HALF YEAR REPORT 2018

SELECTED KEY FIGURES OF THE GROUP

in € million

		H1 2013	H1 2014	H1 2015	H1 2016	H1 2017	**H1 2018**
Transaction Revenues		46.51	48.17	42.17	37.86	35.36	**42.11**
Sales Revenues (excluding other operative income)		39.86	42.35	36.98	35.16	34.08	**41.41**
Cost of Materials		–34.84	–37.09	–32.22	–30.66	–29.78	**–37.07**
Gross Profit		5.02	5.26	4.76	4.50	4.31	**4.34**
Gross Profit Margin (of Sales Revenues)	in %	12.6	12.4	12.9	12.8	12.6	**10.5**
Personnel Expenses		2.47	2.63	2.52	2.72	2.63	**–2.50**
Other Expenses		2.63	2.49	2.56	2.79	2.25	**2.51**
EBIT		0.01	0.04	–0.29	–0.87	–0.51	**–0.24**
Financial Result		0.00	0.00	0.00	–0.31	0.00	**0.00**
EBT		0.02	0.04	–0.29	–1.18	–0.51	**–0.24**
Net Result		0.01	0.04	–0.29	–2.26	–0.51	**–0.47**

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ASKNET AT A GLANCE

SINCE 1995
CLOUD BUSINESS SOLUTIONS

NEW STRATEGIC MAJORITY SHAREHOLDER THE NATIVE

51.37 %

› eCommerce Solutions

2 BUSINESS UNITS

› Academics

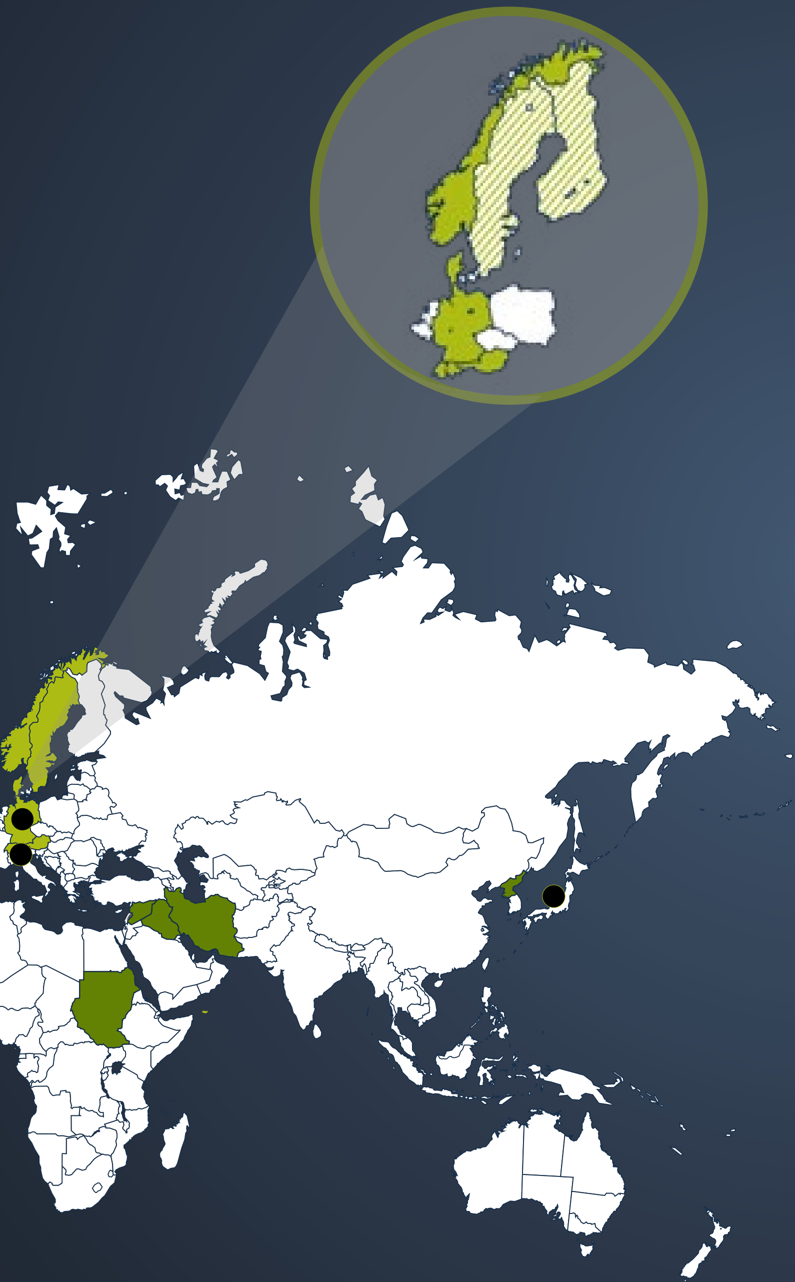
>190 DELIVERY COUNTRIES

ECOMMERCE SOLUTIONS

Countries, in which we distribute

ACADEMICS

Countries, in which we deliver



Embargoed countries

4 LOCATIONS

asknet Inc. USA

asknet AG Germany

asknet Switzerland GmbH

asknet KK Japan

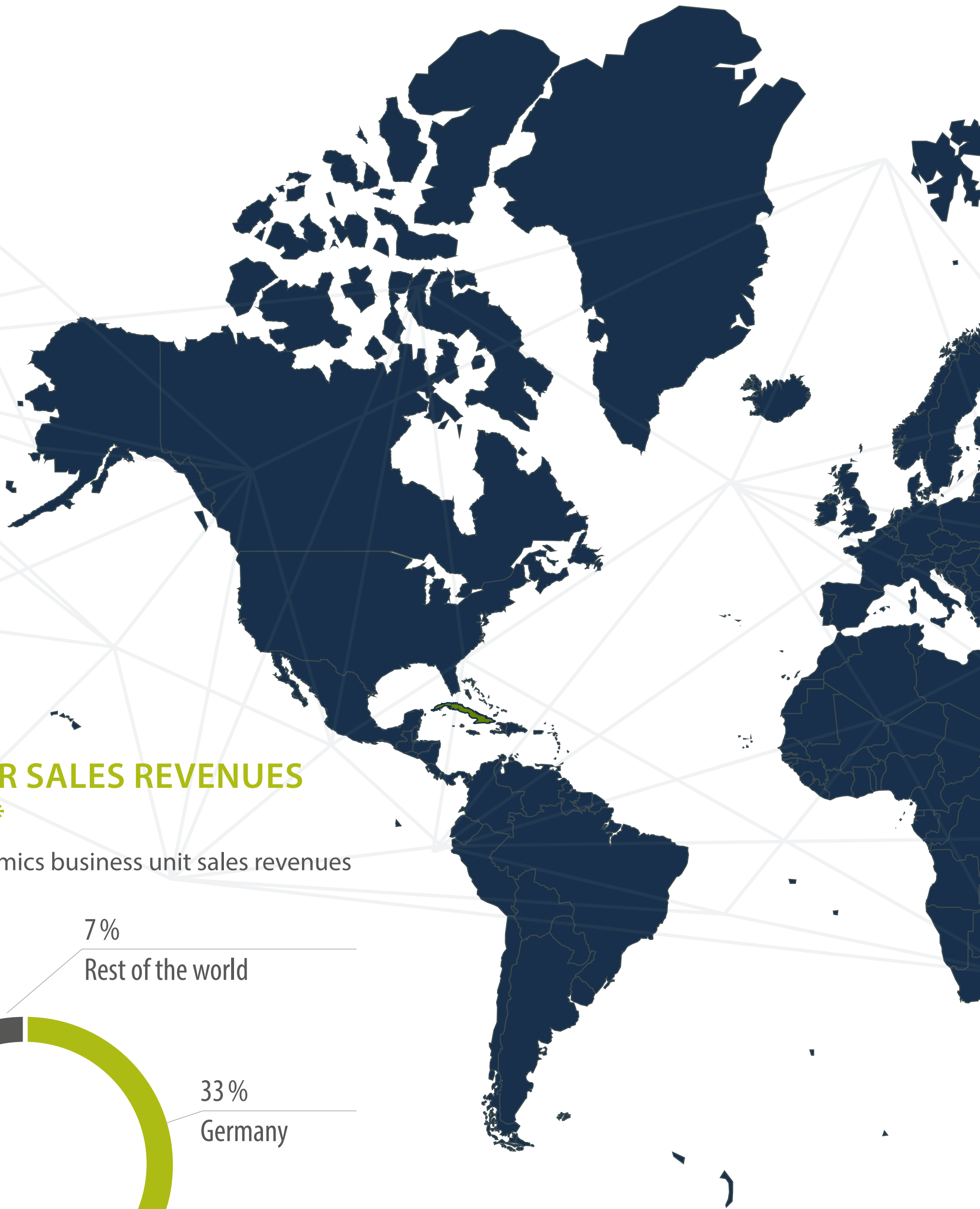
88 EMPLOYEES

~30 SHOP LANGUAGES

