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 2019, 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 2019;
- 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

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

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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.

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 2020

Electronically signed by:
Gilles Vanderweyen

Gilles Vanderweyen

MATTERHORN TELECOM HOLDING S.A.

Consolidated Management Report

Year Ended December 31, 2019

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

The Board of Directors of Matterhorn Telecom Holding S.A. ("the Management") ("the Company") is pleased to present the consolidated management report and the consolidated financial statements of the Company and its subsidiaries (hereafter "the Group") for the year ending December 31, 2019.

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

1. Important Events from January 1, 2019 to December 31, 2019 and future developments

The course of business of the Company has been as the Management expected.

Termination of MVNO and reselling contracts in 2018, impacting the 2019 revenue development:

- UPC-Cablecom decided not to renew its MVNO contract ending on December 31, 2018. The switchover of UPC's subscriber base to the new mobile network took place in early 2019.
- Coop Mobile decided to terminate its reselling agreement with Salt Mobile with effective date on the 10th of January 2019. The existing Coop Mobile subscribers became Salt branded subscribers automatically from that date.

Early 2019, the Group participated in a spectrum auction led by the ComCom and OFCOM for new mobile radio frequencies and was able to secure an appropriate allocation of spectrum in the 700MHz, 1'400MHz as well as 3'500MHz bands allowing the Group to deploy 5G coverage and to provide the next generation speeds and capacity. The licenses in the auction will run until the end of 2034. The Group paid CHF 94.5 million in July 2019 for these licenses.

On May 7, 2019, the Group entered into a sale and purchase agreement with Swiss Towers AG ("Cellnex") for the sale (the "Towers Sale") of a 90% equity interest in Swiss Infra Services S.A. a subsidiary of Matterhorn Telecom SA that was incorporated on July 1st, 2019 for the purpose of transferring our passive mobile infrastructure in Switzerland, including a portfolio of 2,706 sites. The Towers Sale closed on August 5, 2019 and was made for an upfront cash consideration of CHF0.8 billion. We retained full ownership of our 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 program. Concurrently with the refinancing operation described below, the proceeds from the Towers Sale were used to redeem the Existing Senior Notes on September 19, 2019, and make a distribution of CHF 350 million to our indirect shareholder, NJJ. An amount equal to the remainder of the proceeds from the Towers Sale is expected to be used for capital expenditures in the near to medium term.

On September 12th, 2019, Matterhorn Telecom S.A. entered into a Senior Facilities Agreement, which provides for a EUR 500 million term loan Facility B and a new Revolving Credit Facility, replacing the Existing Revolving Credit Facility. Additionally, on September 19th, 2019, Matterhorn Telecom S.A. issued EUR 575 million aggregate principal amount of 3.125% Senior Secured Notes due 2026, and EUR 250 million aggregate principal amount of 2.625% Senior Secured Notes due 2024.
Proceeds from the new Senior Secured Notes together with drawings under Facility B and cash on balance sheet, were used to redeem: (i) The outstanding EUR 1 billion of existing 3.875% EUR Senior Secured Notes due 2022, (ii) The outstanding CHF 411 million of existing 3.625% CHF Senior Secured Notes due 2022 and (iii) The outstanding EUR 75 million of existing Floating Rate EUR Senior Secured Notes due 2023.

Although it is difficult to assess yet the impact of the Coronavirus/COVID19 on the Group and its financial results in 2020, management anticipates that there will be negative impacts due to business disruptions. The anticipated effects will be mostly related, but not limited to: i) The slowdown of retail activity in particular in our physical channels, translating in our case into the reduction of our retail activities, including limited acquisitions and retentions acts as well as decreasing or no sales or other services in stores; ii) The reduction of specific revenue and profit lines such as the above mentioned sales and other in-store services as well as out of bundle roaming revenues due to the decrease in international traffic from customers; iii) The broader impact of any major economic slowdown or downturn is difficult to estimate at this stage.

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

Revenue for the financial year ended in December 31, 2019, amounts to CHF 997.2 million, which represents a decrease of CHF 32.3 million, or -3.1%. This decrease was primarily driven by:

- The end of UPC MVNO contract, the termination of Coop Mobile reselling agreement that lead to a churn surge in 2019 and the Tower Sale impact on site share revenue with a combined impact on Total revenue for the Twelve-Month Period of CHF(38.5)m,
- A decrease in incoming revenue of CHF (11.2) million excl. UPC, Coop Mobile and Tower Sale impact, or -15.1% as a consequence of the Swiss voice and SMS mobile termination rates decrease in 2019 coupled with a decrease in traffic,
- An increase in operating revenue, excl. incoming, UPC, Coop Mobile and Tower Sale impact, of CHF 29.6 million, or 4.0%. A variance mainly attributable to:
    - The increase in postpaid service revenues of CHF 27.3 million mainly driven by the growth in Mobile subscriptions coupled with the good development of our Fiber activity partly offset by the lower Mobile Average Revenue Per User (ARPU),
    - The increase in other service revenue of CHF 6.0 million mainly driven by wholesales activities and by the increase of accessories revenues partly offset by lower collection revenue.
    - Partly offset by the decline in prepay service revenue of CHF (3.8) million.
- A decrease in equipment revenue of CHF (12.2) million, or 6.6% driven by lower volume of acts with handset (promotion on handsets in Q4'18) and limited volumes sold to partners despite an overall higher commercial activity.

Net result for the financial year ended in December 31, 2019 is a gain amounting to CHF 485.8 million.

As at December 31, 2019, Matterhorn Telecom Holding S.A. does not hold any of its own shares.

3. Principal Risks and Uncertainties

Market risk and fair value of financial assets and liabilities

The note 11 of the consolidated financial statements for the year ended December 31, 2019 presents the information on market risk and fair value of financial assets and liabilities.

Legal Risks

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

Cyber Security Risks

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

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

Safety and Environmental Risks

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

Risks Related to Our Market and Our Business

We are exposed to important risks, uncertainties and other factors, including:

- Our business may be adversely affected by health epidemics which may have a material impact on our results of operations. At this point in time, there is significant uncertainty relating to the potential effect of the novel coronavirus/COVID19 on our business and infections may become more widespread, which could have a negative impact on our business, financial condition and results of operations
- Continuing uncertainties and challenging conditions in the global economy may adversely impact our business, financial condition and results of operations
- The Swiss mobile telecommunications market is characterized by competition among existing and potential new mobile network operators. We face strong competition from established competitors and we may also face increased competition as a result of a consolidation of or cooperation between our competitors
- We also face high levels of competition from resellers and MVNOs
- We face increasing competition from alternative telecommunication services, such as OTT
- Any failure to comply with license conditions may jeopardize our licenses, which are required to operate our mobile business
- Equipment and network systems failures could result in reduced user traffic and revenue, require unanticipated capital expenditures or harm our reputation.
- The success of our mobile operations depends on our ability to attract and retain mobile subscribers
- Customer satisfaction levels that are lower than our competitors' customer satisfaction levels could adversely affect our ability to acquire new and maintain existing customers
- We depend on our key partners and other third-parties for the provision of certain services. Our relationships with certain suppliers of services and equipment are critical to conducting our business.
- We do not have direct contracts with all of our key sourcing partners
- Our success depends on the effective execution of our strategy
- If we are unable to identify, complete and successfully integrate acquisitions, our ability to grow our business may be limited and our business, financial condition and results of operations may be adversely impacted
- The telecommunications industry has been, and will continue to be, significantly affected by rapid technological change and we may not be able to effectively anticipate or react to these changes
- Our business is capital intensive. We cannot assure that we will have sufficient liquidity to fund our capital expenditure programs or our ongoing operations in the future
- Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas
- Our business may be adversely affected by our ability to maintain and increase our network coverage
- 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 changes in MTRs and other rates such as roaming tariffs
- We operate primarily in the Swiss market and as a result our growth prospects depend on economic developments in Switzerland
- If we fail to maintain or further develop our direct and indirect distribution and customer care channels, our ability to sustain and further grow our subscriber base could be materially and adversely affected
- We depend on our relationship with our shareholder and certain affiliates
- We depend on third-party telecommunications providers over which we have no direct control for the provision of certain of our services. Our shareholder and certain of our affiliates are highly engaged in our business, and adverse changes to our relationship could cause our operations to suffer
- We may not be able to attract and retain key personnel and may experience difficulty or incur costs in replacing such personnel and in integrating new personnel
- Our pension liability may reduce our cash flows, profitability, financial condition, net assets, distributable reserves and our ability to pay dividends
- Our insurance may not be adequate to cover losses or liabilities that may arise
- We face legal and regulatory dispute risks
- We collect and process subscriber data as part of our daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect our business
- Our business is subject to cybersecurity risks

- Increasing data security requirements by financial institutions, certain other corporate customers and governmental entities may adversely affect our business and profitability
- We may be subject to legal liability associated with providing online services or content

4. Research and Development

During the year, the labour expenses capitalised as intangible assets amounted to CHF 4.0 million (CHF 3.7 million for the year ended December 31st, 2018).

5. Material Affiliate and Associate Transactions

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

NJJ Service Agreement

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

Free Mobile Agreements

On April 14, 2016, we entered into a core network services agreement with Free Mobile, a major telecommunications operator in France owned by Iliad, a company listed on the regulated market of Euronext in Paris in which our principal shareholder has a majority interest. Free Mobile provided us with assistance in the choice and upgrade of our core network equipment and its integration within the existing Salt network. Our services agreement with Free Mobile for core network services was terminated by mutual written agreement with effect from the end of September 2017. Free Mobile also provided support for the resolution of incidents on our network and software licensing, installation and maintenance (IT services). Such agreement remained in full force and effect in 2019.

