ALSO

AHEAD

INTERIM REPORT 2018

NET SALES INCREASED. CURRENCY EFFECTS AND OPTIMIZATION EXPENSES INFLUENCED HALF-YEAR RESULTS.

ALSO achieved a Group net profit of 27.0 million euros in the first half of 2018 (previous-year period 36.9 million euros), and a profit before taxes (EBT) of 40.5 million euros (previous-year period 51.4 million euros). These results were influenced by currency effects amounting to −3.7 million euros. In the previous-year period (first-half 2017), currency effects had been at +3.2 million euros. Additionally, non-recurring expenses related to structural optimizations amounted to 5.3 million euros. Adjusted for these effects, EBT amounted to 49.5 million euros (previous-year period 48.2 million euros). Net sales increased from 4 130 to 4 181 million euros (+1.2 percent) with stable market shares.

"In recent years, we have created the basis for optimizing our structure through a large number of measures. Our investments in a harmonized ERP system (SAP), customer relationship management software, and a business intelligence platform have enabled the transformation team to implement efficiency measures faster than expected. We estimate that with a one-off investment of 12–15 million euros, savings of 25–30 million euros with effect for the full year will be achieved from the second half of 2019. We expect first positive effects already in the next six months," explained Gustavo Möller-Hergt, CEO of ALSO Holding AG (SIX: ALSN). "We have taken a major step forward in our digital transformation while at the same time sharpening our customer focus. We will continue to vigorously improve our efficiency and effectiveness as well as utilize additional potential," Möller-Hergt added.

STRUCTURE OPTIMIZATIONS

Following the successful harmonization of IT systems, administrative functions such as product management and order entry will be optimized and tailored to customer requirements. In parallel, national sales organizations will be strengthened and competences will be expanded for new product categories such as 3D printing, Security and Internet of Things (IoT) as well as the Consumptional Business in competence centers. With these measures, the company is streamlining its processes, strengthening its customer focus and simultaneously reducing costs.

CENTRAL EUROPE MARKET SEGMENT

In the Central Europe market segment (Germany, France, Austria, and Switzerland), net sales decreased by −2.2 percent to 2 494 million euros compared to the previous-year period. The company had deliberately refrained from orders whose profitability was questionable, especially in Germany. The EBT margin was 1.3 percent (previous-year period 1.3 percent), including restructuring costs. The improvement in net sales and profits in Switzerland partially compensated for the restructuring effects.

NORTHERN/EASTERN EUROPE MARKET SEGMENT

Net sales in the Northern/Eastern Europe market segment (Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland, Sweden and Slovenia) increased by 4.0 percent to 1 866 million euros compared to the same period last year. The EBT margin declined to 0.4 percent compared to 1.0 percent in the previous year. In addition to the restructuring effects, currency changes negatively impacted the segment.

SOLUTIONS AND AS-A-SERVICE CONTINUE TO GROW

The direct takeover of a larger customer's business by a manufacturer slowed net sales growth in the Solutions business in the first half of 2018. This was primarily compensated by an expansion of the customer portfolio. The as-a-Service business grew by about 10 percent in comparison to the previous-year period. The strongest growth in this segment was in IT-as-a-Service (the "Consumptional Business"), which grew by about 40 percent.

OUTLOOK

For 2018, the company continues to expect a higher increase in net sales than the market growth forecasted by Gartner. On an adjusted basis, Group net profit is again expected to grow faster than net sales. ALSO confirms its medium-term targets: The company is aiming for a net sales volume of 10 to 14 billion euros and an EBITDA margin of 2.1 to 2.6 percent. The share of Solutions is expected to be about 30 percent, while about 10 percent is targeted in the as-a-Service area. These shares will also depend on the weighting of potential acquisitions.

ADJUSTED RESULT

In the first half of 2018, the earnings before tax (EBT) were significantly impacted by two effects. Firstly due to currency effects, EBT was 6.9 million euros below that of the previous year (2018: –3.7 million euros; 2017: +3.2 million euros). Secondly, the first half year of 2018 includes expenses for structural optimization. The following reconciliation shows the adjusted result.

