HIGH POTENTIAL

INTERIM REPORT 2019

ALSO

ALSO BOOSTS EARNINGS: DEVELOPING INTO A TECHNOLOGY PROVIDER

In the first half of 2019 the ALSO Group generated an EBITDA of EUR 64.4 million, a 15 percent increase before application of IFRS 16. Sales were up by 14 percent to EUR 4.8 billion, which means that further market shares were gained in the highly competitive IT business.

These results are due to the ongoing structural optimization project and to improvements in gross profit and acquisitions. At a market development of plus 4.6 percent (according to Context) ALSO was able to gain significant market shares. The new Centers of Competence made a significant contribution towards this growth. All three business models developed positively: Supply +13.8 percent, Solutions +15.8 percent and As-a-Service +12.7 percent. After application of IFRS 16, EBITDA in the first half of 2019 totaled EUR 76.3 million.

Overall, the growth of IT-as-a-Service / ALSO Cloud-Business has continued to accelerate. In the first half of 2019 it grew from EUR 62 million to EUR 97 million, a year-on-year increase of 56 percent. The number of IT seats increased from 2.3 million to 2.9 million, an increase of 23 percent in the number of seats managed directly by ALSO and of 30 percent in the number managed by our partners.

INVESTMENT IN NEW MARKETS

In January 2019, via its subsidiary ALSO Croatia, the ALSO Group acquired RECRO, one of the top three IT distributors in Croatia. Together with the existing ALSO companies in Poland, Lithuania, Estonia and Latvia and the 2018 acquisitions in Slovenia, Belarus and the Ukraine, the anticipated acquisition in Bulgaria and the 1 July 2019 takeover of ABC Data, ALSO will thereby have a presence in 13 Eastern European countries. The total volume of the highly segmented IT market in Eastern Europe is EUR 30 billion a year. ALSO has taken market consolidation forward energetically with a view to achieving a permanent market share of at least 20 percent. The company has thereby laid excellent groundwork for further growth.

INVESTMENT IN TECHNOLOGIES

By acquiring the IoT platform specialist AllThingsTalk in June 2019 the company further extended its technological expertise in a highly promising growth area. In addition, a partnership with the virtualization platform specialist Ludium and a collaboration with one of the leading US distributors in using the ALSO Cloud Marketplace were commenced. Furthermore, ALSO invested in the further development of its e-commerce platform, in process mining (AI) and in 3D printing. The company is thereby strengthening significantly its three business models Supply, Solutions and As-a-Service. «We are consistently and successfully pursuing our path as a technology provider» says Gustavo Möller-Hergt, CEO of ALSO Holding AG (SIX: ALSN).

OPTIMISATION OF STRUCTURE AND NET WORKING CAPITAL

In the first half of 2019 the company continued its program of structural optimization on the basis of its technology investments. Compared with the first half of 2018 personnel costs were optimized by EUR 11 million. Part of these savings was invested in new hirings in key growth areas. Activities initiated in 2017 to optimize net working capital now unfold their full power. The focus is on a detailed scrutiny of customers.

OUTLOOK

For the full year 2019 the company anticipates an improvement in EBITDA of between EUR 10 million and EUR 15 million on the previous year, of which EUR 8 million was earned in the first half before application of IFRS 16 by means of accelerated structural optimization. Due to the takeover of ABC Data with operational units in Poland, Hungary, Romania, Lithuania, Slovakia and the Czech Republic and to the integration expense to be expected (SAP launch and restructuring costs) the company also anticipates a neutral effect on its 2019 EBITDA.

The medium-term target is to increase EBITDA to between EUR 240 million and EUR 300 million after application of IFRS 16. In addition, the company aims over this period to achieve a return on capital employed (ROCE) of between 13 percent and 14 percent (2018: 11.8 percent). ALSO's success will be measured on the basis of these two key figures: its operating result (liquidity) and its financial result (efficiency of capital used).

EBITDA WITHOUT EFFECT DUE TO IFRS 16 LEASES

EBITDA in the first half of 2019 was significantly impacted by the adoption of IFRS 16. As of January 1, 2019, ALSO recognizes assets and liabilities for virtually all leases. As a result, leasing expenses are no longer reported as part of operating expenses, but as depreciation and financial expense below EBITDA. This results in the following reconciliation to EBITDA without IFRS 16 effect.

