



# HALF YEAR REPORT 2020

## SELECTED KEY FIGURES OF THE COMPANY

in €

	1H 2020	1H 2019
Sales Revenue	<b>39,606,624.23</b>	44,814,703.32
Gross Profit	<b>4,029,727.43</b>	4,771,779.24
Gross Profit Margin	<b>10.2%</b>	10.6%
Other Operating Income	<b>1,645,848.35</b>	80,681.63
EBITDA	<b>340,589.57</b>	-947,956.27
EBIT	<b>52,741.62</b>	-1,281,576.97
Net Result	<b>-792,156.70</b>	-1,311,201.92

## ASSETS

**+EUR 25.6mn**Change as of June 30, 2020  
compared to December 31, 2019

## SHAREHOLDER'S EQUITY

**+EUR 3.0mn**Change as of June 30, 2020  
compared to December 31, 2019



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# ASKNET SOLUTIONS AT A GLANCE



LEADING SOLUTIONS  
& SERVICES SINCE  
**1995**



**2** BUSINESS UNITS  
› eCommerce Solutions



› Academics



**>100**  
VENDORS IN  
OUR PORTFOLIO



**~190**  
DELIVERY COUNTRIES

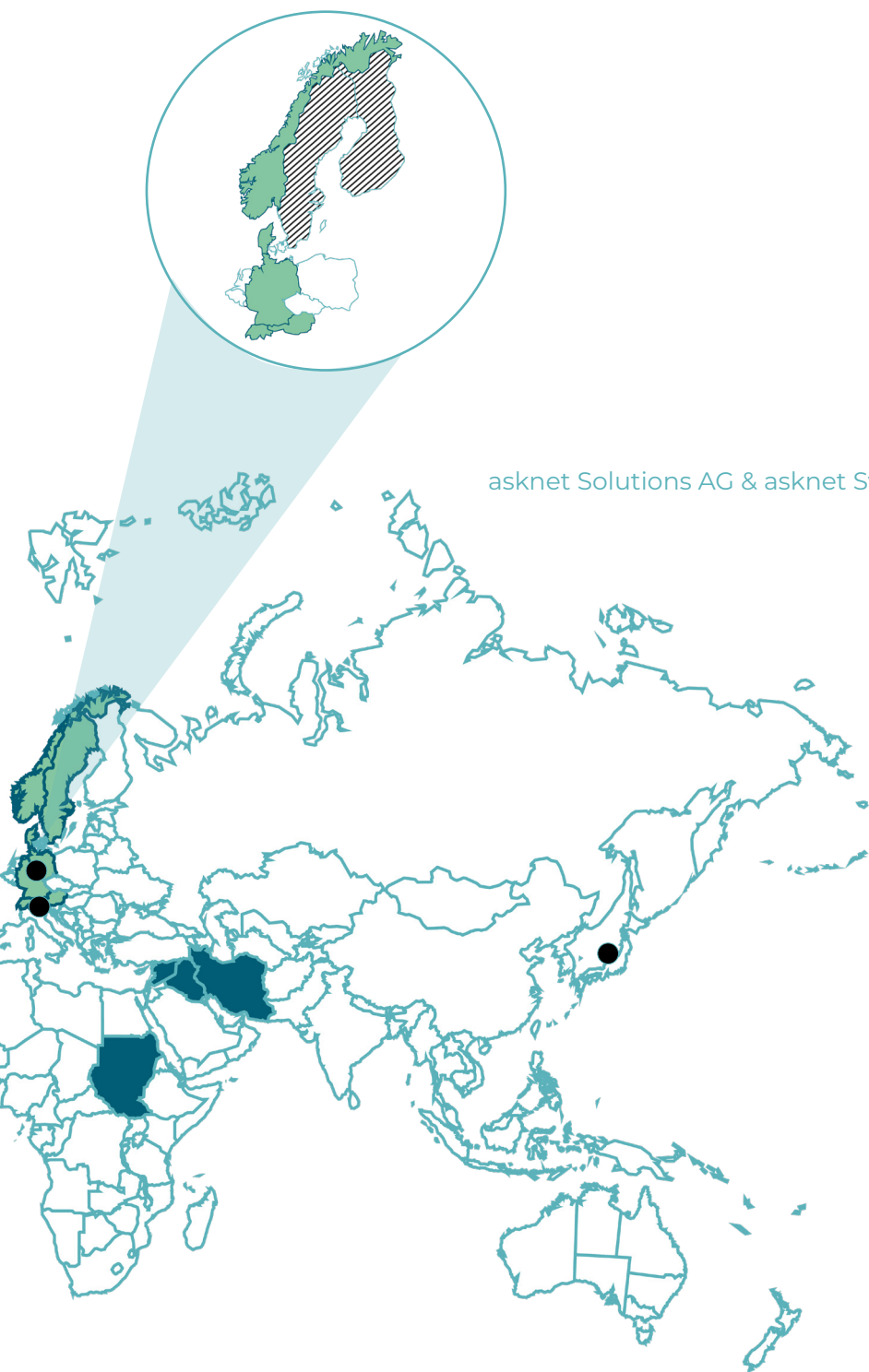


## ECOMMERCE SOLUTIONS

 Countries, in which we distribute

## ACADEMICS

 Countries, in which we deliver



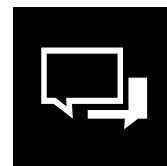
**4** LOCATIONS  
 asknet Inc. USA  
 asknet Solutions AG & asknet Switzerland GmbH  
 asknet KK Japan



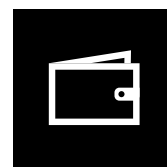
**71**  
 EMPLOYEES



**~30** SHOP  
 LANGUAGES



**>30** SHOP  
 CURRENCIES



■ Embargoed countries

# LETTER TO THE SHAREHOLDERS

CHRISTIAN HERKEL, CEO  
JAN SCHULMEISTER, CFO

## › Dear Shareholders,

In the first half of 2020, we were able to complete an extensive restructuring of our company, strengthening the balance sheet and preparing for business expansion through both organic growth and acquisitions.

On the financing side, we successfully executed a capital increase, optimized our working capital and divested Nexway Group AG (incl. Nexway SAS). We issued a short-term bond, which was later converted into a long-term, lower-cost one, thus being able to secure resources to back our new strategic acquisition initiatives.

The above developments accompanied our strategic decision to refocus on the Company's roots and core competencies in the global education market. Our new name, asknet Solutions AG, combines a well-known brand name with a new, solution-oriented offering and sales approach, and underlines our strategic intent to target the market for education technology solutions (edtech). Other important changes were the appointment of a new management team and the creation of a dedicated Business Development unit tasked with the identification of potential new clients, thorough understanding of their challenges and needs, and the development of expansion and investment opportunities, especially in the edtech area.

