ALSO

AHEAD

ANNUAL REPORT 2017

KEY PERFORMANCE INDICATORS

To view the key performance indicators in augmented reality, download the **Discover ALSO app** onto your smartphone, available in the **App Store** and the **Google Play Store.**

1. **REVENUE AND NET PROFIT**

2. **EARNINGS BEFORE INTEREST AND TAXES** (EBIT)

3. **RETURN ON INVESTED CAPITAL** (ROIC)

4. **CASH CONVERSION DEVELOPMENT**

5. **EQUITY AND RETURN ON EQUITY** (ROE)

6. **RETURN ON CAPITAL EMPLOYED** (ROCE)

7. **PRICE-EARNINGS RATIO** (P/E RATIO)

8. **NET WORKING CAPITAL** (NWC)

KEY FIGURES

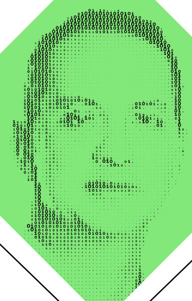
	2017	2016	2015	2014	2013
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IN MIO EUR)					
Net sales	8890.7	7984.1	7792.1	7237.8	6532.6
Thereof Supply	6963.8	6231.6	6018.1		
Thereof as-a-Service	324.5	239.6	211.7		
Thereof Solutions	1602.4	1512.9	1562.3		
Gross margin	544.3	506.0	507.5	462.8	428.6
EBITDA	157.3	146.0	140.0	123.9	113.5
EBIT	141.0	128.5	109.9	96.0	87.4
Profit before taxes (EBT)	124.2	113.9	90.8	81.9	72.6
Net profit Group	92.5	83.2	62.9	60.9	50.1
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN MIO EUR)	**12.31.2017**	**12.31.2016**	**12.31.2015**	**12.31.2014**	**12.31.2013**
Cash and cash equivalents	235.6	55.5	40.0	24.2	41.6
Other current assets	1662.7	1579.7	1464.8	1426.1	1210.1
Non-current assets	260.2	259.9	255.0	261.5	241.1
TOTAL ASSETS	**2158.5**	**1895.1**	**1759.8**	**1711.8**	**1492.8**
Current liabilities	1179.3	1100.4	1031.2	1025.4	932.2
Non-current liabilities	355.9	229.5	235.8	232.4	139.3
Equity	623.3	565.2	492.8	454.0	421.3
TOTAL LIABILITIES	**2158.5**	**1895.1**	**1759.8**	**1711.8**	**1492.8**
Equity ratio	28.9 %	29.8 %	28.0 %	26.5 %	28.2 %
CONSOLIDATED STATEMENT OF CASH FLOWS (IN MIO EUR)	**2017**	**2016**	**2015**	**2014**	**2013**
Free cash flow	67.3	70.5	21.3	–12.8	51.4
Cash flow before changes working capital	97.7	100.1	96.1	88.3	71.3
Investments in property, plant and equipment	11.0	6.8	9.8	6.3	5.6
KEY FIGURES	**2017**	**2016**	**2015**	**2014**	**2013**
Gross margin as % of net sales	6.1 %	6.3 %	6.5 %	6.4 %	6.6 %
Net profit Group as % of net sales	1.0 %	1.0 %	0.8 %	0.8 %	0.8 %
Return on equity (ROE)	14.8 %	14.7 %	12.8 %	13.4 %	11.9 %
Net financial debt/EBITDA	1.10	1.14	1.54	1.44	0.67
Average headcount during the year [1]	3790	3524	3649	3426	3155
EBITDA PER EMPLOYEE IN EUR 1000	41.5	41.4	38.4	36.2	36.0
SHARES OF ALSO HOLDING AG	**2017**	**2016**	**2015**	**2014**	**2013**
Number of registered shares, nominal value CHF 1.00 per share	12848962	12848962	12848962	12848962	12848962
Dividend per registered share (in CHF)	2.75 [2]	2.25	1.90	1.60	1.40
Earnings per share EPS (in CHF)	8.03	7.09	5.26	5.82	4.81
Equity per registered share (in CHF)	56.77	47.24	41.56	42.49	40.25
Market capitalization at December 31 (in Mio CHF)	1721.8	1155.1	884.0	666.2	636.0
Price-earnings ratio (P/E ratio)	16.7	12.7	13.1	9.0	10.3

1) Basis: full-time equivalent positions excluding temporary employees
2) Proposal of the Board of Directors

EDITORIAL

AHEAD

GUSTAVO MÖLLER-HERGT



CEO and Chairman of the Board of Directors of ALSO HOLDING AG

To be not just a leader but a pioneer in an environment as disruptive as the ICT industry, you need openness, determination, and good partners. ALSO acts as this partner for its customers, providers and buyers in the ICT industry. We are constantly expanding our services in the areas of hardware, software, logistics, and consultancy on networks and IT architecture, thereby helping our customers achieve success.

We are also AHEAD when it comes to communications: This year, we enhanced our AR and VR app so that you can quickly and interactively gain an overview of ALSO's performance, strategy, and services. The core topics for fiscal year 2017 can be accessed in a dialog format whose interface is reminiscent of chat bots. I invite you to discover ALSO as a worthwhile investment for yourselves.

Yours,

Gustavo Möller-Hergt

You can download the app in the App Store or the Google Play Store.
Simply enter **"Discover ALSO"** as a search term in the respective store.

1

AHEAD IN PERFORMANCE

PERFORMANCE

ALSO is presenting a record result again for 2017. In both net sales and earnings, we achieved further significant improvements compared to the strong results from the previous year.

All key figures on the company's economic development on page 63

The company's sustainable growth is also reflected in its good market capitalization.

COMPANY PERFORMANCE

FULL CONTROL – EVERYTHING AS IT SHOULD BE

The steady expansion of our customer base and the continuous optimization and automation of our processes enable us to sell and replace our inventory around ten times per year. High net sales and efficient use of capital form the basis for profitability and sustainable growth.

NET SALES
2017
8 890 688
IN THOUSANDS OF EUROS

ALSO

EBT
2017
124 180
IN THOUSANDS OF EUROS

EAT
2017
92 527
IN THOUSANDS OF EUROS

SHARE PRICE PERFORMANCE

FULL STRENGTH – STEEP ASCENT

During the reporting year, the price of the ALSO share developed very positively. The share price rose from 93.00 Swiss francs per share as at January 1, 2017, to 134.00 Swiss francs as at December 31, 2017, corresponding to an increase of 44.1 percent as against the start of the year. Including the dividend, the total yield on a share that was bought on January 1, 2017, was 46.5 percent.

2

AHEAD IN TRANSFORMING BUSINESS

STRATEGY

ALSO offers services at all levels of the ICT value chain. With the introduction of our **MORE** strategy in 2012, we laid the foundations for the steady and sustainable development of the company.

A detailed explanation of the company's strategy can be found starting on page 49

As well as optimizing its traditional services, ALSO has also systematically diversified its services and increasingly developed new, service-focused offers in recent years.

MAINTAIN

TO DISCOVER NEW WORLDS, YOU NEED A SECURE HOME BASE.

MAINTAIN stands for securing the transactional business model, based on which the company's as-a-Service and Solutions business will be further expanded to attain the targeted growth and income goals.

OPTIMIZE

THERE IS NOTHING THAT CANNOT BE IMPROVED.

OPTIMIZE stands for continuous optimization of processes, particularly in order to increase the profitability of the transactional business model. With the launch of our SAP system and Business Intelligence 2.0 in 2017 in particular, we established an important basis for the company's continued development.

AHEAD IN TRANSFORMING BUSINESS

REINVENT

IF YOU WANT TO CLIMB HIGH, YOU HAVE TO TAKE UNTRODDEN PATHS.

REINVENT is aimed at the further growth of ALSO. On the basis of the transactional business model, we will also develop solution- and usage-oriented business models and generate additional growth with the resulting offers.

AHEAD IN TRANSFORMING BUSINESS

ENHANCE

INVESTING IN KNOWLEDGE BRINGS THE HIGHEST RETURN.

ENHANCE primarily means expanding our market position by way of acquisitions in line with the REINVENT goal. ALSO aligns its activities to markets with long-term profitability and/or growth potential. The goal of the portfolio policy is to attain or hold the first or second market position in all countries.

3

AHEAD

IN DEVELOPING BUSINESS

We will achieve sustainably profitable growth only if we consistently place our customers and their business success at the heart of our work. To this end, ALSO has divided its offers into three business models: Supply, Solutions and as-a-Service. Our extensive product portfolio, the optimized webshop, customized credit lines, as well as the ALSO Cloud Marketplace and our constantly growing as-a-Service range provide vendors and buyers in the ICT industry with all options in order to operate successfully on the market.

BUSINESS MODEL

More about the company's 3S business models starting on page 54

AHEAD IN DEVELOPING BUSINESS

SUPPLY

A PICTURE IS WORTH A THOUSAND WORDS.

This business model, which is based on economies of scale, includes business with optimized trading processes and logistics for the IT, consumer electronics, and telecommunication sectors. The ALSO value proposition for the providers consists of creating a broad range of customers, providing detailed logistics, and managing complexity. For the buyers, it consists of providing a product portfolio, managing detailed logistics, and providing the credit line.

AHEAD IN DEVELOPING BUSINESS

SOLUTIONS

FOR THOSE WHO HAVE AN IDEA OF THE FUTURE, TOMORROW IS ALREADY HERE.

Designing and implementing complex infrastructure and virtualizing networks, servers, and storage opens up new dimensions in IT but also requires a high level of consultancy expertise in the different fields. In Solutions business, ALSO therefore provides project-based support to SMBs in particular on questions of architecture and IT design, rapidly translates requirements into specific configurations, and monitors the status of projects.

AS-A-SERVICE

BROADENING YOUR PERSPECTIVE SHARPENS YOUR FOCUS.

In this area, ALSO acts as a service provider rather than a seller. The services offered are called up as needed and remunerated with variable payments based on usage. The reported net sales include services from the areas of cloud marketplace, outsourcing, and process (re-)engineering, currently in three areas in particular: Logistics-as-a-Service, Marketing-as-a-Service, and IT-as-a-Service.

4

AHEAD

IN DRIVING BUSINESS

ALSO has defined five factors that are used to continuously optimize the company's income:

- Vendor mix. For us, this means securing an attractive supplier portfolio.
- Product mix. This has the aim of rapidly providing innovative products and services with high growth potential.
- Operational excellence. This factor is focused on continuously optimizing structures and processes to reduce operating expense.
- Business model mix. This is about systematically expanding Supply business and further developing the Solutions and as-a-Service business models.
- Buyer mix. Here, we focus on fast-growing buyer groups.

INSTRUMENTS

More about the five factors for optimizing the company's income starting on page 56

AHEAD IN DRIVING BUSINESS

5 INSTRUMENTS

DASHBOARD FOR BUSINESS

As a result of intensive work on all five factors in 2017, we optimized the vendor and buyer mix and consequently also expanded our product mix to the current total of 250 000 items. In the area of operational excellence, we further improved the efficiency of our operational processes. We will systematically use the resulting income for the further expansion of our business models.

ALSO IN BRIEF

525
PROVIDERS, INCLUDING

> 80
DIGITAL SERVICE PROVIDERS

ALSO MARKETPLACE

250 000 ITEMS

> 1 500 CLOUD/ IT SERVICES

100 000
BUYERS, INCLUDING

50 000
RESELLERS

~ 80 000
END CUSTOMERS

> 1 000 000
USERS

Approximately

8 890 700 000

EUROS
TOTAL NET SALES

ALSO INSIGHTS INTO THE 3 S

SUPPLY

15 LOGISTICS CENTERS THROUGHOUT EUROPE

UP TO 14 500 000 CONSIGNMENTS SENT P.A.

0.02 % ERROR RATE IN ORDER PICKING

680 000 FINANCIAL TRANSACTIONS P.A.

SOLUTIONS

85 000 STUDIES ON CONFIGURATION AND ARCHITECTURE

50 000 HOURS OF CONSULTING

2 800 PROOFS OF CONCEPT

ALSO

MARKET PLACE

AS-A-SERVICE

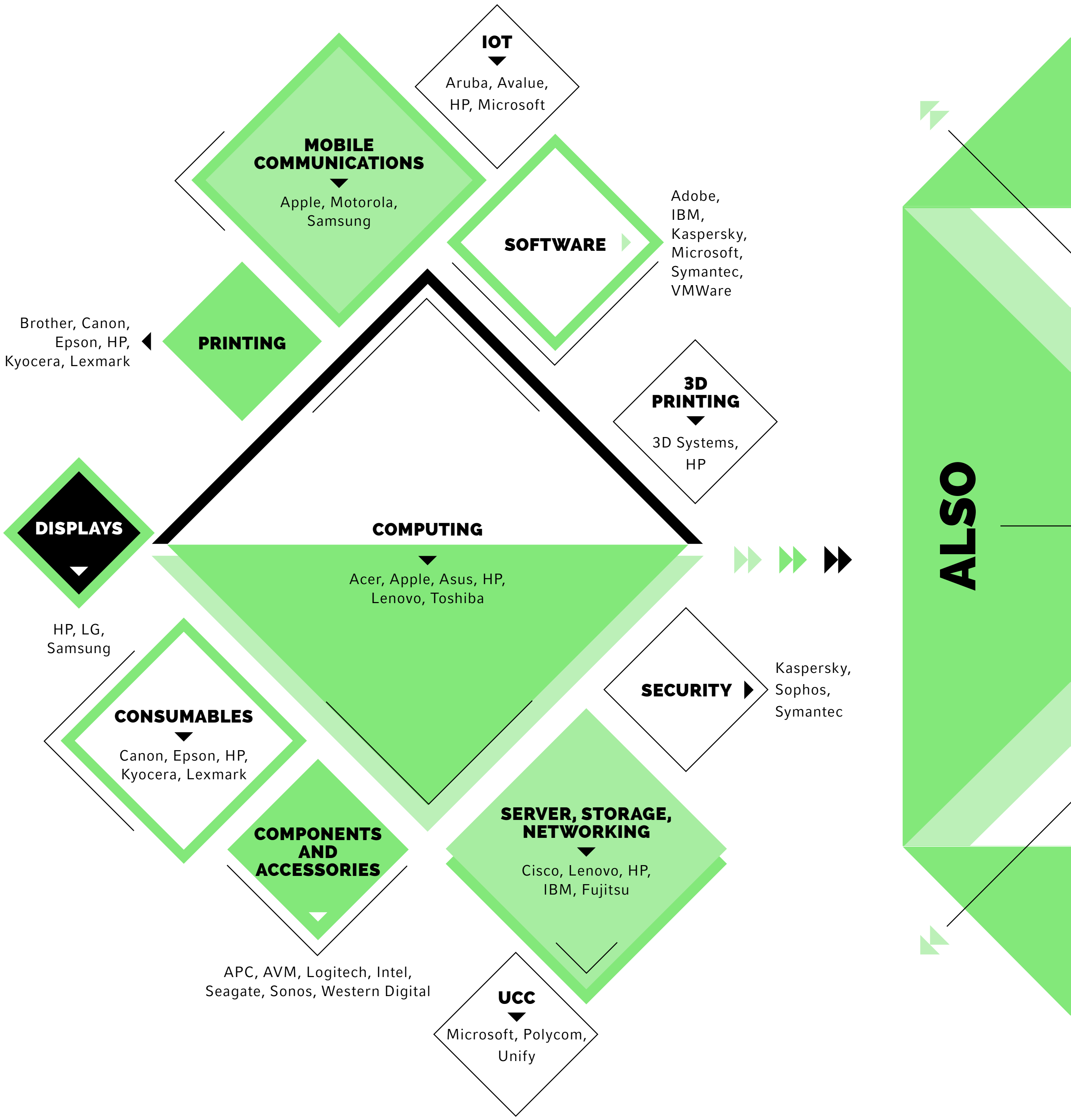
IT-AS-A-SERVICE

MORE THAN 1 500 SERVICES BY OVER 80 SERVICE PROVIDERS
APPROX. 80 000 END CUSTOMERS
MORE THAN 1 000 000 USERS

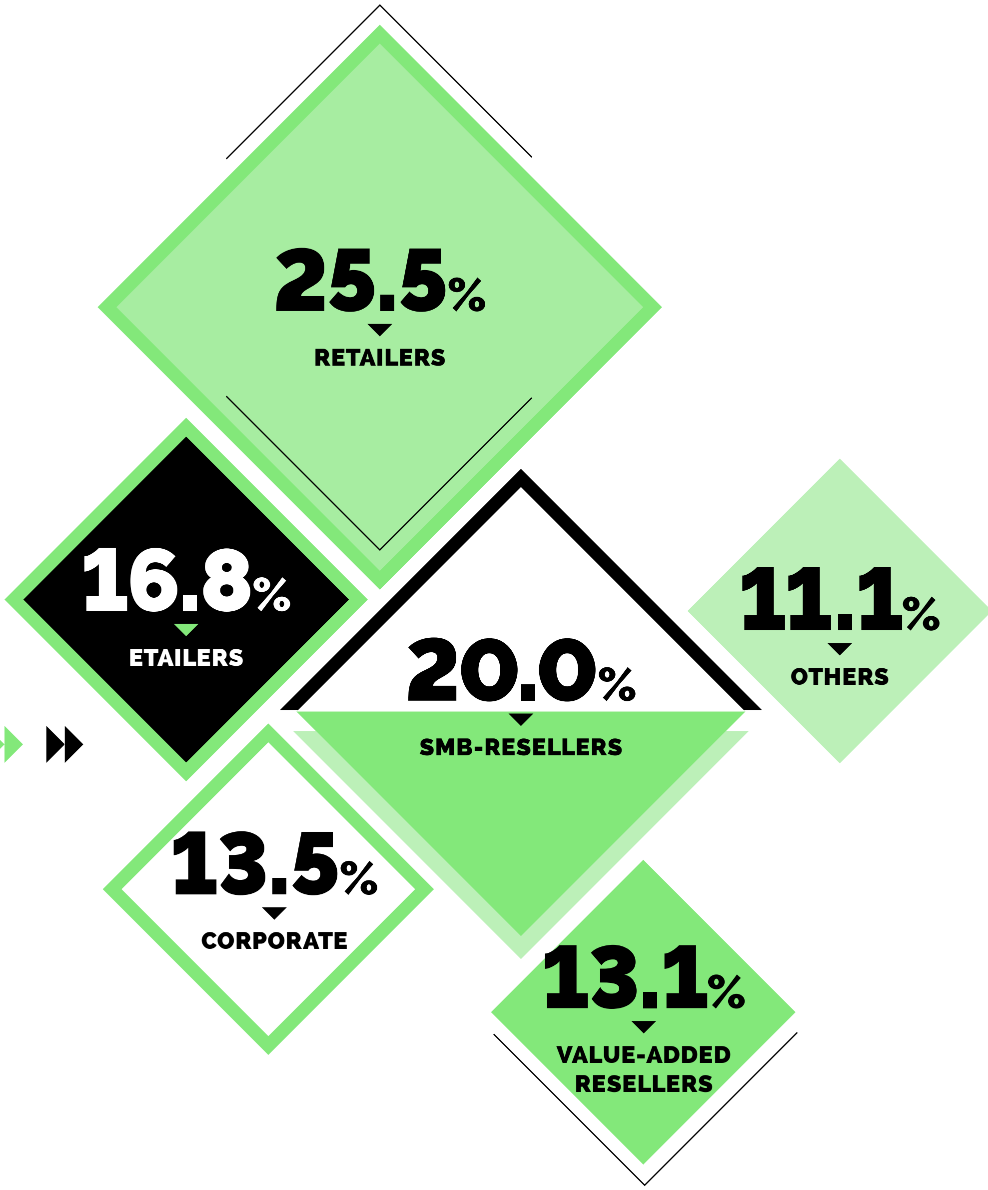
LOGISTICS-AS-A-SERVICE

ABOUT 50 000 DEVICES PER DAY SENT TO CUSTOMERS ON BEHALF OF RESELLERS

ALSO INSIGHTS PROVIDER

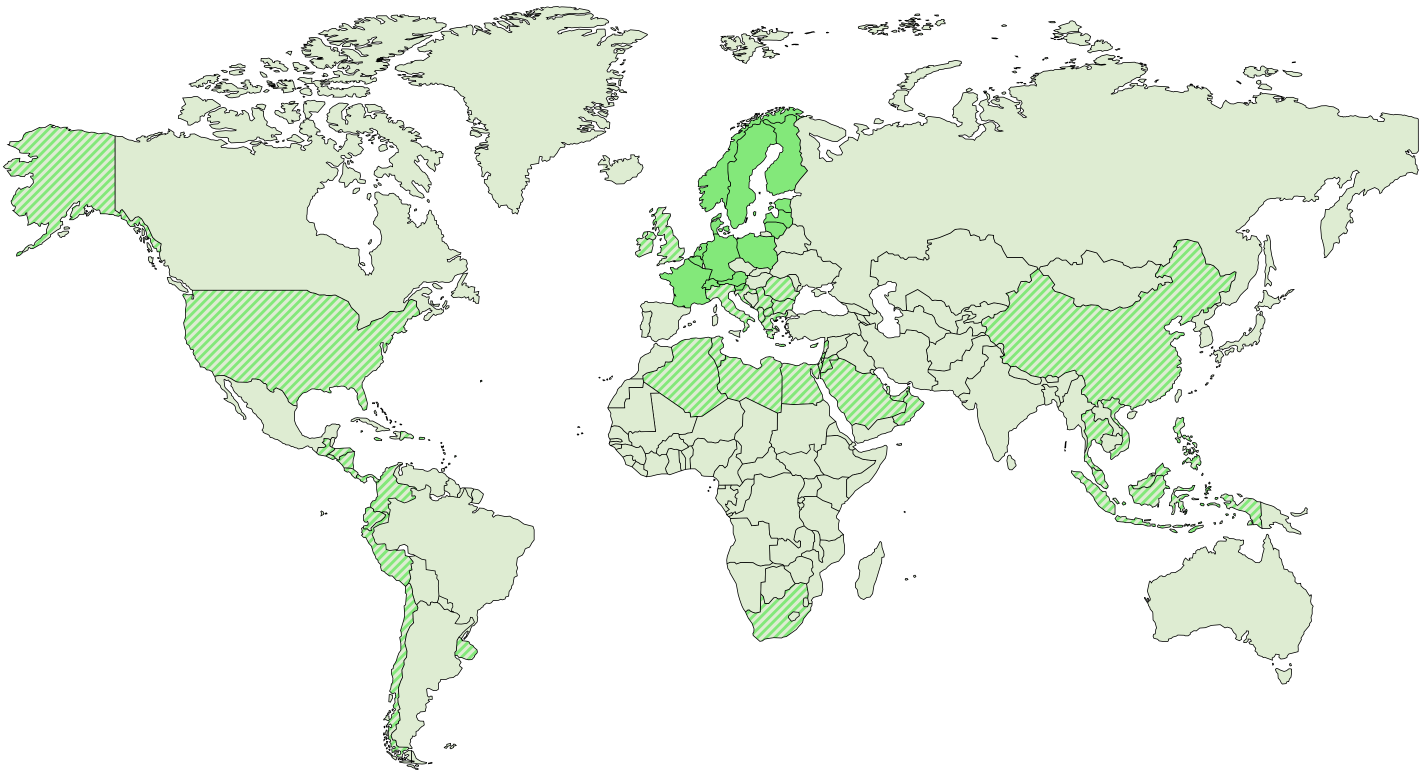


ALSO INSIGHTS BUYERS



ALSO'S «PLATFORM-AS-A-SERVICE» PARTNERS

On top of the 15 ALSO countries in Europe, the ALSO Cloud Marketplace is available in an additional 56 countries via our "Platform-as-a-Service" partners.



ALSO AND INTCOMEX

BARBADOS
BERMUDA
CAYMAN ISLANDS
CHILE
COLOMBIA
COSTA RICA
CURAÇAO
DOMINICAN REPUBLIC
ECUADOR
EL SALVADOR
GUATEMALA
HONDURAS
JAMAICA
NICARAGUA
PANAMA
PERU
PUERTO RICO
TRINIDAD AND TOBAGO
URUGUAY
USA

ALSO AND WESTCOAST

IRELAND
UNITED KINGDOM

ALSO AND BEZEQ INT

ISRAEL

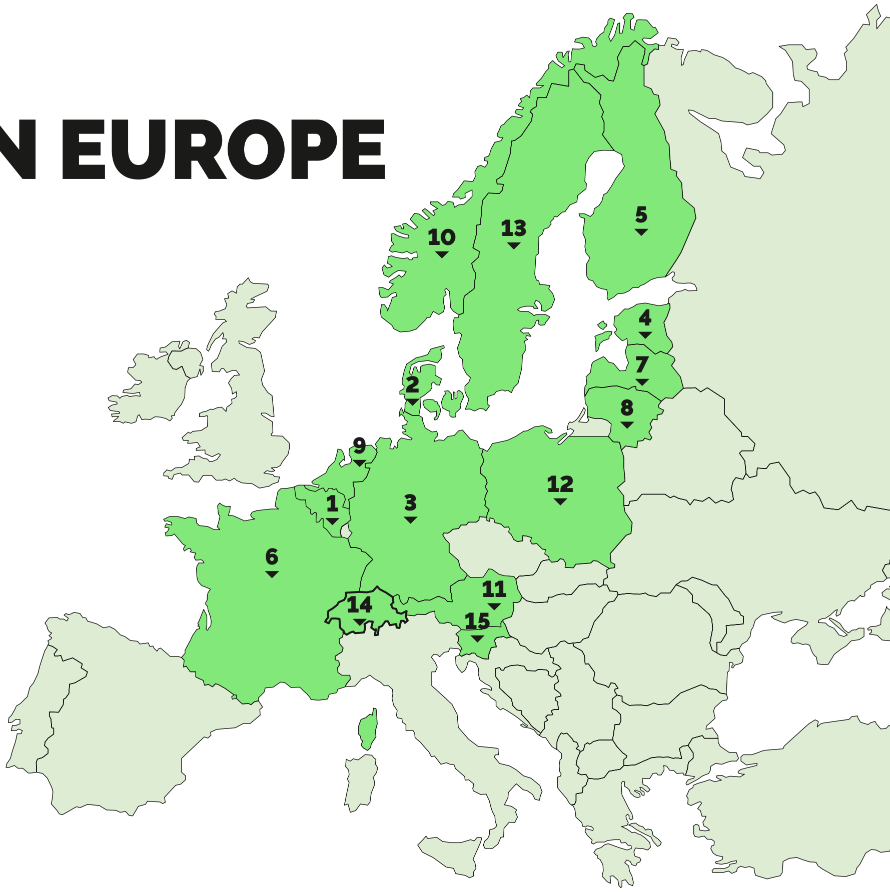
ALSO AND LOGICOM

ALBANIA
ALGERIA
BAHRAIN
BULGARIA
CROATIA
CYPRUS
EGYPT
GREECE
ITALY
JORDAN
KOSOVO
KUWAIT
LEBANON
LIBYA
MACEDONIA
MALTA
MONTENEGRO
OMAN
QATAR
ROMANIA
SAUDI ARABIA
SERBIA
SOUTH AFRICA
TUNISIA
UNITED ARAB EMIRATES

ALSO AND INNOVIX

CHINA
HONG KONG
INDONESIA
MALAYSIA
PHILIPPINES
SINGAPORE
THAILAND
VIETNAM

ALSO IN EUROPE



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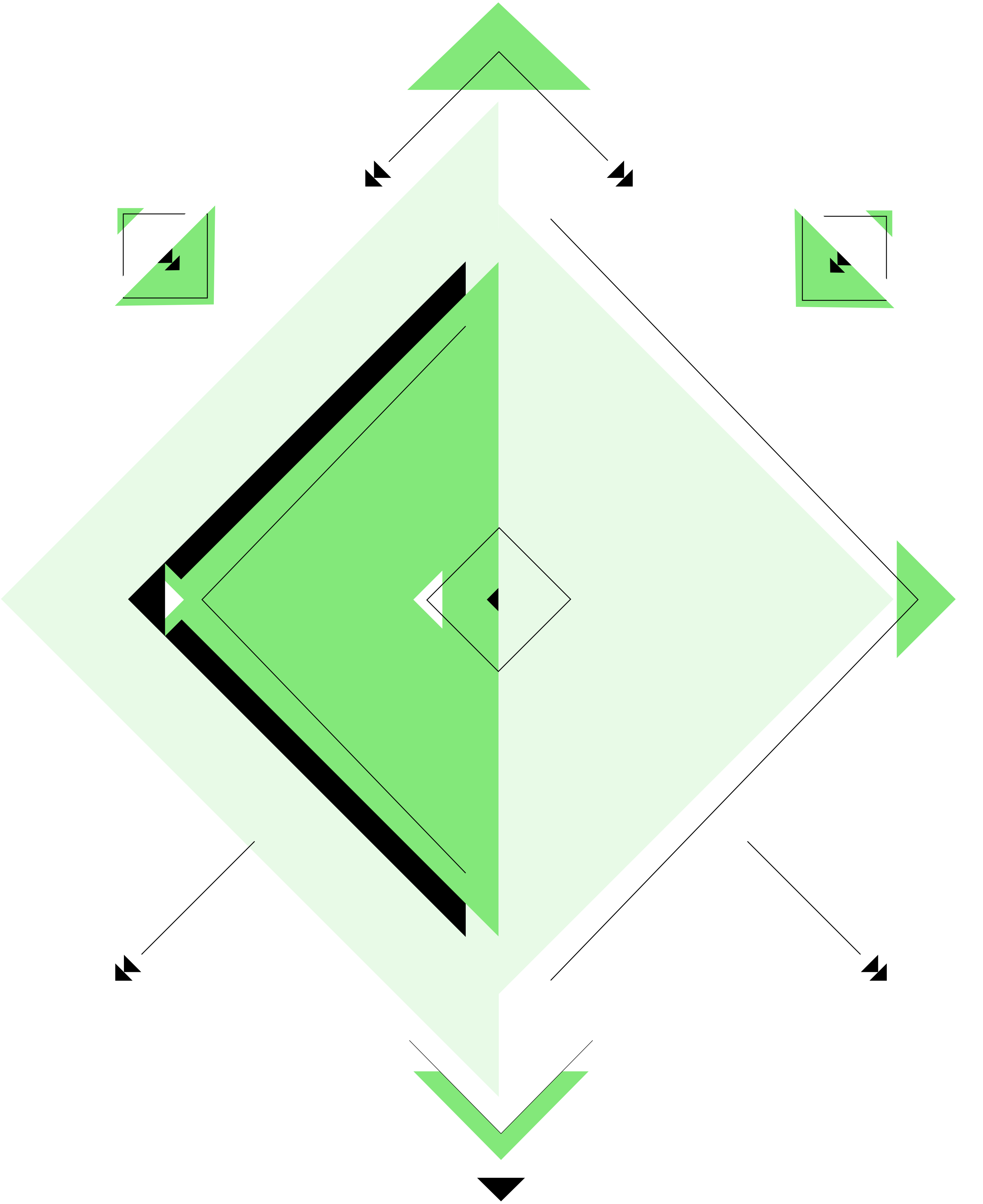
1
STATUS REPORT



Dear shareholders

2017 was another good fiscal year for the ALSO Group, as we were able to increase net sales and earnings for the seventh time in a row. Our company benefited from a very positive trend in the ICT market in 2017. As we signaled last year in our outlook for 2017, the total net sales of 8 890.7 million euros that we recorded represents an increase that is significantly higher than the market growth of 1.4 percent forecast by Gartner market research institution at the end of 2016. ALSO has delivered the results we promised and even posted an above-average increase in the Group net profit of 11.2 percent to 92.5 million euros. Consistently implemented, our strategy has gained traction and provides the basis for the sustainable success of the ALSO Group.

We therefore put forward a proposal to the Board of Directors for a dividend of 2.75 Swiss francs on each dividend-bearing share, which once again represents an increase of 22.2 percent on the previous year. In view of the good financial situation and future prospects of the Group as well as the expectations of our shareholders, the Board of Directors has approved this proposal and will submit it to the Annual General Meeting for approval.

ALSO ON THE MARKET

With a view to sustainable profitable growth for our company, the focus of our efforts is placed on our customers and their business success. By continuing to develop the company from a traditional ICT distributor to an end-to-end solution provider for the ICT industry, we have created an ecosystem for vendors through which they can distribute their products efficiently, quickly, and in integrated solutions. Using the services offered by ALSO, buyers can in turn decisively expand, optimize and manager their service range. Our extensive product portfolio, the optimized webshop, customized credit lines, as well as the ALSO Cloud Marketplace (ACM) and our extensive as-a-Service range enable our resellers to cover every end customer requirement with great flexibility. And so we make our customers successful.

The MORE strategy lays the foundation for the steady and sustainable development of our company while taking the requirements of all stakeholders into account. As well as optimizing our traditional services, ALSO has also diversified its services and increasingly developed vertical offers. The three business models of Supply, Solutions, and as-a-Service have been defined with a clear focus on our customers and their needs. In addition to customer-oriented activities, we have concentrated internally on the following five factors to optimize income as we have continued the practical development of these models:

VENDOR MIX

By integrating new vendors in the existing product categories and intensifying the cooperation with existing vendors, we have substantially expanded both vendor and product diversity. As part of the new as-a-Service business model, we successfully attracted almost 40 additional independent service providers offering 200 new services on the ACM and thus further enhancing its attractiveness for our partners in 2017.

BUYER MIX

ALSO continued to boost the increase in the share of wallet (proportion of the total spend of a customer for a specific product group at ALSO) in the various customer categories in 2017. It thus proved possible to increase the net sales among small and medium-sized businesses (SMBs) by 5.9 percent. With our "as-a-Service"partners, we are represented through the ACM in over 70 countries and have thus been able to attract new buyers, for example in the Near and Middle East as well as in the Asia region.

PRODUCT MIX

By intensifying and expanding the cooperation with our providers, we have been able to offer new products, such as the A3 and 3D printer product range from HP, in the existing product categories. ALSO has also secured numerous competitive advantages for itself in the establishment of new product categories; our managed print services and services involving the Internet of Things (IoT) and and in the area of security can be listed here as examples.

OPERATIONAL EXCELLENCE

The successful conclusion of our ERP harmonization means that we now have a uniform system (SAP) in operation in the complete distribution landscape extending across all 15 country companies. The foundation has thus been created for us to standardize and further develop our customer relationship management (CRM) as well as our business intelligence tool (BI). With a view to standardization, best practice processes are being harmonized throughout the Group in order thus to significantly enhance operational excellence by optimizing structures.

BUSINESS MODEL MIX

ORGANIC GROWTH THROUGH THE FURTHER DEVELOPMENT OF OUR BUSINESS MODELS

We have consistently developed the sales shares of our Solutions and as-a-Service business models. Examples here include services in the area of Logistics-as-a-Service for our Swiss customers MediaMarkt, Swisscom, and Sunrise as well as the takeover of the entire reverse logistics for Fujitsu in Finland. In the area of IT-as-a-Service, we currently take care of over 1.3 million seats on the basis of a usage-based business model. We will continually expand these service offers in 2018.

NON-ORGANIC GROWTH THROUGH ACQUISITIONS

The non-organic growth as well as the development and consolidation of new business models was intensified through company takeovers in 2017. The Dutch distributor Five 4 U, with its expertise in the graphics field that is relevant for the continued expansion of the business, was acquired for example. Valuable expertise in the area of IT network and IT security infrastructure and IoT was integrated in the company through the Finnish IT solutions and sales company Smartsec and also BeIP of France. The involvement of BeIP in the area of vertical markets will in particular help ALSO to tap the enormous potential of these market segments for the benefit of the whole Group.

TRANSFORMATION

The entire management team is involved in the ongoing process to accelerate the transformation of the company, which is being undertaken in three workstreams. The first stream aims to create the tools for the agile realization of opportunities. We will achieve this through the targeted employment of our Business Intelligence 2.0 and a CRM-based, enhanced customer segmentation. The second stream involves optimizing the company's structure by accelerating the establishment of competency centers, continuing to develop our e-commerce area, and swiftly rolling out best practices. The objective in the third stream is to consistently develop and market new product categories as well as to identify and leverage different dimensions related to cross-selling potential. In light of the dynamic market trends and the increasing opportunities resulting from them, we have decided together with the Group Management and the Board of Directors to set up a 12-member Transformation Executive Team (TET), which will meet on a quarterly basis to set the direction for the further development of the company.

ALSO ON THE CAPITAL MARKET

The strong and sustained business performance met with a positive response on the capital market. ALSO outperformed the Swiss Performance Index (SPI) by 25.4 percentage points in the fiscal year.

ALSO SHARE

The very good performance of the ALSO share led in May 2017 to the equity interest held by Schindler Holding AG in ALSO Holding AG falling below the threshold of 3 percent as a result of the exchange of the convertible bonds issued by Schindler. Schindler announced on May 29, 2017, that 99.99 percent of the exchangeable bonds had been converted. The ALSO share's free float increased from 41.10 percent in the previous year to 48.70 percent. The number of institutional investors and small investors increased from the end of the previous year from 1 708 to 2 622.

FINANCING ON THE CAPITAL MARKET

ALSO Holding AG successfully placed a bonded loan in August 2017. The high demand from investors led to a substantial oversubscription, with the result that the volume of 100 million euros that was originally planned was increased to 154 million euros. The total volume is divided into three tranches with terms of five, seven, and ten years with fixed and variable interest rates. Although ALSO Holding AG does not have an official rating from the rating agencies, the funds were taken up on very good terms and conditions.

CAPITAL MARKET COMMUNICATION

We enhanced our capital market communication and held a dialog with the financial community in the reporting year. We conducted eight roadshows across Europe with approximately 40 institutional investors.

Since 2014, ALSO has been breaking new ground in its reporting. In the current annual report, we set another benchmark when it comes to using the possibilities offered by digital technologies in communication. The "Discover ALSO" app, which can be downloaded from the app store, allows shareholders, customers, and business partners to view selected business processes as well as key figures in virtual and augmented reality. The core topics for fiscal year 2017 can be accessed very quickly in a dialog format where the interface is reminiscent of a chat bot.

OUTLOOK

In the medium term, the ALSO Group is aiming for net sales of 10 to 14 billion euros and an EBITDA margin of 2.1 to 2.6 percent.

Big data and artificial intelligence, the Internet of Things, or blockchain technology – all of these are grown drivers for the ICT industry. For the ICT market in the countries in which ALSO operates, the Gartner market research institution estimates that end customer spending will increase by a 1.5 percent. A 6.8 percent rise is expected in business software alone. According to Gartner, global ICT spending is likely to grow by 4.5 percent in 2018.

In particular, investments in the development of artificial intelligence will also lead to further significant growth. ALSO expects this trend will also boost the ICT market in the countries in which the company operates.

Given this background, we see potential for further profitable growth in net sales, organically as a result of winning market share, as a result of constantly expanding the product categories in our portfolio, and as a result of further developing our business models. Furthermore, we are looking to grow non-organically through targeted acquisitions. In countries in which ALSO is already present, we will look to strengthen our market position through market consolidation in the traditional distribution business and/or through investments in companies that work in the Solutions and Services business models. We will open up new countries within Europe through acquisitions and partnerships. These will also play an important role in the international rollout of our as-a-Service platform across Europe and beyond.

We will achieve a further increase in profitability by working intensively on these five factors. The increasing automation of the transactional business is a critical factor for success in the area of operational excellence. The harmonization of our ERP system and the further development of CRM allow us to use state-of-the-art tools to analyze, project, and optimize our business processes. We are planning to expand and invest in our webshop in the coming years with the aim of using the knowledge gained from business intelligence to further increase sales and to develop customized solutions for our customers. Furthermore, we are dedicated to boosting the expansion of the high-margin Solutions (IT architecture and design) and as-a-Service (logistics, IT and Marketing-as-a-Service) business models.

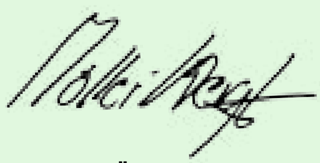
THANKS

On behalf of the ALSO Group, I would like to thank all our stakeholders, our buyers and providers for the trust they have placed in us and for the opportunity to be their partners. At the same time, we value the flexibility and support of our suppliers. Our performance would not be possible without the great dedication of our employees and their expertise to consistently implement the measures defined in our MORE strategy.

All our activities have been boosted by the valuable discussions that we constantly hold with our customers and by the contributions made by my colleagues on the Board of Directors.

Interested investors and analysts have provided helpful comments, questions, discussions and suggestions, which we discussed with our management teams and transformed into specific measures in some cases.

Last but not least, I would like to express my gratitude to you, our valued shareholders. Thank you to those of you who invested in us for the first time in 2017 for the trust you have placed in us, and thank you to the long-standing shareholders amongst you for your continuing strong association with the ALSO Group.



GUSTAVO MÖLLER-HERGT

CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS

ALSO SHARE AND SHAREHOLDER STRUCTURE

KEY FIGURES OF THE ALSO SHARE

	2017
Number of registered shares with a nominal value of CHF 1.00 per share	12 848 962
Dividend per share (CHF)	2.75 [1)]
Equity per registered share (CHF)	56.77
Registered share price high (CHF)	140.00
Registered share price low (CHF)	90.15
Market capitalization as of December 31 (CHF million)	1 722

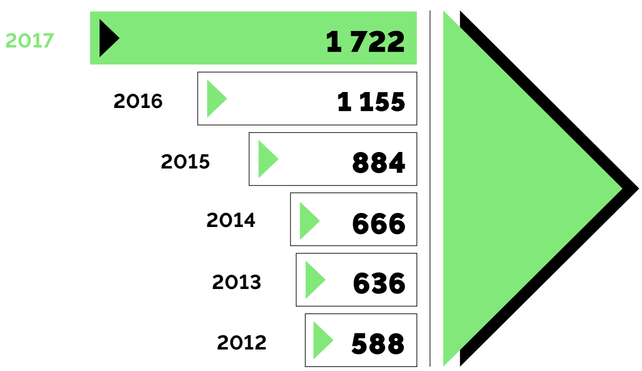
1) Proposal of the Board of Directors

SHARE PRICE DEVELOPMENT IN THE REPORTING YEAR

During the reporting year, the price of the ALSO share developed positively. It started at 93.00 Swiss francs as of January 1, 2017, and closed the fiscal year at 134.00 Swiss francs per share, corresponding to a rise of 44.1 percent as against the start of the year. Including the dividend, the total yield on a share that was bought on January 1, 2017, was 46.5 percent. The ALSO share thus outperformed the Vontobel Swiss Small Companies Index by 22.4 percentage points and the Swiss Performance Index (SPI) by 25.4 percentage points. The ALSO share also developed very positively in comparison with other important indices. For example, it outperformed the Swiss Market Index (SMI) by 31.3 percentage points and recorded an increase 32.6 percentage points higher than that of the German Stock Index (DAX). Compared with the shares of all companies in the SMI and the DAX, the 44.1 percent increase in ALSO's share price was exceeded by only four companies. The ALSO share is thus much higher than many other forms of investment, such as fixed-income securities or demand deposits at banks. For natural persons subject to tax in Switzerland, its appeal is increased further by the tax exemption of distributions from capital reserves.

As of December 31, 2017, the total market capitalization of ALSO was 1 722 million Swiss francs (previous year: 1 155 million Swiss francs).

MARKET CAPITALIZATION (IN SWISS FRANCS AS OF DECEMBER 31)



SHARE PRICE DEVELOPMENT 2012–2017

The share price has steadily improved due to the systematic implementation of the MORE strategy launched in fiscal year 2012. The shares had been listed at just 39.65 Swiss francs on July 1, 2012, but closed on December 31, 2017, at 134.00 Swiss francs. Therefore, the net capital gain resulting from the positive share price performance and the dividend amounts to 259 percent for the period from July 2012 to December 2017.