IN MILLION EUROS	1st half 2018	1st half 2017
EBT as reported	40.5	51.4
Currency effects	−3.7	3.2
Non-recurring expenses on optimizations	−5.3	–
EBT ADJUSTED	**49.5**	**48.2**

ALSO recognizes inventories purchased in foreign currencies at the exchange rate relevant at the respective time of purchase. Impairments due to movements on foreign currency markets after the time of purchase are recognized in profit or loss, taking into account the net realizable value in the case of significant fluctuations. However, increases in value cannot be recognized in profit or loss owing to the cost principle. ALSO only benefits from the higher selling prices derived from foreign exchange rates when the item is sold.

The foreign currency effects included in the cost of goods sold and services provided relate to currency valuations from open foreign currency liabilities, realized foreign currency effects with supplier payments, valuation of open forward exchange contracts and realized foreign currency effects from forward exchange contracts. There was also a foreign currency impact in total net sales. The sales price is calculated on the basis of the moving average of the inventories valued in a foreign currency calculated at the spot price. The difference between the moving average translated at the spot price on the reporting date and the moving average in the local currency is assessed as foreign currency impact in total net sales.

In the first six months of 2018, movements on foreign currency markets resulted in expenses of 0.5 million euros reported in total net sales (previous year: 3.8 million euros) and expenses of 3.2 million euros (previous year: income of 7.0 million euros) reported in cost of goods sold and services provided.

IN MILLION EUROS	1st half 2018	1st half 2017
Currency effects on total net sales	−0.5	−3.8
Currency effects on cost of goods sold and services provided	−3.2	7.0
CURRENCY EFFECTS	**−3.7**	**3.2**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2018 (UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1st half 2018		1st half 2017*		Change
TOTAL NET SALES	**4 181 015**	100.0%	**4 130 116**	100.0%	1.2%
Cost of goods sold and services provided	−3 926 532	−93.9%	−3 870 651	−93.7%	1.4%
GROSS PROFIT	**254 483**	6.1%	**259 465**	6.3%	−1.9%
Operating expenses	−198 470	−4.8%	−191 820	−4.7%	3.5%
EBITDA	**56 013**	1.3%	**67 645**	1.6%	−17.2%
Depreciation and amortization	−7 600	−0.1%	−8 122	−0.2%	−6.4%
OPERATING PROFIT (EBIT)	**48 413**	1.2%	**59 523**	1.4%	−18.7%
Financial result	−7 885	−0.2%	−8 076	−0.2%	−2.4%
PROFIT BEFORE TAX (EBT)	**40 528**	1.0%	**51 447**	1.2%	−21.2%
Income taxes	−13 548	−0.4%	−14 575	−0.3%	−7.0%
NET PROFIT GROUP	**26 980**	0.6%	**36 872**	0.9%	−26.8%
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plans	21		1 219		
Tax effects	5		−144		
SUBTOTAL	**26**		**1 075**		
Items that may be reclassified subsequently to profit or loss					
Exchange differences	988		−1 626		
Adjustment to market value of cash flow hedges	−1 545		1 506		
Tax effects	296		−127		
SUBTOTAL	**−261**		**−247**		
OTHER COMPREHENSIVE INCOME	**−235**		**828**		
TOTAL COMPREHENSIVE INCOME	**26 745**		**37 700**		
Net profit Group is attributable to:					
Shareholders of ALSO Holding AG	27 057		37 024		
Non-controlling interests	−77		−152		
Total comprehensive income is attributable to:					
Shareholders of ALSO Holding AG	26 822		37 852		
Non-controlling interests	−77		−152		
NET PROFIT PER SHARE IN EUR					
Basic net profit per share	2.11		2.89		
Diluted net profit per share	2.11		2.89		