"For the first time since H1 2014, we recorded a profitable first half of the year on an operating basis (EBIT)."

Despite the declining gross profit, for the first time since H1 2014, we recorded a profitable first half of the year on an operating basis (EBIT). This was driven by outstanding results generated by the Academics business unit, with sales revenues up by 30% and the gross profit increase of a sensational 53%, when compared to the previous year. An important milestone in the reporting period was the signing of an extended follow-up contract to the university state framework agreement with our partner, IBM. The soon-to-be-launched DELL Hosted Shopping Application is another example of significant and impactful developments. This new procurement platform is a clear indication that well-known manufacturers see value in working closely with us and continue to see us





a trusted and reliable partner. In the eCommerce Solutions business unit, 2020 is first and foremost a year of reorientation and repositioning following the separation from Nexway. The changes already implemented in the first half of the year will serve as a solid base for growth in the upcoming months.

2020 marks the 25th anniversary of our company, founded as a spin-off of the world-renowned Karlsruhe Institute of Technology (KIT). Today, we are one of the most experienced players in the market and are able to offer high-quality, customized solutions and services to our clients through a team of passionate and dedicated employees. We are especially proud of our satisfied long-term partners and customers. Cyber-Link, Steinberg, GMAC, IBM or Adobe are great examples of very close and successful cooperation in place for many years. After challenging times, we now look forward to starting a new chapter in our corporate history, with a strengthened financial position, a focused strategy and a tightened collaboration with our core partners.

Given the progress already made in the first half of the year at both operational and strategic level, we expect to achieve slightly positive earnings before interest and taxes (EBIT) on a full-year basis. We will continue to keep the focus on delivering operating profitability in 2021 and to look out for attractively priced acquisitions in the global education and e-commerce space, likely to bring synergies and profitability in the months and years to come.

We thank you for your trust and look forward to continuing to work together towards a successful and sustainable future for our company.

Yours Sincerely,

Christian Herkel, CEO  
Jan Schulmeister, CFO

"We look out for attractively priced acquisitions in the global education and e-commerce space."



# MANAGEMENT REPORT

FOR THE FIRST HALF OF 2020

## ECONOMIC REPORT

### Macroeconomic and industry environment

In its latest forecast from October 2020, the International Monetary Fund (IMF) projects the global economy to decrease at a rate of  $-4.4\%$  during the full year of 2020. While the emerging and developing nations are expected to shrink by  $-3.3\%$ , a rate of  $-5.8\%$  is anticipated for the industrialized economies, with the US economy dropping by  $-4.3\%$ . According to the IMF economists, the Eurozone economy will decline at a rate of  $-8.3\%$ . For the German economy, a strong decrease of  $-6.0\%$  is forecasted.

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

Global e-commerce markets, driven by the general trend towards digitization, continue to grow dynamically. For the year 2020, the analyst firm eMarketer expects a  $16.5\%$  increase in sales in online retailing worldwide to 3.9 trillion US dollars. 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 the Forrest Wave Sales Engagement, Q3 2020, this year is the turning point for B2B buying and selling. Due to COVID-19 pandemic 41% of B2B companies have reduced sales headcount and reinvested 10% of the cost savings into more efficient and effective sales technologies.





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According to forecasts by the US analyst firm Gartner, worldwide IT spending will decrease by 7.3% in 2020. While software spending will fall by 5.7%, investments in the IT services segment will decrease by 6.8%.

For the the Academics business unit it is relevant that the positive trend in the higher education markets throughout the German-speaking region remains intact. According to the German statistical office, the country's universities recorded a slight increase in the number of enrolled students of 0.85%, from approximately 2,867,586 in the winter term 2018/2019 to 2,892,044 in the winter term 2019/2020. In addition, the current COVID-19 crisis is likely to increase the demand in education technology services.

#### **Impact of the general market conditions on asknet Solutions AG**

As a global supplier of software solutions and IT services for the online distribution of digital and physical goods, asknet Solutions AG continues to benefit from the shift in retail sales to the internet and the changing user and payment behavior, which give the company the opportunity to win additional manufacturers operating in the fast-growing e-commerce markets as new customers.

The company's e-Commerce Solutions business unit, based on its proven solutions and continuous investments in technology, is generally well positioned to benefit from the changes in the e-commerce industry. 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 Solutions AG is caught in fierce competition for market share with other e-commerce suppliers. Nevertheless, with increased investments in sales activities, the company has been able to secure many new clients in previously less serviced geographies. Furthermore, asknet Solutions AG's capability to also sell physical products helps the company to set itself apart from the competition.

asknet Solutions AG'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. It has to be noted, however, that margins for the sale of software licenses are continuously decreasing. The Company therefore aims to leverage its outstanding customer relationships in order to place new products, enhance comprehensive services and to increase its vertical integration as well as its geographic footprint.

#### **BUSINESS PERFORMANCE OF ASKNET SOLUTIONS AG IN THE FIRST HALF OF 2020**

##### **Completion of extensive restructuring, strengthening the balance sheet and preparing for business expansion through both organic growth and acquisitions**

In the first half of 2020, asknet Solutions AG completed its extensive restructuring aimed at improving operating profitability, and preparing for business expansion through both organic growth and acquisitions.

First and foremost, the company was able to strengthen its balance sheet through a successful

capital increase, optimization of working capital, divestment of Nexway Group AG (incl. its subsidiary Nexway SAS) and a bond issuance, thus being able to back new strategic acquisition initiatives.

Secondly, the company decided to return to its roots and to focus activities on its core competencies in the global education sector. This decision was followed by the proposal for a name change, approved by the Annual General Meeting on August 14, 2020. The new name asknet Solutions AG combines a well-known brand with the new solution-oriented product and sales approach and underlines the strategic intention to target the market for education technology solutions (edtech).

In addition, a new management team was installed, consisting of a mixture of experienced senior leaders and external consultants.

Another important change was the creation of the new Business Development unit tasked with the identification of potential clients' needs and developing expansion and investment opportunities, especially in the edtech area.

##### **Business Units: Ongoing high customer demand in eCS and powerful growth in Academics**

In the first half of financial year 2020, asknet Solutions AG recorded sustained customer demand and a resilient performance in the online shops it operates.

In the eCS business unit, following the separation from Nexway SAS with which eCS had been strongly integrated, 2020 is fundamentally a year of reorientation and repositioning.

On the one hand, the company recorded positive developments with regards to existing clients. Especially the top customers performed well. eCS was able to successfully assist an important customer in the migration to a software subscription model, leading to increased future sales potential.

