asknet
Enabling your eBusiness

HALF YEAR REPORT 2017

SELECTED KEY FIGURES OF THE GROUP

in € million

		H1 2012	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017
Transaction Revenues		41.06	46.51	48.17	42.17	37.86	**35.36**
Sales Revenues (excluding other operative income)		33.45	39.86	42.35	36.98	35.16	**34.08**
Cost of Materials		–28.74	–34.84	–37.09	–32.22	–30.66	**–29.78**
Gross Profit		4.71	5.02	5.26	4.76	4.50	**4.31**
Goss Profit Margin (of Sales Revenues)	in %	14.1	12.6	12.4	12.9	12.8	**12.6**
Personnel Expenses		2.47	2.47	2.63	2.52	2.72	**2.63**
Other Expenses		2.28	2.63	2.49	2.56	2.79	**2.25**
EBIT		–0.09	0.01	0.04	–0.29	–0.87	**–0.51**
Result from Ordinary Activities		0.01	0.00	0.00	0.00	–0.31	**0.00**
EBT		–0.07	0.02	0.04	–0.29	–1.18	**–0.51**
Net Income/Loss		–0.09	0.01	0.04	–0.29	–2.26	**–0.51**

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ASKNET AT A GLANCE

1995 ESTABLISHED

2006 IPO

2 BUSINESS UNITS

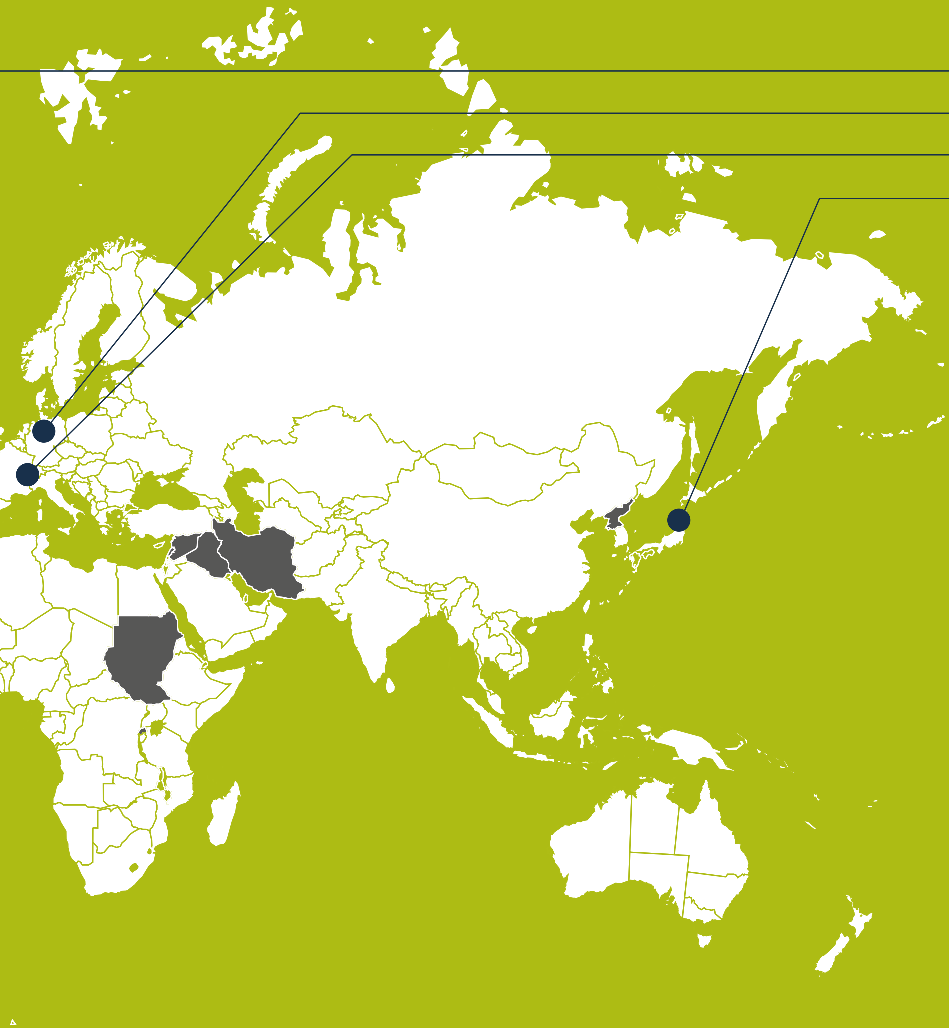
eCOMMERCE SOLUTIONS

ACADEMICS

>190 DELIVERY COUNTRIES

MARKETS

Countries in which we sell



4 BRANCHES

asknet Inc. USA

asknet AG Germany

asknet Switzerland GmbH

asknet KK Japan

~90 EMPLOYEES

~30 SHOP LANGUAGES

>30 SHOP CURRENCIES

Embargo countries

› Dear shareholders,

The first six months of 2017 have seen asknet Group benefit significantly from the internal improvements and cost reductions yielded by our change programs. At the same time, the company has continued the previous year's good sales performance.

Along with our pro-active sales focus, the customer-oriented approach newly adopted by our eCommerce Solutions Business Unit has broadened our distribution base and created a number of important new customer relationships. This has vindicated our belief that the profound changes implemented since late 2014 are now bearing fruit. We have consequently launched more structural and operational improvements which will further accelerate both the acquisition of customers and the realization of new shops while also enhancing the efficiency of our internal processes. Apart from the introduction of new work processes and agile working methods, we also pushed ahead the productization of our portfolio of solutions and services during this period.

"The profound changes implemented since late 2014 are now bearing fruit."

This year our Academics Business unit has worked to implement the software sales not realized in 2016 as well as on expanding its existing customer relationships. As part of our change processes, we have focused on the technical revision of our portal landscape. At the same time we have restructured the sales organization within this Business Unit into a Northern and a Southern sales team. This reorganization is expected to deliver an additional positive impact on sales during the further course of the year.

We have also made progress in relation to the Norwegian VAT issue. The local fiscal authorities have advised the result of their investigation and expressed their appreciation of asknet's active cooperation and transparency in clarifying the matter. The total amounts payable for the settlement of the matter were within the provision set aside in 2016, meaning that the 2017 profit will not be negatively impacted.

LETTER TO THE SHAREHOLDERS

TOBIAS KAULFUSS, CEO

Due to the high one-time expenses we reported a significant loss at Group level in the past financial year, which is why the company obtained shareholder approval for a reduction of its capital. This measure relieved asknet of the one-time expenses of the previous year and the way was cleared for the company to move forward with its change process. In addition, we are currently exploring additional strategic funding options with a view to strengthening our company's ability to innovate through increased investment.