IT Solutions Factory Agreement

On May 27, 2016, we have entered into a master IT services agreement with IT Solutions Factory, an IT systems and logistics company owned by our principal shareholder. IT Solutions Factory provides us with software development services.

Monaco Telecom

On November 1st, 2016, 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 and international carrier services.

Network Solutions Factory (ex. Salt France) Agreement

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

Swiss Infra Services SA

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

6. Management and Shareholders

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

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

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

The current board of directors of Salt Mobile S.A. consists of the following persons: Xavier Niel, Olivier Rozenfeld, Michael Golan, Pierre-Alain Allemand, Franck Brunel, Peter Brabeck-Letmathe, Robert-Philippe Bloch, Jacques de Saussure, Martin Lehmann and Jeannine Pilloud.

Executive officers of Salt Mobile SA:

Name	Position
Mr. Pascal Grieder	Chief Executive Officer
Mr. Christian Aveni	Chief Business Officer
Mr. Franck Bernard	Chief Financial Officer
Mr. Antoine Caffin	Chief Marketing Officer
Mr. Lars Keller	Chief Sales Officer
Mr. Andreas Kuntz	Chief of Corporate Affairs and General Counsel
Mr. Stefano Orlando	Chief Customer Operations Officer
Mr. Eric Wolff	Chief Technology Officer

7. Corporate Governance

Corporate governance is a pivotal element of the Group and our shareholder NJJ core values. Our Management together with the support of NJJ team promote and ensure that the highest ethical standards, internal controls and compliance with laws are followed.

The Group is subject to external control and decision processes: provided by law, independent controls by official or non-official entities, to evaluate the governance of the company, the impact on shareholders and on consumers. Such controls include:

- Compliance with Swiss national law incl. CO Corporate Governance standards
- Compliance with regulations on antitrust and fair competition: control by the Competition Commission;
- Compliance with technical regulations: control by the Federal Office of Communication and Communication Commission

The Group put in place comprehensive internal control and decision processes as well as internal policies, including the following key regulations and policies:

- The Salt Mobile SA Ethics Policy stipulates our commitment to adhere to the highest ethical standards within the company and in all parts of our business.
- The Salt Mobile SA Management Regulations set the management structure and distinction of roles between the Management Board and the Board of Directors, as well as the internal organisation of the company, pursuant to the Swiss Code of Obligations;
- The Signature Policy, that regulates the internal and external signatures within the company and towards third parties, has been strengthened and clarifies the relationships between Salt Mobile SA and other Group Companies, as well as a legal control of each of our commitments to third parties.

8. Human Resources

The Group is employing over 900 persons across three main office sites in the HQ in Renens, in Biel and Zurich, its additional call centre in Lisbon and over 100 stores across Switzerland.

For many years Salt Mobile SA has been offering young talents the opportunity to start their career with an apprenticeship as "Apprentissage gestionnaire du commerce de détail / Detailhandelsfachfrau/-mann". In 2019 over 70 apprentices have successfully accomplished their apprenticeships.

9. Environmental Aspects

The Group is strictly adhering to all applicable environmental laws and regulations and has a strong commitment towards environmental sustainability and governance, which is embedded in Salt Mobile SA Ethics Policy.

In 2019, Salt Mobile SA has initiated and maintained various initiatives to increase the environmental sustainability, including:

- The use of natural gas (CNG) car fleet to limit CO2 emissions (average norm consumption of 109g CO2 per km)
- The migration & upgrade towards energy consumption friendly servers & IT equipment
- The installation of solar panels on owned properties
- The push toward digitalisation, minimizing use of paper in internal and customer facing processes
- Other environment initiatives such as the optimization of lighting in stores to minimize electricity or the avoidance of disposable cups and dishes

Within the network Rollout various factors are carefully assessed when selecting a new location, such as environmental guidelines, building regulations, townscape, and landscape protection.

10. Health & safety compliance

Salt Mobile SA is ISO9000 (2015 standard) certified and the top management has established, implemented and maintained a quality management system in accordance with the ISO standards.

11. Important events since the balance sheet date

No matters or circumstances of importance have arisen since the end of the financial year, which have significantly affected the operations of the Company, the results of those operations or the affairs of the Company.

Share premium repayment

In the course of January 2020, Matterhorn Telecom Holding SA proceeded to the repayment of share premium for an amount of CHF 160 million to its shareholders.

Repricing of the Term Loan Facility B and private tap on the SSN due 2026 – March 2020

On February 21st, 2020, Matterhorn Telecom SA (the "Issuer") entered into a Purchase Agreement for the issuance of an additional €100m of 3.125% Senior Secured Notes due 2026 (the "Additional Notes") under the Issuer's existing Indenture.

The Additional Notes were issued on March 6th, 2020.

On March 19th, 2020, the Issuer:

- Repriced its Term Loan Facility B from Euribor 3M + 3.500% to Euribor 3M + 2.875%, and
- Used the proceeds from the Additional Notes (EUR 100 million) to partially prepay the Term Loan Facility B, decreasing the nominal amount from EUR 500 million to EUR 400 million.

Matterhorn Telecom Holding S.A.

Luxembourg, March 19, 2020

The Board of Directors,

Represented by Valérie Emond

Director

Represented by Franck Bernard

Director

MATTERHORN TELECOM HOLDING S.A.

Consolidated financial statements
for the year ended
December 31, 2019

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Swiss Francs)	Notes	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Revenue	4	**997'179**	**1'029'436**
Access, backbone, interconnection and content costs	5	(116'821)	(117'020)
Commercial expenses and cost of equipment sold	5	(216'857)	(229'742)
Network, IT, property expenses and other purchases	5	(57'383)	(114'433)
Wages, salaries and post-employment benefits	9	(81'021)	(73'251)
Other operating expenses	12	(23'882)	(27'990)
Other operating income	12	7'025	7'855
Gain on disposal	1.5	359'715	-
Restructuring, transition and transaction costs	5	(765)	(5'675)
Corporate and Monitoring fees		(3'634)	(2'118)
Depreciation and amortization	6	(248'752)	(268'879)
Depreciation of right-of-use assets	13	(56'805)	-
Operating profit		**557'999**	**198'183**
Finance costs	10	(136'600)	(92'861)
Finance income	10	1'569	2'928
Finance costs, net		**(135'031)**	**(89'933)**
Share of net profit (loss) of associates accounted for using the equity method	14	(1'136)	-
Profit before tax		**421'831**	**108'250**
Income tax (expenses) / benefit	7	63'958	(36'084)
Profit attributable to owners		**485'789**	**72'165**

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	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Profit		**485'789**	**72'165**
Gain (loss) on cash flow hedge	10	(13'317)	(12'558)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	3'343	3'401
Net other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods		**(9'974)**	**(9'157)**
Remeasurement of defined benefit obligation	9	(6'164)	1'179
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	646	(196)
Net other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods		**(5'519)**	**983**
Other comprehensive income / (loss) after tax		**(15'492)**	**(8'175)**
Total comprehensive income		**470'297**	**63'991**

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, 2019	December 31, 2018
ASSETS			
Non-current assets			
Goodwill	6	1'313'793	1'313'793
Other intangible assets	6	899'080	874'479
Property, plant and equipment	6	435'214	608'745
Right-of-use assets	13	232'435	-
Trade receivables and contract assets	4,11	40'332	38'092
Derivative assets	10	68'004	158'551
Investments accounted for using the equity method	14	99'044	-
Other non-current assets	11,12	8'984	9'006
Total non-current assets		**3'096'886**	**3'002'666**
Current assets			
Inventories	5	13'624	18'441
Trade receivables and contract assets	4,11	210'303	285'718
Other current assets	11,12	68'385	2'885
Prepaid expenses	12.3	32'707	27'878
Cash and cash equivalents	11,12	279'743	253'585
Total current assets		**604'762**	**588'508**
TOTAL ASSETS		**3'701'648**	**3'591'174**

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, 2019	December 31, 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	12	8'200	8'200
Share premium	12	302'981	142'981
Retained earnings		138'962	163'173
Other reserves		(1'291)	14'201
Total equity		**448'852**	**328'555**
Non-current liabilities			
Long-lived assets payables	6,11	277'064	266'086
Borrowings and other financial liabilities	10,11	1'860'411	2'400'703
Lease liabilities	10,11	670'241	-
Employee benefits obligations	9	11'039	4'266
Provisions	8	30'805	63'682
Deferred tax liabilities	7	27'750	137'175
Total non-current liabilities		**2'877'310**	**2'871'913**
Current liabilities			
Trade payables	11	109'880	207'078
Long-lived assets payables	6,11	71'613	73'826
Borrowings and other financial liabilities	10,11	10'634	15'615
Lease liabilities	10,11	94'651	-
Employee benefits obligations	9	12'201	10'748
Provisions	8	2'586	3'077
Other liabilities	12	48'495	44'209
Deferred income	4	25'426	36'151
Total current liabilities		**375'486**	**390'706**
TOTAL EQUITY AND LIABILITIES		**3'701'648**	**3'591'174**