However, asknet Solutions AG also decided, as a pro-active measure, to terminate the contracts with certain technical services provider clients, thus resulting in decreased overall turnover generated by the business unit. This process, originally initiated in 2019, continued during the first half of 2020. For the eCS business unit, this lays a very solid base for sustainable growth in the future.

The Academics business unit had an exceptional first semester 2020.

In the first place, Academics was able to significantly increase year-on-year earnings with top partners such as Microsoft, Adobe and IBM during the first six months of 2020. In addition, as the only software reseller having been accepted in the “Adobe Education Elite Partner Program”, it established a unique selling proposition in Germany.

Secondly, the strategy to position itself as a value-added reseller by offering additional services, in addition to the sale of software, paid off – in June 2020, asknet Solutions AG signed the follow-up of a university federal state framework agreement with IBM and the German universities. Within this contract, which will cover the period until September 2024 and which assumes an increase of licenses sold of more than 20%, the company will provide value added services such as automated key management,

online software distribution and user statistics, amongst others. The successful completion of this contract underlines the huge trust that the education sector is placing in the Academics business unit. Since the contract is about rental software, the revenue will be recognized over the duration of the contract, i.e. it is only partially included in the revenue figures of the first half of 2020.

Thirdly, asknet Academics was picked for an innovative collaborative project by DELL – the development of a hosted shopping application (HAS). For this hardware procurement portal, asknet Solutions AG provides a secure and legally compliant platform that reduces complexity for manufacturers, resellers and customers alike. The conception of this application being completed in June 2020, it is expected to go live in November 2020, and start to produce sales revenues in 2021.

## SALES REVENUES AND EARNINGS

Overall, asknet Solutions AG enjoyed positive business development in the reporting period and recorded a profitable first half of the year on an operating basis (EBIT) for the first time since 1H 2014.

On the sales side, total revenue decreased by 11.6% to EUR 39.6 million. This decline followed a year 2019 of stagnant development, where the annual sales decreased by 1.8% to EUR 84.3 million as compared to 2018.

In the first six months of 2020, the decrease in overall sales is a consequence of two diverging tendencies.

As mentioned above, the Academics business unit experienced a strong sales growth, however, this was not sufficient to offset the decrease of sales in the eCommerce Solutions business unit. In the latter, a strategic decision to streamline the customer base was made, resulting in the elimination of certain technical service providers as customers.

Other operating income increased from EUR 81 thousand to EUR 1.6 million, primarily based on the net proceeds of EUR 1.5 million from the sale of Nexway Group AG, together with the subsidiaries of Nexway SAS, to an unrelated third-party investor on April 15, 2020. The remaining amount represents foreign currency gains.

The decrease in sales revenues was followed by a corresponding decline in the cost of purchased goods and merchandise of around 9.6% to EUR 30.8 million.

Gross profit decreased from EUR 4.8 million to EUR 4.0 million, a decline of 15.6% as compared to the same period of the previous year.

This deterioration of gross profit took place in the eCommerce Services business unit, whereas gross profit in Academics increased.

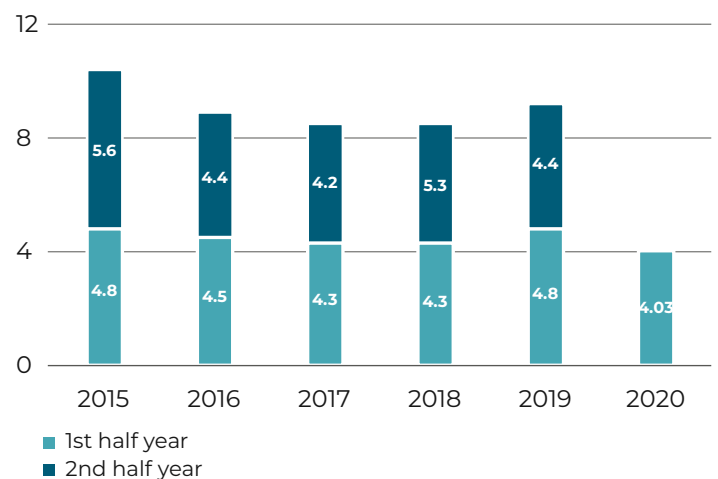
Personnel expenses of asknet Solutions AG went down by 15.7% to EUR 2.0 million in the first six months of 2020 (previous half year: EUR 2.4 million). The reduction was achieved via a decrease of personnel over the financial year.

Other operating expenses in 2020 decreased by 2.8% to EUR 3.3 million.

From the above, the operating result including depreciation and amortization (EBITDA) amounted to EUR 0.3 million after EUR –0.9 million in the first six months of 2019. The EBIT increased by EUR 1.3 million to reach a slightly positive result of EUR 53 thousand (previous year: EUR –1.3 million).

Earnings before taxes (EBT) amounted to EUR –0.8 million (previous year: EUR –1.3 million). Net loss for the reporting period decreased by EUR –0.5 million to EUR –0.8 million, as compared to EUR –1.3 million in the first half of 2019.

**Gross profits, semi-annual**  
in € million

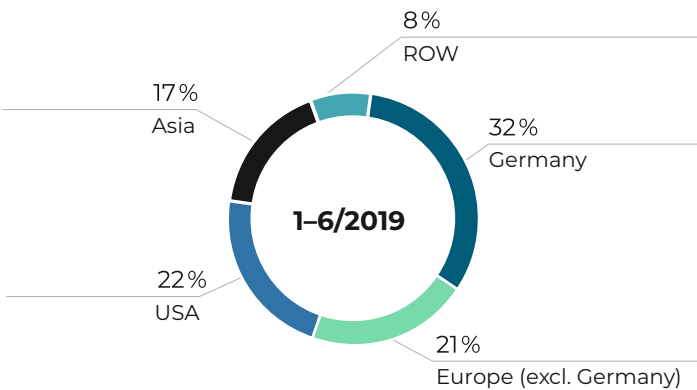
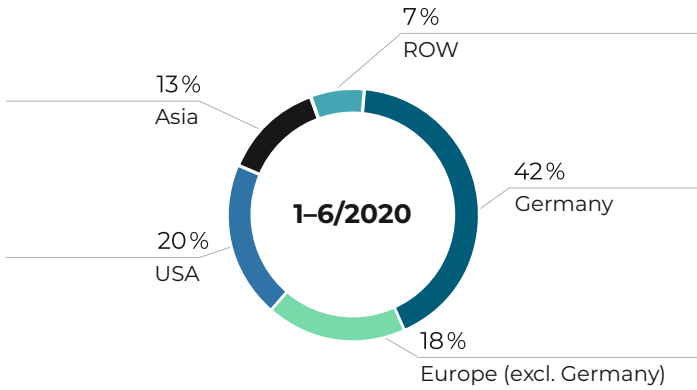


In the reporting period, asknet Solutions AG generated approximately 58% of its revenues outside of Germany (previous year: 68%). The share realized in European countries (excluding Germany) amounted to 18%, a lower level when compared to 2019 (21%). The US-share also decreased by 2 percentage points, from 22% in 2019 to 20% in 2020.

