

## asknet intensifies its reform process in H1 2016

- Gross profits of 4.50 million euros (previous year: 4.76 million euros); gross profit margin at 12.8 percent (previous year: 12.9 percent)
- Full-year gross profits expected to increase slightly due to positive customer trend
- Earnings before taxes (EBT) of -1.18 million euros (previous year: -0.29 million euros) influenced by extraordinary effects; adjusted EBT at -0.46 million euros
- Comprehensive change initiative implemented in H1 2016

**Karlsruhe, August 22, 2016** – asknet AG, a supplier of global e-commerce solutions, has published the figures for the first half of 2016. Consolidated gross profits, the key performance indicator of asknet Group, declined by 5.5 percent to 4.50 million euros in the first six months of 2016 (previous year: 4.76 million euros). The decline in gross profits is attributable to the reduced revenues of the Digital Goods Business Unit resulting from the stronger focus on profitable growth as well as to one-time effects resulting from transactions that were completed by the Academics Business Unit in the first half of 2015 and did not recur in the first half of 2016. Sales revenues declined by 4.9 percent to 35.16 million euros (previous year: 36.98 million euros). At 12.8 percent, the gross profit margin (gross profits as a percentage of sales revenues) was more or less on a par with the prior year period (12.9 percent). Consolidated earnings before taxes (EBT) amounted to -1.18 million euros (previous year: -0.29 million euros) in the first six months of 2016. Consolidated earnings after taxes (EAT) were negative at -2.26 million euros. This considerable loss is attributable to extraordinary provisions of 1.61 million euros established for a potential retrospective tax payment (see press releases of June 24 and July 18, 2016), the related consulting expenses as well as restructuring expenses. Adjusted for this extraordinary effect, EBT amounted to -0.46 million euros in the reporting period (adjusted EAT: -0.46 million euros).

Gross profits in the Group's Academics Business Unit declined by a moderate 5.4 percent to 1.62 million euros in H1 2016. In the Digital Goods Business Unit, gross profits dropped by 5.4 percent to 2.51 million euros due to a larger number of low-margin transactions and a slower development of high-margin business. The new Physical Goods Business Unit generated gross profits of 0.37 million euros in the reporting period (previous year: 0.40 million euros). The first six months of the year primarily saw the new Business Unit sharpen its sales focus and establish new customer contacts in Asia, which confirm that there is interest in asknet's solutions.

The change initiative, which was launched at the beginning of the year with the aim of analyzing and increasing the economic and strategic contribution made by internal workflows

and processes, will clearly help asknet pave the way for innovations and new growth. The change initiative has essentially been completed in the meantime and the resulting measures have been implemented. The savings achieved as a result will be reflected in earnings as of the second half of the year. Moreover, internal resources can now be directed more effectively towards innovation topics, core customer support and sales tasks. asknet is currently developing an innovation initiative, which is scheduled to be launched in the fourth quarter of 2016. After the internal process optimizations, the new initiative will focus on opening up growth prospects.

Says Tobias Kaulfuss, CEO of asknet AG: "The first six months of 2016 have confirmed the need for the current change process and intensified our efforts. We are firmly convinced that the events of the first half-year have made us stronger and that we will continue our growth strategy."

Besides the major internal reform efforts, the company is currently busy dealing with an encouragingly high volume of customer business and leads in all Business Units. A special mention is deserved by several new customer agreements in Asia as well as by the asknet Verify stand-alone solution, which is seeing growing demand.

On balance, the Executive Board of asknet AG continues to expect a slight increase in gross profits in view of the efficiency gains achieved and the good project and customer pipeline. Due to shifts in revenues, however, the gross profit margin is expected to decline somewhat compared to the previous year. In view of the potential retrospective tax payment in Norway, asknet AG's Executive Board downgraded its earnings forecast already on June 24. Because of the extraordinary effects outlined above, the Executive Board confirms the expected range of negative consolidated earnings after taxes (EAT) of between -1.7 million euros and a maximum of -2.5 million euros. Adjusted EBT for the full year 2016 is expected to fall slightly below the prior year level.

Given that the provision of 1.61 million euros led to a loss of more than half of asknet AG's share capital, the company has called an extraordinary general meeting of shareholders for tomorrow, August 23, 2016, in accordance with legal requirements. To be able to seize growth opportunities arising from the new innovation initiative and to make promising investments, the Supervisory Board and the Executive Board have asked the company's shareholders to lay the basis for raising new contingent capital.

January 1 – June 30	2016	2015
Sales revenues	35.16 million euros	36.98 million euros
Gross profits	4.50 million euros	4.76 million euros
Gross profit margin (gross profits in percent of sales revenues)	12.8%	12.9%
EBT	-1.18 million euros	-0.29 million euros
Adjusted EBT	-0.46 million euros	n.a.
Result for the period	-2.26 million euros	-0.29 million euros

The full report on the first six months of 2016 is available on the company's website at [www.asknet.com](http://www.asknet.com) as of today.

#### **About asknet AG**

asknet, a pioneer in the development of global e-commerce solutions, offers extensive expertise and individual shop solutions to ensure worldwide electronic distribution of products of all kinds 24/7 in more than 190 countries. Customers benefit in selling digital and physical goods from both the possibility of handling a variety of international payment and logistics processes as well as the extensive experience of the company in the development and operation of successful e-commerce platforms.

Founded in 1995 as a spin-off of the Karlsruhe Institute of Technology (KIT) the company is also a partner of around 80 percent of German universities and research institutions. Here asknet offers as a large account reseller for manufacturers such as Adobe and Microsoft a comprehensive range of software licenses and services related to the procurement and distribution of software. In addition, asknet distributes via the established internet platform "studyhouse.de" a wide range of software to students.

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