* See note: Adoption of IFRS 9 and IFRS 15

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	06.30.2018		12.31.2017*	
Cash and cash equivalents	181 129		235 561	
Other current assets	1 562 135		1 662 778	
TOTAL CURRENT ASSETS	**1 743 264**	87%	**1 898 339**	88%
Deferred tax assets	7 875		8 392	
Other non-current assets	249 707		251 773	
TOTAL NON-CURRENT ASSETS	**257 582**	13%	**260 165**	12%
TOTAL ASSETS	**2 000 846**	100%	**2 158 504**	100%
Current financial liabilities	76 935		83 571	
Other current liabilities	995 832		1 095 744	
TOTAL CURRENT LIABILITIES	**1 072 767**	54%	**1 179 315**	55%
Non-current financial liabilities	280 002		325 722	
Other non-current liabilities	28 907		30 172	
TOTAL NON-CURRENT LIABILITIES	**308 909**	15%	**355 894**	16%
EQUITY	**619 170**	31%	**623 295**	29%
TOTAL LIABILITIES AND EQUITY	**2 000 846**	100%	**2 158 504**	100%

* See note: Adoption of IFRS 9 and IFRS 15

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Capital reserves	Treasury shares	Other reserves**	Retained earnings	Equity attributable to share-holders	Non-controlling interests	Total
DECEMBER 31, 2017 AS REPORTED	**9 960**	**134 947**	**–1 822**	**–13 165**	**493 187**	**623 107**	**188**	**623 295**
Restatement*	–	–	–	–	–231	–231	–	–231
JANUARY 1, 2018 AS RESTATED	9 960	134 947	–1 822	–13 165	492 956	622 876	188	623 064
Net profit Group	–	–	–	–	27 057	27 057	–77	26 980
Other comprehensive income	–	–	–	–235	–	–235	–	–235
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–**	**–235**	**27 057**	**26 822**	**–77**	**26 745**
Distributions to shareholders	–	–30 670	–	–	–	–30 670	–	–30 670
Remeasurement of put options on shares of non-controlling interests	–	–	–	–	–46	–46	77	31
JUNE 30, 2018	**9 960**	**104 277**	**–1 822**	**–13 400**	**519 967**	**618 982**	**188**	**619 170**
JANUARY 1, 2017	**9 960**	**161 896**	**–1 194**	**–8 857**	**403 234**	**565 039**	**142**	**565 181**
Net profit Group	–	–	–	–	37 024	37 024	–152	36 872
Other comprehensive income	–	–	–	828	–	828	–	828
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–**	**828**	**37 024**	**37 852**	**–152**	**37 700**
Distributions to shareholders	–	–26 949	–	–	–	–26 949	–	–26 949
Acquisition of non-controlling interests	–	–	–	–	–4 521	–4 521	132	–4 389
Remeasurement of put options on shares of non-controlling interests	–	–	–	–	–42	–42	42	–
JUNE 30, 2017	**9 960**	**134 947**	**–1 194**	**–8 029**	**435 695**	**571 379**	**164**	**571 543**

* See note: Adoption of IFRS 9 and IFRS 15 ** See note: Other reserves

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	1st half 2018	1st half 2017*
NET PROFIT GROUP	**26 980**	**36 872**
Depreciation and amortization	7 600	8 122
Change in provisions and employee benefits	1 052	902
Other non-cash items	10 332	−1 098
SUBTOTAL	**45 964**	**44 798**
Change in net working capital	−10 436	−42 664
CASH FLOW FROM OPERATING ACTIVITIES	**35 528**	**2 134**
Net cash flow from acquisitions of subsidiaries	–	−1 907
Payment of contingent consideration from acquisitions of subsidiaries	–	−2 763
Net investments in property, plant & equipment	−1 406	−4 645
Net investments in intangible assets	−1 822	−2 001
CASH FLOW FROM INVESTING ACTIVITIES	**−3 228**	**−11 316**
Distribution to shareholders	−30 670	−26 949
Change in financial liabilities	−55 535	26 586
CASH FLOW FROM FINANCING ACTIVITIES	**−86 205**	**−363**
EXCHANGE DIFFERENCES	**−527**	**236**
CHANGE IN CASH AND CASH EQUIVALENTS	**−54 432**	**−9 309**
Cash and cash equivalents at January 1	235 561	55 477
Cash and cash equivalents at June 30	181 129	46 168

* See note: Adoption of IFRS 9 and IFRS 15

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2018 (UNAUDITED)

CORPORATE INFORMATION

The basis of ALSO's business models are the two customer categories "providers" and "buyers". The ALSO Group has a portfolio of more than 500 vendors in the various ICT product categories of hardware, software, and IT services, including all global market leaders. We offer the vendors access to a broad spectrum of buyers, who can call up further customized services in the logistics, finance, IT, and digital services sectors, as well as traditional distribution services. ALSO offers services along the entire value chain from a single source.