The share of revenues generated in Asia also declined from 17% in 2019 to 13% in 2020. With 42% of all

revenues generated in its home market, Germany increased its position as the largest single market in terms of sales revenues (previous year: 32%).

**Sales revenues by regions**  
in %



**Performance of the Business Units**

The performance of the company's business units in the first six months of financial year 2020 was characterized by an ongoing high level of business activity.

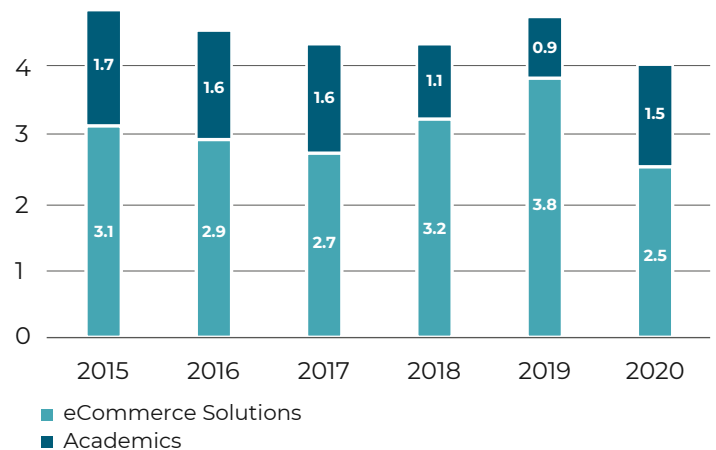
In the **eCommerce Solutions** business unit, despite a strong performance of the top clients, the restructuring of the customer base led to a 24.5% decrease in revenues, resulting in total revenues of EUR 25.8 million (previous year: EUR 34.2 million). In fact, the

streamlining of the customer base was already initiated by the company in 2019 and mainly concerned certain technical service providers.

This development, deemed necessary by the management, had also a negative impact on gross profit, which decreased by 33.3% to EUR 2.5 million (as compared to EUR 3.8 million in the first semester of 2019).

In the **Academics** business unit, the company recorded a strong 30% increase in the sales revenues, from EUR 10.7 million to EUR 13.8 million. Gross profit of Academics increased even more, by 53% from EUR 0.9 million in the first half of 2019 to EUR 1.5 million in the same period in 2020. This strong performance is due to the successful strategy to add value added services to the sale of licenses, thus increasing sales margins.

**Gross profits by business units**  
in € million





### NET ASSETS AND FINANCIAL POSITION

Following a successful capital increase, optimization of working capital, sale of Nexway Group AG (incl. its subsidiary Nexway SAS) and a bond issue, as of June 30, 2020 asknet Solutions AG reported a much stronger German balance sheet than in previous years, enabling the company to commence its strategic acquisition initiatives.

The asknet Solutions AG's balance sheet total increased by 200% to EUR 38.5 million as of June 30, 2020 (December 31, 2019: EUR 12.9 million).

On the assets side, the value of intangible assets decreased by 17% to EUR 1.3 million. This is mainly caused by the absence of capitalization of software development costs and continued amortization of both acquired and self-developed software licenses.

The value of shares in affiliated companies decreased by EUR 0.5 million, following the sale of Nexway Group AG in April 2020.

In total, the value of fixed assets fell by 34% to EUR 1.5 million (previous year: EUR 2.3 million).

At EUR 33.1 million, current assets were much higher than the previous year's level (December 31, 2019: EUR 8.8 million). The biggest increase concerned other assets, with an increase of EUR 15.5 million. This rise is mainly due to the subscription of notes issued by Highlight Event and Entertainment AG in the amount of EUR 14.16 million on April 10, 2020. The maturity of the bond is 12 months.\*

In addition, trade receivables also went up by EUR 6.0 million, mainly stemming from the regional university framework agreement concerning the sale of IBM statistical software licenses signed in June 2020. In fact, the licences were invoiced immediately, but the revenue was split over the contract period until 2024.

Finally, the increase in cash and cash equivalents (of 79% to EUR 5.8 million) has also contributed to the increase of current assets.

On the liabilities side, equity increased from EUR 1.6 million deficit not covered by equity on December 31, 2019 to positive equity of EUR 1.4 million.

Main reason for this increase in equity is the capital increase announced on April 10, 2020 and finalized on June 2, 2020. This increase led to an inflow of EUR 3.9 million by issuing 653,765 new shares of a nominal amount of EUR 1.00. Please refer to the notes for more information about the capital increase.

Other provisions decreased by 25.9% to EUR 2.1 million. Trade payables increased by 38% to EUR 9.9 million as of the reporting date. The increase in bond liabilities is related to the placement of an EUR 8 million bond with institutional investors, the remaining amount being carried interest to the balance sheet date under review.

\* In Oct 2020, this bond was replaced by a new bond with longer term and lower interest, see notes: "Post Balance Sheet Events".

Other liabilities increased by EUR 7.3 million to EUR 9.4 million mainly due to a lease financing liability related to the acquisition of the software licenses for the federal framework agreement concluded in June 2020. Total liabilities therefore rose by EUR 18.5 million.

Due to the capitalization of software development costs, deferred taxes in the amount of EUR 0.3 million (December 31, 2019: EUR 0.3 million) had to be recognized.

Financing is managed by asknet Solutions AG for itself and the Japanese, the US and the Swiss subsidiaries, which provides companies it owns with sufficient cash and cash equivalents. In the period under review, sufficient liquidity was always available.

## CORPORATE BODIES

Following the resale of the participation in Nexway SAS via the sale of Nexway Group AG, a Swiss subsidiary, on April 10, 2020, Victor Iezuitov, based in Lausanne/Switzerland, resigned as Chief Executive Officer on April 30, 2020. From that moment, Norman Hansen, based in Paris, was the only member of the Management Board of the company, until he stepped down from this position on June 5, 2020.