IN MILLION EUROS	**1st half 2019**	1st half 2018	Change
EBITDA as reported	76.3	56.0	36.2 %
IFRS 16 effect	11.9	–	
EBITDA WITHOUT IFRS 16 EFFECT	**64.4**	**56.0**	**14.9 %**

Earnings before taxes (EBT) are not materially affected by IFRS 16.

FOREIGN CURRENCY EFFECT

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 2019, movements on foreign currency markets resulted in income of 0.5 million euros reported in total net sales (previous year: 0.3 million euros expense) and income of 1.5 million euros (previous year: expense of 3.2 million euros) reported in cost of goods sold and services provided.

IN MILLION EUROS	**1st half 2019**	1st half 2018
Currency effects on total net sales	0.5	−0.3
Currency effects on cost of goods sold and service expenses	1.5	−3.2
CURRENCY EFFECTS	**2.0**	**−3.5**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2019 (UNAUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR 1 000	1st half 2019		1st half 2018		Change
TOTAL NET SALES	**4 770 831**	100.0 %	**4 181 015**	100.0 %	14.1 %
Cost of goods sold and services provided	−4 505 015	−94.4 %	−3 926 532	−93.9 %	14.7 %
GROSS PROFIT	**265 816**	5.6 %	**254 483**	6.1 %	4.5 %
Operating expenses	−189 522	−4.0 %	−198 470	−4.8 %	−4.5 %
EBITDA	**76 294**	1.6 %	**56 013**	1.3 %	36.2 %
Depreciation and amortization	−18 481	−0.4 %	−7 600	−0.1 %	143.2 %
OPERATING PROFIT (EBIT)	**57 813**	1.2 %	**48 413**	1.2 %	19.4 %
Financial result	−10 309	−0.2 %	−7 885	−0.2 %	30.7 %
PROFIT BEFORE TAX (EBT)	**47 504**	1.0 %	**40 528**	1.0 %	17.2 %
Income taxes	−13 549	−0.3 %	−13 548	−0.4 %	0.0 %
NET PROFIT GROUP	**33 955**	0.7 %	**26 980**	0.6 %	25.9 %
Attributable to shareholders of ALSO Holding AG	33 884		27 057		
Attributable to non-controlling interests	71		−77		
NET PROFIT PER SHARE IN EUR [1]					
Basic earnings per share	2.64		2.11		
Diluted earnings per share	2.64		2.11		

1) Attributable to the shareholders of ALSO Holding AG

The accompanying notes form an integral part of the condensed interim consolidated financial statements. In particular, the effects of IFRS 16 are described in a separate note.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1st half 2019	1st half 2018
PROFIT RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	**33 955**	**26 980**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Remeasurement of defined benefit plans	–3 353	26
SUBTOTAL	**–3 353**	**26**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Exchange differences	1 110	988
Fair value adjustments on cash flow hedges	–6 319	–1 545
Tax effects thereof	1 557	296
SUBTOTAL	**–3 652**	**–261**
OTHER COMPREHENSIVE INCOME	**–7 005**	**–235**
TOTAL COMPREHENSIVE INCOME	**26 950**	**26 745**
Attributable to shareholders of ALSO Holding AG	26 879	26 822
Attributable to non-controlling interests	71	–77

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	06.30.2019		12.31.2018	
Cash and cash equivalents	185 534		240 405	
Other current assets	1 572 137		1 874 956	
TOTAL CURRENT ASSETS	**1 757 671**	82 %	**2 115 361**	89 %
Deferred tax assets	11 023		7 201	
Other non-current assets	386 680		259 699	
TOTAL NON-CURRENT ASSETS	**397 703**	18 %	**266 900**	11 %
TOTAL ASSETS	**2 155 374**	100 %	**2 382 261**	100 %
Current financial liabilities	95 334		124 449	
Other current liabilities	930 972		1 270 847	
TOTAL CURRENT LIABILITIES	**1 026 306**	47 %	**1 395 296**	59 %
Non-current financial liabilities	426 349		279 075	
Other non-current liabilities	39 632		32 161	
TOTAL NON-CURRENT LIABILITIES	**465 981**	22 %	**311 236**	13 %
EQUITY	**663 087**	31 %	**675 729**	28 %
TOTAL LIABILITIES AND EQUITY	**2 155 374**	100 %	**2 382 261**	100 %

