

# HALF-YEAR 2020 INTERIM REPORT

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# REPORT BY THE BOARD OF DIRECTORS

Dear Shareholders,

## RECENT EVENTS

In April 2020, in view of the massive and presumably long-lasting impact of the Covid-19 crisis on the aviation industry, the Board of directors of Perfect Holding SA came to the view that the Company was no longer in a position to pursue its operations, and to continue its searches for possible acquisitions, in this field of business. The Board of directors of the Company therefore sold its business aircraft charter subsidiary Oxygen Aviation Ltd, in Horsham (UK).

The sale of Oxygen Aviation Ltd. left the Group with only one subsidiary, Perfect Aviation SA, which had practically no ongoing operating activities in the current environment, and with practically no financial means to engage in any further transactions or projects. The Board of directors therefore entered into negotiations with the Group's main creditors and partners and succeeded in restructuring the Group's liabilities to overcome the threatening over-indebtedness situation.

While these efforts were ongoing, the Board of directors was approached at the end of April 2020 by a third party interested in discussing a possible acquisition project with Perfect Holding SA. The Board of directors is still analysing and discussing the possible acquisition project with the third party investor, and expects to be in a position to present such project for resolution at an extraordinary shareholders' meeting within the next few months, although there is, as for any project of this kind, no certainty at this stage that the outcome of the analysis and negotiations will be successful.

In the context of the negotiations, Perfect Holding SA signed a bridge facility agreement with the potential investor in order to fund the Group's continued operations until the possible implementation of the contemplated transaction. The drawdowns under such facility are, however, conditional upon the continuation of the negotiations regarding the transaction and would therefore be discontinued in case of a termination of the negotiations, which would leave the Company in a very delicate financial situation that would jeopardise the going concern status of the Group.

## HALF-YEAR RESULTS OF PERFECT HOLDING SA (SIX: PRFN)

As a result of the sale of the former subsidiary Oxygen Aviation Ltd. in April 2020, such company was de-consolidated from the Perfect Holding Group at the time of the loss of control, so that the half-year results of the Company only include the revenues of such subsidiary before the sale.

As a consequence, in the 1st half of 2020, the unaudited consolidated results of Perfect Holding SA were revenues of CHF 4.2 million (CHF 7.7 million in HY 2019), net operating loss (before interest, taxes and depreciation) of CHF 0.9 million (CHF 0.6 million in HY 2019) and negative net operating cash flow of CHF 0.1 million (negative net operating cash flow of CHF 0.2 million in HY 2019).

Yours sincerely,



Stephen Grey  
PERFECT HOLDING SA



Anouk Ansermoz  
PERFECT HOLDING SA



# INTERIM CONSOLIDATED INCOME STATEMENTS

(in CHF '000)	Notes	Unaudited Six months period ended June 30, 2020	Unaudited Six months period ended June 30, 2019
<b>Revenue</b>	5	<b>4'240</b>	<b>7'701</b>
Purchase of charter flights		-3'702	-6'982
Employee benefit expenses		-398	-657
Marketing & sales expenses		-78	-182
General & administrative expenses		-424	-459
Loss on disposal of subsidiary	6	-561	-
Other operating income / (expenses)		15	-
<b>Loss before interest, taxes and depreciation</b>		<b>-908</b>	<b>-579</b>
Depreciation		-6	-12
Financial income	7	1'084	1
Financial expenses		-6	-24
Exchange differences		23	-1
<b>Profit / (loss) before taxes</b>		<b>187</b>	<b>-615</b>
Income tax income / (expenses)		-	2
<b>Net profit / (loss) for the period</b>		<b>187</b>	<b>-613</b>
<b>Earnings / (loss) per share</b>			
Basic and diluted profit / (loss) per share (in CHF)	12	0,001	-0,003

## INTERIM CONSOLIDATED BALANCE SHEETS

(in CHF '000)	Notes	Unaudited June 30, 2020	Audited December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		168	880
Trade account receivables		-	361
Other current assets		46	653
Income tax receivables		-	27
<b>Total current assets</b>		<b>214</b>	<b>1'921</b>
<b>Non-current assets</b>			
Property, plant and equipment		-	253
<b>Total non-current assets</b>		<b>-</b>	<b>253</b>
<b>Total assets</b>		<b>214</b>	<b>2'174</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade account payables		88	673
Other current liabilities		109	889
Advances from customers		-	110
Current portion of long-term debt	7	-	23
<b>Total current liabilities</b>		<b>197</b>	<b>1'695</b>
<b>Non-current liabilities</b>			
Long-term debt	7	80	985
Deferred tax liabilities		-	46
<b>Total non-current liabilities</b>		<b>80</b>	<b>1'031</b>
<b>Total liabilities</b>		<b>277</b>	<b>2'726</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	8	1'810	1'810
Share premium		220	220
Treasury shares	10	-	-
Cumulative translation adjustment		-	-302
Accumulated losses		-2'093	-2'280
<b>Total equity</b>		<b>-63</b>	<b>-552</b>
<b>Total liabilities and equity</b>		<b>214</b>	<b>2'174</b>

# INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in CHF '000)	Attributable to owners of the parent (Unaudited)					Total
	Share capital	Share premium	Treasury shares	Cumulative translation adjustment	Accumulated losses	
<b>SIX MONTHS PERIOD ENDED JUNE 30, 2019</b>						
January 1, 2019	7'241	220	-	-313	-6'771	377
Net profit / (loss) for the period	-	-	-	-	-613	-613
Currency translation differences	-	-	-	8	-	8
Share capital reduction (Note 8)	-5'431	-	-	-	5'431	-
<b>June 30, 2019</b>	<b>1'810</b>	<b>220</b>	<b>-</b>	<b>-305</b>	<b>-1'953</b>	<b>-228</b>
<b>SIX MONTHS PERIOD ENDED JUNE 30, 2020</b>						
January 1, 2020	1'810	220	-	-302	-2'280	-552
Net profit / (loss) for the period	-	-	-	-	187	187
Currency translation differences	-	-	-	-30	-	-30
Cumulative translation adjustment of disposed subsidiary recycled to income statement (Note 6)	-	-	-	332	-	332
<b>June 30, 2020</b>	<b>1'810</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-2'093</b>	<b>-63</b>

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in CHF '000)	Notes	Unaudited Six months period ended June 30, 2020	Unaudited Six months period ended June 30, 2019
<b>Operating activities</b>			
Net profit / (loss) for the period		187	-613
Adjustments for non-monetary items:			
▪ Allocation to provision for receivables impairment		126	-
▪ Depreciation and amortisation		7	12
▪ Foreign exchange differences		-	15
▪ Loan waiver income	7	-1'082	-
▪ Loss on disposal of subsidiary	6	561	-
▪ Interest and taxes, net		4	22
Change in working capital		137	418
Interest and taxes, paid		-4	-14
<b>Net cash provided by / (used in) operating activities</b>		<b>-64</b>	<b>-160</b>
<b>Investing activities</b>			
Disposal of subsidiary, net of cash disposed of	6	-899	-
<b>Net cash provided by / (used in) investing activities</b>		<b>-899</b>	<b>-</b>
<b>Financing activities</b>			
Proceeds from borrowings		330	133
Reimbursement of borrowings		-6	-12
<b>Net cash provided by / (used in) financing activities</b>		<b>324</b>	<b>121</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>-639</b>	<b>-39</b>
Effect of changes in exchange rates		-73	-10
Cash and cash equivalents at beginning of period		880	943
<b>Cash and cash equivalents at end of period</b>		<b>168</b>	<b>894</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## ■ 1. CORPORATE INFORMATION

Perfect Holding SA (Perfect Holding or the Company) was incorporated in Yverdon-les-Bains (Switzerland) as a Swiss limited company on April 8, 1997 with the Register of Commerce of the Canton of Vaud. The Company has its corporate legal headquarter at 3, Avenue de Florimont, 1006 Lausanne, Switzerland. Its duration is undetermined. The corporate purpose of the Company, according to Article 2 of its Articles of incorporation, is the acquisition and the management of participations in other companies as well as any directly or indirectly related purposes.

Perfect Holding, the ultimate parent company, is listed on the SIX Swiss Exchange, Swiss Reporting Standard. The Company is listed under the symbol "PRFN".

On April 9, 2020, the Board of Directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its subsidiary Oxygen Aviation Ltd.

These unaudited condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on September 25, 2020.

## ■ 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended June 30, 2020 have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with Swiss GAAP FER.

## ■ 3. ACCOUNTING POLICIES

The group accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2019, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

## ■ 4. ESTIMATES

The preparation of interim financial statements in conformity with Swiss GAAP FER requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

### Going concern

On May 24, 2020, Perfect Holding SA signed a bridge facility agreement with a third party (new investor) in order for Perfect Holding SA to maintain its operations in the context of the negotiations relating to a possible acquisition project to be implemented within the next months. The payments under the bridge loan are conditional upon the continuation of discussions regarding the foreseen transaction. For more details regarding the terms and conditions of the bridge facility, please refer also to Note 7.

In spite of its recent success in restructuring the group's liabilities and of the new financing received in the context of the negotiations of the potential transaction, the Board of Directors is aware of the significant execution risk for this contemplated transaction, which may cast significant doubts on the group's ability to continue as a going concern. Based on the ongoing discussions with this new investor as well as the signature and performance of the bridge facility agreement, the Board of Directors believes that the group will be able to meet all its obligations as they fall due for at least the next twelve months, and the interim consolidated financial statements have therefore been prepared on a going concern basis.