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	Retained earnings	Total equity
Balance at January 1, 2018		**8'200**	**232'981**	**10'501**	**11'874**	**91'008**	**354'564**
Profit attributable to owners		-	-	-	-	72'165	72'165
Loss on cash flow hedge	10	-	-	(12'558)	-	-	(12'558)
Remeasurement of defined benefit obligation	9	-	-	-	1'179	-	1'179
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	-	-	3'401	(196)	-	3'205
Total comprehensive income		**-**	**-**	**(9'157)**	**983**	**72'165**	**63'991**
Repayment of Share Premium	12	-	(90'000)	-	-	-	(90'000)
Balance at January 1, 2019		**8'200**	**142'981**	**1'344**	**12'857**	**163'173**	**328'555**
Profit attributable to owners		-	-	-	-	485'789	485'789
Loss on cash flow hedge	10	-	-	(13'317)	-	-	(13'317)
Remeasurement of defined benefit obligation	9	-	-	-	(6'164)	-	(6'164)
Deferred tax on items recognized directly in other comprehensive income / (loss)	7	-	-	3'343	646	-	3'989
Total comprehensive income		**-**	**-**	**(9'974)**	**(5'519)**	**485'789**	**470'297**
Dividend [1]	12	-	-	-	-	(510'000)	(510'000)
Increase in Share Premium	12	-	160'000	-	-	-	160'000
Balance at December 31, 2019		**8'200**	**302'981**	**(8'630)**	**7'338**	**138'962**	**448'852**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Swiss Francs)	Notes	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
OPERATING ACTIVITIES			
Profit attributable to owners		**485'789**	**72'165**
Adjustments to reconcile profit/(loss) to funds generated from operations			
Depreciation and amortization	6	248'752	268'879
Depreciation of right-of-use assets	13	56'805	-
Change in other provisions	8	(60)	(921)
Income tax recognized in the income statement	7	(63'958)	36'084
Finance costs net	10,11	135'031	89'933
Net result on disposal of businesses	1.5	(359'715)	-
Share of net profit of associates accounted for using the equity method	14	1'136	-
Change in inventories, trade receivables and trade payables			
Decrease/(increase) in inventories	5	4'817	144
Decrease/(increase) in trade receivables	4	72'981	55'873
Increase/(decrease) in trade payables	11	(98'838)	(125'204)
Decrease/(increase) in other receivables and payables		(8'164)	1'397
Income tax paid	7	(29'018)	(9'783)
Decrease / (increase) in deposits		(676)	(463)
Net cash provided by operating activities		**444'882**	**388'103**
INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets	6	(260'038)	(162'744)
Proceeds from sale of a subsidiary, net of cash disposed	1.5	832'638	-
Interest income received		2	23
Net cash generated / (used) from investing activities		**572'602**	**(162'722)**
FINANCING ACTIVITIES			
Issuance of bonds	10,11	1'446'635	-
Bonds issuance costs	10,11	(8'954)	-
Repurchase of bonds net of swap unwind	10	(1'923'485)	-
Repayment of lease liabilities	10,11	(56'954)	(164)
Interest paid and other financial charges	10	(97'746)	(88'544)
Share premium repayment	12	-	(90'000)
Dividend paid	12	(350'000)	-
Net cash used in financing activities		**(990'504)**	**(178'708)**
Net change in cash and cash equivalents		**26'980**	**46'674**
Cash and cash equivalents at beginning of period		**253'585**	**207'387**
Effect of exchange rates changes on cash and cash equivalents		(822)	(476)
Net change in cash and cash equivalents		26'980	46'674
Cash and cash equivalents at end of period	12.2	**279'743**	**253'585**

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

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

1.1 Description of business

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

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

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

1.2 Basis of preparation of the consolidated financial statements

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

These consolidated financial statements have been prepared under the historical cost convention with the exception of derivative financial instruments that are measured at fair value.

These consolidated financial statements as at December 31, 2019 and the related consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the period from January 1, 2019 to December 31, 2019 were approved and authorised for issue on March 19, 2020 by the Board of Directors of Matterhorn Telecom Holding S.A..

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2019:
- IFRS 16 Leases
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Interpretation 23 Uncertainty over Income Tax Treatments.

Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

There is no material impact from the application of this new standard.

IFRS 16 Leases

IFRS 16 (effective from January 1, 2019) replaces IAS 17, IFRIC 4 and SIC 27 and stipulates the principles governing the recognition, measurement and disclosure of leases. It results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

The Group's leases portfolio mainly comprises antenna sites, transmission leased lines, offices, shops and cars.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. This liability is measured at the present value of the remaining lease payments (including the extension option when reasonably certain to be exercised), discounted using the incremental borrowing rate as of January 1, 2019. The Group's average incremental borrowing rate calculated as of January 1, 2019 was 3.5%.

The Group has elected to apply the following practical expedients in adopting IFRS 16:

(a) apply a single discount rate to a portfolio of leases with reasonably similar characteristics
(b) apply hindsight in determining the lease term for contracts which contain certain options to extend or terminate the lease
(c) exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application
(d) rely on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at January 1, 2019

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group has chosen to apply the modified retrospective approach which means that:

- Comparatives figures for 2018 have not been restated
- Disclosures reconciling each financial statement line in 2019 with the current IFRS standards are provided.

Impacts related to the application of IFRS 16

The reconciliation of payment obligations from operating leases as at December 31, 2018 for first-time recognition as at January 1, 2019 is as follows:

(in thousands of Swiss Francs)	January 1, 2019
Obligations from operating leases as at December 31, 2018	241'288
Extension options previously considered	42'286
Discounting	(34'062)
Additional lease liabilities	**249'511**
Reclassification of lease accrued liabilities and or / (prepaid expense)	2'377
Carrying amount of finance lease liabilities as at December 31, 2018	5'853
Lease liabilities as of January 1, 2019	**257'741**

In accordance with the adoption of IFRS 16 Leases as of January 1, 2019, the Group recorded at initial recognition an additional non-cash CHF 249.5 million right-of-use asset and corresponding lease liability.

This right-of-use asset has been adjusted by:

- The estimate of the dismantling cost of the underlying asset (ARO). The ARO asset related to underlying leased asset, existing as at January 1, 2019 (previously operating lease) has been reclassified as right-of-use asset (CHF 18.4 million).
- The net book value of the assets acquired under finance lease as at January 1, 2019 (CHF 5.5 million).

The Group made the following changes in presentation: in the balance sheet, additional line items to reflect the right-of-use assets, the non-current and the current lease liabilities, in the income statement additional line item related to the depreciation of the right-of-use of leased assets and in the statement of cash flows, additional line items related to the depreciation of the right-of-use of leased assets and repayment of the principal portion of the lease payments. Comparative information has not been restated.

The impact of the adoption of IFRS 16 on the balance sheet as at January 1, 2019 is summarized as follows:

Consolidated statement of financial position

(in thousands of Swiss Francs)	December 31, 2018	Impact IFRS 16	January 1, 2019 (IFRS 16)
Goodwill and Intangible assets	2'188'272	-	2'188'272
Property, plant and equipment	608'745	(23'930)	584'814
Right-of-use assets	-	273'442	273'442
Derivative assets	158'551	-	158'551
Other assets	635'606	(691)	634'915
Total Assets	**3'591'174**	**248'820**	**3'839'994**
Total Equity	**328'555**	**-**	**328'555**
Financial liabilities	2'416'318	(5'853)	2'410'465
Lease liabilities	-	257'741	257'741
Other liabilities	846'301	(3'068)	843'233
Total Liabilities	**3'262'619**	**248'820**	**3'511'439**
Total Liabilities and Equity	**3'591'174**	**248'820**	**3'839'994**

Consolidated income statement

(in thousands of Swiss Francs)	Reported December 31, 2019	Impact IFRS 16	Values as per previously applied guidance December 31, 2019
Revenue	**997'179**	**-**	**997'179**
Access, backbone, interconnection and content costs	(116'821)	(3'608)	(120'429)
Commercial expenses and cost of equipment sold	(216'857)	-	(216'857)
Network, IT, property expenses and other purchases	(57'383)	(72'645)	(130'028)
Wages, salaries and post-employment benefits	(81'021)	-	(81'021)
Other operating expenses	(23'882)	-	(23'882)
Other operating income	7'025	-	7'025
Result on disposal and other gains	359'715	-	359'715
Restructuring, transition and transaction costs	(765)	-	(765)
Corporate and monitoring fees	(3'634)	-	(3'634)
Depreciation and amortization	(248'752)	(5'692)	(254'444)
Depreciation of right-of-use assets	(56'805)	56'805	-
Operating profit	**557'999**	**(25'139)**	**532'859**
Finance costs	(136'600)	23'662	(112'938)
Finance income	1'569	-	1'569
Finance costs, net	**(135'031)**	**23'662**	**(111'370)**
Share of net profit (loss) of associates accounted for using the equity method	(1'136)	-	(1'136)
Profit before tax	**421'831**	**(1'477)**	**420'353**
Income tax expense	63'958	251	64'209
Profit attributable to owners	**485'789**	**(1'226)**	**484'564**

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, 2019 may subsequently be changed. The underlying assumptions used for significant estimates are as follows:

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

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

1.4 Audit fees

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

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Audit fees	467	324
Other services	630	256
Fees	**1'097**	**580**

The fees for other services mainly correspond to services related to the refinancing and to the disposal of a subsidiary (refer to Note 1.5).

1.5 Disposal of a subsidiary

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

Carrying amount of the net asset sold

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

As a result of the Master Service Agreement signed with Swiss Infra Services S.A., the Group recognized a CHF 89.9 million right-of-use of leased assets and related lease liabilities of CHF 617.8 million. The incremental borrowing rate used for this contract is 6.5%. The CHF 89.9 million right-of-use asset corresponds to the proportion of the net book value of the asset sold that relates to the right-of-use retained by the Group. The related CHF 527.9 million loss is included in the gain on the transaction.