The same day, the Supervisory Board appointed a new Management Board composed of two members:

- › Christian Herkel as Chief Executive Officer/CEO, Rastatt
- › Jan Schulmeister as Chief Financial Officer/CFO, Winterthur/Switzerland

On August 14, 2020, asknet Solutions AG held its Annual General Meeting, during which the shareholders approved the Annual Report and all other proposed resolutions. One of the propositions was a change in the company name, following the sale of Nexway Group AG. Since the registration of the new company name in the trade registry on August 25, 2020, the denomination of the entity is now officially asknet Solutions AG.

Aston Fallen, the former Chief Executive Officer (CEO), after having announced previously that he would step down from the Supervisory Board with effect as of the end of the Annual General Meeting, was finally reelected by the Annual General Meeting to the Supervisory Board of the company, continuing to serve as its Chairman.

The other members of the Supervisory Board, namely Thomas Garrahan serving as Vice-Chairman and Matthew Baile, continue in their respective roles.

## EMPLOYEES

As of June 30, 2020, asknet Solutions AG employed 63 people (excluding trainees, temporary staff and without executive board). During the first half of financial year 2020, the company employed an average number of 64 employees. The total number of staff employed by the Group as of June 30, 2020 was 71 people (previous year: 84)

## RISK REPORT

Given that the company's risk position has not changed compared to the assessment at the time of the preparation of the 2019 financial statements, please refer to the detailed description of the company's risks in the 2019 Annual Report.

## FORECAST

### ANTICIPATED MACROECONOMIC AND SECTOR-RELATED DEVELOPMENTS

Due to the impact of the economic crisis caused by the COVID-19 virus, the IMF (forecast as of October 2020) expects the global economy to decrease by -4.4% in the current year 2020. The crisis is expected to have a far greater negative impact on advanced industrialized countries, where real GDP is expected to decline by -5.8%, as compared to emerging markets and developing countries (-3.3%).

According to the IMF, economic output of the USA is expected to drop by -4.3%, while in the Eurozone, GDP is to decrease by -8.3%. For Germany, a decline of -6.0% is projected.

As a result of the COVID-19 pandemic, a further increase in B2C e-commerce sales is expected. Especially in countries that are strongly affected by the virus, more and more consumers are turning to e-commerce. eMarketer, for example, increased their original B2C e-commerce sales forecast for the European market in July 2020

from 8.8% growth in 2020 to 16.8%. In a global perspective, however, eMarketer decreased its forecast by 2 percentage points to 16.5% in 2020, which still depicts a very dynamic growth.

Worldwide B2B e-commerce is also expected to grow strongly. Forrester Research expects investments of approximately 2.4 billion US dollars in B2B commerce platforms by 2021.

According to forecasts by the US analyst firm Gartner, worldwide IT spending will decrease by 7.3% in 2020. While software spending will fall by 5.7%, investments in the IT services segment will decrease by 6.8%. For Germany the digital association Bitkom expects a fall by 3.3% in information technology, telecommunications and consumer electronics as a result of the Corona crisis. The software segment is expected to shrink by 4 percent, IT services expected to drop by 5.4 percent.

The university market in the German-speaking region will show a positive trend in the coming years, despite the current temporary closure of the higher education institutions, while online-courses are taught. According to Statistik Austria, the number of Austrian students is expected to rise to 423,000 by 2035 and thus by 14% 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% per year, so that the number of students at universities will reach 259,000 in 2025 – an increase of 9% within ten years.

## COMPANY FORECAST

The general impact of the economic crises caused by the COVID-19 virus was so far rather limited and did not result in a downturn of our revenue or gross profit over the first six months of 2020. Regarding future impact, it is still hard to give a comprehensive estimation, given the uncertainties of the further development of this pandemic.

However, asknet was able to recapitalize and strengthen its balance sheet in the reporting period and to move back to operational profitability, preparing for business expansion through both organic growth and acquisitions. In its expansion, asknet is now focusing on its true origins, namely the sale of software and solutions in the academic and educational sectors.

The current year 2020 will still be a year of re-orientation, mainly as a result of the demerger of Nexway Group AG (incl. its subsidiary Nexway SAS). This is reflected in the guidance of gross profit for the full-year 2020, which will be significantly below the level of the previous year. Given the progress already achieved in the first half of the year at both operational and strategic levels, slightly positive earnings before interest and taxes (EBIT) are forecast. On an EAT basis, negative earnings are expected for the full year.

The company will continue to keep the focus on operating profitability in 2021 and is on the lookout for attractively priced acquisitions of profitable synergetic companies in global education and e-commerce space.

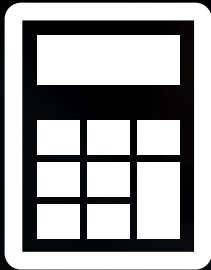
Karlsruhe, October 28, 2020

### **asknet solutions AG**

– Management Board/Vorstand –

Christian Herkel, CEO

Jan Schulmeister, CFO



ASKNET SOLUTIONS AG, KARLSRUHE

# FINANCIAL STATEMENTS

## BALANCE SHEET

as of June 30, 2020  
in €

	June 30, 2020	Dec 31, 2019
<b>ASSETS</b>		
<b>A. Fixed Assets</b>		
I. Intangible fixed assets		
1. Self-created industrial property rights and similar rights	945,859.66	1,097,966.00
2. Acquired industrial property rights and similar rights	330,285.38	440,023.46
	1,276,145.04	1,537,989.46
II. Tangible fixed assets		
Other equipment, operating and office equipment	81,347.09	98,391.40
III. Financial assets		
Shares in affiliated companies	162,397.90	662,397.90
	<b>1,519,890.03</b>	<b>2,298,778.76</b>
<b>B. Current Assets</b>		
I. Inventories		
Merchandise	16,759.44	27,768.14
II. Receivables and other assets		
1. Trade receivables	9,963,568.82	4,008,802.84
2. Receivables from affiliated companies	629,627.73	426,950.64
3. Other assets	16,696,378.04	1,153,950.71
	27,306,334.03	5,617,472.33
III. Cash-in-hand, bank balances, cheques	5,766,549.67	3,217,138.83
	<b>33,072,883.70</b>	<b>8,834,611.16</b>
<b>C. Prepaid Expenses</b>	<b>3,896,083.36</b>	<b>153,529.79</b>
<b>D. Deficit not covered by equity</b>	<b>0.00</b>	<b>1,563,855.89</b>
	<b>38,488,857.09</b>	<b>12,850,775.60</b>