## ■ 5. SEGMENT INFORMATION

The strategic steering committee is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purpose of allocating resources and assessing performance.

The committee considers the business from a service perspective. Management assesses the performance of only one segment: charters.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The strategic steering committee assesses the performance of the operating segments based on a measure of sales revenue.

## Geographic information

The segment information provided to the strategic steering committee is as follows:

(in CHF '000)	Six months period ended June 30, 2020	Six months period ended June 30, 2019
<b>Charters - sales revenue</b>		
▪ European countries	2'279	4'201
▪ Russia	423	1'264
▪ Middle East	762	1'490
▪ Central Asia	64	62
▪ Switzerland	126	393
▪ Americas	449	288
▪ Others	137	3
<b>Revenue external</b>	<b>4'240</b>	<b>7'701</b>

The HY2020 figures correspond to Oxygen Aviation's revenue before the sale of the subsidiary, as detailed in Note 6.

The revenue from external customers reported to the strategic steering committee is measured in a manner consistent with that presented in the income statement. Revenues are allocated to countries on the basis of the customer's location.

## 6. DISPOSAL OF SUBSIDIARY

On April 9, 2020, in view of the need to act promptly because of the rapid deterioration of the situation in the aviation sector due to the Covid-19 coronavirus pandemic, the Board of Directors of Perfect Holding SA signed a Share Purchase Agreement for the sale of its subsidiary Oxygen Aviation Ltd to Messrs. Roderick Glassford and Steven A Jack, directors of this UK entity. The sale was completed at a consideration price of CHF 100'000, and the buyers also handed over to Perfect Holding SA in this context all the shares that they held in the Company, resulting in a treasury share position representing approximately 9.5% of the share capital of Perfect Holding.

According to the group accounting principles, subsidiaries are de-consolidated from the date that control ceases.

Details of the sale are as follows (in CHF '000):

Sales consideration:	
▪ consideration received in cash	100
Fair value of net assets disposed of	-329
Cumulative translation adjustment of disposed subsidiary recycled to income statement	-332
<b>Loss on disposal of subsidiary</b>	<b>-561</b>
Consideration received in cash	100
Cash and cash equivalents disposed of	-999
<b>Total cash inflow, net of cash disposed of</b>	<b>-899</b>

The fair values of the assets and liabilities sold are as follows (in CHF '000):

Cash and cash equivalents	999
Trade account receivables	31
Other current assets	23
Property, plant and equipment	229
Trade account payables	-637
Other current liabilities	-114
Deferred tax liabilities	-42
Current portion of long-term debt	-22
Long-term debt	-138
<b>Net value of assets and liabilities</b>	<b>329</b>

## 7. BORROWINGS

(in CHF '000)	June 30, 2020	Dec. 31, 2019
Current portion of long-term debt (mortgage debt)	-	23
<i>Current portion of long-term debt</i>	-	23
Long-term debt - due to related parties - subordinated	-	553
Long-term debt - due to shareholders - subordinated	-	250
Long-term debt - due to third parties - subordinated	80	-
Accrued interest expenses - subordinated	-	28
Long-term debt (mortgage debt)	-	154
<i>Long-term debt</i>	80	985
<b>Borrowings</b>	<b>80</b>	<b>1'008</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On September 13, 2018, Perfect Holding SA signed a bridge facility agreement with a related party for a total amount of CHF 200'000, totally received at the end of 2019. This borrowing bore interest at 8%. Its maturity date was December 31, 2020. This borrowing and related interests have been subordinated according to a subordination agreement signed on December 31, 2019 and was therefore considered as long-term.

On February 21, 2019, Perfect Holding SA signed a second bridge facility agreement with the same related party for an amount of CHF 600'000 totally received in the first semester 2020 (December 31, 2019: CHF 353'435). This borrowing, unsecured, bore interest at 8%. Its maturity date was December 31, 2022. This borrowing and related interests have been subordinated according to a subordination agreement signed on December 31, 2019.

On October 10, 2019, Perfect Holding SA signed a bridge facility agreement with a shareholder for a total amount of CHF 250'000, totally received in 2019. This borrowing bore interest at 1.5%. Its maturity date was June 30, 2021. This borrowing and related interests have been subordinated according to a subordination agreement signed on November 15, 2019.

In 2020, negotiations with the Company's main creditors and partners have resulted in particular in several agreements under which the lenders (a related party and a shareholder) of above-mentioned bridge loans granted in September 2018, February 2019 and October 2019, agreed to waive their rights to the repayment of the relevant loans in total principal amounts of CHF 200'000, CHF 600'000 and CHF 250'000, plus interest. The total amount waived by the parties is of CHF 1'081'899 and is shown under "Financial income".