The accompanying notes form an integral part of the condensed interim consolidated financial statements. In particular, the effects of IFRS 16 are described in a separate note.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Capital reserves	Treasury shares	Other reserves[2]	Retained earnings	Equity attributable to share-holders	Non-controlling interests	Total
DECEMBER 31, 2018 AS REPORTED	**9 960**	**104 277**	**−1 822**	**−12 361**	**575 469**	**675 523**	**206**	**675 729**
Restatement[1]	–	–	–	–	−5 071	−5 071	−2	−5 073
JANUARY 1, 2019 AS RESTATED	**9 960**	**104 277**	**−1 822**	**−12 361**	**570 398**	**670 452**	**204**	**670 656**
Net profit Group	–	–	–	–	33 884	33 884	71	33 955
Other comprehensive income	–	–	–	−7 005	–	−7 005	–	−7 005
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–**	**−7 005**	**33 884**	**26 879**	**71**	**26 950**
Distributions to shareholders	–	−34 334	–	–	–	−34 334	–	−34 334
Remeasurement of put options on shares of non-controlling interests	–	–	–	–	−111	−111	−74	−185
JUNE 30, 2019	**9 960**	**69 943**	**−1 822**	**−19 366**	**604 171**	**662 886**	**201**	**663 087**
JANUARY 1, 2018	**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**

1) See note: Adoption of IFRS 16
2) See note: Other reserves

The accompanying notes form an integral part of the condensed interim consolidated financial statements. In particular, the effects of IFRS 16 are described in a separate note.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	1st half 2019	1st half 2018
NET PROFIT GROUP	**33 955**	**26 980**
Depreciation and amortization	18 481	7 600
Change in provisions and employee benefits	−3 192	1 052
Other non-cash items	3 774	10 332
SUBTOTAL	**53 018**	**45 964**
Change in net working capital	−32 440	−10 436
CASH FLOW FROM OPERATING ACTIVITIES	**20 578**	**35 528**
Net cash flow from acquisitions of subsidiaries	−15 524	–
Payment of contingent consideration from acquisitions of subsidiaries	−1 241	–
Net investments in property, plant & equipment	−4 052	−1 406
Net investments in intangible assets	−694	−1 822
Net investments in financial assets	−1 302	–
CASH FLOW FROM INVESTING ACTIVITIES	**−22 813**	**−3 228**
Distribution to shareholders	−34 334	−30 670
Change in financial liabilities	−18 992	−55 535
CASH FLOW FROM FINANCING ACTIVITIES	**−53 326**	**−86 205**
EXCHANGE DIFFERENCES	**690**	**−527**
CHANGE IN CASH AND CASH EQUIVALENTS	**−54 871**	**−54 432**
Cash and cash equivalents at January 1	240 405	235 561
Cash and cash equivalents at June 30	185 534	181 129

The accompanying notes form an integral part of the condensed interim consolidated financial statements. In particular, the effects of IFRS 16 are described in a separate note.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2019 (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 550 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, 2019 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, 2018.

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, 2018 except for standards that became newly applicable from January 1, 2019. The accounting and measurement principles used are fully described from page 84 of the Annual Report 2018.

As from January 1, 2019, ALSO adopted the following new and amended standards and interpretations for the first time:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over income tax treatments
- Prepayment features with negative compensation (amendments to IFRS 9)
- Long-term interests in associates and joint ventures (amendments to IAS 28)
- Plan amendment, curtailment or settlement (amendments to IAS 19)
- Remeasurement of previously held interest (amendments to IFRS 3 and IFRS 11)
- Income tax consequences of dividends (amendments to IAS 12)
- Borrowing costs eligible for capitalization (amendments to IAS 23)

The effects of the adoption of IFRS 16 are described in a separate note. The other changes do not have any material effect on the financial position, performance or cash flow situation of ALSO.

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 2019.

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 16 LEASES

Since January 1, 2019, ALSO applied IFRS 16 for the first time. This standard supersedes IAS 17 and the corresponding interpretations and clarifications. The main effect on ALSO is that IFRS 16 introduces a single lessee accounting model to recognize assets and liabilities for almost all leases. Lessor accounting is substantially unchanged. Therefore, the transition did not have an impact for leases where ALSO is the lessor.