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	June 30, 2020	Dec 31, 2019
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
I. Subscribed capital	1,307,530.00	653,765.00
II. Capital reserve	5,406,519.77	2,257,694.77
III. Retained losses	-4,475,315.66	-1,804,722.35
IV. Net loss for the financial year	-792,156.70	-2,670,593.31
V. Deficit not covered by equity	0.00	1,563,855.89
	<b>1,446,577.41</b>	<b>0.00</b>
<b>B. Provisions</b>		
Other provisions	<b>2,120,171.13</b>	<b>2,860,017.33</b>
<b>C. Liabilities</b>		
I. Liabilities to banks	0.00	6,439.78
II. Bonds	8,177,777.00	0.00
III. Trade payables	9,945,163.61	7,191,317.70
IV. Liabilities to affiliated companies	587,918.15	339,472.13
V. Other liabilities of which taxes € 3,310,822.89 (previous year: € 1,847,964.98) of which relating to social security and similar obligations € 0.00 (previous year: € 5,690.01)	9,426,218.84	2,114,257.66
	<b>28,137,077.60</b>	<b>9,651,487.27</b>
<b>D. Deferred Income</b>		
	<b>6,492,760.95</b>	<b>0.00</b>
<b>E. Deferred Tax Liabilities</b>		
	<b>292,270.00</b>	<b>339,271.00</b>
	<b>38,488,857.09</b>	<b>12,850,775.60</b>

## INCOME STATEMENT

January 1 until June 30

in €

	2020	2019
<b>1. Sales revenues</b>	<b>39,606,624.23</b>	<b>44,814,703.32</b>
2. Capitalized development activities	0.00	0.00
3. Other operating income		
a) Income from disposal of fixed assets	1,499,990.20	2,358.58
b) Miscellaneous other operating income	145,858.15	78,323.05
	<b>1,645,848.35</b>	<b>80,681.63</b>
	<b>41,252,472.58</b>	<b>44,895,384.95</b>
<b>4. Cost of materials</b>		
a) Cost of purchased merchandise	30,840,667.87	34,126,863.95
b) Cost of purchased services	4,736,228.93	5,916,060.13
5. Personnel expenses		
a) Wages and salaries	1,615,353.12	1,988,340.10
b) Social security, post-employment and other employee benefit costs of which in respect of old age pensions € 694.34 (previous year: € 988.32)	372,807.86	369,247.06
6. Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	287,847.95	333,620.70
7. Other operating expenses	3,346,825.23	3,442,829.98
	<b>52,741.62</b>	<b>-1,281,576.97</b>
8. Interest and similar income	74,754.28	0.00
9. Interest and similar expenses	941,153.60	6,360.12
10. Taxes on income and earnings	21,501.00	-22,321.95
<b>11. Earnings after taxes</b>	<b>-792,156.70</b>	<b>-1,310,259.04</b>
12. Other taxes	0.00	942.88
<b>13. Net result</b>	<b>-792,156.70</b>	<b>-1,311,201.92</b>

## NOTES OF ASKNET SOLUTIONS AG, KARLSRUHE (FORMERLY NEXWAY AG) FOR THE PERIOD ENDED JUNE 30, 2020

### ACCOUNTING PRINCIPLES

#### General information

The present half year financial statements of asknet solutions AG, headquartered in Karlsruhe (Local Court of Mannheim, HRB 108713), were prepared in accordance with section 242 et seq. and section 264 et seq. of the German Commercial Code (HGB – Handelsgesetzbuch) as well as the pertinent regulations of the German Stock Corporation Act (AktG – Aktiengesetz).

The general meeting of shareholders on August 14, 2020 voted to change the company name to asknet Solutions AG. The entry of the new name in the commercial register took place on August 25, 2020.

The fiscal year is the calendar year.

The income statement has been prepared using the total cost accounting method.

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

#### Accounting and reporting methods

The accounting and valuation methods have remained unchanged from the previous year.

**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.

**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 the expected useful life.

Low-value assets are fully written off in the year of acquisition.

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

In the case of **financial assets**, shares are carried at acquisition cost. Advance payments made in the previous year are stated at their face value.

**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. Apart from customary retention of title, inventories are free of third-party rights.

**Receivables and other assets** are carried at their face value. Adequate specific provisions are allowed for all items that carry risk. Write-downs to cover the general credit risk were not made.

**Cash in hand and bank balances** are recognized at their face value on the balance sheet date.

**Prepaid expenses** include payments made prior to the reporting date if they represent expenses for a specific period after that date.

The **subscribed capital** and the **capital reserves** are carried at their face value. The capital reserve was formed in accordance with section 272 paragraph No. 4 HGB.

**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 cost and price increases).

**Liabilities** are carried at their settlement values.

Payments received before the reporting date are recognised 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 for in 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 term of more than one year, the realization principle (section 252 paragraph no. 4 half-sentence 2 HGB) and the historical cost principle (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 currencies assets are translated at the mean exchange rate on the balance sheet date in accordance with section 256a HGB.

## EXPLANATORY NOTES TO THE BALANCE SHEET

### Shareholdings

The following table shows the current shareholdings of asknet solutions AG:

	Last available financial statements	Currency	Share in %	Equity in local currency	Net result in local currency
<b>asknet Inc., San Francisco/USA</b>	31.12.2019	TUSD	100% (direct)	195 (positive equity)	14 (profit)
<b>asknet KK, Tokio/Japan</b>	31.12.2019	TYEN	100% (direct)	26,268 (positive equity)	1,777 (profit)
<b>asknet Switzerland GmbH, Uster/Switzerland</b>	31.12.2019	TCHF	100% (direct)	25 (positive equity)	0
<b>Nexway Deutschland GmbH, Karlsruhe, Germany</b>	31.12.2019	TEUR	100% (Indirect)	30 (positive equity)	-3 (loss)

In 2019, the company had acquired 100% of the shares in Nexway Group AG, Basel/Switzerland, the 100% owner of Nexway SAS, a French e-commerce services competitor of asknet AG based in Paris – La Défense. The transfer date was February 1, 2019.

On April 15, 2020, the Management Board concluded the sale of 100% of the shares in its Swiss subsidiary Nexway Group AG, based in Basel, as well as the rights to the name Nexway to an uninvolved third party and unrelated person. The selling price was EUR 2 million.

### Receivables

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 Federal Tax Administration (TEUR 23.7).

All receivables from affiliated companies are trade receivables.

### Other assets

The increase in other assets is mainly due to short-term notes issued by Highlight Event & Entertainment AG (HLEE) and subscribed by asknet solutions AG. On April 10, 2020, asknet Solutions AG subscribed for 1,416 Notes issued by HLEE with a nominal amount of EUR 10,000 each in the total amount of EUR 14,160,000. The bond is subscribed at 95.24% of the par value and upon maturity (12 months) will be repaid in full nominal amount (100%).

### Cash and cash equivalents

Of our bank balances, TEUR 192 are reserved as collateral for aval commitments.