In addition, on May 24, 2020, in the context of the negotiations relating to a potential acquisition project (by way of share exchange) with a third party investor, Perfect Holding SA signed a bridge facility agreement with the potential investor for an aggregate principal amount of CHF 520'000 in order to fund the group's continued operations until the possible implementation of the contemplated transaction within the next months. The monthly instalments of CHF 40'000 to be advanced under such bridge facility agreement are conditional upon the continuation of the negotiations regarding the contemplated transaction and shall be automatically subordinated to the settlement of the claims of all other creditors, while a possible interruption of the negotiations shall lead to a termination of the drawdown possibilities and to a waiver of all instalments already paid. The amount advanced as of June 30, 2020 is of CHF 80'000, subordinated. This loan is secured by one pledge on all the treasury shares held by the Company, i.e. 17'250'001 shares.

## ■ 8. SHARE CAPITAL

As at June 30, 2020, the share capital amounts to CHF 1'810'182.81, consisting of 181'018'281 issued and fully paid-in registered shares with a nominal value of CHF 0.01 each.

At the shareholders' general meeting held on May 24, 2019, the shareholders accepted the Board resolution to reduce the share capital of the Company from CHF 7'240'731.24 to CHF 1'810'182.81, through a reduction of the nominal value from CHF 0.04 to CHF 0.01 per share. The number of shares remained unchanged at 181'018'281 shares. This transaction reduced the accumulated losses by CHF 5'430'548.43.

## ■ 9. CONDITIONAL SHARE CAPITAL

### Conditional capital reserved for convertible loans

At the shareholders' general meeting of May 27, 2016, a conditional capital of maximum CHF 3'620'000 (divided into a maximum of 90'500'000 registered shares of a nominal value of CHF 0.04 each, to be fully paid up) had been created in order to secure the exercise of conversion rights that may be issued under future convertible loans of the Company. The new shares may be acquired by creditors of future convertible loans of the Company. The preferential subscription right of shareholders is suppressed for these new shares. The Board of Directors may decide to restrict the preferential right of shareholders to subscribe to such convertible loans by setting minimum individual loan tranches of CHF 50'000. The conversion right can only be exercised for up to 3 years from the date of issuance of the convertible loan. The issuance of the new shares is subject to the applicable conditions of conversion, whereby the conversion price must correspond to the nominal value of the shares.

At the shareholders' general meeting held on May 24, 2019, further to the reduction of the nominal value from CHF 0.04 to CHF 0.01 per share (Note 8), the conditional capital was adjusted to a maximum amount of CHF 905'000 (divided into a maximum of 90'500'000 registered shares of CHF 0.01 nominal value each).

## ■ 10. TREASURY SHARES

In the context of the sale of Oxygen Aviation Ltd, the buyers handed over to Perfect Holding SA all the shares they held in the Company, i.e. 17'250'001 shares.

At the time of the Share Purchase Agreement signature, the Company was trying to find solutions to overcome the threatening

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

over-indebtedness situation and therefore the market value of these treasury shares handed over to Perfect Holding SA was considered as being nil.

## ■ 11. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

### Key management compensation:

(in CHF '000)	Six months period ended June 30, 2020	Six months period ended June 30, 2019
Salaries and other short-term employee benefits	152	185

### Transactions:

(in CHF '000)	Six months period ended June 30, 2020	Six months period ended June 30, 2019
Loan waiver income	1'082	-

### Period-end balances:

(in CHF '000)	June 30, 2020	Dec. 31, 2019
Long-term debt - due to related parties - subordinated	-	553
Long-term debt - due to shareholders - subordinated	-	250
Accrued interest expenses - subordinated	-	28

## ■ 12. EARNINGS / (LOSS) PER SHARE

	Six months period ended June 30, 2020	Six months period ended June 30, 2019
Net profit / (loss) attributable to shareholders (in CHF '000)	187	-613
Weighted average number of ordinary shares in issue	173'151'522	181'018'281
Basic and diluted profit / (loss) per share (in CHF)	0,001	-0,003

Basic profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held as treasury shares.

The diluted profit per share is equivalent to the basic profit per share, as there are no dilutive elements to be taken into consideration.

## ■ 13. EVENTS AFTER THE REPORTING DATE

As mentioned in Note 7, CHF 80'000 were advanced in the 2nd semester 2020 to Perfect Holding SA under the bridge loan agreement from a third party investor: those instalments were automatically subordinated, according to the agreement.

Events after the balance sheet date were considered until September 25, 2020. On this date, the interim consolidated financial statements were approved by the Board of Directors.

## IMPORTANT DATES IN 2021

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31.03.2021	Annual Report 2020
28.05.2021	Shareholders Ordinary General Meeting

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