The initial application is carried out by the modified retrospective approach, which means, the comparative amounts will not be restated. Right-of-use assets are measured at their historical carrying amount less depreciation as if the new rules had always been applied. Lease liabilities reflect the net present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019, which weighted average was 1.71 %.

ALSO has used the following practical expedients permitted by the standard:

- ► The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application
- ► The use of hindsight in determining the lease term if the contact contains options to extend or terminate the lease

ALSO uses the recognition exemptions for lease contracts that have a lease term of 12 months or less and lease contracts for which the underlying asset is of low value.

The following table shows the initial recognition of leases as of January 1, 2019.

EUR 1 000	01.01.2019
Right-of-use assets	114 210
Lease liabilities	120 636
Effect on equity before deferred taxes	–6 426
Deferred tax assets on initial application of IFRS 16	1 353
Effect on equity	–5 073

The application of IFRS 16 did not have a material effect on the net profit, as operating lease expenses are replaced by depreciation of the right-of-use asset and interest payments. However, this results in a reduction in other operating expenses with an increase in depreciation/amortization and financial expenses. As a result, EBITDA in the first half of 2019 increased by TEUR 11 937 and EBIT by TEUR 993. In the consolidated statement of cash flows, cash flow from operating activities increased by TEUR 11 417 and cash flow from financing activities was lower by this amount, because the repayment component from leases is reported as cash flow from financing activities. The cash flow allocated to the interest on the lease liability continues to be presented under cash flow from operating activities. Overall, these changes exclusively represent shifts within the cash flow.

CHANGES IN THE SCOPE OF THE CONSOLIDATION

The following companies were acquired by ALSO Group in the first half of 2019 and were included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
Belgium	Gent	AllThingsTalk NV	100 %
Croatia	Zagreb	ALSO Croatia d.o.o.	100 %

In 2018, ALSO Group acquired several entities. Detailed information about those transactions and their effects on the consolidated financial statements for the year ended December 31, 2018 can be found from page 98 of the Annual Report 2018.

BUSINESS COMBINATIONS

ACQUISITION OF ALLTHINGSTALK NV

On June 26, 2019, ALSO Group acquired 100 % of the voting shares of AllThingsTalk NV. AllThingsTalk NV, an unlisted company with registered office in Gent, Belgium, is specialized in the development of an IoT (Internet of Things) enablement platform. The objective of the acquisition is to strengthen and further develop the expertise in the IoT business.

The consideration transferred for 100 % of the voting shares was TEUR 7 145. Additional contingent considerations (earn-outs) were agreed, which are due from 2021. The estimated amount of these contingent considerations at the date of acquisition was TEUR 9 154. The amount of the contingent considerations depends on the future operating results of the company. In the purchase price allocation, a fair value of the net assets of TEUR 3 086 was identified. Goodwill of TEUR 13 213 was recognized. The goodwill mainly reflects the expected synergy effects from the IoT business.

Cash for the amount of TEUR 228 was acquired. The fair value of the trade receivables amounts to TEUR 38.

No contingent liabilities were recognized.

The goodwill for the total amount of TEUR 13 213 is not tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed and revised at the reporting date is provisional.

As at June 30, 2019, TEUR 6 945 of the purchase price of TEUR 16 299 had been paid out.

ACQUISITION DISTRIBUTION BUSINESS IN CROATIA

On January 4, 2019, ALSO Group, through its subsidiary ALSO Croatia d.o.o., acquired the assets and liabilities of Recro d.d. The objective of the acquisition is to further strengthen the market position in the Eastern European and Adriatic regions.

The consideration transferred for the acquired assets and liabilities was TEUR 9 811. In the purchase price allocation, a fair value of the net assets of TEUR 8 032 was identified. Goodwill of TEUR 1 779 was recognized. The goodwill mainly reflects the expected synergy effects from expanding the market position.

No cash was acquired. The fair value of trade receivables amounts to TEUR 6 201.

No contingent liabilities were recognized.

The goodwill for the total amount of TEUR 1 779 is not tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed and revised at the reporting date is provisional.

Since the date of acquisition, ALSO Croatia has contributed TEUR 18 529 to the net sales and TEUR 197 to the net profit of ALSO.

As at June 30, 2019, TEUR 8 807 of the purchase price of TEUR 9 811 had been paid out.