On the basis of a European B2B marketplace, the customers are enabled to sustainably shape and develop their businesses.

BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements of ALSO Holding AG inclusive all of its directly and indirectly controlled subsidiaries for the six months ended June 30, 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". These condensed interim consolidated financial statements are presented in EUR (reporting currency), since the majority of revenues are generated in the euro area. The condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements as of December 31, 2017.

SELECTED SIGNIFICANT ACCOUNTING AND MEASUREMENT PRINCIPLES

The accounting and measurement principles used in the preparation of the condensed interim consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2017 except for standards that became newly applicable from January 1, 2018. The accounting and measurement principles used are fully described from page 114 of the Annual Report 2017.

As from January 1, 2018, ALSO adopted the following new and amended standards and interpretations for the first time:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Transfers of Investment Property (Amendments to IAS 40)
- Making Materiality Judgements (IFRS Practice Statement)

The individual changes do not have any material effect on the financial position, performance or cash flow situation of ALSO. The effects of the amendments to IFRS 9 and IFRS 15 are described in separate notes.

ALSO will apply IFRS 16 as at January 1, 2019. Based on current knowledge, the following financial consequences are anticipated:

- Equity ratio: Decrease due to additional capitalization of assets from rights of use and lease liabilities.
- Consolidated net profit: No significant consequences, but decrease in other operating expenses along with increase in depreciation/amortization and financial expenses.
- Consolidated cash flow statement: No effects on cash flow, but repayments of lease liabilities will now be reported under financing activities (previously in cash flow from operating activities).

The Group has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective. No further changes are known that will become effective for the consolidated financial statements 2018.

The preparation of these condensed interim consolidated financial statements requires management to make certain assumptions and estimates about the future that influence the amounts presented in this report. Actual results may vary from these estimates.

ADOPTION OF IFRS 9 FINANCIAL INSTRUMENTS

Since January 1, 2018, ALSO applied IFRS 9 for the first time. The main effects of the new standard are the classification and measurement of financial assets and impairments on financial assets.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Since January 1, 2018, ALSO has reclassified its financial assets as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". Financial assets were previously classified as "loans and receivables", "at fair value through profit or loss" or "at amortized cost".

The classification is based on the respective business model for managing these financial assets in accordance with the contractually specified cash flows and with other relevant facts.

The effects of IFRS 9 on the corresponding items in the consolidated statement of financial position as of January 1, 2018 are presented below. In accordance with transitional requirements of IFRS 9, ALSO has not adjusted its previous year figures.

	Classification and measurement as per December 31, 2017				Classification and measurement as per January 1, 2018 (IFRS 9)		
EUR 1 000	Loans and receivables	At fair value through profit or loss	Amortized cost	Restatement as per January 1, 2018	At fair value through profit or loss	At fair value through OCI	Amortized cost
Trade receivables	570 713	–	–	–78	–	485 778	84 857
Prepaid expenses, accrued income and other receivables	238 615	–	–	–153	–	–	238 462
Financial assets	2 280	–	–	–	–	–	2 280
Current derivative financial instruments	–	70	–	–	70	–	–
Non-current derivative financial instruments	–	77	–	–	77	–	–
TOTAL FINANCIAL ASSETS	**811 608**	**147**	**–**	**–231**	**147**	**485 778**	**325 599**
Financial liabilities	–	621	408 672	–	621	–	408 672
Trade payables	–	–	851 090	–	–	–	851 090
Accrued expenses, deferred income and other payables	–	–	80 947	–	–	–	80 947
Current derivative financial instruments	–	360	–	–	360	–	–
Non-current derivative financial instruments	–	2 750	–	–	2 750	–	–
TOTAL FINANCIAL LIABILITIES	**–**	**3 731**	**1 340 709**	**–**	**3 731**	**–**	**1 340 709**

