers, Salt is subject to external control by official entities and decision-making processes provided by law, but also to independent controls by non-official entities as well as to internal controls. In relation to Salt, these controls include in particular:

- Compliance with applicable law incl. corporate governance provisions under the Swiss Code of Obligations,
- Compliance with regulations on antitrust and fair competition: Control by the Swiss Competition Commission,
- Compliance with the Swiss Telecommunication Act, lastly revised in 2020 and enforced in 2021: Control by the Federal Office of Communication and Communication 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 the Swiss Act on Data Protection whose last revision will come into force on September 1, 2023: Control by the Federal Data Protection and Information Commissioner
- Compliance with labour (protection of workers' health) and safety laws: Control by cantonal labour inspections.

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

- The Salt Code of Ethics stipulates Salt's commitment to adhere to the highest ethical standards within Salt and across all areas 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.

The Salt Code of Ethics explains 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.
This Code of Ethics is known to all employees (onboarding process, intranet etc.) and any alleged violation is investigated and actions are taken if needed (up to termination of employment).

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, and formalized it in its general terms and conditions.

Data protection and cyber security

Salt is committed to protecting 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, train its employees and put in place the appropriate legal framework. Salt has appointed a data privacy officer.

Main facts & achievements in 2022

In preparation of the revised Swiss Data Protection Law effective September 1, 2023:

- Streamlining of privacy policies (public and internal) to fully support updated regulation and ease the implementation by different internal stakeholders
- Adaptation of services provided to Salt customers to ensure ease of understanding and full transparency on how their personal data are collected and handled (e.g. Privacy statement, including cookies notice)
- Alignment and simplification of data privacy documentations for Salt representatives to better answer questions coming from customers
- Communication improvement towards Salt employees and job applicants on how their personal data are collected and handled
- Periodical companywide awareness communications as well as tailored sessions with internal stakeholders to align and improve personal data handling (e.g. contracts with partners)

Regarding cyber security:

- External audits of several Salt application platforms (made on a regular basis)
- Multiple awareness actions toward employees regarding security concerns, with a special focus on phishing campaigns

Outlook for 2023

- Continuous improvement of data protection communications material and trainings towards employees and customers
- Improved automation of data deletion and/or anonymization on systems handling personal data
- Support to business units in projects related to personal data processing (e.g. Big Data) to guarantee the full compliance with regulations
- Launch of bug bounty program in 2023 to report and fix vulnerabilities
- Update Salt practices to ISO2700x:2022 edition
- Continuous improvements of Salt security infrastructure and process

Salt conducts internal and external vulnerability scans on a weekly basis, as well as regular penetration tests and tests for any new business service.
Information is classified based on strict conventions. Access to Salt's systems and information is based on the security principles of "Need to know, need to have" and "Least privileges". Salt's Information Security is based on ISO 2700x as well as industry standards.

3. Salt contribution to UN SDGs

As part of its ESG strategy, Salt contributes to the Sustainable Development Goals included in United Nations Agenda 2030. In particular, Salt contributes to the following goals:

Goal	Salt contribution		
3 GOOD HEALTH AND WELL-BEING	- Salt health and safety organization, - Flexibility offered through flexible work hours, working from home and part-time work to ensure a good work-life balance, - Promotion of physical activities.	8 DECENT WORK AND ECONOMIC GROWTH	- Attractive benefits and working conditions equally offered to men and women, - Engagement in favor of youth training and employment, especially apprentices, - Conditions requested from all providers to respect high level of ethics and regulations, - Salt investment in terms of network, fiber and specific business offers to facilitate business in Switzerland.
4 QUALITY EDUCATION	- Contribution to Swiss youth education and their entry into the labour market by training apprentices and trainees and sponsoring bachelor student research projects, - Specific training to staff, - Broadband access and laptop offers facilitating distance learning especially since COVID-19.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	- Development of Salt mobile and fixed network infrastructure, with a special focus on service quality and energy efficiency, to provide affordable services to B-to-C and B-to-B customers.
5 GENDER EQUALITY	- Promotion of women careers at each level of Salt organization, - Equal opportunities and pay monitored by an equal pay analysis performed in 2021 that showed Salt compliance with Swiss legal requirements.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	- Eco-design of new Fiber Box launched in 2021, - Refurbished devices proposed to customers, - Services for a more sustainable use of devices: Repair services / Care Insurance for lifespan extension, BuyBack program for reselling, in-store drop-off for recycling, - Reselling, donation and recycling of network and IT equipment, Optimized resource consumption.
7 AFFORDABLE AND CLEAN ENERGY	- Adoption of green energy, - Energy efficiencies, especially in network.	13 CLIMATE ACTION	- Progressive integration of climate protection measures in Salt decisions and strategy.

MATTERHORN TELECOM HOLDING S.A.

Consolidated financial statements for the year ended December 31, 2022

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

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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 2022, 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 2022;
- 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.

PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including 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

Luxembourg, 23 March 2023

Tal Ribon

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Swiss Francs)	Notes	2022	2021
Revenue	4	**1'073'272**	**1'043'618**
Access, backbone, interconnection and content costs	5	(120'813)	(123'077)
Commercial expenses and cost of equipment sold	5	(237'435)	(220'067)
Network, IT, property expenses and other purchases	5	(54'890)	(54'781)
Wages, salaries and post-employment benefits	9	(90'095)	(86'104)
Other operating expenses	12	(27'913)	(27'946)
Other operating income	12	9'343	9'181
Gain on disposal and other gains	14	1'333	49'197
Restructuring, transition and transaction costs		(120)	(3'631)
Corporate and monitoring fees		(4'000)	(3'928)
Depreciation and amortization	6	(251'092)	(246'049)
Depreciation of right-of-use assets	13	(38'308)	(44'192)
Operating profit		**259'282**	**292'221**
Finance costs	10	(103'169)	(104'376)
Finance income	10	530	2'100
Finance costs, net		**(102'639)**	**(102'276)**
Profit before tax		**156'643**	**189'945**
Income tax (expenses) / benefit	7	(41'522)	(33'474)
Profit attributable to owners		**115'121**	**156'471**

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	2022	2021
Profit		**115'121**	**156'471**
Gain (loss) on cash flow hedge	10	(32'744)	(9'656)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	8'204	2'324
Net other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods		**(24'540)**	**(7'332)**
Remeasurement of defined benefit obligation	9	(841)	(529)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	111	45
Net other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods		**(730)**	**(484)**
Other comprehensive income / (loss) after tax		**(25'270)**	**(7'816)**
Total comprehensive income		**89'851**	**148'655**

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, 2022	December 31, 2021
ASSETS			
Non-current assets			
Goodwill	6	1'313'793	1'313'793
Other intangible assets	6	893'979	916'555
Property, plant and equipment	6	500'929	463'244
Right-of-use assets	13	207'099	204'007
Trade receivables and contract assets	4,11	45'331	40'309
Derivative assets	10	405	4'708
Other non-current assets	11,12	8'861	9'070
Prepaid expenses*	12.3	9'789	9'487
Deferred tax assets	7	3'890	4'176
Total non-current assets		**2'984'076**	**2'965'349**
Current assets			
Inventories	5	23'655	29'267
Trade receivables and contract assets	4,11	227'067	233'745
Other current assets	11,12	12'504	10'169
Prepaid expenses*	12.3	31'961	27'396
Cash and cash equivalents	11,12	356'234	306'329
Total current assets		**651'421**	**606'906**
TOTAL ASSETS		**3'635'497**	**3'572'255**