>30 SHOP CURRENCIES

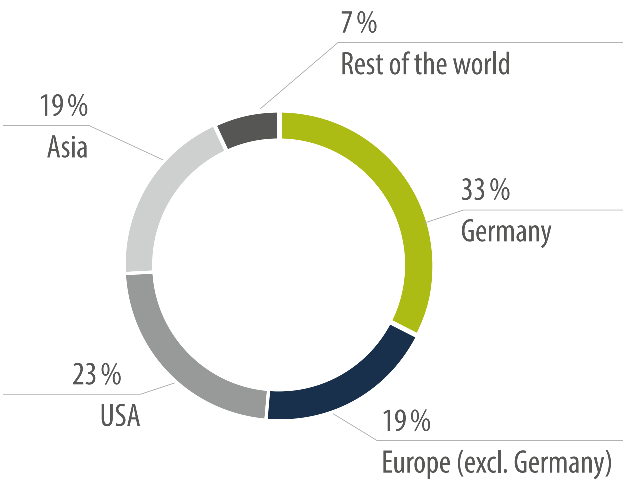
eCOMMERCE SOLUTIONS

FIRST-CLASS FULL SERVICE ECOMMERCE FOR MANUFAC-TURERS AROUND THE GLOBE



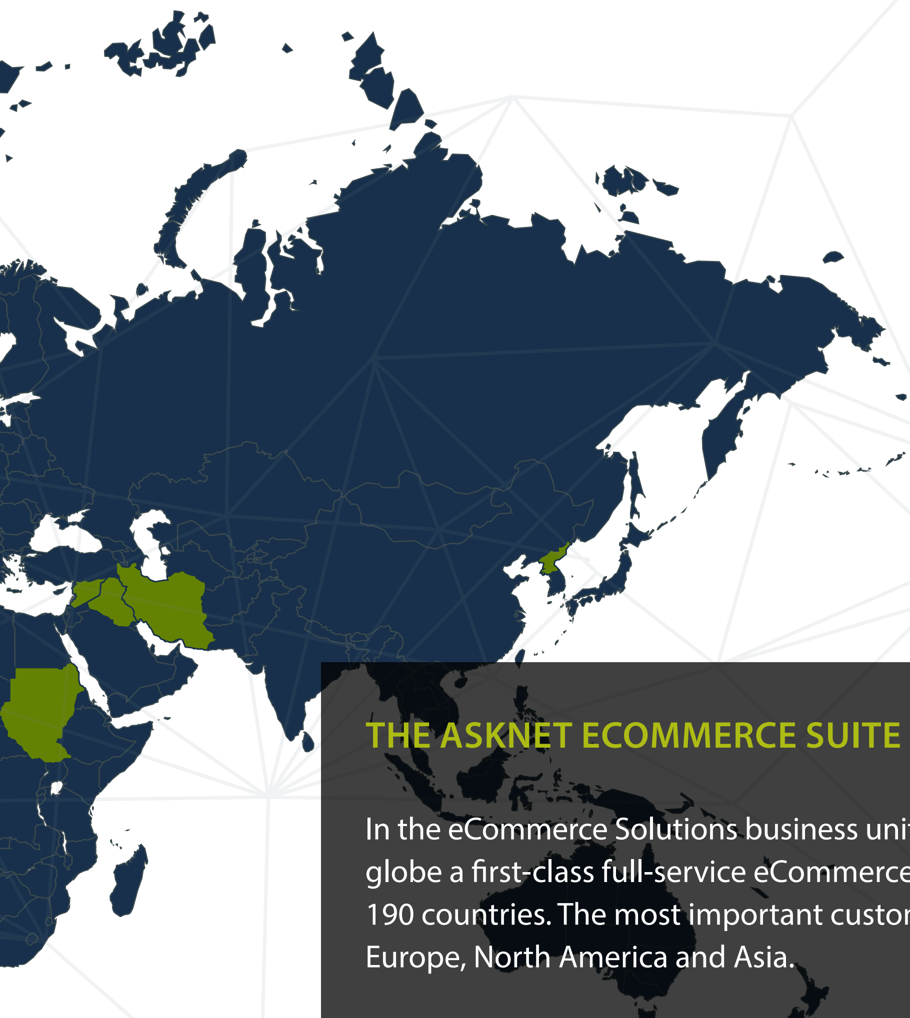
END CUSTOMER SALES REVENUES IN THE GROUP*

by region / incl. Academics business unit sales revenues



The most important sales markets for the shops we operate are in Europe and North America.

*in the first half of 2018



THE ASKNET ECOMMERCE SUITE OPENS UP GLOBAL MARKETS

In the eCommerce Solutions business unit, asknet offers manufacturers around the globe a first-class full-service eCommerce solution and sells their products in over 190 countries. The most important customers are software manufacturers from Europe, North America and Asia.

In the first half of 2018, asknet acquired a total of 11 new customers. In addition, customizing projects were carried out for several new customers. The launch of the next platform generation of the asknet eCommerce Suite in May 2018 will contribute to the continuation of the latest successes in this business unit.

New sales resources are currently being developed in the USA and Asia in order to tap the potential identified in these markets. There, many new manufacturers are trying to gain a foothold in the global online market, relying on full-service providers such as asknet.