ALSO primarily covers its financing requirements through the sale of its trade receivables to independent factoring partners. These transactions reduce the trade receivables of the Group if a significant risk transfer takes place. Trade receivables that qualify for sale to independent factoring partners, but were not sold or assigned as of the end of the reporting period, are now classified as "measured at fair value through OCI". Changes in the value on these trade receivables are recognized in comprehensive income. Changes in provision for bad debts and currency revaluation continue to be recognized in profit or loss.

IMPAIRMENT ON FINANCIAL ASSETS

In accordance with IFRS 9, ALSO recognizes impairments on financial assets based on expected losses. ALSO applies the simplified expected credit loss model for its trade receivables, which provides for expected losses over all the remaining lifetime from the recognition date of the receivables.

The credit risk on prepaid expenses, accrued income and other receivables and financial assets is expected to be low. In this case, IFRS 9 provides that losses recognized are expected to be incurred over the next 12 months.

In accordance with transitional requirements of IFRS 9, ALSO has also not adjusted its previous year figures. Instead, the provision for bad debts and receivables from factors (included in prepaid expenses, accrued income and other receivables) was reassessed in accordance with the new impairment model as of January 1, 2018. The provisions necessary subsequently increased by TEUR 231. The adjustment was compensated for by the item "retained earnings".

The increase in provision for bad debts of TEUR 78 is related to receivables that are not yet due.

Provisions were recognized on receivables from factors (included in prepaid expenses, accrued income and other receivables) in the amount of TEUR 153 for the first time. These related to the entire portfolio of receivables.

The changed approach of IFRS 9 had no impact on the measurement of financial assets.

The table below shows the effect of the changes of IFRS 9 on provisions for bad debts and prepaid expenses, accrued income and other receivables as of January 1, 2018:

EUR 1 000	12.31.2017	01.01.2018
Trade receivables (gross)	574 799	574 799
Provision for bad debts previously (IAS 39)	−4 086	–
Provision for bad debts new IFRS 9	–	−4 164
TOTAL TRADE RECEIVABLES	**570 713**	**570 635**
Prepaid expenses, accrued income and other receivables (gross)	238 615	238 615
Provision previously (IAS 39)	–	–
Provision new IFRS 9	–	−153
TOTAL PREPAID EXPENSES, ACCRUED INCOME AND OTHER RECEIVABLES	**238 615**	**238 462**

ADOPTION OF IFRS 15 REVENUE WITH CONTRACTS FROM CUSTOMERS

Since January 1, 2018, ALSO applied IFRS 15 for the first time. The significant effects of the new standard are in the introduction of a five step model, which has to be used to assess the timing and amount of revenue. The model specifies that revenue should be accounted for at the time of the transfer of control of ALSO's products or services to customers in the amount expected to be available to ALSO.

In accordance with IAS 8 and IFRS 15, this initial application is retrospective, which results in an adjustment being made to previous periods. ALSO has exercised the option of not applying IFRS 15 to contracts concluded before January 1, 2018. Both for the traditional transactional business models and for trading business with products that form part of comprehensive solutions, there is only a short interval between concluding the contract and performing the service/recognizing net sales. Services performed for customers on the basis of service contracts are of a transactional nature or are provided over short periods that form the basis for billing to customers. Thus, net sales are recognized at a specific date and not over a period.

For this reason, the values of previous periods due to IFRS 15 do not change.

CHANGES IN THE SCOPE OF THE CONSOLIDATION

With the opening of insolvency proceedings, ALSO lost control of ALSO Digital Holding B.V. as of May 15, 2018. ALSO Digital Holding B.V. is now under the management of the insolvency administrator. ALSO is not authorized to issue instructions to the insolvency administrator. Despite holding 51% of the voting rights in ALSO Digital Holding B.V., ALSO therefore has no control over this company and its 100% subsidiary ALSO Digital B.V.