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

*2021 comparative re-presented, refer to note 1.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2022	December 31, 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	12	8'200	8'200
Share premium	12	283'375	205'591
Retained earnings		(69'992)	(37'329)
Other reserves		(15'384)	9'886
Total equity		**206'199**	**186'348**
Non-current liabilities			
Long-lived assets payables	6,11	420'806	403'248
Borrowings and other financial liabilities	10,11	1'751'709	1'807'931
Lease liabilities	11,13	658'286	670'677
Employee benefits obligations	9	3'324	5'029
Provisions	8	27'110	29'817
Derivative liabilities	10	138'383	24'939
Deferred tax liabilities	7	16'941	29'037
Total non-current liabilities		**3'016'559**	**2'970'678**
Current liabilities			
Trade payables	11	108'897	132'634
Long-lived assets payables	6,11	110'553	100'662
Borrowings and other financial liabilities	10,11	10'251	10'745
Lease liabilities	11,13	63'424	61'461
Employee benefits obligations	9	16'106	11'634
Provisions	8	2'452	3'890
Other liabilities	12	79'011	70'968
Deferred income	4	22'045	23'235
Total current liabilities		**412'739**	**415'229**
TOTAL EQUITY AND LIABILITIES		**3'635'497**	**3'572'255**

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, 2021		**8'200**	**273'981**	**(985)**	**18'687**	**(117)**	**12'927**	**312'693**
Profit attributable to owners		-	-	-	-	-	156'471	156'471
Loss on cash flow hedge	10	-	-	(9'656)	-	-	-	(9'656)
Remeasurement of defined benefit obligation	9	-	-	-	(529)	-	-	(529)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	-	-	2'324	45	-	-	2'369
Total comprehensive income		**-**	**-**	**(7'332)**	**(484)**	**-**	**156'471**	**148'655**
Reclassification from other reserves to retained earnings		-	-	-	-	117	(117)	-
Dividend	12	-	-	-	-	-	(206'610)	(206'610)
Contribution from Shareholder to Share Premium	12	-	200'000	-	-	-	-	200'000
Share Premium repayment	12	-	(268'390)	-	-	-	-	(268'390)
Balance at January 1, 2022		**8'200**	**205'591**	**(8'317)**	**18'203**	**-**	**(37'329)**	**186'348**
Profit attributable to owners		-	-	-	-	-	115'121	115'121
Loss on cash flow hedge	10	-	-	(32'744)	-	-	-	(32'744)
Remeasurement of defined benefit obligation	9	-	-	-	(841)	-	-	(841)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	-	-	8'204	111	-	-	8'315
Total comprehensive income		**-**	**-**	**(24'540)**	**(730)**	**-**	**115'121**	**89'851**
Dividend	12	-	-	-	-	-	(147'784)	(147'784)
Contribution from Shareholder to Share Premium	12	-	147'784	-	-	-	-	147'784
Share Premium repayment	12	-	(70'000)	-	-	-	-	(70'000)
Balance at December 31, 2022		**8'200**	**283'375**	**(32'857)**	**17'473**	**-**	**(69'992)**	**206'199**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Swiss Francs)	Notes	2022	2021
OPERATING ACTIVITIES			
Profit attributable to owners		**115'121**	**156'471**
Adjustments to reconcile profit/(loss) to funds generated from operations			
Depreciation and amortization	6	251'092	246'049
Depreciation of right-of-use assets	13	38'308	44'192
Change in other provisions	8	(4'563)	(605)
Income tax recognized in the income statement	7	41'522	33'474
Finance costs net	10,11	102'639	102'276
Other non cash transaction		1'472	2'576
Net result on disposal of businesses and other gains	14	(1'333)	(49'197)
Gain on disposal of property, plan and equipment		(1'328)	(550)
Change in inventories, trade receivables and trade payables			
Decrease/(increase) in inventories	5	5'612	(8'980)
Decrease/(increase) in trade receivables	4	(779)	(23'068)
Increase/(decrease) in trade payables	11	(25'360)	8'246
Decrease/(increase) in other receivables and payables		(4'024)	(2'623)
Income tax paid	7	(35'414)	(23'462)
Decrease / (increase) in deposits		209	(329)
Net cash provided by operating activities		**483'174**	**484'470**
INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets	6	(204'625)	(184'263)
Proceeds from sale of an associate	14	-	145'928
Proceeds from sale of assets disposed		1'328	768
Net cash generated / (used) from investing activities		**(203'297)**	**(37'567)**
FINANCING ACTIVITIES			
Repurchase of debt instrument	10	(6'168)	-
Repayment of lease liabilities	10,11	(51'974)	(50'783)
Interest paid and other financial charges	10	(101'863)	(102'984)
Other financial income		287	154
Share premium repayment	12	(70'000)	(268'390)
Dividend paid	12	-	(6'610)
Net cash used in financing activities		**(229'718)**	**(428'613)**
Net change in cash and cash equivalents		**50'159**	**18'290**
Cash and cash equivalents at beginning of period		**306'329**	**288'970**
Effect of exchange rates changes on cash and cash equivalents		(254)	(931)
Net change in cash and cash equivalents		50'159	18'290
Cash and cash equivalents at end of period	12.2	**356'234**	**306'329**

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 Luxembourg 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, financial assets at fair value through profit or loss and the defined benefit pension plan that are measured at fair value.
The presentation of the current prepaid expenses as of 31.12.2021 in previous consolidated financial statements has been overstated by CHF 9.5 million and the non-current prepaid expenses has been understated by the same amount. The classification of the prepaid expenses as of 31.12.2021 between current and non-current in these financial statements has been re-presented accordingly, for comparability purposes. There is no impact on the consolidated statement of profit or loss.

These consolidated financial statements as at December 31, 2022 and the related consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the period from January 1, 2022 to December 31, 2022 were approved and authorised for issue on March 21, 2023 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 amendments for the first time for their annual reporting period commencing January 1, 2022.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. This amendment had no impact of the Group as it does not produces any items.

Reference to the Conceptual Framework – Amendments to IFRS 3
Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. These amendment had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. These amendments had no impact on the consolidated financial statements of the Group as of December 31, 2022.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. These amendments had no impact on the consolidated financial statements of the Group as there were no substantial modifications of the Group's financial instruments during the period.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

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, 2022 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)

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)	2022	2021
Audit fees	507	437
Audit-related fees	10	505
Other services	26	61
Fees	**543**	**1'003**

In 2021, the audit-related fees were incurred for the preparation of a potential IPO.

Note 2 – Accounting policies

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2022 and December 31, 2021. 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 of disposal 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 segment is the component of the Group that engages in business activities and which operating result is 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 segment' 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

According to 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, 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 and packages of connection to our FTTH customers. 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. There is no IRUs contract that meet the criterion of recognition and measurement of IFRS 16 Leases.

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	15 to 17 years
Software	3 to 5 years
Customer relations	1 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 minimum 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, or where the Group does not have the ability to exert either control or significant influence;
- 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 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.
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 rate based on market yields on high quality corporate bonds (same discount rate as the one used for the employee benefits).

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, the full provision is reported under non-current provision.

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.

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

The Group is reporting one operating segment. The operating segment is reported based on the internal reporting to the Chief Operating Decision Maker (CODM), and has been prepared in accordance with the Group's accounting policies. The CODM is using EBITDA (excluding the gain on disposal and other gains, holding companies impacts and IFRS adjustments) as the main measure of performance and for resource allocation purposes.