Gain on disposal

(in thousands of Swiss Francs)	December 31, 2019
Total sale proceed	901'625
Disposal-related expenses	(6'471)
Carrying value of the net assets sold	(96'974)
Remeasurement of the retained investment at Fair value	89'406
Gain on disposal before lease-back impact	**887'586**
Carrying value of the Right-of-use the leased back assets	89'932
Lease liability related to the lease back assets	(617'803)
Gain on disposal of subsidiary	**359'715**
Carrying value of the net assets sold	96'974
Lease-back adjustment	527'871
Deferred consideration	(63'000)
Remeasurement of the retained investment at Fair value	(89'406)
Expenses not paid	485
Proceeds from sale of a subsidiary	**832'639**

The proceed of the transaction was used to repurchase existing bonds and to pay a dividend to the shareholders for CHF 350 million (refer to Note 10). On the various notes, the disposal impact is disclosed under "Transaction impact".

Note 2 – Accounting policies

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2019 and December 31, 2018. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the impact of the new lease standard (IFRS 16).

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

All intragroup transactions and balances are eliminated in consolidation.

2.2 Business combinations and goodwill

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively and;
- assets that are classified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard

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

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

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

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

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

2.3 Associates

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

2.4 Segment reporting

The operating segments are components of the Group that engage in business activities and whose operating results are based on the internal reporting to the Chief Operating Decision-Maker in order to determine the allocation of resources and to assess of the operating segments' performance.
From 2019 onwards, the Group operates in one operating segment.

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

Content sales

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

Promotional offers

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

Separable components of bundled offers

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

2.7 Subscriber acquisition and retention costs, advertising and related cost

Subscriber acquisition and retention costs

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

Advertising and related costs

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

2.8 Other intangible assets

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

Gross value

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

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

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

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

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

Amortisation

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

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

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

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

2.9 Property, plant and equipment

Gross Value

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

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

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

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

Depreciation

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

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

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

2.10 Impairment of non current assets

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

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

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

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

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

2.11 Financial assets and liabilities

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

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

2.11.1 Financial assets to be measured at amortised cost

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

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

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

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

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

Financial assets are fully or partially derecognised when:

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

2.11.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are:

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

2.11.3 Financial liabilities to be measured at amortised cost

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

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

2.11.4 Financial liabilities at fair value through profit or loss

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

2.11.5 Recognition and measurement of hedging derivatives

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

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

Hedge accounting designation:
At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group 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 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.

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

2.13 Income and deferred taxes

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

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

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

Deferred tax assets arising from tax losses are not recognised under certain circumstances specific to each tax entity, and particularly when:

- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to forecasts horizon and uncertainties as to the economic environment;
- entities do not expect to use the losses within the timeframe allowed by tax regulations;
- tax losses are uncertain to be used due to the risks of divergent interpretations with regard to the application of tax legislation.

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

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

2.14 Provisions

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

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

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

Contingent liabilities are disclosed in the Notes to the financial statements. They correspond to:

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

Litigation

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

Restructuring

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

Asset Retirement Obligation

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

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

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

2.15 Employee benefits

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

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

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

2.16 Cash & cash equivalents

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

2.17 Lease

As explained in Note 1. above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 1.

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.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see below for details. From 1 January 2019, 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.

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.

Until 31 December 2018

The determination of whether an arrangement is, or contains a lease is based on the substance of the agreement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the agreement conveys a right to the Group to the use of the asset.

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the Group. These are classified at the inception of the lease, in accordance with its nature and the associated liability, at the lower of the present value of the minimum lease payments or the fair value of the leased property. Lease payments are apportioned between finance costs and reduction of the principal of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are reflected in the income statement over the lease term.

In firm sale and leaseback transactions resulting in a finance lease, the asset sold is not derecognised and the cash received is considered finance for the lease term. However, when the sale and leaseback transaction results in an operating lease, and it is clear that both the transaction and subsequent lease income are established at fair value, the asset is derecognised and any gain or loss generated on the transaction is recognised.

Note 3 – Segment Information

Operating segments are reported based on the internal reporting to the Chief Operating Decision Maker, and have been prepared in accordance with the Group's accounting policies.

The CODM had historically reviewed the results of the Group split between two main operating segments; Consumer and Enterprise. Revenue was primarily reported for the purpose of resource allocation and assessment of segment performance. However, taking into consideration the change in the wholesale and reseller activities over the years and the refocus on the branded postpay offers, the CODM now considers that the Group has only one operating segment, representing the whole Group. The CODM is using EBITDA as the main measure of performance and for resource allocation purposes. Segmental information for the year 2018 are re-presented on the basis of the 2019 segment disclosures.

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)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Services revenue	824'725	844'832
Equipment revenue	172'454	184'604
Revenue	**997'179**	**1'029'436**
EBITDA	**863'556**	**467'061**

Net margin to operating profit before tax reconciliation

(in thousands of Swiss Francs)	January 1, 2018 to December 31, 2019	January 1, 2018 to December 31, 2018
EBITDA	**863'556**	**467'061**
Depreciation and amortization	(248'752)	(268'879)
Depreciation of right-of-use assets	(56'805)	-
Operating profit	**557'999**	**198'183**
Finance costs	(136'600)	(92'861)
Finance income	1'569	2'928
Finance costs, net	**(135'031)**	**(89'933)**
Share of net profit (loss) of associates accounted for using the equity method	**(1'136)**	**-**
Profit before tax	**421'831**	**108'250**

Note 4 – Sales

4.1 Revenue

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Services revenue	824'725	844'832
Equipment revenue	172'454	184'604
Revenue	**997'179**	**1'029'436**

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, revenues of CHF 226.2 million will be recognised from such contracts in the coming years (CHF 61.1 million in 2021 and 2022).

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, 2019	December 31, 2018
Contract assets	56'286	61'374
Trade receivables	215'600	284'817
Allowance for doubtful receivables	(21'251)	(22'381)
Trade receivables and contract assets	**250'635**	**323'810**

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, 2019	December 31, 2018
Past due - under 60 days	4%	39'162	41'959
Past due - 60 to 120 days	26%	3'436	9'079
Past due - over 120 days	72%	20'759	46'183
Gross trade receivables and contract assets past due		**63'357**	**97'222**
Gross trade receivables and contract assets not past due	**2%**	**208'529**	**248'970**
Gross trade receivables and contract assets		**271'886**	**346'191**

The Group outsources part of its receivables collection. Customer receivables are mainly transferred to an agency if overdue by 121 days or more. Enterprise and MVNO customers are treated on a case by case basis. Receivables under servicing agreement are recognised in 2019 for a total value of CHF 14.0 million (CHF 11.4 million in 2018), most of them being covered by a bad debt provision amounting CHF 13.5 million (CHF 11.0 million in 2018).

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 31 December 2019, the receivables classified as fair value through profit or loss, had a carrying amount, equivalent to their fair value, of approximately CHF 0.9 million (CHF 2.2 million in 2018).

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, 2019	Additions	Used	December 31, 2019
Allowance for doubtful receivables	**(22'381)**	(16'705)	17'835	**(21'251)**

(in thousands of Swiss Francs)	January 1, 2018	Additions	Used	December 31, 2018
Allowance for doubtful receivables	**(22'586)**	(20'063)	20'268	**(22'381)**

4.3 Deferred income

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Customer contract liabilities	24'339	26'471
Other deferred income	1'088	9'681
Deferred income	**25'426**	**36'151**

Customer contract liabilities mainly corresponds to the deferral arising on the payment of prepaid cards and activation fees.

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

Note 5 – Purchases and restructuring, transaction and transition costs

5.1 Access, backbone, interconnection and content costs

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Interconnection costs	(104'708)	(103'199)
Transmission lines	(6'652)	(11'505)
Content costs	(5'461)	(2'316)
Access, backbone, interconnection and content costs	**(116'821)**	**(117'020)**

In 2019, lower transmission lines expenses are related to the IFRS 16 implementation as of January 1, 2019.

5.2 Commercial expenses and cost of equipment sold

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Commercial expenses	(48'990)	(51'722)
Cost of equipment sold	(167'867)	(178'020)
Commercial expenses and cost of equipment sold	**(216'857)**	**(229'742)**

5.3 Network, IT, property expenses and other purchases

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Network and IT expenses	(22'466)	(21'782)
Property expenses	(5'423)	(64'201)
Subcontracting and professional services	(14'508)	(14'131)
Other purchases	(14'986)	(14'318)
Network, IT, property expenses and other purchases	**(57'383)**	**(114'433)**

In 2019, lower property expenses are related to the IFRS 16 implementation as of January 1, 2019.

5.4 Restructuring, transition and transaction costs

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Restructuring costs	(300)	(1'788)
Transition costs	(465)	(2'752)
Transaction costs	-	(1'135)
Restructuring, transition and transaction costs	**(765)**	**(5'675)**

In 2018, transition cost mainly include costs incurred for the launch of the fixed activity and the IT transformation.

5.5 Inventories

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Handsets	12'666	16'809
Other products	3'155	4'070
Gross value	**15'821**	**20'879**
Provisions	(2'197)	(2'438)
Inventories	**13'624**	**18'441**

Cost of equipment sold amounted to CHF 167.9 million (CHF 178.0 million for the period from January 1, 2018 to December 31, 2018).

Note 6 – Long-lived assets

6.1 Goodwill

Goodwill as of December 31, 2019 amounts to CHF 1'313.8 million (CHF 1'313.8 million in 2018). 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 now 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 both 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: -0.5% (-0.5% in 2018)
- Discount rate (WACC) post-tax: 4.5% (6.5% in 2018)
- Effective tax rate: 17% (21.53% in 2018)

More specifically, perpetual growth rate considers both economic environment and market conditions, weighted by 1/3 and 2/3 factors respectively. 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, 2019 (no impairment as of December 31, 2018).