"The capital increase has paved the way for the next steps for the change process."

Looking out over the rest of the year, we are planning to sign up more Asian accounts in particular for our eCommerce Solutions Business Unit. The distribution of the numerous new customers' products will lead to higher sales revenues over time, which will translate into successively rising gross profits and profit contributions, even though it will take until 2018 for these improvements to become visible on a full-year basis. This is why our conservative outlook for the fiscal year 2017 takes into account the negative sales performance of a major client release and the lack of a major Academics transaction, resulting in declining gross profit at Group level.

While the Group's full-year operating result will improve substantially compared to the previous year, it will once more be negative due to further extraordinary expenses related to the completion of our change projects as well as increased development spending. We remain committed to our medium term goal of strengthening asknet's position as a globally active, innovative growth company positioned in the international eCommerce space.

Yours sincerely,

The Executive Board of asknet AG
Tobias Kaulfuss

eCOMMERCE SOLUTIONS

SPECIALIZING IN GLOBAL *SALES* OF PHYSICAL GOODS

asknet's eCommerce Solutions Business Unit offers outsourcing solutions for the online distribution of digital and physical products, handling the sales process along the complete e-commerce value chain worldwide. The core product, the asknet eCommerce Suite, features maximum flexibility and scalability, enabling companies a quick and smooth entry into into global online distribution. Acting as the Merchant of Record, asknet can manage all currency, payment and VAT related tasks. Additional features are being added to the eCommerce Suite through the ongoing productization of the portfolio and the development of innovative stand-alone products.

Thanks to improved implementation processes and a stronger sales focus, the sales base was further expanded during the first half of 2017 and new customer relationships were built. The introduction of new work processes and agile working methods now enable accelerated implementation of new features for the asknet eCommerce Suite, with further development of the platform continuing at the same time. Additional functionalities for the sale of physical goods offer asknet opportunities for competitive differentiation.

RELIABLE PARTNER TO *UNIVERSITY* AND RESEARCH *INSTITUTIONS*

asknet's Academics Business Unit offers a comprehensive range of software solutions and services relating to the procurement, distribution and management of software and hardware for customers from the research and education sectors. asknet maintains business relations with over 80 percent of Germany's universities. Almost 50 procurement portals give students, pupils, lecturers and staff access to a wide variety of downloads. In addition, asknet distributes a wide range of software solutions for students via its well-established studyhouse.de platform. Its maket coverage and its efficient portals make asknet the market leader in the German-speaking region (Germany, Austria, Switzerland). The company's Academics Business Unit benefits from the continued increase in student numbers in these countries. Moreover, asknet leverages its good customer relationships in this field to place new products and services and to increase its vertical integration.

The first half of 2017 saw the Academics Business Unit focus on the technical overhaul of its portal landscape. In addition, its sales structure was reorganized into two regional organizations – North and South – which now look after the needs of customers in their specific regions. Collaboration with manufacturers whose products asknet sells to academic institutions is now managed by the Vendor Relations department.

ASKNET: CLOUD BUSINESS SOLUTIONS SINCE 1995

ACADEMIC PROCUREMENT PORTALS

Procurement, distribution and management of software and hardware

IAAS-HOSTING

Akamai

Microsoft Azure

SOFTLAYER
an IBM Company

INFRASTRUCTURE AS A SERVICE (IAAS)

Fully integrated offer for cloud capacity (virtual machines) in the academic sector

asknet offers its innovative digital solutions for academic institutions and manufacturers exclusively as cloud-based SaaS (Software as a Service) platforms, with asknet controlling and managing all processes and workflows on behalf of the customer.

ECOMMERCE SUITE

Development and operation of
online shops for manufacturers
of digital and physical goods

ASKNET VERIFY

Comprehensive platform
for student status verification

Manufacturers of digital and physical goods as well as customers from the research and education sectors rely on asknet's SaaS solutions and services, as these offer maximum flexibility and scalability 24/7 and enable the efficient distribution and smooth management of digital and physical goods based on asknet's expertise.

MANAGEMENT REPORT ON THE SITUATION OF THE GROUP

FOR THE PERIOD ENDED JUNE 30, 2017

ECONOMIC REPORT

MACROECONOMIC AND INDUSTRY ENVIRONMENT

In its latest forecast (July), the International Monetary Fund (IMF) projects the global economy to expand at a rate of 3.5 percent during the full year of 2017. While the emerging and developing nations are expected to grow by 4.6 percent, a rate of 2.0 percent is anticipated for the industrialized economies, with the US economy expanding by 2.1 percent. According to the IMF economists, the eurozone economy is set to stabilize further, growing at a rate of 1.9 percent despite the uncertainties created by the negotiations on Britain's exit from the European Union. Another solid increase of 1.8 percent is forecasted for the German economy.

The industries that are relevant for asknet Group include the international eCommerce markets and the global IT markets (software, in particular). The development of innovative standalone products such as asknet Verify, the company's verification solution, shifts the focus onto new markets centering around identification and verification. The business activities of asknet's Academics Business Unit focus on the university sector in Germany, Austria and Switzerland (German-speaking region).

The year 2017 has seen continued dynamic growth in the eCommerce market driven by the general trend towards digitization. US market research firm eMarketer expects the volume of online commerce to go up by some 23 percent to just under 2.3 trillion US dollars; eCommerce in Western Europe is expected to rise by 12 percent to 337 billion US dollars. According to German retail association HDE, German eCommerce is set to grow by some 10 percent to a volume of approximately 49 billion euros in the current year. Online wholesaling, which has lagged significantly behind the trend on the retail side, is growing progressively, too, with Forrester Research expecting to see 2017 sales reach 928 billion US dollars, up by 8.5 percent, in the USA alone.

As the digitalization of business processes continues to gain in importance around the world, the IT markets continue to record steady growth. Market analysts at Gartner expect global IT expenditure to rise by 2.4 percent to 3.5 trillion US dollars during 2017. This advance will be led by spending on enterprise software which is set to grow above-average by 7.6 percent. According to projections from German industry association BITKOM, 2017 will see 2.7 percent growth in the German IT market, with software being the fastest growing segment at 6.3 percent.