The derecognition of ALSO Digital Holding B.V. resulted in a profit of TEUR 176. It consists of impairments on loans, deconsolidation effects and accruals for expected costs.

In 2017, ALSO Group acquired several entities. Detailed information about those transactions and their effects on the consolidated financial statements for the year ended December 31, 2017 can be found from page 123 of the Annual Report 2017.

EXCHANGE RATES

For preparation of the interim financial statements the following exchange rates were applied:

EXCHANGE RATES (TO EURO)

			Average rate			Closing date rate
		1st half 2018	1st half 2017	**06.30.2018**	12.31.2017	06.30.2017
USA	USD	1.2104	1.0830	1.1658	1.1993	1.1412
Switzerland	CHF	1.1697	1.0766	1.1569	1.1702	1.0930
Norway	NOK	9.5929	9.1785	9.5115	9.8403	9.5713
Denmark	DKK	7.4476	7.4368	7.4525	7.4449	7.4366
Sweden	SEK	10.1508	9.5968	10.4530	9.8438	9.6398
Poland	PLN	4.2207	4.2690	4.3732	4.1770	4.2259

SEGMENT INFORMATION

EUR 1 000	Central Europe		Northern/Eastern Europe		Reconciliation		Group	
	1st half 2018	1st half 2017	**1st half 2018**	1st half 2017	**1st half 2018**	1st half 2017	**1st half 2018**	1st half 2017
Net sales to third parties	2 432 603	2 481 952	1 748 292	1 648 080	120	84	4 181 015	4 130 116
Net sales to other segments	61 292	66 779	117 554	146 385	−178 846	−213 164	–	–
TOTAL NET SALES	**2 493 895**	**2 548 731**	**1 865 846**	**1 794 465**	**−178 726**	**−213 080**	**4 181 015**	**4 130 116**
EBITDA	**41 175**	**44 216**	**14 588**	**23 335**	**250**	**94**	**56 013**	**67 645**
As % of total net sales	*1.7%*	*1.7%*	*0.8%*	*1.3%*			*1.3%*	*1.6%*
PROFIT BEFORE TAX (EBT)	**31 973**	**33 793**	**7 652**	**17 750**	**903**	**−96**	**40 528**	**51 447**
As % of total net sales	*1.3%*	*1.3%*	*0.4%*	*1.0%*			*1.0%*	*1.2%*
Segment assets	1 358 366	1 322 563	814 296	752 002	−171 816	−158 265	2 000 846	1 916 300
Segment liabilities	1 029 806	990 360	621 752	582 268	−269 882	−227 871	1 381 676	1 344 757
Full-time equivalent positions on reporting date	2 242	2 311	1 326	1 294	138	149	3 706	3 754

The reconciliation of the segment results to the consolidated results contains centralized activities of the holding companies in Switzerland, Finland and Germany (headquarter activities) which are not allocated to the segments. The allocation of the net sales is determined by the place where invoicing occurs. Revenues as well as assets and liabilities (mainly trade receivables and payables) between the segments are eliminated in the "Reconciliation" column.

TRANSACTIONS WITH RELATED PARTIES

EUR 1 000	1st half 2018	1st half 2017
TRANSACTIONS WITH MAIN SHAREHOLDERS AND OTHER RELATED PARTIES		
Net sales	255	268
Operating and financial expenses	1 572	1 390
Trade receivables	159	75
Trade payables	211	302
LIABILITIES WITH ALSO PENSION FUND		
ALSO Holding AG	10	12
ALSO Schweiz AG	275	325

In 2018, receivables from ALSO Digital Holding B.V. were impaired in the amount of TEUR 2 718.

For the first half of 2018, transactions with key management correspond with those transactions disclosed in the consolidated financial statements 2017.