2. Sensitivity analysis

A sensitivity analysis has been performed on recoverable values, based on significant variations of the perpetual growth rate (-0.5%), the discount rate after tax (+2%) and expected cash-flows after tax (-20%). As at December 31, 2019 and 2018, the outcome of the impairment test was not sensitive to any of the changes described above.

6.2 Other intangible assets

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

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

Intangible assets were as follows as at December 31, 2018:

(in thousands of Swiss Francs)	December 31, 2018 Cost	Accumulated amortization	Accumulated Impairment	Net
Telecommunication licenses	269'597	(114'723)	-	154'874
Software	168'763	(142'010)	(4'515)	22'238
Customer contracts	680'846	(323'221)	-	357'625
Reseller Agreements	35'439	(35'439)	-	-
MVNO agreements	36'909	(36'909)	-	-
Other intangibles assets	382'135	(42'303)	(90)	339'741
Intangible assets	**1'573'689**	**(694'605)**	**(4'605)**	**874'479**

Intangible assets under construction amounted to CHF 0.2 million as at December 31, 2019 (CHF 1 million as at December 31, 2018).

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

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

(in thousands of Swiss Francs)	Telecom-munication licenses	Software	Customer contracts	Reseller Agreements	MVNO agreements	Other Intangibles assets	TOTAL
Opening balance as at January 1, 2018	170'268	20'911	445'012	-	3'400	290'882	930'473
Additions	-	10'563	-	-	-	67'121	77'684
Amortization	(15'393)	(9'236)	(87'386)	-	(3'400)	(18'262)	(133'677)
Closing balance as at December 31, 2018	**154'874**	**22'238**	**357'625**	**-**	**-**	**339'741**	**874'479**

During the year ended December 31, 2019 the Group acquired spectrum licenses for CHF 94.5 million and continued to renew and extend agreements for mobile backhauling (core network and antennas) and for FTTH access by ways of operating Indefeasible Rights of Use (IRUs) for a total of CHF 56.1 million (CHF 66.0 million as at December 31, 2018).
No accelerated depreciation has been recognised in 2019, neither in 2018.

Capitalised expenditure
The labour expenses capitalised during the year amounted to CHF 4.0 million (CHF 3.7 million as at December 2018).

6.3 Property, Plant and Equipment

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

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

Tangible assets were as follows as at December 31, 2018:

	December 31, 2018			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation	Accumulated Impairment	Net
Land and buildings	131'323	(74'595)	(18'142)	38'586
Network	2'551'956	(1'934'851)	(67'352)	549'753
IT equipment	20'152	(12'786)	(4'777)	2'589
Other property, plant and equipment	40'421	(20'456)	(2'147)	17'817
Tangible assets were as follows as at December 31, 2018:	**2'743'852**	**(2'042'688)**	**(92'418)**	**608'745**

Tangible assets under construction amounted to CHF 32.2 million as at December 31, 2019 (CHF 44.3 million as at December 31, 2018).

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, 2019	38'586	549'753	2'589	17'817	608'745
Additions	2'341	98'855	1'657	4'926	107'779
Depreciation and Impairment	(4'912)	(101'482)	(1'197)	(4'738)	(112'329)
Transfers to Right-of-use assets	(5'936)	(17'994)	-	-	(23'930)
Transaction impact (refer to Note 1.5)	-	(145'051)	-	-	(145'051)
Closing balance as at December 31, 2019	**30'079**	**384'081**	**3'049**	**18'005**	**435'214**

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 1, 2018	42'103	552'900	2'293	662	597'958
Additions	2'935	104'820	1'291	18'366	127'411
Depreciation and Impairment	(6'623)	(126'371)	(995)	(1'210)	(135'199)
Other movements[1]	170	18'405	-	-	18'575
Closing balance as at December 31, 2018	**38'586**	**549'753**	**2'589**	**17'817**	**608'745**

[1] In 2018, other movements are related to the change in the asset retirement obligation.

Impairment loss recognised in 2019 amounted to CHF 1.2 million and was mainly related to Network assets that are no longer in use (CHF 5.3 million in 2018).

Capitalised expenditure
The labour expenses capitalised during the year amounted to CHF 5.1 million (CHF 4.3 million as at December 2018).

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)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Additions in property, plant and equipment and intangible assets	**(268'803)**	**(205'095)**
Adjustments of non cash-flow effect items		
Increase / (decrease) in amounts due to fixed assets suppliers (excluding spectrum)	8'765	42'350
Total adjustments of non cash-flow effect items	**8'765**	**42'350**
Cash effect of purchases of property, plant and equipment and intangible assets	**(260'038)**	**(162'745)**

Note 7 – Income Tax

7.1 Corporate income Tax profit / (loss)

Salt Mobile S.A. is liable for taxes in all Swiss cantons based on an inter-cantonal allocation at various rates. With this regard the current average tax rate is our estimated rate of 16.85% (21.50% in 2018) based on the statutory tax rates applicable in Switzerland, which can potentially vary in the upcoming years.

The Group is liable for capital and income taxes. Matterhorn Telecom S.A. and Matterhorn Telecom Holding S.A., which are registered in Luxemburg, are subject to an income tax at a rate of 24.94% (26.01% in 2018).

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Total tax expense relating to continuing operations	**63'958**	**(36'084)**
Current tax expense in respect of the current year	(29'027)	(23'876)
Deferred tax income / (expense)	92'985	(12'208)

7.2 Group Tax Proof

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

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Profit / (loss) before tax before the share of net profit (loss) of associate result	**422'967**	**108'250**
Income tax rate	24.94%	26.01%
Theoretical income tax income / (expense)	**(105'488)**	**(28'156)**
Reconciliation items:		
Effect on deferred tax balances due to the change in income tax rate	3'220	8'397
Effect of different tax rates of subsidiaries operating in other jurisdictions	(38'308)	10'461
Deferred tax assets not recognized on tax loss carry forwards arising in the period	(16'881)	(8'135)
Effect of previously unrecognized deferred tax assets	-	6'164
Net income exempted from tax	233'841	-
Impairment of deferred tax assets	(11'424)	(24'668)
Other	(1'002)	(148)
Income tax expense recognised in profit or loss	**63'958**	**(36'084)**

The effect on deferred tax balances due to the change in income tax rate is mainly due to the enacted decrease of the income tax rates in several cantons from January 1, 2020.
The income exempted from tax corresponds to the gain on the disposal of a subsidiary (refer to Note 1.5).

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, 2019	December 31, 2018
Pension provision	1'734	711
Intangible assets & Property, plant and equipment	(100'840)	(125'204)
Lease obligation	83'344	-
Tax loss carryforwards	24'335	41'953
Hedge accounting	(16'944)	(45'934)
Revenue recognition	(12'088)	(12'812)
Other	(7'290)	4'110
Net deferred taxes - Group	**(27'750)**	**(137'175)**
- Deferred tax assets	-	-
- Deferred tax liabilities	*(27'750)*	*(137'175)*

The deferred taxes related to the revenue recognition have been presented separately which is restated in the above table and amounted to CHF 12.8 million as of December 31, 2018.

7.4 Change in Group net deferred taxes

(in thousands of Swiss Francs)	December 31, 2018	Recognized in Retained Earnings	Recognized as a profit or loss	Transaction impact (Refer to Note 1.5)	Recognized in other comprehensive income	December 31, 2019
Pension	711	-	377	-	646	1'734
Intangible assets & Property, plant, equipment	(125'204)	-	11'913	12'451	-	(100'840)
Lease obligation	-	-	83'344	-	-	83'344
Tax loss carryforwards	41'953	-	(17'619)	-	-	24'335
Hedge accounting	(45'934)	-	25'646	-	3'343	(16'944)
Revenue recognition	(12'812)	-	724	-	-	(12'088)
Other	4'110	-	(11'400)	-	-	(7'290)
Deferred taxes on temporary differences	**(137'175)**	**-**	**92'985**	**12'451**	**3'989**	**(27'750)**

(in thousands of Swiss Francs)	December 31, 2017	Recognized in Retained Earnings	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2018
Pension	631	-	276	(196)	711
Intangible assets & Property, plant, equipment	(115'037)	-	(10'167)	-	(125'204)
Tax loss carryforwards	68'766	-	(26'813)	-	41'953
Hedge	(67'173)	-	17'839	3'401	(45'934)
Revenue recognition	(11'657)	(2'732)	1'577		(12'812)
Other	(970)	-	5'080	-	4'110
Deferred taxes on temporary differences	**(125'440)**	**(2'732)**	**(12'208)**	**3'204**	**(137'175)**

The deferred taxes related to the revenue recognition have been presented separately which is restated in the above table and amounted to CHF 12.8 million as of December 31, 2018.

The total of tax loss to be carry-forward as at December 31, 2019 amounted to CHF 510.5 million of which for CHF 412.9 million, deferred tax asset of CHF 103.0 million was not recognized (CHF 450.0 million as at December 31, 2018 of which CHF 289.6 million was not recognized).
The unrecognised tax loss only relates to the Luxembourg companies.

Note 8 – Provisions

(in thousands of Swiss Francs)	January 1, 2019	Additions	Transaction impact (refer to Note 1.5)	Used	Released	Discounting	December 31, 2019
Restructuring provisions	690	342	-	(745)	(81)	-	206
Provisions for dismantling and restoring sites	64'728	6'573	(39'025)	(720)	(129)	424	31'851
Other provisions	1'341	-	-	(7)	-	-	1'334
Provisions	**66'759**	**6'915**	**(39'025)**	**(1'472)**	**(210)**	**424**	**33'391**
of which non-current provisions	63'682	6'573	(39'025)	(720)	(129)	424	30'805
of which current provisions	3'077	342	-	(752)	(81)	-	2'586

In 2019, the decrease in provision for dismantling costs is mainly due to the transaction (please refer to Note 1.5). The approach and underlying assumptions used for calculating the provisions for dismantling and restoring sites are described in Note 2.14. The discount rate used as at December 31, 2019 amounted to 0.3% (0.9% as at December 31, 2018).