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)	2022	2021
Services revenue	896'689	872'714
Equipment revenue and other revenue	176'583	170'904
Revenue	**1'073'272**	**1'043'618**
EBITDA reported to CODM	**450'680**	**436'450**

EBITDA reported to CODM to profit before tax reconciliation

(in thousands of Swiss Francs)	2022	2021
EBITDA reported to CODM	**450'680**	**436'450**
Impact IFRS 15 and 16	96'182	98'687
EBITDA Holding companies and other top consolidation adjustment	487	(1'872)
Result on disposal and other gains	1'333	49'197
Depreciation and amortization	(251'092)	(246'049)
Depreciation of right-of-use assets	(38'308)	(44'192)
Operating profit	**259'282**	**292'221**
Finance costs	(103'169)	(104'376)
Finance income	530	2'100
Finance costs, net	**(102'639)**	**(102'276)**
Profit before tax	**156'643**	**189'945**

Note 4 – Sales

4.1 Revenue

(in thousands of Swiss Francs)	2022	2021
Services revenue	896'689	872'714
Equipment revenue and other revenue	176'583	170'904
Revenue	**1'073'272**	**1'043'618**

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 155.9 million is expected to be recognised from such contracts in the coming years (CHF 40.1 million in 2024 and 2025).

In 2022, 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 4.4 million (CHF 6.0 million in 2021).

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, 2022	December 31, 2021
Contract assets	59'840	58'770
Trade receivables	256'432	249'857
Allowance for doubtful receivables	(43'874)	(34'573)
Trade receivables and contract assets	**272'398**	**274'054**

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, 2022	Expected Credit Loss rate	December 31, 2021
Past due - under 60 days	6%	34'662	7%	35'250
Past due - 60 to 120 days	38%	2'656	12%	7'359
Past due - over 120 days	98%	35'633	70%	38'548
Gross trade receivables and contract assets past due		**72'951**		**81'157**
Gross trade receivables and contract assets not past due	**2%**	**243'321**	**2%**	**227'470**
Gross trade receivables and contract assets		**316'272**		**308'627**

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 other partners customers are treated on a case by case basis. Receivables under servicing agreement are recognised in 2022 for a total value of CHF 33.3 million (CHF 25.6 million in 2021), most of them being covered by a bad debt provision amounting CHF 32.8 million (CHF 25.0 million in 2021).

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, 2022 the receivables classified as fair value through profit or loss, had a carrying amount, equivalent to their fair value, of approximately CHF 0.8 million (CHF 1.7 million in 2021).

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, 2022	Additions	Used	December 31, 2022
Allowance for doubtful receivables	**(34'573)**	(24'079)	14'778	**(43'874)**

(in thousands of Swiss Francs)	January 1, 2021	Additions	Used	December 31, 2021
Allowance for doubtful receivables	**(25'594)**	(24'493)	15'514	**(34'573)**

4.3 Deferred income

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Customer contract liabilities	21'506	22'725
Other deferred income	539	510
Deferred income	**22'045**	**23'235**

Customer contract liabilities mainly corresponds to the deferral arising on the payment of prepaid cards and activation fees. The estimated revenue recognised in 2022 that was included in the customer contract liabilities balance at the beginning of the year amounts to CHF 13.2 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)	2022	2021
Interconnection and roaming costs	(109'854)	(111'333)
Transmission lines	(3'127)	(3'985)
Content costs	(7'832)	(7'759)
Access, backbone, interconnection and content costs	**(120'813)**	**(123'077)**

5.2 Commercial expenses and cost of equipment sold

(in thousands of Swiss Francs)	2022	2021
Commercial expenses	(62'980)	(54'203)
Cost of equipment sold	(174'455)	(165'864)
Commercial expenses and cost of equipment sold	**(237'435)**	**(220'067)**

5.3 Network, IT, property expenses and other purchases

(in thousands of Swiss Francs)	2022	2021
Network and IT expenses	(20'984)	(23'803)
Property expenses	(6'390)	(4'097)
Subcontracting and professional services	(11'422)	(11'811)
Other purchases	(16'094)	(15'070)
Network, IT, property expenses and other purchases	**(54'890)**	**(54'781)**

5.4 Inventories

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Handsets and other devices	20'492	27'370
BTS under construction	5'117	3'890
Gross value	**25'609**	**31'260**
Provisions	(1'954)	(1'993)
Inventories	**23'655**	**29'267**

Note 6 – Long-lived assets

6.1 Goodwill

Goodwill as of December 31, 2022 amounts to CHF 1'313.8 million (CHF 1'313.8 million in 2021). 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 2021)
- Discount rate (WACC) pre-tax: 7.6% (5.3% in 2021)

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, 2022 (no impairment as of December 31, 2021).

2. Sensitivity analysis

A sensitivity analysis has been performed on recoverable values, based on significant variations the discount rate after tax (+2%) or expected cash-flows after tax (-20%). As at December 31, 2022 and 2021, the outcome of the impairment test was not materially sensitive to any of the changes described above.

6.2 Other intangible assets

Intangible assets were as follows as at December 31, 2022:

	December 31, 2022			
(in thousands of Swiss Francs)	Cost	Accumulated amortization	Accumulated Impairment	Net
Telecommunication licenses	364'297	(198'870)	-	165'427
Software	155'939	(131'990)	(4'516)	19'433
Customer contracts	680'846	(618'970)	-	61'876
Other intangibles assets	801'281	(153'948)	(90)	647'243
Intangible assets	**2'002'363**	**(1'103'778)**	**(4'606)**	**893'979**

Intangible assets were as follows as at December 31, 2021:

	December 31, 2021			
(in thousands of Swiss Francs)	Cost	Accumulated amortization	Accumulated Impairment	Net
Telecommunication licenses	364'098	(177'177)	-	186'921
Software	148'429	(122'166)	(4'516)	21'747
Customer contracts	680'847	(550'853)	-	129'994
Other intangibles assets	695'183	(117'200)	(90)	577'893
Intangible assets	**1'888'557**	**(967'396)**	**(4'606)**	**916'555**

Intangible assets under construction amounted to CHF 0.6 million as at December 31, 2022 (CHF 0.4 million as at December 31, 2021).

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, 2022	186'921	21'747	129'994	577'893	916'555
Additions	199	7'591	-	106'098	113'888
Amortization	(21'693)	(9'905)	(68'118)	(36'748)	(136'464)
Closing balance as at December 31, 2022	**165'427**	**19'433**	**61'876**	**647'243**	**893'979**

(in thousands of Swiss Francs)	Telecommunica-tion licenses	Software	Customer contracts	Other Intangibles assets	TOTAL
Opening balance as at January 1, 2021	208'614	20'004	198'240	502'463	929'321
Additions	-	11'370	-	107'514	118'884
Amortization	(21'693)	(9'627)	(68'246)	(32'084)	(131'650)
Closing balance as at December 31, 2021	**186'921**	**21'747**	**129'994**	**577'893**	**916'555**

Other Intangibles assets mainly include operating Indefeasible Rights of Use (IRUs) agreements that have been acquired for both our backhauling network (core and antennas) and our FTTH footprint.

Capitalised expenditure
The labour expenses capitalised during the year amounted to CHF 4.3 million (CHF 3.6 million as at December 2021).