SHARE PRICE CHART 2012–2017

DEVELOPMENT OF THE DIVIDEND

CHF	2017	2016	2015	2014	2013
Dividend per share	2.75 1)	2.25	1.90	1.60	1.40
Earnings per share	8.03	7.09	5.26	5.82	4.81

1) Proposal of the Board of Directors

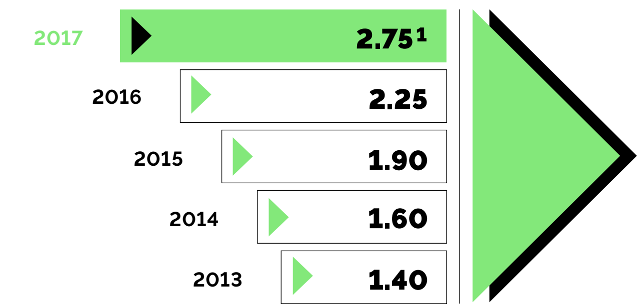
DIVIDEND POLICY

For 2018, the Board of Directors proposes a distribution to the shareholders from the reserve from contribution in kind of 2.75 Swiss francs per share. This represents a total dividend payment of 35.3 million Swiss francs. The proposal will be submitted to the shareholders for approval at the Annual General Meeting of March 27, 2018.

In the event that the proposal is accepted by the shareholders, the dividend is tax-free for Swiss shareholders, as it is paid from the reserve from contribution in kind.

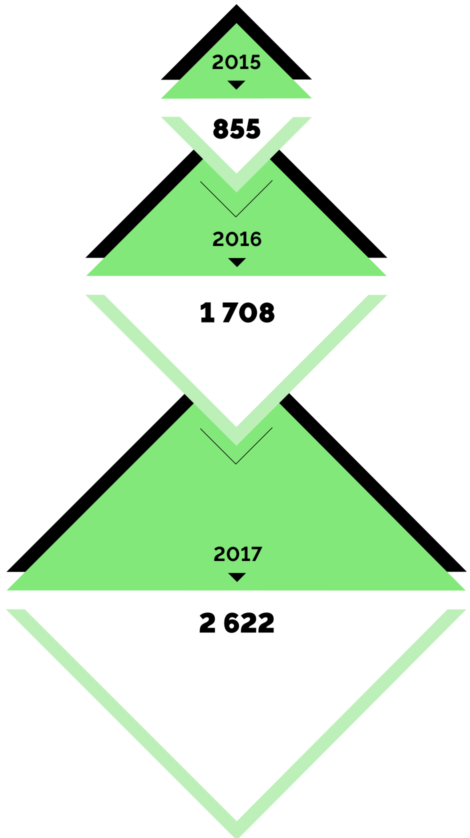
In the previous year, 32 percent of the Group net profit was distributed.

DIVIDEND PER SHARE (IN SWISS FRANCS)



1) Proposal of the Board of Directors

NUMBER OF INSTITUTIONAL AND SMALL INVESTORS



SHAREHOLDERS

ALSO has a broadly diversified range of international, long-term shareholders with a clear majority ownership structure. The main shareholder is Special Distribution Holding GmbH (51.30 percent).

Special Distribution Holding GmbH, with its registered office in Düsseldorf, Germany, is a company of the Droege Group. The Droege Group is an independent consultancy and investment company. With its range of services, the group has been operating for over 30 years as a specialist in tailored transformation programs with the aim of increasing enterprise value. The Droege Group combines a family business structure with a strong capital base to create a family equity business model. The group carries out direct investments with own equity in corporate subsidiaries and medium-sized companies in “special situations” or acts as a “temporary partner” in comprehensive value enhancement projects on the basis of performance-related fees. As an industrial holding company, a diversified portfolio is formed.

Due to the sustainable improvement in the ALSO Group’s earnings, which have resulted in a consistently high ALSO share price, the free float has climbed steadily to 48.70 percent. As a result, the ALSO share has become even more attractive for institutional and small investors, and their numbers have practically trebled from 855 in 2015 to 2 622 in 2017.

INVESTOR RELATIONS

ALSO substantially changed its capital market communication in 2013. We worked on two aspects:

- Corporate communications with a website and annual report;
- Investor relations with capital market communication, analyst meetings and roadshows.

CORPORATE COMMUNICATIONS:

Since December 2013, all of the ALSO Group's websites have been harmonized in order to achieve uniform presentation of the business model as well as a shared corporate identity and a shared corporate design.

With the support of Strichpunkt, a renowned design agency that has won multiple awards for its work in the field of annual reports, we completed the first milestone of a new type of reporting with the Annual Report 2014. As well as reporting on the fiscal year, the annual reports are also intended to provide insight into the ALSO Group's goals, strategy, and fields of activity. This work is being continued on an ongoing basis. With the ALSO Annual Report 2015, we won one of the renowned Red Dots for communication design. With the ALSO Annual Report 2016, we developed a new form of financial communication. The business models are explained using virtual reality as the basis, while key performance indicators are presented virtually thanks to augmented reality. In 2017, we expanded the app by adding a conversation format where the interface resembles a chat bot. Our shareholders, customers, and business partners can thus quickly access the most important facts about the 2017 fiscal year and the company.

INVESTOR RELATIONS:

ALSO commissioned the specialist service provider Brunswick Group to support its corporate communications and investor relations activities. Since then, a road map for communications within the Group has been developed with the aim of harmonizing and managing local notifications. This is not only about showing a uniform image of the Group, but also integrating local news in the Group's overall strategy. Shareholders can use various different channels to obtain information about ALSO and the ALSO share. In addition to online information, the Investor Relations team is also available by telephone or at the central e-mail address ► investor-relations@also.com. Moreover, the members of the Group Management are available to answer shareholders' questions at the Annual General Meeting and also in personal meetings during the year.

The ALSO share is monitored and regularly assessed by various banks and analysts. In 2016, the bank Vontobel AG prepared a study on ALSO for the first time. The management of the ALSO Group is available to answer questions from interested analysts and provides information on the Group's development in line with the legal circumstances. We held eight road shows over the course of the year, starting in Zurich in March, followed by Helsinki, Copenhagen, London, Paris and Zurich in April, and finally Emmen in June and November. Institutional investors and analysts had the chance to obtain in-depth information on the ALSO Group's strategy and business development. The interim report for the half year and the annual report will be published as part of our communication. Taking account of the legal conditions, ALSO will be available to analysts and journalists to answer questions relating to the quarterly performance.

THE ALSO GROUP

ALSO IN BRIEF

ALSO was founded in 1984 and is now one of Europe's leading service providers for the ICT industry. We bring providers and buyers in the ICT industry together and offer them services at all levels of the value chain from a single source. Our goal is to ensure sustainable growth of the company by increasing our customers' competitiveness and developing their business sustainably and profitably.

ALSO Holding AG has its headquarters in Emmen, Switzerland, and is listed on the Swiss Stock Exchange. Droege Group AG, Germany, holds a majority interest.

ALSO is represented in 15 European countries, with a dominant position in seven of these, and generates total net sales of approximately 8.9 billion euros with around 4 000 employees.

The basis of ALSO's business models are the two customer categories "providers" and "buyers". The ALSO Group has a portfolio of more than 500 vendors in the ICT product categories of hardware, software, and IT services, including all global market leaders.

We offer the vendors access to a broad spectrum of over 100 000 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 ALSO Cloud Marketplace (ACM) platform, more than 1 500 services are offered, 7 500 channel partners are connected, and almost 80 000 end customers with over 1 300 000 users are reached. By expanding the offer of the ACM in the form of a platform as a service for our distribution partners in various regions, we will be able to reach over 50 additional countries in Europe, the Near and Middle East, Africa, Asia (including China), and North and Latin America.

THE TRADITIONAL TRANSACTIONAL BUSINESS MODEL: SUPPLY

Marketing in the ICT industry is largely a three-step process. In a first step, the providers supply the ALSO companies. In a second step, these supply a very heterogeneous buyer structure, which in turn serves the end customers.

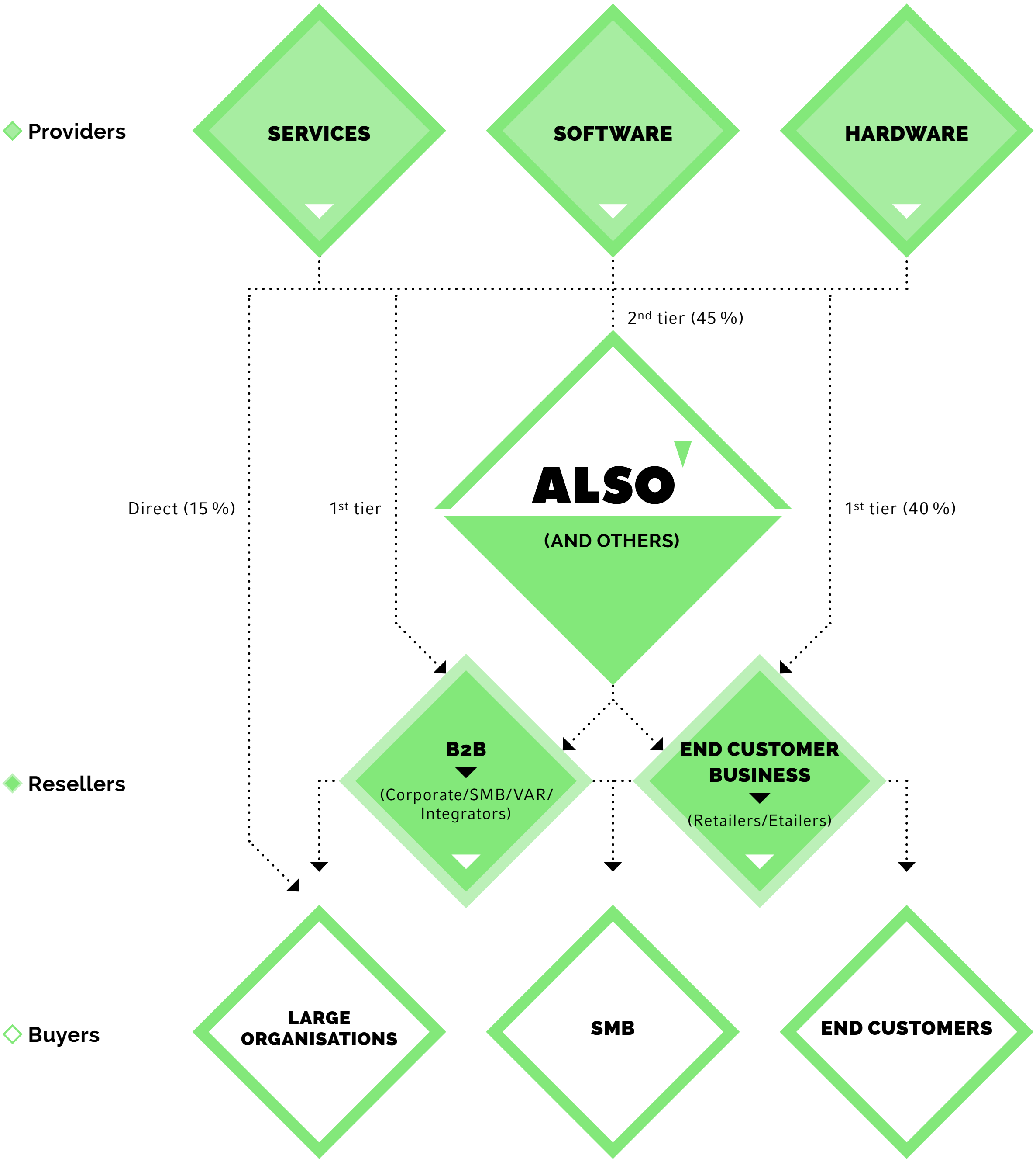
Because of non-existent scaling effects, small and medium-sized buyers are not always served directly by the providers. Here, ALSO takes over aspects such as payment transactions, fine logistics, or financing. Larger buyers, who for economic reasons also outsource functions and processes, have the possibility of downloading these from ALSO as modules.

For the provider, taking over these tasks results in a reduction of complexity, and thereby in easier access to the various channels and regions. Smaller providers, who have no country organization of their own, use ALSO to obtain access to the market.

We offer our customers an extensive range of products and services in a total of over 1 200 product categories – 49 of which were added in 2017 alone – ranging from 3D printing products to IoT applications for security to data simulation.

On the basis of Europe's biggest marketplace for the ICT industry, we enable our customers to sustainably shape and develop their businesses. Our webshop has around 400 000 visitors per month and generates annual net sales of 1.2 billion euros.

ICT MARKET MODEL



NEW BUSINESS MODELS: SOLUTIONS AND AS-A-SERVICE

Alongside this traditional, transaction-based business model of Supply, a growing number of solution-oriented business models have also been added in recent years. The Solutions sector comprises consultancy services with which ALSO supports resellers with architecture and IT design issues, for example by rapidly translating requirements into specific configurations and delivering the corresponding products for implementation.

An important role is played by our “as-a-Service” offers, which range from logistics-as-a-Service to marketing services to completely cloud-based services, for example in the area of platform-as-a-Service, or can be combined with hardware components as in the case of Workplace-as-a-Service and Printing-as-a-Service. Driven by the increasing evolution of IoT, this area, combined under IT as a service, will become considerably more important for the ICT industry and therefore also for ALSO in the future.

OUR GROUP STRUCTURE AND ORGANIZATION

The Board of Directors of ALSO Holding AG is responsible for the highest level of management. It defines the strategic, organizational, and financial goals of the Group. The Board Committee advises and supervises Group Management. There are also three committees (Compensation and Nomination Committee, Board Committee, and Audit Committee).

The Board of Directors has delegated the management of the day-to-day business of the company to the CEO of the Group. To take account of the rapidly changing requirements in the ICT sector, Group Management has decided to expand its subordinated management committee.

THE TRANSFORMATION EXECUTIVE TEAM

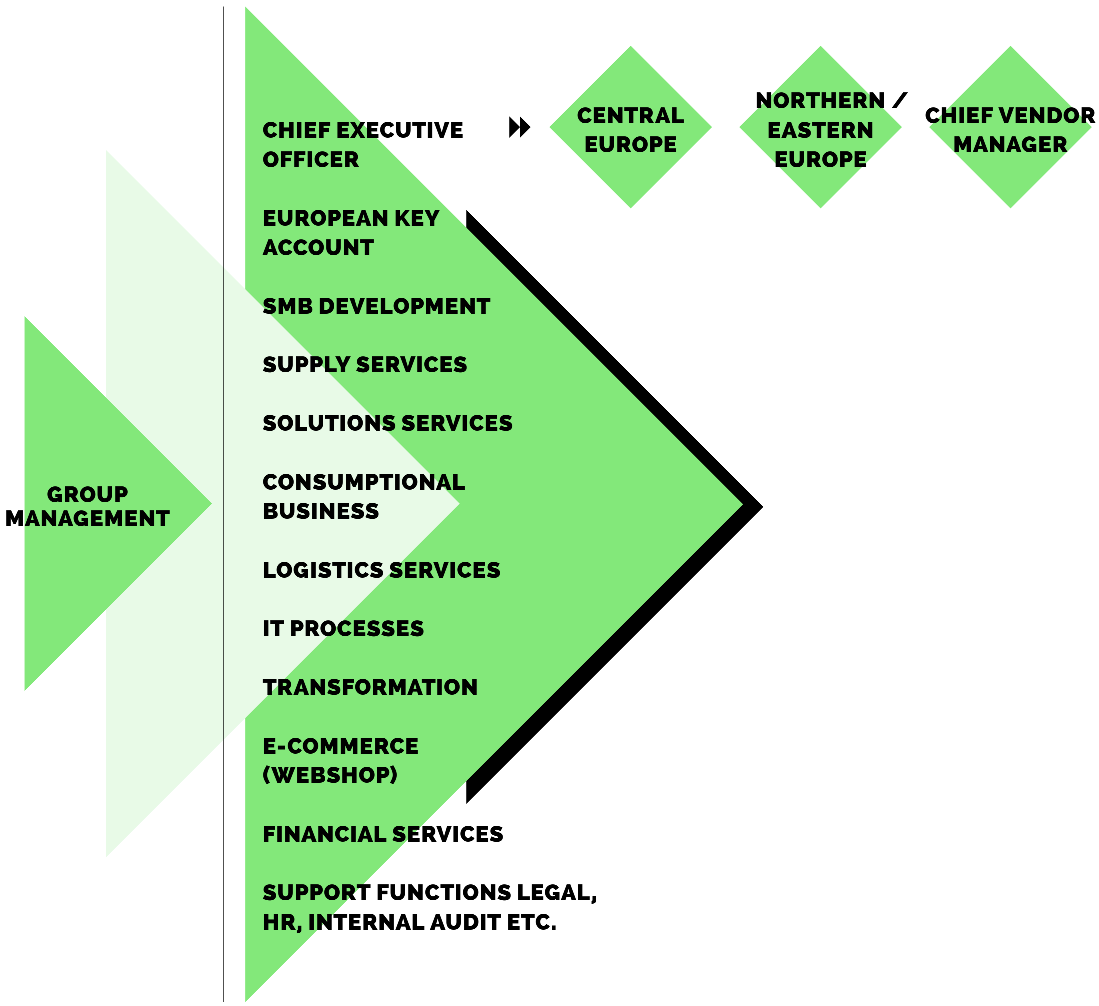
The in 2017 newly formed Transformation Executive Team (TET) with a total of 12 members meets on a quarterly basis to discuss issues relating to the business development and actively advance the transformation of the company. The composition of the team, consisting of digital natives and experienced employees from the distribution business, will be adjusted dynamically as needed.

The matrix organization shown on the following page, which we continuously develop and expand, has proven effective for the efficient management of the company.

TRANSFORMATION EXECUTIVE TEAM 2017

Jan Bogdanovich, Chief Transformation Officer, age 32, Riga location / Harald Wojnowski, MD of ALSO Switzerland, age 55, Emmen location / Laurent Mitais, MD of ALSO France, age 55, Paris location / Joachim Streitberg, Chief Information Officer, age 48, Soest location / Thomas Meyerhans, General Counsel, age 37, Düsseldorf location / Michael Gericks, SVP for Consumptional Business Model, age 32, Berlin location / Jorge Gállego Pérez de Larraya, Senior Business Analyst, age 35, Sweden location / Volkan Weissenberg, SVP for Vendor Management, age 39, Soest location / Philipp Koch, Finance Director for Consumptional Business Model, age 31, Berlin location / Hanna Osetek-Pasquet, MD of ALSO Poland, age 33, Warsaw location / Reiner Schwitzki, MD of ALSO Germany, age 50, Soest location / Simone Blome-Schwitzki, Solution MD of ALSO Germany, age 42, Soest location / (all from left to right)

ORGANIZATION OF ALSO



The company's international activities are grouped into two market segments: the Central Europe market segment (Austria, France, Germany, and Switzerland) and the Northern/Eastern Europe market segment (Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Poland, Slovenia, and Sweden). Together, the 15 country companies, and all other companies that are controlled directly or indirectly by ALSO Holding AG, form the ALSO Group.

COMPANY MANAGEMENT

ALSO uses quantitative and qualitative key figures for the short-, medium-, and long-term management of the company. ALSO aims to maintain a balanced relationship between growth, profitability, and the capital structure. Earnings, growth, and capital ratios are therefore used as quantitative key figures. The management focus is on sustainable improvement of these KPIs.

QUALITATIVE KEY FIGURES

Customer loyalty: Scientific studies show that there is a strong correlation between corporate success and the Net Promoter Score. The NPS measures customer loyalty and helps identify areas where action is needed to improve customer satisfaction and loyalty. ALSO uses this key figure because the financial targets set can be achieved only with a loyal and satisfied customer base. The NPS for customers has been measured online continuously since mid-2016. In 2017, a total of 5 007 customers from all business areas and all countries with ALSO locations were included in the survey. If a customer reports a problem, he or she is immediately contacted by a team. The Managing Director of the relevant country manages this process. The Net Promoter Score is 40.4 percent.

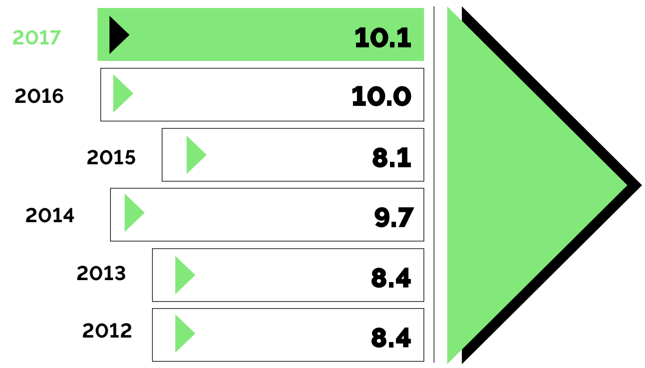
Employee satisfaction: The ALSO Group's growth strategy cannot succeed without dedicated employees. For this reason, the Group started systematically measuring employee satisfaction in 2015. In addition to the employees' personal work environment and team collaboration, aspects such as their assessment of the company's sustainability and development opportunities within the company are examined. The results provide important insights with regard to the company's positioning as an attractive employer and the development of targeted HR work. Visible weaknesses in relation to targeted personnel development and communications within the company are countered with specific measures in the countries under the leadership and responsibility of the relevant Managing Directors.

QUANTITATIVE PERFORMANCE INDICATORS

Profitability: Because the different business models show extreme variations in terms of their net sales volumes and margins, ALSO uses earnings before tax (EBT) as the basis for measuring profitability. The EBT development compared to the previous year is analyzed. At the same time, comparisons of the individual ALSO companies are performed. In 2017 we generated EBT of 124 million euros, representing an improvement of 9.0 percent in comparison to the previous year (114 million euros). The EBT margin came to 1.4 percent.

Sustainable growth: ALSO aims to generate sustainable growth. This is monitored and managed on the basis of the sustainable growth rate (SGR). The SGR represents the maximum possible growth in net sales that can be achieved without a deterioration in the financial structure. It is calculated by multiplying the profit margin[1)], the retention rate[2)], the capital turnover ratio[3)], and the equity ratio[4)]. When developing new business areas or acquisitions, the impact on this Group key figure is considered.

DEVELOPMENT OF THE SGR



* 2017 with provisional figures and retention rate at 2016 level.

Between 2013 and 2017, ALSO grew at slightly below the potential sustainable growth rate on average, also including acquisitions, and achieved the goal of a stable financial structure. In 2018, sustainable growth of 10 percent can be achieved without a deterioration in the company's financial structure. For investors, this means that while the dividend yield remains constant (previous year: 2.5 percent) there is no capital dilution, and they can additionally benefit from the increase in value from the targeted growth.

ALSO has defined various KPIs for managing its profitability and capital structure. These are continuously monitored, reported to the management on a regular basis, and can also be called up by the management independently via our IT systems (particularly SAP and BI). The main performance indicator for ALSO is EBT. Its development is evaluated at several different levels.

1) Profit margin: Net profit/net sales
2) 1 minus payout ratio
3) Net sales/total assets
4) Total assets/equity

The focus is on the gross margin component, which is analyzed in great detail. Costs are broken down by type and by cost center. With regard to monitoring the capital structure, the focus is on controlling net working capital. There is a particular focus here on the inventory-related key figures of days inventory outstanding and the age structure of inventories. Other important key figures in our reporting are: full-time equivalent positions, market share by country and vendor, overdue receivables, customer range, net financial debt, share of net sales from e-commerce, shares of customer channels, and cash flow development.

Capital structure: The Group aims to ensure that it does not generate profit or growth at the expense of changes in the capital structure. One service that ALSO offers its customers is the provision of credit lines. For this reason, the Group's capital requirements are managed with strict monitoring of the different country organizations' liquidity cycles. The country Managing Directors, as well as some Business Unit Managers since last year, have specific targets in this regard.

ALSO's total assets are influenced by the high availability of our broad product portfolio and by the payment targets granted to buyers, and reflect the value proposition for our customers, providers and buyers in the ICT industry. At the same time, the high net working capital requirements represent a significant barrier to entry for potential new market players. The steady expansion of our customer base and the continuous optimization and automation of our processes enable us to sell and replace our inventory around ten times per year. This efficient use of capital forms the basis for profitability and sustainable growth.

OBJECTIVES AND STRATEGY

MORE

The primary goal of the company is to achieve sustainable profitable growth with reference to the key figures described in the "Company Management" section. This means that ALSO attains growth that takes into account the capital structure and profitability of the company. These cornerstones define the conflicting priorities of our activities, and every decision is made on this basis.

Within this area of tension, we have defined and prioritized four activities:

M for **MAINTAIN** stands for securing the transactional business model, based on which the as-a-Service and Solutions business will be further expanded to attain the targeted growth and income goals.

O as in **OPTIMIZE** stands for continuous optimization of processes, particularly to increase the profitability of the transactional business model. The launch of our SAP system and Business Intelligence 2.0 establishes an important basis for the company's continued development.

R stands for **REINVENT**. ALSO aims to continue growing with the transactional business model while also generating additional growth with solution- and usage-oriented business models and resulting offers.

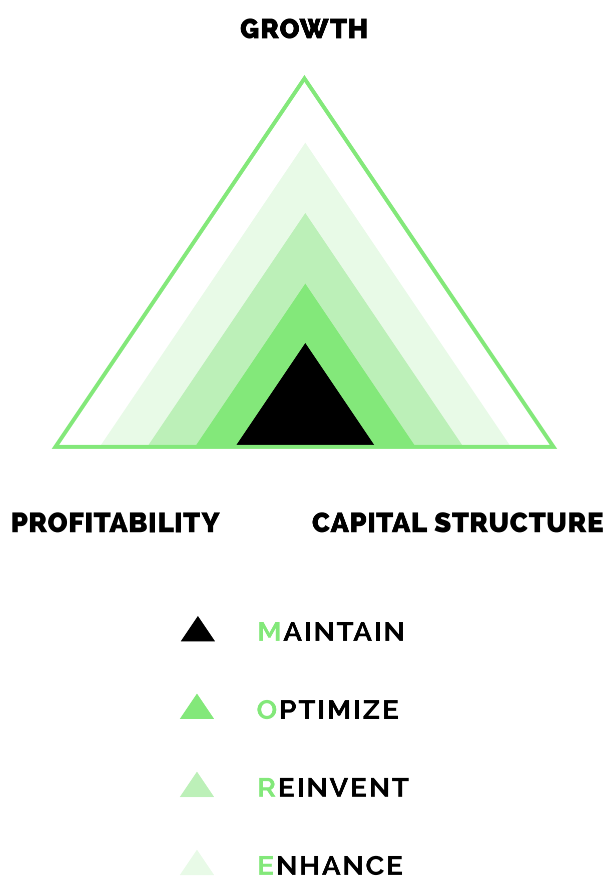
Finally, **E** stands for **ENHANCE**. This mainly means expanding our market position by acquisitions in line with the Reinvent goal.

ALSO aligns its activities to markets with long-term profitability and/or growth potential. The goal of the portfolio policy is to attain or hold the first or second market position in all countries. The Group is represented in 15 countries. In countries where ALSO has a dominant market position, the focus is on companies and investments for the rapid expansion of new business models. In other countries, ALSO pursues the dual strategy of achieving a dominant market position by means of further acquisitions within existing business models while also establishing new business models rapidly by acquiring existing providers.

Provided there is sufficient stability and legal certainty, new countries and regions are tapped in line with the following priorities:

- Cooperations with existing companies to tap new business models.
- Moving into new markets with new business models (greenfield).
- Acquisition of established market providers.

THE MORE STRATEGY PROGRAM



OUR 3S BUSINESS MODEL: SUPPLY, SOLUTIONS AND AS-A-SERVICE

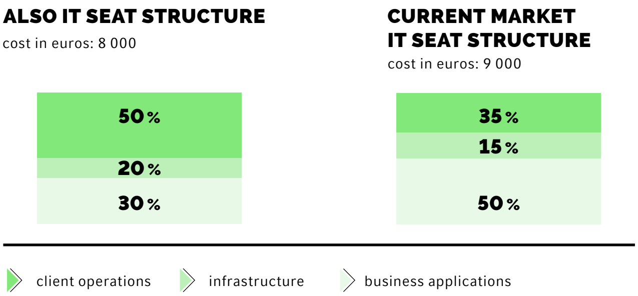
We enable our customers – providers and buyers of hardware, software, and services – to fully exploit their existing potential and implement new business ideas. In order to scale our services, we systematically take advantage of the market opportunities arising from increasing digitalization in particular.

The starting point for our business was and still is the digital workplace or "seat" and the associated infrastructure. The service offered by ALSO in marketing the seat may be transactional – associated with a change in ownership of software and/or hardware, expert reports, concepts, etc. – or usage-oriented with flexible, needs-based delivery and management of these items.

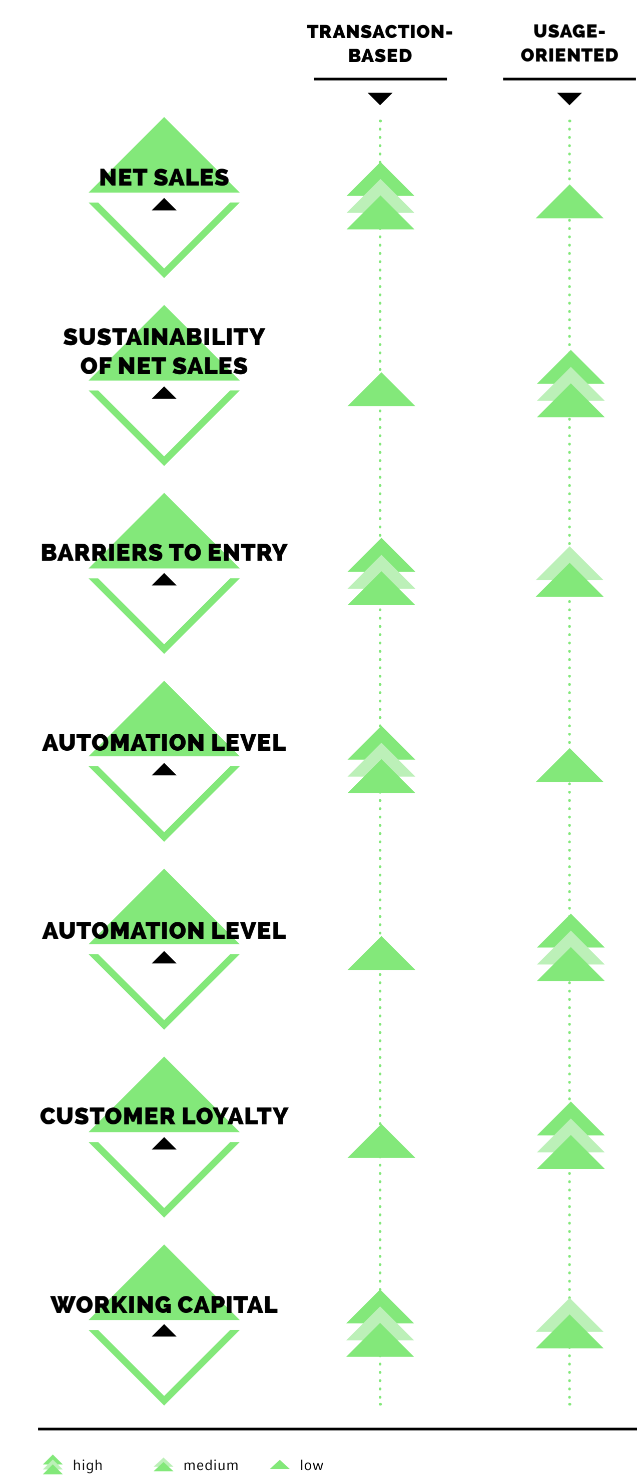
New developments in the areas of WiFi network infrastructure, edge computing, and IoT are also presenting the IT industry and ALSO with completely new opportunities – specifically, the "digital machine space" – and the possibility to develop and market these. Edge computing can be used as an architecture concept for the IoT that establishes a connection between clearly identifiable physical objects and a virtual representation in an Internet-like structure. These offers can be marketed in transactions or as-a-Service.

Against the backdrop of the broad customer base, the Solutions and as-a-Service business models will be further expanded in order to generate additional growth with higher margins and compensate for potentially falling margins in traditional business. ALSO consequently has a service portfolio that combines the strong net sales of transactional business with the loyalty arising from consultancy expertise and the profitability of long-term, usage-oriented offers. At the same time, this gives rise to an important strategic differentiating criterion in competition.

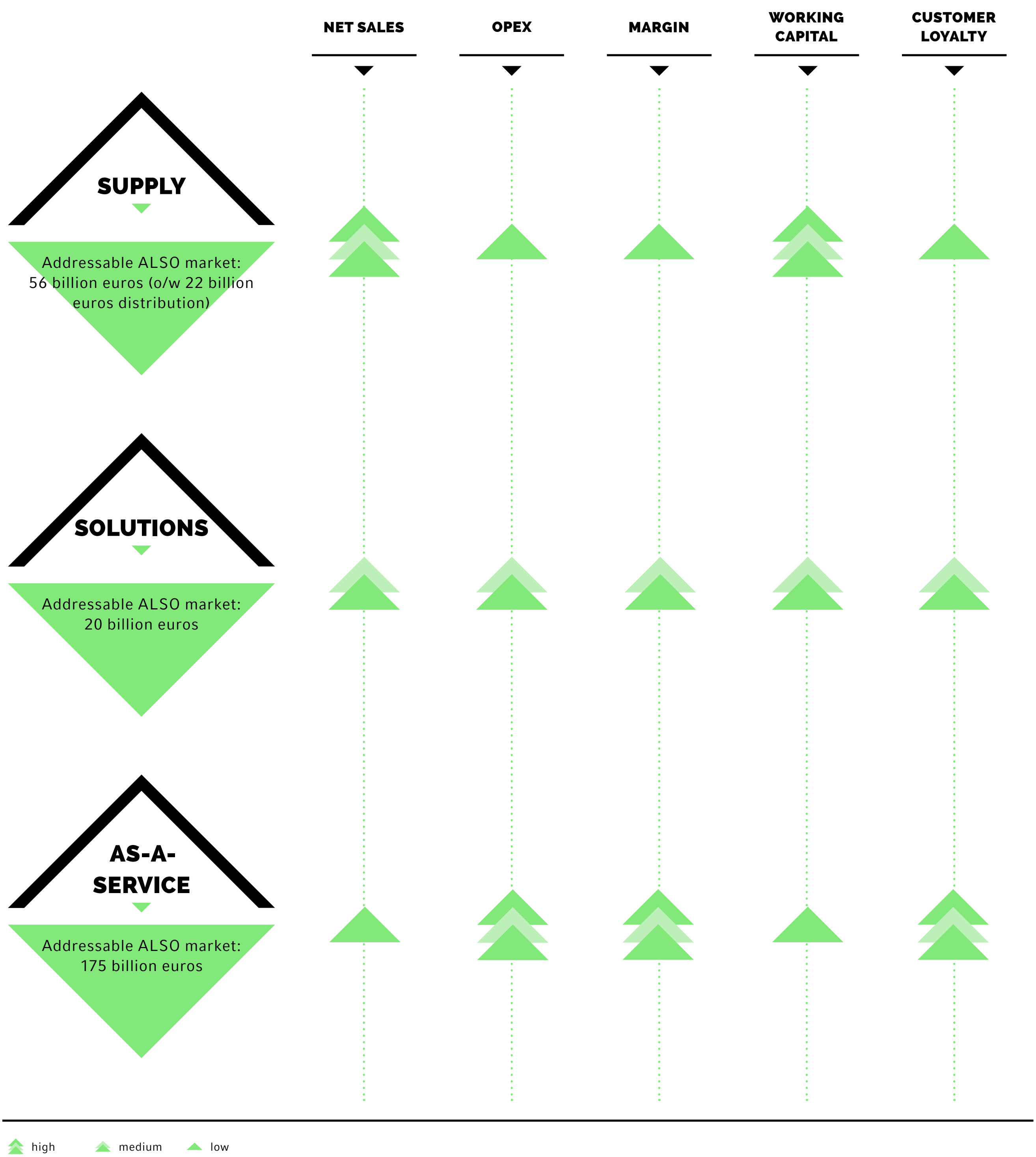
HOW MUCH DOES AN IT SEAT IN AN ENTRPRISE TODAY COST?



EVALUATION OF DISTRIBUTION METHODS

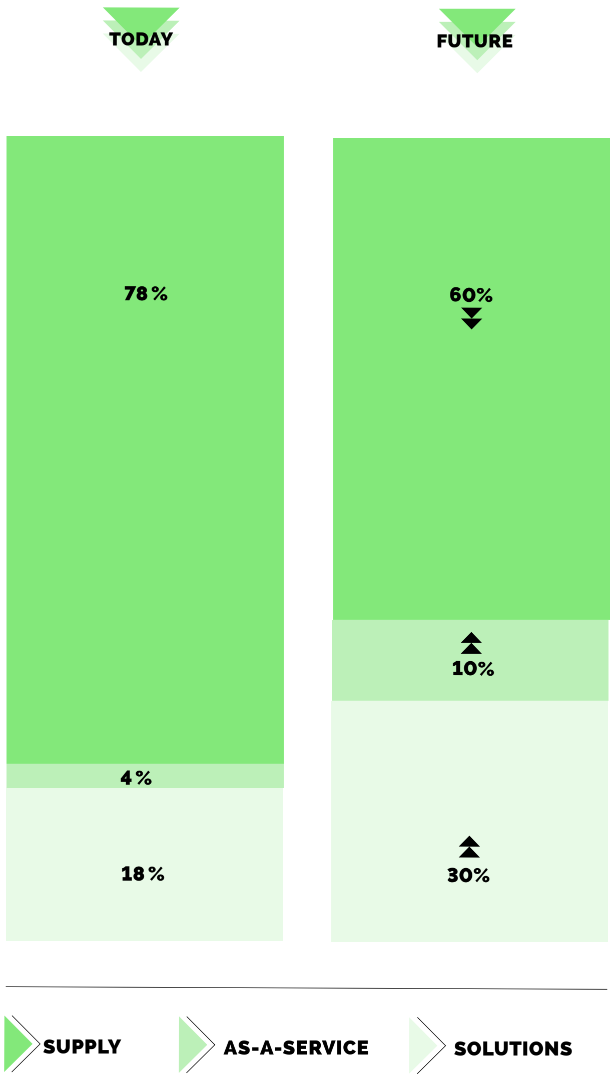


EVALUATION OF THE 3S



USE OF OFFERS ALONG THE 3S BUSINESS MODELS

DISTRIBUTION OF NET SALES & MEDIUM-TERM TARGET FOR DISTRIBUTION OF NET SALES



SUPPLY

Net sales in the traditional transactional business model (Supply) include business with optimized trading processes and logistics for the IT, consumer electronics, and telecommunication sectors. The business model is characterized by a high number and frequency of transactions, high net sales, high scalability, high working capital requirements, low retention rates, and low margins. In short, it is a model based on economies of scale.

The ALSO value proposition for the providers consists of creating a broad range of customers, providing detailed logistics, and managing complexity. For the buyers, it consists of providing a product portfolio, managing detailed logistics, and providing the credit line.

The focus in supply business is the ability to map orders of any size for the reseller rapidly and as simply as possible. ALSO can deliver to its customers – or the customers of these customers – within the same day. Smaller resellers can order products from a broad portfolio in any desired quantity. Buyers have 24/7 access to the information in ALSO's webshops about our extensive product offerings and ordering methods. Net sales are recognized at the date when a product is sold.

SOLUTIONS

Designing and implementing complex infrastructure and virtualizing networks, servers, and storage opens up new dimensions in IT but also requires a high level of consultancy expertise in the different fields. In solutions business, ALSO therefore provides project-based support to SMBs in particular on questions of architecture and IT design, rapidly translates requirements into specific configurations, and monitors the status of projects.

The business model, which comprises all net sales from trading business with products that form part of comprehensive solutions, is characterized by consultancy services across all phases of the project.

For the providers, the value proposition includes the broad range of customers and the provision of first-/second-level support. For the buyers, the focus is on configuration, engineering, proof of concept, provision of the credit line, and delivery of the entire product range required in the specific case.

Net sales are recognized at the date when a product is sold. Specific types of solutions business include performance tests, optimization of the IT environment, and after-sales support. ALSO offers resellers the opportunity to present products and solutions to their consumers live in the demo center.

AS-A-SERVICE

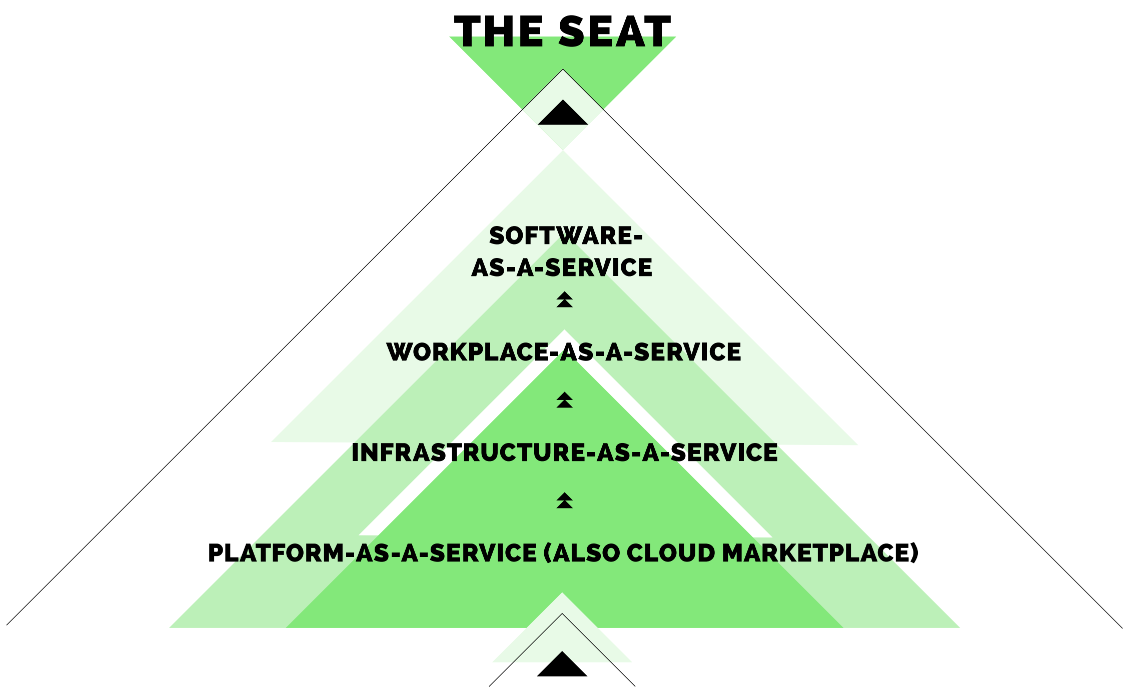
In this area, ALSO acts as a service provider rather than a seller. The services offered are called up as needed and remunerated with variable payments based on usage. The reported net sales include services from the areas of cloud marketplace, outsourcing, and process (re-)engineering:

- Logistics-as-a-Service: supply chain solutions along the complete value chain for providers and buyers.
- Marketing-as-a-Service: traditional and digital marketing for providers, in order to widen their customer base.
- IT-as-a-Service: Platform-, Infrastructure-, Workplace-, and Software-as-a-Service. This may include reconditioning used hardware and subsequently marketing it (end-to-end).