Note 9 – Employee benefits

9.1 Wages, salaries and post-employment benefits

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Wages, social contributions & individual incentive / bonus plans	(84'420)	(75'358)
Capitalised Labour	9'132	8'030
Post-employment benefits	(5'733)	(5'923)
Wages, salaries and post-employment benefits	**(81'021)**	**(73'251)**

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.

The number of FTE's (excluding apprentices and trainees) at the end of 2019 was 842 (732 in 2018).

9.2 Non Current Employee benefits obligation

The Group's employees are insured for the risks of old age, death and disability.
Under this plan the retirement benefit is determined by the amount in the employee retirement savings account at the time of retirement. If an employee retires at the normal retirement age (64), the saving account is converted into a retirement pension at a rate of 5.9% from December 31, 2019 (6.2% as at December 31, 2018) which will decrease progressively until the year 2022 to 5.1%. If the employee retires before the age of 58, his saving account is converted into a retirement pension at a lower rate.

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

	December 31, 2019	December 31, 2018
Discount rate	0.30%	0.90%
Salary increase	0.75%	0.75%
Cost-of-living adjustment	0.00%	0.00%
Interest credit on total account balance	0.30%	0.90%
Mortality and disability - Swiss official tables	Swiss BVG 2015	Swiss BVG 2015

The evaluation is done on a yearly basis.

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

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Present value of funded obligations	(139'777)	(121'437)
Fair value of plan assets	128'738	117'171
Present value of net obligations	(11'039)	(4'266)
Employee benefit obligations	**(11'039)**	**(4'266)**

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, 2019	December 31, 2018
Service costs	(5'733)	(5'923)
Net interest expenses	(8)	(3)
Net periodic pension cost	**(5'741)**	**(5'926)**

Service costs were determined as follows:

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Current service cost	(5'733)	(5'923)
Service costs	**(5'733)**	**(5'923)**

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

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Defined Benefit Obligation (DBO) at the beginning of period	121'437	124'787
Current Service cost	5'733	5'923
Interest cost	1'067	1'037
Employee contributions (incl. administration expenses)	3'110	3'480
Actuarial (gain) / loss - experience	2'623	(421)
Actuarial (gain) / loss - financial assumptions	11'679	(861)
Benefits paid	(4'010)	(12'508)
Transaction impact (refer to Note 1.5)	(1'862)	-
Defined Benefit Obligation (DBO) at the end of the period	**139'777**	**121'437**

The duration of the DBO is 20.6 years (20.3 years as at December 31, 2018).

The plan assets consists of the following categories of assets:

	December 31, 2019	December 31, 2018
Equity Securities	40%	43%
Bonds Securities	25%	27%
Real Estate / Property	20%	15%
Other	15%	15%
	100%	**100%**

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

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

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Fair value of plan assets at the beginning of period	117'171	121'000
Return on plan assets	1'059	1'034
Return on plan assets greater / (less) than discount rate	8'138	(102)
Employer contributions	4'562	4'267
Employee contributions (incl. administration expenses)	3'110	3'480
Benefits paid	(4'010)	(12'508)
Transaction impact (refer to Note 1.5)	(1'292)	-
Fair value of plan assets at the end of the period	**128'738**	**117'171**

The actual return on assets during the year is 15.82% (-6.86% as at December 31, 2018).

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

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Accrued pension cost at the beginning of period	(4'266)	(3'786)
Net periodic pension cost	(5'741)	(5'926)
Employer contributions	4'562	4'267
Amount recognised in OCI	(6'164)	1'179
Transaction impact (refer to Note 1.5)	570	-
Accrued pension cost at the end of the period	**(11'039)**	**(4'266)**

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

(in thousands of Swiss Francs)	Current Assumption	Sensitivity change	DBO change
Discount rate	0.30%	0.50% decrease	(9'861)
		0.50% decrease	11'321
Salary increase	0.75%	0.50% increase	1'524
		0.50% decrease	(1'441)
Cost-of-living adjustment	0.00%	0.50% increase	8'058
		0.00% decrease	-
Mortality and disability - Swiss official tables	Life table BVG 2015	Increase of 1 year in expected lifetime of participants at age 65	1'994

The variations resulting from changes in actuarial assumption have been summarized in the following sensitivity analysis as December 31, 2018:

(in thousands of Swiss Francs)	Current Assumption	Sensitivity change	DBO change
Discount rate	0.90%	0.50% increase	(8'015)
		0.50% decrease	9'150
Salary increase	0.75%	0.50% increase	1'237
		0.50% decrease	(1'170)
Cost-of-living adjustment	0.00%	0.50% increase	6'546
		0.00% decrease	-
Mortality and disability - Swiss official tables	Life table BVG 2015	Increase of 1 year in expected lifetime of participants at age 65	1'667

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, 2019	December 31, 2018
Employees, payables	199	167
Employees accrual	9'248	6'968
Social institutions, payables	2'754	3'614
Current employee benefit obligation	**12'201**	**10'748**

As at December 31, 2019 employees accrual mainly consists of bonus payables for CHF 7.7 million and holidays allowance for CHF 1.5 million (as at December 31, 2018, CHF 5.7 million and CHF 1.3 million, respectively)

Note 10 – Derivatives, borrowings and financial results

10.1 Derivatives and borrowing

(in thousands of Swiss Francs)	Notes	December 31, 2019 Current	Non-current	Total	December 31, 2018 Current	Non-current	Total
Derivatives	10.2	-	68'004	68'004	-	158'551	158'551
Derivatives		-	68'004	68'004	-	158'551	158'551

(in thousands of Swiss Francs)	December 31, 2019 Current	Non-current	Total	December 31, 2018 Current	Non-current	Total
Debt instruments	-	1'860'411	1'860'411	-	2'395'133	2'395'133
Accrued interest on debt instruments	10'362	-	10'362	14'948	-	14'948
Other	272	-	272	667	5'570	6'237
Borrowings and other financial liabilities	10'634	1'860'411	1'871'045	15'615	2'400'703	2'416'318

On March 27, 2019 the Group repurchased EUR 40 million of senior notes for a CHF 43.3 million total net amount (net of swap unwind).

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

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, 2019:

Original currency	Debt instrument	Date of issuance	December 31, 2019 Current nominal amounts	Current nominal amounts	Maturity of debt instrument	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	434'320	2027	4.00%	2'172
EUR	Term Loan B (b)	19.09.2019	500'000	542'900	2026	EURIBOR 3M (floored at 0) +3.50%	792
EUR	Senior Secured Notes (c)	19.09.2019	575'000	624'335	2026	3.125%	5'419
EUR	Senior Secured Notes (d)	19.09.2019	250'000	271'450	2024	2.625%	1'979
		Total		1'873'005			10'362

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

December 31, 2019				
Original currency	Debt instrument	Hedging amount	Hedging rate	Maturity of hedging
		in thousands of currency unit		
EUR	Senior Secured Notes (a)	140'000	3.94%	2024
		260'000	3.73%	2024
EUR	Term Loan B (b)	100'000	3.71%	2024
		100'000	3.70%	2024
		300'000	3.72%	2024
EUR	Senior Secured Notes (c)	300'000	3.19%	2024
		212'000	3.19%	2024
		63'000	3.19%	2024
EUR	Senior Secured Notes (d)	151'866	2.67%	2024
		98'134	2.51%	2024

Bonds (excluding transaction costs) issued by Matterhorn Telecom Holding S.A. and Matterhorn Telecom S.A. at December 31, 2018 :

December 31, 2018									
Original currency	Bond	Date of issuance	Initial nominal amounts	Early Repayment	Current nominal amounts	Current nominal amounts	Maturity of bonds	Nominal interest rate (%)	Outstanding interest amount
			in thousands of currency unit			in thousands of CHF			in thousands of CHF
EUR	Senior Notes (e)	23.04.2015	250'000	68'134	181'866	204'872	2023	4.875%	2'690
		16.03.2017	117'000		117'000	131'801	2023	4.875%	
CHF	Senior Secured Notes	23.04.2015	450'000	39'363	410'637	410'637	2022	3.625%	2'440
EUR	Senior Secured Notes (f)	23.04.2015	1'000'000	-	1'000'000	1'126'500	2022	3.875%	7'154
EUR	Senior Secured Notes	23.04.2015	265'000	265'000	-	-	2022	EUR3M + 3.75%	-
EUR	Senior Secured Notes	16.03.2017	525'000	450'000	75'000	84'488	2023	EUR3M + 3.25%	412
EUR	Senior Secured Notes (g)	27.11.2017	400'000	-	400'000	450'600	2027	4%	2'253
					Total	**2'408'897**			**14'948**

December 31, 2018

Original currency	Bond	Hedging amount	Hedging rate	Maturity of hedging
		in thousands of currency unit		
EUR	Senior Notes (e)	181'866	4.49%	2020
		117'000	4.40%	2020
EUR	Senior Secured Notes (f)	250'000	3.51%	2020
		105'000	3.54%	2020
		185'000	3.54%	2020
		150'000	3.55%	2020
		310'000	3.70%	2020
EUR	Senior Secured Notes (g)	140'000	3.94%	2024
		260'000	3.73%	2024

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

(in thousands of Swiss Francs)	
As at December 31, 2017	**2'444'003**
Unrealised exchange loss (gain)	(75'566)
Amortization of debt issuance costs	2'997
Change in accounting policy (IFRS 9)	23'699
As at December 31, 2018	**2'395'133**
Unrealised exchange loss (gain)	(139'223)
Capitalisation of debt issuance costs	(9'910)
Amortization of debt issuance costs	10'644
Loss on price	18'251
Repurchase of bonds	(1'930'145)
Realized excahnge loss (gain)	69'026
Issuance of new bonds	1'446'635
As at December 31, 2019	**1'860'411**

Credit lines

	December 31, 2019		December 31, 2018	
(in thousands of Swiss Francs)	Amount available	Amounts drawn down	Amount available	Amounts drawn down
Super Revolving Credit Facility	60'000	-	100'000	-
Bank overdraft	-	-	-	-
Credit lines	**60'000**	**-**	**100'000**	**-**

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

10.2 Derivative instruments

For the periods ended December 31, 2019 and December 31, 2018, the Group's designated hedges were limited to cash flow hedges as the Group did not have any hedges designated as fair value or net investment hedges.