6.3 Property, Plant and Equipment

Tangible assets were as follows as at December 31, 2022:

	December 31, 2022			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation	Accumulated Impairment	Net
Land and buildings	128'468	(88'743)	(18'142)	21'583
Network	1'592'215	(1'066'650)	(68'578)	456'987
IT equipment	24'336	(17'092)	(4'777)	2'467
Other property, plant and equipment	68'856	(46'817)	(2'147)	19'892
Tangible assets	**1'813'875**	**(1'219'302)**	**(93'644)**	**500'929**

Tangible assets were as follows as at December 31, 2021:

	December 31, 2021			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation	Accumulated Impairment	Net
Land and buildings	124'487	(84'282)	(18'142)	22'063
Network	1'535'274	(1'051'765)	(68'578)	414'931
IT equipment	22'946	(15'708)	(4'777)	2'461
Other property, plant and equipment	64'195	(38'259)	(2'147)	23'789
Tangible assets	**1'746'902**	**(1'190'014)**	**(93'644)**	**463'244**

Tangible assets under construction or paid in advance amounted to CHF 67.1 million as at December 31, 2022 (CHF 47.1 million as at December 31, 2021).

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, 2022	22'063	414'931	2'461	23'789	463'244
Additions	4'126	142'127	1'399	4'661	152'313
Depreciation and Impairment	(4'606)	(100'071)	(1'393)	(8'558)	(114'628)
Closing balance as at December 31, 2022	**21'583**	**456'987**	**2'467**	**19'892**	**500'929**

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 1, 2021	25'203	401'518	2'140	21'494	450'355
Additions	2'531	113'841	1'501	10'044	127'918
Depreciation and Impairment	(5'671)	(99'799)	(1'180)	(7'749)	(114'399)
Disposal of assets	-	(629)	-	-	(629)
Closing balance as at December 31, 2021	**22'063**	**414'931**	**2'461**	**23'789**	**463'244**

The accelerated depreciation recognised in 2022 amounted to CHF 10.5 million and was mainly related to Network assets that are no longer in use (CHF 11.2 million in 2021).

Capitalised expenditure
The labour expenses capitalised during the year amounted to CHF 7.9 million (CHF 7.4 million as at December 2021).

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)	2022	2021
Additions or advances in property, plant and equipment and intangible assets	**(266'201)**	**(246'802)**
Adjustments of non cash-flow effect items		
Net Increase / (decrease) in amounts due to fixed assets suppliers	61'576	62'539
Total adjustments of non cash-flow effect items	**61'576**	**62'539**
Cash effect of purchases of property, plant and equipment and intangible assets	**(204'625)**	**(184'263)**

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 15.73% (15.86% in 2021) 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 Luxembourg, are subject to an income tax at a rate of 24.94% (24.94% in 2021).

In Luxembourg, tax losses incurred before 2017 can be carried forward indefinitely. Since 2017, tax losses can be carried forward for a maximum of seventeen years. In Switzerland, tax losses can be carried forward for a maximum of seven years.

The income tax is broken down as follows:

(in thousands of Swiss Francs)	2022	2021
Current tax expense in respect of the current year	(45'017)	(47'593)
Deferred tax income / (expense)	3'495	14'119
Total tax expense	**(41'522)**	**(33'474)**

7.2 Group Tax Proof

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

(in thousands of Swiss Francs)	2022	2021
Profit / (loss) before tax before the share of net profit (loss) of associate result	**156'643**	**189'945**
Income tax rate	24.94%	24.94%
Theoretical income tax income / (expense)	**(39'067)**	**(47'372)**
Reconciliation items:		
Effect on deferred tax balances due to the change in income tax rate	197	(34)
Effect of different tax rates of subsidiaries operating in other jurisdictions	19'702	19'060
Deferred tax assets not recognized on tax loss carry forwards arising in the period	(664)	(302)
Effect of permanent differences	(13'669)	(12'207)
Non taxable income	-	12'022
Deferred tax assets not recognized on temporary differences	(8'252)	(4'606)
Other	231	(35)
Income tax expense recognised in profit or loss	**(41'522)**	**(33'474)**

Non taxable income in 2021 corresponds to the gain on the disposal of an associate (refer to Note 14).

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, 2022	December 31, 2021
Intangible assets & Property, plant and equipment	(78'300)	(93'797)
Lease obligation	78'984	81'991
Hedge accounting	(35)	104
Revenue recognition	(13'674)	(13'149)
Other	(26)	(10)
Net deferred taxes - Group	**(13'051)**	**(24'861)**
- Deferred tax assets	*3'890*	*4'176*
- Deferred tax liabilities	*(16'941)*	*(29'037)*

7.4 Change in Group net deferred taxes

(in thousands of Swiss Francs)	December 31, 2021	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2022
Pension	-	(111)	111	-
Intangible assets & Property, plant, equipment	(93'797)	15'497	-	(78'300)
Lease obligation	81'991	(3'007)	-	78'984
Hedge accounting	104	(8'343)	8'204	(35)
Revenue recognition	(13'149)	(525)	-	(13'674)
Other	(10)	(16)	-	(26)
Deferred taxes on temporary differences	**(24'861)**	**3'495**	**8'315**	**(13'051)**

(in thousands of Swiss Francs)	December 31, 2020	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2021
Pension	-	(45)	45	-
Intangible assets & Property, plant, equipment	(113'935)	20'138	-	(93'797)
Lease obligation	84'785	(2'794)	-	81'991
Hedge Accounting	(57)	(2'163)	2'324	104
Revenue recognition	(12'125)	(1'023)	-	(13'149)
Other	(16)	6	-	(10)
Deferred taxes on temporary differences	**(41'349)**	**14'119**	**2'369**	**(24'861)**

Unused tax losses for which no deferred tax asset has been recognised amounted to CHF 312.8 million as of December 31, 2022 (CHF 311.3 million as of December 31, 2021). Unused tax losses were incurred by the Luxembourg holding companies.

Note 8 – Provisions

(in thousands of Swiss Francs)	January 1, 2022	Additions	Used	Released	Discoun-ting	Other	December 31, 2022
Restructuring provisions	211	38	(249)	-	-	-	-
Provisions for dismantling and restoring sites	29'817	3'410	(479)	(2'295)	69	(3'412)	27'110
Other provisions	3'679	549	(1'463)	(313)	-	-	2'452
Provisions	**33'707**	**3'997**	**(2'191)**	**(2'608)**	**69**	**(3'412)**	**29'562**
of which non-current provisions	29'817	3'410	(479)	(2'295)	69	(3'412)	27'110
of which current provisions	3'890	587	(1'712)	(313)	-	-	2'452

The other movement for the dismantling and restoring sites provision is mainly due to the increase of the discount rate.

Note 9 – Employee benefits

9.1 Wages, salaries and post-employment benefits

(in thousands of Swiss Francs)	2022	2021
Wages, social contributions & individual incentive / bonus plans	(97'520)	(92'270)
Capitalised Labour	12'187	10'963
Post-employment benefits	(4'762)	(4'797)
Wages, salaries and post-employment benefits	**(90'095)**	**(86'104)**

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 2021, the Group received CHF 0.2 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 FTEs (excluding apprentices and trainees) at the end of 2022 was 1026 (945 in 2021).

9.2 Non Current Employee benefits obligation

(in thousands of Swiss Francs)	2022	2021
Post employment benefit	-	-
Other non current employee benefit	3'324	5'029
Wages, salaries and post-employment benefits	**3'324**	**5'029**

The other non current employee benefit relates to retention bonuses to be paid after a given service period.

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.
The main risks to which the Group is exposed in relation to operating defined benefit plan are:

– market and liquidity risks: these are the risks that the investments do not meet the expected returns over the medium to long-term, and/or that there is a mismatch between cash inflow and cash outflow. The structure of the portfolios is reviewed and asset-liability matching analyses are performed on a regular basis to minimize both risks.