OTHER RESERVES

EUR 1 000	Cash flow hedge reserve	Exchange differences	Remeasurement of defined benefit plans	Total other reserves
DECEMBER 31, 2017 AS REPORTED	**–2 189**	**–1 985**	**–8 991**	**–13 165**
Restatement*	–	–	–	–
JANUARY 1, 2018 AS RESTATED	–2 189	–1 985	–8 991	–13 165
Net profit Group	–	–	–	–
Other comprehensive income	–1 249	988	26	–235
TOTAL COMPREHENSIVE INCOME	**–1 249**	**988**	**26**	**–235**
Distributions to shareholders	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Remeasurement of put options on shares of non-controlling interests	–	–	–	–
JUNE 30, 2018	**–3 438**	**–997**	**–8 965**	**–13 400**
JANUARY 1, 2017	**–3 777**	**4 806**	**–9 886**	**–8 857**
Net profit Group	–	–	–	–
Other comprehensive income	1 379	–1 626	1 075	828
TOTAL COMPREHENSIVE INCOME	**1 379**	**–1 626**	**1 075**	**828**
Distributions to shareholders	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Remeasurement of put options on shares of non-controlling interests	–	–	–	–
JUNE 30, 2017	**–2 398**	**3 180**	**–8 811**	**–8 029**

* See note: Adoption of IFRS 9 and IFRS 15

FINANCIAL INSTRUMENTS

FAIR VALUE OF THE FINANCIAL INSTRUMENTS

EUR 1 000	Level 1	Level 2	Level 3	Fair value 06.30.2018
Current derivative financial instruments	–	340	–	340
Forward exchange contracts	–	*340*	–	*340*
Non-current derivative financial instruments	–	–	–	–
Interest rate swaps	–	–	–	–
TOTAL FINANCIAL ASSETS	**–**	**340**	**–**	**340**
Contingent consideration from acquisitions of subsidiaries			–621	–621
Current derivative financial instruments	–	–788	–	–788
Interest rate swaps	–	*–106*	–	*–106*
Forward exchange contracts	–	*–682*	–	*–682*
Non-current derivative financial instruments	–	–2 976	–2 750	–5 726
Interest rate swaps	–	*–2 976*	–	*–2 976*
Put options on non-controlling interests	–	–	*–2 750*	*–2 750*
TOTAL FINANCIAL LIABILITIES	**–**	**–3 764**	**–3 371**	**–7 135**

EUR 1 000	Level 1	Level 2	Level 3	Fair value 06.30.2017
Current derivative financial instruments	–	183	–	183
Forward exchange contracts	–	*183*	–	*183*
Non-current derivative financial instruments	–	192	–	192
Interest rate swaps	–	*192*	–	*192*
TOTAL FINANCIAL ASSETS	**–**	**375**	**–**	**375**
Contingent consideration from acquisitions of subsidiaries	–	–	–1 459	–1 459
Current derivative financial instruments	–	–518	–	–518
Interest rate swaps	–	*–246*	–	*–246*
Forward exchange contracts	–	*–272*	–	*–272*
Non-current derivative financial instruments	–	–3 065	–4 611	–7 676
Interest rate swaps	–	*–3 065*		*–3 065*
Put options on non-controlling interests	–	–	*–4 611*	*–4 611*
TOTAL FINANCIAL LIABILITIES	**–**	**–3 583**	**–6 070**	**–9 653**

RECONCILIATION OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1 000	1st half 2018	1st half 2017
JANUARY 1	**−3 371**	**−2 763**
Recognition of contingent consideration from the acquisition of subsidiaries	–	−1 459
Recognition/fair value adjustments of put options recognized in equity	–	−4 611
Payments contingent consideration	–	2 763
JUNE 30	**−3 371**	**−6 070**

In the first half of 2018 and 2017 respectively, there were no transfers of financial instruments between Level 1 and Level 2. There were also no transfers into or out of Level 3.

FAIR VALUE HIERARCHY

ALSO applies the following measurement hierarchy to determine the fair value of financial instruments:

Level 1: Listed, unchanged market price in active markets.

Level 2: Measurement methods in which all assumptions that have a material impact on the fair value are indirectly or directly available.

Level 3: Measurement methods with assumptions that have a material impact on the fair value which are not publicly available.