The value proposition for providers consists of tapping a diverse customer base via the ALSO platforms and significantly reducing complexity in distribution. For our buyers, meanwhile, using the platform offers means that they do not have to operate their own infrastructure in order to offer complex usage-oriented services.

Net sales are recognized either when the service is performed (brokerage commission) or when the processed product is sold (reconditioning of used hardware) or they are distributed over a period of use (managed print services). Specific types of service business include IT services (ICT services in the areas of recruitment, 2nd-level support, and telesales), logistics services, training, and marketing.

IT-AS-A-SERVICE



BASIS FOR THE 3S: OUR SERVICE RANGE

Within our 3S business models, we offer the following services:

FINANCIAL SERVICES

A key function of our financial platform is to support working capital financing. We offer credit lines and payment targets to meet specific needs. In addition, for SMB resellers we develop individual financing solutions for larger projects. The ALSO webshop brokers offerings for leasing, merchandise credit insurance, and creditworthiness information, which can be called up simply and digitally. All payment transactions with buyers and providers for products and services are executed efficiently. In 2017, we had a total of approximately 51 000 active customers with a credit line, and the volume of credit lines granted came to 3.5 billion euros.

► **Needs-related portfolio, efficient processing of payments, uncomplicated online fulfillment**

SUPPLY SERVICES

ALSO can deliver to its customers – or the customers of these customers – within the same day. Smaller resellers can order products from us out of a broad portfolio, at attractive prices, and in any desired quantity. ALSO's sales and product marketing employees can offer professional support on questions of configuration and project management. Buyers have 24/7 access to the information in our webshops about our extensive product offerings and ordering methods. In 2017, we sold more than 200 000 articles from over 500 providers via the ALSO B2B marketplace.

► **High availability, uncomplicated credit processing, competitive prices**

LOGISTICS SERVICES

In our pan-European logistics network covering 300 000 square meters, we process 14.5 million packages and sets a year of various sizes, from small USB sticks to large-format printers. We offer B2B and B2C partners access to order tracking. Even complete fulfillment is included in the service offering. A pan-European track-and-trace system enables constant order tracking irrespective of the shipper being used.
With MyDelivery, ALSO has provided webshop providers from all sectors with a tool that allows their customers to control the place and time window for delivery as they wish. Depending on the delivery service selected, delivery flat rates can also be charged to the end customer directly via state-of-the-art mobile payment. In 2017, we particularly expanded our service range in the area of reverse logistics with new or extended contracts with customers in Switzerland and Finland.

► **Optimal cut-off times, highly diverse single-item and batch sizes, extensive multi-channel capability**

SOLUTIONS SERVICES

ALSO maintains daily contact with its buyers and therefore knows their requirements in relation to software, servers, storage, networks, security, and other topics. ALSO offers a solutions portfolio that is exactly aligned to customers' requirements. In projects, ALSO provides support on questions of architecture and design, rapidly translates requirements into concrete configurations, and monitors the status of projects. When managing projects, ALSO draws attention to price and product changes and offers support with proof of concept. In 2017, we prepared a total of 2 800 proofs of concept for customers.

► **Customized portfolio, short project planning phase, secure project financing**

IT SERVICES

The ALSO Cloud Marketplace is based on a redundant data center operated by the company itself, where the most recent security standards are applied. In addition to the latest SAP system with HANA technology, ALSO also uses a modern business intelligence system with predictive analytics to promptly detect developments in the market. Our partners process 2.9 billion euros via Electronic Data Interchange (EDI) and 1.2 billion euros through our webshops. To support our customers even better, we use analytical tools for continuous optimization. Buyers can call up their structure data, for example their order data, online at any time. The shop-in-shop webshop "myStore" established in 2017, with which resellers can quickly and easily set up an individual shop for each of their customers, is one example of the wide range of possible uses of the ALSO Cloud Marketplace.

► **Individualized provision of data, easy system integration, state-of-the-art security standards**

DIGITAL SERVICES

Through the Cloud platform, ALSO connects service providers with resellers and enables them to assemble appropriate cloud solutions for their customers easily and quickly. In its choice of offerings, in addition to well-known cloud services – such as virtual servers and mailboxes – ALSO includes independent software and service providers, too. Predefined criteria regulate the inclusion of services in the local cloud service catalog. With just a few clicks, resellers create their own marketplace and determine the services for their customers, set their selling prices, and submit an offer. The services are automatically made available to the customers. The easy-to-use and intuitive standardized interface, as well as support in the respective national language, enable rapid entry into the cloud business. We expect the current number of 1.3 million seats in 71 countries to increase significantly over the coming years.

► **Qualified service portfolio, automatic readying, simple scaling**

OPTIMIZING INCOME 2017

ALSO steers the continual optimization of the income using the following five levers*:

VENDOR MIX

Securing an attractive supplier portfolio by means of short reaction times to changes in general conditions on the ALSO marketplace.

- We strongly boosted our cooperation with famous manufacturers such as Microsoft, HP, and Lenovo. Being honored with the Distribution Partner of the Year Award 2017 from Microsoft and the Global Distributor of the Year Award 2017 by HPE is testament to the excellent cooperation we enjoy with our vendors.
- We have also successfully incorporated into our portfolio a large number of new vendors, including Logitec, Kensington, and ROOMZ, to name just a few.
- Just under 40 independent software vendors (ISVs) offered over 200 new services on the ALSO Cloud Marketplace in 2017. Currently, 1 500 vertical cloud services from a total of 80 ISVs can thus be accessed via the ALSO Cloud Marketplace.

BUYER MIX

Focusing on fast-growing buyer groups with perfectly tailored services and connection to the CRM.

- In 2017, we continued consistently to follow the path we set out on in 2016 to develop our international presence through regional partners. After opening up the Anglo-Saxon market together with Westcoast, we teamed up with Intcomex to make the ALSO Cloud Marketplace accessible in 20 countries in North and Latin America, and we worked with Bezeq International to successfully open Israel as an important IT country, while 26 countries in the MEA (Middle East and Africa) region have already been developed with Logicom. It was thus possible in 2017 to open up a further 21 countries for our PaaS offer. But in our core markets, too, we significantly expanded our service business with existing customers, such as the MediaMarkt Group in Switzerland.
- We launched marketing campaigns in some core markets with the aim of expanding the cooperation with SMB resellers and achieved a revenue growth of 5.9 percent.

PRODUCT MIX

Rapidly providing innovative products and services with high growth potential.

- In 2017 alone, we expanded our portfolio with 49 new product categories. A primary area was the distribution of 3D printing solutions. Furthermore, we entered into a strategic partnership for the marketing of A3 printers. Alongside its role as a logistics partner, ALSO here offers additional services such as installation, the supply of consumables, reverse logistics, and project management.
- In the course of the year, ALSO restructured and expanded training programs and certification services, especially in the field of security, and bundled the many facets under the umbrella of the “ALSO Security Education Circle.”
- ALSO works together with market leading providers of integrated storage, server, and virtualization software solutions. One of the objectives of ALSO here is to promote the distribution of hyperconvergent solutions in Europe.
- ALSO has opened up the possibility for its partners to incorporate innovations such as IBM Watson (artificial intelligence) as part of their own solution. The resulting solutions, supplemented by their own end-to-end support, can be marketed to our partners’ customers on a fixed price basis or also in an SaaS model through the cloud.
- We have significantly expanded our offer for users of the ALSO Cloud Marketplace in the area of security:
  - Security and archiving programs for e-mail communications that meet the requirements of the General Data Protection Regulation (GDPR) that will come into force on May 25, 2018,
  - Blockchain-based secure data exchange for companies working in fields that are particularly sensitive when it comes to data protection,
  - Cloud security for our SMB customers,
  - Solutions for the secure migration of data to the cloud.
- We are developing offers the use of the IoT. A concrete example is the rollout of software services for video surveillance.

OPERATIONAL EXCELLENCE

Continuously optimizing structures and processes to reduce operating expense.

- In 2017, we took a decisive step forward in our efforts to create an organization that is even more customer-oriented, efficient, and agile. The Group-wide finalization of the SAP harmonization has to be highlighted in particular. As a result, we can perform Group-wide enterprise resource planning (ERP) in order to plan and manage resources in a timely and needs-based way and thus further enhance our operational excellence.
- Furthermore, the foundation has thus been laid for integrated customer relationship management (CRM), which will enable us to further develop and boost our customer relationships, better exploit any opportunities that arise, and optimize our processes. This will produce a new level of quality in customer care and support especially for our large number of small and medium-sized enterprises.
- The webshop has been and will continue to be upgraded. We see great potential here in the future resulting from increasing standardization and automation of the transactional business, which will mean that effectiveness will be improved and scalability will be increased.
- The launch of our Business Intelligence 2.0 has enabled us to significantly optimize our flexibility and the possibility of analyzing data and to identify and implement Group-wide best practices more quickly.

BUSINESS MODEL MIX

Systematically expanding and developing the Solutions and as-a-Service business models.

- The ALSO Group began working on extending its services in the direction of usage-based ICT models back in 2012. The area includes as-a-Service offers for platforms, infrastructure, software, devices and workplaces. Grouped under IT-as-a-Service, ALSO thus provides critical competitive advantages to its resellers, which are able to respond with agility and dynamism to the constantly changing requirements of the market thanks to the ALSO Cloud Marketplace. The establishment and development of the offers of seats as a central element of the business model in the context of the PaaS program (Platform-as-a-Service) has to be highlighted in particular. In 2017, ALSO offered a total of 1.3 million seats, over 450 000 of which are PaaS seats for customers.
- In the Logistics-as-a-Service business sector, we submitted tenders in Switzerland to Sunrise and Swisscom, with which we had already worked before 2017, and successfully convinced them to continue using the ALSO services in the future, partly in expanded form. In Finland, we took over the complete reverse logistics of Fujitsu in 2017.
- Development of service platforms such as WePrintSmarter, with which resellers can optimize customer processes. The first product from WePrintSmarter is for example "SmartSupplies," which allows ordering and delivering processes for toners and ink cartridges to be fully automated as an Internet-based end-to-end solution.
- A team for commercial applications in the area of the IoT was set up in 2017, and it is already working on the first concrete offers.

* All the applications mentioned are given as examples, which should not be regarded as exhaustive, to illustrate the practical work related to the five levers.

EMPLOYEES AND SOCIETY

EMPLOYEES

Customers are at the heart of our business activities. But ultimately it is the employees, with their knowledge and their commitment, who make the company successful. As a result of digital change, new possibilities are emerging for our employees to contribute to shaping their work. We want our employees to complete further training and achieve their professional goals, and we want our managers to motivate talented employees so that we can create a flexible, dynamic organization that reacts in a rapid and agile way to our constantly changing market.

In 2017, ALSO had an annual average of 4 058 employees (corresponding to 3 790 full-time equivalent positions) from 44 nations, which is 266 more employees than in the previous year (+ 7 percent). Personnel expenses amounted to 219.3 million euros in the reporting year.

2016

HEADS	Central Europe	Northern/Eastern Europe	Group functions	Group
Average headcount	2 399	1 245	148	3 792
Headcount at year end	2 448	1 299	151	3 898

SHARE ADMINISTRATION / OPERATIONAL FUNCTIONS

	Central Europe	Northern/Eastern Europe	Group functions	Group
Administration	21 %	20 %	86 %	23 %
Operational functions	79 %	80 %	14 %	77 %
TOTAL	**100 %**	**100 %**	**100 %**	**100 %**

2017

HEADS	Central Europe	Northern/Eastern Europe	Group functions	Group
Average headcount	2 519	1 390	149	4 058
Headcount at year end	2 556	1 467	147	4 170

SHARE ADMINISTRATION / OPERATIONAL FUNCTIONS

	Central Europe	Northern/Eastern Europe	Group functions	Group
Administration	21 %	17 %	86 %	22 %
Operational functions	79 %	83 %	14 %	78 %
TOTAL	**100 %**	**100 %**	**100 %**	**100 %**

ALSO conducts a group-wide survey of employee satisfaction (NPS) each year. In this way, we obtain valuable results for developing specific improvement measures and integrating them in the organization.

The employee survey this year mainly produced three points for optimization - communication between the management and employees, the development of career plans and, related to that, appreciation of the work that is performed. We will examine these points in more depth in order to understand exactly the views and expectations of the employee and to build on this to develop specific measures for the individual national company.

In addition to the interesting sector in which we work, our employees value in particular the innovative strength of the company. The personal work environment and the tasks assigned to them are also seen in a positive light by employees.

With the web-based Performance Appraisal Tool, the performance of around 200 managers is systematically evaluated twice a year. It also reveals any necessary training measures.

The Design Thinking workshops conducted in the previous year led to a large number of regional initiatives. Construction work was carried out in Finland and other countries to create or optimize social rooms and meeting places for employees.

A project was conducted in Switzerland that reviewed and further developed the ALSO culture. Every employee can now find in "ALSO Swiss House" a summary of basic principles, conduct and leadership values and compliance guidelines.

The age structure of our employees is balanced and displays a good mixture between highly qualified employees, internationally experienced managers, and young talents.

AGE STRUCTURE*

	Central Europe	Northern/Eastern Europe	Group functions	Group	Previous year
<20	2 %	0 %	5 %	2 %	3 %
21–30	17 %	15 %	23 %	18 %	17 %
31–40	25 %	36 %	27 %	29 %	29 %
41–50	31 %	34 %	24 %	31 %	32 %
>50	25 %	15 %	21 %	20 %	19 %
TOTAL	100 %	100 %	100 %	100 %	100 %

* As of December 31, 2017

COMPLIANCE

ALSO sees part of its corporate responsibility in harmonizing its economic objectives with the social requirements as well as the requirements of its customers, employees, investors and partners. For us, this means creating added value while at the same time reducing detrimental effects for people and the environment.

A variety of measures and tools are available to our company that we can use to embed sustainability and drive that process forward: Approaches to responsible corporate management and to integrity in our conduct. These include for example our corporate governance and compliance structures just as much as defining and monitoring key performance indicators in the field of sustainability and formulating sustainability targets within our areas of responsibility. All ALSO activities are carried out in compliance with the code of conduct. A focus is placed within the national companies on raising the awareness of all employees concerning ecological and social concerns.

The ALSO compliance program is an important element in our risk management and is applied in all countries. A key component of the program is the training of our employees. New employees are familiarized with the contents of the training online and in on-site courses, while refresher courses are conducted regularly for all employees. The training ratio of all employees required to undergo the compliance online training (excluding employees working purely in logistics and temporary staff) amounted to 98.3 percent in 2017.

ECOLOGY

The responsible use of resources is an element that is firmly integrated in our business processes. This involves making it possible to quantify, and thus also to control and manage our environmental efforts. We are currently focusing on three main points throughout the company: Increasing efficiency in the areas of electricity and heating and reducing waste. We also examine our future investments from this perspective.

The following countries currently form the basis for collecting our sustainability figures: Denmark, Germany, Estonia, Finland, France, Latvia, the Netherlands (ALSO International B.V. and ALSO Nederland B.V.), Norway, Sweden and Switzerland. The surveys have been started in Lithuania and Poland, and the goal is to integrate these countries in the scope by 2018.

IMPROVED EFFICIENCY IN THE USE OF ENERGY

We understand improved efficiency to involve reducing the consumption of electricity and fossil fuels by optimizing the heating and lighting concepts of all buildings as well as installing building insulation, which we are also undertaking in some properties that are not actually owned by the company.

TREND IN HEATING COSTS

	kWh p.a.	CO_2/kg	CO_2/FTE
2015	14 932 546	3 179 660	1 096
2016	14 895 230	3 175 713	1 091
2017	13 706 098	2 942 778	975
CHANGE 2017 VS. 2015	**–8.2 %**	**–7.4 %**	**–11.0 %**

The selection of samples covers > 90 percent of the total net sales of ALSO.

TREND IN ELECTRICITY CONSUMPTION

	kWh p.a.	CO_2/kg	CO_2/FTE
2015	13 653 601	2 305 394	795
2016	12 916 234	2 125 928	730
2017	11 372 628	1 710 992	567
CHANGE 2017 VS. 2015	**–16.6 %**	**–25.8 %**	**–28.7%**

The selection of samples covers > 90 percent of the total net sales of ALSO.

Despite an absolute increase in the number of employees and in surface area, we succeeded in further reducing our energy consumption. The further reduction of our electricity consumption and thus also of CO_2 pollution is particularly pleasing. Total CO_2 emissions were successfully reduced by 25.8 percent and even by 28.7 percent per FTE from 2015 to 2017.

Individual measures that should be highlighted include for example a reduction of the temperature in the warehouse facilities in Switzerland by 1 degree Celsius as well as the use of geothermal energy to heat the new warehouse in Finland.

TREND IN WASTE/RECYCLING

The objective here is to record and optimize the material and substance flows, to ensure recycling and appropriate disposal, and to avoid waste while systematically considering the environmental requirements at our suppliers and waste disposal partners.

WASTE/RECYCLING

	Total waste/ metric tons	Recyclable/ metric tons	Total in %	Non-recyclable/ metric tons	Total in %	Waste per delivery/kg
2015	4 182	3 655	87 %	527	13 %	0.579
2016	3 907	3 485	89 %	422	11 %	0.516
2017	4 120	3 700	90 %	420	10 %	0.493
CHANGE 2017 VS. 2015						**–14.8 %**

The selection of samples covers > 90 percent of the total net sales of ALSO.

By separating waste consistently and more efficiently, we have been able to increase the proportion of recyclable packaging components at the warehouse facilities. It has thus proved possible to further reduce the high level of non-recyclable waste throughout the Group. In addition, more detailed separation of the materials has been implemented.

SUSTAINABILITY IN THE SUPPLY CHAIN

In 2016, we carried out a CSR self-assessment using a questionnaire at our suppliers. The aim of the survey was to gain an overview of the commitment of the suppliers to sustainability and to organize exchanges between each other. The questionnaire was sent to the majority of our suppliers with which we generate roughly 97 per cent of our total net sales overall. The response rate was 54.5 percent, accounting for a sales volume of 70.8 percent of total net sales. One focal point of our continued work in this area will be to step up our cooperation with suppliers that work sustainably.

TARGETS

The ALSO Group has set itself the target of continually improving its CO_2 footprint, and in this process the entire supply chain from manufacturer to customer is investigated to see whether there are any possibilities for improvements.
A number of concrete projects are already underway for 2018 that will play a part in further reducing the CO_2 emissions of the Group and thus also help to further minimize our CO_2 footprint. The following individual initiatives are presented by way of example here:

Project 1
Switch from conventional lighting to LED lighting in our warehouse facilities in Braunschweig and Soest in Germany

	Braunschweig	Soest
Days of use	250	250
Period of use	13 h	13 h
Electricity consumption for lighting, current	373 MWh	484 MWh
Saving in %	60%	60%
Electricity saving p.a.	224 MWh	290 MWh
CO_2 saving p.a.	140 t	181 t

By switching to LED lighting, the energy demand in both warehouses can be reduced by 60 percent each, which means savings of 140 metric tons of CO_2 in Braunschweig and 181 metric tons of CO_2 in Soest.

Project 2
Significant reduction of the CO_2 footprint of our warehouse facility in Pirkkala, Finland, through the use of renewable energy sources

Our Finnish organization successfully underwent ISO 14001 certification in 2017. To this end, a company environmental policy, environmental targets, and an environmental program were defined, while a corresponding management system was set up to implement and achieve the targets.
We took a first large step to minimizing our CO_2 emissions when we moved into our new warehouse facility in Pirkkala, Finland, in the middle of 2016. Exclusively geothermal energy is used to supply heat for the entire warehouse. In 2017, the conditions were created to guarantee from the beginning of 2018 an electricity supply from our energy suppliers that is generated 100 percent from wind power.

As a result of this measure, the CO_2 emissions per kilogram will be reduced by 92 percent in comparison with 2017. Comparing the estimated CO_2/kg consumption in 2018 with the value from 2015 (old warehouse), a CO_2 saving of 97.5 percent will be generated from 2018 onward.

BUSINESS DEVELOPMENT OF THE GROUP

ICT MARKET OVERVIEW

According to the CONTEXT market research institute, net sales in the entire ICT distribution market in the countries that are relevant for ALSO grew by +4.5 percent compared to the previous year. The main areas driving this development were telecommunications (+13.3 percent), mobile computing (+5.1 percent), displays (+8.1 percent), and computing components (+7.6 percent). Negative trends were recorded in the areas of software & licences (–2.4 percent), server computing (–9.7 percent), data center networking & security (–13.2 percent) and printing (–5.1 percent).

In the comparable reporting year, ALSO gained market share in significant categories: mobile computing +11.9 percent (Panel +5.1 percent), printing consumables +7.8 percent (Panel +2.2 percent), telecommunications +52.4 percent (Panel +13.3 percent), and displays +12.1 percent (Panel 8.1 percent).

There were slight declines in ALSO's market share in the categories of server computing –12.8 percent (Panel –9.7 percent). The decrease in the panel figure for server computing was particularly attributable to the falling volume of HPE (–4.0 percent) and Lenovo (–7.0 percent). Due to the panel share of ALSO, the focus in this segment was to optimize the vendor mix and the product categories.

NET SALES, EBT, AND MARGIN BY MARKET SEGMENT (IN MIO EUR)

	CENTRAL EUROPE [1] 2017	CENTRAL EUROPE [1] 2016	CENTRAL EUROPE [1] Change	NORTHERN/EASTERN EUROPE [2] 2017	NORTHERN/EASTERN EUROPE [2] 2016	NORTHERN/EASTERN EUROPE [2] Change
EBT	86.7	90.7	–4.4 %	34.6	23.2	+49.1 %
EBT MARGIN	1.6	1.8	–11.1 %	0.9	0.7	+28.6 %
NET SALES	5 436	4 992	+8.9 %	3 878	3 337	+16.2 %

1) Germany, France, Austria, Switzerland
2) Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, Netherlands, Norway, Poland, Slovenia, Sweden

CENTRAL EUROPE MARKET SEGMENT

According to Context the ICT distribution market in the Central European countries that are relevant for ALSO developed positively (+5.6 percent). In the comparable reporting year, ALSO grew by +7.5 percent. In Germany, ALSO was able to grow impressivly by +8.3 percent and gained additional market share (Panel +6.7 percent). This applies to France, too, where ALSO was able to grow by +5.7 percent (Panel +3.0 percent). In Austria ALSO managed to grow by +9.3 percent (Panel+4.3 percent). In Switzerland, ALSO could grow by +6.2 percent despite the fact that a new ERP was rolled out in 2017 (Panel +6.7 percent).

NORTHERN/EASTERN EUROPE MARKET SEGMENT

According to CONTEXT, the ICT distribution market developed positively in this region (+2.0 percent). ALSO even recorded strong growth of +14.3 percent and thus significantly expanded its market share. ALSO grew in Denmark +4.1 percent (Panel −2.7 percent), in Sweden +7.4 percent (Panel −4.0 percent), in Finland +10.5 percent (Panel +5.7 percent), in Poland +64.6 percent (Panel +5.2 percent), in the Baltics +13.8 percent (Panel 8.7 percent). Although ALSO was growing in Norway +8.0 percent, it slightly lost market share (Panel +14.6 percent).

BUSINESS DEVELOPMENT OF THE GROUP

ALSO is presenting a record result again for fiscal year 2017. Group net profit climbed by 11.2 percent year-on-year to 92.5 million euros. At the same time, the Group's net sales improved by 11.4 percent to 8.9 billion euros. Profit before taxes (EBT) jumped up by 9.0 percent year-on-year to 124.2 million euros in fiscal year 2017. EBITDA increased by 7.7 percent to 157.3 million euros.

CENTRAL EUROPE AND NORTHERN/ EASTERN EUROPE MARKET SEGMENTS

The company is represented in 15 countries, which are grouped into two market segments: the Central Europe market segment (Austria, France, Germany, and Switzerland) and the Northern/Eastern Europe market segment (Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, Netherlands, Norway, Poland, Slovenia, and Sweden).

In the Central Europe market segment, ALSO posted a year-on-year increase in net sales of 8.9 percent from 4 992 million euros to 5 436 million euros. EBT declined slightly by 4.4 percent from 90.7 million euros to 86.7 million euros. Earnings were particularly impacted by investments in personnel. The team in France was expanded to gain further market share in the SMB environment, to strengthen the LAFI (Logiciels Application Formation Information, a subsidiary of ALSO) locations, and due to the acquisition of BEIP. In Germany, the cloud back office was expanded, and reverse logistics capacity was strengthened. As part of the SAP launch in Switzerland, ALSO Switzerland's best practices were incorporated in the Group SAP to allow other companies to share in the efficiency improvement. In order to further develop the ALSO cloud platform, we have strengthened our central development team.

In the Northern/Eastern Europe market segment, net sales rose by 16.2 percent compared to the previous year, from 3 337 million euros to 3 878 million euros. EBT rose from 23.2 million euros to 34.6 million euros. Despite necessary investments to improve competitiveness in the area of logistics by reducing excess personnel capacity, earnings were increased, particularly due to the improvement in Poland. The development of the competence center for supplies in the Netherlands (ALSO International) also increased earnings. Earnings in Finland also improved further. As part of the new service agreement with Fujitsu in the area of reverse logistics, ALSO Finland additionally took on employees of the customer, thus laying the foundations for further improvements in earnings in the future.

INVESTMENTS AND ACQUISITIONS

INVESTMENTS

Investments in property, plant and equipment and intangible assets amounted to around 15.5 million euros in 2017 (previous year: 13.4 million euros). These funds were used for the ongoing development of the IT and logistics infrastructure in particular as well as for IT services. The ratio of investments to EBITDA was 9.9 percent (previous year: 9.2 percent). Investments were made in particular in the warehouse facilities in Poland and the Netherlands. Furthermore, the IT services in the IaaS segment were expanded. The key investments in intangible assets concern introductions of SAP in Switzerland and the forthcoming integration of Five 4 U in the Netherlands, the updating of the ERP system, and the development of the ALSO Cloud Marketplace.

The investments will make a key contribution to achieving the ambitious growth targets. ALSO will continue its investment policy moving ahead as well. In order to facilitate further growth and generate synergies, investments in installations for a new warehouse facility are planned in 2018 for the merger of the warehouse locations of ALSO Netherlands and Five 4 U.

ACQUISITIONS

The funds used for acquisitions amounted to around 9.7 million euros in 2017 (previous year 3.7 million euros) and relate primarily to the purchase price payments for three companies. The Dutch special distributor Five 4 U B.V., which operates in the Benelux region, was acquired to generate synergy and cross-selling effects. The company specializes in Apple products. Products from numerous other manufacturers, such as HP and Epson, are also distributed. Moreover, software and IT services are offered to customers. New customer groups will thus be opened up, and we will create an important base for our 3D printing business sector. Furthermore, two value added distributors (VADs) of security and network products were acquired, Internet Smartsec Oy of Finland and BeIP S.A.S. of France. Their expertise and product portfolios in a growing market environment represent for ALSO an optimal addition to its own range of solutions. The focus of BeIP on vertical segments, such as the market for telecommunication operators, opens up enormous potential for us.

ALSO is still striving to support the ambitious growth targets with value-adding acquisitions. The focus is on acquisitions of Solution and Service activities that can be scaled up based on the ALSO platform, and on acquisitions on European growth markets to expand the ALSO platform. Options on developed European markets, where ALSO is not represented, are also being considered to expand the platform.

INVESTMENTS AND ACQUISITIONS IN BRIEF

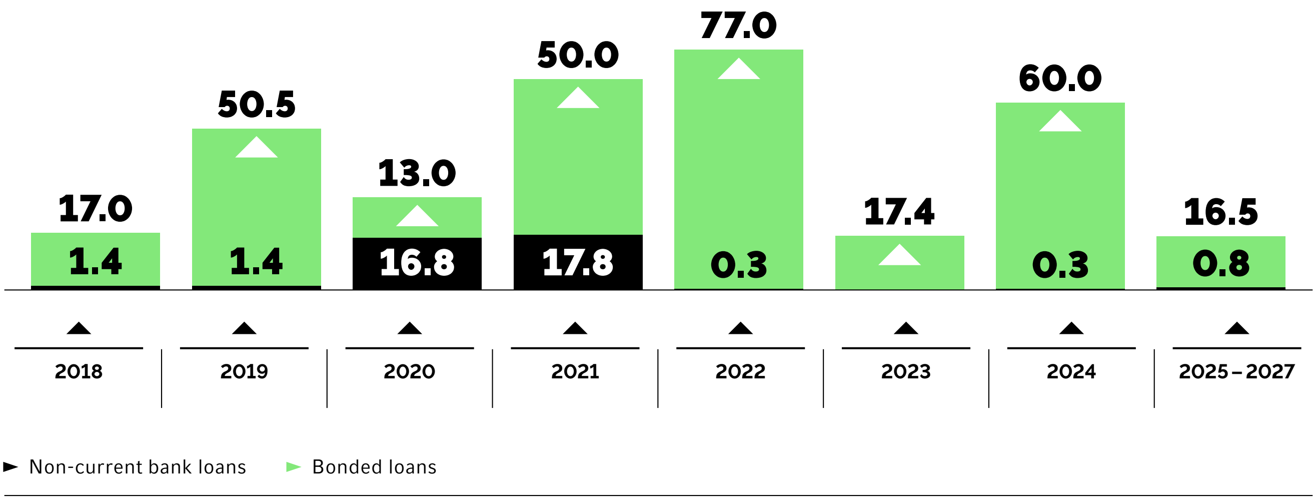
EUR 1 000	2017	2016	2015	2014
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND IN INTANGIBLE ASSETS	**15 534**	**13 351**	**13 751**	**11 965**
Thereof in land and buildings	148	291	854	2 016
Thereof in warehouse equipment	1 972	3 218	5 432	1 087
Thereof in other property, plant and equipment	9 012	4 014	4 061	3 512
Thereof in intangible assets	4 402	5 828	3 404	5 350
Investments as a percentage of EBITDA	9.9 %	9.2 %	9.8 %	7.9 %
ACQUISITIONS	**9 734**	**3 676**	**11 346**	**62 308**
BeIP S.A.S.	1 225			
Internet Smartsec Oy	681			
Five 4 U	7 473			
Others	355			
TOTAL INVESTMENTS AND ACQUISITIONS	**25 268**	**17 027**	**25 097**	**74 273**

SOLID FINANCING STRUCTURE

The main task of ALSO's finance division is to provide the necessary liquidity for financing the company's operating business on the condition of securing the capital structure. It aims to finance the required maturities at the best possible conditions. As a result of the transactional business, the majority of financing requirements are short-term. Owing to seasonal effects, working capital is subject to short-term fluctuations. The necessary cash is obtained mainly by selling existing receivables to factoring companies. This is supplemented by bank lines of credit that are available at short notice. In addition, ALSO continuously increased the proportion of long-term financing by placing bonded loans on the capital market. In 2017, new bonded loans totaling 153.5 million euros were raised with terms of five, seven and 10 years. The positive response from investors is a clear sign of confidence in the business model of ALSO. In order to minimize risk, attention was paid to obtaining a diversified term structure at favorable financing conditions. As a result of this optimization of the financing structure, we will enhance the flexibility of our MORE program and enable the strategic development of the Group also in terms of potential future acquisitions.

The financing structure now offers greater flexibility to cover net working capital financing. The long-term financing displays a balanced distribution of the maturity structure over the years 2018 to 2027.

MATURITY PROFILE (IN MIO EUR)



CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow from operating activities before changes in net working capital amounts to 97.7 million euros (previous year 100.1 million euros). It is available to ALSO for its operational and strategic further development and can be regarded as sustainable cash. The higher Group net profit in 2017 is contrasted here in particular with higher exchange differences on account of the rate on the reporting date of December 31, 2017, at the Group companies that report in CHF.

The amount of the change in net working capital is strongly dependent on seasonal effects and the timing of customer sales and payments and fluctuates between periods. Increasing sales of customer receivables normally result in a positive cash flow from the change in net working capital. After deducting the change in net working capital of 2.8 million euros, the remaining cash flow from operating activities amounted to 94.9 million euros (previous year 90 million euros).

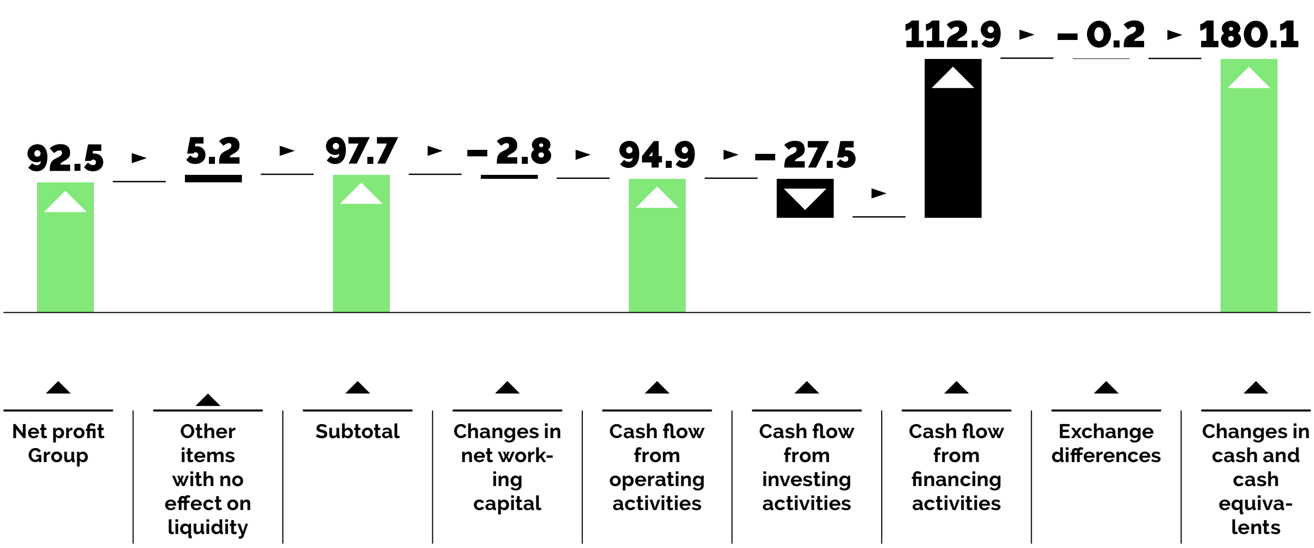
Inventories were up 13.0 percent year-on-year in line with the 11.4 percent rise in net sales. This led to a cash flow from the increase in inventories of –84.4 million euros. This amount was virtually compensated by the decrease in the receivables from factoring as well as the trade receivables as a result of higher sales of receivables. The remaining effect resulted from net other items.

The cash flow was further reduced by investments in the amount of 27.5 million euros. Included here is the purchase price payment of 9.7 million euros arising from the acquisitions, which essentially relates to the companies Five 4 U B.V., BeIP S.A.S., and Internet Smartsec Oy. In addition, a total of 15.5 million euros was invested in property, plant and equipment and intangible assets, primarily for the ongoing development of the IT and logistics infrastructure and for IT services.

In the cash flow from financing activities of 112.9 million euros (previous year –55.0 million euros), there were negative cash flows from the distribution to the shareholders of 26.9 million euros. The increase was significantly influenced by the raising of bonded loans totaling 153.5 million euros. The remaining amount results primarily from the repayment of current bank loans.

With cash and cash equivalents of 235.6 million euros and bank credits available at short notice of 341.1 million euros, the ALSO Group has a high level of available liquidity.

CONSOLIDATED STATEMENT OF CASH FLOWS (IN MIO EUR)



RISK REPORT

OBJECTIVES

The objective of our corporate activities is to use opportunities, minimize risks and, through that, systematically and sustainably increase the value of the company. The main objectives are to make significant risks visible, prevent threats to the existence of the company as a going concern, increase the enterprise value over the long term, ensure that targets are hit and future successes are achieved, and optimize the risk costs.

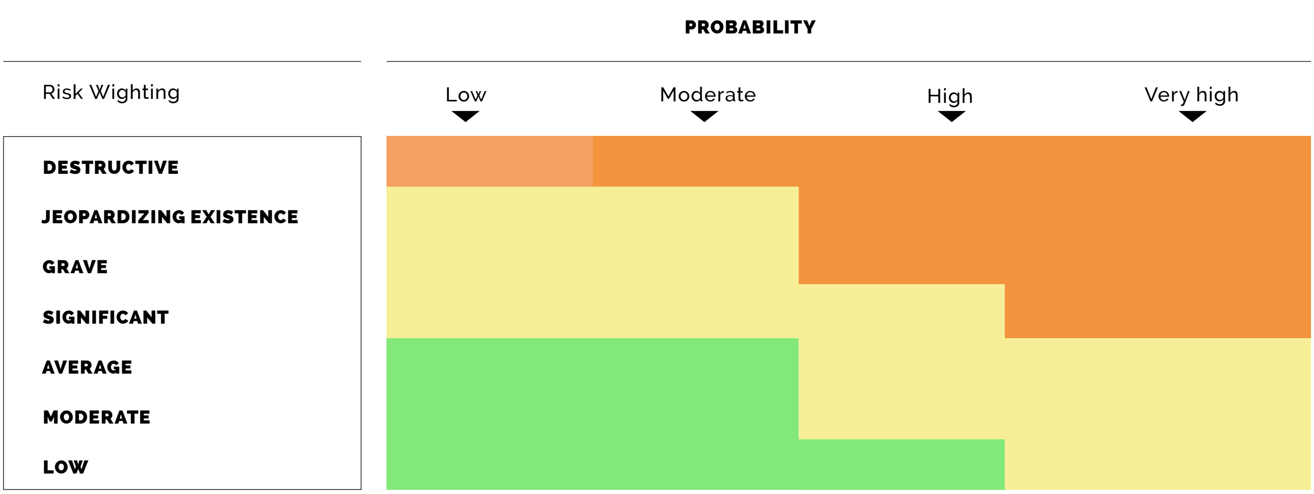
ORGANIZATION AND PROCESS

ALSO implements a standardized risk management process that is applicable throughout the Group. This process ensures that risks in all key Group companies are systematically analyzed and a uniform evaluation is made. The risk transparency that has been created allows suitable control actions and countermeasures to be derived. The implementation of these measures generally results in reduced potential for damage. At ALSO, the organization of the risk management is the responsibility of Internal Audit. It collects information from the ALSO companies every six months on the risks that have been identified and the countermeasures that have been initiated. To this end, one person is assigned responsibility for each issue in the ALSO companies. The respective risk officers or managing directors are responsible for ensuring that the contents are complete and correct. Group Management and Internal Audit must be informed immediately by the risk officers and additionally in an ad hoc report if new critical risks emerge.

The principles of the risk management system are defined in the risk management manual of the ALSO Group.
The risk management process takes all relevant risks of the key Group companies into account. The individual risks are identified, assessed, and consolidated. ALSO classifies the risks into four special risk fields based on the source of the risk (company-related risks, market risks, financial risks, and tax risks).

The individual risks are assessed in terms of their possible effect on profits or liquidity (very low to economically destructive) and their probability of occurrence (low to very high). The classification of the possible effect is determined as a function of the consolidated net profit of the ALSO Group, and an annual review is carried out to assess whether it is necessary to revise the classification. A revision of the risk categories was carried out in the reporting year on account of the significant increase in the consolidated net profit over the past years.
Based on the possible effect as well as the probability of occurrence, the risks are broken down into the categories red, orange, yellow, and green.

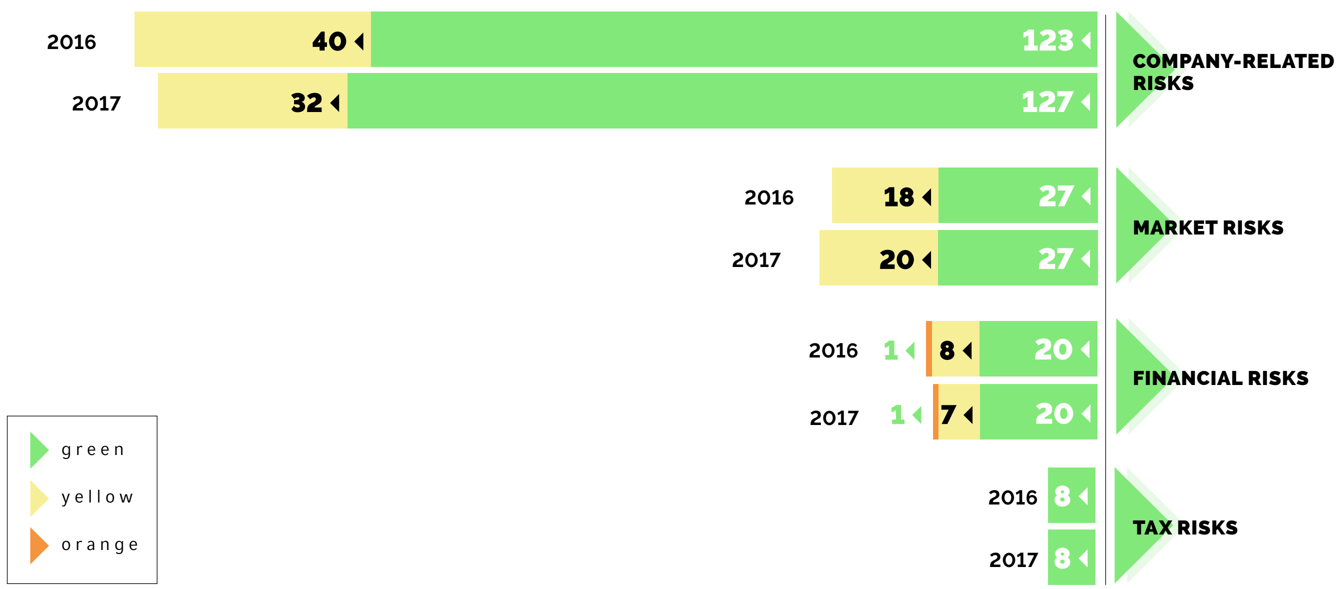
RISK REPORT



GENERAL RISK SITUATION

The business performance of the ALSO Group depends significantly on the general economic situation, economic developments, and technological progress, especially as a result of digitalization. In order to prevent a substantial decline in the enterprise value, the ALSO Group is systematically expanding its vendor and buyer structure and investing in the development of the Supply, Solutions, and Services business segments. The following picture emerges in the individual risk fields in 2017. The focus is placed on the company-related risks, followed by the market risks. No risk is currently reported as a red risk. There is an orange risk related to the impairment of the goodwill, which is currently estimated to be around 150 million euros. This represents a derived risk, as the impairment of the goodwill depends on the expected future business performance. The risk is countered by the consistent development of the ALSO strategy.

NUMBER OF IDENTIFIED RISKS



The basis for the risk management is illustrated in the following graphic on the risks and opportunities of the business, which is constantly monitored, analyzed and further developed by the management.

TOWS

SPECIFIC RISK FACTORS

COMPANY-RELATED RISKS

INFORMATION TECHNOLOGY

Information security and IT availability and performance are the key prerequisites for successful entrepreneurial activity. The existing systems are constantly optimized. In addition, tests are carried out as part of the internal audit, and measures are appropriately checked when it comes to implementation. In order to cover possible risks in the event of IT malfunctions, especially the failure to meet contractually guaranteed delivery dates, IT capacity is constantly adapted to meet demand. Differentiated backup and recovery strategies play their part in preventing data losses as a result of cyber attacks for example and in minimizing downtimes.