– mortality risk: the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the plan and consequently increases in the plan's liabilities. Mortality assumptions are reviewed on a regular basis to mitigate this risk.

All Swiss plans qualify as defined benefit plans under IAS 19. Under Swiss accounting principles, the Pension Plan Salt Mobile SA is overfunded by 106% as of December 31, 2022 (December 31, 2021: 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 an external insurance company.

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 service cost for the year ending December 31, 2023 is CHF 4.4 million.

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

	December 31, 2022	December 31, 2021
Discount rate	2.25%	0.25%
Salary increase	1.25%	0.75%
Cost-of-living adjustment	0.00%	0.00%
Interest credit on total account balance	2.25%	0.25%
Mortality and disability - Swiss official tables	Swiss BVG 2020	Swiss BVG 2020

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, 2022	December 31, 2021
Present value of funded obligations	(135'656)	(140'289)
Fair value of plan assets	135'656	140'289
Employee benefit obligations	**-**	**-**

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, 2022	December 31, 2021
Service costs	(4'581)	(4'568)
Administration expenses	(181)	(229)
Net interest expenses	12	4
Net periodic pension cost	**(4'750)**	**(4'793)**

The service costs are as follows:

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Current service cost	(4'762)	(4'797)
Service costs	**(4'762)**	**(4'797)**

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

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Defined Benefit Obligation (DBO) at the beginning of period	140'289	139'291
Current Service cost	4'762	4'797
Interest cost	333	132
Employee contributions (incl. administration expenses)	3'301	2'744
Actuarial (gain) / loss - experience	13'998	7'321
Actuarial (gain) / loss - financial assumptions	(22'169)	(5'419)
Benefits paid	(4'858)	(8'577)
Defined Benefit Obligation (DBO) at the end of the period	**135'656**	**140'289**

The duration of the DBO is 9.4 years (11.7 years as at December 31, 2021).

The plan assets consists of the following categories of assets:

	December 31, 2022	December 31, 2021
Equity Securities	29%	41%
Bonds Securities	25%	22%
Real Estate / Property	19%	20%
Other	27%	17%
	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, 2022	December 31, 2021
Fair value of plan assets at the beginning of period	140'289	139'291
Return on plan assets	388	144
Return on plan assets greater / (less) than discount rate	(23'741)	11'204
Employer contributions	5'591	5'322
Employee contributions (incl. administration expenses)	3'295	2'747
Benefits paid	(4'858)	(8'577)
Changes in asset ceiling	14'692	(9'842)
Fair value of plan assets at the end of the period	**135'656**	**140'289**

The actual return on assets during the year is -15.48% (+9.77% as at December 31, 2021).

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

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Accrued pension cost at the beginning of period	-	-
Net periodic pension cost	(4'750)	(4'793)
Employer contributions	5'591	5'322
Amount recognised in OCI	(841)	(529)
Accrued pension cost at the end of the period	-	-

The variations resulting from changes in actuarial assumption have been summarized in the following sensitivity analysis as December 31, 2022:

(in thousands of Swiss Francs)	Current Assumption	Sensitivity change	DBO change
Discount rate	2.25%	0.50% increase	(6'157)
		0.50% decrease	6'839
Salary increase	1.25%	0.50% increase	1'067
		0.50% decrease	(1'069)

The variations resulting from changes in actuarial assumption have been summarized in the following sensitivity analysis as December 31, 2021:

(in thousands of Swiss Francs)	Current Assumption	Sensitivity change	DBO change
Discount rate	0.25%	0.50% increase	(7'863)
		0.50% decrease	8'995
Salary increase	0.75%	0.50% increase	1'359
		0.50% decrease	(1'345)

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, 2022	December 31, 2021
Employees, payables	311	249
Employees accrual	11'930	8'794
Social institutions, payables	3'865	2'591
Current employee benefit obligation	**16'106**	**11'634**

As at December 31, 2022 employees accrual mainly consists of bonus payables for CHF 10.7 million and holidays allowance for CHF 1.3 million (as at December 31, 2021, CHF 7.7 million and CHF 1.1 million, respectively).

Note 10 – Derivatives, borrowings and financial results

10.1 Derivatives and borrowing

Assets		December 31, 2022			December 31, 2021		
(in thousands of Swiss Francs)	Notes	Current	Non-current	Total	Current	Non-current	Total
Derivatives	10.2	-	405	**405**	-	4'708	**4'708**
Derivatives		**-**	**405**	**405**	**-**	**4'708**	**4'708**

Liabilities		December 31, 2022			December 31, 2021		
(in thousands of Swiss Francs)	Notes	Current	Non-current	Total	Current	Non-current	Total
Debt instruments		-	1'686'293	**1'686'293**	-	1'777'061	**1'777'061**
Accrued interest on debt instruments		10'251	-	**10'251**	10'739	-	**10'739**
Derivatives	10.2	-	138'383	**138'383**	-	24'939	**24'939**
Supplier financing agreement		-	65'416	**65'416**	-	30'870	**30'870**
Other		-	-	**-**	6	-	**6**
Borrowings and other financial liabilities		**10'251**	**1'890'092**	**1'900'343**	**10'745**	**1'832'870**	**1'843'615**

On April 29, 2022, the Group repurchased EUR 6.0 million principal amount of Senior Secured Notes due 2027 and unwound the related cross-currency interest rate swap for a total consideration of CHF 6.2 million. The result of the transaction has been recognized in consolidated statement of profit or loss.
On December 1, 2019, the Group entered into an interest-bearing supplier financing agreement with a network supplier and a financial institution. Under this agreement, the Group undertakes to pay to the financial institution the invoices with an extended deadline greater than one year. Supplier financing agreement outstanding balances amounts to CHF 65.4 million as of December 31, 2022 (CHF 30.9 million as of December 31, 2021).

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, 2022:

December 31, 2022

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	394'000	387'657	2027	4.00%	1'938
EUR	Term Loan B (b)	19.03.2020	400'000	393'560	2026	EURIBOR 3M (floored at 0) +2.375%	376
EUR	Senior Secured Notes (c)	19.09.2019	675'000	664'133	2026	3.125%	6'054
EUR	Senior Secured Notes (d)	19.09.2019	250'000	245'975	2024	2.625%	1'883
Total			**1'719'000**	**1'691'325**			**10'251**

The above debt instruments as of December 31, 2022 are hedged as follows:

December 31, 2022

Original currency	Debt instrument	Notional amount due from counterparty	Notional amount due to counterparty	Hedging rate	Maturity
		in thousands of currency unit	in thousands of CHF		
EUR	Senior Secured Notes (a)	140'000	144'060	3.94%	2024
		254'000	272'352	3.73%	2024
EUR	Term Loan B (b)	100'000	102'900	3.70%	2024
		300'000	308'700	3.72%	2024
EUR	Senior Secured Notes (c)	300'000	308'700	2.98%	2026
		100'000	102'900	3.03%	2026
		212'000	218'148	3.00%	2026
		63'000	64'827	3.00%	2026
EUR	Senior Secured Notes (d)	151'866	156'270	2.67%	2024
		98'134	107'211	2.51%	2024
		1'719'000	**1'786'068**		

The debt instruments (excluding transaction costs) issued by Matterhorn Telecom S.A. as at December 31, 2021:

December 31, 2021

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	413'560	2027	4.00%	2'068
EUR	Term Loan B (b)	19.03.2020	400'000	413'560	2026	EURIBOR 3M (floored at 0) +2.625%	331
EUR	Senior Secured Notes (c)	19.09.2019	675'000	697'883	2026	3.125%	6'361
EUR	Senior Secured Notes (d)	19.09.2019	250'000	258'475	2024	2.625%	1'979
Total			**1'725'000**	**1'783'478**			**10'739**