ACADEMICS

LEADING SOLUTIONS AND SERVICES FOR THE PROCUREMENT OF ACADEMIC SOFTWARE

CUSTOMER GROUPS

Research institutions

Universities

Students

Staff

PROCUREMENT PORTALS

28 SINGLE PORTALS

25 Universities

3 Research facilities

9 COUNTRY PORTALS

Baden-Wuerttemberg

Hamburg

Hesse

Rhineland-Palatinate

Lower Saxony

North Rhine-Westphalia

Saarland

Schleswig-Holstein/Bremen

School authorities Baden-Württemberg

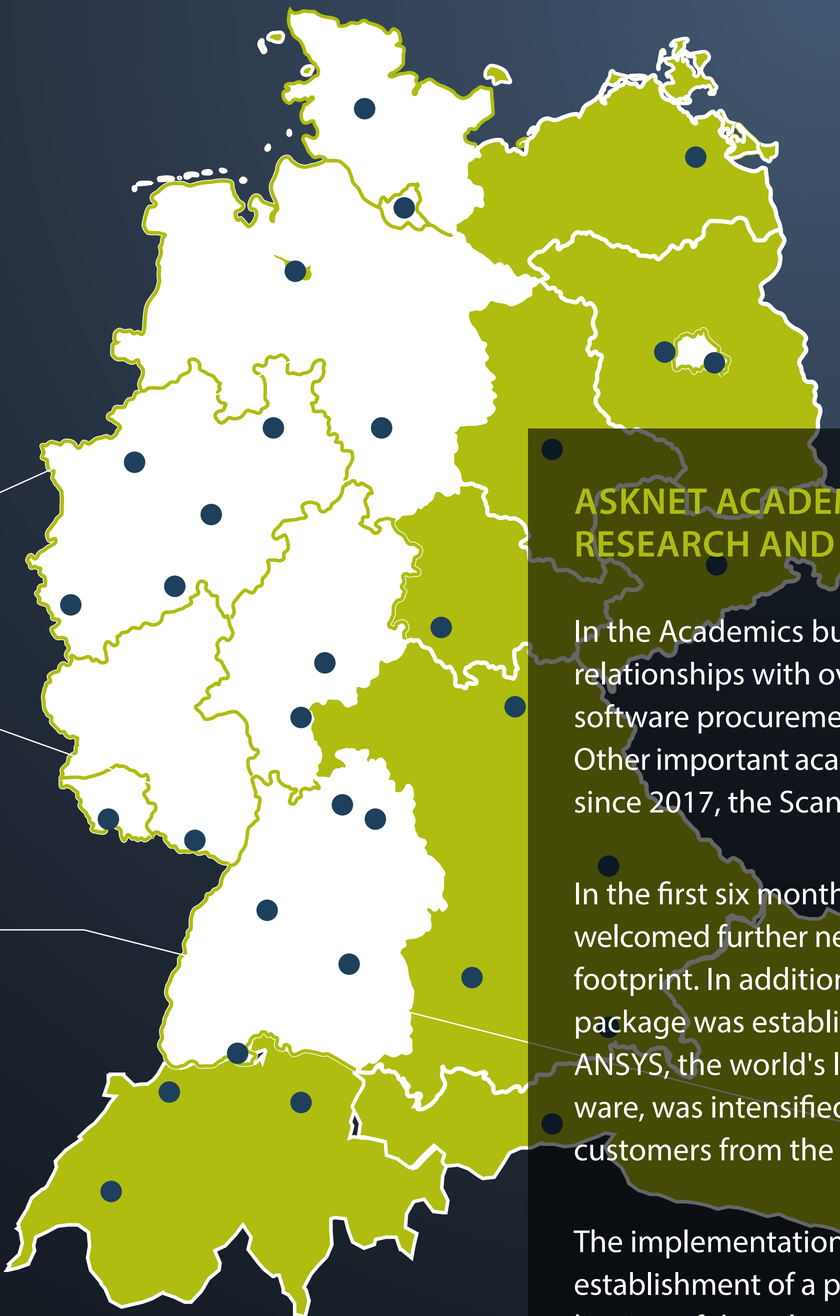
5 NATIONAL PORTALS

Universities Germany

Universities Switzerland

Universities Austria

Studyhouse.de, studyhouse.ch



ASKNET ACADEMICS: A STRONG PARTNER FOR RESEARCH AND TEACHING

In the Academics business unit, asknet maintains business relationships with over 80 percent of German universities via software procurement portals and framework agreements. Other important academic markets are Switzerland, Austria and, since 2017, the Scandinavian countries (especially Norway).

In the first six months of 2018, the Academics business unit welcomed further new customers and expanded its geographical footprint. In addition, a new Microsoft Office 365 product package was established on the market. The partnership with ANSYS, the world's leading manufacturer of simulation software, was intensified and the first major licenses were sold to customers from the fields of research and education.

The implementation of the new sales partnerships and the establishment of a partner network for the further internationalization of the sales channels will continue to be the focus of this business unit in the second half of the year.

MANAGEMENT REPORT ON THE SITUATION OF THE GROUP

FOR THE FIRST HALF OF 2018

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 3.9 percent during the full year of 2018. While the emerging and developing nations are expected to grow by 4.9 percent, a rate of 2.4 percent is anticipated for the industrialized economies, with the US economy expanding by 2.9 percent. According to the IMF economists, the Eurozone economy is set to stabilize further, growing at a rate of 2.2 percent. For the German economy a solid increase of also 2.2 percent is forecast.

The industries that are relevant for the asknet Group include the international e-commerce markets and the global IT markets (software and IT services). The business activities of asknet's Academics Business Unit focus primarily on the university sector in Germany, Austria and Switzerland (German-speaking region).

Global eCommerce markets, driven by the general trend towards digitization, are continuing to grow dynamically. The US market research company eMarketer expects B2C online trading to grow by 21.1 percent to just under 2.8 trillion US dollars in 2018. In its current forecast, the German Retail Association (HDE) predicts a growth of 9.7 percent to a volume of 53.6 billion euros for German online retailing in 2018. Global B2B e-commerce, which had lagged significantly behind the trend on the retail side in past years, is also expected to grow strongly. Forrester Research projects investments of approximately 2.4 billion US dollars in B2B commerce platforms until 2021.

According to forecasts by the US analyst firm Gartner, worldwide IT spending is projected to total 3.7 trillion US Dollar in 2018, an increase of 6.2 percent from 2017. This is the highest annual growth rate that Gartner has forecast since 2007. The key areas of growth are enterprise software with an 11.1 percent increase, followed by the sector of IT services that will grow by approximately 7.4 percent. In Germany, the digital association Bitkom expects a 6.3 percent increase in revenues in the IT software sector in the current year. The German IT services segment is expected to grow by 2.6 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 rise in the number of enrolled students by 3.1 percent from approximately 2,760,000 in the winter term 2015/2016 to 2,842,000 in the winter term 2017/18.

The statistics for Austria and Switzerland reflect a continued rise in enrolment as well. According to the Austrian Statistical Office, the number of students grew by 4.4 percent to approximately 331,000 between the 2013/2014 and the 2016/2017 winter term. The number of students enrolled in Switzerland grew by 8.0 percent to 248,000 students between the 2013/2014 and the 2017/2018 winter term, according to the Swiss Statistical Office.

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 changing user and payment behavior. New opportunities for growth will be created by the ongoing internationalization of the Group, the launch and expansion of international partnerships including add-on acquisitions, the entry into new highly synergetic business areas and the development of innovative products.

asknet's eCommerce Solutions Business Unit generally has a good position based on its proven solutions and continuous investment in technology. However, the market segment for full-service solutions, which allow manufacturers to outsource the international online distribution of their products, is at an advanced stage of development and asknet is caught in fierce competition for market share with other e-commerce suppliers also resulting in price wars. Nonetheless, with increased investments in sales activities, asknet has been able to secure a large number of new clients in previously less serviced geographies and is planning to continue to build up its sales force. Furthermore, the capability to also sell physical products helps asknet to stand out from the competition.

asknet's Academics Business Unit has an outstanding market coverage and high profile 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 margins for the sale of software licenses are continuously decreasing. asknet therefore aims to use the good customer relationships also in this unit in order to place new products, further comprehensive services and to increase its vertical integration as well as its geographic footprint.

BUSINESS PERFORMANCE OF ASKNET GROUP IN H1 2018

High customer demand in both business units

In the first half of 2018 the asknet group recorded high customer demand and a strong performance in the online shops it operates.

In the eCommerce Solutions Business Unit, asknet won 11 new customers in the first six months of 2018. Some new client shops were already completed in the reporting period and thus contributed to the good overall business performance. In addition, new online shops that had been launched in the second half of 2017 were further ramped up, leading to a significant increase in sales revenues and consequently to rising gross profits. Furthermore, customizing projects were implemented for several new customers, helping to further intensify asknet's customer relationships.

In the Academics Business Unit asknet welcomed further new customers as well, and expanded its geographic footprint, with the most recent new client example being a new framework agreement signed by asknet AG for the distribution of software to public and state-accredited universities and colleges of the German federal state of Saxony. The agreement became effective as of May 2018 for a period of three years and will already noticeably contribute to the results in the second half of 2018.

Other important operational developments in the Academics Business Unit included the implementation of the new sales partnerships and the creation of a partner network for the ongoing internationalization of the distribution channels. The partnership with ANSYS, the world's leading manufacturer of simulation software, was intensified and the first major licenses were sold to customers from the research and educational sectors.