The positive trend in the higher education markets throughout the German-speaking region (Germany, Austria, Switzerland) remains intact. According to the German statistical office, the country's universities recorded a continued rise in the number of enrolled students at the turn of the year 2016/2017. Preliminary figures show enrolment for the winter term 2016/2017 rose to 2.8 million up around 1.8 percent year on year. The statistics currently available for Austria and Switzerland reflect a continued rise in enrolment as well. According to the Austrian Statistical Office, the number of students rose by 3.6 percent to approximately 381,000 between the 2013/2014 winter term and the 2015/2016 winter term. Based on a reference scenario, the Swiss Statistical Office assumes a total number of 246,000 students for the 2017/2018 academic year, up 1.7 percent on the prior year.

IMPACT OF THE GENERAL MARKET CONDITIONS ON ASKNET GROUP

As a global supplier of software solutions and IT services for the online distribution of digital and physical goods, asknet continues to benefit from the shift in retail sales to the internet and the transformation of user and payment behavior, as this trend offers the company the opportunity to win additional manufacturers operating in the fast-growing eCommerce markets as new customers. New opportunities for growth arise from the ongoing internationalization, the launch and expansion of international partnerships, the entry into new business segments and the development of innovative products.

While asknet's long-standing customer relationships give the company a good starting position when it comes to the distribution of digital and physical goods, the market segment for merchant of record solutions, which enable manufacturers to outsource the international online distribution of their products, is already at an advanced stage of development. Fierce competition for market share is resulting in predatory and price competitions with other eCommerce suppliers. However, the still growing software market, in particular, continues to offer multiple opportunities for asknet's expanded range of products and services which would allow the company to leverage potential within the existing business relationships and access new digital customer groups. Geographic expansion of the business activities may be a future growth driver as well. In addition, asknet seeks to achieve competitive differentiation through the option of additionally selling physical products.

asknet's Academics Business Unit has high market shares in software reselling at universities and research institutions in the German-speaking region and benefits from the continued increase in student numbers in these countries. But the sale of software licenses tends to generate low margins. asknet therefore aims to use the good customer relationships also in this unit in order to place new products and services and to increase its vertical integration.

asknet generally benefits from very good market conditions for the use of the asknet Verify solution, as this is a fast-growing segment characterized by many potential uses. The fact that stand-alone solutions are basically easy to integrate gives asknet access to new attractive markets and customer groups without significant entry barriers.

BUSINESS PERFORMANCE OF ASKNET GROUP IN H1 2017

Continuing strong trend in new accounts – to be accelerated further through change measures

The first six months of 2017 saw asknet continuing its strong sales performance of the previous year, with the eCommerce Business Unit signing up another five new accounts. These include Perfect Corp., a company related to long-standing customer Cyberlink. The company is the inventor and operator of the YouCam apps, an award-winning line of fashion and beauty apps with more than 400 million downloads worldwide. In spring of this year asknet took charge of all activities from the shopping cart stage for the new English-language YouCam shops which allow users to make in-app purchases of beauty and cosmetics products. Apart from providing and operating the technical solution, the collaboration includes the entire value chain from technical and commercial processing to the management of the physical delivery of the merchandise worldwide.

The continuing strong trend in winning new accounts for the eCommerce Solutions Business Unit demonstrates the effectiveness of the profound changes launched since late 2014. It also shows that the new customer-oriented approach and the proactive sales focus will result in numerous new contracts signed. As part of the ongoing change process the company launched a number of additional structural and operational improvements aimed at further raising the efficiency of the internal processes, accelerating the signing up of new customers and the implementation of new online shops. This included the appointment of Jan Schöttelndreier as new head of the eCommerce Business Unit effective 1 August 2017.
Jan Schöttelndreier initially became a consultant to the company in November 2015 and was appointed Director Operational Excellence effective 1 September 2016. Apart from the introduction of new work processes and agile working methods, the company pushed ahead the productization of its portfolio of solutions and services. This included the development of new features for the asknet eCommerce Suite which

were implemented as part of the realization of online shops for new customers. This evolution was controlled and implemented by the Technical Product Management department newly created in autumn 2016.

During the first half of the year the Academics Business Unit focused on the technical improvement of its portal landscape, in particular the merging of releases and the standardization of processes this entails. In addition, the Academics Business Unit reorganized its sales structure. Its former product management department was split into two regional – North and South – sales organizations which now look after the university customers in their respective region. The collaboration with manufacturers whose products asknet sells to academic institutions is now managed by the "Vendor Relations" department. This measure is to further accelerate the expansion of existing customer relationships.

In addition, asknet was able to extend its existing partnership with IBM until the year 2021. A particular focus is put on the Swiss market where asknet has successfully distributed IBM Analytics products since 2014. Since 2015, the distribution has been handled by asknet's own subsidiary, asknet Switzerland GmbH. Work is now underway to expand the sales areas in order to continue the shared growth path in Switzerland.

Sales tax issue in Norway nearly settled

In the first half of 2017, the Norwegian authorities concluded their investigations regarding the non-payment of value added tax on online sales to Norwegian customers made in the past. The company has meanwhile received a written confirmation, in which the Norwegian authorities also positively mentioned asknet's active participation and transparency in clarifying the matter. The amounts imposed were in line with the provisions established for this purpose and the advance payment already made, which means that the result for 2017 will not be adversely affected. In order to pursue potential claims for damages against (former) officers, the company has meanwhile filed a first lawsuit. At the moment, it is unclear when a judgment in this matter will be made and whether the company will receive any damage payments.

Capital reduction strengthens the company's equity capital base

Given that the high one-time expenses in connection with the tax issue in Norway resulted in the posting of a considerable consolidated net loss in the fiscal year 2016, the Executive Board and the Supervisory Board of asknet proposed an ordinary reduction of the share capital in a 10:1 ratio to the company's shareholders in May of this year. At this year's ordinary annual general meeting on July 6, 2017, this proposal was accepted by a large majority and the capital reduction became effective upon its entry in the Commercial Register on July 7, 2017. The listing of the shares of asknet AG (ISIN: DE0005173306) was changed after the end of trading on August 10, 2017. The shares were first listed under the new ISIN DE000A2E3707 on August 11, 2017, with the share price adjusted accordingly.

The capital reduction permits to offset the net loss posted in the balance sheet as at December 31, 2016 and to restructure the company's equity capital.