LOGISTICS AND STORAGE

The business model of ALSO depends to a high degree on the availability of efficient, discrete logistics structures, the security of the stock on hand, and high-performance and cost-effective external logistics partners. The logistics structures are vulnerable to traditional risks of failure, such as fire, flood and theft, as well as risks that prices for transport and the rent for warehouse facilities will change. In addition, there are risks in the competitiveness of our logistics structures. There is currently a risk here in a warehouse in the Northern/Eastern Europe market segment. A new concept is planned to counter this. The inventory held by ALSO is subject to depreciation risks as a result of the relatively short product lifecyles of IT products. ALSO counters this risk through dedicated, demand-based scheduling of the inventory with the aim of generating higher availability and corresponding inventory turnover times as well as through appropriate rights contained in the agreements with providers (price protection, stock protection, or stock rotation).

HUMAN RESOURCES

The further development of ALSO depends materially on the knowledge and the dedication of its workforce. ALSO concerns itself with personnel risks and works with systematic staff planning and qualification in order to deploy, promote and retain employees in line with their abilities. Furthermore, active monitoring of employee satisfaction is carried out. The development of our personnel and managers is an important condition for proactively and reliably ensuring our human resources capacities. Despite all our efforts, a shortage of specialists remains a challenge. The in-house possibilities for continuous professional development will therefore continue to be strengthened in order to train our own personnel optimally in the medium and long term and thus counteract the skills shortage. Bottlenecks in the recruitment of appropriately certified employees exist in particular in the Group companies focusing on the Solutions business field. In the future, recruitment will be concentrated with the help of social media tools in order to address a broader circle of potential new employees.

LEGAL AND COMPLIANCE

As a Group with international operations, ALSO has to comply with numerous legal and fiscal regulations as well as regulations under antitrust and patent law. The large number of relevant provisions at the local and international levels and their increasing complexity increase the risk that ALSO may incur significant legal and economic risks, such as fines and claims for compensation, in the event that it fails to comply with them. In order to minimize compliance risks, ALSO has set up a compliance management system that is aligned with the usual market standards and accordingly features the key elements. The program stipulates that all new hires joining the Group are trained in good time before they take up their job. The training courses are repeated on a regular basis. The use of an e-learning platform additionally allows employees to be tested about what they have learned. Current and impending legal disputes are continuously identified, analyzed, and evaluated in terms of their legal and financial effects and taken into appropriate consideration in the ongoing risk management process. ALSO Deutschland GmbH faces a risk in connection with copyright fees here.

MARKET RISKS

GROWTH RISKS

A large increase in delivery volumes at month’s end could lead to volume and shipping capacities becoming critical at certain locations. This would result in constraints on the shipping quality. The significant increase in the scope of delivery with a larger retailer created an increased risk for ALSO Deutschland GmbH as a result of a failure to meet guaranteed delivery times. In addition to a short-term workaround involving the exchange of special orders between locations, a project to optimize inventory turnover times, and external commissioning of and storage at service providers, our logistics strategy is currently undergoing a comprehensive audit and revision.

COMPETITION RISKS

ALSO works to counteract the competition in the ICT industry through its growth strategy. The scaling of the business models and the related increase in volumes result in competitive advantages for ALSO and its resellers. Active engagement with providers and the design of the price structure for buyers are crucial levers to this end. Furthermore, ALSO distinguishes itself within the market through unique selling points in the Service and Solutions business models.

BUYERS

On the buyer side, risks can arise from the dependence on several large customers. In 2017, net sales with the largest individual customers totaled 824 million euros. Growth will be promoted and targeted at the fourth- to tenth-largest customers of a market in order to avoid concentration risks. An SMB initiative was launched in July 2016 in Germany among 500 selected existing and former customers in order to further diversify the buyer structure.

In its operating business, ALSO is exposed to default risks in customer receivables. A credit check is performed on the customer as early as the quotation phase in order to limit the risk of losses on receivables. Default risks are additionally limited by active receivables management. Active customer monitoring, balance sheet analyses, disclosures, insurance rating, and factoring programs are some of the important measures carried out here. A considerable proportion of the receivables are hedged by commercial credit insurance.

PROVIDERS

ALSO works with the major providers of hardware and software especially in the Supply business field. Concentration risks and dependencies on large individual providers result from this. ALSO counters these with active market share management as part of the vendor mix lever (refer to relevant page in the Management Report). On the ICT market, ALSO constantly monitors the product innovations of the providers so that it can get involved in fields with high potential at an early stage. Large receivables from providers regularly arise as a result of various programs designed to support sales promotion activities by providers (including marketing programs, bonuses, sales discounts, price protection, for example). Complete documentation of the basis of claim is required at all times in order to enforce these claims. ALSO counters the risk with a permanent and efficient process organization for the relevant business transactions.

FINANCIAL RISKS

LIQUIDITY RISKS

One of the central tasks of ALSO is to guarantee the Group's solvency at all times by providing sufficient funds when necessary as well as by ensuring the profitability through management of the financial risks. The central liquidity risk management system ensures that the Group is always in a position to fulfill its payment obligations promptly. ALSO continuously monitors its liquidity with a detailed cash flow plan on a daily basis. Extensive planning ensures furthermore that sufficient liquidity is available in the medium and long terms. In the area of financing, ALSO uses a wide variety of financial institutions in order to reduce any dependency on individual banks. ALSO was always able to fulfill all financial obligations also in fiscal year 2017.

RISK RELATED TO DEPOSITS

ALSO is exposed to a default risk arising from its financing activities. In the financial area, ALSO manages the resulting risk position by the diversification of financial institutions and by verification of the financial strength of each counterparty based on publicly available ratings as well as on publicly available ad-hoc information about the financial institutions. As a result, ALSO is generally able to keep the credit risks to a minimum. Some larger receivables from financial institutions arise in particular in the factoring area. No losses on receivables have occurred during the long-standing business relationships with the factoring companies. The risk of loss on receivables from factoring partners is not insured with credit insurance. The default risk of loss is minimized by ALSO through regular evaluation of the factoring partners.

INTEREST RATE RISKS

ALSO's interest rate risks relate mainly to current financial liabilities with variable interest rates. Interest rate fluctuations cause changes in the interest income and expense of the interest-bearing assets and liabilities. ALSO is particularly exposed to interest rate risks in euros, Swiss francs, Danish kroner and Polish zloty. The interest rate management is handled centrally. Short-term interest rate risks are partially hedged, a material part of interest bearing-liabilities hence remaining exposed to interest rate fluctuations. Taking into account the existing and planned debt structure, interest derivatives are used if necessary to meet the bandwidths recommended by central Group treasury and prescribed by management. Since ALSO uses fixed as well as variable interest-bearing instruments, interest risks may result from an increase as well as a decrease in market interest rates.

EXCHANGE RATE RISKS

A material part of the cash flows of the operational companies occurs in currencies which are not the functional currencies of those subsidiaries. ALSO is therefore exposed to foreign currency risks. Foreign currency risks are hedged only if they affect the cash flow of the Group. Exchange rate risks that arise in the consolidated financial statements through the translation of statements of comprehensive income and statements of financial position of subsidiaries are not hedged.

In the purchasing area, a certain amount is conducted in foreign currencies, especially euros (where it is not the functional currency) and in US dollars. To hedge this exchange rate risk, Central Treasury hedges the purchasing volumes of the operating companies outside their functional currency.

Group-internal loans between subsidiaries with different functional currencies give rise to foreign currency risks. ALSO hedges most of these risks. Speculative borrowing or lending in foreign currencies is not permitted. Transaction-related foreign currency risks are also monitored, and the corresponding net exposures in the various currencies are calculated.

By regular use of forward contracts, ALSO constantly reduces the exchange rate risk. There is therefore no material exchange rate risk for the Group.

TAX RISKS

ALSO's operations are heavily networked and carried out across different locations. The accompanying service relationships contain the risk that the underlying transfer prices will not be recognized for tax purposes. In order to limit this risk, ALSO has worked with specialist tax consultants to design the transfer pricing concept and has the underlying transfer pricing documentation audited at regular intervals. ALSO has some tax loss carry-forwards. There is a risk that these loss carry-forwards will not be used and will lapse as a result of time or other restrictions. ALSO regularly examines whether it is possible to use the loss carry-forwards through tax planning.

OUTLOOK

ECONOMIC SITUATION

The global economy seems in 2017 to have achieved its best performance since 2011. Growth accelerated in the US, the eurozone, China, Japan, Russia, and Brazil, while UBS Research estimates that gross domestic product (GDP) rose globally to 3.8 percent set against 3.1 percent in 2016. What is particularly impressive about this growth is that it has occurred synchronously. Only six times in the past 30 years have all national economies of the G-20 recorded growth at the same time.

The economic forecast produced by UBS Research shows that little will change in the positive economic environment, and global growth of 3.8 percent is once again expected for 2018. According to the latest forecast, the gross domestic product (GDP) of the 19 eurozone countries will rise by 1.9 percent in 2018 (2017: 2.3 percent). A stronger euro and the uncertainty surrounding Brexit may nevertheless weigh down on Europe's economy.

Overall, the political risks at the international level remain significant (e.g. conflict with North Korea, implementation of Brexit). Considerable uncertainty additionally emerges from US economic policy and the tax reform that the country has decided on. An eye has to be kept on other risks in the medium term. High levels of sovereign and corporate debt leave the financial system vulnerable. In light of the currently very high stock valuations, there is additionally the risk of a sudden backlash with potentially major consequences for the real economy. The implementation of structural reforms to reinforce potential growth is also proceeding sluggishly across the world.

DEVELOPMENT OF END-USER SPENDING ON IT BY SEGMENT (IN PERCENT)

Segment	2017	2018
Devices	+3.2 %	0.0 %
Data Center Systems	+5.3 %	−3.3 %
Software	+7.3 %	+6.8 %
IT Services	+3.0 %	+3.3 %
Communications Services	−1.3 %	−0.9 %
TOTAL	+2.3 %	+1.5 %

Chart created by ALSO based on Gartner Research, Source: Gartner, Inc., Gartner Market Databook, 4Q17 Update
Analysts: Newbury, K. / O'Connell et al.
Publication date: December 28, 2017

MARKET OUTLOOK FOR 2018

Gartner estimates that global spending on IT in 2018 will rise by a further 4.5 percent. An increase of 9.5 percent is expected in the area of business software. On that basis, investments may well run to 421 billion dollars by the end of 2019. At an expected 704 billion dollars (5.6 percent), growth will also be sustained in the hardware sector. Investments in the development of artificial intelligence will also generate new business models valued at 2.9 trillion dollars in the medium term.

For the ICT market in the ALSO countries[1], the Gartner market research institute forecasts an increase in end-user spending of 1.5 percent.

DEVICES

In the devices sector, Gartner anticipates a stagnation (0.0 percent) in end-user spending. A decrease of 2.8 percent is expected in the PCs and tablets subsegment. ALSO assumes that is mainly caused by traditional products. End users demand a higher flexibility and versatility due to their growing mobile needs. Nevertheless, ALSO

[1] *Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Norway, Poland, Sweden, Switzerland; excl. Baltics and Slovenia*

believes in a big opportunity in the gaming sector for traditional formats. Furthermore, ALSO expects stabilization in traditional PC market mainly driven by upgrade to Windows 10.

According to Gartner the spending on mobile phones is forecasted to increase by 3.6 percent. ALSO expects that new user demands, smartphone life cycles close to two years and devices with larger screens are the main driving forces behind this growth. Furthermore, the average selling price of smartphones is expected to grow because of the release of premium devices like iPhone X.

For the printers subsegment Gartner is forecasting a decrease by 7.2 percent during 2018. ALSO assumes that this is based on the decline in laser printing. Furthermore, Gartner expects that large and mid-size enterprises implement print management solutions and optimize their printer fleets through device consolidation to reduce office print spending by 30 percent. A further reason is the growing trend towards digitalized workflows and electronic sharing of content.

SOFTWARE

According to Gartner's forecasts, the software sector will post a strong growth of 6.8 percent. In the enterprise application software subsegment (+8.6 percent), ALSO expects customer relationship management (CRM) to endure as growth driver, followed by supply chain management (SCM), open-source application software and enterprise content management. ALSO supposes an acceleration in the adoption of the Software-as-a-Service (SaaS) application model. According to Gartner many enterprises use or plan to use SaaS. They evaluate SaaS as more cost-effective than on-premises solutions and easier and faster to deploy.[2]

In the infrastructure software subsegment, Gartner forecasts a growth of 4.8 percent. In ALSO's opinion this will be leaded by data integration tool and data quality tool (DIDQ). Digital business requires active and dynamic data integration in real time. This will lead to data integration tool suites with additional functionality and to new cloud-based offerings. In addition, the current good market conditions in Western Europe traditionally lead to more investments in modern technologies, like cloud-related investments, especially SaaS. Enterprises want to integrate quickly new SaaS applications with their existing application portfolio. Therefore, ALSO assumes an expansion in spending in the areas integration-Platform-as-a-Service (iPaaS), application-Platform-as-a-Service (aPaaS) and application programming interfaces (API) management.

DATA CENTER SYSTEMS

End-user spending on data center systems is expected to decline by 3.3 percent. Gartner forecasts a decrease of 7.0 percent for servers. ALSO believes this is caused by extending life cycles of enterprise servers. Many organizations avoid replacing their servers despite disadvantages like increasing maintenance costs and/or downtime. Based on Gartner reports, DRAM and SSD prices are increasing due to supply shortages.[3] This has a negative impact on enterprise server demand too.

In addition, a shrinkage is expected for the subsegments enterprise network equipment (–4.0 percent) and external controller-based storage (–4.3 percent). While in the latter a destructive competition between internal enterprise infrastructure business units is responsible for the loss of revenue, in the enterprise network equipment subsegment it is a result of disruption of application delivery controllers (ADCs) and WAN optimization controllers (WOCs), along with merger of intrusion prevention system (IPS) and the firewall market.

Based on Gartner´s report, these declines in sales will be partially offset by unified communications (+3.6 percent), whose growth is driven by greater bundling of cloud applications.

IT SERVICES

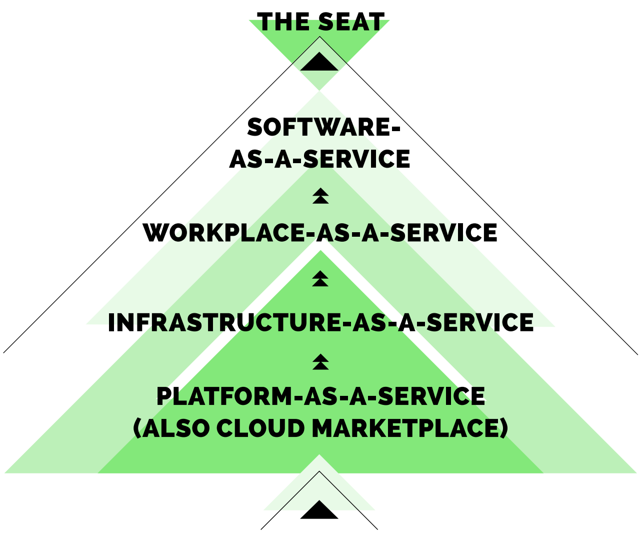
Gartner forecasts growth of 3.3 percent in the IT services sector. In the subsegments, a 3.8 percent increase in business IT services and a 1.0 percent decrease in IT product support are anticipated. Gartner estimates that Infrastructure-as-a-Service (IaaS) will add the greatest amount of spending growth in business IT services, with hyperscale providers gaining increased dominance. Traditional services like infrastructure outsourcing (e.g. service desk outsourcing, end-user device outsourcing and data center outsourcing) will decrease.[4]

For the subsegment of product support services Gartner expects decline in client device/network systems and data center systems hardware support, while the custom software support will increase.[5]

[2] Swinehart, H. / Woodward, A. et al. (2017): Forecast Analysis: Enterprise Application Software, Worldwide, 3Q17 Update, Gartner Inc.
[3] Yamada, K. / O'Connell, A. et al. (2017): Forecast Analysis: Servers, Worldwide, 3Q17 Update, Gartner Inc.
[4] Lovelock, J. / O'Connell, A. et al. (2017): Forecast Analysis: IT Spending, Worldwide, 3Q17 Update, Gartner Inc.
[5] Blackmore, D. / Tornbohm, C. et al. (2018): IT Services, Worldwide, 4Q17 Update, Gartner Inc.

Disclaimer: The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Annual Report]) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

IT-AS-A-SERVICE



	TRANSACTION-BASED	USAGE-ORIENTED
HARDWARE AND SOFTWARE	YES	YES
LOGISTICS	YES	YES
MARKETING	YES	YES
IT ARCHITECTURE AND DESIGN	YES	YES
BUSINESS INTELLIGENCE	YES	YES
BARRIERS TO ENTRY	VERY HIGH	HIGH
PAYMENT METHOD	ONE-OFF	RECURRING
RETENTION RATES	VERY LOW	HIGH
COMPLEXITY AT THE END CUSTOMER	HIGH	LOW
CAPITAL REQUIREMENT AT THE CUSTOMER	VERY HIGH	MODERATE

very high · high · moderate · low · very low

yes · one-off · recurring

ALSO OUTLOOK

OUTLOOK FOR THE COMPANY

Blockchain, Industry 4.0, smart homes – data are the raw material of the 21st century. A variety of business models are required to handle, use, and process these data. Virtual platforms with complex server and network architecture providing the basis for data centers and business intelligence applications will be needed. Hardware will be needed for servers and storage, as will software and devices as interfaces for tapping these data.

ALSO will continue to act as the link in a three-stage distribution process, bringing vendors and buyers together. Usage-based business models are forming part of transactional business to an ever increasing extent. Infrastructure operated by the end customer, on which clearly defined tasks are executed over a long period of time, is increasingly being replaced precisely by the skills or the operating resources that are needed to complete one task and that are rented for precisely the time it takes to do so. The concept of needs-based usage applies just as much for software as it does for hardware, as much for digital infrastructure as it does for logistics services. The billing for these services is based on usage.

PROCESS-BASED ECONOMY OF SCALE

ALSO also sees a future focus of its business activity in the further development of the transactional business model, whether this is in the area of Supply or as-a-Service.

The aim is to supply customers with all the products and services they need as quickly and flexibly as possible. The business model is characterized by a high turnover speed and a low degree of vertical integration, while the processes are automated to the greatest possible extent.

KNOWLEDGE-BASED ECONOMY OF SERVICE

In parallel to this, the second focus will be placed on the development of the usage-oriented business, which primarily covers the area of IT-as-a-Service in addition to logistics and marketing. The aim here is to take the strain off our customers, to provide them with the flexibility and simplicity they need to be able to concentrate on their core competences.

This business model is characterized by a high degree of consultancy and specially tailored solutions, which results in high added value.

STRUCTURAL ANALYSIS AND OPTIMIZATION FOR THE FURTHER DEVELOPMENT OF THE COMPANY

We will conduct a structural analysis to systematically examine all business structures and processes in our organization in order to create the best position for the company in every field and to consistently translate our strategy into operational measures. The examination of the internal business processes will be geared toward the needs of our customers and the requirements and conditions of the market. We are using an upstream best practice comparison to define benchmarks and focal points of the examination. A consistent focus on problems will allows us to identify the factors that will play a part in further increasing effectiveness and efficiency. Divided into the five working groups

- Future Foundations,
- Business Models,
- E-Commerce,
- Products|Providers|Customers,
- Company,

the entire management team is involved in the project. In this way, we will gain insights into how tried-and-trusted methods and strategies for action function and at the same time encourage the entrepreneurial thinking and action of our employees.

Disclaimer: This Annual Report contains forward-looking statements which are based on current assumptions and forecasts of the ALSO management. Known and unknown risks, uncertainties, and other factors could lead to material differences between the forward-looking statements made here and the actual development, in particular the results, financial situation, and performance of the Group. The Group accepts no responsibility for updating these forward-looking statements or adapting them to future events or developments.

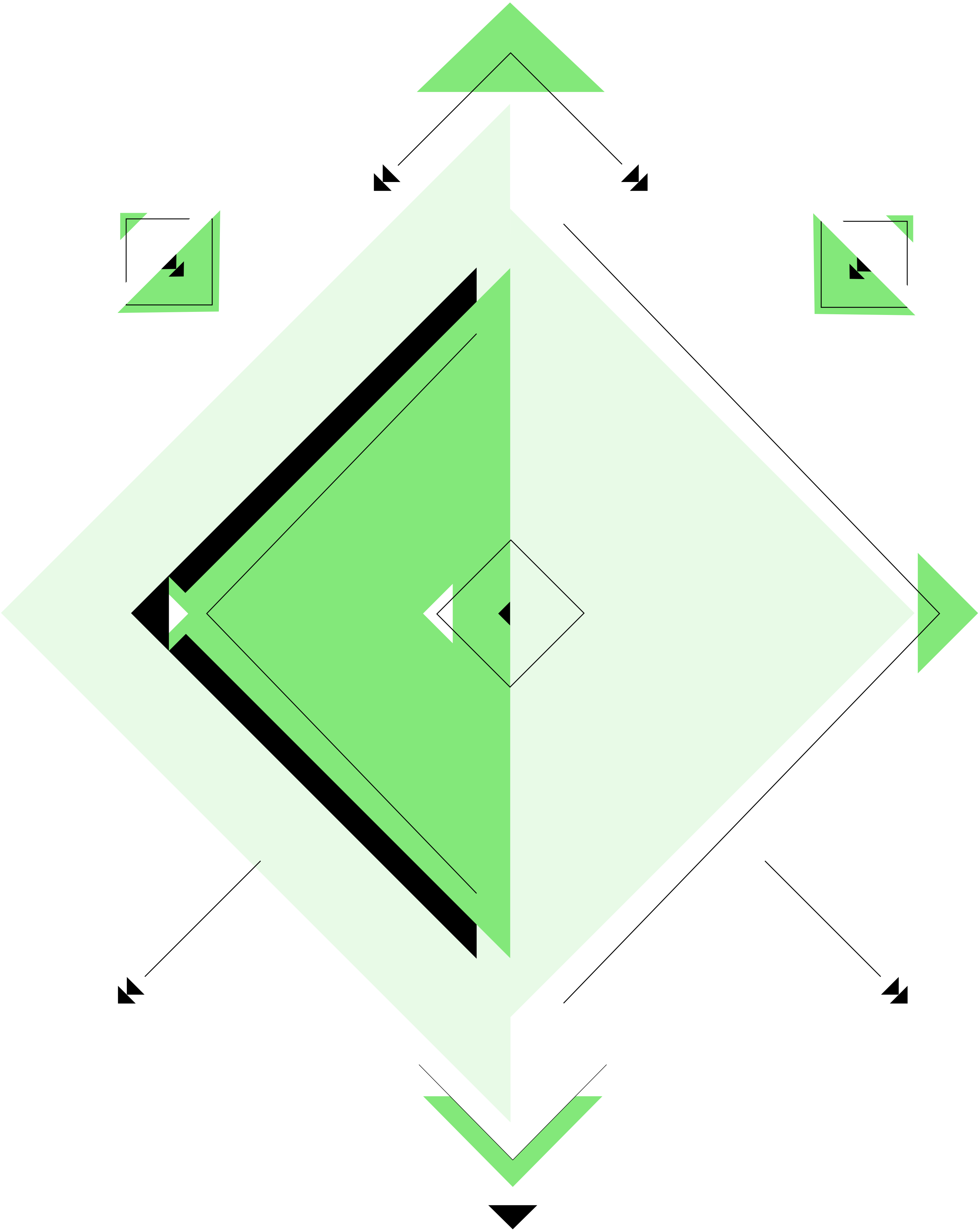
FINANCIAL OUTLOOK

Including acquisitions, ALSO is aiming for a net sales volume of 10 to 14 billion euros in the medium term. The share of Solutions is expected to be about 30 percent, while about 10 percent is targeted in the as-a-Service area. These shares will also depend on the weighting of the acquisitions. ALSO expects them to be focused on the areas of Solutions and as-a-Service. In the area of as-a-Service, the focus is on expanding usage-based business models – Platform-, Infrastructure-, Workplace- and Software-as-a-Service. In the area of Supply, the aim is to optimize the provider and buyer composition, product categories, and operating expenses. This, combined with optimization of the proportionate weighting of the business models, will result in an increase in profitability. In the medium term, ALSO is aiming for an EBITDA margin in a range of 2.1 percent to 2.6 percent of net sales. Despite continuing uncertainties with regard to the economic conditions, ALSO is therefore confident that the targeted measures will take full effect and that an attractive return can be generated in the future, too.

In 2018, business opportunities will also arise for ALSO as a result of changes in the structure of the competition. The anticipated sales increase in the year as a whole should therefore be above the market growth of 1.5 percent forecast by Gartner. With regard to the consolidated net profit, the increase is once again expected to be higher than the forecast sales growth.

2

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

This Corporate Governance Report contains the information that is stipulated by the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and follows its structure.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

ALSO Holding AG is the parent company of the ALSO Group, which directly or indirectly holds all other Group companies and associates. The shares of ALSO Holding AG have been listed on SIX Swiss Exchange since 1986 (symbol: ALSN, valor symbol: 2 459 027, ISIN: CH0024590272). The market capitalization of the ALSO Group amounted to CHF 1 722 million as of December 31, 2017.

Please ► see page 160 of the annual report for the list of the Group's subsidiaries and equity investments.

The ALSO Group has streamlined and efficient management structures at all levels. The operational Group structure as of December 31, 2017 is as follows: The Board of Directors of ALSO Holding AG is responsible for the highest level of management; ► see also section 3 of this report. It defines the strategic, organizational, and financial goals of the Group. There are also three committees (Compensation and Nomination Committee, Board Committee, and Audit Committee; ► see also section 3.4.2 of this report).

In addition to the Board of Directors, there is a three-person Group Management consisting of the CEO, CFO and the Corporate Vice President for Northern/Eastern Europe; ► see also section 4 of this report. The Board of Directors has delegated the management of the day-to-day business of the company to Group Management under the direction of the CEO of the Group. The Board Committee advises and supervises Group Management.

For every country in which ALSO is active, a Managing Director bears the overall operational responsibility. There are also Senior Vice Presidents who are responsible for the Group-wide functional areas of European Key Account, SMB Development, Supply-, Solutions-, Logistics- and Financial-Services, IT Processes, Consumptional Business, Transformation as well as of E-Commerce. The Corporate Vice Presidents have supra-regional responsibility for customers so that they can adapt best practices of the different customer segments.

1.2 SIGNIFICANT SHAREHOLDERS

SIGNIFICANT SHAREHOLDERS

	12.31.2017	12.31.2016
Special Distribution Holding GmbH, Dusseldorf (Germany)*	51.30 %	51.30 %
Schindler Pars International Ltd., Hergiswil (Switzerland)**	***	7.60 %
Bestinver Gestion, S.G.I.I.C. S.A., Madrid (Spain)	3.17 %	5.96 %
SaraSelect, c/o J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	3.60 %	4.00 %
LB(Swiss) Investment AG, Zurich (Switzerland)	***	3.93 %

Source: Share register as of December 31 (without nominees)
* Controlling shareholder: Walter P.J. Droege through Droege Group AG
** Held 100 percent by Schindler Holding AG
*** Voting rights below the notifiable threshold value of three percent

Notifications made during the fiscal year in accordance with Art. 120 et seqq. Financial Market Infrastructure Act "FMIA" can be viewed using the following link:

► https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

As regards the value of the percentage voting rights shown, it should be noted that any changes in the percentage voting rights between the notifiable threshold values are not subject to disclosure requirements.

1.3
CROSS-SHAREHOLDINGS

ALSO Holding AG has no cross-shareholdings exceeding 5 percent in any company outside the ALSO Group.

2.
CAPITAL STRUCTURE

2.1
ORDINARY SHARE CAPITAL

The ordinary share capital amounts to CHF 12 848 962 as of December 31, 2017. It consists of 12 848 962 fully paid-up registered shares with a nominal value of CHF 1.00 per share. Subject to Art. 5 of the Articles of Association ► www.also.com/goto/articlesofassociation, each registered share entitles the shareholder to one vote as well as to a proportionate share of the available earnings and liquidation proceeds.

The company has issued neither participation certificates nor shares with preferential rights.

The company has not issued any profit-sharing certificates.

2.2
AUTHORIZED AND CONDITIONAL SHARE CAPITAL

The company has authorized share capital and conditional share capital of CHF 2 500 000 each as of December 31, 2017. Capital increases from authorized and conditional share capital are mutually restrictive, i.e. the total number of new shares resulting from the authorized and conditional share capital together in accordance with Art. 2a and 2b of the Articles of Association may not exceed 2 500 000 shares. The proportion of new shares assigned to each of the two categories is stipulated by the Board of Directors. The amount of CHF 2 500 000 corresponds to roughly 19% of the existing share capital. The newly issued shares are subject to the restrictions set out in Art. 5 of the Articles of Association.

The Articles of Association containing the precise wording of the texts relating to authorized and conditional share capital issue in accordance with Art. 2a and 2b of the Articles of Association, specifically details regarding the beneficiaries and the conditions and forms of, can be downloaded as a .pdf document at ► www.also.com/goto/articlesofassociation.

2.3
CHANGES IN CAPITAL DURING THE LAST THREE YEARS

There were no changes in share capital in the last three years.

2.4
LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

The Board of Directors may refuse to register an acquirer of shares as a full shareholder (i.e. as a shareholder with voting rights) unless the acquirer expressly declares that they have acquired the shares in their own name and on their own account.

There are no specific rules regarding the registration of nominees in the share register.

2.5
CONVERTIBLE BONDS AND OPTIONS

ALSO Holding AG had not issued any convertible bonds or options as of December 31, 2017.

3.
BOARD OF DIRECTORS

3.1
MEMBERS OF THE BOARD OF DIRECTORS, ACTIVITIES, AND VESTED INTERESTS

The Board of Directors, which may have a maximum of eight members, currently has seven members. Except for Gustavo Möller-Hergt, who has been a member of Group Management since 2011, and a member and Chairman of the Board of Directors since March 13, 2014, the Board of Directors is composed of non-executive members.

BOARD OF DIRECTORS

Name	Nationality	Position	Since
Gustavo Möller-Hergt	DE	Chairman	2014
Walter P.J. Droege	DE	Vice Chairman	2011
Rudolf Marty	CH	Member	1993
Karl Hofstetter	CH	Member	1996
Frank Tanski	DE	Member	2011
Peter Athanas	CH	Member	2014
Ernest-W. Droege	DE	Member	2016

As of December 31, 2017

None of the members of the Board of Directors, with the exception of Gustavo Möller-Hergt, has been a member of the Group Management of ALSO Holding AG or a subsidiary of the ALSO Group in the three fiscal years preceding the year under review.

Walter P.J. Droege is the majority shareholder of Droege Group AG (the Droege Group). Please ► see section 6.6 on page 162 of the annual report for details of the business relationships between the ALSO Group and the Droege Group. There are no other material business relationships between the members of the Board of Directors and ALSO Holding AG.

3.2 NUMBER OF PERMISSIBLE ACTIVITIES

A member of the Board of Directors may exercise a maximum of ten additional activities as a member of the highest management or directorial body of other legal entities that are entered in the Commercial Register, or required by Art. 12 of VegüV to be so entered, and are not controlled by the company. The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the ALSO Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

3.3 ELECTION AND TERM OF OFFICE

The members of the Board of Directors are elected individually by the Annual General Meeting for a term of office of one year and can be re-elected. The Chairman of the Board of Directors is also elected by the Annual General Meeting for a period of office of one year. There is no limit on the term in office.

The Board of Directors has decided that, as a rule, members should retire at the Annual General Meeting held to approve the Annual Report for the fiscal year in which they reach the age of 70. In exceptional cases, the Board of Directors may decide to waive this rule.

For information on the first election of the members, please ► refer to Note 3.1.

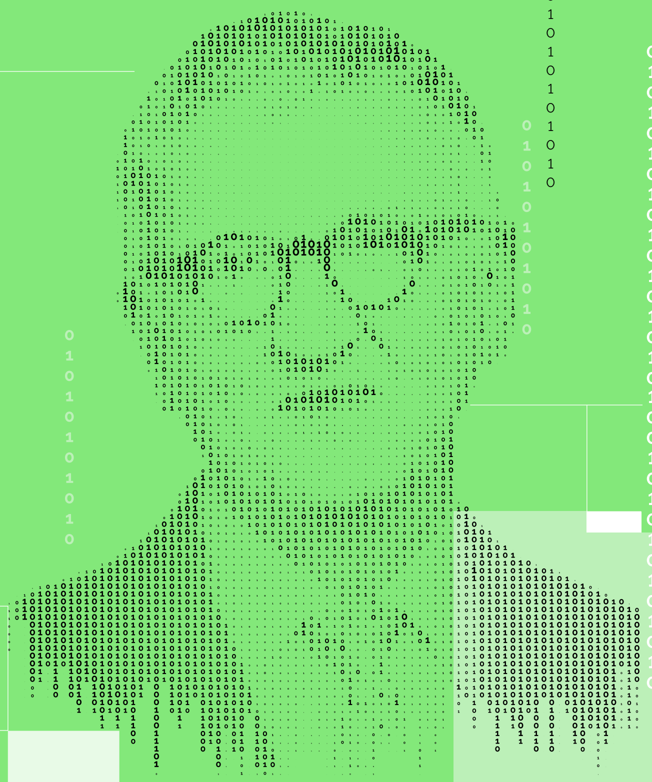
3.4 INTERNAL ORGANIZATION

3.4.1 DIVISION OF ROLES WITHIN THE BOARD OF DIRECTORS AND WORKING METHODS

The Board of Directors represents ALSO Holding AG towards third parties. It can delegate the representation powers to one or more of its members or to third parties. The Chairman convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year. The Chairman prepares the meetings, chairs them, and draws up their agenda. The Vice Chairman deputies for the Chairman. Any member of the Board can ask for a meeting to be convened and for the inclusion of an item on the agenda.

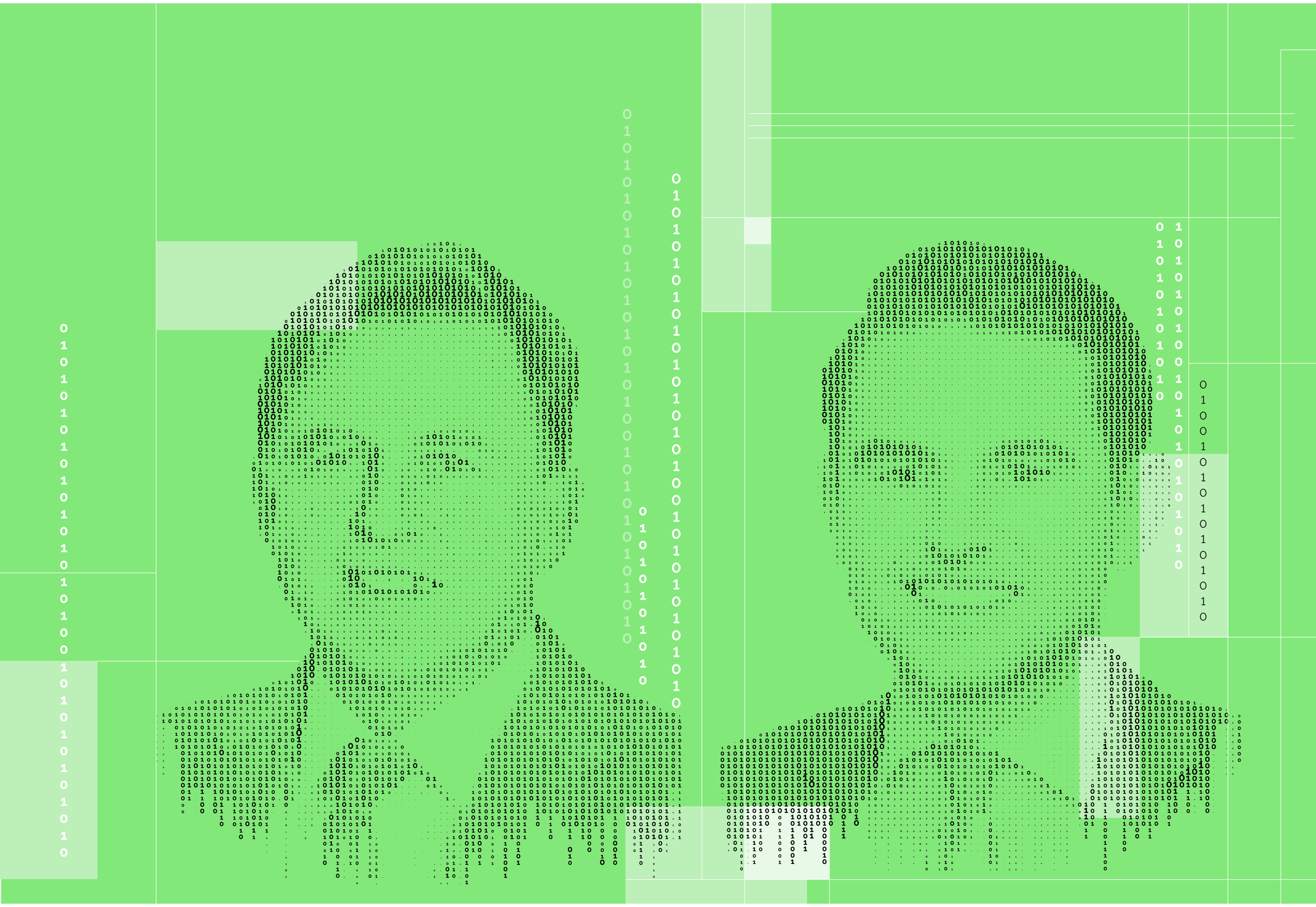
MEMBERS OF THE BOARD OF DIRECTORS

ACTIVITIES AND VESTED INTERESTS



WALTER P. J. DROEGE

Member and Vice Chairman of the Board of Directors of ALSO Holding AG since 2011 and Chairman of the Board Committee. **CAREER MILESTONES** ► Founder and sole director of Droege International Group AG, Düsseldorf, Germany, which is wholly owned by the Walter P. J. Droege family. **EDUCATION** ► Diploma in Business Management **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the supervisory boards, CEO, or member of the advisory boards of various subsidiaries within the Droege International Group AG;
member of the Advisory Board of Deutsche Bank, Düsseldorf, Germany; member of the Board of HSBC Trinkaus & Burkhardt AG, Düsseldorf, Germany; Vice Chairman of the Supervisory Board of Trenkwalder International AG
and of Trenkwalder Beteiligungs GmbH, both in Vienna, Austria; member of the Advisory Board of Weltbild Holding GmbH, Augsburg, Germany; member of the Supervisory Board of the METRIC mobility solutions AG, Hanover, Germany.



PETER ATHANAS

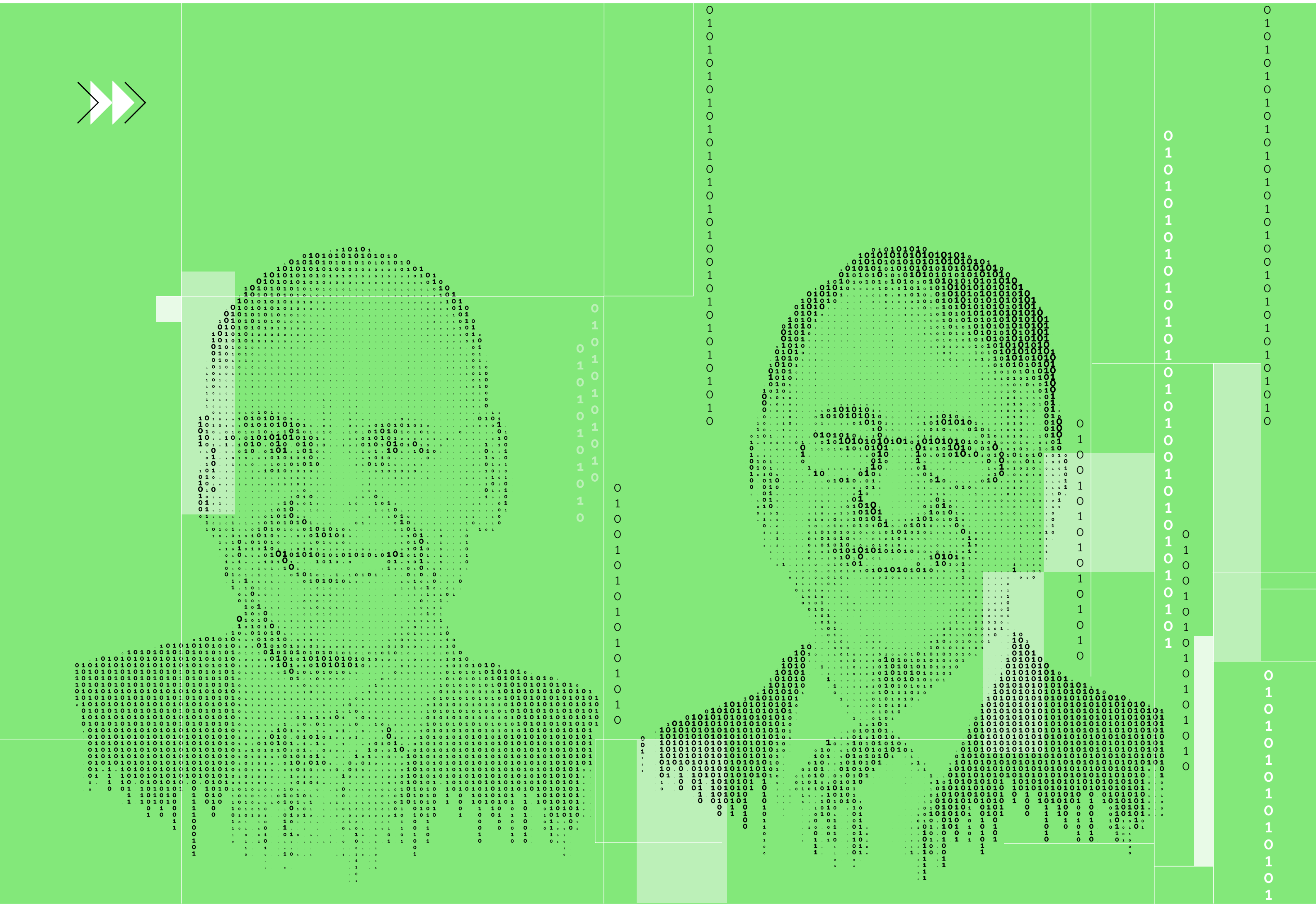
▼

Member of the Board of Directors of ALSO Holding AG since 2014 and Chairman of the Compensation and Nomination Committee. **CAREER MILESTONES** ► CEO of pa impact GmbH, Baden, Switzerland. Previously Senior Executive Vice President Corporate Development of Schindler Holding AG. Member of the Board of Directors and of the Executive Committee of the Board of the Schindler Group. Chairman of the Board of Directors and CEO of Ernst & Young Switzerland, member of the Global Executive Board and member of the Global Management Group. Partner in the Arthur Andersen organization, CEO of Arthur Andersen Switzerland, and member of the Global Board. **EDUCATION** ► Master's degree in Law and Economics and PhD in Economics from the University of St. Gallen, Switzerland. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Board of Cembra Money Bank Ltd, Zurich, Switzerland; member of the Board of Directors of Blackrock Asset Management Schweiz AG in Switzerland; member of the Board of Skuani AG, Zurich, Switzerland; member of the Board of Directors of KONTIVIA AG, Zurich, Switzerland; member of the Board of the Institute of Public Finance and Fiscal Law of the University of St. Gallen, Switzerland, council member of the Foundation for the Promotion of Studies for the Master's Degree in Law and Economics of the University of St. Gallen, Switzerland, and Curator of the Werner Siemens Foundation, Zug, Switzerland. Professor of National and International Tax Law at the University of St. Gallen, Switzerland. Member of the Foundation Board of the Swiss Study Foundation, Zurich, Switzerland. Advisory role at Schindler Holding AG, Hergiswil, Switzerland, until March 2017.