EARN-OUT DISS

In 2019, an earn-out in the amount of TEUR 1 241 was paid for DISS which was acquired in 2018. This amount had already been taken into account in the purchase price allocation as of December 31, 2018.

ASSETS AND LIABILITIES FROM ACQUISITIONS

	Fair values at the date of acquisition		
EUR 1 000	AllThingsTalk NV[1]	ALSO Croatia d.o.o.[1]	Total
CURRENT ASSETS			
Cash and cash equivalents	228	–	228
Trade receivables	38	6 201	6 239
Inventories	31	3 775	3 806
Prepaid expenses, accrued income and other receivables	25	199	224
TOTAL CURRENT ASSETS	**322**	**10 175**	**10 497**
NON-CURRENT ASSETS			
Property, plant and equipment	13	13	26
Intangible assets	3 030	521	3 551
Deferred tax assets	647	–	647
TOTAL NON-CURRENT ASSETS	**3 690**	**534**	**4 224**
TOTAL ASSETS	**4 012**	**10 709**	**14 721**
CURRENT LIABILITIES			
Trade payables	54	2 609	2 663
Accrued expenses, deferred income and other payables	102	68	170
Tax liabilities	12	–	12
TOTAL CURRENT LIABILITIES	**168**	**2 677**	**2 845**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	758	–	758
TOTAL NON-CURRENT LIABILITIES	**758**	**–**	**758**
TOTAL LIABILITIES	**926**	**2 677**	**3 603**
Total net assets	3 086	8 032	11 118
Goodwill	13 213	1 779	14 992
CONSIDERATION TRANSFERRED	**16 299**	**9 811**	**26 110**
ANALYSIS OF CASH FLOWS FROM THE ACQUISITIONS			
Cash acquired	228	–	228
Cash paid	–6 945	–8 807	–15 752
NET CASH OUTFLOW	**–6 717**	**–8 807**	**–15 524**

1) Provisional amounts

SEGMENT INFORMATION

EUR 1 000	Central Europe 1st half 2019	Central Europe 1st half 2018	Northern/Eastern Europe 1st half 2019	Northern/Eastern Europe 1st half 2018	Reconciliation 1st half 2019	Reconciliation 1st half 2018	Group 1st half 2019	Group 1st half 2018
Net sales to third parties	2 832 027	2 432 603	1 938 726	1 748 292	78	120	4 770 831	4 181 015
Net sales to other segments	65 942	61 292	125 007	117 554	−190 949	−178 846	–	–
TOTAL NET SALES	**2 897 969**	**2 493 895**	**2 063 733**	**1 865 846**	**−190 871**	**−178 726**	**4 770 831**	**4 181 015**
EBITDA	**52 142**	**41 175**	**24 233**	**14 588**	**−81**	**250**	**76 294**	**56 013**
As % of total net sales	*1.8 %*	*1.7 %*	*1.2 %*	*0.8 %*			*1.6 %*	*1.3 %*
PROFIT BEFORE TAX (EBT)	**34 826**	**31 973**	**10 999**	**7 652**	**1 679**	**903**	**47 504**	**40 528**
As % of total net sales	*1.2 %*	*1.3 %*	*0.5 %*	*0.4 %*			*1.0 %*	*1.0 %*
Segment assets	1 380 996	1 358 366	945 182	814 296	−170 804	−171 816	2 155 374	2 000 846
Segment liabilities	1 034 660	1 029 806	744 761	621 752	−287 134	−269 882	1 492 287	1 381 676
Full-time equivalent positions on reporting date	2 086	2 242	1 428	1 326	130	138	3 644	3 706

Due to the application of IFRS 16, EBITDA in the Central Europe segment increased by TEUR 6 800, in the Northern/Eastern Europe segment by TEUR 4 776 and in the holding companies by TEUR 361.

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.