Cash-flow hedges

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

	December 31, 2019		December 31, 2018	
(in thousands of Swiss Francs)	Notional	Fair Value asset / (liability)	Notional	Fair Value asset / (liability)
Cross-currency swaps	1'873'005	68'004	1'998'260	158'551

The swaps are measured at fair value (level 2). 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.

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

During the year 2019, except for EUR 75 million swaps related to the EUR 265 million Senior Secured Notes repurchased in March 2017, the 2015 and the newly issued cash flow hedges were fully effective, both retrospectively since inception and prospectively as of December 31, 2019. Therefore the full changes in their fair values (gains and losses) since inception initially were been recognised in other comprehensive income, and were reclassified to the income statement when the hedged cash flows affect earnings.

During the year 2019, the net amount recognised in OCI (net change in OCI) related to hedging activities was a net decrease of CHF 13.3 million (net decrease of CHF 12.5 million in 2018) deferred in OCI. The details of these changes are described in the table below.

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Beginning accumulated OCI balance	**1'841**	**14'399**
Net loss deferred in accumulated OCI due to change in the fair value of the derivative (effective portion)	(83'041)	(88'142)
Reclassified out of accumulated OCI into Income Statement	69'724	75'584
Ending accumulated OCI Balance	**(11'476)**	**1'841**

10.3 Finance costs, net

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Commitment fees on Super Revolving Credit Facility	(1'129)	(1'519)
Amortization of debt issuance costs	(11'080)	(2'997)
Interest on bonds	(77'951)	(84'175)
Net interest on net defined benefit obligation	(8)	(3)
Change in derivatives fair value (including Hedge ineffectiveness)	-	(873)
Net foreign exchange losses (operating)	(571)	-
Net foreign exchange losses (financing)	(3)	(256)
Interest on lease agreements	(23'662)	-
Other financial expenses	(22'196)	(3'038)
Finance costs	**(136'600)**	**(92'861)**
Change in derivatives fair value (including Hedge ineffectiveness)	1'567	-
Net foreign exchange gains (operating)	-	2'905
Other financial gains	2	23
Finance income	**1'569**	**2'928**
Finance costs, net	**(135'031)**	**(89'933)**

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

10.4 Management of covenants

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

Certain non-financial covenants as further described in the indentures to the Senior Secured Notes issued by the Company and its subsidiaries 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.

10.5 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt between December 31, 2018 and December 31, 2019:

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Cash and cash equivalents net	279'743	253'585
Derivatives	68'004	158'551
Borrowings and other financial liabilities - Non Current	(1'860'411)	(2'400'703)
Borrowings and other financial liabilities - Current	(10'634)	(15'615)
Lease liabilities	(764'892)	-
Net debt	**(2'288'190)**	**(2'004'182)**

(in thousands of Swiss Francs)	Cash and cash equivalents net	Derivatives	Lease liabilities	Borrowings, and other financial liabilities	Net debt
As at December 31, 2018	**253'585**	**158'551**	**-**	**(2'416'318)**	**(2'004'182)**
Cash flow	26'980	-	56'954	485'805	569'739
Change in accounting principles	-	-	(257'741)	5'853	(251'888)
Acquisition- leases	-	-	(673'212)	-	(673'212)
Transaction impact (refer to Note 1.5)	-	-	118'983	-	118'983
Foreign exchange adjustments	(822)	-	-	70'197	69'375
Other non cash movements	-	(90'547)	(9'876)	(16'583)	(117'005)
As at December 31, 2019	**279'743**	**68'004**	**(764'892)**	**(1'871'045)**	**(2'288'190)**

(in thousands of Swiss Francs)	Cash and cash equivalents net	Derivatives	Lease liabilities	Borrowings, and other financial liabilities	Net debt
As at December 31, 2017	**207'387**	**248'056**	**-**	**(2'465'087)**	**(2'009'645)**
Cash flow	46'674	-	-	14'674	61'348
Foreign exchange adjustments	(476)	-	-	75'567	75'091
Other non cash movements	-	(89'505)	-	(41'471)	(130'976)
As at December 31, 2018	**253'585**	**158'551**	**-**	**(2'416'318)**	**(2'004'182)**

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

11.1 Financial risks

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

Capital risk management

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

The capital structure of the Group consists of debt, which mainly includes borrowings described in Note 10, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

Credit Risk management

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

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continuously monitoring cash flows, and by matching the maturity profiles of financial assets and liabilities, including from time to time the repayment or repurchase of our existing indebtedness prior to its scheduled maturity. Note 10 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk (refer to the Note 11.2).

Interest Rate Risk

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

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

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

Counterparty Risk management

The Group is exposed to a counterparty risk on the fair value of the derivatives. This risk is assessed using a Credit Valuation Adjustment ("CVA") amounting to CHF 1.4 million as at December 31, 2019 (CHF 2.0 million as at December 31, 2018) and calculated using probabilities of default of the banking counterparties. This risk of counterparty is considered as hedge ineffectiveness and is therefore recognized trough the profit / (loss) of the year.

Sensitivity of financial expenses
Based on a constant amount of debt and a constant management policy, a 1% rise in interest rates would result in an increase of CHF 1.9 million in financial expense as at December 31, 2019 (CHF 2.5 million as at December 31, 2018).

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 by hedging 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 24 million as at December 31, 2019 (change of CHF 24 million as at December 31, 2018).

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

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

(in thousands of Swiss Francs)	December 31, 2018 Total	EUR	USD	GBP	CHF
Financial assets (A)	**589'285**	**30'416**	**1'170**	**609**	**557'090**
Other assets	11'891	-	-	-	11'891
Trade receivables	323'810	14'478	787	1	308'544
Cash and cash equivalents	253'585	15'938	383	609	236'655
Financial liabilities (B)	**2'971'504**	**2'049'397**	**13'833**	**(2)**	**908'277**
Bonds excluding issuance costs [1]	2'408'897	1'998'260	-	-	410'637
Trade payables	207'078	38'195	13'670	(2)	155'215
Long-lived assets payables	339'915	433	163	-	339'319
Current borrowings and other financial liabilities [1]	15'615	12'509	-	-	3'106
Net exposure (A) - (B)	**(2'382'219)**	**(2'018'981)**	**(12'663)**	**612**	**(351'187)**

[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:

December 31, 2019

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

December 31, 2018

(in thousands of currency)	Net position at the end of the year [2]	+10% change	-10% change
EUR	(7'290)	(663)	810
USD	(12'856)	(1'169)	1'428
GBP	488	44	(54)

(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 used when reporting foreign currency risk internally to key management personnel and represents management's 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, 2019	
(in thousands of Swiss Francs)	Book value	Estimated fair value
Loans, receivables and cash and cash equivalents	**607'747**	**607'747**
Other assets	77'369	77'369
Trade receivables	250'635	250'635
Cash and cash equivalents	279'743	279'743
Financial liabilities at amortised cost	**(2'329'330)**	**(2'404'273)**
Debt instruments and accrued interests on debt instruments	(1'870'773)	(1'945'716)
Trade payables	(109'880)	(109'880)
Long-lived assets payables	(348'677)	(348'677)
Hedging derivatives	**68'004**	**68'004**

	December 31, 2018	
(in thousands of Swiss Francs)	Book value	Estimated fair value
Loans, receivables and cash and cash equivalents	**589'285**	**589'285**
Other assets	11'891	11'891
Trade receivables	323'810	323'810
Cash and cash equivalents	253'585	253'585
Financial liabilities at amortised cost	**(2'957'073)**	**(3'025'681)**
Bonds and accrued interests on bonds	(2'410'081)	(2'478'689)
Trade payables	(207'078)	(207'078)
Long-lived assets payables	(339'915)	(339'915)
Hedging derivatives	**158'551**	**158'551**

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

(in thousands of Swiss Francs)	December 31, 2019 Net finance costs	December 31, 2019 Other operating expenses and income	December 31, 2019 Other comprehensive income
Other non-current assets	-	-	-
Trade receivables	(234)	(17'570)	-
Other receivables and payables	12	-	-
Cash and cash equivalents	(6)	-	-
Borrowings, derivatives and other financial liabilities	(133'481)	-	(13'317)
Trade payables	(337)	-	-
Total	**(134'045)**	**(17'570)**	**(13'317)**

(in thousands of Swiss Francs)	December 31, 2018 Net finance costs	December 31, 2018 Other operating expenses and income	December 31, 2018 Other comprehensive income
Other non-current assets	-	-	-
Trade receivables	(6'293)	(21'929)	-
Other receivables and payables	17	-	-
Cash and cash equivalents	22	-	-
Borrowings, derivatives and other financial liabilities	(88'297)	-	(12'558)
Trade payables	9'198	-	-
Total	**(85'353)**	**(21'929)**	**(12'558)**