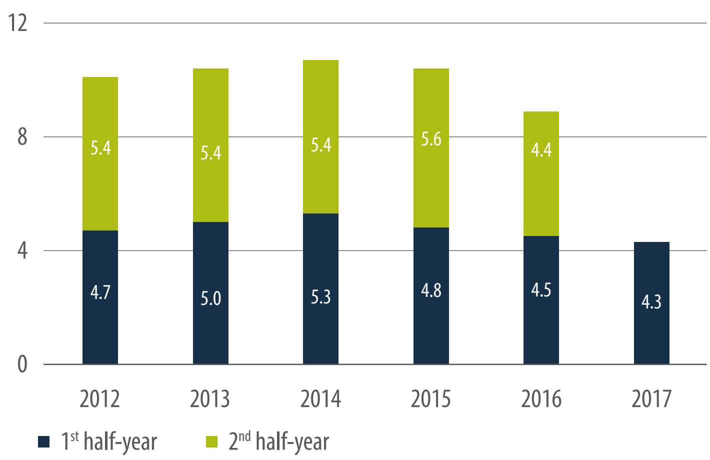
The reduction took place in several steps. In order to get a share number that can be divided by ten, the company's share capital in the amount of 5,094,283 euros consisting of 5,094,283 registered shares was first reduced by 3 euros to 5,094,280 euros in accordance with section 237 paragraph 3 no. 1 of the German Stock Corporation Act (AktG – Aktiengesetz) and then reduced by 4,584,852 euros to 509,428 euros in accordance with section 222 et seq. AktG. The reduction in the amount of 4,584,852.00 euros was offset with the net loss posted in the balance sheet as at December 31, 2016 in the amount of 3,682,137.13 euros and the remaining amount of 902,714.87 euros was allocated to the capital reserve. The capital reduction to eliminate the net loss posted in the balance sheet as at December 31, 2016 maintained the existing ratio, i.e. shareholders' percentage shares in asknet AG remained unchanged.

SALES REVENUES AND EARNINGS

The first six months of 2017 saw asknet Group generate sales revenues in the amount of 34.08 million euros. This represents a decline by 3 percent compared to the same period of the previous year. The decline in sales revenues was primarily attributable to the fact that large individual contracts won by the Academics Business Unit in the previous year were not repeated this year. In contrast, the eCommerce Solutions Business Unit recorded higher sales revenues due to the launch of several new customer shops.

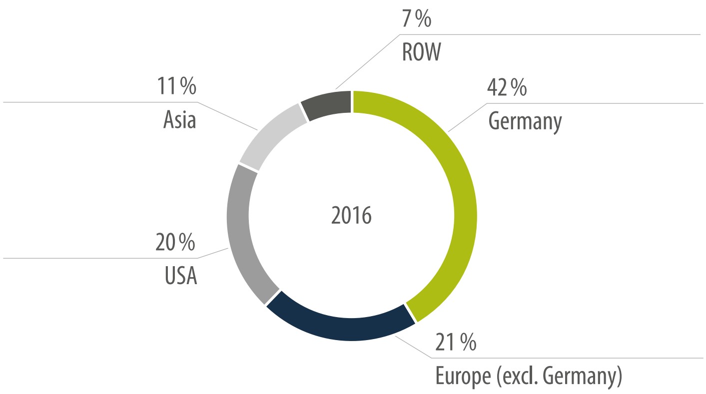
The cost of purchased merchandise dropped by roughly 3 percent to 29.78 million euros in line with the decline in sales revenues. Gross profits, the key performance indicator of asknet Group, dropped from 4.50 million euros to 4.31 million euros in the first half of the year. In addition to the lack of a large package deal in the Academics Business Unit, this decline by roughly 4 percent was attributable to lower demand for a software release of a key account of the eCommerce Solutions Business Unit. Due to the higher share of customer transactions with lower-margin contracts, the gross profit margin (gross profits as a percentage of sales revenues) declined slightly from 12.8 percent to 12.6 percent.

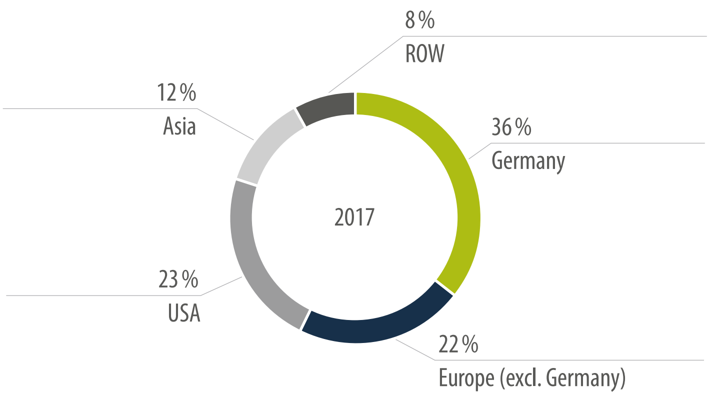
Gross profits, semi-annual
in € million



At 36 percent (previous year: 42 percent), Germany accounted for the biggest portion of asknet Group's sales revenues, followed by the rest of Europe, with 22 percent (previous year: 21 percent). The USA and Asia accounted for 23 percent (previous year: 20 percent) and 12 percent (previous year: 11 percent), respectively. In total, the share of sales revenues generated outside Germany increased noticeably from 58 percent to 64 percent.

Sales revenues by regions
in %, January 1 until June 30





Personnel expenses were reduced by 3 percent from 2.72 million euros to 2.63 million euros in the first half of 2017. As asknet's profitability declined at the same time, personnel expenses accounted for 61.0 percent of gross profits, which represents a slight increase compared to 60.3 percent in the previous year.

A significant cost cut was recorded in other operating expenses, which declined by 19 percent to 2.25 million euros. In the previous year, this item included external consulting expenses in conjunction with the change initiative as well as a provision for penalties that might have been imposed by the Norwegian tax authorities. Moreover, the change process resulted in savings. In addition, no interest and similar expenses had to be paid in the first six months of 2017, while in the same period of the previous year this item included a provision for an interest payment to the Norwegian authorities in the amount of 0.31 million euros. In contrast, depreciation, amortization and write-downs increased considerably from 0.07 million euros to 0.24 million euros in the reporting period. This was attributable to the conclusion of new software licensing agreements by the Academics Business Unit in December 2016, due to which old existing licenses now need to be written down gradually.