EXCHANGE RATES

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

EXCHANGE RATES (TO EURO)

		Average rate 1st half 2019	Average rate 1st half 2018	Closing date rate 06.30.2019	Closing date rate 12.31.2018	Closing date rate 06.30.2018
USA	USD	1.1298	1.2104	1.1380	1.1450	1.1658
Switzerland	CHF	1.1295	1.1697	1.1105	1.1269	1.1569
Norway	NOK	9.7304	9.5929	9.6938	9.9483	9.5115
Denmark	DKK	7.4651	7.4476	7.4636	7.4673	7.4525
Sweden	SEK	10.5181	10.1508	10.5633	10.2548	10.4530
Poland	PLN	4.2920	4.2207	4.2496	4.3014	4.3732

TRANSACTIONS WITH RELATED PARTIES

EUR 1 000	1st half 2019	1st half 2018
TRANSACTIONS WITH MAIN SHAREHOLDERS AND OTHER RELATED PARTIES		
Net sales to Droege Group	412	255
Net sales to ALSO Financial Services GmbH	177	0
Operating expenses Droege Group	–1 510	–1 572
Operating expenses ALSO Financial Services GmbH	–17	0
Trade receivables Droege Group	221	95
Trade receivables ALSO Financial Services GmbH	104	0
Loan to ALSO Financial Services GmbH	3 550	1 000
Trade payables Droege Group	–461	–184
LIABILITIES WITH ALSO PENSION FUND		
ALSO Holding AG	4	10
ALSO Schweiz AG	543	275

For the first half of 2019, transactions with key management correspond with those transactions disclosed in the consolidated financial statements 2018.

The distributions of TEUR 17 653 to Droege that were decided at the General Meeting of March 29, 2019 were paid on April 4, 2019.

With the opening of insolvency proceedings under self-administration, ALSO lost control of ALSO Digital Holding B.V. on Mai 15, 2018. In 2018, receivables from ALSO Digital Holding B.V. were impaired in the amount of TEUR 2 718.

OTHER RESERVES

EUR 1 000	Cash flow hedge reserve	Exchange differences	Remeasurement of defined benefit plans	Total other reserves
DECEMBER 31, 2018 AS REPORTED	**−3 947**	**333**	**−8 747**	**−12 361**
Restatement[1]	–	–	–	–
JANUARY 1, 2019 AS RESTATED	**−3 947**	**333**	**−8 747**	**−12 361**
Net profit Group	–	–	–	–
Other comprehensive income	−4 762	1 110	−3 353	−7 005
TOTAL COMPREHENSIVE INCOME	**−4 762**	**1 110**	**−3 353**	**−7 005**
Distributions to shareholders	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–
Remeasurement of put options on shares of non-controlling interests	–	–	–	–
JUNE 30, 2019	**−8 709**	**1 443**	**−12 100**	**−19 366**
JANUARY 1, 2018	**−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**

1) See note: Adoption of IFRS 16

FINANCIAL INSTRUMENTS

FAIR VALUE OF THE FINANCIAL INSTRUMENTS

EUR 1 000	Level 1	Level 2	Level 3	**Fair value 06.30.2019**
FINANCIAL ASSETS				
Current derivative financial instruments	–	31	–	**31**
Forward exchange contracts	–	*31*	–	***31***
Non-current derivative financial instruments	–	668	–	**668**
Interest rate options	–	*668*	–	***668***
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries	–	–	–9 278	**–9 278**
Current derivative financial instruments	–	–496	–1 596	**–2 092**
Forward exchange contracts	–	*–165*	–	***–165***
Interest rate swaps	–	–	–	**–**
Interest rate options	–	*–331*	–	***–331***
Put options on non-controlling interests	–	–	*–1 596*	***–1 596***
Non-current derivative financial instruments	–	–11 497	–	**–11 497**
Interest rate swaps	–	*–9 376*	–	***–9 376***
Interest rate options	–	*–2 121*	–	***–2 121***
Put options on non-controlling interests	–	–	–	**–**
TOTAL FINANCIAL INSTRUMENTS LEVEL 3			**–10 874**	

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

The carrying amount of the other financial instruments is essentially the fair value.

RECONCILIATION OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1 000	1st half 2019	1st half 2018
January 1	**−2 841**	**−3 371**
Recognition of contingent consideration from the acquisition of subsidiaries	−9 154	–
Fair value adjustments of contingent consideration from the acquisition of subsidiaries recognized in financial result	65	–
Fair value adjustments of put options recognized in equity	−185	–
Payments contingent consideration	1 241	–
June 30	**−10 874**	**−3 371**

In the first half of 2019 and 2018 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 and interest rate options 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 2019	1st half 2018
5 % increase in the expected future results	75	265
5 % reduction in the expected future results	−1 864	−222

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 29, 2019, the shareholders of ALSO Holding AG decided to distribute CHF 3.00 per registered share from the capital contribution reserve to the shareholders of ALSO Holding AG, payable from April 4, 2019.