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

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

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

The maturity of the financial liabilities were as follows:

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

(in thousands of Swiss Francs)	December 31, 2018 Net book value	Contractual Cash Flow	<1 Year	Between 1 and 5 Years	> 5 Years
Trade and long-lived asset payable	**(546'992)**	**(546'992)**	(280'906)	(131'857)	(134'229)
Debt instruments and accrued interests on debt instruments	**(2'410'081)**	**(2'869'642)**	(97'068)	(2'247'935)	(524'640)
Finance lease	**(5'853)**	**(6'298)**	(341)	(2'597)	(3'360)

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

12.1 Other operating results

(in thousands of Swiss Francs)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Customer bad debt	(17'570)	(21'929)
Other expenses	(6'312)	(6'061)
Other operating expenses	**(23'882)**	**(27'990)**
Other income	7'025	7'855
Other operating income	**7'025**	**7'855**
Other operating results	**(16'857)**	**(20'135)**

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, 2019	December 31, 2018
Cash and bank balances	279'743	253'585
Cash and cash equivalents net	**279'743**	**253'585**

12.3 Other assets

Other assets mainly consists of:

(in thousands of Swiss Francs)	December 31, 2019 Current	Non-current	Total	December 31, 2018 Current	Non-current	Total
Financial assets at fair value through profit or loss [(1)]	-	23	**23**	-	23	**23**
Other non-current assets	-	8'961	**8'961**	-	8'983	**8'983**
Others current assets	68'385	-	**68'385**	2'885	-	**2'885**
Other assets	**68'385**	**8'984**	**77'369**	**2'885**	**9'006**	**11'891**

[(1)] The non consolidated 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, 2019 (CHF 23 thousand at December 31, 2018).

The other current assets are mainly composed by the deferred consideration related to the Transaction (refer to Note 1.5).

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Prepaid external purchase	1'898	1'117
Deferred contract costs	30'809	26'762
Total prepaid expenses	**32'707**	**27'878**

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

Change in contract costs over the period are as follows:

(in thousands of Swiss Francs)	Total
Balance as of January 1, 2019	**26'762**
Additional capitalized contract costs	26'899
Amortized contract costs	(22'852)
Balance as of December 31, 2019	**30'809**

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, 2019 and December 31, 2018 the share capital is composed by 8’200’000 shares with a par value of CHF 1.

On September 19, 2019 the Company distributed a dividend of CHF 510 million of which CHF 350 million were paid in cash and CHF 160 million was used to increase the share premium.
On May 17, 2018 the Company proceeded to a share premium decrease amounting to CHF 90 million.

12.5 Other liabilities

(in thousands of Swiss Francs)	December 31, 2019 Current	December 31, 2019 Non-current	December 31, 2019 Total	December 31, 2018 Current	December 31, 2018 Total
VAT payable	10'193	-	**10'193**	9'002	**9'002**
Income tax payable	24'133	-	**24'133**	24'123	**24'123**
Lease liability	94'651	670'241	**764'892**	-	-
Other	14'169	-	**14'169**	11'083	**11'083**
Other liabilities	**143'146**	**670'241**	**813'387**	**44'209**	**44'209**

Note 13 – Leases

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

(in thousands of Swiss Francs)	Impact of change in accounting policy	Transfer from Property, Plant and Equipment	Additions	Transaction impact (refer to Note 1.5)	Depreciation	December 31, 2019
Buildings	45'184	5'936	15'276	-	(13'220)	53'176
Network	202'553	17'994	136'181	(135'955)	(42'985)	177'788
Other	1'774	-	297	-	(600)	1'471
Total Right-of-use assets	**249'511**	**23'930**	**151'754**	**-135'955**	**-56'805**	**232'435**

The Group recognized CHF 151.8 million additions of right-of-use of leased assets of which CHF 89.9 million are related to the Master Service Agreement signed within the Transaction (refer to Note 1.5)

Amount recognized in the consolidated income statement

(in thousands of Swiss Francs)	December 31, 2019	December 31, 2018
Income from sub-leased right-of-use assets	7'463	8'782
Depreciation of right-of-use assets	(56'805)	-
Interest on lease agreements	(23'662)	-
Total	**(73'004)**	**8'782**

The Group's cash flow statement was impacted by a shift from the cash generated from operations of CHF 70.7 million to the net cash used in financing activities (repayment of lease liabilities and interests paid). Overall, IFRS 16 was cash flow neutral for the Group.

Note 14 – Result of associates

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

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

(in thousands of Swiss Francs)	December 31, 2019
Assets	
Non-current assets	1'323'532
Current assets	26'506
Liabilities	
Non-current liabilities	348'778
Current liability	11'132
Income statement	
Revenue	23'062
Net loss	(11'364)
Dividend	-

Value of the investment in associates

(in thousands of Swiss Francs)	December 31, 2019
Investment value at the transaction date	100'180
Share of the net loss attributable to the Group	(1'136)
Investment value at closing date	**99'044**

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 Communication S.A.	Switzerland	100%	Full Consolidation	Communications
Salt Liechtenstein AG	Liechtenstein	100%	Full Consolidation	Communications
Salt Services S.A.	Portugal	100%	Full Consolidation	Communications

On January 1, 2019 Salt Network S.A. was merged into Salt Mobile S.A.. On July 1, 2019 part of Salt Mobile S.A.'s activity was transferred to Swiss Infra Services S.A. and on August 5, 2019 the Group completed the sale of 90% of the share of its subsidiary, refer to Note 1.5.
On September 7, 2018 Salt Services S.A. was incorporated. This company had no activity as at December 31, 2018.

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 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)	January 1, 2019 to December 31, 2019	January 1, 2018 to December 31, 2018
Board of Directors	361	175
Executive Officers	3'373	3'953
Remuneration	**3'734**	**4'128**

16.2 Related enterprises

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

	January 1, 2019 to December 31, 2019				January 1, 2018 to December 31, 2018		
(in thousands of Swiss Francs)	Shareholders	Affiliates	Associates	Total	Shareholders	Affiliates	Total
Monitoring fees [1]	(3'634)	-	-	**(3'634)**	(2'076)	-	**(2'076)**
Telecom services net revenue [2]	-	(7'003)	-	**(7'003)**	-	2'412	**2'412**
Subcontracting expenses [3]	-	(11'528)	-	**(11'528)**	-	(9'409)	**(9'409)**
Equipment revenue	-	303	-	**303**	-	-	**-**
Other operating revenue	-	825	760	**1'585**	-	-	**-**
Shareholder, affiliates and associates	(3'634)	(17'402)	760	**(20'277)**	(2'076)	(6'997)	**(9'073)**

[1] Monitoring fees paid to NJJ Suisse Acquisition and to OCH AT Holding S.A.
[2] Telecom services transactions with Monaco Telecom, Eir Telecom
[3] Subcontracting purchases paid mostly to IT Solutions Factory, Free Mobile, Monaco Telecom and NW Solutions Factory.

The cost for 2019 related to the master service agreement signed with Swiss Infra Services S.A. amounts to CHF 20.8m.

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

(in thousands of Swiss Francs)	December 31, 2019 Affiliates balances	Associates balances	Total balances	December 31, 2018 Affiliates balances	Total balances
Assets					
Other current assets	15	2'683	**2'698**	5	**5**
Liabilities					
Other current liabilities	(3'038)	-	**(3'038)**	(688)	**(688)**
Lease liabilities	-	(12'866)	**(12'866)**	-	**-**

As at December 31, 2019, there was no recognised loss on related party receivables (December 31, 2018, nil)

Note 17 – Unrecognised contractual commitments

To the best of Management's knowledge, 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.

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

17.1 Rental commitments

All rental commitments have been recognized in 2019 due to the enforcement of IFRS 16 as of January 1, 2019

(in thousands of Swiss Francs)	December 31, 2018 Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments : Property (1)	239'383	60'042	51'809	31'094	25'179	20'586	50'673
Rental commitments : Vehicles	1'905	623	607	565	110	-	-
Rental commitments	**241'288**	**60'664**	**52'416**	**31'659**	**25'289**	**20'586**	**50'673**

(1) *Commitments related to offices (Zürich, Renens and Biel), shops loans and network sites*

17.2 Investments and good and services purchase commitments

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

(in thousands of Swiss Francs)	December 31, 2018 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	103'864	55'513	48'351	-
Purchase of handsets	53'168	53'168	-	-
Other commitments related to the purchase of goods and services	5'786	5'786	-	-
Investment and goods and services purchase commitments	**162'818**	**114'467**	**48'351**	**-**

Note 18 – Litigations

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

As at December 31, 2018 the Group had no material unprovided pending or threatened litigation with third parties.

Note 19 – Subsequent events

In the course of January 2020, the Group proceeded to the repayment of share premium for an amount of CHF 160 million to its shareholders.

On February 21st, 2020, the Group entered into a Purchase Agreement for the issuance of an additional EUR 100 million of 3.125% Senior Secured Notes due 2026 (the "Additional Notes") under the Issuer's existing Indenture.
The Additional Notes were issued on March 6th, 2020.
On March 19th, 2020, the Group repriced its Term Loan Facility B from Euribor 3M + 3.500% to Euribor 3M + 2.875%, and used the proceeds from the Additional Notes (EUR 100 million) to partially prepay the Term Loan Facility B, decreasing the nominal amount from EUR 500 million to EUR 400 million.

Although it is difficult to assess yet the impact of the Coronavirus/COVID19 on the Group and its financial results in 2020, management anticipates that there would be some negative impacts due to business disruptions and the overall economic environment.