Furthermore, asknet launched a new Microsoft Office 365 complete package. In addition to selling Microsoft software products for universities, asknet now also manages the distribution of licenses for Office 365 ProPlus, including customer support. Academic customers thus benefit not only from attractive discounts when purchasing software via asknet, but also from the professional and efficient administration of the licenses. Three renowned German universities have already been acquired as customers for the complete package and more customers are about to sign the corresponding contracts soon.

Next generation of the asknet eCommerce Suite

In spring 2018, asknet launched a new generation of its eCommerce Suite, its powerful full-service eCommerce shop system. The platform is at the core of the eCommerce Solutions Business Unit's solutions and services. The next generation platform features numerous innovations for the shop architecture and for existing functions, including a fully responsive web design that delivers an unparalleled user experience across all devices, from mobile to desktop PCs. The highly responsive and optimized cross-device shopping interface and experience not only increases a customer's in-shopping engagement but also allows for seamless device-dependent cross-selling displays. The combination of these features results in higher conversion rates and drives increased average order values. The new responsive customer shops can be implemented at a fraction of the time formerly required, enabling customers to generate global online sales much faster – and with perfected usability and agility. The migration of old shops to the new platform has also been considerably facilitated and accelerated. All shops running on previous generations are being migrated step by step in the course of the year. As updates under the new shop generation are executed automatically and frequently across all shops, effort is substantially reduced in ongoing operations. Overall, the shorter setup times and enhanced operations will considerably free up internal resources. Additional backend extensions of the shop software are currently being developed and will further increase the attractiveness and competitiveness of the asknet eCommerce Suite.

Strengthening Corporate Governance structures

On June 28, 2018, asknet AG held its annual general meeting, which approved – with 99.9% of the vote – the annual report and a number of governance changes, all in line with the acquisition of control of asknet AG by the Swiss-listed The Native SA in November 2017 and asknet's ongoing refocus on the profitable growth strategy across all of its business units.

Tobias Kaulfuss, the former Chief Executive Officer (CEO) of asknet AG, was elected to the Supervisory Board of the company, serving as its chairman, with Joern Matuszewski (Deputy chairman) and Norman Hansen continuing on the board of asknet AG. Sergey Skatershchikov, then Chief Financial Officer (CFO), was appointed CEO of asknet AG.

Furthermore the governance structure for asknet's second level of management was strengthened, with Sergey Skatershchikov to act as Chairman of the Management Board, and other management board members to include Jan Schoettelndreier (Head of eCommerce Solutions Business Unit), Michael Baumann (Head of Academics Business Unit), Hubert Maurer (Head of Finance and Administration), Noel Kienzle (Head of Technology and Data Security), and Aston Fallen (Head of Business Development and Marketing).

The new management board structure is aimed at improving the quality of executive decision-making. It assigns greater importance to technology and data security through an expanded executive mandate for Mr. Kienzle that now covers the entire asknet AG organization. And it introduces the new role of the Head of Business Development and Marketing to reflect the increased focus on sales and key accounts management at asknet AG.

New growth plan 2018 – 2020: accelerating current growth

After a fundamental transformation over the past three years, asknet is currently moving into a strong growth stage of its business development. To sustain and expand this growth, asknet is investing continuously in new sales resources. In the Academics Business Unit, additional employees were hired in the beginning of 2018 to support the new sales partnership with ANSYS Inc., the global leader in simulation software. In the eCommerce Solutions Business, new sales resources are currently being installed in the USA and Asia to tap the potential identified in these markets, where many new publishers and manufacturers are trying to gain a foothold in the global online market and rely on full-service suppliers such as asknet.

After the end of the reporting period, the Supervisory Board and the Executive Board of asknet AG decided on September 26, 2018 to implement a new growth plan for the company. Encouraged by the strong performance and high customer demand in the first half of 2018, the new plan aims at accelerating current growth through additional heavy investments in the business, both on corporate level and in the business units. The main focus lies on reinforcing staff in the areas of sales and marketing. In connection with the new growth strategy, the company also revised its targets for 2018 and onwards. While the new investments will already make a positive contribution to high sales and gross profit growth in the full year 2018, negative earnings before taxes (EBT) are accepted in the current year in favor of stronger growth. Previously, a positive result (EBT) had been projected for 2018. Parallel to continued high investments, the growth plan aims at further accelerating top-line-growth and exceeding the break-even point in 2019. By 2020, the company intends to at least double its sales revenues and gross profit in comparison to the levels forecasted for the full year 2018, resulting in a sustainable, long-term profitability.

To finance the growth plan, the Executive Board with approval of the Supervisory Board of asknet AG also decided on September 26, 2018 to execute a cash capital increase. Based on the current share capital of the asknet AG in the amount of 560,370 shares, a capital increase from cash contributions in the amount of up to 93,395.00 euros from the Authorized

Capital 2015 will be implemented by issuing up to 93,395 new shares at a subscription price of EUR 10.5 per share. Shareholders are granted their statutory subscription rights. An investor, who is currently not a shareholder of asknet AG, will guarantee the capital increase and underwrite the shares that were not subscribed by existing shareholders until the end of the subscription period. The public offer in connection with the capital increase is to be made without a prospectus, but with a securities information sheet, which has been submitted for approval by the Federal Financial Supervisory Authority (BaFin). Currently the company expects the approval for September 28, 2018. The subscription offer is expected to be published in the Federal Gazette (Bundesanzeiger) on October 4, 2018, with the capital increase to be fully exercised by the first week of November 2018.

SALES REVENUES AND EARNINGS

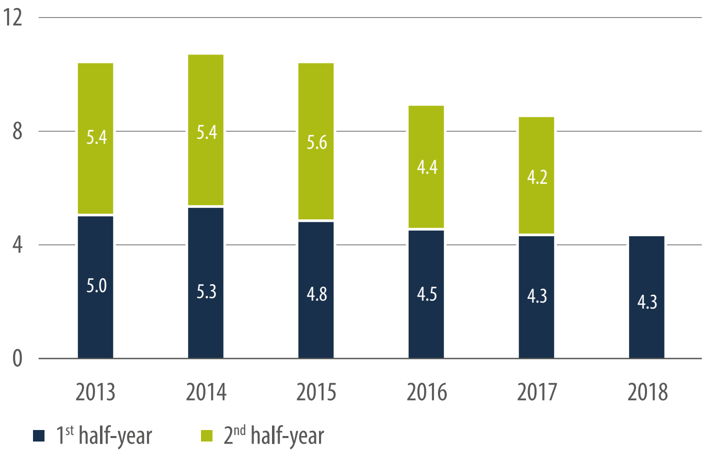
In the first six months of 2018, the **asknet Group** achieved a strong increase in sales revenues of 22 percent to 41.41 million euros. The increase in revenues is partly due to the high number of new customers acquired in the eCommerce Solutions Business Unit in the first half of the year. In addition, new shops that had already been set up in the second half of 2017 were further ramped up, which led to an additional increase in sales revenues. asknet AG also gained further new customers in the Academics Business Unit, which contributed to the good sales revenues' development.

Capitalized own work amounted to 0.83 million euros, whereas other operating income decreased from 0.42 million euros to 0.16 million euros. The Group's total operating performance rose by 23 percent to 42.39 million euros.

As a result of the increase in sales revenues, the cost of purchased goods and services increased by around 24 percent to 37.16 million euros. Gross profit, the key success factor for the asknet Group's business, rose from 4.31 million euros in the prior-year period to 4.34 million euros in the first half of 2018. The slight increase in gross profit compared with the strong sales revenues growth is mainly due to not yet recognized income in the Academics Business Unit for balance sheet date reasons. In addition, some projects were rescheduled to the second half of the year. However, the company continues to expect a significant increase in sales revenues and gross profits in both business units on a full-year basis.