MEASUREMENT TECHNIQUES OF FINANCIAL INSTRUMENTS WITHIN LEVEL 2 AND 3

Forward exchange contracts are measured based on observable forward rates and spot rates and are recognized at their positive or negative replacement value. Interest rate swaps are measured based on the net present value of observable forward rates and recognized in the statement of financial position at their positive or negative replacement value respectively.

The fair value of contingent considerations from the acquisition of subsidiaries, put options on shares of non-controlling interests and call options is calculated based on contractually agreed measurement methods. These calculations are based on the expected future operating profits of subsidiaries and, therefore, depend on assumptions that are neither directly nor indirectly observable in the market. The expected future operating profits are based on medium-term plans which cover a period of three years. Those plans are reviewed by the management of ALSO.

A change in the underlying expected future profits would have the following effect on the fair value:

SENSITIVITY OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1 000	1st half 2018	1st half 2017
5 % increase in the expected future results	265	4
5 % reduction in the expected future results	−222	−4

SEASONALITY

The demand for products in the fields of information and communications technology and consumer electronics is seasonal. Particularly in the fourth quarter of the year, because of the Christmas trade, net revenue of the ALSO Group is higher than in the rest of the year.

INCOME TAXES

Income tax expense is recognized based on an estimate of the income tax rate expected for the full year.

DISTRIBUTIONS TO SHAREHOLDERS

At the General Meeting held on March 27, 2018, the shareholders of ALSO Holding AG decided to distribute CHF 2.75 per registered share from the capital contribution reserve to the shareholders of ALSO Holding AG, payable from April 4, 2018.

CONTINGENT LIABILITIES

ALSO Deutschland GmbH has received a written demand for information and payment of copyright fees on external hard disks in connection with a tariff that was published in Germany on November 3, 2011. This was the first time that a tariff was published for this category of device. The tariff related to various products and vendors. The tariff has been applied retrospectively as of January 1, 2008, and related to various different types of products. The amount of the fees ranged from EUR 5.00 for simple external hard disks to EUR 34.00 for multimedia hard disks.

The demand was decided upon by the responsible arbitration body. The settlement proposal provided for considerably lower tariffs for the period from 2008 to 2010. The settlement proposal has not been accepted by any of the parties to the dispute. An appeal has been lodged and the proceedings has been continued at the Munich Higher Regional Court.

According to the majority opinion of the vendors, distributors, Bitkom (industry association), and their legal advisors, it was unlikely that the tariff can be applied retrospectively. It is highly probable that the legal conditions for a retrospective publication to be effective are not fulfilled. A liability of ALSO Deutschland GmbH for the period from January 1, 2008, to November 3, 2011, has therefore not been recognized in the statement of financial position.

The amount of the tariffs after publication starting from 2011 was also disputed. ALSO Deutschland GmbH has recognized the published tariffs in the statement of financial position for this period.

In June 2018, the Bitkom industry association agreed on tariffs with the collecting societies responsible for the retroactive period and the period after publication. By way of a free decision, ALSO Deutschland GmbH can now enter into this contract until August 31, 2018. In view of this, ALSO Deutschland GmbH therefore reassessed the amount of its obligations in the statement of financial position in 2018. This results in income of TEUR 2 200, which is recognized in the costs of goods sold and services provided.

EVENTS AFTER THE REPORTING PERIOD

With its media release of June 28, 2018, ALSO Holding AG announced that it has signed a purchase contract to acquire Distriwan S.A.S., Dardilly, France. The closing of the purchase of 100% of the shares was on July 11, 2018. This transaction expands ALSO's product range in France and strengthens the area "Solutions" of the 3S strategy.

With its media release of July 20, 2018, ALSO Holding AG announced that it has signed a purchase contract to acquire DISS d.o.o., Ljubljana, Slovenia. The closing of the transaction, which is expected in the coming months, remains subject to the usual regulatory approval.

No further material events occurred after the reporting period.

APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were released for publication by the Board of Directors of ALSO Holding AG on July 20, 2018.

IMPRINT

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