ERNEST-W. DROEGE

▼

Member of the Board of Directors of ALSO Holding AG since 2016. **CAREER MILESTONES** ► Member of the management teams of Droege International Group AG, Düsseldorf. Prior to that, in investment banking at Goldman Sachs. **EDUCATION** ► Studied industrial engineering in Karlsruhe and Zurich, doctorate in economics at RWTH Aachen. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the supervisory board, CEO, or member of the advisory board of various subsidiaries within the Droege International Group AG, including CEO of Droege Group Unternehmer-Beratung GmbH, Düsseldorf, Germany; Chairman of the Supervisory Board of Trenkwalder International AG and Trenkwalder Beteiligungs GmbH, both in Vienna, Austria.



KARL HOFSTETTER

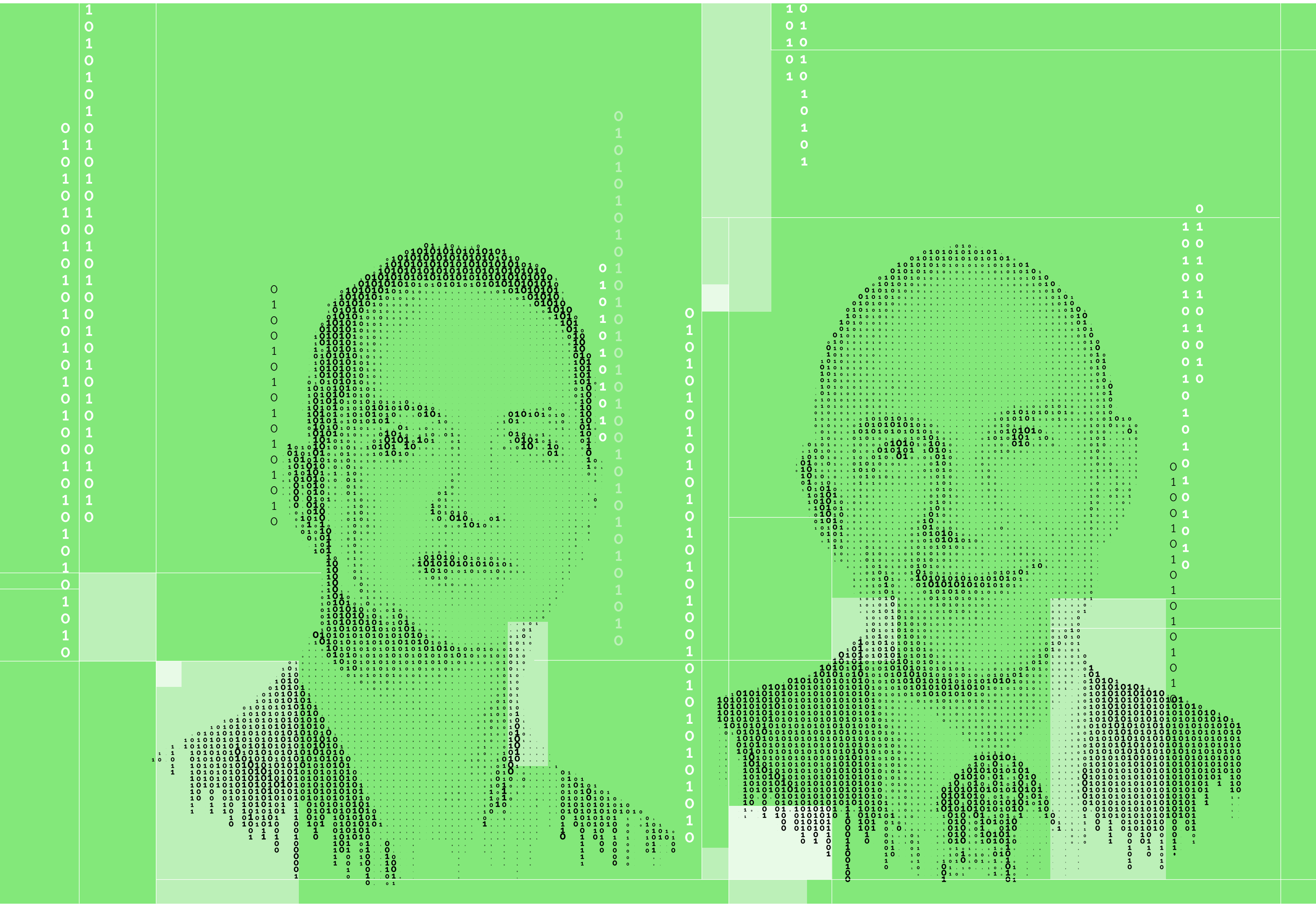
▼

Member of the Board of Directors of ALSO Holding AG since 1996. **CAREER MILESTONES** ► Group General Counsel of the Schindler Group. For many years a member of the Executive Committee of Schindler Holding AG, Hergiswil, Switzerland. **EDUCATION** ► Studies in law and economics at the universities of Zurich (Switzerland), Stanford, UCLA, and Harvard (all USA). Licensed attorney in Zurich and New York, professor of private and commercial law at the University of Zurich, Switzerland. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Board of Directors and the "Supervisory and Nomination Committee" of Schindler Holding AG, Hergiswil, Switzerland. Member of the Board of Directors of Venture Incubator AG, Zug, Switzerland, and Chairman of the Board of Trustees of the Kuoni and Hugentobler Foundation, Stans, Switzerland. Member of the Board of Trustees of Stichting INPAR, Amsterdam, the Netherlands. Also Chairman of SwissHoldings (the Federation of Industrial and Service Groups in Switzerland). Member of the University Council of the University of Lucerne, Switzerland, and of the Commission of Experts on Disclosure of the SIX Swiss Exchange; Chairman of the Advisory Committee of the "Program on Comparative Corporate Law, Governance, and Finance" at Harvard Law School, Boston, USA.

RUDOLF MARTY

▼

Member of the Board of Directors of ALSO Holding AG since 1993 and Chairman of the Audit Committee. **CAREER MILESTONES** ► Chairman and majority shareholder of Advexo AG, Lucerne, Switzerland. Previously Managing Partner of itopia AG – corporate information technology, Zurich, Switzerland. Prior to this Professor for IT at University of Zurich, Switzerland, Head of the IT Research Laboratory and Applications Development of Union Bank of Switzerland (UBS), Zurich, Switzerland. **EDUCATION** ► MBA and doctorate in Information Technology, Zurich University, Switzerland. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Chairman of the Gebert Rüf Foundation, Zurich and Basel, Switzerland.



GUSTAVO MÖLLER-HERGT

▼

Member of the Board of Directors of ALSO Holding AG and Chairman since 2014. Chief Executive Officer of the ALSO Group and since 2011 a member of the Group Management. **CAREER MILESTONES BEFORE CURRENT POSITION** ► Chief Operating Officer of the ALSO Group; previously Chief Representative of the Droege Group. CEO and Chief Representative and previously in various positions with the Warsteiner Group. Member of the Supervisory Board of SIAC in Douala, Cameroon, Chairman of the Supervisory Board of CASA Isenbeck in Buenos Aires, Argentina. **EDUCATION** ► Diploma in Engineering from the Technical University, Munich, Germany, and graduate of Harvard Business School, Boston, USA. Doctorate from the Technical University, Berlin, Germany, where he lectures on operations management. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Advisory Board of Deutsche Bank, Düsseldorf, Germany, and of the Board of Trustees of the Bamberg Symphony Orchestra, Bamberg, Germany.

FRANK TANSKI

▼

Member of the Board of Directors of ALSO Holding AG since 2011. **CAREER MILESTONES** ► Managing Director of Droege Capital GmbH and of Special Distribution Holding GmbH, Düsseldorf, Germany. Previously he held a managerial position with a large bank in Germany. **EDUCATION** ► Diploma in Business Management.

3.4.2 COMMITTEES

The Board of Directors may delegate the preparation and execution of its decisions to committees or to its individual members. The Board of Directors has appointed three standing committees: the Board Committee (BC), the Audit Committee, and the Compensation and Nomination Committee.

For each of the committees, the Board of Directors elects a Chairman from the members of the Board of Directors. The period of office of all committee members is one year. The Board of Directors can dismiss any member of a committee at any time, except for the members of the Compensation and Nomination Committee, whose election and dismissal lie within the competence of the Annual General Meeting.

3.4.2.1 BOARD COMMITTEE (BC)

The Board of Directors appoints a standing BC from among its members. Normally, the BC consists of three members of the Board of Directors who have solid knowledge and extensive experience in the wholesale, financial, corporate governance, and risk control areas.

The BC assists and supports the Board of Directors in the management of the ALSO Group at senior level and in the supervision of the individuals entrusted with running these companies.

The BC reports to the Board of Directors. The Chairman of the BC informs the Board of Directors about the BC's work and decisions at each ordinary board meetExceptional events of major significance are communicated immediately to all members of the Board of Directors.

The BC has among other things the following duties and responsibilities:

- Monitoring implementation of the Group strategy by Group Management
- Preparation and monitoring of Board of Directors decisions regarding investments, mergers and acquisitions, and other significant projects and transactions carried out by the ALSO Group
- Ensuring supervision of the individuals entrusted with the executive management where this function is not performed by the Audit Committee
- Assessments and proposals to the Board of Directors regarding potential capital increases or decreases and the issue of bonds by the company
- Assessments and proposals to the Board of Directors regarding notification of the legal authorities in the event of over-indebtedness
- Decisions on granting significant guarantees, sureties, collateral, and other letters of comfort for the benefit of persons or companies outside the Group
- Decisions regarding significant legal disputes
- Reaching decisions on the necessity and the scope of financial restructuring of ALSO companies
- Reaching decisions on significant increases or decreases in the share capital of ALSO companies (except for ALSO Holding AG)
- Decisions regarding significant deviations from budget
- Decisions regarding measures involving all or a substantial number of employees of ALSO companies or concerning consultations with the works council of individual ALSO companies with regard to such measures

The BC is entitled to delegate certain responsibilities to one of its members, to Group Management, to employees of the ALSO Group who hold an important line and/or staff position, or to third parties.

COMPOSITION OF THE BOARD COMMITTEE

Walter P.J. Droege	Chairman
Frank Tanski	Member
Peter Athanas	Member

As of December 31, 2017

3.4.2.2 AUDIT COMMITTEE

The Board of Directors appoints an Audit Committee. The Audit Committee generally consists of three members who possess the necessary financial, legal, and technical expertise.

The Audit Committee reports to the Board of Directors. The Chairman of the Audit Committee informs the Board of Directors about the Audit Committee's work and decisions at each ordinary board meeting. The Head of Internal Audit and the Chief Compliance Officer have the right to inform the Chairman of the Audit Committee at any time about situations that are relevant to auditing or compliance. Exceptional events of major significance are communicated immediately to all members of the Board of Directors by memorandum.

The Audit Committee has the following specific responsibilities:

- Monitoring and evaluation of the suitability and effectiveness of internal financial controls; monitoring of adjustments following significant changes in the risk profile
- Evaluation of the audit strategy adopted by the statutory auditor and verification that shortcomings are corrected and recommendations are implemented
- Approval of the annual planning of Internal Audit and discussion of the ensuing reporting with the head of Internal Audit
- Evaluation of the performance and remuneration of statutory auditor and its independence
- Evaluation of the collaboration between statutory auditor and Internal Audit
- Evaluation of measures taken by Group Management to ensure appropriate risk management
- Evaluation of the measures taken to ensure adherence to legal requirements and internal regulations (compliance) as well as of the associated supervisory measures
- Analysis of financial reporting, evaluation of the accounting principles, and assessment of the most important items
- Discussion of the year-end closing and annual financial statements with the responsible bodies and submission of a recommendation to the Board of Directors

In the fulfillment of its tasks, the Audit Committee may delegate assignments to other parties, in particular to Group Management, Internal Audit, the Chief Compliance Officer, and the statutory auditor.

COMPOSITION OF THE AUDIT COMMITTEE

Rudolf Marty	Chairman
Frank Tanski	Member
Peter Athanas	Member

As of December 31, 2017

3.4.2.3
COMPENSATION AND NOMINATION COMMITTEE

The members of the Compensation and Nomination Committee are elected annually by the Annual General Meeting. The Board of Directors appoints the Chairman.

The Compensation and Nomination Committee prepares all relevant decisions of the Board of Directors relating to the compensation of the members of the Board of Directors and Group Management, and submits proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Group Management, as well as their fringe benefits and the stipulations of their employment contracts. The Board of Directors has also delegated the following other duties to the Compensation and Nomination Committee:

- Preparation of decisions of the Board of Directors regarding nomination of the Vice Chairman of the Board of Directors and pre-selection of potential candidates for the Board of Directors
- Preparation of decisions of the Board of Directors regarding nomination, promotion, and dismissal of the members of Group Management and Country Managing Directors of the ALSO Group
- Preparation of decisions of the Board of Directors regarding the introduction and amendment of employee participation plans
- Review of the succession planning and leadership qualifications of the members of the Board of Directors and Group Management, the Country Managing Directors, and other individuals in the ALSO Group who exercise central line and/or staff functions

The Board of Directors may delegate further tasks concerning compensation, human resources, and related areas to the Compensation and Nomination Committee. The organization, working methods, and reporting of the Compensation and Nomination Committee are laid down in a set of regulations.

COMPOSITION OF THE COMPENSATION AND NOMINATION COMMITTEE

Peter Athanas	Chairman
Walter P.J. Droege	Member
Frank Tanski	Member

As of December 31, 2017

3.4.3
FREQUENCY OF MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors convenes for half-day or full-day ordinary meetings, as well as an annual joint strategy meeting with Group Management and Senior Vice Presidents. The task at these meetings is to analyze the positioning of the ALSO Group in the light of current macro-economic and company-specific circumstances and to review, and if necessary to redefine, the strategic orientation. The CFO is usually present as a guest at the meetings of the Board of Directors. The representatives of the company's auditor attended one meeting in the reporting year. In addition, external lawyers attended two meetings in 2017 to provide legal advice.

The Board of Directors met for a total of nine meetings, including one strategy meeting and five conference calls in 2017.

The BC meets as often as its business requires, normally every two months. Five meetings were held in the year under review, including four conference calls.

The Audit Committee meets for half-day or full-day meetings as often as its business requires. The Audit Committee held two meetings concerning the year under review. The CFO, Internal Audit, the compliance officers, and the auditors are usually present as guests at the meetings of the Audit Committee.

The Compensation and Nomination Committee meets as often as its business requires. The Compensation and Nomination Committee held one conference call relating to the year under review.

The agendas for the meetings are defined by their respective chairman. Minutes of the meetings and decisions are recorded. Other members of Group Management or other individuals may attend meetings of the Board of Directors or its committees at the invitation of the respective chairman.

3.5
AREAS OF RESPONSIBILITY

According to the law, the Board of Directors is responsible for the ultimate management and supervision of the Group. It has the inalienable and non-transferable responsibilities in accordance with Art. 716a, Paragraph 1, of the Swiss Code of Obligations. It can also take decisions on all matters that are not allocated to the Annual General Meeting by law or by the Articles of Association ► www.also.com/goto/articlesofassociation.

In particular, the Board of Directors is required to approve, or make decisions, concerning:

- The Group's objectives and strategy
- The list of measures designed to prevent or mitigate potential loss or damage associated with the main risks
- Appointing the members of Group Management
- Defining the organization and appointing those persons entrusted with the task of representing ALSO Holding AG
- The proposals to the Annual General Meeting regarding the compensation of the Board of Directors and Group Management
- The drafting of the retirement benefit plan for the members of Group Management
- The Group's budget, plan, and forecast
- The consolidated annual and interim financial statements of the Group and the annual financial statements of ALSO Holding AG
- The Group's investment budget
- Transactions that exceed certain financial amounts
- Important mergers and acquisitions, joint ventures, and similar transactions
- The annual report and the compensation report

In addition, the Board of Directors has delegated operational management of the company to Group Management. Operational management comprises the obligation to implement all necessary measures, particularly with regard to personnel- and product-related issues, market orientation, monitoring the competition, and planning for the future.

Group Management is responsible for ensuring that the Group achieves the targets set by the Board of Directors. In addition to its overall responsibility for operational management, Group Management has the following main tasks in particular:

- The pursuit of strategic objectives and enforcement of these objectives using action plans
- Defining HR and compensation policy below Group Management level
- Defining the product mix as well as the marketing and sales policy
- Concluding and canceling agreements with manufacturers at Group level
- Defining sourcing policy
- Defining basic principles of transfer pricing
- Defining logistical concepts and structures
- Approving the budgets, financial results, and investments of the Group companies
- Defining the operational information and reporting systems
- Defining communication policy and outward appearance
- Regulating and performing risk management

The CEO manages the ALSO Group through the members of Group Management, who report to him. He chairs Group Management meetings and supervises the implementation of their decisions. He evaluates the performance and results of the Central Europe and Northern/Eastern Europe market segments. Based on his evaluation, he decides which resources – particularly financial and personnel – should be allocated to the individual business segments. The CEO is responsible for ensuring that the company develops consistently, in accordance with its defined business practices and strategies. It is the duty of the other members of Group Management to ensure that these measures are implemented at national level or in the areas for which they are responsible.

3.6
INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS GROUP MANAGEMENT

The Board of Directors supervises Group Management and uses reporting and controlling processes to monitor its operating methods. The ALSO Group has available a comprehensive electronic management information system (MIS). At each of its meetings, the Board of Directors is informed by the CEO, or by another member of Group Management, of the current business and significant events. At these meetings, members of the Board of Directors may ask other members of the Board of Directors or the CEO to provide information about the ALSO Group that they require in order to carry out their duties. All members of the Board of Directors are notified immediately of any exceptional occurrences.

The Internal Audit, compliance officers, and auditing bodies assist the Board of Directors in carrying out its controlling and supervisory duties. In addition, the BC and the Audit Committee monitor the performance of Group Management. The scope of this remit is agreed with the Board of Directors of ALSO Holding AG.

The BC, the Audit Committee, and the Compensation Committee periodically receive information in the form of Group reports relevant to their needs. These reports are also discussed in depth at regular meetings that take place with the committees involved. The Board of Directors defines and evaluates the Group's most significant risks on the basis of a coordinated and consistent approach to risk management and control. Based on a list of the most important risks, Group Management establishes a list of measures to prevent and mitigate potential loss and damage. The list is presented for assessment and approval to the Board of Directors, which then ensures that the measures are put into practice.

In addition, the Board of Directors is supported by the ALSO Group Internal Audit. The Internal Audit has an unrestricted right to demand information and examine the records of all Group companies and departments. In addition, after consultation with the Audit Committee, Group Management may ask the Internal Audit to carry out special investigations above and beyond its usual remit. The Head of the Internal Audit submits a report to the Audit Committee at half-yearly intervals.

3.7
MEASURES IN ACCORDANCE WITH THE SWISS CODE OF BEST PRACTICE FOR CORPORATE GOVERNANCE

At ALSO, the positions of Chairman of the Board of Directors and CEO are held conjointly. The balance of influence between the Board of Directors and Group Management is safeguarded by three committees that have been established, of which the Chairman of the Board of Directors is not a member, and a clear majority situation. In 2015, the Lead Director concept was introduced as part of an amendment of the Organizational Regulations. In particular, the Lead Director is responsible for heading the meetings of the Board of Directors – possibly only for single items of the agenda – in the event that the Chairman experiences a conflict of interests. He can convene meetings independently. The Vice Chairman of the Board of Directors, Walter P.J. Droege, serves as the Lead Director.

Currently all members of the Board of Directors are men. Should vacancies occur, the Board of Directors will consider filling them with female members.

The Board of Directors conducts regularly a self-evaluation of its working methods and efficiency.

4. GROUP MANAGEMENT

4.1 MEMBERS OF GROUP MANAGEMENT, ACTIVITIES, AND VESTED INTERESTS

The members of the Group Management of ALSO Holding AG are as follows:

MEMBERS OF GROUP MANAGEMENT

Name	Nationality	Position
Gustavo Möller-Hergt	DE	Chief Executive Officer (CEO)
Ralf Retzko	DE	Chief Financial Officer (CFO)
Ole Eklund	DK	Corporate Vice President Northern/ Eastern Europe

As of December 31, 2017

Changes in Group Management in the reporting year: Stefan Klinglmair, former Corporate Vice President for Central Europe, left the company as at September 1, 2017.

4.2 NUMBER OF PERMISSIBLE ACTIVITIES

A member of Group Management may exercise a maximum of ten additional activities as a member of the highest management or directorial body of other legal entities that are entered in the Commercial Register according to Art. 12 of VegüV, or would be required to be so entered, and are not controlled by the company. The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the company. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

4.3 MANAGEMENT AGREEMENTS

ALSO Holding AG has not entered into any management contracts with persons outside the Group for the delegation of executive management. According to Art. 6 of VegüV, delegation of the executive management to legal entities is not permitted.

5. COMPENSATION, SHAREHOLDINGS, AND LOANS

For information on the compensation and shareholdings of members of the Board of Directors and Group Management, and loans to the same, ► please see the Compensation Report from page 97.

6. SHAREHOLDERS' RIGHTS OF PARTICIPATION

6.1 RESTRICTIONS ON VOTING RIGHTS AND REPRESENTATION

Each share that is entered in the share register entitles the shareholder to one vote.

The rights of shareholders to participate in Annual General Meetings comply with legal requirements and the Articles of Association ► www.also.com/goto/articlesofassociation. Every shareholder may personally participate in the Annual General Meeting and cast his/her vote(s), or be represented by a proxy appointed in writing, which proxy need not be a shareholder, or be represented by the Independent Proxy. Shareholders may issue their power of attorney and instructions to the Independent Proxy by post or electronically. The Independent Proxy is obliged to exercise the voting rights that are delegated to him by shareholders according to their instructions. Should he have received no instructions, he shall abstain from voting.

On an annual basis, the Annual General Meeting elects the Independent Proxy with the right of substitution. His term of office terminates at the conclusion of the next Annual General Meeting. Re-election is possible. Should the company have no Independent Proxy, the Board of Directors shall appoint an Independent Proxy for the next Annual General Meeting.

6.2 STATUTORY QUORUM REQUIREMENTS

Unless a qualified majority is stipulated by law, the Annual General Meeting makes its decisions on the basis of the relative majority of valid votes cast, regardless of the number of shareholders present or shares represented. Abstentions and blank votes do not count as votes. In the case of elections, the first round of voting is decided by the absolute majority and the second round by the relative majority. The Chairman has the casting vote in the event of a tie.

6.3 CONVENING THE ANNUAL GENERAL MEETING

Annual General Meetings are convened by the Board of Directors or, if necessary, by the auditors or other bodies in accordance with Art. 699 and Art. 700 of the Swiss Code of Obligations. Shareholders who collectively represent at least 10 percent of the share capital may convene an Annual General Meeting. When doing so, they must indicate the matters to be discussed and the corresponding proposals.

Annual General Meetings are convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting. The shareholders may also be informed in writing (by unregistered letter) or by electronic means.

6.4 DEFINITION OF THE AGENDA

The Board of Directors is responsible for specifying the agenda. Shareholders who together own at least five percent of the share capital may request that specific proposals be put on the agenda. The request, including the agenda item and the proposals, must be submitted in writing at least 60 days prior to the date of the Annual General Meeting.

6.5 REGISTRATION IN THE SHARE REGISTER

Only shareholders who are registered in the share register as shareholders with voting rights at the closing date are entitled to attend an Annual General Meeting and to exercise their voting rights. The Board of Directors ensures that the closing date is set as close as possible to the date of the Annual General Meeting, i.e. not more than five to ten days prior to it. The closing date is published together with the invitation to the Annual General Meeting in the Swiss Official Gazette of Commerce. There are no exceptions to the rule regarding the closing date.

MEMBERS OF GROUP MANAGEMENT

ACTIVITIES AND VESTED INTERESTS

GUSTAVO MÖLLER-HERGT

▼

Member of the Board of Directors of ALSO Holding AG and Chairman since 2014. Chief Executive Officer of the ALSO Group and since 2011 a member of the Group Management. **CAREER MILESTONES** ► Chief Operating Officer of the ALSO Group; previously Chief Representative of the Droege Group. CEO and Chief Representative and before in various positions with the Warsteiner Group. Member of the Supervisory Board of SIAC in Douala, Cameroon. Chairman of the Supervisory Board of CASA Isenbeck in Buenos Aires, Argentina. **EDUCATION** ► Diploma in Engineering from the Technical University, Munich, Germany, and graduate of Harvard Business School, Boston, USA. Doctorate from the Technical University, Berlin, Germany, where he lectures on operations management. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Member of the Advisory Board of Deutsche Bank, Dusseldorf, Germany, and of the Board of Trustees of the Bamberg Symphony Orchestra, Bamberg, Germany.

RALF RETZKO

▼

Chief Financial Officer of the ALSO Group and since 2011 a member of the Group Management. **CAREER MILESTONES BEFORE CURRENT POSITION** ► Head of Controlling, Commercial Manager and Chief Financial Officer of the Actebis Group. Previously Central Controlling of Karstadt AG, Essen, Germany, and, following his studies, Scientific Assistant at the Institute of Business Information Technology, Göttingen University, Germany. **EDUCATION** ► Studied business management, mathematics, and information technology for business in Göttingen, Germany. Subsequently took a doctorate in business management.

OLE EKLUND

▼

Member of the Group Management of the ALSO Group and responsible as Corporate Vice President for Northern/Eastern Europe since July 2015. **CAREER MILESTONES BEFORE CURRENT POSITION** ► Managing Director of ALSO A/S Taastrup, Denmark, Sales Director for Scandinavia at ALSO A/S, Denmark, previously Managing Director with various IT companies in Denmark, including Ingram Micro A/S, Magirus Nordic A/S and Avnet Technology Solutions. **EDUCATION** ► Graduate Diploma in Business Administration and Marketing, Copenhagen Business School, Denmark, and Bachelor's degree in Education, University College KDAS, Skovlunde, Denmark. **OTHER ACTIVITIES AND VESTED INTERESTS** ► Chairman of the Board of Directors of PDC A/S, Copenhagen, Denmark, and until March 2017 member of the Board of the Danish IT Industry Association, Copenhagen, Denmark.

7. CHANGE OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The obligation to submit a public take-over offer pursuant to Art. 125 paragraph 3 and paragraph 4 FMIA (formerly Art. 32 and Art. 52 of the Swiss Stock Exchanges and Securities Trading Act "SESTA") has been waived ("opting out").

7.2 CHANGE OF OWNERSHIP CLAUSES

There are no change-of-control provisions in favor of any member of the Board of Directors and/or Group Management and/or other management personnel.

8. AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE AUDITOR IN CHARGE

The auditors are elected annually at the Annual General Meeting for one year. PricewaterhouseCoopers AG (PwC) have been the statutory auditors of ALSO Holding AG since 2013. The auditor in charge has been responsible for auditing the individual financial statements of ALSO Holding AG as well as the consolidated financial statements of the ALSO Group since fiscal year 2017. The auditor in charge is changed every seven years at the latest as required by law.

The main Group companies are audited by PwC.

8.2 FEES

The fees charged by PwC as the auditors of ALSO Holding AG and of the Group companies audited by them, and their fees for additional services, are as follows:

FEES

CHF 1 000	**2017**	2016
Audit	834	806
Audit related services	159	81
Tax and other services	399	366
TOTAL	**1 392**	**1 253**

8.3
INFORMATIONAL INSTRUMENTS PERTAINING TO AN AUDIT

Prior to the audit, the auditors agree the content of the audit with the Audit Committee of ALSO Holding AG. Special assignments from the Board of Directors are also included in the scope of the audit. The findings of the audit are set out in a comprehensive report which is submitted to the Board of Directors.

Each year, the Audit Committee evaluates the performance, fees, and independence of the auditors, and the audit strategy. The Board of Directors discusses and reviews the scope of the audits and the resulting reports. On this basis, it decides on any changes or improvements to be made. There is regular contact between the auditors and the members of the Board of Directors, Group Management, and the Audit Committee of ALSO Holding AG. There was one meeting between the full Board of Directors and the auditors regarding the financial statements for the fiscal year 2017.

Additional service or consulting assignments are delegated to the auditors only if they are permitted by the auditors' code of independence.

9.
INFORMATION POLICY

Detailed financial statements are published in the form of the half-year and annual reports. The published accounts comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange, and the International Financial Reporting Standards (IFRS).

The ALSO Group also presents its financial statements at its annual results media conference and its Annual General Meeting.

The ALSO Group reports in accordance with the disclosure requirements of Art. 124 FMIA and the ad-hoc publication requirements of Art. 53 of the listing rules of SIX Swiss Exchange. At ► www.also.com/goto/subscribe, interested parties can register for the free ALSO Holding AG e-mail distribution list in order to receive direct, up-to-date information that may be relevant to the share price (ad-hoc announcements). Ad-hoc announcements may be viewed at ► www.also.com/goto/mediareleases at the same time as notification to SIX Swiss Exchange and for two years thereafter.

In addition, media releases, presentations, and brochures are published as necessary. These documents are available to all, both electronically at ► www.also.com and in printed form.

Announcements to the shareholders are made by way of unregistered letters or publication in the Swiss Official Gazette of Commerce (SHAB), unless otherwise stipulated in mandatory legal provisions or in the company's articles of association. The invitation to the Annual General Meeting may also be sent by electronic means.

FINANCIAL CALENDAR

Annual General Meeting	March 27, 2018
Publication half-year report	July 26, 2018

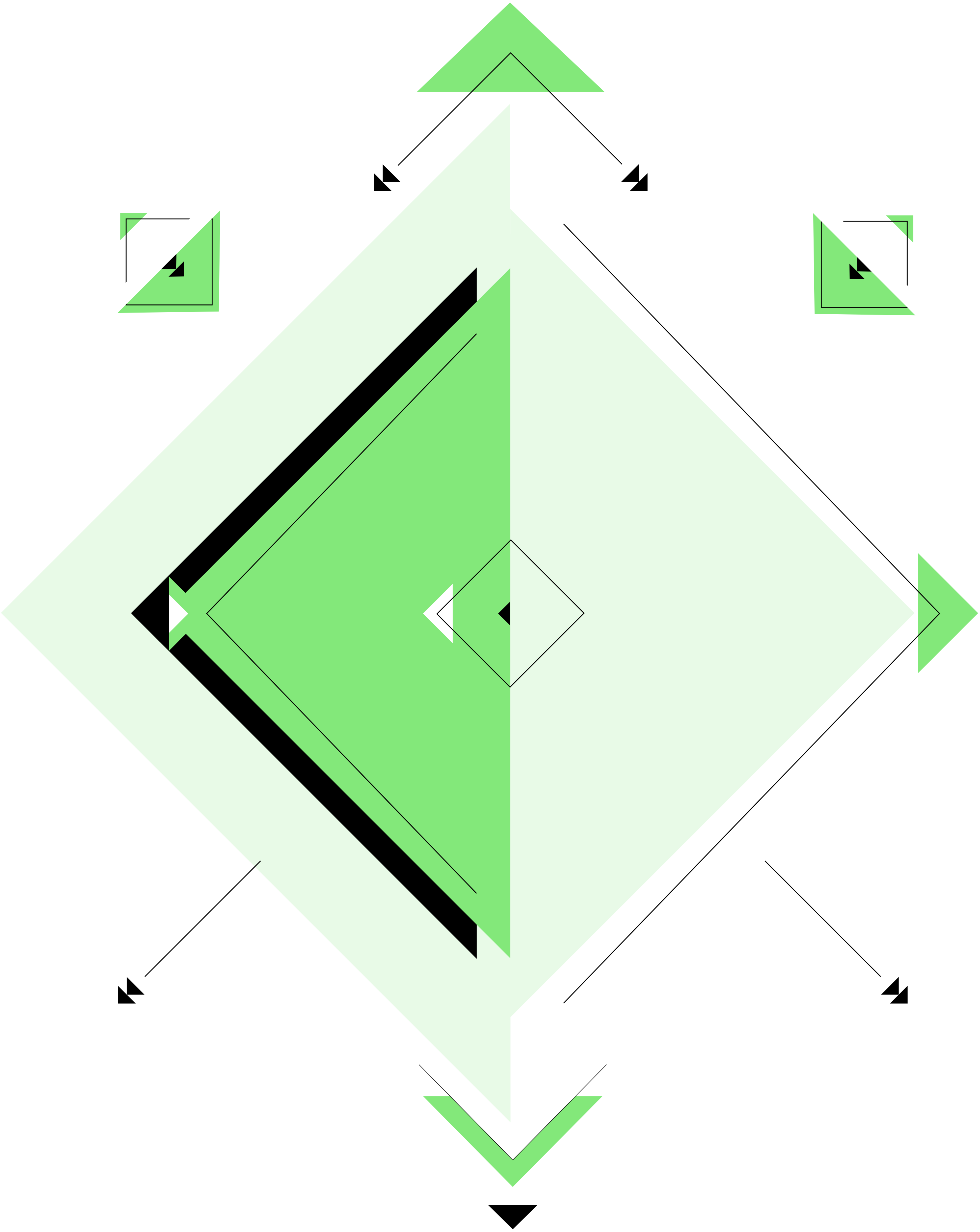
ALSO Holding AG
Meierhofstrasse 5
CH-6032 Emmen
Switzerland
Tel. +41 41 266 18 00
Email: info@also.com

10.
IMPORTANT CHANGES OCCURRING AFTER THE BALANCE SHEET DATE

No material changes have occurred since the end of the reporting period.

3

COMPENSATION REPORT



COMPENSATION REPORT

This Compensation Report contains information on the compensation of the members of the Board of Directors and Group Management. The report was prepared in accordance with the provisions of the Ordinance Against Excessive Compensation in Listed Companies (VegüV). It satisfies the requirements of SIX Swiss Exchange for information on corporate governance and the standards stipulated in the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse.

This Compensation Report will be presented to the next Annual General Meeting of ALSO Holding AG, which will be held on March 27, 2018, for a consultative vote.

1. PRINCIPLES

The success of the ALSO Group depends largely on the qualifications and commitment of its employees. The purpose of the Group's compensation policy is to attract, motivate, and retain qualified personnel. It is also intended to bring management interests in line with those of ALSO and its shareholders.

The compensation system is designed so that the compensation is performance-based and market-driven, and so that entrepreneurial thinking and action are encouraged. Compensation decisions should be fair, transparent and therefore understandable for the persons concerned.

2. CHANGES IN THE REPORTING YEAR

Stefan Klinglmair, former Corporate Vice President for Central Europe, left the company as at September 1, 2017.

3. COMPENSATION SYSTEM

3.1 BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed fee for their activities and no performance-related payment.

The chairmen and members of committees of the Board of Directors receive an additional fixed fee for these functions.

3.2 GROUP MANAGEMENT

The members of Group Management receive compensation consisting of fixed and performance-related (variable) components.

The fixed components consist of a monthly salary and, from case-by-case, a flat-rate vehicle allowance, a company car, or flat-rate representation expenses. Certain fringe benefits may also be paid.

The variable compensation depends on the business success and is paid in the form of a cash bonus. Variable compensation includes a short-term and a long-term component and breaks down as follows:

- **Short-term, variable compensation:** For the CEO and CFO, it depends entirely on the combined target values of EBT and EBITDA that are defined by the Board of Directors. If the targets are attained, the bonus is calculated according to a progressively increasing percentage of the attained EBT, which is defined in advance by the Board of Directors.

  For the other members of Group Management, the bonus is calculated as a fixed percentage of the attained EBT, which is defined in advance by the Board of Directors.

- **Long-term, variable compensation:** A long-term incentive applies to members of Group Management whose contribution has a material influence on the long-term development of the Group. The long-term incentive was agreed with the members of Group Management at the time in 2011 and was expanded to include the new members of Group Management in 2016. It is designed so that a one-time special premium is paid if long-term financial targets that are defined by the Board of Directors are attained in two successive years. The payment is only made on condition that the recipient is actually employed by the ALSO Group on the date when the payment is made.

In the case of exceptional non-recurring events (e.g. acquisitions) that are not the responsibility of Group Management, the Board of Directors may, at its own discretion, adjust the parameters on which the calculation of variable compensation is based.

For exceptional performance, in addition to the target bonus, the Board of Directors may, at its own discretion, award a special bonus, which is reported under "Cash bonus (gross)" in the Compensation Report.

3.3 CAPITAL PARTICIPATION PLAN

No participations, conversion rights or options are granted to members of the Board of Directors or Group Management.

4. RESPONSIBILITIES AND PROCEDURES FOR APPROVING AND SETTING COMPENSATION

Responsibilities for compensation-related decisions are governed by the Articles of Association ► www.also.com/goto/articlesofassociation, the Organizational Regulations and the Regulations of the Compensation and Nomination Committee of ALSO Holding AG.

4.1 COMPENSATION AND NOMINATION COMMITTEE

The Compensation and Nomination Committee prepares all relevant decisions of the Board of Directors relating to the compensation of the members of the Board of Directors and Group Management, and submits proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Group Management, as well as their fringe benefits and the stipulations of their employment contracts.

The Compensation and Nomination Committee can also make proposals to the Board of Directors for amendments to the compensation system.

4.2 BOARD OF DIRECTORS

Under and subject to the approval of the Annual General Meeting, the definitive compensation is determined by the Board of Directors. As a rule, the effective bonus is determined at the proposal of the Compensation and Nomination Committee in the first quarter of the following year. The executive members of the Board of Directors are not present when their compensation is determined. No external consultants were called in during the reporting year.

4.3 GENERAL MEETING

The Annual General Meeting each year approves the following compensation amounts for the respective ongoing fiscal year with binding effect:

- Maximum amount for fixed compensation for members of the Board of Directors
- Maximum amount for fixed compensation for members of the Group Management
- Maximum amount for variable compensation for members of the Group Management

The Annual General Meeting can subsequently increase the compensation already approved at any time.

If the Annual General Meeting refuses its approval, the Board of Directors can submit new proposals at the same general meeting or a new general meeting yet to be convened.

The additional amount for the hiring of new members of Group Management after approval by the Annual General Meeting is 30 percent of the total compensation approved for the respective period per new member. Approval of this additional compensation by the Annual General Meeting is not required.

5. COMPENSATION FOR THE REPORTING YEAR

5.1 GENERAL

The disclosed compensation of the members of the Board of Directors and Group Management includes all compensation paid for the entire reporting year, subject to the following amplifications and restrictions:

- The disclosed variable compensation elements comprise the accrued variable compensation elements attributable to the completed fiscal year.
- The compensation paid to new members of the Board of Directors and Group Management is reckoned from the date on which they take over the respective function.
- If a member resigns from the Board of Directors or Group Management, the compensation up to the resignation date, plus any compensation in the reporting year in connection with these activities, are reported together.
- In individual cases, members of Group Management may be entitled to a company car. Such benefits are reported under "Non-cash benefits".
- Members of Group Management may receive certain fringe benefits in the form of discounts. Provided that such benefits do not exceed the value of CHF 500 per case, and the total of such benefits does not exceed an aggregate value of CHF 20 000 per fiscal year, they are not reported.
- Any contributions to post-employment benefit plans, executive insurance plans, or private insurances are reported as "Pension expenses".
- The compensation of the members of Group Management was in some cases borne directly by ALSO Holding AG and in other cases indirectly by subsidiaries through intercompany charging.

5.2 AGGREGATE COMPENSATION – BOARD OF DIRECTORS

At the Annual General Meeting on March 21, 2017, shareholders approved maximum fixed total compensation of CHF 0.7 million for fiscal year 2017.

The members of the Board of Directors do not receive any variable compensation for their activities.

CHF 1 000	Fixed, cash (gross)	Pension expenses	**Total 2017**
Gustavo Möller-Hergt, Chairman/executive member	–	–	**–**
Walter P.J. Droege, Vice Chairman [1), 3), 4)]	140	–	**140**
Karl Hofstetter	80	5	**85**
Rudolf Marty [2), 5)]	90	4	**94**
Frank Tanski [1), 2), 3)]	95	–	**95**
Peter Athanas [1), 2), 3), 6)]	100	6	**106**
Ernest-W. Droege	80	–	**80**
TOTAL COMPENSATION	**585**	**15**	**600**
Approved at the Annual General Meeting			**700**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. For his compensation, please refer to the section on compensation of the members of Group Management. All other members of the Board of Directors are non-executive members.
1) Member of the Board Committee
2) Member of the Audit Committee
3) Member of the Compensation and Nomination Committee
4) Including compensation as Chairman of the Board Committee
5) Including compensation as Chairman of the Audit Committee
6) Including compensation as Chairman of the Compensation and Nomination Committee

5.3 AGGREGATE COMPENSATION – GROUP MANAGEMENT

At the Annual General Meeting on March 21, 2017, shareholders approved maximum fixed total compensation of EUR 1.5 million and maximum variable total compensation of EUR 3.5 million for fiscal year 2017.

In the reporting period, cash bonus for Gustavo Möller-Hergt was 78 percent (previous year: 74 percent) of his total compensation. For the members of Group Management, the average cash bonus was 69 percent (previous year: 65 percent).

The Annual General Meeting approves the compensation of the members of Group Management in euros, since the compensation is paid out mostly in this currency. This allows for deviations between approved and effective compensation as a result of exchange rate changes to be avoided. For this reason, ALSO presents the compensation in EUR as well as in CHF.

AGGREGATE COMPENSATION IN CHF

				Fixed compensation	Variable compensation	
CHF 1 000	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed total compensation	Cash bonus (gross)	**Total 2017**
Group Management						
TOTAL [1]	**1 043**	**59**	**352**	**1 454**	**3 239**	**4 693**
Highest individual compensation						
Gustavo Möller-Hergt	345	16	174	535	1 878	**2 413**

Translated into CHF using average exchange rates 2017 (EUR/CHF 1.1117)
1) Including settlement of all contractual and legal entitlements of one departed member of Group Management

AGGREGATE COMPENSATION IN EUR

				Fixed compensation	Variable compensation	
EUR 1 000	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed total compensation	Cash bonus (gross)	**Total 2017**
Group Management						
TOTAL [1]	**938**	**53**	**317**	**1 308**	**2 914**	**4 222**
Approved at the Annual General Meeting				1 500	3 500	**5 000**
Highest individual compensation						
Gustavo Möller-Hergt	310	14	157	481	1 689	**2 170**

1) Including settlement of all contractual and legal entitlements of one departed member of Group Management

6.
COMPENSATION FOR THE PRIOR YEAR

6.1
GENERAL

The disclosed compensation of the members of the Board of Directors and Group Management includes all compensation paid for the entire fiscal year of 2016. The additions and restrictions in 5.1 also apply to compensation for the previous year.

6.2
AGGREGATE COMPENSATION – BOARD OF DIRECTORS

At the Annual General Meeting on March 17, 2016, shareholders approved maximum fixed total compensation of CHF 0.7 million for fiscal year 2016.

The members of the Board of Directors did not receive any variable compensation for their activities.