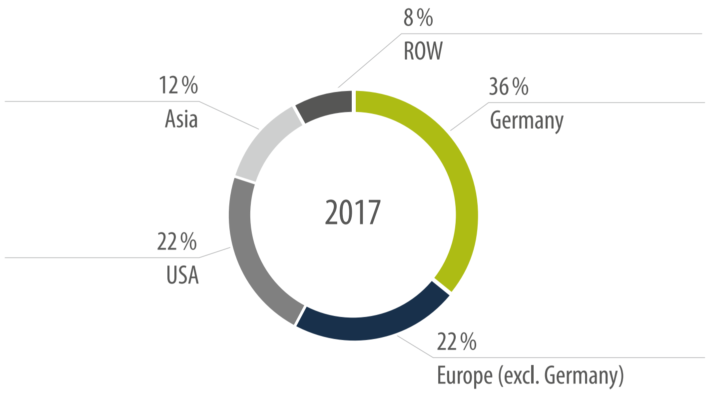
The gross profit margin in relation to sales revenues declined from 12.6 percent to 10.5 percent due to the lower gross profit in the Academics Business Unit and the increase in the proportion of customer business with lower-margin contracts. The margin is expected to improve again in the course of the year.

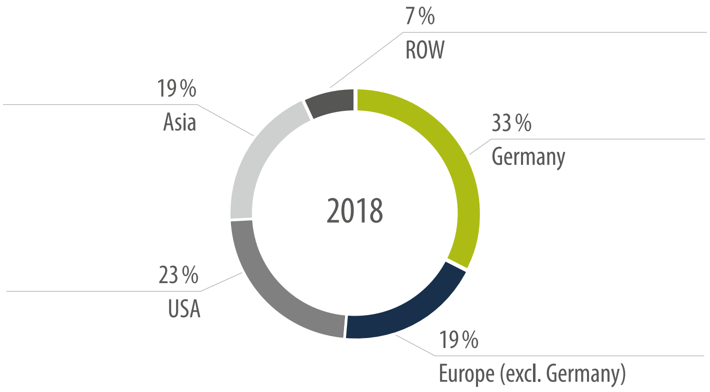
Gross profits, semi-annual
in € million



In the reporting period, the asknet Group generated two thirds (67 percent) of its revenues outside Germany (previous year: 65 percent). The share realized in European countries (excluding Germany) amounted to 19 percent, after 22 percent in 2017. The US-share remained with 23 percent at the prior-year level. The share of revenues generated in Asia rose to 19 percent (previous year: 12 percent), underscoring the growing importance of this region for the e-commerce sector as a whole as well as for the asknet Group's business model. With 33 percent in the reporting period, Germany remained the largest single market in terms of sales revenues (previous year: 36 percent).

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





At 2.63 million euros, the asknet Group's personnel expenses were at the previous year's level. As in the prior-year period, personnel costs accounted for 61 percent of gross profit.

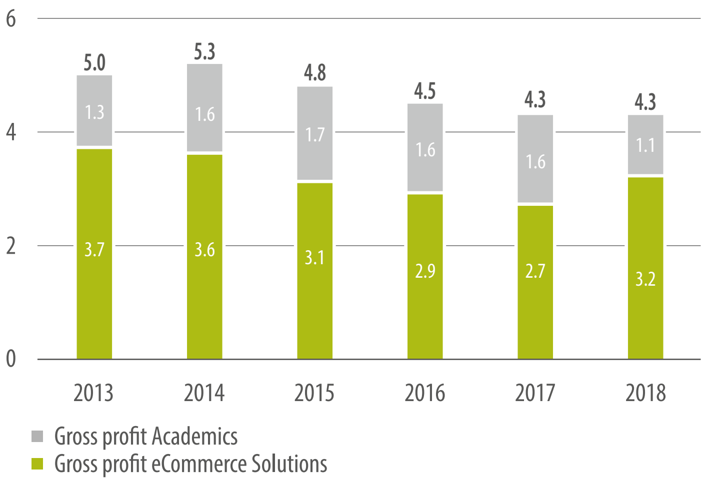
Depreciation and amortization increased significantly from 0.24 million euros to 0.33 million euros in the reporting period. This is due to the signing of new software license agreements in the Academics Business Unit in December 2016, requiring gradual amortization of older existing licenses. Added to this are the software development costs newly capitalized in the second half of 2017, which will be amortized on a straight-line basis over several years from the beginning of the financial year 2018. Other operating expenses rose by 11 percent to 2.51 million euros.

Overall, the asknet Group improved earnings before tax (EBT) to –0.24 million euros in the first six months of 2018, after –0.51 million euros in the same period of the previous year. Deferred taxes of 0.20 million euros (previous year: 0.00 million euros) were recognized due to the capitalization of software development costs and the related difference between the commercial balance sheet and the tax balance sheet. The consolidated net result for the period amounted to –0.47 million euros (previous year: –0.51 million euros).

In the reporting period, the successful ramp-up of new shops in the **eCommerce Solutions Business Unit** led to a 29 percent increase in revenues, totalling 30.72 million euros (previous year: 23.81 million euros). Gross profit in this business unit also increased significantly by 17 percent to 3.21 million euros. The somewhat under-proportional increase is in particular due to the larger number of small and medium-sized customers, which results in a weaker margin on the one hand, but a broader and more stable customer spectrum on the other.

In the **Academics Business Unit**, asknet recorded a 4 percent increase in sales to 10.69 million euros. Gross profit fell from 1.56 million euros to 1.13 million euros. The 27 percent decline is mainly due to completed transactions that were not yet booked to gross profit and project postponements to the second half of the year.

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



For the full year, the company is continuing to forecast a strong growth in sales revenues and gross profit in both business units. In addition, the recently announced "growth plan" will further accelerate the increase in revenues and gross profit in the current year, in particular due to targeted sales investments. At the same time, these investments will result in a negative result (EBT) in the high six-digit range for the full year 2018. In the upcoming year, the management anticipates that sales revenues and gross profits will continue to rise significantly, and that the break-even point will already be exceeded, with clearly positive business results in subsequent years.

NET ASSETS AND FINANCIAL POSITION

The asknet Group's balance sheet increased by 3 percent to 11.59 million euros as of June 30, 2018. On the asset side, the value of intangible assets increased significantly by 18 percent to 3.45 million euros. This was mainly caused by the ongoing capitalization of software development costs, which led to a 40 percent increase of internally created industrial property rights and similar rights. Overall, fixed assets grew by 17 percent to 3.64 million euros.

Current assets fell slightly from 7.98 million euros as of December 31, 2017 to 7.89 million euros as of June 30, 2018. Due to the increased business volume and balance sheet date effects, a decline in cash and cash equivalents (–31 percent to 3.10 million euros) was contrasted by a significant increase in trade receivables (+39 percent to 4.41 million euros).

On the liabilities side, equity decreased from 2.14 million euros to 1.69 million euros, which is mainly attributable to the consolidated balance sheet loss of 0.31 million euros recorded in the first half of 2018. The Group equity ratio on the balance sheet date was 15 percent (December 31, 2017: 19 percent).

Provisions were reduced by 13 percent to 2.37 million euros. While other liabilities decreased by 2 percent to 1.05 million euros, trade payables increased by 23 percent to 5.79 million euros as of the reporting date, mainly as a result of the before mentioned higher business volume. Total liabilities rose by around 19 percent to 6.84 million euros.

Due to the capitalization of software development costs, deferred taxes in the amount of 0.69 million euros (December 31, 2017: 0.49 million euros) had to be recognized. The asknet Group had no financial liabilities as of the balance sheet date.

The asknet Group significantly improved its operating cash flow in the first six months of 2018 from –2.64 million euros to –0.55 million euros. This is mainly due to a significant increase in business volume compared with the previous period, which led, among other things, to a substantial cash inflow of 1.14 million euros in liabilities. In addition, provisions were released with an effect on liquidity to a lesser extent than in the previous year.

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

CORPORATE BODIES

With effect from the end of the Annual General Meeting on June 28, 2018, Tobias Kaulfuss resigned at his own request and for personal reasons from his position as CEO of asknet AG. Sergey Skatershchikov, then CFO of asknet AG, assumed his responsibilities as CEO.