The above debt instruments as of December 31, 2021 are hedged as follows:

December 31, 2021

Original currency	Debt instrument	Notional amount due from counterparty	Notional amount due to counterparty	Hedging rate	Maturity
		in thousands of currency unit	in thousands of CHF		
EUR	Senior Secured Notes (a)	140'000	144'060	3.94%	2024
		260'000	278'785	3.73%	2024
EUR	Term Loan B (b)	100'000	102'900	3.70%	2024
		300'000	308'700	3.72%	2024
EUR	Senior Secured Notes (c)	300'000	308'700	3.19%	2024
		100'000	102'900	3.25%	2024
		212'000	218'148	3.19%	2024
		63'000	64'827	3.19%	2024
EUR	Senior Secured Notes (d)	151'866	156'270	2.67%	2024
		98'134	107'211	2.51%	2024
		1'725'000	**1'792'502**		

The debt instruments are recognised in the consolidated statements of financial position as follows:

(in thousands of Swiss Francs)	
As at December 31, 2020	**1'859'035**
Unrealised exchange loss (gain)	(83'319)
Amortization of debt issuance costs	1'344
As at December 31, 2021	**1'777'061**
Repurchase of debt instruments	(6'144)
Realized exchange loss (gain)	(865)
Unrealized exchange loss (gain)	(85'144)
Amortization of debt issuance costs	1'385
As at December 31, 2022	**1'686'293**

Credit lines

(in thousands of Swiss Francs)	December 31, 2022 Amount available	December 31, 2022 Amounts drawn down	December 31, 2021 Amount available	December 31, 2021 Amounts drawn down
Super Revolving Credit Facility	60'000	-	60'000	-
Bank overdraft	-	-	-	-
Credit lines	**60'000**	**-**	**60'000**	**-**

As at December 31, 2022, the Group has not drawn any amount under the RCF Agreement.

10.2 Derivative instruments

For the periods ended December 31, 2022 and December 31, 2021, 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.

The Group's cash-flow hedges consisted of cross-currency interest rate 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.

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.

During the third quarter 2022, the Group extended the maturity of the cross-currency interest rate Swaps on Senior Secured Notes (c) from 2024 to 2026 with a decrease of the hedging rate. Cash flows related to the extension of the maturity of the cross-currency interest rate Swaps will occur simultaneously with the payment of interests on Senior Secured Notes (c). As a result, the hedge instruments remains effective and the extension did not have any impact on the consolidated statement of profit or loss.

On April 29, 2022, the group unwound EUR 6 million cross-currency interest rate Swap following the repurchase and extinguishment of EUR 6 million of Senior Secured Notes due 2027.

During the year 2022, the cash flow hedges were effective, both retrospectively since inception and prospectively as of December 31, 2022. 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.

The net amount recognised in OCI (net change in OCI) related to hedging activities is described in the table below.

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Beginning accumulated OCI balance	**(11'010)**	**(1'354)**
Net loss deferred in accumulated OCI due to change in the fair value of the derivative (effective portion)	(118'463)	(92'974)
Reclassified out of accumulated OCI into Income Statement	85'720	83'318
Ending accumulated OCI Balance	**(43'753)**	**(11'010)**

10.3 Finance costs, net

(in thousands of Swiss Francs)	2022	2021
Commitment fees on Super Revolving Credit Facility	(466)	(373)
Amortization of debt issuance costs	(1'385)	(1'344)
Interest on bonds	(55'836)	(56'650)
Net foreign exchange losses (operating)	(1'214)	-
Net foreign exchange losses (financing)	(649)	(1'182)
Interest on lease agreements	(42'493)	(43'465)
Other financial expenses	(1'126)	(1'362)
Finance costs	**(103'169)**	**(104'376)**
Change in derivatives fair value (including Hedge ineffectiveness)	-	1'241
Net foreign exchange gains (operating)	-	859
Other financial gains	530	-
Finance income	**530**	**2'100**
Finance costs, net	**(102'639)**	**(102'276)**

In 2021, hedge ineffectiveness is due change in credit valuation adjustment.

10.4 Management of covenants

Under the 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, 2022, 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, 2022, 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, 2021 and December 31, 2022:

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Cash and cash equivalents net	356'234	306'329
Derivatives	(137'978)	(20'231)
Borrowings and other financial liabilities - Non Current	(1'751'709)	(1'807'931)
Borrowings and other financial liabilities - Current	(10'251)	(10'745)
Lease liabilities	(721'710)	(732'138)
Net debt	**(2'265'414)**	**(2'264'716)**

(in thousands of Swiss Francs)	Cash and cash equivalents net	Derivatives	Lease liabilities	Borrowings, and other financial liabilities	Net debt
As at December 31, 2021	**306'329**	**(20'231)**	**(732'138)**	**(1'818'676)**	**(2'264'716)**
Cash flow including interest payments	50'159	2'050	94'467	57'320	203'996
Supplier financing agreement	-	-	-	(34'546)	(34'546)
Repurchase of debt instruments	-	-	-	6'144	6'144
Acquisition- leases	-	-	(44'991)	-	(44'991)
Foreign exchange adjustments	(254)	(85'144)	-	86'009	611
Other non cash movements	-	(34'653)	(39'048)	(58'211)	(131'912)
As at December 31, 2022	**356'234**	**(137'978)**	**(721'710)**	**(1'761'960)**	**(2'265'414)**

(in thousands of Swiss Francs)	Cash and cash equivalents net	Derivatives	Lease liabilities	Borrowings, and other financial liabilities	Net debt
As at December 31, 2020	**288'970**	**72'132**	**(756'017)**	**(1'870'608)**	**(2'266'229)**
Cash flow including interest payments	18'290	(2'436)	94'248	61'955	172'056
Supplier financing agreement	-	-	-	(30'870)	(30'870)
Acquisition- leases	-	-	(30'576)	-	(30'576)
Foreign exchange adjustments	(931)	(85'144)	-	83'319	(2'756)
Other non cash movements	-	(4'782)	(39'793)	(62'472)	(107'047)
As at December 31, 2021	**306'329**	**(20'231)**	**(732'138)**	**(1'818'676)**	**(2'264'716)**

Other non cash movements mainly include finance costs and change in fair value of derivative instruments.

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. The Group is primarily exposed to a change in EURIBOR3m. To mitigate this risk, the Group entered into cross-currency interest-rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and Euribor3m rate interest amounts (refer to note 10.1).

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") and is calculated using probabilities of default of the banking counterparties. This risk of counterparty is considered as hedge ineffectiveness and is therefore recognized trough the consolidated income statement of the year. This CVA was nil. as of December 31, 2022 and 2021.

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 43.8 million as at December 31, 2022 (change of CHF 22.5 million as at December 31, 2021).