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 was 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. ALSO Deutschland GmbH entered into this contract. This made it possible to precisely allocate the tariffs to the hard disk types. In view of this, ALSO Deutschland GmbH therefore reassessed the amount of its obligations in the statement of financial position in 2018. This resulted in income of TEUR 2 200 in 2018, which was recognized in the costs of goods sold and services provided.

EVENTS AFTER THE REPORTING PERIOD

On July 1, 2019, ALSO Group, through its subsidiary Roseville Investments Sp. z o.o., took over the assets and liabilities of ABC Data. ABC Data operates in six Eastern European countries and is a leading East European supplier of IT equipment and consumer electronics. The objective of the acquisition is to strengthen the market position in Eastern Europe and to further develop the solution and service business.

The consideration transferred for the assets and liabilities was TEUR 43 675. In the purchase price allocation, a fair value of the net assets of TEUR 35 068 was identified. The non-controlling interest in S4E, a listed company at Warsaw Stock Exchange, in the amount of TEUR 162, is measured by the NCI's proportionate share of identifiable net assets. Goodwill of TEUR 8 769 was recognized. The goodwill mainly reflects the expected synergy effects from expanding the market position. Cash in the amount of TEUR 6 329 was acquired. The fair value of trade receivables amounts to TEUR 57 985 and consists of gross contractual amounts of TEUR 62 924 and a provision for bad debts in the amount of TEUR 4 939. No contingent liabilities were recognized. The goodwill is tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed as of July 1, 2019 is provisional.

EUR 1 000	Fair values at the date of acquisition Roseville Investments[1]
CURRENT ASSETS	
Cash and cash equivalents	6 329
Trade receivables	57 985
Inventories	96 639
Prepaid expenses, accrued income and other receivables	29 254
Derivative financial instruments	114
TOTAL CURRENT ASSETS	**190 321**
NON-CURRENT ASSETS	
Property, plant and equipment	7 684
Intangible assets	5 300
Deferred tax assets	1 822
TOTAL NON-CURRENT ASSETS	**14 806**
TOTAL ASSETS	**205 127**
CURRENT LIABILITIES	
Financial liabilities	47 880
Trade payables	102 202
Accrued expenses, deferred income and other payables	11 219
Provisions	4 446
TOTAL CURRENT LIABILITIES	**165 747**
NON-CURRENT LIABILITIES	
Financial liabilities	4 058
Provisions	128
Employee benefits	126
TOTAL NON-CURRENT LIABILITIES	**4 312**
TOTAL LIABILITIES	**170 059**
Total net assets	35 068
Amount of non-controlling interests	–162
Goodwill	8 769
CONSIDERATION TRANSFERRED	**43 675**

1) Provisional amounts

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 19, 2019.

ALTERNATIVE PERFORMANCE MEASURES

This report contains certain Alternative Performance Measures which are not accounting measures as defined by IFRS. These measures should not be used instead of IFRS-based consolidated financial statements, but as a supplement.

EBITDA WITHOUT EFFECT DUE TO IFRS 16 LEASES

EBITDA in 2019 was adjusted for the effects of the application of IFRS 16. For that purpose, depreciation of leased assets and interest expenses on lease liabilities were deducted from the reported EBITDA.

FOREIGN CURRENCY EFFECT

The foreign currency effect results from the following circumstances:

- **The currency effect on 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.
- **The currency effect on cost of goods sold and services provided:** The currency effects 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.

RETURN-ON-CAPITAL-EMPLOYED (ROCE)

$$\text{ROCE} = \frac{\text{net profit Group} + \text{financial expense} - \text{financial income}}{\text{equity} + \text{provisions for employee benefits} + \text{current and non-current financial liabilities} - \text{cash and cash equivalents}}$$

ROCE is and will be adjusted for the effects of IFRS 16.

IMPRINT

FOR FURTHER INFORMATION PLEASE CONTACT

ALSO Holding AG
Meierhofstrasse 5
CH-6032 Emmen
Tel. +41 41 266 18 00
WWW.ALSO.COM

The original German language version is binding.

EDITING/CONCEPT AND TEXT
ALSO Holding AG, Emmen, Switzerland

DESIGN AND REALISATION
Strichpunkt, Stuttgart/Berlin, Germany