Furthermore, Tobias Kaulfuss was elected to the Supervisory Board of the company, acting as Chairman. Joern Matuszewski and Norman Hansen remained on the board of asknet AG, with Joern Matuszewski now acting as Deputy Chairman.

EMPLOYEES

As of June 30, 2018, asknet Group employed 87 people including the Executive Board; 80 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, the asknet Group employed a total of 88 people as of June 30, 2018.

RISK REPORT

Given that the asknet Group's risk position has not changed compared to the assessment at the time of the preparation of the 2017 financial statements, please refer to the detailed description of the company's risks in the 2017 Annual Report.

FORECAST

ANTICIPATED DEVELOPMENT OF THE INDUSTRY ENVIRONMENT

The global e-commerce market will continue to grow in the coming years. US market research firm eMarketer expects B2C online trading to grow by 21.1 percent to just under 2.8 trillion US dollars in the current year. According to eMarketer, an average annual growth of around 18 percent is expected by 2021. The share in total retail will increase from 10.1 percent in 2017 to an estimated 15.5 percent in 2021. The B2B e-commerce sector will also grow further in the next years. Forrester Research projects investments of approximately 2.4 billion US dollars in B2B commerce platforms until 2021.

The global IT markets will also remain on the growth track. The market research specialists from Gartner expect an increase of approximately 2.8 percent to 3.8 billion US dollars in 2019, with – as in previous years – above-average spending on software (+8.4 percent) and services (+4.6 percent).

The university market in the German-speaking region will show a positive trend in the coming years. The German Ministry for Education and Cultural Affairs expects an increase of 500,000 new students per year until 2019. According to Statistik Austria, the number of Austrian students is expected to rise to 423,000 by 2035 and thus by 14 percent within 20 years. According to the Swiss Statistical Office, despite the expected decline in population, the average number of students in Switzerland is expected to increase by 0.6 percent per year, so that the number of students at Swiss universities will reach 259,000 in 2025 – an increase of 9 percent within ten years.

COMPANY FORECAST

After a fundamental transformation over the past three years, the first six months of 2018 have demonstrated that asknet is now moving into a strong growth stage of its business development. To sustain and expand this growth, the Supervisory Board and the Executive Board of asknet AG decided on the September 26, 2018 to implement a new growth plan for the company. Encouraged by the strong performance and high customer demand in the first half of 2018, the new plan aims at accelerating current growth through additional heavy investments in the business, both on corporate level and in the business units. The main focus lies on reinforcing staff in the areas of sales and marketing.

In connection with the new growth strategy, the company also revised its targets for 2018 and onwards. While the new investments will already make a positive contribution to high sales and gross profit growth in the full year 2018, negative earnings before taxes (EBT) in a high six-digit range are accepted in the current year in favour of stronger growth. Previously, a positive result had been projected for 2018. Parallel to continued high investments, the growth plan aims at further accelerating top-line-growth and exceeding the break-even point in 2019. By 2020, the company intends to at least double its sales revenues and gross profit in comparison to the levels budgeted for the full year 2018, resulting in a sustainable, long-term profitability.

Karlsruhe, September 27, 2018

asknet AG
– The Executive Board –

Sergey Skatershchikov

ASKNET AG, KARLSRUHE

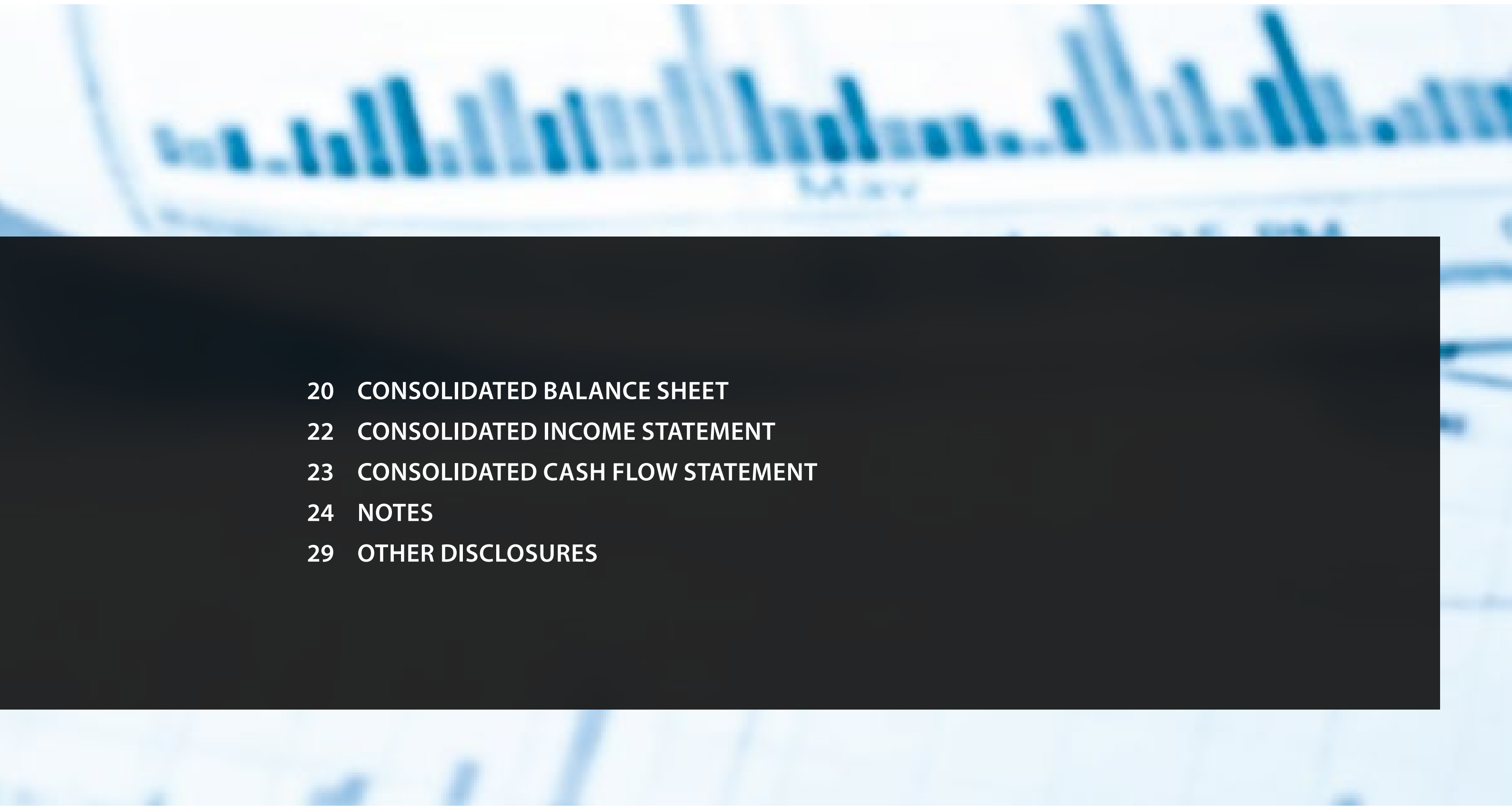
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as of June 30

in €

		June 30, 2018	Dec 31, 2017
ASSETS			
A.	**Fixed Assets**		
I.	Intangible fixed assets		
1.	Self-created industrial property rights and similar rights	2,304,285.36	1,642,557.50
2.	Acquired industrial property rights and similar rights	1,144,841.66	1,268,856.29
		3,449,127.02	2,911,413.79
II.	Tangible fixed assets		
	Other equipment, operating and office equipment	187,385.82	196,896.63
		3,636,512.84	**3,108,310.42**
B.	**Current Assets**		
I.	Inventories		
	Merchandise	45,094.53	44,949.61
II.	Receivables and other assets		
1.	Trade receivables	4,409,139.17	3,166,262.47
2.	Other assets	355,582.31	305,882.02
		4,764,721.48	3,472,144.49
III.	Cash-in-hand, bank balances, cheques	3,075,699.45	4,462,641.47
		7,885,515.46	**7,979,735.57**
C.	**Prepaid Expenses**	**65,919.82**	**134,413.95**
		11,587,948.12	**11,222,459.94**