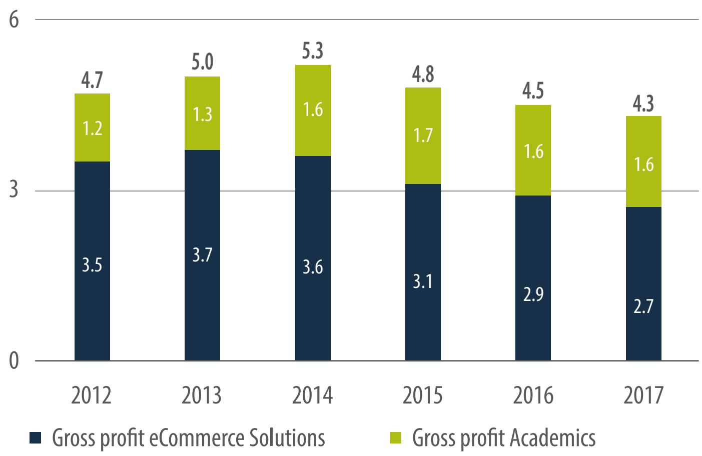
In the first six months of 2017, asknet Group's earnings before taxes (EBT) improved significantly to -0.51 million euros (previous year: -1.18 million euros). Consolidated earnings after taxes (EAT) also amounted to -0.51 million euros. In addition to the operating performance described above, the fact that the Group's earnings remained negative in spite of the settlement of the tax issue in Norway was primarily attributable to the extraordinary expenses incurred to complete the change process as well as higher investments in development.

PERFORMANCE OF THE BUSINESS UNITS

In the reporting period, the continued successful start-up phase of new shops for Asian customers drove the eCommerce Solutions Business Unit's sales revenues up by 6 percent to 23.81 million euros (previous year: 22.45 million euros). Thanks to the good performance of the new customer shops, the significant decline in demand for a software release of a key account was more than offset. Given that this release accounts for particularly profitable transactions, the decline in demand resulted, however, in a shift to lower-margin new customer sales and, at the bottom line, to a decline in this business unit's gross profits by 5 percent from 2.88 million euros to 2.75 million euros.

After a positive business trend in the first three months, sales revenues in asknet's Academics Business Unit declined considerably from 12.68 million euros to 10.28 million euros in the first half of 2017. The decline by 19 percent resulted essentially from large individual transactions in the same period of the previous year, which could not be repeated to a similar extent in the first half of 2017. Due to the standardization of the accrual and deferral methods for sales revenues referring to several fiscal years at the beginning of the year as well as the reduction of lower-margin business, the gross profit generated was down only by 4 percent to 1.56 million euros.

Gross profits by business units
in € million, January 1 until June 30



The decline in gross profits in the year to date was attributable to the non-recurrent effects described above, which were not included in the company's plans in this form. While there is a chance that these may be offset by additional transactions in the Academics Business Unit in the further course of the year, a conservative scenario currently assumes a lower gross profit than in the previous year.

NET WORTH POSITION AND RESULTS OF OPERATION

asknet Group's total assets declined by 32 percent to 8.56 million euros on June 30, 2017. While fixed assets climbed by 21 percent due to the reclassification of the licenses from inventories to fixed assets as of December 31, 2016, current assets decreased by 38 percent to 6.77 million euros. In addition to the above-discussed retirement of licenses from inventories, this decline was due to a reporting date-related decrease in cash and cash equivalents from 6.23 million euros to 2.44 million euros. The final settlement of the Norwegian tax authorities' claims resulted, moreover, in a non-cash reversal of provisions in the amount of -0.61 million euros.

Liabilities also decreased significantly from 6.58 million euros to 4.87 million euros. Other provisions declined from 3.69 million euros to 2.49 million euros due to the reversal of the provisions created in connection with the tax issue in Norway.

As a consequence of the slightly negative result for the period of -0.51 million euros and the significant loss carried forward in connection with the tax issue in Norway of 3.59 million euros, asknet posted a consolidated net loss of 4.10 million euros in the reporting period. This led to a drop in the Group's equity capital from 1.88 million euros as of December 31, 2016 to 1.12 million euros as of June 30, 2017. The Group's equity ratio amounted to 13 percent on the reporting date. The capital reduction by 4,584,852 euros to 509,428 euros with effect from July 7, 2017 and the offsetting of the reduction in the amount of 4,584,852 euros with the net loss posted in the balance sheet as at December 31, 2016 resulted in a pro-forma allocation to the capital reserve in the amount of 902,717.87 euros as well as equity in the amount of 1,462,145.87 euros.

This measure eliminated the one-time expenses of the previous year from asknet's financial basis and paved the way for the continuation of the change process. Furthermore, the company is currently examining additional strategic scenarios and financing options such as using the authorized capital for additional investments to increase the company's innovative strength and to accelerate the tapping of new opportunities in the eCommerce market.

asknet Group's operating cash flow in the first six months of 2017 was negative and amounted to -2.64 million euros. In addition to the net loss for the period in the amount of -0.51 million euros, this was essentially attributable to a reporting date-related decline in liabilities by -1.76 million euros as well as the reversal of provisions (-0.61 million euros).

Sufficient credit lines are available to the Group, of which no use was made in the reporting period.

EMPLOYEES

As of June 30, 2017, asknet Group employed 91 people including the Executive Board; 84 of them worked for asknet AG, while 7 worked for the subsidiaries, asknet Switzerland, asknet Inc., USA, and asknet K.K., Japan. Including all trainees/apprentices and temporary workers, asknet Group employed a total of 95 people as of June 30, 2017.

RISK REPORT

Given that asknet Group's risk position has not changed compared to the assessment at the time of the preparation of the 2016 financial statements, please refer to the detailed presentation of the risks in the 2016 Annual Report.

FORECAST

ANTICIPATED SECTOR-RELATED DEVELOPMENTS

The global eCommerce market will continue to grow in the coming years. US market research firm eMarketer expects the B2C sector to grow by a constantly high average annual rate of approx. 18 percent through 2021, at which time the eCommerce market volume is to reach 4.5 trillion US dollars, representing approx. 16 percent of the global retail trade. The B2B eCommerce sector will also grow further in the next years. Forrester Research projects the US online wholesale trade to grow by approx. 45 percent to 1.2 trillion US dollars by 2021.

The global IT markets will also remain on the growth track. The market research specialists from Gartner expect an increase of approx. 3.5 percent to 3.6 billion US dollars in 2018, with above-average spending on software (+8.6 percent) and services (+4.7 percent) as in the previous years.

The university market in the German-speaking region will largely develop favorably in the coming years. While the German Federal Statistical Office expects the number of first-time students at German universities and colleges to decline by 8 percent from approx. 500,000 in 2015 to 465,000 in 2025, this decrease could be offset by the increasingly active internationalization of the German universities and colleges. In its latest reference scenario, the Swiss Statistical Office projects the number of students to increase to 259.000 by 2025. Austria has announced a new university forecast for 2017 because the currently valid extrapolation of 370,000 students in 2018/2019 was already clearly exceeded with 381,079 students enrolled for the winter term of 2015/2016.