CHF 1 000	Fixed, cash (gross)	Pension expenses	Total 2016
Gustavo Möller-Hergt, Chairman/executive member	–	–	**–**
Walter P.J. Droege, Vice Chairman [1), 3), 4)]	140	–	**140**
Karl Hofstetter	80	5	**85**
Rudolf Marty [2), 5)]	90	4	**94**
Frank Tanski [1), 2), 3)]	95	–	**95**
Peter Athanas [1), 2), 3), 6)]	100	6	**106**
Ernest-W. Droege [7)]	60	–	**60**
Olaf Berlien [8)]	20	–	**20**
TOTAL COMPENSATION	**585**	**15**	**600**
Approved at the Annual General Meeting			**700**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. For his compensation, please refer to the section on compensation of the members of Group Management. All other members of the Board of Directors are non-executive members.
1) Member of the Board Committee
2) Member of the Audit Committee
3) Member of the Compensation and Nomination Committee
4) Including compensation as Chairman of the Board Committee
5) Including compensation as Chairman of the Audit Committee
6) Including compensation as Chairman of the Compensation and Nomination Committee
7) Ernest-W. Droege was elected to the Board of Directors at the Annual General Meeting held on March 17, 2016. Compensation from the 2016 Annual General Meeting
8) Olaf Berlien resigned on the date of the Annual General Meeting (March 17, 2016). Compensation until the 2016 Annual General Meeting

6.3
AGGREGATE COMPENSATION – GROUP MANAGEMENT

At the Annual General Meeting on March 17, 2016, shareholders approved maximum fixed total compensation of EUR 1.5 million and maximum variable total compensation of EUR 3.3 million for fiscal year 2016.

AGGREGATE COMPENSATION IN CHF

CHF 1 000	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed compensation Fixed total compensation	Variable compensation Cash bonus (gross)	Total 2016
Group Management						
TOTAL	**1 104**	**57**	**314**	**1 475**	**2 715**	**4 190**
Highest individual compensation						
Gustavo Möller-Hergt	338	16	171	525	1 510	**2 035**

Translated into CHF using average exchange rates 2016 (EUR/CHF 1.0902)

The Annual General Meeting approves the compensation of the members of Group Management in euros, since the compensation is paid out mostly in this currency. This allows for deviations between approved and effective compensation as a result of exchange rate changes to be avoided. For this reason, ALSO presents the compensation in EUR as well as in CHF.

AGGREGATE COMPENSATION IN EUR

EUR 1 000	Cash (gross)	Non-cash benefits/ miscellaneous	Pension expenses	Fixed compensation Fixed total compensation	Variable compensation Cash bonus (gross)	Total 2016
Group Management						
TOTAL	**1 013**	**52**	**288**	**1 353**	**2 490**	**3 843**
Approved at the Annual General Meeting				1 500	3 300	**4 800**
Highest individual compensation						
Gustavo Möller-Hergt	310	15	157	482	1 385	**1 867**

7. COMPENSATION PAID TO FORMER MEMBERS OF GOVERNING BODIES

In the reporting year, no compensation was paid to former members of the Board of Directors. An agreed benefit payment of CHF 81 741 was made to one former member of Group Management.

A benefit payment of CHF 80 160 was made to a former member of Group Management in the previous year.

8. COMPENSATION PAID TO RELATED PARTIES

Neither in the reporting year, nor in the prior year, was any compensation paid by ALSO Holding AG, or any other Group company, to any related parties of present or former members of the governing bodies.

9. LOANS AND BORROWING FACILITIES

9.1 CURRENT AND FORMER MEMBERS OF THE GOVERNING BODIES

The company does not grant loans or credits to members of the Board of Directors or Group Management. Neither in the reporting year, nor in the prior year, were any loans or credits granted by ALSO Holding AG, or any other Group company, to any present or former members of the governing bodies, nor were any such loans or credits outstanding at December 31, 2017.

9.2 RELATED PARTIES

Neither in the reporting year, nor in the prior year, were any loans or credits granted by ALSO Holding AG, or any other Group company, to any related parties of present or former members of the governing bodies, nor were any such loans or credits outstanding at December 31, 2017.

pwc

Report of the statutory auditor to the General Meeting on the compensation report 2017

We have audited the compensation report of ALSO Holding AG ► **paragraphs 5. to 9. on pages 101 to 105** for the year ended 31 December 2017.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of ALSO Holding AG for the year ended 31 December 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Joanne Burgener Audit expert Auditor in charge	Andreas Brun Audit expert

Lucerne, 9 February 2018

4
FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	Note	2017		2016	
TOTAL NET SALES	4.1	**8 890 688**	100.0 %	**7 984 149**	100.0 %
Cost of goods sold and services provided		– 8 346 340		– 7 478 161	
GROSS PROFIT		**544 348**	6.1 %	**505 988**	6.3 %
Personnel expenses	4.2	–219 256		–209 433	
Other operating expenses	4.4	–183 879		–173 048	
Other operating income	4.4	16 067		22 500	
EBITDA		**157 280**	1.8 %	**146 007**	1.8 %
Depreciation and amortization	5.5 / 5.6	–16 320		–17 516	
OPERATING PROFIT (EBIT)		**140 960**	1.6 %	**128 491**	1.6 %
Financial income	4.5	1 925		2 553	
Financial expenses	4.5	–18 705		–17 597	
Share of income of associates	5.14	0		445	
PROFIT BEFORE TAX (EBT)		**124 180**	1.4 %	**113 892**	1.4 %
Income taxes	4.6	–31 653		–30 705	
NET PROFIT GROUP		**92 527**	1.0 %	**83 187**	1.0 %
Items that will not be subsequently reclassified to profit or loss					
Remeasurement of defined benefit plans		1 043		6 060	
Tax effects	4.6	–148		–733	
SUBTOTAL		**895**		**5 327**	
Items that may be subsequently reclassified to profit or loss					
Exchange differences		–6 619		1 936	
Fair value adjustments on cash flow hedges		1 655		1 254	
Tax effects	4.6	–239		–148	
SUBTOTAL		**–5 203**		**3 042**	
OTHER COMPREHENSIVE INCOME		**–4 308**		**8 369**	
TOTAL COMPREHENSIVE INCOME		**88 219**		**91 556**	
Net profit Group attributable to:					
Shareholders of ALSO Holding AG		92 630		83 382	
Non-controlling interests		–103		–195	
Total comprehensive income attributable to:					
Shareholders of ALSO Holding AG		88 322		91 751	
Non-controlling interests		–103		–195	
EARNINGS PER SHARE IN EUR *					
Basic earnings per share	5.13	7.22		6.50	
Diluted earnings per share	5.13	7.22		6.50	

* Attributable to the shareholders of ALSO Holding AG

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR 1 000	Note	12.31.2017		12.31.2016	
CURRENT ASSETS					
Cash and cash equivalents	5.1	235 561		55 477	
Trade receivables	5.2	570 713		583 508	
Inventories	5.3	834 123		738 273	
Prepaid expenses, accrued income and other receivables	5.4	257 872		257 818	
Derivative financial instruments	6.2	70		101	
TOTAL CURRENT ASSETS		**1 898 339**	88 %	**1 635 177**	86 %
NON-CURRENT ASSETS					
Property, plant and equipment	5.5	84 169		85 879	
Intangible assets	5.6	165 200		164 644	
Financial assets		2 280		1 413	
Derivative financial instruments	6.2	124		0	
Deferred tax assets	4.6	8 392		7 990	
TOTAL NON-CURRENT ASSETS		**260 165**	12 %	**259 926**	14 %
TOTAL ASSETS		**2 158 504**	100 %	**1 895 103**	100 %

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

LIABILITIES AND EQUITY

EUR 1 000	Note	12.31.2017		12.31.2016	
CURRENT LIABILITIES					
Financial liabilities	5.8	83 571		28 786	
Trade payables		851 090		862 688	
Accrued expenses, deferred income and other payables	5.9	228 334		195 981	
Derivative financial instruments	6.2	1 077		1 170	
Tax liabilities		10 193		7 274	
Provisions	5.10	5 050		4 459	
TOTAL CURRENT LIABILITIES		**1 179 315**	55 %	**1 100 358**	58 %
NON-CURRENT LIABILITIES					
Financial liabilities	5.8	325 722		192 631	
Provisions	5.10	4 592		4 241	
Derivative financial instruments	6.2	4 866		4 603	
Deferred tax liabilities	4.6	6 637		6 556	
Employee benefits	4.3	14 077		21 533	
TOTAL NON-CURRENT LIABILITIES		**355 894**	16 %	**229 564**	12 %
TOTAL LIABILITIES		**1 535 209**	71 %	**1 329 922**	70 %
EQUITY					
Share capital		9 960		9 960	
Capital reserves		134 947		161 896	
Treasury shares	5.11	−1 822		−1 194	
Cash flow hedge reserve		−2 189		−3 777	
Exchange differences		−1 985		4 806	
Remeasurement of defined benefit plans		−8 991		−9 886	
Retained earnings		493 187		403 234	
EQUITY ATTRIBUTABLE TO ALSO SHAREHOLDERS		**623 107**	29 %	**565 039**	30 %
Non-controlling interests		188		142	
TOTAL EQUITY		**623 295**	29 %	**565 181**	30 %
TOTAL LIABILITIES AND EQUITY		**2 158 504**	100 %	**1 895 103**	100 %

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Note	Share capital	Capital reserves	Treasury shares	Other reserves *	Retained earnings	Equity attributable to share-holders	Non-controlling interests	Total
JANUARY 1, 2017		**9 960**	**161 896**	**–1 194**	**–8 857**	**403 234**	**565 039**	**142**	**565 181**
Net profit Group		0	0	0	0	92 630	92 630	–103	92 527
Other comprehensive income		0	0	0	–4 308	0	–4 308	0	–4 308
TOTAL COMPREHENSIVE INCOME		**0**	**0**	**0**	**–4 308**	**92 630**	**88 322**	**–103**	**88 219**
Distributions to shareholders	5.13	0	–26 949	0	0	0	–26 949	0	–26 949
Acquisition of non-controlling interests	3	0	0	0	0	–4 388	–4 388	0	–4 388
Remeasurement of put options on shares of non-controlling interests	2.7	0	0	0	0	1 711	1 711	149	1 860
Measurement adjustment treasury shares	5.11	0	0	–628	0	0	–628	0	–628
DECEMBER 31, 2017		**9 960**	**134 947**	**–1 822**	**–13 165**	**493 187**	**623 107**	**188**	**623 295**
JANUARY 1, 2016		**9 960**	**184 231**	**–1 194**	**–17 226**	**317 482**	**493 253**	**–439**	**492 814**
Net profit Group		0	0	0	0	83 382	83 382	–195	83 187
Other comprehensive income		0	0	0	8 369	0	8 369	0	8 369
TOTAL COMPREHENSIVE INCOME		**0**	**0**	**0**	**8 369**	**83 382**	**91 751**	**–195**	**91 556**
Distributions to shareholders	5.13	0	–22 335	0	0	0	–22 335	–22	–22 357
Acquisition of non-controlling interests	3	0	0	0	0	–622	–622	622	0
Remeasurement of put options on shares of non-controlling interests	2.7	0	0	0	0	2 992	2 992	176	3 168
DECEMBER 31, 2016		**9 960**	**161 896**	**–1 194**	**–8 857**	**403 234**	**565 039**	**142**	**565 181**

* See Note 5.12

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	2017	2016
NET PROFIT GROUP	**92 527**	**83 187**
Depreciation and amortization	16 320	17 516
Change of provisions and employee benefits	–4 482	–2 529
Losses/gains from the sale of non-current assets	37	–23
Other non-cash items	–6 747	1 951
SUBTOTAL	**97 655**	**100 102**
Change in trade receivables	72 870	–46 756
Change in receivables from factoring	11 006	–52 529
Change in inventories	–84 377	–22 322
Change in prepaid expenses, accrued income and other receivables	–9 394	1 083
Change in trade payables	–8 426	94 975
Change in accrued expenses, deferred income and other payables	15 547	15 413
CASH FLOW FROM OPERATING ACTIVITIES	**94 881**	**89 966**
Net cash flow from acquisitions of subsidiaries (see Note 3)	–9 734	–3 676
Payment of contingent consideration from acquisitions of subsidiaries (see Note 3)	–2 763	–3 348
Dividends from associates	0	455
Additions to property, plant and equipment	–11 002	–6 801
Additions to intangible assets	–4 402	–5 828
Disposals of property, plant and equipment	239	79
Disposals / additions of financial assets	120	–309
CASH FLOW FROM INVESTING ACTIVITIES	**–27 542**	**–19 428**
Distributions to shareholders	–26 949	–22 335
Distributions to non-controlling interests	0	–22
Proceeds from increase of financial liabilities	159 407	23 352
Repayments of financial liabilities	–21 505	–35 608
Proceeds/repayments of factoring liabilities	1 947	–20 389
CASH FLOW FROM FINANCING ACTIVITIES	**112 900**	**–55 002**
Exchange differences	–155	–59
CHANGE IN CASH AND CASH EQUIVALENTS	**180 084**	**15 477**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**55 477**	**40 000**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**235 561**	**55 477**
Included in cash flow from operating activities		
Income taxes paid	28 425	25 965
Interest paid	16 127	14 739
Interest received	273	222

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The ALSO Group's consolidated financial statements are prepared in accordance with the requirements of the Swiss Code of Obligations and the International Financial Reporting Standards (IFRS), as well as the accounting and measurement principles described below. The consolidated financial statements are prepared on the assumption of a going concern. The consolidated financial statements are prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value. The financial statements are available in German and English, of which the German version is binding.

These consolidated financial statements for the fiscal year 2017 of ALSO Holding AG inclusive all of its directly or indirectly controlled subsidiaries are presented in EUR (reporting currency), since the majority of revenues are generated in the euro area. For clarity, all values are presented in thousands of euros (TEUR).

2.2 SIGNIFICANT CHANGES IN THE ACCOUNTING AND MEASUREMENT PRINCIPLES

The accounting policies adopted are consistent with those of the previous fiscal year except for those new and amended standards and interpretations effective from January 1, 2017, which are listed below. A description of the changes and their impact on the consolidated financial statements is provided below if they materially affect the financial position, performance, or cash flow situation of ALSO:

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)
- Clarification of the scope of the Standard (Amendments to IFRS 12)

None of the changes have any material effect on the financial position, performance, or cash flow situation of ALSO.

2.3 PUBLISHED STANDARDS, INTERPRETATIONS, AND AMENDMENTS NOT YET APPLIED

The following standards, interpretations, and amendments which have been issued but not yet applied by ALSO are being constantly analyzed by ALSO for their impact on the consolidated financial statements:

- IFRS 9 Financial Instruments – *effective January 1, 2018*
- IFRS 15 Revenue from Contracts with Customers – *effective January 1, 2018*
- IFRS 16 Leases – *effective January 1, 2019*
- Deletion of short-term exemptions for first-time adopters (Amendments to IFRS 1) – *effective January 1, 2018*
- Measuring an associate or joint venture at fair value (Amendments to IAS 28) – *effective January 1, 2018*
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) – *effective January 1, 2018*
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) – *effective January 1, 2018*
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – *effective January 1, 2018*
- Transfers of Investment Property (Amendments to IAS 40) – *effective January 1, 2018*

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28) – *date of initial application unknown*
- Making Materiality Judgements (IFRS Practice Statement) – effective January 1, 2018

ALSO has analyzed the impact of IFRS 15 on the recognition and disclosure of net sales in detail. The customer contracts underlying the main business models are not expected to contain any items that are required to be recorded or disclosed differently under IFRS 15 than under the previous standards and interpretations. Both for the traditional transactional business models and for trading business with products that form part of comprehensive solutions, there is only a short interval between concluding the contract and performing the service/recognizing net sales. Services performed for customers on the basis of service contracts are of a transactional nature or are provided over short periods that form the basis for billing to customers.

ALSO has also analyzed the impact of IFRS 9 in detail. The classification and measurement of trade receivables and receivables from factoring companies needs to be adjusted, but this will not have any significant financial effects. The classification and measurement of other financial instruments remains unchanged.

ALSO therefore does not currently anticipate any significant effects from the initial application of IFRS 15 and IFRS 9.

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

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

From today's perspective, the application of other changes will not have any material effects on the capital, financial, income, or cash flow situation of ALSO. ALSO applies the changes for the first time as from the fiscal year following the date stated in the standard.

2.4
KEY ASSUMPTIONS AND ESTIMATES

Preparation of the financial statements in accordance with IFRS requires management to make certain assumptions and estimates which influence the figures presented in this report. The necessary analyses and assessments are continuously reviewed and modified if necessary. However, the actual results may differ from these estimates. The main items whose amount and presentation materially depend on assumptions and estimates are as follows:

VENDOR BONUSES

The accruals of vendor receivables for bonuses contain estimates which are based on various factors such as sales volumes, quantities, stock levels, and other qualitative and quantitative targets. The amount recognized for the bonuses depends mainly on the attainment of the agreed targets. The bonus models vary between the vendors.

IMPAIRMENT OF GOODWILL

ALSO tests the capitalized goodwill at least once per year for impairment. This requires an assessment of the value in use of an underlying cash-generating unit or group of cash-generating units. The estimates of factors such as volumes, sales prices, sales growth, gross margin, operating expenses and investments, market conditions, balance sheet structure, and other economic factors, as well as parameters (e.g. discount rates) derived from external data, are based on assumptions that management considers reasonable (► see Note 5.7).

DEFERRED TAX ASSETS

Deferred tax assets are determined on the basis of estimates. The forecasts that are made for this purpose cover a timeframe of several years and include interpretations of existing tax laws and ordinances as well as changes in tax rates (► see Note 4.6).

SALE OF TRADE RECEIVABLES

In various countries, ALSO sells trade receivables to independent factoring companies. The assessment of whether the contractual arrangements of the factoring programs result in a significant transfer of risk, and the associated derecognition of the receivables, has a significant influence on the balance sheet of ALSO (► see Note 6.8).

EMPLOYEE BENEFITS

In various countries there are defined benefit plans. The defined benefit liability is based partly on long-term actuarial assumptions which may differ from actual future developments. Determination of the discount rate, the future development of salaries and pensions, and life expectancy are important components of the actuarial measurement.

2.5 SCOPE OF CONSOLIDATION

These consolidated financial statements include the annual financial statements as at December 31 of ALSO Holding AG, Emmen, Switzerland, and of the companies over which ALSO has control. ALSO controls a subsidiary when ALSO is exposed to the risks of the entity, has rights to variable returns from its involvement in the entity, and can affect these returns through exercise of its power over the entity. By this definition, ALSO controls SINAS Beteiligungs GmbH & Co. Vermietungs-KG, even though less than half of its voting shares are owned by ALSO. With the opening of insolvency proceedings under self-administration, ALSO lost control of ALSO Logistics Services GmbH in 2015. Nevertheless, as a member of the Creditor Committee, ALSO exercises significant influence on ALSO Logistics Services GmbH.

Subsidiaries are fully consolidated from the date on which control is transferred to ALSO and deconsolidated from the date that control ceases. Group companies are listed in ► Note 6.5.

CHANGES IN 2017

The following companies were acquired by the ALSO Group in 2017 and were included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
France	Paris	BeIP S.A.S	51.00 %
Finland	Helsinki	Internet Smartsec Oy	100.00 %
Netherlands	Utrecht	All 4 U B.V.	100.00 %
	Utrecht	Esseko B.V.	100.00 %
	Utrecht	Five 4 U Nederland B.V.	100.00 %
Belgium	Mechelen	Five 4 U BVBA	100.00 %

CHANGES IN 2016

The following companies were acquired by the ALSO Group in 2016 and were included in the scope of consolidation:

Country	Domicile	Company name	Voting interest
Slovenia	Ljubljana	ALSO d.o.o.	100.00 %
Latvia	Riga	ALSO Cloud Latvia SIA	100.00 %
Switzerland	Stans	Bachmann Mobile Kommunikation AG	100.00 %

2.6 CONSOLIDATION METHOD

The consolidated financial statements are based on the financial statements of the individual Group companies, which are prepared using consistent accounting and measurement policies throughout the Group.

Assets and liabilities, as well as income and expenses, are included at their full amounts, and non-controlling interests in equity and net profit are shown separately.

All intragroup transactions (expenses, income, assets, and liabilities), as well as material unrealized gains from intragroup sales of assets which have not yet been sold to third parties, are eliminated.

2.7 ACQUISITIONS

Acquisitions are accounted for using the acquisition method. If the consideration transferred for the acquisition of an entity exceeds the underlying fair value of the identifiable net assets that are acquired, the excess represents goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units that are expected to benefit, or generate future cash flows, from the combination. The goodwill is recognized in the cash-generating unit's functional currency.

Acquisition costs are recognized as expense and reported as other operating expenses.

For each business combination, the acquirer measures the non-controlling interests in the acquired entity either at fair value or in proportion to the identifiable net assets of the acquired entity. Contingent liabilities that are acquired through the acquisition, and whose fair value can be reliably determined, are recognized in the acquisition balance sheet as liabilities at their fair value.

The results of the acquired companies are recognized from the date on which the Group obtains control. When an entity leaves the scope of the consolidation, the difference between the consideration received and the net assets plus accumulated foreign exchange differences at the date on which the Group loses control of the entity is recognized in the financial result.

If a business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and a resulting gain or loss relating to the previously held equity interest is recognized through profit or loss.

If the Group undertakes a business combination with put options that are held by shareholders of non-controlling interests and does not thereby obtain ownership, the non-controlling interests continue to be allocated a share in the profits. At the end of each reporting period, the allocation is recognized as a financial liability as if the acquisition had taken place at this date. Any excess over the reclassified amount, and all changes in the present value of the financial liability, are recognized in retained earnings.

A change in the ownership interest in a subsidiary without loss of control is recognized as an equity transaction.

2.8 INVESTMENTS IN ASSOCIATES

Entities over which ALSO has significant influence, but not control, are accounted for by the equity method. ALSO is generally considered to have significant influence if it holds an interest of between 20 % and 50 % in an entity. Under the equity method, the investment is initially recognized at cost. In subsequent measurements, the carrying amount is increased by the share in profits of the entity and reduced by its share in losses and by dividend payments received from the entity. If the share in losses of the entity equal or exceed its carrying amount, ALSO ceases to recognize its share in losses. Provisions are recognized for any further share in losses if ALSO has a legal or constructive obligation.

The book value of investments in associates consists of the share in net assets and goodwill.

At each reporting date, ALSO tests for objective indications of impairment. Any impairment loss is recognized through profit or loss.

2.9
TRANSLATION OF FOREIGN CURRENCY

Each entity of the Group determines its own functional currency. The functional currency of the Group companies is the normal currency of their local economic environment. Transactions in foreign currencies are translated into the respective functional currency at the spot rate that applies at the date of the transaction. All exchange gains and losses arising on transactions in foreign currencies, or on translation of monetary assets, are recognized in profit or loss.

Exchange gains on certain loans with equity-like nature are recognized in other comprehensive income provided that repayment of the loan is not planned or intended in the near future. Such exchange gains are recognized in other comprehensive income and only reclassified to the financial result upon loss of control of the entity or repayment of the loan.

The annual financial statements of the foreign operations that have a functional currency different from the Group reporting currency are translated into the Group reporting currency (EUR) as follows:

- statement of financial position at year-end rates;
- statement of comprehensive income at average annual rates;
- statement of cash flows at average annual rates.

Exchange differences arising on the translation of financial statements of entities whose functional currency is not the euro are recognized in other comprehensive income and on eventual loss of control of the subsidiary are reclassified to the financial result.

2.10
TOTAL NET SALES

Total net sales comprise invoiced deliveries of goods and services and other sales-related revenue.

Revenue from goods deliveries is only recognized when it is probable that the economic benefits associated with the transaction will flow to ALSO and the amount can be reliably measured. The revenue is recognized when the goods are shipped, specifically when the risks and rewards are transferred to the purchaser.

Accruals for discounts and allowances granted to customers are recognized as a reduction in revenue at the time the related revenue is recognized or the incentives are granted. They are calculated on the basis of the specific terms of the individual agreements and the underlying revenues. Service revenue is recognized in the statement of comprehensive income as soon as the service is rendered and it becomes probable that an economic benefit will flow to the Group.

EXCHANGE RATES (TO EURO)

		Year-end rate		Average rate	
		2017	2016	**2017**	2016
USA	USD	1.1993	1.0541	1.1297	1.1069
Switzerland	CHF	1.1702	1.0739	1.1117	1.0902
Norway	NOK	9.8403	9.0863	9.3270	9.2906
Denmark	DKK	7.4449	7.4344	7.4386	7.4452
Sweden	SEK	9.8438	9.5525	9.6351	9.4689
Poland	PLN	4.1770	4.4103	4.2570	4.3632

2.11
PERSONNEL EXPENSES/EMPLOYEE BENEFIT PLANS

In addition to the actual remuneration for services rendered (wages, salaries, and bonuses), personnel expenses also include ancillary personnel costs and social security contributions. Awards for years of service are also recognized as personnel expenses over the underlying period of service and accrued accordingly.

The companies of the ALSO Group operate various employee benefit plans according to the local conditions and practices in the respective countries.

Defined contribution plans are post-employment plans under which the Group pays fixed contributions into a separate fund and is neither legally nor de facto obliged to pay further contributions.

For defined benefit pension plans, the costs of providing benefits as well as the required provisions are defined actuarily using the projected unit credit method. In the case of plans that provide higher benefit growth in later years (backloading), the benefits that can be acquired are assigned on the basis of the net liability excluding future employee-funded benefit components. The liabilities are backed with assets which are managed by autonomous separately funded benefit plans or with provisions for employee benefits which are recognized in the financial statements of the relevant entities.

A surplus in a defined benefit plan is only recognized to the amount of the future economic benefits that are available in the form of reductions in contributions or repayments, taking into account the upper limit for the asset (asset ceiling). A defined benefit obligation is fully recognized as a provision.

Pension costs are composed of three elements:

- Service costs, which are part of personnel expenses, and consist of current service costs, past service costs, and gains/losses from plan settlements;
- Net interest, which is recorded in the financial result, and is determined by applying the discount rate to the net defined benefit liability, or net defined benefit asset, that exists at the beginning of the year;
- Gains and losses resulting from actuarial remeasurement, which are immediately recognized in other comprehensive income as remeasurements of employee benefits. Remeasurements of employee benefits are not recycled through the income statement at any later point in time.

2.12
CAPITAL PARTICIPATION PLANS

Until February 8, 2011, the ALSO Group granted shares and options of ALSO Holding AG to then members of Group Management.

Under the terms of the share plan, the shares that were granted passed into the ownership of the beneficiaries with all associated rights, but subject to a vesting period of three years during which they may not be sold.

Under the terms of the option plan, the beneficiaries received on an annual basis option rights for the purchase of shares of ALSO Holding AG at a predetermined price. The options could only be exercised after a vesting period of three years. Payment in cash is not permitted.

The fair value of the option premiums from the capital participation plan (► see Note 6.6) as determined according to the Hull-White model was charged to personnel expenses over the vesting period of three years.

2.13
FINANCIAL ASSETS

Financial assets mainly comprise trade receivables, prepaid expenses, accrued income, and other receivables as well as financial assets.

Financial assets are categorized as follows:

- Loans and receivables: Non-derivative financial assets with fixed or determinable payments which are not quoted on an active market.
- At fair value through profit or loss: Comprises financial assets acquired for short-term sale and derivatives. Certain other financial instruments can also be assigned to this category provided that the respective conditions are fulfilled.
- All other financial assets are classified as financial assets available for sale.

The classification of financial assets depends on the purpose for which the respective financial assets were acquired. Management determines the classification of financial assets at their initial recognition and reassesses the classification at each reporting date. Financial assets other than financial assets recognized at fair value through profit or loss are initially recognized at fair value plus transaction costs. All purchases and sales are recognized on the trade date.

After their initial recognition, financial assets are measured depending on their category as follows:

- Loans and receivables: At amortized cost using the effective interest method (equal distribution of cashflows during the term resulting in a zero difference of net present value).
- At fair value through profit or loss: At fair value. If the fair value is not readily available, it must be calculated using a recognized valuation model. Any changes in fair value are recognized in the statement of comprehensive income under net financial result (financial income or financial expense) or cost of goods sold for the respective reporting period.
- Available for sale: At fair value. Any unrealized changes in value are recognized in other comprehensive income, except for interest that was calculated using the effective interest method, and exchange rate fluctuations on borrowing instruments. In the case of sale, impairment, or other disposal, the cumulative gains and losses that are recognized in equity are reclassified into the net financial result (financial income, financial expense) of the current reporting period (► see Note 2.14).

At the reporting date, or whenever otherwise impairment is indicated, the carrying amounts of all financial assets that are not recognized at fair value through profit or loss are tested for objective substantial indications (e.g. significant financial difficulties of the debtor, etc.) of impairment. Any impairment loss that arises due to a difference between the carrying amount and the fair value is recognized through profit or loss.

2.14 HEDGE ACCOUNTING

To hedge its interest and currency risks that result from its operating activities, financial transactions and investments, ALSO uses derivative financial instruments. The method used to recognize the resulting gain or loss on derivative financial instruments depends on whether the instrument is designed to hedge a specific risk and whether the hedge qualifies for hedge accounting.

ALSO uses derivative financial instruments to hedge foreseen transactions or fixed obligations. If the derivative financial instrument that is used qualifies as a cash flow hedge when the contract is entered into, changes in value of the effective component of this derivative are recognized in other comprehensive income. The ineffective component is recognized in profit or loss. At the date of initial recognition of the hedged asset or liability, or expense or income, the changes in value that were recognized in other comprehensive income are included in the respective hedged item.

The purpose of hedge accounting is to offset the changes in the hedged item and the hedging instrument in the statement of comprehensive income. To qualify as hedge accounting, the hedging relationship must meet the requirements regarding documentation, probability, effectiveness, and reliability of measurement. Both at hedge inception and throughout the lifetime of the hedge, ALSO therefore documents its assessment of whether the hedge is highly effective in offsetting the risks of changes in fair values or cash flows resulting from changes in fair value of the hedging instrument.

Especially forward contracts that provide effective hedging economically, and in keeping with the Group strategy, do not qualify for hedge accounting. Depending on the economic background, changes in the market values of these derivative financial instruments are recognized in the statement of comprehensive income either in the gross margin (currency hedging) or the financial result (interest rate hedging).

2.15 CASH AND CASH EQUIVALENTS

In addition to cash on hand and current account balances, cash equivalents also include time deposits with an original term of up to three months.

2.16 TRADE RECEIVABLES

Trade receivables are recognized at face value less provision for impairment, when there are indications that the customer will not be able to meet its payment obligations (insolvency, etc.). Default rates based on historical experience are offset against the contractually foreseen payment streams.

The impairment of trade receivables takes place indirectly through a separate impairment account. The impairment charged to the statement of comprehensive income in the reporting period is reported under other operating expenses. Should a trade receivable no longer be collectable, the receivable, along with any impairment that has already been charged, is derecognized. Should a payment subsequently be received, it is credited to other operating income.

2.17 INVENTORIES

Inventories are recognized at the lower of purchase cost and net realizable value. The purchase costs contain all purchase and overhead costs incurred in bringing each product to its present location and condition. The inventories are valued using the weighted-average purchase price method. Value adjustments are made for slow-moving inventories or inventories with purchase cost higher than market value. Unsaleable inventories are written off in full.

2.18 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is valued at acquisition cost minus economically necessary depreciation. Borrowing costs of qualified assets (which means project duration greater than 12 months) are additionally capitalized. Maintenance and repair costs with no added value are not capitalized. Significant investments are broken down into their constituent parts if the estimated useful lives of the separate components differ.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Impairments are recognized under depreciation and shown separately in the assets analysis. The depreciation method as well as the estimated residual values and useful lives are reviewed annually.

- Land — Not depreciated
- Buildings — Useful life 25 years
- Equipment — Useful life 2 – 15 years
- Other property, plant and equipment — Useful life 4 – 10 years

2.19 FINANCE LEASES

Leasing agreements that transfer to ALSO substantially all of the risks and benefits that are associated with ownership of the leased item are classified as finance leases. Equipment that is financed by leasing agreements is capitalized in the statement of financial position at the lower of market value or the net present value of the future lease payments. Non-current assets arising from finance leases are depreciated over their estimated useful life or the period of the agreement if shorter. Outstanding liabilities arising from finance leases are recognized as current and non-current financial liabilities.

Leases that do not transfer essentially all of the risks and benefits associated with ownership of the leased asset are classified as operating leases and the payments are recognized in the statement of comprehensive income.

2.20 INTANGIBLE ASSETS

Intangible assets comprise goodwill and internally created software, as well as licenses, patents and similar rights, customer lists, brand names, and software, that are acquired from third parties. The amortization of all intangible assets with finite useful lives is calculated by the straight-line method over the expected useful life. Impairment losses are recognized under amortization and disclosed separately in the assets analysis.

Goodwill is not normally amortized but tests for impairment are performed annually as well as whenever there is an indication that the goodwill may be impaired.

Material borrowing costs relating to qualifying assets (project duration greater than 12 months) are additionally capitalized.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized.

- Software — Useful life 3 – 7 years
- Customer lists — Useful life 3 – 5 years
- Other intangible assets — Useful life 3 years

2.21
IMPAIRMENT

Goodwill is tested for impairment each year (► see Note 5.7). Impairment is determined by assessing the recoverable amount of the cash-generating unit (CGU or group of CGUs) to which the goodwill relates. The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. To determine the value in use, the cash flows for the next three years are estimated based on detailed budgets; beyond that period, a long-term growth rate is determined to forecast the future cash flows. The cash flows are then discounted at an appropriate discount rate. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. An impairment loss that is recognized against goodwill cannot be reversed in subsequent reporting periods.

Other non-current assets are tested for impairment whenever events or changed circumstances indicate a potential impairment. If there are indications of impairment, the recoverable amount of the asset is calculated. The recoverable amount of the non-current asset or CGU is the higher of its fair value less costs of disposal and its value in use. If the carrying amount exceeds the recoverable amount, the asset is written down to that amount. This special write-down (impairment) is reported separately in the assets analysis. An impairment reversal is possible if, at a later date, an impairment test shows that the loss in value no longer exists.

2.22
FACTORING

The ALSO Group has sold or assigned some of its trade receivables to finance companies (factors). The receivables are only derecognized when substantially all of the risks contained in the receivables have been transferred to the purchaser of the receivables. Based on current legal agreements relating to factoring, all or significant portions of the customer default risk are transferred to the receivables purchaser. The interest risk remains with the ALSO Group until the date at which the receivables are received by the purchaser of the receivables or until the contractually agreed latest date. Securitization reserves are reported under other receivables.

Remaining bad debt, interest, and currency risks are recognized as continuing involvement in trade accounts receivable. This continuing involvement is offset by a corresponding liability, which also takes into account the risk of its utilization.

Payment of the purchase price by the factoring company takes place either when the payment is received by the factoring company or with interest at the request of ALSO. The still outstanding part of the purchase price receivable is reported under other receivables.

Interest expense and administration fees resulting from the sale of receivables are recognized in the financial result.

2.23
FINANCIAL LIABILITIES

Financial liabilities particularly include trade payables, liabilities to banks, other liabilities, liabilities from finance leases, and derivative financial liabilities.

Financial liabilities are separated into two categories. They are classified either as “at fair value through profit or loss”, or as “other financial liabilities”:

- At fair value through profit or loss: At their initial recognition and subsequently, these financial liabilities are measured at fair value. The transaction costs directly identifiable to the purchase of these liabilities are expensed. Derivatives with a negative replacement value are by definition assigned to this category.
- Other financial liabilities: Other financial liabilities mainly comprise financial debts. Financial liabilities are measured at amortized cost using the effective interest method. In addition to actual interest payments, interest expense also includes annual compound interest and pro rata transaction costs.

Financial guarantees and pledges are reported as contingent liabilities and only recognized as provisions when a cash outflow becomes probable.

2.24
PROVISIONS

Provisions are liabilities of uncertain timing or amount. They are recognized if the ALSO Group has a legal or de facto present obligation from a past event, which will lead to a probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

Warranties in respect of products supplied or services rendered by ALSO give rise to legal or de facto obligations. Provisions for warranty-related costs are recognized at the date when the respective product is sold or service rendered. The amount of the necessary provision is based on historical experience and expected probabilities of future occurrence. The resulting expenses are normally limited to logistical processes for returning the defective products to the vendor. The cost of repair or replacement is borne by the vendor.

Restructuring provisions are only recognized when a detailed restructuring plan is available and its main features have been announced to all those affected by it.

If the effect of the time-value of money is material, non-current provisions are discounted.

2.25
TAXES

Taxes on income are accrued in the same periods as the revenue and expenses to which they relate, and are reported as tax liabilities. Deferred taxes include the income tax effects of temporary differences between the Group's internal measurement criteria and the local tax measurement guidelines for assets and liabilities (comprehensive liability method). With this method, deferred taxes are created for temporary taxable differences. Deferred taxes are adjusted annually for any changes in local tax legislation. Tax-loss carry-forwards and deductible temporary differences are reported as deferred tax assets if it is sufficiently probable that future taxable profits will be adequate to utilize the respective deferred tax assets (► see Note 4.6).

Taxes that would have to be paid in the event of a payout of retained earnings in the subsidiaries are not accrued unless this type of payout is expected to be made in the near future.

2.26
EQUITY

Equity is composed of share capital, capital reserves, treasury shares, cash flow hedge reserves, exchange differences, remeasurement of defined benefit plans, retained earnings, and non-controlling interests.

The share capital represents the nominal capital of ALSO Holding AG. The capital reserves consist of all contributions to shareholders' equity received from outside the company other than share capital. Gains or losses resulting from the sale of treasury shares are also recognized in the capital reserves. The cash flow hedge reserve contains changes in the fair value of cash flow hedges. Under remeasurement of defined benefit plans, all actuarial gains and losses on the measurement of defined benefit plans are recognized. Under exchange differences, all exchange differences are recognized that result from translation of the financial statements of those Group companies whose functional currency is not the same as the reporting currency. Retained earnings comprise the gains/losses resulting from the decisions of the consolidated entities regarding the application of earnings that are carried forward to the new account.

The share capital and the capital reserves are translated at historical exchange rates, dividends and other distributions at transactional exchange rates.

Dividends and other distributions to shareholders are charged to equity in the period in which they are declared.

3.
BUSINESS COMBINATIONS

ACQUISITION OF BEIP S.A.S

On January 6, 2017, the ALSO Group acquired 51 % of the voting shares in BeIP S.A.S BeIP S.A.S, an unlisted company with registered office in Paris, France, offers a wide portfolio of IT technologies and related support services, mainly in the areas of network and security infrastructure. The objective of the acquisition is to strengthen the market position of ALSO in France.

Under the purchase agreement, ALSO has the option to purchase, and the counterparty the option to sell, the remaining 49 % of the voting shares. ALSO has decided to recognize the non-controlling interests in the acquired company at their proportionate share of the fair value of net identifiable assets.

The consideration transferred for 51 % of the voting shares was TEUR 1 531. An additional contingent consideration (earn-out) was agreed, which is due as of 2018. The estimated amount of that contingent consideration at the date of acquisition was TEUR 1 459 and depends on the future operating results of the company.

In the purchase price allocation, a fair value of the net assets of TEUR 232 was identified. The value of the non-controlling interests is TEUR 223. Goodwill of TEUR 2 758 was recognized. The goodwill mainly reflects the expected synergy effects from accessing vertical markets. Cash for the amount of TEUR 306 was acquired. The fair value of trade receivables amounts to TEUR 632 and consists of gross contractual amounts of TEUR 914 and a provision for bad debts in the amount of TEUR 282. No contingent liabilities were recognized. The goodwill is not tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed on January 6, 2017 and revised at the reporting date is provisional.

For the remaining 49 % of the voting shares, the parties have signed call and put options. Non-controlling interests for BeIP S.A.S were not reported, but the present value of the put option is recognized as a liability in the statement of financial position.

Since the date of acquisition, BeIP S.A.S has contributed TEUR 21 378 to the net sales and TEUR –66 to the net profit of ALSO.

As at December 31, 2017, TEUR 1 531 of the purchase price of TEUR 2 990 had been paid out.

ACQUISITION OF INTERNET SMARTSEC OY

On February 2, 2017, the ALSO Group acquired 100 % of the voting shares in Internet Smartsec Oy, an unlisted company with registered office in Helsinki, Finland, that offers high-standard security and network products and provides consultation and training in data security and data networks. The objective of the acquisition is to strengthen the market position of ALSO in Finland.

The consideration transferred for 100 % of the voting shares was TEUR 685. In the purchase price allocation, a fair value of the net assets of TEUR 351 was identified. Goodwill of TEUR 334 was recognized. The goodwill mainly reflects the expected synergy effects from to expanding the Solution and Service business. Cash for the amount of TEUR 4 was acquired. The fair value of trade receivables amounts to TEUR 933. No contingent liabilities were recognized. The goodwill is not tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed on February 2, 2017 and revised at the reporting date is provisional.

Since the date of acquisition, Internet Smartsec Oy has contributed TEUR 5 753 to the net sales and TEUR 86 to the net profit of ALSO.

At December 31, 2017, the purchase price of TEUR 685 had been fully paid out.

ACQUISITION OF FIVE 4 U B.V.

On July 6, 2017, the ALSO Group acquired 100 % of the voting shares in Five 4 U Group (consisting of Five 4 U B.V., All 4 U B.V., Esseko B.V. and Five 4 U BVBA). Five 4 U, an unlisted company with registered office in Utrecht, the Netherlands, and Mechelen, Belgium, is one of the leading specialized distributors for hardware and software in the Benelux with Apple products and with graphic arts expertise. The objective of the acquisition is to open up new customer groups in the Netherlands and Belgium and to expand the product portfolio, foremost in the area of graphics.

The consideration transferred for 100 % of the voting shares was TEUR 10 374. An additional contingent consideration (earn-out) was agreed, which is due as of 2018. The estimated amount of that contingent consideration at the date of acquisition was TEUR 2 500 and set-off with liabilities towards the seller of Five 4 U. The amount of that contingent consideration depends on the future operating results of the company.

In the purchase price allocation, a fair value of the net assets of TEUR 10 080 was identified. Goodwill of TEUR 294 was recognized. The goodwill mainly reflects the expected synergy effects from opening up new customer groups in the Netherlands and Belgium. Cash for the amount of TEUR 1 227 was acquired. The fair value of trade receivables amounts to TEUR 44 944 and consists of gross contractual amounts of TEUR 45 013 and a provision for bad debts in the amount of TEUR 69. No contingent liabilities were recognized. The goodwill is not tax-deductible.

Since information is still outstanding, the purchase price allocation that was performed on July 6, 2017 and revised at the reporting date is provisional.

Since the date of acquisition, Five 4 U has contributed TEUR 141 181 to the net sales and TEUR 53 to the net profit of ALSO.

As at December 31, 2017, TEUR 8 700 of the purchase price of TEUR 10 374 had been paid out.

OTHER ACQUISITIONS

In 2017, ALSO acquired some assets and liabilities of companies that are active in the printing area and in pre-installation and re-cycling services. In one of these acquisition the net assets acquired exceeded the agreed purchase price by TEUR 398. This negative goodwill was recognized in 2017 in the statement of comprehensive income as financial income and represented a reduction in the purchase price for the amount of operative cost savings for the seller.

Furthermore, ALSO acquired remaining voting shares in ALSO Polska sp. z o.o. for the amount of TEUR 2 763.

CONSEQUENCES OF THE ACQUISITIONS

If the acquisitions had taken place at the beginning of the year, the net sales of ALSO for the period would have been TEUR 8 996 071 and the net profit TEUR 92 357.