		June 30, 2018	Dec 31, 2017
EQUITY AND LIABILITIES			
A.	**Equity**		
I.	Subscribed capital	560,370.00	560,370.00
II.	Capital reserve	1,370,442.27	1,370,442.27
III.	Currency translation differences	68,519.03	56,075.83
IV.	Consolidated balance sheet result	–311,610.91	157,985.65
		1,687,720.39	**2,144,873.75**
B.	**Provisions**		
	Other provisions	**2,367,697.92**	**2,714,433.37**
C.	**Liabilities**		
I.	Trade payables	5,787,364.97	4,691,268.74
II.	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)	1,052,240.62	1,073,399.16
		6,839,605.59	**5,764,667.90**
D.	**Deferred Income**	**–**	**109,869.92**
E.	**Deferred Tax Liabilities**	**692,924.22**	**488,615.00**
		11,587,948.12	**11,222,459.94**

CONSOLIDATED INCOME STATEMENT

January 1 until June 30

in €

		2018	2017
1.	**Sales revenues**	41,412,536.30	34,083,345.64
2.	Capitalized development activities	825,985.56	0.00
3.	Other operating income	155,413.64	424,749.60
		42,393,935.50	**34,508,095.24**
4.	**Cost of materials**		
	a) Cost of purchased merchandise	–32,205,867.72	–29,777,260.00
	b) Cost of purchased services	–4,952,993.87	–118,879.40
5.	Personnel expenses		
	a) Wages and salaries	–2,271,662.70	–2,251,984.23
	b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 673.62 (previous year € 393.51)	–357,168.50	–375,852.88
6.	Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	–334,452.24	–239,481.83
7.	Other operating expenses	–2,509,955.03	–2,252,913.77
		–42,632,100.08	**–35,016,372.11**
8.	Interest and similar income	0.00	–1,073.50
9.	Interest and similar expenses	–2,928.70	215.17
10.	Taxes on income and earnings	–227,769.70	0.00
		–230,698.40	**–858.33**
11.	**Earnings after taxes**	**–468,862.98**	**–509,135.20**
12.	Other taxes	–733.58	–2,912.52
13.	**Consolidated net result**	**–469,596.56**	**–512,047.72**
14.	Balance carried forward	157,985.65	–3,590,669.78
15.	Consolidated balance sheet result	**–311,610.91**	**–4,102,717.50**

CONSOLIDATED CASH FLOW STATEMENT

January 1 until June 30

in € thousand

		2018	2017
1.	**Cash flows from operating activities**		
	Consolidated net result	–470	–512
	Amortization and depreciation of fixed assets	334	239
	Acquisition/disposal of fixed assets	7	0
	Increase (+)/decrease (–) in provisions	–347	–613
	Increase (–)/decrease (+) in receivables and other assets	–1,222	–16
	Increase (+)/decrease (–) in liabilities	1,141	–1,761
	Interest paid (+)/received (–)	3	1
	Exchange-related change in inventories	0	18
	Cash flows from operating activities	**–554**	**–2,644**
2.	**Cash flows from investing activities**		
	Purchase of intangible fixed assets	–827	0
	Purchase of tangible fixed assets	–47	–10
	Cash flows from investing activities	**–874**	**–10**
3.	**Cash flows from financing activities**		
	Interest paid	–3	–1
	Cash flows from financing activities	**–3**	**–1**
4.	**Cash funds at end of period**		
	Net change in cash funds (subtotal 1–3)	–1,432	–2,654
	Effect on cash funds of foreign exchange rate movements	45	–63
	Cash funds at beginning of period	4,463	5,156
	Cash funds at end of period	**3,076**	**2,439**
5.	**Components of cash funds**		
	Cash funds at end of period = liquid assets	**3,076**	**2,439**

NOTES

FOR THE PERIOD ENDED JUNE 30, 2018

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).

The additional disclosures required for individual items are included in 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 prepared using the accounting and reporting methods stated below.

Internally generated intangible assets, mainly development costs for new software, are capitalized in the balance sheet of asknet AG as well as recognized in the income statement.

Internally generated commercial property rights and similar rights and assets are capitalized at cost (development costs) provided that there is at least a high probability on the balance sheet date that an asset will actually be created. The cost of production comprises the individually attributable costs from the consumption of goods and the utilization of services. Internally generated commercial property rights and similar rights and assets are written off systematically over their expected useful lives on a pro rata temporis basis using the straight-line method.

Capitalized development costs are written off over the corresponding useful life using the straight-line method.

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

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 cost 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.

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

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 write-downs.

Cash and cash equivalents consist of bank balances and cash on hand, which 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.

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.

All **foreign currency assets and liabilities** were translated into euros on the reporting date using the respective mean 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. Current foreign currency receivables (remaining term of up to one year) as well as cash and cash equivalents or other current foreign currency assets are translated at the mean exchange rate on the balance sheet date in accordance with section 256a HGB.

All assets and liabilities of annual financial statements prepared in foreign currencies were translated into euros at the respective mean exchange rate prevailing on the financial statement date, with the exception of equity (subscribed capital, provisions, 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 provisions in the item "Currency translation differences".

Consolidation principles

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

EXPLANATORY NOTES TO THE BALANCE SHEET

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

Subscribed capital

The subscribed capital amounts to 560,370.00 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 value share represents one vote. The subscribed capital was fully paid up.

Authorized capital

The Executive Board is authorized, with the full approval of the Supervisory Board, to increase the share capital on one or more occasions by up to 2,469,058.00 euros by June 17, 2020 against cash and/or payment in kind by issuing new registered shares (2015 authorized capital). As a general rule, the shareholders must be granted a subscription right. In case of cash contribution, the shares may also be acquired by one or several financial institutions or another company meeting the requirements of section 186 paragraph 5 sentence 1 AktG with the obligation to offer them to the company's shareholders for subscription. The Executive Board is, however, authorized to exclude shareholders' subscription right with the consent of the Supervisory Board.

- to compensate for fractional amounts resulting from the subscription ratio;
- to the extent necessary for dilution protection in order to grant bearers or creditors of warrant or conversion rights or corresponding warrant/conversion duties arising from warrant or convertible bonds issued or to be issued by the company and/or its subsidiaries a subscription right to new shares to the extent to which they would be entitled after exercising their warrant or conversion rights and/or fulfilling their warrant/conversion duties;
- insofar as new shares with a pro-rata amount of up to 90,000.00 euros are issued to employees of the company or its affiliated companies;
- in case of capital increases against contributions in kind for the purpose of granting shares in connection with business combinations or for the purpose of acquiring companies, parts of companies or equity stakes in companies or for the purpose of acquiring other assets;
- in case of capital increases against cash contributions, if the price of the new shares issued is not significantly below the stock market price of already listed shares of the same type at the time of final determination of the issue amount by the Executive Board in the meaning of section 203 paragraphs 1 and 2 and section 186 paragraph 3 sentence 4 AktG. However, this authorization applies only on the condition that the shares issued under exclusion of the subscription right in accordance with section 186 paragraph 3 sentence 4 AktG do not exceed a total of 10 percent of the share capital both at the time this authorization comes into effect and at the time it is exercised. Shares issued or used during the term of this authorization under exclusion of the subscription right by direct or corresponding application of section 186 paragraph 3 sentence 4 AktG shall be counted towards the limit of 10 percent of the share capital.

The Executive Board is furthermore authorized to determine the further content of the share rights and the conditions of the share issuance. The Supervisory Board is authorized to amend the wording of the articles of incorporation in accordance with the utilization of the 2015 authorized capital or after expiry of the authorization period.