COMPANY FORECAST

In the past months, asknet Group significantly benefitted from the internal improvements and reduced production costs achieved as a result of the change initiatives to date. This is reflected in the continued good sales performance. Thanks to a new, customer-oriented approach and a proactive sales focus, the eCommerce Solutions Business Unit broadened its sales basis and established a large number of new customer relations. The positive effects of the implementation of additional new customer shops will increase further in the second half of the year. The company's Academics Business Unit will primarily focus on implementing the software sales which failed to materialize in 2016 as well as push ahead the expansion of existing customer relations. asknet expects the reorganization of this business unit's sales resources in the first half of 2017 to provide additional positive impulses.

The recent settlement of the value added tax issue in Norway, which tied up considerable financial and management resources in 2016, will also have a positive effect. In order to secure potential claims for damages against former directors, the Supervisory Board of asknet AG has meanwhile filed suit on the grounds of alleged breaches of duty.

In the current fiscal year, the eCommerce Solutions Business Unit plans to close further deals with new customers especially in Asia. Given that asknet will gradually generate higher revenues from selling products of the many new customers won by this business unit, gross profit and earnings contributions will again increase successively as in the previous year, but will initially be fully reflected in the full-year results 2018. Due to the negative sales performance of a key account release and the lack of big-ticket transactions at the Academics Business Unit, the Executive Board therefore currently expects lower consolidated gross profits on a conservative basis. Originally, the company had projected an increase in gross profits for the fiscal year 2017. With respect to the result, asknet's Executive Board, however, still assumes that the operating result in 2017 will be much better than in the previous year but will still be negative.

In order to accelerate the installation of a sustainably profitable business model and to permit higher investments in the ongoing technological and strategic development, the company is currently examining additional strategic scenarios and funding options, which may include tapping the authorized capital for example.

Karlsruhe, August 28 2017
asknet AG

– Executive Board –

Tobias Kaulfuss

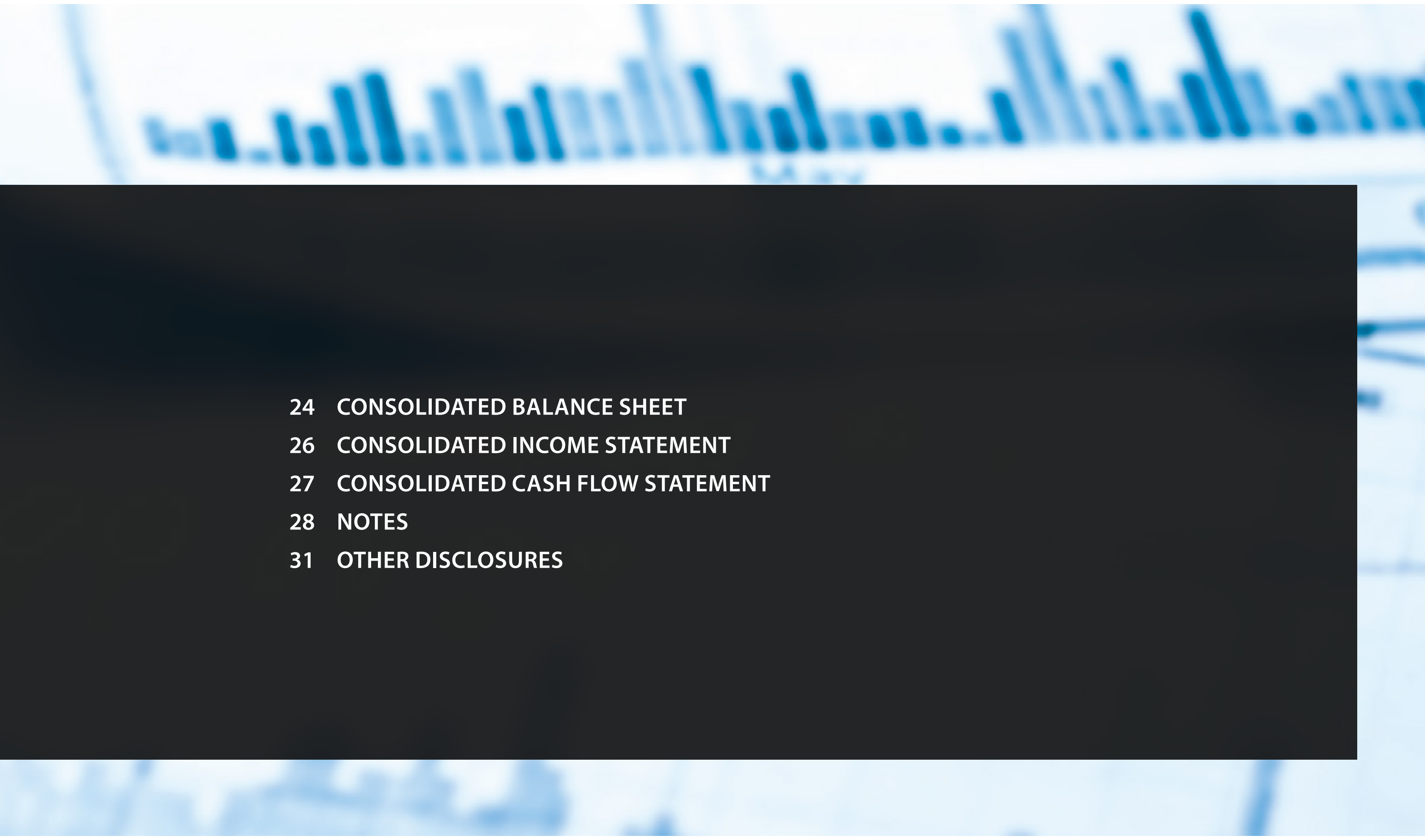
ASKNET AG, KARLSRUHE

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as of June 30
in €

		2017	2016
ASSETS			
A.	**Fixed Assets**		
I.	Intangible fixed assets		
	Concessions, industrial and similar rights and assets, and licenses in such rights and assets	1,403,720.26	1,055,481.51
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	210,742.03	280,551.86
		1,614,462.29	**1,336,033.37**
B.	**Current assets**		
I.	Inventories		
	Merchandise	28,431.89	797,013.18
II.	Receivables and other assets		
1.	Trade receivables	4,069,461.96	3,651,487.72
2.	Other assets	231,510.81	204,936.97
		4,300,972.77	3,856,424.69
III.	Cash-in-hand, bank balances, cheques	2,438,841.25	6,225,378.70
		6,768,245.91	**10,878,816.57**
C.	**Prepaid expenses**	**180,600.59**	**395,382.22**
		8,563,308.79	**12,610,232.16**