ASSETS AND LIABILITIES FROM BUSINESS COMBINATIONS

	Fair values at the date of acquisition				
EUR 1 000	BeIP S.A.S *	Internet Smartsec Oy *	Five 4 U *	Other acquisitions *	Total
CURRENT ASSETS					
Cash and cash equivalents	306	4	1 227	–	1 537
Trade receivables	632	933	44 944	–	46 509
Inventories	1 892	607	14 505	–	17 004
Prepaid expenses, accrued income and other receivables	1 701	302	2 373	–	4 376
TOTAL CURRENT ASSETS	**4 531**	**1 846**	**63 049**	**–**	**69 426**
NON-CURRENT ASSETS					
Property, plant and equipment	112	27	129	178	446
Intangible assets	387	119	1 145	643	2 294
Financial assets	24	–	296	–	320
Deferred tax assets	23	46	1 448	–	1 517
TOTAL NON-CURRENT ASSETS	**546**	**192**	**3 018**	**821**	**4 577**
TOTAL ASSETS	**5 077**	**2 038**	**66 067**	**821**	**74 003**
CURRENT LIABILITIES					
Financial liabilities	18	453	38 189	–	38 660
Trade payables	2 667	818	12 244	–	15 729
Accrued expenses, deferred income and other payables	1 120	162	487	–	1 769
Tax liabilities	5	–	2 227	–	2 232
Provisions	40	–	–	–	40
TOTAL CURRENT LIABILITIES	**3 850**	**1 433**	**53 147**	**–**	**58 430**
NON-CURRENT LIABILITIES					
Financial liabilities	651	–	2 840	–	3 491
Provisions	20	230	–	–	250
Deferred tax liabilities	101	24	–	99	224
TOTAL NON-CURRENT LIABILITIES	**772**	**254**	**2 840**	**99**	**3 965**
TOTAL LIABILITIES	**4 622**	**1 687**	**55 987**	**99**	**62 395**
Total net assets	232	351	10 080	722	11 385
Goodwill	2 758	334	294	31	3 417
Negative goodwill				−398	−398
CONSIDERATION TRANSFERRED	**2 990**	**685**	**10 374**	**355**	**14 404**
ANALYSIS OF CASH FLOWS FROM THE ACQUISITIONS					
Cash acquired	306	4	1 227	–	1 537
Cash paid	−1 531	−685	−8 700	−355	−11 271
NET CASH OUTFLOW	**−1 225**	**−681**	**−7 473**	**−355**	**−9 734**

* Provisional amounts

BUSINESS COMBINATIONS 2016

ACQUISITION OF BACHMANN MOBILE KOMMUNIKATION AG

On August 1, 2016, the ALSO Group acquired 70 % of the voting shares in Bachmann Mobile Kommunikation AG and thus increased its voting share from the previous 30% to 100%. Bachmann Mobile Kommunikation AG, with registered office in Stans, Switzerland, is a leading provider of repair and logistics services in the consumer electronics and mobile communications after-sales service market. The objective of the acquisition is to enhance high-margin range of products and services through end-to-end solutions.

Up until August 1, 2016, the investment in Bachmann Mobile Kommunikation AG was accounted for using the equity method. As a result of the acquisition of the remaining 70% of the voting shares, the carrying amount of the previous 30% of the voting shares of TEUR 1 287 was remeasured. The difference of TEUR 1 471 from the fair value of TEUR 2 758 is recognized in 2016 under financial income.

The provisional purchase price allocation as at December 31, 2016 was completed in 2017. There was no change in the measurement of the acquired assets.

ACQUISITION OF NON-CONTROLLING INTEREST IN MEDIUM GMBH

On June 8, 2016, ALSO acquired the remaining 20 % of the share capital of MEDIUM GmbH. The transaction resulted in 2016 in income of TEUR 153. Additionally TEUR 622 was reclassified from non-controlling interests to retained earnings.

EARN-OUT NRS

In 2016 earn-out in the amount of TEUR 1 348 was paid for NRS that was acquired in 2012. This purchase price had already been taken into account in the purchase price allocation as of December 31, 2012.

4. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1 SEGMENT INFORMATION

EUR 1 000	Central Europe 2017	Central Europe 2016	Northern/Eastern Europe 2017	Northern/Eastern Europe 2016	Adjustments 2017	Adjustments 2016	Group 2017	Group 2016
Net sales to third parties	5 155 929	4 766 749	3 600 527	3 098 786	0	0	8 756 456	7 865 535
Revenue from services to third parties	127 411	115 185	6 578	3 187	243	242	134 232	118 614
Net sales to other segments	152 459	110 452	270 347	235 008	−422 806	−345 460	0	0
TOTAL NET SALES	**5 435 799**	**4 992 386**	**3 877 452**	**3 336 981**	**−422 563**	**−345 218**	**8 890 688**	**7 984 149**
EBITDA	**107 646**	**108 856**	**47 200**	**34 092**	**2 434**	**3 059**	**157 280**	**146 007**
As % of total net sales	*2.0 %*	*2.2 %*	*1.2 %*	*1.0 %*			*1.8 %*	*1.8 %*
Depreciation and amortization	−9 602	−10 803	−3 626	−3 874	−3 092	−2 839	−16 320	−17 516
OPERATING PROFIT (EBIT)	**98 044**	**98 053**	**43 574**	**30 218**	**−658**	**220**	**140 960**	**128 491**
As % of total net sales	*1.8 %*	*2.0 %*	*1.1 %*	*0.9 %*			*1.6 %*	*1.6 %*
Net financial income/expense	−11 295	−7 399	−9 007	−6 991	3 522	−209	−16 780	−14 599
PROFIT BEFORE TAX (EBT)	**86 749**	**90 654**	**34 567**	**23 227**	**2 864**	**11**	**124 180**	**113 892**
As % of total net sales	*1.6 %*	*1.8 %*	*0.9 %*	*0.7 %*			*1.4 %*	*1.4 %*
SEGMENT ASSETS	**1 444 134**	**1 309 974**	**856 630**	**731 174**	**−142 260**	**−146 045**	**2 158 504**	**1 895 103**
SEGMENT LIABILITIES	**1 132 141**	**985 704**	**667 139**	**550 172**	**−264 071**	**−205 954**	**1 535 209**	**1 329 922**
INVESTMENTS								
in property, plant and equipment	6 604	3 427	4 252	3 023	276	1 073	11 132	7 523
in intangible assets	1 873	1 644	172	36	2 357	4 148	4 402	5 828
Average headcount	2 338	2 218	1 304	1 163	148	143	3 790	3 524
Headcount at year end	2 350	2 303	1 373	1 216	147	148	3 870	3 667

The following definitions of headcount apply:

– Average headcount: average number of full-time equivalent positions excluding temporary employees
– Headcount at year end: number of full-time equivalent positions excluding temporary employees

The segment reporting is based on the management approach. The results of the operating segments are regularly reviewed by the Chief Operating Decision Maker (CODM), Gustavo Möller-Hergt, CEO, in order to allocate the resources to the segments.

The reconciliation (Adjustments) 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 "Adjustments" column. The assets and liabilities contain all balance sheet items that are directly attributable to the segments.

Profit before tax (EBT) contains all income and expenses that are directly attributable to the respective operating segments. It also includes direct allocations of centrally occurring expenses. EBT is the main performance indicator in the ALSO Group.

A reconciliation of the management reporting to the segment reporting is not required, since internal and external reporting are based on the same accounting principles.

DETAILS OF THE RECONCILIATION

EUR 1 000	2017	2016
Costs for shareholders/mark-up for management fees/other centralized costs	2 434	3 059
TOTAL AT EBITDA LEVEL	**2 434**	**3 059**
Depreciation and amortization	−3 092	−2 839
Net financial result	3 522	−209
TOTAL AT EBT LEVEL	**2 864**	**11**

The financial result in the "Adjustments" column in 2017 arose from the difference between external financing costs and internal loan conditions.

GEOGRAPHICAL INFORMATION

EUR 1 000	Total net sales	Non-current assets*
SWITZERLAND		
2017	918 354	62 741
2016	851 288	68 427
GERMANY		
2017	3 596 786	128 430
2016	3 312 469	130 439
NETHERLANDS		
2017	1 170 709	6 065
2016	1 040 067	4 362
OTHERS		
2017	3 204 839	52 133
2016	2 780 325	47 295
GROUP		
2017	8 890 688	249 369
2016	7 984 149	250 523

* Without deferred tax assets and financial assets

CUSTOMERS ACCOUNTING FOR MORE THAN 10 % OF GROUP SALES REVENUE

Sales revenue received by the ALSO Group from a single customer in the Central Europe segment was EUR 824 million (previous year: EUR 733 million).

4.2
PERSONNEL EXPENSES

EUR 1 000	**2017**	2016
Salaries and wages	−187 753	−176 580
Social and pension costs	−31 503	−32 853
TOTAL PERSONNEL EXPENSES	**−219 256**	**−209 433**

4.3
EMPLOYEE BENEFITS

The employee post-employment benefit plans of the ALSO Group comply with the legal requirements of the respective countries. There are defined benefit plans in Germany, Netherlands, Austria, and Switzerland. The defined benefit plan in Switzerland (ALSO pension fund) covers 81.1% (previous year: 81.9%) of plan assets and 79.6% (previous year: 80.7%) of the present value of the expected obligations of the ALSO Group.

DEFINED BENEFIT PLAN

			2017			2016
EUR 1 000	ALSO pension fund	Other defined benefit plans	Total	ALSO pension fund	Other defined benefit plans	Total
Fair value of plan assets	51 978	12 103	64 081	58 574	12 975	71 549
Present value of defined benefit obligations	−62 209	−15 949	−78 158	−75 148	−17 934	−93 082
of which financed by funds	−62 209	−15 866	−78 075	−75 148	−17 821	−92 969
of which financed by provisions	0	−83	−83	0	−67	−67
DEFICIT	**−10 231**	**−3 846**	**−14 077**	**−16 574**	**−4 959**	**−21 533**
Reported in the statement of financial position as:						
Employee benefit liabilities	−10 231	−3 846	−14 077	−16 574	−4 959	−21 533

DEFINED BENEFIT PLAN SWITZERLAND

Post-employment benefit plans in Switzerland are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that post-employment benefit plans must be managed by independent, legally autonomous bodies. Post-employment benefit plans are overseen by a regulator as well as by a state supervisory body. The ultimate governing body of a post-employment benefit plan (Board of Trustees) is composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability, and death. The various benefits are defined in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and the employee pay contributions to the post-employment benefit plan. In case of an underfunding, various measures can be taken, such as adjusting the pension commitment by altering the conversion rates or increasing current contributions. Under certain conditions the employer is obliged to make additional restructuring contributions. The BVG prescribes how the employees and the employer jointly fund any restructuring measures.

The Swiss post-employment benefit plan, the ALSO Pension Fund, has the legal form of a foundation. All actuarial risks are borne by the foundation. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate and the return on the plan assets), which are regularly assessed by the Board of Trustees. In addition, a report is prepared annually in accordance with IFRS requirements as well as an actuarial report prepared in accordance with the requirements of the BVG.

The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy as often as necessary – especially in the case of significant market developments or changes to the structure of the plan participants – and at least once annually. When defining the investment strategy, the Board of Trustees takes account of the foundation's objectives, benefit obligations, and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy).

The Board of Trustees delegates implementation of the investment strategy and management of the plan assets to an external asset manager. The Board of Trustees monitors compliance with the investment strategy and development of the plan assets several times a year.

NET POST-EMPLOYMENT BENEFIT EXPENSES FOR DEFINED BENEFIT PLANS

EUR 1 000	2017 ALSO pension fund	2017 Other defined benefit plans	2017 Total	2016 ALSO pension fund	2016 Other defined benefit plans	2016 Total
Current service cost	−3 458	−817	−4 275	−3 821	−655	−4 476
Past service cost	6 547	8	6 555	1 645	51	1 696
Net interest employee benefit	−98	−67	−165	−207	−85	−292
NET POST-EMPLOYMENT BENEFIT EXPENSES	**2 991**	**−876**	**2 115**	**−2 383**	**−689**	**−3 072**

In 2017, the number of employees insured at the ALSO pension fund in accordance with the BVG was reduced significantly. Furthermore, the ALSO pension fund reduced its conversion rate. This resulted in negative past service cost of TEUR 6 547.

In 2016, the ALSO pension fund reduced its conversion rate. This resulted in negative past service cost of TEUR 1 645.

REMEASUREMENT OF DEFINED BENEFIT PLANS

EUR 1 000	2017 ALSO pension fund	2017 Other defined benefit plans	2017 Total	2016 ALSO pension fund	2016 Other defined benefit plans	2016 Total
Actuarial gains/losses:						
Changes in demographic assumptions	0	562	562	5 430	434	5 864
Changes in financial assumptions	–3 581	878	–2 703	–1 402	–1 785	–3 187
Return on plan assets (excluding interest income)	3 598	–414	3 184	2 663	720	3 383
Effect of change in asset ceiling	0	0	0	0	0	0
TOTAL REMEASUREMENT RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**17**	**1 026**	**1 043**	**6 691**	**–631**	**6 060**

CHANGE IN FAIR VALUE OF PLAN ASSETS

EUR 1 000	2017 ALSO pension fund	2017 Other defined benefit plans	2017 Total	2016 ALSO pension fund	2016 Other defined benefit plans	2016 Total
JANUARY 1	**58 574**	**12 975**	**71 549**	**53 609**	**8 054**	**61 663**
Effect of acquisitions	0	0	0	0	2 327	2 327
Interest income	396	147	543	540	160	700
Return on plan assets (excluding interest income)	3 598	–414	3 184	2 663	720	3 383
Employee contributions	1 635	336	1 971	1 465	180	1 645
Employer contributions	2 233	812	3 045	1 989	699	2 688
Net benefits (paid) received	–9 730	–1 145	–10 875	–2 236	734	–1 502
Exchange differences	–4 728	–608	–5 336	544	101	645
DECEMBER 31	**51 978**	**12 103**	**64 081**	**58 574**	**12 975**	**71 549**

CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

EUR 1 000	ALSO pension fund	Other defined benefit plans	2017 Total	ALSO pension fund	Other defined benefit plans	2016 Total
JANUARY 1	**75 148**	**17 934**	**93 082**	**76 369**	**11 642**	**88 011**
Effect of acquisitions	0	0	0	0	3 050	3 050
Service cost	3 458	817	4 275	3 821	655	4 476
Past service cost	−6 547	−8	−6 555	−1 645	−51	−1 696
Interest cost	493	214	707	747	245	992
Actuarial gain/loss	3 581	−1 440	2 141	−4 028	1 351	−2 677
Employee contributions	1 635	336	1 971	1 465	180	1 645
Net benefits (paid) received	−9 730	−1 145	−10 875	−2 236	715	−1 521
Exchange differences	−5 829	−759	−6 588	655	147	802
DECEMBER 31	**62 209**	**15 949**	**78 158**	**75 148**	**17 934**	**93 082**

INVESTMENT STRUCTURE OF PLAN ASSETS

	ALSO pension fund	Other defined benefit plans*	2017 Total*	ALSO pension fund	Other defined benefit plans*	2016 Total*
Cash and cash equivalents	7.4 %	0.0 %	6.2 %	5.2 %	0.0 %	4.5 %
Equity instruments	32.6 %	0.0 %	27.4 %	31.3 %	0.0 %	27.0 %
Bonds	34.1 %	0.0 %	28.6 %	36.2 %	0.0 %	31.2 %
Real estate	14.0 %	0.0 %	11.8 %	15.4 %	0.0 %	13.3 %
Other investments	11.9 %	100.0 %	26.0 %	11.9 %	100.0 %	24.0 %
TOTAL	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

* Weighted values

The ALSO benefit plans do not hold any investments in financial instruments or real estate that are owned or used by the ALSO Group.

Cash and cash equivalents are invested with financial institutions that possess at least an “A” rating.

Equity instruments are investments in mutual funds for which there is a quoted market price (Level 1 of the fair value hierarchy). No direct investments are made. The assets also do not contain any shares of ALSO Holding AG.

Investments in bonds are undertaken solely via funds for which there is a quoted market price (Level 1 of the fair value hierarchy). There are no direct investments.

Investments in real estate are undertaken solely via real estate funds. There are no direct holdings of real estate. There is an active market in the real estate funds (Level 2 of the fair value hierarchy).

Other investments mainly comprise investments in hedge funds and private equity as well as reinsurances.

MAIN ACTUARIAL ASSUMPTIONS

			2017			2016
	ALSO pension fund	Other defined benefit plans*	Total*	ALSO pension fund	Other defined benefit plans*	Total*
Discount rate	0.8 %	1.3 %	0.9 %	0.7 %	1.0 %	0.7 %
Future salary increases	1.0 %	0.6 %	0.9 %	1.0 %	0.7 %	0.9 %
Future pension increases	0.0 %	0.4 %	0.1 %	0.0 %	0.3 %	0.1 %
Mortality table	BVG 2015	n/a	BVG 2015	BVG 2015	n/a	BVG 2015

* Weighted values

The present value of the defined benefit obligation (DBO) is determined annually by independent actuaries using the projected unit credit method. Actuarial assumptions are required for this purpose.

SENSITIVITIES OF THE MAIN ACTUARIAL ASSUMPTIONS

The main actuarial assumptions were identified to be the discount rate and the future development of salaries and wages. The following effects on the DBO can be expected:

- An increase/decrease of 0.25 percentage points in the discount rate would result in a decrease/increase in the DBO of 5% respectively.
- An increase/decrease of 0.25 percentage points in the expected development of salaries and wages would result in an increase/decrease in the DBO of 1% respectively.

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

NET PENSION COST FOR DEFINED CONTRIBUTION PLANS

EUR 1 000	2017	2016
Employer contributions	2 019	1 503

4.4
OTHER OPERATING EXPENSES/INCOME

OTHER OPERATING EXPENSES

EUR 1 000	2017	2016
Leasing expenses	−21 023	−20 156
Maintenance and repair expenses	−15 257	−15 395
Marketing and administrative expenses	−101 790	−98 269
Insurance, consulting and other operating expenses	−45 809	−39 228
TOTAL OTHER OPERATING EXPENSES	**−183 879**	**−173 048**

OTHER OPERATING INCOME

EUR 1 000	2017	2016
Gains on sales of property, plant and equipment	27	22
Other operating income	16 040	22 478
TOTAL OTHER OPERATING INCOME	**16 067**	**22 500**

Other operating income mainly comprises contributions from suppliers, insurance payments, and company-produced assets.

4.5
NET FINANCIAL INCOME/EXPENSE

FINANCIAL INCOME

EUR 1 000	2017	2016
Interest income	400	549
Exchange gains, net	0	18
Fair value adjustments of contingent considerations (Note 6.2)	838	239
Negative goodwill from acquisitions	398	0
Other financial income	289	1 747
TOTAL FINANCIAL INCOME	**1 925**	**2 553**

Concerning negative goodwill in 2017 and other financial income in 2016, ► please refer to Note 3.

FINANCIAL EXPENSES

EUR 1 000	2017	2016
Interest expenses	−14 866	−12 198
Factoring fees	−2 956	−2 766
Net interest employee benefits	−165	−292
Exchange losses, net	−11	0
Other financial expenses	−707	−2 341
TOTAL FINANCIAL EXPENSES	**−18 705**	**−17 597**
FINANCIAL RESULT	**−16 780**	**−15 044**

EXCHANGE DIFFERENCES

EUR 1 000	2017	2016
Exchange differences recognized in financial result	−11	18
Exchange differences recognized in gross margin	9 968	1 354
TOTAL EXCHANGE DIFFERENCES	**9 957**	**1 372**

4.6
INCOME TAXES

The main elements contributing to the difference between the expected tax rate for the Group and the effective tax rate are:

INCOME TAX EXPENSES

EUR 1 000	2017	2016
Income taxes in the reporting period	−30 364	−30 955
Income taxes in prior periods	−646	−83
TOTAL CURRENT INCOME TAX	**−31 010**	**−31 038**
Reduction in deferred tax rate	−11	−108
Changes in temporary differences	−632	441
TOTAL DEFERRED TAX	**−643**	**333**
TOTAL INCOME TAX EXPENSE	**−31 653**	**−30 705**

ANALYSIS OF TAX EXPENSE

EUR 1 000	2017	2016
PROFIT BEFORE TAX (EBT)	**124 180**	**113 892**
Expected tax rate (weighted)	25.8 %	25.9 %
Expected income tax expense	–31 997	–29 495
Utilization of previously unrecognized tax losses	2 672	2 366
Income tax losses not recognized	–1 340	–1 397
Income not subject to tax	538	887
Non-deductible expenses	–2 356	–2 797
Reduction in deferred tax rate	–11	–108
Tax effect from prior periods	15	55
Withholding tax on Group dividends	788	–150
Other factors	38	–66
EFFECTIVE INCOME TAX EXPENSE	**–31 653**	**–30 705**
Effective income tax rate	25.5 %	27.0 %

The weighted tax rate is calculated from the income tax rates that are expected to apply for the Group companies in the respective tax jurisdictions. The decrease in the effective tax rate from 27.0% in 2016 to 25.5% in 2017 is primarily due to a retroactive change in the treatment of withholding tax on dividends in France and a reduction of non-deductible expenses.

In 2017, in the tax jurisdictions that are relevant for ALSO, there were no material changes in the applicable income tax rates.

TAX EFFECTS IN OTHER COMPREHENSIVE INCOME

EUR 1 000	2017	2016
Tax effects on items that will not subsequently be reclassified to profit or loss		
Remeasurement of defined benefit plans	–148	–733
SUBTOTAL	**–148**	**–733**
Tax effects on items that may subsequently be reclassified to profit or loss		
Foreign currency adjustments on loans at foreign subsidiaries	–172	–1
Fair value adjustment on cash flow hedges	–67	–147
SUBTOTAL	**–239**	**–148**
TOTAL TAX EFFECTS IN OTHER COMPREHENSIVE INCOME	**–387**	**–881**

DEFERRED TAXES

EUR 1 000	Statement of financial position: Deferred tax assets 2017	Deferred tax assets 2016	Deferred tax liabilities 2017	Deferred tax liabilities 2016	Recognized in income taxes 2017	Recognized in income taxes 2016
Temporary differences						
Current assets	543	633	3 893	4 047	−31	−453
Property, plant and equipment	152	223	2 789	3 273	298	316
Intangible assets	882	1 137	1 848	1 915	−291	54
Recognized tax loss carry-forwards	3 677	4 057	0	0	−213	844
Provisions and employee benefits	3 308	3 923	493	506	−373	38
Liabilities	3 916	2 166	1 515	964	160	−466
Other temporary differences	0	0	185	0	−193	0
TOTAL	**12 478**	**12 139**	**10 723**	**10 705**	**−643**	**333**
Offsetting	−4 086	−4 149	−4 086	−4 149	0	0
TOTAL DEFERRED TAXES	**8 392**	**7 990**	**6 637**	**6 556**	**−643**	**333**

CHANGES IN DEFERRED TAXES (NET)

EUR 1 000	2017	2016
JANUARY 1	**1 434**	**1 834**
Effect of acquisitions	1 293	47
Changes in temporary differences	−1 030	−548
Exchange differences	58	101
DECEMBER 31	**1 755**	**1 434**

TAX LOSS CARRY-FORWARDS

EUR 1 000	2017	2016
TOTAL TAX LOSS CARRY-FORWARDS	**85 619**	**99 690**
Of which recognized as deferred tax assets	−14 624	−17 522
TOTAL TAX LOSS CARRY-FORWARDS NOT RECOGNIZED	**70 995**	**82 168**
Tax effect on unrecognized tax loss carry-forwards	15 613	17 931
Total unrecognized tax loss carry-forwards expiring:		
in two to five years (weighted tax rate 2017: 20.0 %; previous year: 19.7 %)	23 019	23 282
in six to ten years (weighted tax rate 2017: 20.9 %; previous year: 20.1 %)	14 696	19 426
No expiry (weighted tax rate 2017: 23.9 %; previous year: 23.9 %)	33 280	39 460

Reduction of recognized tax loss carry-forwards from TEUR 17 522 in 2016 to TEUR 14 624 in 2017 is mainly due to utilization of tax loss carry-forwards in Sweden and Norway.

In 2017, ALSO capitalized a deferred tax asset for the amount of TEUR 1 455 in Germany. This was based on tax losses that had occurred between 2011 and 2016. ALSO regards it as sufficiently probable that in the future taxable profits will occur that are equal to the amount of the deferred tax asset.

In 2016, ALSO capitalized a deferred tax asset for the amount of TEUR 1 148 in Sweden. This was based on tax losses that had occurred before 2011. ALSO regards it as sufficiently probable that in the future taxable profits will occur that are equal to the amount of the deferred tax asset.

The loss carry-forwards existing at December 31, 2017 and 2016 derive mainly from Sweden, Finland, Germany, the Netherlands and Norway.

For tax loss carry-forwards in the amount of TEUR 70 995, no deferred tax assets are recognized since they cannot be offset against other Group profits and it is unlikely that the entities carrying the tax losses forward will have future taxable profits against which to offset the related tax benefit.

As at December 31, 2017, there were no deferred tax liabilities for retained earnings amounting to TEUR 9 814 (previous year: TEUR 37 072) in subsidiaries which are liable to tax in the event of a dividend payment. There are no plans for dividend payment in the foreseeable future from those retained earnings. Since 2017, dividend payments are no longer taxed in France.

5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

5.1 CASH AND CASH EQUIVALENTS

EUR 1 000	2017	2016
Cash at bank and on hand	235 561	55 477
TOTAL CASH AND CASH EQUIVALENTS	**235 561**	**55 477**

5.2 TRADE RECEIVABLES

EUR 1 000	2017	2016
Trade receivables (gross)	527 939	583 057
Effect of acquisitions	46 860	3 962
Provision for bad debts	–4 086	–3 511
TOTAL TRADE RECEIVABLES	**570 713**	**583 508**

EUR 1 000	2017	2016
Trade receivables past due but not impaired		
< 90 days	39 154	29 836
90 to 180 days	984	808
> 180 days to 1 year	733	611
> 1 year	136	120
TOTAL TRADE RECEIVABLES PAST DUE BUT NOT IMPAIRED	**41 007**	**31 375**

At the reporting date, trade receivables past due but not impaired contain no indications that the customers will not meet their payment obligations. As at the date of preparation of these consolidated financial statements, material portions of those receivables have been paid.

ALSO has sold or assigned trade receivables to independent factoring companies. ► Please refer to Note 6.8.

EUR 1 000	2017	2016
STATUS OF BAD DEBT PROVISION AS AT JANUARY 1	**3 511**	**2 298**
Effect of acquisitions	351	183
Exchange differences	5	–28
Creation	1 133	2 320
Release	–361	–772
Utilization	–553	–490
STATUS OF BAD DEBT PROVISION AS AT DECEMBER 31	**4 086**	**3 511**
Trade receivables write-offs	–1 644	–1 816
Income from payments for trade receivables previously written-off	244	275

5.3
INVENTORIES

EUR 1 000	2017	2016
Inventories	846 123	745 716
Downpayments to suppliers	1 027	3 282
Inventory provision	–13 027	–10 725
TOTAL INVENTORIES	**834 123**	**738 273**

For most inventories, there are limited-duration price-protection guarantees from the vendors/manufacturers. The ALSO companies usually purchase goods in local currency. A recognizable loss of value due to low inventory turnover, ageing, etc. is taken into account through inventory provisions.

In the reporting period, inventory for the amount of TEUR 8 283 064 (previous year: TEUR 7 421 048) was recognized as cost of goods sold in the consolidated statement of comprehensive income. This includes changes in inventory provisions totaling TEUR 1 935 recognized as expenses. In the previous year, TEUR 705 was recognized as income.

5.4
PREPAID EXPENSES, ACCRUED INCOME AND OTHER RECEIVABLES

EUR 1 000	2017	2016
Miscellaneous tax receivables	11 662	5 007
Receivables from factors	198 162	211 159
Other receivables	40 453	33 446
OTHER RECEIVABLES	**250 277**	**249 612**
Prepaid expenses and accrued income	7 595	8 206
TOTAL PREPAID EXPENSES, ACCRUED INCOME AND OTHER RECEIVABLES	**257 872**	**257 818**

Receivables from factors (► see Note 6.8) consist of dilution reserves of TEUR 138 761 (previous year: TEUR 105 138) from ongoing sales of receivables and within the scope of credit lines callable claims of TEUR 59 401 (previous year: TEUR 106 021).

Other receivables consist mainly of receivables from vendors.

5.5
PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	Land and buildings	Equipment	Other property, plant and equipment	Total
JANUARY 1, 2017	**62 991**	**10 624**	**12 264**	**85 879**
Additions	148	1 972	9 012	11 132
Effect of acquisitions	0	138	308	446
Disposals	0	−17	−328	−345
Reclassifications	361	1 444	−1 805	0
Depreciation	−2 320	−2 868	−4 764	−9 952
Exchange differences	−2 332	−193	−466	−2 991
DECEMBER 31, 2017	**58 848**	**11 100**	**14 221**	**84 169**
OVERVIEW AS AT DECEMBER 31, 2017				
Acquisition costs	74 191	34 318	36 648	145 157
Accumulated depreciation /impairment	−15 343	−23 218	−22 427	−60 988
DECEMBER 31, 2017	**58 848**	**11 100**	**14 221**	**84 169**
Of which finance leases	0	966	0	966
JANUARY 1, 2016	**64 982**	**12 889**	**11 244**	**89 115**
Additions	291	3 218	4 014	7 523
Effect of acquisitions	0	0	250	250
Disposals	0	−15	−180	−195
Reclassifications	−2	−681	683	0
Depreciation	−2 420	−4 219	−3 793	−10 432
Exchange differences	140	−568	46	−382
31. DEZEMBER 2016	**62 991**	**10 624**	**12 264**	**85 879**
OVERVIEW AS AT DECEMBER 31, 2016				
Acquisition costs	76 530	32 800	32 850	142 180
Accumulated depreciation/impairment	−13 539	−22 176	−20 586	−56 301
DECEMBER 31, 2016	**62 991**	**10 624**	**12 264**	**85 879**
Of which finance leases	0	1 456	0	1 456

Land and buildings comprises land and buildings used for operational purposes.

In 2017, additions are mainly a result of investments in other property, plant and equipment and in “Infrastructure-as-a-Service”.

Losses from the sale of property, plant, and equipment are recognized in other operating expenses and amount to TEUR 37 (previous year: TEUR 22 income).

5.6
INTANGIBLE ASSETS

EUR 1 000	Goodwill	Customer lists	Other intangible assets	Total
JANUARY 1, 2017	**149 658**	**2 199**	**12 787**	**164 644**
Additions	0	0	4 402	4 402
Effect of acquisitions	3 417	1 829	465	5 711
Disposals	0	0	–49	–49
Amortization	0	–1 279	–5 089	–6 368
Exchange differences	–3 046	–6	–88	–3140
DECEMBER 31, 2017	**150 029**	**2 743**	**12 428**	**165 200**
OVERVIEW AS AT DECEMBER 31, 2017				
Acquisition costs	150 029	4 850	35 895	190 774
Accumulated amortization/impairment	0	–2 107	–23 467	–25 574
DECEMBER 31, 2017	**150 029**	**2 743**	**12 428**	**165 200**
JANUARY 1, 2016	**140 878**	**4 351**	**11 022**	**156 251**
Additions	0	0	5 828	5 828
Effect of acquisitions	7 992	346	0	8 338
Disposals	0	0	0	0
Amortization	0	–2 474	–4 610	–7 084
Exchange differences	788	–24	547	1 311
DECEMBER 31, 2016	**149 658**	**2 199**	**12 787**	**164 644**
OVERVIEW AS AT DECEMBER 31, 2016				
Acquisition costs	149 658	5 917	34 059	189 634
Accumulated amortization/impairment	0	–3 718	–21 272	–24 990
DECEMBER 31, 2016	**149 658**	**2 199**	**12 787**	**164 644**

In 2017, goodwill was mainly increased by the acquisition of BeIP S.A.S.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized. The average residual amortization period for the customer lists is two year. Other intangible assets consist mainly of software and licenses.

The carrying amount of the customer list that was identified in the merger of ALSO and Actebis in 2011 was amortized for the last time in January 2016.

5.7
IMPAIRMENT TEST

EUR 1 000	2017	2016
Carrying amount goodwill Central Europe	133 576	133 018
Carrying amount goodwill Northern/Eastern Europe	16 453	16 640
TOTAL GOODWILL	**150 029**	**149 658**
Discount rate (post tax) goodwill Central Europe	6.0 %	6.1 %
Discount rate (post tax) goodwill Northern/Eastern Europe	6.1 %	6.3 %
Growth rate sales revenue for residual value Central Europe	1.0 %	1.0 %
Growth rate sales revenue for residual value Northern/Eastern Europe	1.0 %	1.0 %
Expected average EBITDA margin Central Europe (residual value)	1.7 %	1.7 %
Expected average EBITDA margin Northern/Eastern Europe (residual value)	1.2 %	1.2 %

Goodwill is monitored and tested for impairment by means of value-in-use calculations of two groups of cash-generating units. The value in use is the present value of the discounted cash flows. It is based on planning assumptions over a three-year period, plus residual values which have been approved by Management. The discount rates applied, and the average growth rate in net sales, are set out in the above table.

The value-in-use calculation for the group of cash-generating units is sensitive to assumptions relating to the balance sheet structure, gross margin, and cost structure. The balance sheet structure and gross margin are derived from historical values as well as from strategic and economic changes. The cost structure is adapted to the expected gross margin.

The value in use is substantially higher than the reported net assets. Even a material change in the base data, e.g. a sustained deterioration in the gross margin, or a change in the balance sheet and cost structure, would not cause an impairment of the goodwill.

5.8
CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

EUR 1 000	2017 Carrying amount	2017 Interest rate	2016 Carrying amount	2016 Interest rate
CURRENT FINANCIAL LIABILITIES				
Bank loans	3 487	0.4 to 1.3 %	20 628	0.4 to 1.3 %
Bonded loan	16 960	2.5 to 2.8 %	0	
Finance lease	559	2.0 to 3.0 %	611	2.0 to 3.0 %
Liabilities from factoring	44 021	0.5 to 2.5 %	4 685	0.5 %
Contingent consideration from acquisitions of subsidiaries	2 341		2 763	
Third-party loans	16 203	0.0 to 3.0 %	99	
TOTAL CURRENT FINANCIAL LIABILITIES	**83 571**		**28 786**	
NON-CURRENT FINANCIAL LIABILITIES				
Bank loans	54 213	0.7 to 3.0 %	59 613	0.7 to 3.0 %
Bonded loan	266 259	1.1 to 2.8 %	130 222	2.1 to 2.8 %
Finance lease	553	2.0 to 3.0 %	1 003	2.0 to 3.0 %
Contingent consideration from acquisitions of subsidiaries	3 461		0	
Third-party loans	1 236		1 793	
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**325 722**		**192 631**	
TOTAL FINANCIAL LIABILITIES	**409 293**		**221 417**	

BONDED LOAN
ALSO placed a EUR 154 million bonded loan on August 31, 2017. The total amount is divided into several tranches with terms of five, seven and ten years. ALSO uses interest rates swaps to hedge the variable interest rate.

COVENANTS
Certain financial liabilities are subject to covenant clauses, under which stipulated financial key figures must be attained. As at December 31, 2017, all covenants were met.

RECONCILIATION OF FINANCIAL LIABILITIES

CURRENT FINANCIAL LIABILITIES

EUR 1 000	Bank loans	Bonded loan	Finance lease	Liabilities from factoring	Contingent consideration from acquisitions of subsidiaries	Third-party loans	Total
JANUARY 1, 2017	**20 628**	**0**	**611**	**4 685**	**2 763**	**99**	**28 786**
Net cash flow	−20 774	0	−627	1 947	−2 763	5 246	−16 971
Effect of acquisitions	439	0	0	37 523	666	32	38 660
Value adjustments	0	0	0	0	−712	0	−712
Other non-cash adjustments	3 245	16 960	581	0	2 387	10 829	34 002
Exchange differences	−51	0	−6	−134	0	−3	−194
DECEMBER 31, 2017	**3 487**	**16 960**	**559**	**44 021**	**2 341**	**16 203**	**83 571**

NON-CURRENT FINANCIAL LIABILITIES

EUR 1 000	Bank loans	Bonded loan	Finance lease	Contingent consideration from acquisitions of subsidiaries	Third-party loans	Total
JANUARY 1, 2017	**59 613**	**130 222**	**1 003**	**0**	**1 793**	**192 631**
Net cash flow	557	153 500	0	0	0	154 057
Effect of acquisitions	651	0	0	2 840	0	3 491
Value adjustments	0	0	0	−126	0	−126
Other non-cash adjustments	−3 354	−17 463	−451	747	−519	−21 040
Exchange differences	−3 254	0	1	0	−38	−3 291
DECEMBER 31, 2017	**54 213**	**266 259**	**553**	**3 461**	**1 236**	**325 722**

Required repayments of bonded loans in 2018 in the amount of TEUR 16 960 are displayed as reclassifications in other non-cash adjustments from long-term to short-term financial liabilities.

Other non-cash adjustments in the amount of TEUR 10 829 in the category third party loans are mainly resulting from reverse factoring of trade payables.

5.9
ACCRUED EXPENSES, DEFERRED INCOME AND OTHER PAYABLES

EUR 1 000	2017	2016
ACCRUED EXPENSES AND DEFERRED INCOME	**47 775**	**47 343**
Miscellaneous tax payables	99 612	91 951
Liabilities from factoring (continuing involvement)	66 150	47 667
Accrued interest from factoring	1 133	621
Other payables to third parties	13 448	8 201
Other payables to related parties (see Note 6.6)	216	198
OTHER PAYABLES	**180 559**	**148 638**
TOTAL ACCRUED EXPENSES, DEFERRED INCOME AND OTHER PAYABLES	**228 334**	**195 981**

Accrued expenses, deferred income, and other payables are recognized in the statement of financial position at nominal value. They comprise short-term expense accruals and deferred income relating to revenue for subsequent accounting periods already received, as well as accruals for services not yet invoiced. Tax payables include value added and other tax liabilities.

For liabilities from factoring, ► please refer to Note 6.8.

5.10
PROVISIONS

EUR 1 000	Guarantees, returned goods, complaints	Litigations	Restructuring	Other provisions	Total
JANUARY 1, 2017	**3 274**	**1 069**	**0**	**4 357**	**8 700**
Creation	2 612	182	0	570	3 364
Effect of acquisitions	0	0	0	290	290
Utilization	–2 531	0	0	–226	–2 757
Release	0	–32	0	0	–32
Exchange differences	2	0	0	75	77
DECEMBER 31, 2017	**3 357**	**1 219**	**0**	**5 066**	**9 642**
Current provisions	2 670	1 219	0	1 161	5 050
Non-current provisions	687	0	0	3 905	4 592
TOTAL 2017	**3 357**	**1 219**	**0**	**5 066**	**9 642**
JANUARY 1, 2016	**3 399**	**700**	**14**	**7 544**	**11 657**
Creation	2 696	390	0	1 766	4 852
Utilization	–2 823	–21	–14	–4 674	–7 532
Release	0	0	0	–231	–231
Exchange differences	2	0	0	–48	–46
DECEMBER 31, 2016	**3 274**	**1 069**	**0**	**4 357**	**8 700**
Current provisions	2 531	1 069	0	859	4 459
Non-current provisions	743	0	0	3 498	4 241
TOTAL 2016	**3 274**	**1 069**	**0**	**4 357**	**8 700**

There is an existing guarantee provision for the amount of TEUR 3 357 for the risk of expenses that have not yet occurred but which are expected to occur before the end of the guarantee period that was granted. It is expected that the greater part of the provision will be utilized in the next fiscal year, or at the latest within two years.

The provisions for litigation contain claims for damages as well as legal costs for various pending court cases. For significant parts of the litigation, a settlement is expected in the next fiscal year.

Other provisions contain long-service benefits, other employee allowances, and provisions for various risks. Utilization normally takes place within five years.

The creation and the utilization of other provisions in 2016 related mainly to expected costs in relation to ALSO Logistics Services GmbH.

5.11
EQUITY

As at December 31, 2017, the number of registered shares each with a nominal value of CHF 1.00 per share totaled 12 848 962. The share capital is unchanged compared to 2016.

Authorized and conditional share capital comprises 2 500 000 shares with a nominal value of CHF 1.00 per share.

TREASURY SHARES

	Number	Value EUR 1 000
JANUARY 1, 2017	**28 089**	**1 194**
Additions	0	0
Disposals	0	0
Measurement adjustment	0	628
DECEMBER 31, 2017	**28 089**	**1 822**
JANUARY 1, 2016	**28 089**	**1 194**
Additions	0	0
Disposals	0	0
DECEMBER 31, 2016	**28 089**	**1 194**

MAJOR SHAREHOLDERS

	12.31.17	12.31.16
Special Distribution Holding GmbH, Düsseldorf (Germany) *	51.30 %	51.30 %
Schindler Pars International Ltd., Hergiswil (Switzerland) **	***	7.60 %
Bestinver Gestion, S.G.I.I.C., S.A. Madrid (Spain)	3.17 %	5.96 %
SaraSelect, c/o J. Safra Sarasin Investmentfonds AG, Basel (Switzerland)	3.60 %	4.00 %
LB(Swiss) Investment AG, Zürich (Switzerland)	***	3.93 %

Share register as of December 31 (without nominees)
* Controlling shareholder: Walter P.J. Droege through Droege Group AG
** Held 100 percent by Schindler Holding AG
*** Voting rights below the notifiable threshold value of three percent

REGULATIONS REGARDING THE RESTRICTED TRANSFERABILITY OF SHARES

In accordance with Art. 5 of the Articles of Association, the Board of Directors may refuse to register an acquirer of shares as a full shareholder (i.e. as a shareholder with voting rights) unless the acquirer expressly declares that they have acquired the shares in their own name and on their own account.

RETAINED EARNINGS

The distribution of retained earnings is subject to restrictions:

- Special reserves of ALSO Holding AG can only be distributed after a corresponding resolution by the Annual General Meeting.
- The reserves of subsidiaries are first distributed to the parent company in accordance with local tax regulations and legislation.

OPTING-OUT

The Articles of Association contain an opting-out clause.

5.12
OTHER RESERVES

EUR 1 000	Cash flow hedge reserve	Exchange differences	Remeasurement of defined benefit plans	**Total other reserves**
JANUARY 1, 2017	**−3 777**	**4 806**	**−9 886**	**−8 857**
Net profit Group	0	0	0	0
Other comprehensive income	1 588	−6 791	895	−4 308
TOTAL COMPREHENSIVE INCOME	**1 588**	**−6 791**	**895**	**−4 308**
Distributions to shareholders	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
Measurement adjustment treasury shares	0	0	0	0
DECEMBER 31, 2017	**−2 189**	**−1 985**	**−8 991**	**−13 165**
JANUARY 1, 2016	**−4 884**	**2 871**	**−15 213**	**−17 226**
Net profit Group	0	0	0	0
Other comprehensive income	1 107	1 935	5 327	8 369
TOTAL COMPREHENSIVE INCOME	**1 107**	**1 935**	**5 327**	**8 369**
Distributions to shareholders	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0
Remeasurement of put options on shares of non-controlling interests	0	0	0	0
DECEMBER 31, 2016	**−3 777**	**4 806**	**−9 886**	**−8 857**

5.13
EARNINGS PER SHARE/DIVIDEND PER SHARE

		2017	2016
NET PROFIT GROUP	**EUR**	**92 630 000**	**83 382 000**
Shares issued (weighted)	Number of shares	12 848 962	12 848 962
Less treasury shares (weighted)	Number of shares	–28 089	–28 089
Available shares for calculation (weighted)	Number of shares	12 820 873	12 820 873
BASIC EARNINGS PER SHARE	**EUR**	**7.22**	**6.50**
DILUTED NET PROFIT GROUP	**EUR**	**92 630 000**	**83 382 000**
Shares issued (weighted) for calculation	Number of shares	12 820 873	12 820 873
Adjustment for dilution from options	Number of shares	953	590
Diluted shares	Number of shares	12 821 826	12 821 463
DILUTED EARNINGS PER SHARE	**EUR**	**7.22**	**6.50**

The company has 28 089 treasury shares in its portfolio. In the above table, these treasury shares are deducted from the total number of shares outstanding. The diluted figures include the effect of the option program.