### Prepaid expenses and deferred income

Deferred income amounting to TEUR 6,493 relate solely to the recently signed IBM SPSS-Software contract with a consortium of German universities and higher education institutions (the university federal state framework agreement). Since the contract is about the lease of the software licences, income was deferred over the contract period until end of September 2024.

Corresponding to the deferral of income, the licences acquired from IBM are posted in prepaid expenses for TEUR 3,773 as at June 30, 2020. The related charges will also be recognized over the contract period until end of September 2024.

### Equity

#### Subscribed capital

As a consequence of the high net loss for financial year 2019, equity was used up as of the balance sheet date as at December 31, 2019. Management has reacted to this situation and carried out a capital increase.

The increase in subscribed capital was announced on April 24, 2020 and completed on June 2, 2020. In connection with the subscription offer, the current shareholders had been offered 653,765 newly issued registered ordinary shares of asknet Solutions AG with a proportionate amount of the share capital of EUR 1.00 each at a subscription price of EUR 6.00 per share. As a result, 14,519 shares were subscribed by current shareholders during the subscription period from May 18, to May 31, 2020.

The 639,246 remaining shares not subscribed by current shareholders were underwritten by two new institutional investors. The issue proceeds amount to



EUR 3,922,590 and are primarily intended to finance further growth of asknet Solutions AG.

The subscribed capital now amounts to EUR 1,307,530.00 (previous year: 653,765.00) and 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

At the ordinary annual general meeting on June 18, 2015, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital on one or more occasion by June 17, 2020 by up to EUR 2,520,000.00 against cash or non-cash contributions by issuing new registered shares. The shareholders shall generally be granted a subscription right. The Management Board was authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders under certain conditions.

At the ordinary annual general meeting on August 14, 2020, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital on one or more occasions by August 13, 2025 by up to 653,765.00 EUR against cash or non-cash contributions by issuing new registered shares. The Management Board was authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders under certain conditions.

The previously authorized capital dating from 2015 expired on June 17, 2020.

### Contingent capital

At the extraordinary general meeting on August 23, 2016, the Management Board, with the approval of the Supervisory Board, was given the authorization, extending until August 22, 2021 to issue on one or

more occasions bearer or registered warrant bonds, convertible bonds, profit participation rights and/or income bonds or a combination thereof (collectively referred to as "bonds") in a total nominal amount of up to EUR 3,000,000.00 with a maximum term of 10 years and to grant to or impose on the bearers or creditors of warrant bonds or warrant participation rights or warrant income bonds option rights or duties or to grant or impose on the bearers or creditors of convertible bonds or convertible participation rights or convertible income bonds conversation rights or duties to up to 1,500,000 new registered shares of asknet Solutions AG with a pro-rata amount of the share capital totalling EUR 1,500,000.00 in accordance with the conditions of these bonds. In addition to euros, the bonds may also be issued in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by a subordinated Group company of asknet Solutions AG; in this case, the Management Board is authorized, with the approval of the Supervisory Board, to issue a guarantee of asknet Solutions AG for the bonds and to issue to or impose on the bearers or creditors warrant and convertible rights or duties to registered shares of asknet Solutions AG.

### 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

#### Bonds

On April 9, 2020, asknet Solutions AG placed a bond with a volume of EUR 8 million and an interest rate of 10% with institutional investors within the frame-

work of a private placement. The new, secured bond (ISIN: DE000A2YN140, WKN: A2YN14) has a maturity of 15 months and quarterly interest payments.

The proceeds of the bond issuance can be used without restrictions for corporate purposes and include the financing of investment expenditures specifically related to the Academics business area. A stock exchange listing is not planned.

### Trade payables and liabilities to affiliated companies

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

### Other liabilities

Other liabilities increased mainly due to financial liabilities due to financing of the acquisition of IBM SPSS Licences that were acquired within the university federal state framework agreement concluded in June 2020.

### Deferred taxes

As of the balance sheet date December 31, 2019, using the comprehensive balance sheet method, there was a deferred tax liability surplus of TEUR 292. The differences between the commercial and tax balance sheets, which result in deferred tax liabilities, mainly result from tax prohibitions (capitalisation of self-created intangible assets of fixed assets in the tax balance sheet is not allowed).

The deferred tax balances and changes to them in the 2019 fiscal year are shown below:

	Dec 31, 2019 TEUR	Addition <sup>1</sup> TEUR	Disposal <sup>1</sup> TEUR	June 30, 2020 TEUR
Deferred tax liabilities	-339		47	-292
Total	-339	0	47	-292

<sup>1</sup> Recognized in "Income tax".

## EXPLANATORY NOTES TO THE INCOME STATEMENT

Sales revenues  
TEUR

	1-6/2020	1-6/2019
SALES REVENUES BY BUSINESS UNIT		
eCommerce Solutions	25,805	34,162
Academics	13,802	10,652
	<b>39,607</b>	<b>44,814</b>
SALES REVENUES BY REGION		
Germany	16,653	14,151
Europe (excluding Germany)	7,147	9,356
USA	7,820	9,826
Asia	5,109	7,722
Other countries	2,878	3,759
	<b>39,607</b>	<b>44,814</b>

### Other operating income

Other operating income included mainly proceedings from the sale of Nexway Group AG and its subsidiaries, mainly containing Nexway SAS and its subsidiaries, resulting in a profit amounting to TEUR 1,500.

Operating income also contained income from currency translation in the amount of TEUR 146 (previous year: TEUR 57).

### Other operating expenses

Miscellaneous other operating expenses include expenses from currency translation amounting to TEUR 137 (previous year: TEUR 103).

### Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets

The development costs capitalised in 2017 were amortised for the first time in 2018 for the amount of TEUR 328. The item also included impairment losses on development costs in the amount of TEUR 839 in 2018. The remaining residual book value was further amortized on a scheduled basis in 2019 and 2020.

**Interest expenses**

The interest expense for the first half year of 2020 and its increase as compared to the previous year is mainly related to the recent ruling of the German Federal Court of Finance. Although the ruling was published only in September, the Management decided to recognize in the half year financial statements an amount of TEUR 764 representing interest on arrears on already settled VAT claims concerning past periods. Please confer to section "Post balance sheet events" for further information.

**Income tax**

Income tax relates to deferred taxes amounting to TEUR 47 and foreign withholding tax amounting to TEUR 25.5.

**OTHER DISCLOSURES****RESEARCH AND DEVELOPMENT COSTS**

As in 2019, no research and development activities were carried out in the half year under review, and accordingly no internal development costs were capitalized.