		2017	2016
EQUITY AND LIABILITIES			
A.	**Equity**		
I.	Subscribed capital	5,094,283.00	5,094,283.00
II.	Capital reserve	50,000.00	50,000.00
III.	Currency translation differences	73,623.83	97,741.35
IV.	Consolidated net accumulated losses	–4,102,717.52	–3,359,816.02
		1,115,189.31	**1,882,208.33**
B.	**Provisions**		
	Other provisions	**2,493,184.21**	**3,694,539.11**
C.	**Liabilities**		
1.	Trade payables	3,961,605.76	4,753,081.34
2.	Other liabilities of which taxes € 803,056.94 (previous year € 1,738,102.11) of which relating to social security and similar obligations € 6,307.53 (previous year € 6,824.58)	908,077.81	1,831,824.18
		4,869,683.57	**6,584,905.52**
D.	**Deferred Income**	**85,251.70**	**448,579.20**
		8,563,308.79	**12,610,232.16**

CONSOLIDATED INCOME STATEMENT

January 1 until June 30
in €

	2017	2016
1. Sales revenues	34,083,345.64	35,162,599.65
2. Other operating income	424,749.60	377,847.88
	34,508,095.24	**35,540,447.53**
3. Cost of materials		
a) Cost of purchased merchandise	–29,777,260.00	–30,661,460.36
b) Cost of purchased services	–118,879.40	–173,223.44
4. Personnel expenses		
a) Wages and salaries	–2,251,984.23	–2,338,990.17
b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 673.62 (previous year € 393.51)	–375,852.88	–376,840.38
5. Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	–239,481.83	–68,496.41
6. Other operating expenses	–2,252,913.77	–2,786,511.62
	–35,016,372.11	**–36,405,522.38**
7. Interest and similar income	–1,073.50	14.43
8. Interest and similar expenses	215.17	–311,144.13
	–858.33	**–311,129.70**
9. Earnings after taxes	**–509,135.20**	**–1,176,204.55**
10. Other taxes	–2,912.52	–1,088,478.89
11. Consolidated net income	**–512,047.72**	**–2,264,683.44**
12. Accumulated losses brought forward	–3,590,669.78	–1,095,132.58
13. Consolidated net accumulated losses	**–4,102,717.50**	**–3,359,816.02**

CONSOLIDATED CASH FLOW STATEMENT

January 1 until June 30

in € thousand

		2017	2016
1.	**Cash flows from operating activities**		
	Consolidated net profit	–512	–2,265
	Interest paid (+)/received (–)	1	1
	Depreciation, amortization and write-downs	239	68
	Profit on the disposal of depreciation and amortization charges on noncurrent asset	0	0
	Loss on the disposal of depreciation and amortization charges on noncurrent asset	0	0
	Increase (+)/decrease (–) in provisions	–613	871
	Increase (–)/decrease (+) in receivables and other assets	–16	392
	Increase (+)/decrease (–) in liabilities	–1,761	1,770
	Exchange-related change in inventories	18	0
	Cash flows from operating activities	**–2,644**	**837**
2.	**Cash flows from investing activities**		
	Purchase of intangible fixed assets	0	0
	Purchase of tangible fixed assets	–10	–13
	Proceeds from disposals of financial assets	0	0
	Interest received	0	0
	Cash flows from investing activities	**–10**	**–13**
3.	**Cash flows from financing activities**		
	Proceeds from capital increase	0	0
	Interest paid	–1	–1
	Cash flows from financing activities	**–1**	**–1**
4.	**Cash funds at end of period**		
	Net change in cash funds (subtotal 1–3)	–2,654	824
	Effect on cash funds of foreign exchange rate movements	–63	69
	Cash funds at beginning of period	5,156	5,332
	Cash funds at end of period	**2,439**	**6,225**
5.	**Components of cash funds**		
	Cash	2,439	6,225
	Cash funds at end of period	**2,439**	**6,225**

NOTES

FOR THE PERIOD ENDED JUNE 30, 2017

ACCOUNTING PRINCIPLES

General information

These consolidated financial statements of asknet AG, headquartered in Karlsruhe (Amtsgericht Mannheim, HRB 108713), were prepared in accordance with section 290 et seq. of the German Commercial Code (HGB – Handelsgesetzbuch).

We have incorporated the additional disclosures required for individual items into the notes.

The fiscal year is the calendar year.

The consolidated income statement was prepared using the total cost accounting method.

Companies of asknet Group

The consolidated financial statements include the parent company asknet AG, Karlsruhe, Germany, as well as the wholly owned subsidiaries asknet Inc., San Francisco, USA, asknet KK, Tokyo, Japan, and asknet Switzerland GmbH, Uster, Switzerland, which are fully consolidated.

Accounting and reporting policies

As in the previous year, the consolidated financial statements were otherwise prepared using the accounting and reporting methods stated below.

The financial statements of the companies included in the parent company's consolidated financial statements were prepared using uniform accounting and reporting methods.

Acquired intangible fixed assets are carried at cost and, if they have a finite useful life, are amortized in accordance with the term of their useful lives.

Tangible fixed assets are carried at their acquisition or production costs and are subject to scheduled depreciation (straight-line method) in accordance with their expected useful lives.

Since January 1, 2010, low value assets have been fully written off in the year of acquisition.

All other additions to tangible fixed assets are written down on a pro-rata temporis basis.

Appropriate write-downs have been recognized for all identifiable inventory risks that result from reduced marketability and lower replacement costs. Inventory is carried at the lower of cost or market.

With the exception of customary retention of title, inventories are free from third-party rights.

Receivables and other assets are carried at their face value. Adequate specific provisions are allowed for all items that carry risk; the general credit risk is covered by standard writedowns.

Cash and cash equivalents are recognized at their face value on the balance sheet date.

Payments made before the reporting date are recognized as prepaid expenses if they constitute expenses for a certain period after this date.

The subscribed capital and the capital reserve are carried at their face value.

Other provisions account for all contingent liabilities and impending losses from pending transactions. They are recognized at their settlement values required according to prudent commercial judgment (in other words taking into consideration future costs and price increases).

Liabilities are carried at their settlement values.

Payments received before the reporting date are recognized as deferred income if they constitute income for a certain period after this date.