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

	December 31, 2022				
(in thousands of Swiss Francs)	Total	EUR	USD	GBP	CHF
Financial assets (A)	**649'997**	**20'275**	**1'374**	**283**	**628'064**
Other assets	21'365	168	-	-	21'197
Trade receivables	272'398	9'939	632	-	261'827
Cash and cash equivalents	356'234	10'168	742	283	345'041
Financial liabilities (B)	**2'407'248**	**1'746'447**	**10'508**	**46**	**650'246**
Debt instruments excluding issuance costs(1)	1'691'325	1'691'325	-	-	-
Supplier financing agreement	65'416	-	-	-	65'416
Trade payables	108'897	42'590	5'601	46	60'660
Long-lived assets payables	531'359	2'281	4'908	-	524'170
Current borrowings and other financial liabilities (1)	10'251	10'251	-	-	-
Net exposure (A) - (B)	**(1'757'251)**	**(1'726'172)**	**(9'134)**	**237**	**(22'182)**

(in thousands of Swiss Francs)	December 31, 2021 Total	EUR	USD	GBP	CHF
Financial assets (A)	**599'622**	**43'776**	**3'519**	**324**	**552'003**
Other assets	19'239	155	-	-	19'084
Trade receivables	274'054	13'869	2'745	-	257'440
Cash and cash equivalents	306'329	29'752	774	324	275'479
Financial liabilities (B)	**2'461'637**	**1'847'535**	**21'317**	**431**	**592'354**
Debt instruments excluding issuance costs [1]	1'783'478	1'783'478	-	-	-
Supplier financing agreement	30'870	-	-	-	30'870
Trade payables	132'634	50'915	19'241	431	62'047
Long-lived assets payables	503'910	2'397	2'076	-	499'437
Current borrowings and other financial liabilities [1]	10'745	10'745	-	-	-
Net exposure (A) - (B)	**(1'862'015)**	**(1'803'759)**	**(17'798)**	**(107)**	**(40'351)**

[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, 2022 Net position at the end of the year [2]	+10% change	-10% change
EUR	(24'998)	(2'273)	2'778
USD	(9'893)	(899)	1'099
GBP	213	19	(24)

(in thousands of currency)	December 31, 2021 Net position at the end of the year [2]	+10% change	-10% change
EUR	(9'223)	(838)	1'025
USD	(19'500)	(1'773)	2'167
GBP	(87)	(8)	10

[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, 2022	
(in thousands of Swiss Francs)	Book value	Estimated fair value
Loans, receivables and cash and cash equivalents	**649'997**	**649'997**
Other assets	21'365	21'365
Trade receivables	272'398	272'398
Cash and cash equivalents	356'234	356'234
Financial liabilities at amortised cost	**(2'402'216)**	**(2'271'606)**
Debt instruments and accrued interests on debt instruments	(1'696'544)	(1'565'934)
Supplier financing agreement	(65'416)	(65'416)
Trade payables	(108'897)	(108'897)
Long-lived assets payables	(531'359)	(531'359)
Hedging derivatives	**(137'977)**	**(137'977)**

	December 31, 2021	
(in thousands of Swiss Francs)	Book value	Estimated fair value
Loans, receivables and cash and cash equivalents	**599'622**	**599'622**
Other assets	19'239	19'239
Trade receivables	274'054	274'054
Cash and cash equivalents	306'329	306'329
Financial liabilities at amortised cost	**(2'455'214)**	**(2'452'572)**
Debt instruments and accrued interests on debt instruments	(1'787'800)	(1'785'158)
Supplier financing agreement	(30'870)	(30'870)
Trade payables	(132'634)	(132'634)
Long-lived assets payables	(503'910)	(503'910)
Hedging derivatives	**(20'231)**	**(20'231)**

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

		December 31, 2022	
(in thousands of Swiss Francs)	Net finance costs	Other operating expenses and income	Other comprehen-sive income
Other non-current assets	-	-	-
Trade receivables	(2'435)	(21'551)	-
Other receivables and payables	-	-	-
Cash and cash equivalents	14	-	-
Borrowings, derivatives and other financial liabilities	(101'916)	-	(32'744)
Trade payables	1'221	-	-
Total	**(103'116)**	**(21'551)**	**(32'744)**

(in thousands of Swiss Francs)	Net finance costs	Other operating expenses and income	Other comprehen-sive income
	December 31, 2021		
Other non-current assets	-	-	-
Trade receivables	1'966	(17'895)	-
Other receivables and payables	2	-	-
Cash and cash equivalents	1	-	-
Borrowings, derivatives and other financial liabilities	(103'135)	-	(9'656)
Trade payables	(1'107)	-	-
Total	**(102'273)**	**(17'895)**	**(9'656)**

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

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)	Net book value	Contractual Cash Flow	<1 Year	Between 1 and 5 Years	> 5 Years
	December 31, 2022				
Trade and long-lived asset payable	**(640'256)**	**(640'256)**	(219'450)	(229'828)	(190'978)
Debt instruments and accrued interests on debt instruments	**(1'696'544)**	**(1'922'858)**	(61'008)	(1'861'850)	-
Supplier financing agreement	**(65'416)**	**(65'416)**	(3'585)	(61'831)	-
Lease liability	**(721'710)**	**(1'134'768)**	(92'067)	(294'509)	(748'192)

(in thousands of Swiss Francs)	Net book value	Contractual Cash Flow	<1 Year	Between 1 and 5 Years	> 5 Years
	December 31, 2021				
Trade and long-lived asset payable	**(636'544)**	**(636'544)**	(233'296)	(224'454)	(178'794)
Debt instruments and accrued interests on debt instruments	**(1'787'800)**	**(2'070'949)**	(59'764)	(1'582'429)	(428'756)
Supplier financing agreement	**(30'870)**	**(30'870)**	-	(30'870)	-
Lease Liability	**(732'138)**	**(1'182'787)**	**(93'553)**	**(288'042)**	**(801'191)**

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

12.1 Other operating results

(in thousands of Swiss Francs)	2022	2021
Customer bad debt	(21'551)	(17'896)
Spectrum fees	(4'495)	(5'114)
Other expenses	(1'867)	(4'936)
Other operating expenses	**(27'913)**	**(27'946)**
Other income	9'343	9'181
Other operating income	**9'343**	**9'181**
Other operating results	**(18'570)**	**(18'765)**

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, 2022	December 31, 2021
Cash and bank balances	311'241	306'329
Short term investments	44'993	-
Cash and cash equivalents net	**356'234**	**306'329**

12.3 Other assets

Other assets mainly consists of:

	December 31, 2022			December 31, 2021		
(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	-	8'838	**8'838**	-	9'047	**9'047**
Others current assets	12'504	-	**12'504**	10'169	-	**10'169**
Other assets	**12'504**	**8'861**	**21'365**	**10'169**	**9'070**	**19'239**

[(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, 2022 (CHF 23 thousand at December 31, 2021).

	December 31, 2022			December 31, 2021		
(in thousands of Swiss Francs)	Current	Non-current	Total	Current	Non-current	Total
Prepaid external purchase	3'149	856	**4'005**	1'866	461	**2'327**
Deferred contract costs	28'812	8'932	**37'744**	25'530	9'026	**34'555**
Total prepaid expenses	**31'961**	**9'789**	**41'749**	**27'396**	**9'487**	**36'883**

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)	2022	2021
Balance as of January 1	34'556	30'422
Additional capitalized contract costs	34'302	36'030
Amortized contract costs	(31'114)	(31'896)
Balance as of December 31	**37'744**	**34'556**

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, 2022 and December 31, 2021 the share capital is composed by 8'200'000 shares with a par value of CHF 1. As at December 31, 2022, all shares were issued and fully funded.

On January 3, 2022 CHF 70.0 million of share premium has been repaid to the shareholders.
On August 31, 2022, the Group distributed dividend of CHF 147.8 million which was fully used to increase the share premium.

On January 26, 2021 CHF 185.0 million of share premium has been repaid to the shareholders.
On August 26, 2021, the Group distributed a dividend of CHF 200.0 million which was fully used to increase the share premium.
On November 24, 2021, CHF 83.4 million of share premium was repaid to the shareholders and a dividend of CHF 6.6 million was distributed.