**OTHER FINANCIAL OBLIGATIONS**

There are other financial obligations from rental and lease agreements amounting to TEUR 455.

in €	Rent	Leasing	Total
Due within one year	166,655.88	26,523.84	193,179.72
Due in one to five years	208,319.88	53,047.68	261,367.56
Due after five years	0.00	0.00	0.00
	<b>374,975.76</b>	<b>79,571.52</b>	<b>454,547.28</b>

The rental agreements for real estate relate to the Company's headquarters in Germany. The leases are so-called operating leases, which do not result in the recognition of the properties by the Company. The advantage of these contracts is the lower capital commitment compared to acquisition and the elimination of the exploitation risk. Risks may arise from the term of the contracts if the properties can no longer be fully used, but there is currently no indication of this.

**EMPLOYEES**

As of June 30, 2020, asknet Solutions AG employed 63 people (excluding trainees, temporary staff and without executive board). During the first half of financial year 2020, the company employed an average number of 64 employees. The total number of staff employed by the Group as of June 30, 2020 was 71 people (previous year: 84).

**CORPORATE BODIES****Management Board**

In the first six months of 2020, the Management Board was composed of:

- › Victor Iezuitov, Lausanne/Switzerland
  - Chairman of the Management Board/CEO (from 28 June, 2019 until 30 April, 2020)
- › Norman Hansen, Paris
  - Member of the Board of Management/Chief Operating Officer; sole member of the Board of Management from April 30 to June 26, 2020
- › Christian Herkel, Rastatt (from June 26, 2020)
  - Chairman of the Management Board/CEO
- › Jan Schulmeister, Winterthur/Switzerland (from June 26, 2020)
  - Member of the Management Board/CFO

## Supervisory Board

The Supervisory Board is composed as follows:

- › Aston Anthony Fallen, MBPA, Frankfurt am Main, – Chairman of the Supervisory Board (since June 28, 2019) – Originally, Aston Fallen had resigned from his office with effect from the end of the Annual General Meeting and was reelected to the Supervisory Board at the Annual General Meeting on August 14, 2020. He was also reelected Chairman of the Supervisory Board at the subsequent Supervisory Board meeting)
- › Thomas Garrahan, Executive Director of AlphaQ Ltd, Gingins (Switzerland), Deputy Chairman of the Supervisory Board (since June 28, 2019, elected by the Annual General Meeting 2019)
- › Matthew Baile, CEO of DirecSource Asia (Hong Kong), Member of the Supervisory Board (since June 28, 2019, elected by the Annual General Meeting 2019)

## Shareholders and group affiliation

On September 24, 2019, Facebank Group, Inc., a group of companies listed in the USA, became the new indirect majority shareholder of asknet Solutions AG.

The shares in asknet Solutions AG, Karlsruhe, were held directly by StockAccess Holdings SAS, Paris, France in 2019 (until March 20, 2020). With effect from March 20, 2020, the 62.62% shares and voting rights in asknet Solutions AG were transferred to the Luxembourg company FBNK Finance Sàrl, Luxembourg. The ultimate parent company continues to be Facebank Group, Inc.

After the merger of Facebank Group Inc. with Fubo TV Inc. on April 1, 2020, the company name was changed from Facebank Group Inc. to Fubo TV Inc.

On July 22, 2020, Fubo TV, Inc., New York/USA has communicated to the company that it now owns less than a quarter of the shares of asknet Solutions AG.

On the same day, C2A2 Corp AG, Gingins/Switzerland has notified the company that it now owns indirectly more than a quarter of the shares of the company since the shares held by FBNK Finance Sàrl of asknet Solutions AG have to be attributed to her.

Mister Aston Fallen, Frankfurt/Germany also has notified the company on July 22, 2020 that he now holds more than a quarter of the shares of asknet Solutions AG since the shares held by FBNK Finance Sàrl have to be attributed to him.

## COVID-19

The World Health Organization (WHO) declared an international health emergency at the end of January. Since March 11, 2020, the WHO has classified the spread of the Coronavirus (Covid-19) as a pandemic. The extent to which the effects of the Corona crisis will have a significant financial impact on society in the 2020 financial year cannot yet be finally quantified. We refer to the corresponding statements in the management report.

## POST BALANCE SHEET EVENTS

### Judgment of the German Federal Court of Finance concerning interest on arrears of past VAT claims

A judgment of the German Federal Fiscal Court (Bundesfinanzhof) against the Company regarding a small amount of EUR 33.44 on issues relating to the entitlement to deduct value added tax (VAT/ input tax) as well as the respective interest notices by the tax authorities will probably be applied by the tax authorities to similar cases of the past years and this would result in an obligation of the Company to pay interest to the tax authorities in the amount of approximately EUR 764,000.00 on already paid VAT.

The ruling concerns an appeal by the Company against a corrected VAT declaration for the year 2005, which the Company had submitted in 2011. Against the background that the tax court of first instance had decided in favour of the Company, the decision of the Federal Fiscal Court came as a surprise for the Company. In the case of an obligation to pay interest on arrears in the amount, the Company will assess claims for damages against former Management Board members and its tax advisors.

The Management Board decided to recognize the above-mentioned interest expense in the half year accounts 2020.

#### **asknet Solutions AG Refinances Short-Term Bond into Long Term Lower Cost Expanded Bond Program**

On October 6, 2020 asknet Solutions AG placed a bond with an aggregate par value of EUR 9.0 million and an interest rate of 6.0% with semi-annual interest payments and a three-year term (ISIN: DE000A3H2VS8, WKN: A3H2VS). Of this nominal amount, EUR 8.0 million is attributable to the bondholders of the EUR 8.0 million 10.0% interest bond (ISIN: DE000A2YN140, WKN: A2YN14) placed by the company in April 2020 and maturing in April 2021, who have made full use of a corresponding exchange offer. The remaining EUR 1.0 million of the nominal amount were placed

with institutional investors in a private placement. The proceeds of the issue can be used without restrictions for corporate purposes and include the financing of capital expenditures specifically related to the Academics business unit. A stock exchange listing for the new bond is currently not planned. The annual interest cost of the bonds outstanding had been reduced from EUR 0.80 million to EUR 0.54 million and all of the asknet Solutions AG bonds are now maturing in 2023 instead of 2021.

Except for the above, there were no events of material importance occurred after the balance sheet date which had a material effect on the net assets, financial position, and operating result of asknet solutions AG.

Karlsruhe, October 28., 2020

#### **asknet solutions AG**

– Management Board/Vorstand –

Christian Herkel, CEO

Jan Schulmeister, CFO

# IMPRINT

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CHALLENGES FOR OUR CLIENTS.

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