Contingent capital

The share capital of the company may be conditionally increased by up to a nominal amount of 1,500,000.00 euros (in words: one million five hundred thousand euros, zero cent), divided into up to 1,500,000 registered no-par value shares (2016 contingent capital). The contingent capital increase will only be performed insofar as bearers or creditors of warrant or conversion rights or those obligated to exercise warrant/conversion duties arising from warrant bonds, convertible bonds, profit participation rights or participating bonds (or combinations thereof) issued and/or guaranteed against cash contributions by the company or a subordinated company of the Group by August 22, 2021 on the basis of the authorization resolved by the Annual General Meeting on August 23, 2016 exercise their warrant or conversion rights or, insofar as they are obligated to exercise their warrant/conversion rights, fulfil their warrant/conversion duties or, insofar as asknet AG exercises an option to fully or partly grant no-par value shares of asknet AG instead of the amount due or insofar as no cash settlement is granted or own shares are used for serving them. The new shares shall be issued at the warrant or conversion price to be determined in accordance with the above authorization resolution. The new shares participate in profits from the beginning of the fiscal year in which they are issued, provided that no payout has been made at the time of issuance. Otherwise, they are entitled to dividends from the beginning of the fiscal year following their issuance; to the extent permitted by law, the Executive Board may stipulate the profit participation of new shares for this and, in deviation from section 60 paragraph 2 AktG, also for an already expired fiscal year with the consent of the Supervisory Board. The Executive Board is authorized to determine the further details of the implementation of the contingent capital increase with the consent of the Supervisory Board.

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.

Deferred taxes

After netting of deferred tax assets and deferred tax liabilities (comprehensive balance sheet method), there was a deferred tax liability of 693 thousand euros as of the balance sheet date of June 30, 2018. The differences between the commercial balance sheet and the tax balance sheet, which resulted in deferred tax liabilities, are primarily the result of the prohibition to capitalize internally generated intangible assets in the tax balance sheet. Deferred tax assets resulted from the recognition of different values for other provisions.

The table below shows the deferred taxes and their changes in the first six months of fiscal year 2018:

€ thousand	Dec 31, 2017	Addition[1]	Disposal[1]	June 30, 2018
Deferred tax assets	19	51	0	69
Deferred tax liabilities	–507	–255	0	–762
Total	**–488**	**–204**		**–693**

[1] Recognized in "Income tax".

EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT

Sales revenues

€ thousand

	2018	2017
SALES REVENUES BY BUSINESS UNIT		
eCommerce Solutions	30,725	23,806
Academics	10,668	10,277
	41,413	**34,083**
SALES REVENUES BY REGION		
Germany	13,666	12,100
Europe (excluding Germany)	7,662	7,362
USA	9,318	7,669
Asia	7,951	4,192
Other countries	2,816	2,760
	41,413	**34,083**

Other operating income

Other operating income included income from the reversal of provisions unrelated to the accounting period (20 thousand euros). This item also essentially included income from currency translation (136 thousand euros; previous year: 220 thousand euros).

Other operating expenses

Other operating expenses included expenses from currency translation in the amount of 129 thousand euros (previous year: 223 thousand euros).

Income tax

Income tax relates to deferred taxes in the amount of 204 thousand euros (previous year: 0 thousand euros) and foreign withholding tax in the amount of 23 thousand euros.

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

OTHER DISCLOSURES

RESEARCH AND DEVELOPMENT COSTS

Research and development costs in the first half of 2018 totaled 826 thousand euros of which an amount of 826 thousand euros relates to internally generated intangible assets.

OTHER FINANCIAL OBLIGATIONS

asknet has other financial obligations in the form of rental agreements and leases in the amount of 847 thousand euros.

Total financial obligations of the Group:
in €

	Rent	Leasing	Total
Due within one year	185,017.04	51,318.49	236,335.53
Due in one to five years	556,641.17	54,214.39	610,855.56
Due after five years	0.00	0.00	0.00
	741,658.21	105,532.88	**847,191.09**

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. The originally agreed amount has meanwhile been reduced to 1,220 thousand euros.

EMPLOYEES

During the first half-year, the Group employed an average number of 80 employees in Germany (previous year: 82) and 7 abroad (previous year: 7; not including Executive Board, trainees, and temporary employees).

CORPORATE BODIES

Executive Board

In the first six months of 2018, the Executive Board was composed of:

- Sergey Skatershchikov, MBA, Moscow/Russia
- Until June 28, 2018: Tobias Kaulfuss, Dipl. Kaufmann, MBA, Essen/Germany

In accordance with section 286 paragraph 4 HGB, the total remuneration of the Executive Board pursuant to section 285 paragraph 9a HGB is not disclosed.

Supervisory Board

The following members served on the Supervisory Board in the fiscal year until June 28, 2018:

- Serge Umansky, Chief Investment Officer of Whiteridge Advisors SA (Switzerland), domiciled in Lausanne/Switzerland: Chairman
- Norman Hansen, Chairman of the Board of Directors of Holotrack AG (Switzerland), domiciled in Kiev/Ukraine: Deputy Chairman
- Jörn Matuszewski, attorney of the partnership Heuking Kühn Lüer Wojtek (Düsseldorf), domiciled in Meerbusch/Germany

As of June 28, 2018, a new Supervisory Board was appointed. It consists of the following members:

- Tobias Kaulfuss, Dipl. Kaufmann, MBA, domiciled in Essen/Germany: Chairman of the Supervisory Board
- Jörn Matuszewski, attorney of the partnership Heuking Kühn Lüer Wojtek (Düsseldorf), domiciled in Meerbusch/Germany: Deputy Chairman.
- Norman Hansen, Chairman of the Board of Directors of Holotrack AG (Switzerland), domiciled in Kiev/Ukraine

Shareholders of asknet AG

On January 3, 2018, The Native SA, Lausanne/Switzerland, informed asknet AG in accordance with section 20 paragraph 1 AktG that it directly holds a majority share in the company. The Native SA directly holds 51.37% of the shares.

Post balance sheet events

On September 26, 2018, the Supervisory and Executive Board of asknet AG decided to implement a new growth plan for the company. The new plan aims at accelerating current growth through additional heavy investments in the business. The main focus lies on reinforcing staff in the areas of sales and marketing. In connection with the new growth strategy, the company also revised its targets for 2018 and onwards. While the new investments will already make a positive contribution to high sales and gross profit growth in the full year 2018, negative earnings before taxes (EBT) are accepted in the current year in favor of stronger growth. Previously, a positive result (EBT) had been projected for 2018.

To finance the growth plan the Executive Board with approval of the Supervisory Board of On September 26, 2018 asknet AG also decided to execute a cash capital increase. Based on the current share capital of the asknet AG in the amount of 560,370 shares, a capital increase from cash contributions in the amount of up to 93,395.00 euros from the Authorized Capital 2015 will be implemented by issuing up to 93,395 new shares at a subscription price of EUR 10.5 per share. Shareholders are granted their statutory subscription rights. An investor, who is currently not a shareholder of asknet AG, will guarantee the capital increase and underwrite the shares that were not subscribed by existing shareholders until the end of the subscription period. The public offer in connection with the capital increase is to be made without a prospectus, but with a securities information sheet, which has been submitted for approval by the Federal Financial Supervisory Authority (BaFin). Currently the company expects the approval for September 28, 2018. The subscription offer is expected to be published in the Federal Gazette (Bundesanzeiger) on October 4, 2018, with the capital increase to be fully exercised by the first week of November 2018.

With the exception of the above, there were no events of material importance after the balance sheet date that had a material effect on the net assets, financial position, and operating results of the Group.

Karlsruhe, September 27, 2018

asknet AG
– The Executive Board –

Sergey Skatershchikov

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FINANCIAL CALENDAR 2018

April 13, 2018
Publication Financial Report 2017

June 28, 2018
Annual General Meeting

September 28, 2018
Publication Half Year Report 2018

WE ENABLE EBUSINESS THROUGH TECHNOLOGY AND SOLUTIONS.

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