All foreign currency assets and liabilities were translated into euros on the reporting date using the respective average spot exchange rate. If these had remaining terms of more than one year, the realization principle (section 298 paragraph 1 in conjunction with section 252 paragraph 1 no. 4 half sentence 2 HGB) and the historical cost principle (section 298 paragraph 1 in conjunction with section 253 paragraph 1 sentence 1 HGB) were complied with.

All assets and liabilities of annual financial statements prepared in foreign currencies were translated into euros at the respective average spot exchange rate prevailing on the reporting date, with the exception of equity (subscribed capital, reserves, profit/loss carryforwards at historical exchange rates). Income statement items are translated into euros at the average exchange rate. The resulting translation differences are recognized in Group equity, below reserves in the item "Currency translation differences".

Deferred taxes resulting from differences between the commercial balance sheet and the tax balance sheet are recognized if they are expected to be reduced in later fiscal years. Deferred tax assets and liabilities are offset. If deferred tax assets exceed deferred tax liabilities as of the balance sheet date, no use is made of the capitalization option provided by section 274 paragraph 1 sentence 2 HGB.

Consolidation principles

The initial capital consolidation for initial consolidations prior to 2010 was carried out using the book value method at the time of the initial consolidation.

The initial capital consolidation for initial consolidations as of 2010 was carried out using the revaluation method.

Receivables and liabilities as well as income and expenses between Group companies were eliminated. No eliminations of inter-company profits or losses were necessary.

No deferred taxes resulted.

EXPLANATORY NOTES TO THE CONSOLIDATED BALANCE SHEET

Fixed assets

The changes in the individual fixed asset items during the fiscal year are presented in the fixed assets schedule together with the respective depreciation.

Receivables and other assets

As in the previous year, receivables and other assets have a remaining maturity of up to one year, with the exception of the "Solidarbürgschaft" (joint security) of the Swiss Tax Authority (23,000 Swiss francs).

Cash and cash equivalents

Of our bank balances, 150 thousand euros are reserved as collateral for aval commitments.

Equity

The subscribed capital amounts to 5,094,283.00 euros and corresponds with the item recorded in the balance sheet of the parent company. It consists of registered no-par value shares (common stock). Each no-par share represents one vote. The subscribed capital was fully paid up.

The table below shows the changes in the consolidated net accumulated losses:

in € thousand

Jan 1, 2017	–3,590
Consolidated net loss for the first six months	–512
June 30, 2017	–4,102

Other provisions

Other provisions primarily consisted of debt collection claims, leave entitlement and special bonuses, contributions to professional associations, year-end accounting costs, and tax accountant fees, as well as outstanding vendor invoices.

Liabilities

As in the previous year, all liabilities have a remaining maturity of up to one year and are not collateralized.

EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

Reporting and structural changes resulting from BilRUG

In the reporting year, the presentation and structure of the income statement were adjusted to the provisions of the German Commercial Code (HGB – Handelsgesetzbuch) which had been amended by the German Accounting Directive Implementation Act (BilRUG – Bilanzrichtlinie-Umsetzungsgesetz). As a result of the changed structure guidelines of section 275 HGB, the item "Result from ordinary activities" (92 thousand euros) still shown in the previous year is no longer included, while the item "Earnings after taxes" is shown for the first time in the reporting year.

Sales revenues

in € thousand

	H1 2017	H1 2016
SALES REVENUES BY BUSINESS UNIT		
eCommerce Solutions	23,806	22,486
Academics	10,277	12,677
	34,083	**35,163**
SALES REVENUES BY REGION		
Germany	12,107	14,615
Europe excluding Germany	7,368	7,218
USA	7,685	7,144
Asia	4,197	3,807
Other countries	2,726	2,377
	34,083	**35,161**

Other operating income

Other operating income included income from currency translation in the amount of 183 thousand euros (previous year: 254 thousand euros).

Other operating expenses

Other operating expenses included expenses from currency translation in the amount of 223 thousand euros (previous year: 399 thousand euros).

Income tax

Income tax exclusively relates to refunds for previous years.

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

As in the previous year, cash funds comprised cash and bank balances. 150 thousand euros of these cash funds remained subject to drawing restrictions.

OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

asknet has other financial obligations in the form of rental agreements and leases in the amount of 968 thousand euros.

Total financial obligations of the Group
in €

	RENT	LEASING	TOTAL
due within one year	167,692.07	39,941.79	207,633.86
due in one to five years	679,405.64	38,934.24	718,339.88
due after five years	41,663.97	–	41,663.97
	888,761.68	78,876.03	**967,637.71**

Property leases relate to the company's head office in Germany, the branch office in Switzerland as well as to the customer service locations in Japan and the USA. The leasing agreements are operating leases, under which the properties are not accounted for by the company. The advantage of these agreements is that less capital is tied up compared to the acquisition of the properties and that the realization risk is eliminated. Risks may arise from the duration of the agreement if the properties can no longer be fully used, of which there are no signs, however.

In a transaction agreement concluded on December 9, 2016, asknet AG committed to a total turnover regarding certain licenses in the amount of 1,555 thousand euros in the contractual period ending on December 31, 2021.

EMPLOYEES

During the fiscal year, the Group employed an average number of 83 employees in Germany and 7 abroad (not including Executive Board, trainees, and temporary employees).

DIRECTORS OF THE CORPORATION

Executive Board

In the fiscal year, the Executive Board was composed of:

› **Mr. Tobias Kaulfuss**, Dipl. Kaufmann, MBA, Essen.

In accordance with section 286 paragraph 4 HGB, the total remuneration of the Executive Board pursuant to section 285 no. 9a HGB is not disclosed.

Supervisory Board

The members of the Supervisory Board in the fiscal year were:

› **Dr. Joachim Bernecker**, Management Consultant, Straubenhardt, Germany, – Chairman –
› **Thomas Krüger**, Germany, Managing Director of Ad Astra Erste Beteiligungs GmbH, and Ad Astra Venture Consult GmbH, both of Munich, Germany: Deputy Chairman
› **Michael Neises**, Attorney and Partner of the partnership Heuking Kühn Lüer Wojtek, Frankfurt, Germany

Karlsruhe, August 28 2017
asknet AG

– Executive Board –

Tobias Kaulfuss

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Photo archive asknet AG
istockphoto.com

FINANCIAL CALENDAR 2017

April 29, 2017
Publication Financial Report 2016

May 24, 2017
Publication Q1/2017 Interim Report (German version)

July 6, 2017
Annual General Meeting

September 4, 2017
Publication Half Year Report 2017

November 24, 2017
Publication Q3/2017 Interim Report (German version)

WE ENABLE EBUSINESS THROUGH TECHNOLOGY AND SOLUTIONS.

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