12.5 Other liabilities

(in thousands of Swiss Francs)	December 31, 2022			December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
VAT payable	6'393	-	**6'393**	7'597	-	**7'597**
Income tax payable	57'594	-	**57'594**	47'978	-	**47'978**
Other	15'024	-	**15'024**	15'393	-	**15'393**
Other liabilities	**79'011**	**-**	**79'011**	**70'968**	**-**	**70'968**

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, 2021	**47'733**	**171'835**	**1'058**	**220'626**
Additions	5'313	18'584	295	24'192
Depreciation	(12'910)	(30'721)	(561)	(44'192)
Sale and lease back	-	5'695	-	5'695
Disposal	-	(1'958)	-	(1'958)
Other [1]	-	(356)	-	(356)
Closing balance as at December 31, 2021	**40'136**	**163'079**	**792**	**204'007**
Additions	11'231	25'681	1'349	38'261
Depreciation	(8'920)	(28'739)	(649)	(38'308)
Sale and lease back	-	5'328	-	5'328
Disposal	-	(1'582)	-	(1'582)
Other	-	(474)	(133)	(607)
Closing balance as at December 31, 2022	**42'447**	**163'293**	**1'359**	**207'099**

13.2 Lease liability

(in thousands of Swiss Francs)	
Balance as of January 1, 2021	**(756'017)**
Additions	(22'374)
Sale and lease back	(8'202)
Accretion of interest	(43'465)
Payments (including interests)	94'248
Contract termination	3'890
Other	(219)
Balance as of December 31, 2021	**(732'138)**
Additions	(38'182)
Sale and lease back	(6'808)
Accretion of interest	(42'493)
Payments (including interests)	94'467
Contract termination	3'007
Other	437
Balance as of December 31, 2022	**(721'710)**

Lease Current	(63'424)
Lease Non-Current	(658'286)

13.3 Amount recognized in the consolidated income statement

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Income from sub-leased right-of-use assets	1'904	2'404
Depreciation of right-of-use assets	(38'308)	(44'192)
Interest on lease agreements	(42'493)	(43'465)
Variable lease payments (included in Network, IT, property expenses and other purchases)	(803)	(163)
Total	**(79'700)**	**(85'416)**

The total cash outflow for leases in 2022 was CHF 94.5 million (CHF 94.2 million in 2021).

The income from sub-lease right-of-use assets mainly related to sub-leased space in stores recognized as other operating income.

Note 14 – Gain on disposal and other gains

(in thousands of Swiss Francs)	December 31, 2022	December 31, 2021
Total sale proceeds	-	146'000
Carrying value of net assets sold	-	(97'776)
Disposal related expenses	-	(72)
Gain of disposal of an associate	-	48'152
Other gains	1'333	1'045
Gain on disposal and other gains	**1'333**	**49'197**

On March 18, 2021, the Group completed the sale of its 10% share of its investment in Swiss Infra Services S.A. for a consideration of CHF 146.0 million, resulting in the recognition of a capital gain of CHF 48.2 million.

The other gains mainly includes release of extinguished lease liabilities related to terminated contracts over the period.

Note 15 – 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 Liechtenstein AG	Liechtenstein	100%	Full Consolidation	Communications
Salt Services S.A.	Portugal	100%	Full Consolidation	Customer Care

Salt Communications S.A. was merged into Salt Mobile S.A. on June 30, 2022.

Note 16 – Related parties

The Group related parties consist of the intermediate holding companies, the ultimate parent company, the ultimate controlling party, companies under common control and companies controlled by key management 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.

16.1 Directors and Executive Officers

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

(in thousands of Swiss Francs)	2022	2021
Board of Directors	388	425
Executive Officers	5'170	5'195
Remuneration	**5'558**	**5'620**

The remuneration of executive officers consists in short-term benefit for CHF 4.0 million in 2022 (CHF 4.2 million in 2021), other long term benefit for CHF 1.1 million in 2022 (CHF 1.0 million in 2021) and estimated post-employment benefit for CHF 0.4 million in 2022 (CHF 0.5 million in 2021).

16.2 Related enterprises

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

	2022			2021		
(in thousands of Swiss Francs)	Shareholders	Other related parties	Total	Shareholders	Other related parties	Total
Monitoring fees[1]	(4'000)	-	**(4'000)**	(3'928)	-	**(3'928)**
Telecom services net revenue (cost)[2]	-	(13'776)	**(13'776)**	-	(13'147)	**(13'147)**
Subcontracting expenses[3]	-	(8'428)	**(8'428)**	-	(9'401)	**(9'401)**
Other operating revenue	-	588	**588**	-	341	**341**
Related party transactions	(4'000)	(21'616)	**(25'616)**	(3'928)	(22'207)	**(26'135)**

[1] Monitoring fees paid by Salt Mobile 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, Monaco Telecom, Riviera Solutions Factory, Network Solutions Factory, Exedra SAS and Althaia SA.

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

	December 31, 2022			December 31, 2021		
(in thousands of Swiss Francs)	Shareholders balances	Other related parties balances	Total	Shareholders balances	Other related parties balance	Total
Assets						
Trade receivables and contract assets	-	420	**420**	-	261	**261**
Liabilities						
Trade payables	-	(1'593)	**(1'593)**	-	(3'075)	**(3'075)**

As at December 31, 2022, there was no recognised loss on related party receivables (December 31, 2021, nil).

Note 17 – 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, 2022 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	88'157	88'157	-	-
Purchase of handsets	63'924	63'924	-	-
Other commitments related to the purchase of goods and services	12'238	5'576	-	6'662
Investment and goods and services purchase commitments	**164'319**	**157'657**	**-**	**6'662**

(in thousands of Swiss Francs)	December 31, 2021 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	67'070	37'777	14'893	14'400
Purchase of handsets	85'181	85'181	-	-
Other commitments related to the purchase of goods and services	7'599	7'599	-	-
Investment and goods and services purchase commitments	**159'850**	**130'557**	**14'893**	**14'400**

Salt Switzerland is committed to incur capital expenditures over the next 20 years in connection with the FTTH agreement signed with Swisscom on April 29, 2021 and amended in 2023 following Swisscom decision to shift its FTTH roll out from a Point to Multi-Point topology to a Point to Point (P2P) topology. Given the uncertainty regarding the magnitude and the temporality of the incurrence of those capital expenditures, the amount of the commitment could not be accurately quantified, and is not reflected in the above chart.
As part of the Build-to-Suit (BTS) sites sales program, Salt Mobile S.A. is committed to build and sell a certain number of network sites to Swiss Infra Services S.A. by the end of June 2027. Given the uncertainty regarding the magnitude and the temporality of the incurrence of those capital expenditures, the amount of the commitment could not be accurately quantified, and is not reflected in the above chart.

Note 18 – Litigations

As at December 31, 2022 the Group had no material unprovided pending or threatened litigation with third parties.

As at December 31, 2021 the Group had no material unprovided pending or threatened litigation with third parties.

Note 19 – Subsequent events

On January 11, 2023, the Group proceeded to the repayment of share premium for an amount of CHF 150 million to its shareholders.

On January 17, 2023, the Group extended the maturity of the EUR 254 miliion cross-currency interest rate Swap from 2024 to 2027 with a decrease of the hedging rate from 3.73% to 3.42%.

On March 3, 2023, following the decision of Swisscom to shift its FTTH roll out from a Point to Multi-Point topology to a Point to Point (P2P) topology, the Group and Swisscom amended their fiber partnership so that Salt could secure access to any Swisscom roll out in a P2P topology.