The Board of Directors will propose to the Annual General Meeting on March 27, 2018, that a distribution to shareholders for the amount of TCHF 35 257 (CHF 2.75 per share) be paid for the financial year 2017. In the prior year, a distribution to shareholders was made for the amount of TCHF 28 847 (CHF 2.25 per share).

5.14
INVESTMENTS IN ASSOCIATES

EUR 1 000	2017	2016
JANUARY 1	**0**	**1 291**
Share of income of associates	0	445
Dividends from associates	0	–455
Disposals	0	–1 287
Exchange differences	0	6
DECEMBER 31	**0**	**0**

Concerning the disposal of investments in associates in 2016, ► please refer to Note 3.

6. FURTHER INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 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 relates to various products and vendors. The tariff has been applied retroactively as of January 1, 2008, and relates to various different types of products. The amount of the fees ranges 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 provides 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 are now being continued at the Munich Higher Regional Court. The current state of proceedings does not allow for a different assessment from that of the previous year.

According to the majority opinion of the vendors, distributors, Bitkom, and their legal advisors, it is unlikely that the tariff can be applied retrospectively. It is highly probable that the legal conditions for a retrospective publication to be effective are not fulfilled. A liability of ALSO Deutschland GmbH for the period from January 1, 2008, to November 3, 2011, has therefore not been recognized in the statement of financial position. Should this opinion prove false, and the tariffs be applied retrospectively, this would have a material effect on the capital, financial and income situation of the ALSO Group.

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

In order to avoid drawn-out legal proceedings, we generally consider it possible that like in other comparable cases vendors, distributors, and Bitkom (industry association) may reach an agreement with the copyright collecting agencies on tariffs in the sense of an overall solution for the retroactive period and the period after publication. If such an agreement is reached, then based on studies to date and taking account of the amounts already recognized in the statement of financial position its impact on the ALSO Group's net profit and equity could vary between income of EUR 3 million and expense of EUR 12 million, depending on the assumptions made.

6.2
FINANCIAL INSTRUMENTS

HEDGING TRANSACTIONS

EUR 1 000	Contract value	Replacement value Positive	Replacement value Negative	Risk	Hedging instruments
Cash Flow Hedge	351 000	0	2 786	Interest	Interest rate swap
TOTAL DECEMBER 31, 2017	**351 000**	**0**	**2 786**		
Cash Flow Hedge	243 000	0	4 394	Interest	Interest rate swap
TOTAL DECEMBER 31, 2016	**243 000**	**0**	**4 394**		

Various cash flow hedges (interest rate swaps) became ineffective or had to be restructured in 2016 and in 2015 due to negative interest rates. As a result of this ineffectiveness or restructuring, measurement changes have therefore been recognized directly in financial result since these cash flow hedges became ineffective or were restructured. In 2017 this resulted in financial income of TEUR 1 716 (previous year: TEUR 1 034). Furthermore, these hedging transactions were reclassified from equity to financial expenses in the amount of TEUR 1 619 (previous year: TEUR 959).

For further information about hedging transactions please ► see Note 6.7.

CLASSES OF FINANCIAL INSTRUMENTS 2017

EUR 1 000	Loans and receivables	At fair value through profit or loss	Amortized cost	Hedge accounting	Non-financial instruments	**Carrying amount 12.31.2017**
FINANCIAL ASSETS						
Trade receivables (Note 5.2)	570 713					**570 713**
Prepaid expenses, accrued income and other receivables (Note 5.4)	238 615				19 257	**257 872**
Financial assets	2 280					**2 280**
Current derivative financial instruments		70				**70**
Non-current derivative financial instruments		77		47		**124**
FINANCIAL LIABILITIES						
Financial liabilities (Note 5.8)		621	408 672			**409 293**
Trade payables			851 090			**851 090**
Accrued expenses, deferred income and other payables (Note 5.9)			80 947		147 387	**228 334**
Current derivative financial instruments		360		717		**1 077**
Non-current derivative financial instruments		2 750		2 116		**4 866**

In 2017, the net gain from financial instruments measured at fair value through profit or loss (mainly forward exchange contracts, options and contingent considerations from acquisitions) amounted to TEUR 1 154.

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

CLASSES OF FINANCIAL INSTRUMENTS 2016

EUR 1 000	Loans and receivables	At fair value through profit or loss	Amortized cost	Hedge accounting	Non-financial instruments	**Carrying amount 12.31.2016**
FINANCIAL ASSETS						
Trade receivables (Note 5.2)	583 508					**583 508**
Prepaid expenses, accrued income and other receivables (Note 5.4)	244 605				13 213	**257 818**
Financial assets	1 413					**1 413**
Current derivative financial instruments		101				**101**
FINANCIAL LIABILITIES						
Financial liabilities (Note 5.8)		2 763	218 654			**221 417**
Trade payables			862 688			**862 688**
Accrued expenses, deferred income and other payables (Note 5.9)			56 687		139 294	**195 981**
Current derivative financial instruments		822		348		**1 170**
Non-current derivative financial instruments		557		4 046		**4 603**

In 2016, the net gain from financial instruments measured at fair value through profit or loss (mainly forward exchange contracts, options and contingent considerations from acquisitions) amounted to TEUR 5 682.

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

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.

FAIR VALUE OF THE FINANCIAL INSTRUMENTS 2017

EUR 1 000	Level 1	Level 2	Level 3	Fair value 12.31.2017
FINANCIAL ASSETS				
Current derivative financial instruments		70		**70**
Forward exchange contracts		*70*		***70***
Non-current derivative financial instruments		124		**124**
Interest rate swaps		*124*		***124***
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries			−621	**−621**
Current derivative financial instruments		−1 077		**−1 077**
Forward exchange contracts		*−360*		***−360***
Interest rate swaps		*−717*		***−717***
Non-current derivative financial instruments		−2 116	−2 750	**−4 866**
Interest rate swaps		*−2 116*		***−2 116***
Put options on non-controlling interests			*−2 750*	***−2 750***
TOTAL FINANCIAL LIABILITIES LEVEL 3			**−3 371**	

FAIR VALUE OF THE FINANCIAL INSTRUMENTS 2016

EUR 1 000	Level 1	Level 2	Level 3	Fair value 12.31.2016
FINANCIAL ASSETS				
Current derivative financial instruments		101		**101**
Forward exchange contracts		*101*		***101***
FINANCIAL LIABILITIES				
Contingent consideration from acquisitions of subsidiaries			−2 763	**−2 763**
Current derivative financial instruments		−1 170		**−1 170**
Forward exchange contracts		*−822*		***−822***
Interest rate swaps		*−348*		***−348***
Non-current derivative financial instruments		−4 603		**−4 603**
Interest rate swaps		*−4 603*		***−4 603***
TOTAL FINANCIAL LIABILITIES LEVEL 3			**−2 763**	

RECONCILIATION OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

EUR 1 000	2017	2016
JANUARY 1	**−2 763**	**−8 196**
Recognition of contingent consideration from the acquisition of subsidiaries	−1 459	0
Fair value adjustments of contingent consideration from the acquisition of subsidiaries recognized in financial result	838	239
Exercise of put options/call options	2 763	−1 573
Recognition/fair value adjustments of put options recognized in equity	−2 750	3 168
Fair value adjustments of put options recognized in personnel expenses	0	153
Payment of contingent consideration from acquisitions of subsidiaries	0	3 348
Exchange differences	0	98
DECEMBER 31	**−3 371**	**−2 763**

In 2017 and 2016 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.

MEASUREMENT TECHNIQUES OF FINANCIAL INSTRUMENTS WITHIN LEVEL 2

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

MEASUREMENT TECHNIQUES OF FINANCIAL INSTRUMENTS WITHIN LEVEL 3

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	2017	2016
5 % increase in the expected future results	–242	0
5 % reduction in the expected future results	242	0

6.3
PLEDGED OR ASSIGNED ASSETS SERVING AS COLLATERAL FOR OWN LIABILITIES

EUR 1 000	2017	2016
Inventories	20 877	21 003
Property, plant and equipment	19 901	23 861
TOTAL ASSETS PLEDGED	**40 778**	**44 864**

The property, plant, and equipment shown above has been pledged as collateral against existing mortgages in Switzerland and Austria. The inventories have been pledged as collateral against trade payables in Finland.

6.4
RENTAL AND LEASING COMMITMENTS

PAYMENTS FOR FIXED-TERM CONTRACTS (OPERATING LEASE)

EUR 1 000	2017	2016
Due in 1st year	24 396	22 828
Due in 2nd – 5th year	65 092	48 203
Due from the 6th year onwards	18 464	22 603

Rental agreements for some buildings of the ALSO Group include options to extend the rental period.

PAYMENTS FOR FIXED-TERM CONTRACTS (FINANCE LEASE)

EUR 1 000	**2017**	2016
Due in 1st year	579	659
Due in 2nd – 5th year	562	1 034
	1 141	**1 693**
Minus interest expense component	–29	–79
TOTAL FINANCIAL DEBT FROM FINANCE LEASE (NOTE 5.8)	**1 112**	**1 614**
Of which current	559	611
Of which non-current	553	1 003

The finance leases mainly comprise IT systems and printers in Germany and Switzerland.

CASH RECEIPTS AS LESSOR

EUR 1 000	**2017**	2016
Due in 1st year	428	477
Due in 2nd – 5th year	860	1 184
Due from the 6th year onwards	180	190

Individual companies of the ALSO Group act as lessor for office and warehouse space for indefinite terms. The leases can be terminated at 2 or 15 months’ notice.

6.5
SUBSIDIARIES

Country	Head office	Company	Participation* 12.31.17	Participation* 12.31.16	Share capital in 1 000	Currency	Code
Switzerland	Emmen	ALSO Holding AG			12 849	CHF	S
	Emmen	ALSO Schweiz AG	100 %	100 %	100	CHF	D
	Thun	NRS Printing Solutions AG	100 %	100 %	100	CHF	S
	Emmen	Quatec AG	100 %	100 %	100	CHF	S
	Stans	Bachmann Mobile Kommunikation AG	100 %	100 %	100	CHF	S
Belgium	Mechelen	Five 4 U BVBA	100 %	–	8 331	EUR	D
Denmark	Tåstrup	ALSO A/S	100 %	100 %	39 000	DKK	D
Germany	Soest	ALSO Deutschland GmbH	100 %	100 %	20 000	EUR	D
	Osnabrück	NT plus GmbH	100 %	100 %	12 500	EUR	D
	Osnabrück	SEAMCOM GmbH & Co. KG	100 %	100 %	203	EUR	D
	Osnabrück	SEAMCOM Verwaltungs GmbH	100 %	100 %	26	EUR	S
	Straubing	ALSO MPS GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann.de GmbH	100 %	100 %	200	EUR	S
	Berlin	LumIT GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO International Services GmbH	100 %	100 %	100	EUR	S
	Soest	ALSO IH GmbH	100 %	100 %	25	EUR	S
	Soest	Impaso Online Services GmbH	100 %	100 %	25	EUR	S
	Staufenberg	Fulfilment Plus GmbH	100 %	100 %	50	EUR	S
	Pullach i. Isartal	SINAS Beteiligungs GmbH & Co. Vermietungs-KG**	0 %	0 %	9	EUR	S
	Soest	MEDIUM GmbH	100 %	100 %	25	EUR	D
	Frankfurt am Main	Pestinger GmbH	74.8 %	74.8 %	26	EUR	D
	Stuttgart	Beamer & more GmbH	51 %	51 %	25	EUR	D
	Berlin	ALSO Enterprise Services GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann Verwaltungs GmbH (formerly ALSO bringback GmbH)	100 %	100 %	25	EUR	S
	Berlin	Webinstore AG	99.99 %	99.99 %	500	EUR	S
	Soest	ALSO Mobility Services GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO Logistics Services GmbH i. L.***	100 %	100 %	25	EUR	S
Finland	Tampere	ALSO Nordic Holding Oy	100 %	100 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100 %	100 %	841	EUR	D
	Helsinki	ALSO Cloud Oy	100 %	100 %	11	EUR	S
	Helsinki	ALSO Cloud Solutions Oy	100 %	100 %	3	EUR	S
	Helsinki	Internet Smartsec Oy	****	–	8	EUR	D
France	Gennevilliers	ALSO France S.A.S.	100 %	100 %	14 500	EUR	D

Country	Head office	Company	Participation* 12.31.17	Participation* 12.31.16	Share capital in 1 000	Currency	Code
	Gennevilliers	LAFI Logiciels Application Formation Information S.A.S.	100 %	100 %	400	EUR	S
	Paris	BeIP S.A.S.	51 %	–	147	EUR	D
Morocco	Casablanca	BeIP International	100 %	–	50	MAD	D
Netherlands	Nieuwegein	ALSO Nederland B.V.	100 %	100 %	1 000	EUR	D
	Nijmegen	ALSO Digital Holding B.V.	51 %	51 %	18	EUR	S
	Nijmegen	ALSO Digital B.V.	100 %	100 %	18	EUR	S
	Nijmegen	ALSO International B.V.	100 %	100 %	18	EUR	D
	Utrecht	All 4 U B.V.	100 %	–	50	EUR	S
	Utrecht	Esseko B.V.	100 %	–	54	EUR	D
	Utrecht	Five 4 U Nederland B.V.	100 %	–	10	EUR	D
Norway	Sandefjord	ALSO AS	100 %	100 %	11 063	NOK	D
Estonia	Tallinn	ALSO Eesti OÜ	100 %	100 %	192	EUR	D
	Tallinn	Internet Smartsec OÛ	100 %	–	3	EUR	D
Latvia	Mãrupe	SIA "ALSO Latvia"	100 %	100 %	1 210	EUR	D
	Riga	ALSO Cloud Latvia SIA	100 %	100 %	100	EUR	S
Lithuania	Kaunas	UAB "ALSO Lietuva"	100 %	100 %	1 883	EUR	D
Austria	Gross-Enzersdorf	ALSO Austria GmbH	100 %	100 %	100	EUR	D
Poland	Warsaw	ALSO Polska sp. z o.o.	99.99 %	99.99 %	41 705	PLN	D
	Goleniow	MLS sp. z o.o.	100 %	100 %	5 000	PLN	D
	Goleniow	Blue Bridge sp. z o.o.	100 %	100 %	100	PLN	S
	Szczecin	iTerra sp. z o.o.	100 %	100 %	3 250	PLN	D
Sweden	Malmö	ALSO Sweden AB	100 %	100 %	1 000	SEK	D
Slovenia	Ljubljana	ALSO d.o.o.	100 %	100 %	8	EUR	S

Codes: D = Distribution; S = Service/Holding company
* Participation equals ALSO Holding AG's direct or indirect voting interest in the company.
** Regarding the consolidation of SINAS Beteiligungs GmbH & Co. Vermietungs-KG, please refer to Note 2.5
*** Regarding the consolidation of ALSO Logistics Services GmbH, please refer to Note 2.5
**** As at September 1, 2017, Internet Smartsec Oy and ALSO Finland Oy merged. The merged company conducts its business under the name of ALSO Finland Oy.

6.6
TRANSACTIONS WITH RELATED PARTIES

Existing receivables and payables at the reporting date are unsecured. In 2017 and 2016 respectively, no impairments of receivables were necessary. There are no guarantees, pledges, or other contingent liabilities in favor of related parties. The following transactions and volumes took place with related parties:

TRANSACTIONS WITH PRINCIPAL SHAREHOLDERS

EUR 1 000	2017	2016
Net sales to Droege Group	111	82
Operating expenses Droege Group	−2 595	−3 197
Trade receivables Droege Group	63	14
Trade payables Droege Group (Note 5.9)	−216	−198

The distributions of TEUR 13 845 to Droege that were decided at the General Meeting of March 21, 2017 were paid on March 27, 2017.

LIABILITIES TO ALSO PENSION FUND

EUR 1 000	2017	2016
ALSO Holding AG	0	−13
ALSO Schweiz AG	−303	−233

TRANSACTIONS WITH KEY MANAGEMENT

EUR 1 000	2017	2016
Salaries*	4 471	4 132
Contributions to pension plans	304	234
Anniversary bonuses or other special payments	1	0
Retirement bonuses	0	0
Employee shares/options	0	0
TOTAL COMPENSATION	**4 776**	**4 366**

* Fixed compensation (salaries and flat-rate expenses), bonuses, Board of Directors' fees, employer contributions for social security, and other non-monetary benefits/reductions

OPTION CONDITIONS

Year of issue	Right to	Exercise period	Exercise price in CHF*	Market price then applicable in CHF*	**Open on 12.31.2017** Number
2011	Shares	May 1, 2014 to April 30, 2020	45.40	16.88	1 506
TOTAL					**1 506**

* In the interest of comparability, no conversion to euro was made.

In the reporting year, no options were exercised. At December 31, 2017, 1 506 options were exercisable. The options are valued according to the Hull-White model, which explicitly takes account of the effects of the restriction period and of an early exercise of the options. The fair value of the options was recognized in profit and loss, and one third (vesting period) was charged to personnel expenses, lastly in 2013.

6.7 FINANCIAL RISK MANAGEMENT

PRINCIPLES OF RISK MANAGEMENT

In relation to its financial assets and liabilities, ALSO is exposed to special risks arising from changes in exchange rates and interest rates. In addition to these market risks, there are also liquidity and credit risks. The objective of financial risk management is to control and limit these market risks by ongoing operational and financial activities. For this purpose, and depending on the estimated risk, selected hedging instruments are used. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or speculative purposes. To minimize the default risk, the material hedging transactions are only entered into with leading financial institutions.

At regular intervals, the appropriateness of the risk management and the internal control system is reviewed by the Board of Directors and modified if necessary. This ensures that the Board of Directors and the Group Management are completely and promptly informed of material risks. In addition, monthly internal reports on the financial position of the company allow any risks arising from the ongoing business to be recognized as early as possible, and corresponding countermeasures to be initiated. For this purpose, Accounting and Controlling constantly adapt their reporting systems to changing conditions.

For optimal cash management, the management of liquidity not required for ongoing operations and the long-term financing of the Group is centralized. The treasury function also records, monitors, and controls financial risks based on information provided by the Board of Directors and Group Management.

CREDIT RISK

Credit risk is the risk of economic loss resulting from a counterparty being unable or unwilling to fulfil its contractual payment obligations. Credit risk thus includes not only the immediate default risk, but also the risk of a worse credit rating along with the risk of concentration of individual risks.

In its operational business, as well as in some of its financing activities, ALSO is exposed to a default risk. In the financial area, ALSO manages the resulting risk position by the diversification of financial institutions and by verification of the financial strength of each counterparty based on publicly available ratings, as well as on publicly available ad-hoc information about the financial institutions.

CREDIT QUALITY AS OF DECEMBER 31, 2017

EUR 1 000	Standard & Poor´s	AA–	A+	A	A–	BBB+	BBB	No rating	Total
	Moody´s	Aa3	A1	A2	A3	Baa1	Baa2		
Cash and cash equivalents (Note 5.1)		93 246	4 248	46 728	47 408	37 271	185	6 475	**235 561**
Receivables from factoring (Note 5.4)		32 747	41 437	88 770	13 409	7 480	14 319	0	**198 162**
		29 %	11 %	32 %	14 %	10 %	3 %	1 %	**100 %**

Cash and cash equivalents with a rating from Fitch of BB in the amount of TEUR 2 126 are included in the category "no rating".

CREDIT QUALITY AS OF DECEMBER 31, 2016

EUR 1 000	Standard & Poor´s	AA–	A+	A	BBB+	BBB	No rating	Total
	Moody´s	Aa3	A1	A2	Baa1	Baa2		
Cash and cash equivalents (Note 5.1)		2 553	739	3 162	37 106	5 717	6 200	**55 477**
Receivables from factoring (Note 5.4)		34 361	0	139 493	23 078	13 512	715	**211 159**
		13 %	0 %	54 %	23 %	7 %	3 %	**100 %**

The credit quality of financial institutions is displayed based on public ratings by Standard & Poor's or Moody's. The rating code is a letter code that indicates the default risk of a debtor (country, company) and hence allows easy assessment of its creditworthiness. An independent, statistically determinable and validatable probability of default can be assigned to each rating code.

AAA/Aaa	Risk of default is virtually zero.
AA/Aa	Safe investment, with slight risk of default.
A	The investment is safe provided that no unforeseen eventualities impair the overall economy or the industry.
BBB/Baa	The investment is sufficient save but more dependent on economic developments than the above categories.
<BBB/Baa	Mainly investments for which no public rating exists.

Ratings may be modified by the addition of a plus (+) or minus (–) sign or by the numbers 1 to 3 to move the rating up or down within the rating group.

At the reporting date, no value adjustments were necessary on cash and cash equivalents or receivables from factors.

In the operational area, ALSO limits the default risk by constantly monitoring customers' credit ratings and setting credit limits based thereon. The operational companies of the Group have largely insured their open trade receivables by means of credit insurances. The credit insurances generally cover defaults for 85 to 95% of the insured amounts. The residual credit default risk on trade receivables is therefore considered by ALSO to be limited, particularly since it is further minimized by the large number of customers and their wide geographical distribution. In addition, to further reduce default risks, certain receivables were completely sold.

Resulting from this sale are receivables from factors amounting to TEUR 198 162 (previous year: TEUR 211 159) (► see Note 5.4), which are spread over several factoring partners. The largest receivable from a single factoring partner is for TEUR 47 603 (previous year: TEUR 86 294). During the long-standing business relationships with the factoring companies, no losses on receivables have occurred. The risk of loss on receivables from factoring partners is not insured with credit insurances. The default risk of loss is minimized by ALSO through regular evaluation of the factoring partners.

Receivables which have not been sold, and for which payment is in arrears, are impaired by individual amounts based on recent experience. Experience from the past indicates that this risk can be considered to be low (► see also Note 5.2). The maximum credit risk (including derivative financial instruments with a positive market value) is represented by the carrying amounts of the financial assets. ALSO has not issued any financial guarantees infavor of third parties.

LIQUIDITY RISKS

The central liquidity risk management system ensures that the Group is always in a position to fulfil its payment obligations promptly. ALSO continuously monitors its liquidity with a detailed cash flow plan on a daily basis. Extensive planning ensures furthermore that sufficient liquidity is available in the medium and long term.

ALSO's objective is to obtain liquidity corresponding to the necessary timing. Since the main requirement for finance is to cover the operational business activities, which are subject to large seasonal fluctuations, over the year as a whole most of the sources of funds are short-term. The necessary funds are mainly obtained by selling existing receivables to factoring companies and supplemented by bank lines of credit that are available at short notice. At the reporting date, the unutilized available credit lines with banks amounted to EUR 341 million (previous year: EUR 334 million).

The following table shows the financial liabilities of the Group by expiration date. The information is based on contractually agreed undiscounted interest and amortization payments. Forward purchases and sales of foreign currencies are not included in the financial derivatives. Since the forward transactions do not cause any net negative cash flow, they do not present a liquidity risk to ALSO.

FINANCIAL LIABILITIES BY EXPIRATION DATE 2017

EUR 1 000	Carrying amount 12.31.2017	Total cash flow	Up to 1 year	1 to 5 years	More than 5 years
Trade payables	851 090	851 090	851 090	0	0
Other liabilities	80 947	80 947	80 947	0	0
Loans from banks and third parties and bonded loans	358 358	379 368	41 204	240 207	97 957
Liabilities from factoring	44 021	44 139	44 139	0	0
Contingent consideration from the acquisition of subsidiaries	5 802	5 802	2 341	2 505	956
Finance lease	1 112	1 141	579	562	0
TOTAL	**1 341 330**	**1 362 487**	**1 020 300**	**243 274**	**98 913**
DERIVATIVE FINANCIAL INSTRUMENTS					
Put options	2 750	2 984	0	2 984	0
Interest rate swaps (net)		12 685	1 390	6 130	5 165

FINANCIAL LIABILITIES BY EXPIRATION DATE 2016

EUR 1 000	Carrying amount 12.31.2016	Total cash flow	Up to 1 year	1 to 5 years	More than 5 years
Trade payables	862 688	862 688	862 688	0	0
Other liabilities	56 687	56 687	56 687	0	0
Loans from banks and third parties and bonded loans	212 355	219 711	23 252	194 967	1 492
Liabilities from factoring	4 685	4 688	4 688	0	0
Contingent consideration from the acquisition of subsidiaries	2 763	2 763	2 763	0	0
Finance lease	1 614	1 693	659	1 034	0
TOTAL	**1 140 792**	**1 148 230**	**950 737**	**196 001**	**1 492**
DERIVATIVE FINANCIAL INSTRUMENTS					
Interest rate swaps (net)		4 738	2 513	2 225	0

The table includes all instruments held on December 31, 2017 and 2016 respectively, for which payments had already been contractually agreed. Plan figures for future new liabilities are not included. Foreign currency amounts were translated at the year-end exchange rate. The variable interest payments from the financial instruments were calculated using the interest rates fixed at December 31, 2017 and 2016, respectively. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity date, irrespective of the fact that the greater part of these financial liabilities is revolving.

INTEREST RATE RISKS

ALSO's interest rate risks relate mainly to current financial liabilities with variable interest rates. Interest rate fluctuations cause changes in the interest income and expense of the interest-bearing assets and liabilities. ALSO is particularly exposed to interest rate risks in EUR, CHF, PLN and DKK.

The interest rate management is handled centrally. Short-term interest rate risks are only partially hedged, a material part of interest bearing-liabilities hence remaining exposed to interest rate fluctuations.

Taking into account the existing and planned debt structure, interest derivatives are used if necessary to meet the bandwidths recommended by central Group treasury and prescribed by management. Since ALSO uses fixed as well as variable interest-bearing instruments, interest risks may result from an increase as well as a decrease in market interest rates.

SENSITIVITY ANALYSIS

Interest rate risks are evaluated by means of sensitivity analyses. These sensitivity analyses demonstrate the effects of changes in market interest rates on unsecured variable interest expense and income, as well as on equity, when all other variables remain constant.

The change in the market interest rates affects the value and the effectiveness of the hedging instruments and therefore affects equity and the financial result. If the market interest rate on December 31, 2017 and 2016 respectively, had been 100 base points higher/lower, the effect would have been as follows:

SENSITIVITY OF INTEREST RATES 2017

EUR 1 000	Effect on the financial result	Effect on the equity
Market interest rates +100 bps	−7 956	7 807
Market interest rates –100 bps	2 076	−6 543

SENSITIVITY OF INTEREST RATES 2016

EUR 1 000	Effect on the financial result	Effect on the equity
Market interest rates +100 bps	−3 292	2 919
Market interest rates –100 bps	−619	−2 919

Market interest rates were slightly negative in 2017 and 2016. Because some financing partners do not pass on negative interest rates to ALSO, the financing costs would not be affected to the same extent by a 100 bps decrease as they would be by a 100 bps increase. Hedging instruments that had a negative impact on the financial result in 2016 due to ineffectiveness (according to IFRS) expired in 2017. ALSO concluded new hedging instruments in 2017 that take account of the negative interest rate environment so as to rule out additional negative effects on the financial result. For that purpose, ALSO uses interest rate forwards that in the midterm hedge ALSO against increasing interest rates. However, those instruments do not have an impact on the financial result in the above disclosed sensitivity of interest rates. The measurement of hedging instruments is purely a valuation effect that does not result in any outflow of cash for ALSO.

This analysis is based on the assumption that the amount at the respective reporting date corresponds closely to the average amount utilized during the year.

EXCHANGE RATE RISKS

A material part of the cash flows of the operational companies occurs in currencies which are not the functional currencies of those subsidiaries. ALSO is therefore exposed to foreign currency risks. Foreign currency risks are only hedged if they affect the cash flow of the Group. Exchange rate risks that arise in the consolidated financial statements through the translation of statements of comprehensive income and statements of financial position of subsidiaries are not hedged.

In the purchasing area, a certain amount is conducted in foreign currencies, especially EUR (where it is not the functional currency) and in USD. To hedge this exchange rate risk, Central Treasury hedges the purchasing volumes of the operating companies outside their functional currency.

Group-internal loans between subsidiaries with different functional currencies give rise to foreign currency risks. ALSO hedges most of these risks. Speculative borrowing or lending in foreign currencies is not permitted.
Transaction-related foreign currency risks are also monitored and the corresponding net exposures in the various currencies are calculated.

By regular use of forward contracts, ALSO constantly reduces the exchange rate risk so that there is no material exchange rate risk to the Group. The table below shows the main unsecured net exposures of the Group at the end of 2017 and 2016 respectively. These usually reflect the open risks over the year.

UNHEDGED NET EXPOSURE

EUR 1 000	EUR/USD	EUR/CHF	EUR/PLN	EUR/DKK	EUR/NOK	EUR/SEK	EUR/GBP
December 31, 2017	20 609	12 008	43 506	13 058	10 039	8 519	7 206
December 31, 2016	35 687	10 006	8 502	636	2 096	9 488	4 536

SENSITIVITY ANALYSIS

If, on December 31, 2017 and 2016 respectively, the EUR had been 10% stronger/weaker relative to the reporting date balances in those currencies, and all other variables had remained unchanged, the consolidated statement of comprehensive income and shareholders' equity (net, after tax) would have been TEUR 8 989 higher/lower (previous year: TEUR 5 136). The disclosed net exposures are mainly offset by inventories which are held in foreign currencies. Those inventories will be sold within a short period of time and would therefore largely compensate the effects explained above on the statement of comprehensive income.

Exchange differences resulting from the translation of entities whose functional currency is not the euro are not included in the sensitivity analysis.

CAPITAL MANAGEMENT

The overriding objective of capital management at ALSO is to maintain an appropriate equity base in order to preserve the trust of investors, customers, and the market, and to support future developments in the core business. The internal target value for the ratio of equity to total assets has been defined as 25 to 35 %.

The capital management serves to maintain an optimal Group-wide capital structure which not only gives ALSO sufficient financial flexibility, but also maintains a high credit rating.

The equity structure can be maintained or modified by means of the dividend policy, capital repayments, and, if necessary, capital increases.

The capital structure is monitored on the basis of the net financial debt and reported equity. Net financial debt comprises interest-bearing financial liabilities less cash and cash equivalents.

EUR 1 000	12.31.2017		12.31.2016	
Current financial liabilities	83 571		28 786	
Non-current financial liabilities	325 722		192 631	
TOTAL FINANCIAL LIABILITIES (NOTE 5.8)	**409 293**		**221 417**	
./. Cash and cash equivalents (Note 5.1)	−235 561		−55 477	
Net financial debt	173 732	8 %	165 940	9 %
Reported equity	623 295	29 %	565 181	30 %
Equity and net financial debt	797 027	37 %	731 121	39 %
TOTAL LIABILITIES AND EQUITY	**2 158 504**	**100 %**	**1 895 103**	**100 %**

6.8
FACTORING

ALSO has sold or assigned trade receivables to independent factoring companies. To the extent that a significant transfer of risk takes place, these transactions reduce the total receivables of the Group.

RECEIVABLES FULLY DERECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION:
If the sale of trade receivables transfers all material rewards and risks to the factoring company, under IAS 39 these receivables are fully derecognized and a corresponding receivable from the factoring company is recognized ► see Note 5.4.

Due to the contractual terms of the factoring program, ALSO is exposed to certain residual risks even after the trade receivables are sold. For the time period between maturity and payment of the sold receivables, ALSO is obliged to pay interest to the factoring company (interest risk for late payments).

RESIDUAL RISKS OF FULLY DERECOGNIZED RECEIVABLES

EUR 1 000	Carrying amount/fair value of loss risk	Theoretical maximum loss risk
Interest risk for late payment	123	1 978
TOTAL DECEMBER 31, 2017	**123**	**1 978**
Interest risk for late payment	92	1 367
TOTAL DECEMBER 31, 2016	**92**	**1 367**

Taking into account ongoing creditworthiness checks, the large number of customers, and their historical payment behavior, as well as the known time period between maturity and payment of the sold receivables, ALSO expects that interest of TEUR 123 (previous year: TEUR 92) for late payments will be due on sold receivables at December 31, 2016. Corresponding accruals for these amounts were therefore made at December 31, 2017 and 2016, respectively.

Should the theoretical case occur of default on payment of all receivables that have been sold, ALSO would have to pay interest to the factors for the time period between maturity of the sold receivables and a contractually agreed latest date. As at December 31, 2017, the theoretical maximum value at risk from this loss was estimated at TEUR 1 978 (previous year: TEUR 1 367).

RECEIVABLES NOT FULLY DERECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION:
In some agreements, neither complete transfer nor complete retention of the rewards and risks of the receivables can be assumed. Under these agreements, the trade receivables are not fully derecognized, and a residual amount remains recognized in the statement of financial position. Under IAS 39, this residual amount represents a so-called "continuing involvement".

The trade receivables of TEUR 570 713 (previous year: TEUR 583 508, ► see Note 5.2) therefore contain a continuing involvement for the amount of TEUR 65 867 (previous year: TEUR 47 453).This is composed of the residual interest risk for late payments of TEUR 4 902 (previous year: TEUR 1 233), the residual credit risk of TEUR 51 647 (previous year: TEUR 37 907), and the residual exchange rate risk of TEUR 9 319 (previous year: TEUR 8 314).

Due to the continuing involvement, there is a corresponding obligation for the amount of TEUR 65 867 (previous year: TEUR 47 453), which is recognized in accrued expenses, deferred income and other payables. In addition, there is an accrual for the amount of TEUR 160 (previous year: TEUR 122) for the fair value of the residual risk of the continuing involvement. Only the change in the true uncollectibility and interest risk is recognized through profit and loss.

NET OBLIGATION 2017

EUR 1 000	Carrying amount/fair value
Asset from continuing involvement	65 867
Obligation from continuing involvement	66 027
NET OBLIGATION AT DECEMBER 31, 2017	**–160**

NET OBLIGATION 2016

EUR 1 000	Carrying amount/fair value
Asset from continuing involvement	47 453
Obligation from continuing involvement	47 575
NET OBLIGATION AT DECEMBER 31, 2016	**–122**

At the reporting date, the gross amount of these sold receivables with continuing involvement was TEUR 628 189 (previous year: TEUR 470 548).

LIABILITY FROM FACTORING 2017

EUR 1 000	Fair value of the remaining risk	Obligation from continuing involvement	Total liability from factoring
Receivables fully derecognized	123	0	123
Receivables not fully derecognized	160	65 867	66 027
DECEMBER 31, 2017 (NOTE 5.9)	**283**	**65 867**	**66 150**

LIABILITY FROM FACTORING 2016

EUR 1 000	Fair value of the remaining risk	Obligation from continuing involvement	Total liability from factoring
Receivables fully derecognized	92	0	92
Receivables not fully derecognized	122	47 453	47 575
DECEMBER 31, 2016 (NOTE 5.9)	**214**	**47 453**	**47 667**

6.9
EVENTS AFTER THE REPORTING PERIOD

No material events occurred after the reporting period.

6.10
APPROVAL OF THE ALSO GROUP CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were released for publication by the Board of Directors of ALSO Holding AG on February 9, 2018, and will be submitted to the Annual General Meeting of March 27, 2018, for approval.

Report of the statutory auditor to the General Meeting on the consolidated financial statements 2017

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of ALSO Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

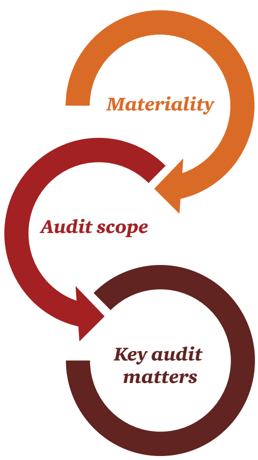
In our opinion, the consolidated financial statements ► **pages 109 to 171** give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview	Overall materiality: EUR 6.200.000
	We concluded full scope audit work and specified procedures at twelve reporting units in seven countries. Our audit scope including specified procedures addressed 84 % of the Group's net sales, 82 % of the assets and 85 % of the profit of the Group.
	Additionally, we concluded reviews at a further eight reporting units in eight countries, which addressed an additional 13 % of the net sales, 11 % of the assets and 10 % of the profit of the Group. As a key audit matter, the following area of focus has been identified: Impairment testing of goodwill

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the work performed at Group components by auditors in the PwC network and by third parties. All significant subsidiaries of the Group were audited by PwC. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether adequate sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included telephone conferences with the component auditors and an investigation of the risk assessment.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 6.200.000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, profit before tax is a generally accepted benchmark for considerations of materiality.

We agreed with the Audit Committee that we would report to them misstatements above EUR 620.000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT TESTING OF GOODWILL

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill was deemed a key audit matter for the following two reasons: Goodwill represents a significant amount on the balance sheet. It amounts to a total of EUR 150.0 million, of which EUR 133.5 million relates to the Central Europe cash-generating unit and EUR 16.5 million relates to the North/Eastern Europe cash-generating unit. In addition, there is significant scope for judgement in determining the assumptions relating to future business results and the discount rate applied to forecasted cash flows. Please refer to ► **page 115** (key assumptions and estimates), ► **pages 121 to 122** (accounting standards for intangible assets and impairment) and ► **page 144** (notes to the consolidated financial statements).	We assessed the impairment tests carried out by the Group by performing the following audit procedures: • For the forecasted cash flows, we assessed the budget process, especially whether Group Management and the Board of Directors monitored this process and challenged the assumptions made. • We tested whether the values used for the impairment tests were in line with the budget approved by the Board of Directors. • We discussed with Group Management how the country-specific assumptions concerning revenue growth and long-term growth rates have been established. • We compared the assumptions relating to the prior year's revenues and results with those for the year under review in order to identify, in retrospect, any assumptions that were too optimistic regarding the budgeted revenues and results. • We assessed the reasonableness of the forecasts relating to investments and to the change in net working capital. • For each cash-generating unit (CGU), we compared the discount rate used with its cost of capital. • In addition, using sensitivity analyses, we tested whether a significant change in each of the key assumptions (the discount rate, the EBITDA margin and the long-term growth rate) resulted in the impairment of the goodwill. • We discussed the results of these tests with Group Management in terms of both the headroom available before the goodwill would be impaired and the probability of such a change in the assumptions occurring. In performing the audit procedures listed above, we addressed the risk of the impairment of the goodwill. We have no findings to report.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of ALSO Holding AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse ► **http://expertsuisse.ch/en/audit-report-for-public-companies**. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

PricewaterhouseCoopers AG

Joanne Burgener	Andreas Brun
Audit expert	Audit expert
Auditor in charge	

Lucerne, 9 February 2018

PROFIT AND LOSS STATEMENT OF ALSO HOLDING AG

CHF 1 000	2017	2016
Service revenue	20 313	19 411
Investment revenue	50 336	50 592
Other operating income	213	1
Service expenses	–10 297	–8 981
Personnel expenses	–5 951	–6 353
Other operating expenses	–7 715	–5 990
Depreciation	0	–1
Financial income	10 088	7 689
Financial expenses	–4 692	–5 511
Direct tax expenses	–377	–381
NET PROFIT	**51 918**	**50 476**

BALANCE SHEET OF ALSO HOLDING AG

ASSETS

CHF 1 000	12.31.2017	12.31.2016
Cash	18	20
Other current receivables		
From Group companies	342 622	147 859
Prepaid expenses and accrued income	273	297
TOTAL CURRENT ASSETS	**342 913**	**148 176**
Loans to Group companies	157 665	148 058
Investments	516 587	513 623
TOTAL NON-CURRENT ASSETS	**674 252**	**661 681**
TOTAL ASSETS	**1 017 165**	**809 857**

LIABILITIES AND EQUITY

CHF 1 000	12.31.2017	12.31.2016
Liabilities to banks (interest-bearing)	19 847	0
Other current payables		
To third parties	21	154
To Group companies (interest-bearing)	43 236	58 590
Accrued expenses and deferred income	22 117	13 973
TOTAL CURRENT LIABILITIES	**85 221**	**72 717**
Liabilities to banks (interest-bearing)	311 578	139 845
TOTAL NON-CURRENT LIABILITIES	**311 578**	**139 845**
TOTAL LIABILITIES	**396 799**	**212 562**
Share capital	12 849	12 849
Legal capital reserves		
Capital contribution reserve	230 378	259 225
Share-premium reserve	8 618	8 618
Legal reserves		
General reserve	1 100	1 100
Special reserve	90 000	90 000
Retained earnings		
Balance brought forward	227 043	176 567
Net profit	51 918	50 476
Treasury shares	–1 540	–1 540
TOTAL SHAREHOLDERS' EQUITY	**620 366**	**597 295**
TOTAL LIABILITIES AND EQUITY	**1 017 165**	**809 857**

NOTES TO THE FINANCIAL STATEMENTS OF ALSO HOLDING AG

GENERAL

The financial statements of ALSO Holding AG, with registered office in Emmen, Switzerland, comply with the requirements of the Swiss Code of Obligations (SCO).

BASIS OF PREPARATION

Assets are valued at no higher than acquisition cost. All changes in value are recognized in the profit and loss statement. Due to their similarity investments are usually grouped together and tested for impairment once a year. Intangible assets are amortized over five years. Gains and losses from disposals of treasury shares, including transaction costs, are recognized directly in legal reserves. Liabilities are valued at nominal value.

All current assets and liabilities denominated in foreign currencies are translated according to the exchange rates applicable on the balance sheet date. For non-current assets and liabilities the imparity principle is applied. Income and expenses denominated in foreign currencies and all foreign exchange transactions are translated using the exchange rates as of the transaction dates. Resulting foreign exchange differences are recognized in the profit and loss statement.

Derivatives with positive replacement values are recognized at their acquisition cost. Derivatives with negative replacement values are recognized at their fair values.

CAPITAL

	Total in CHF 12.31.2017	Number of shares	Nominal value per share in CHF
Subscribed capital	12 848 962	12 848 962	1.00
Authorized capital increase (unclaimed)	2 500 000	2 500 000	1.00
Conditional capital increase (unclaimed)	2 500 000	2 500 000	1.00

Capital is unchanged compared to previous year.

TREASURY SHARES

	Date	Number	Value in TCHF	Price in CHF
JANUARY 1, 2016		**28 089**	**1 540**	**68.80**
Additions		–		
Disposals		–		
Revaluation	12.31.2016		–	
DECEMBER 31, 2016		**28 089**	**1 540**	**89.90**
Additions		–		
Disposals		–		
Revaluation	12.31.2017		–	
DECEMBER 31, 2017		**28 089**	**1 540**	**134.00**

Treasury shares are measured at their historic cost.

MAJOR SHAREHOLDERS

	12.31.2017	12.31.2016
Special Distribution Holding GmbH, Düsseldorf (Germany) *	51.30 %	51.30 %
Schindler Pars International Ltd., Hergiswil (Switzerland) **	***	7.60 %
Bestinver Gestion, S.G.I.I.C. S.A., Madrid (Spain)	3.17 %	5.96 %
SaraSelect, c/o Sarasin Investmentfonds AG, Basel (Switzerland)	3.60 %	4.00 %
LB(Swiss) Investment AG, Zürich (Switzerland)	***	3.93 %

Share register as of December 31 (without nominees)
* Controlling shareholder: Walter P.J. Droege through Droege Group AG
** Held 100 percent by Schindler Holding AG
*** Voting rights below the notifiable threshold value of three percent

CONTINGENT LIABILITIES

CHF 1 000	12.31.2017	12.31.2016
Conditional liabilities towards third parties	730 856	575 997
Letters of comfort	p.m.	p.m.
TOTAL	**730 856**	**575 997**

The contingent liabilities of ALSO Holding AG cover the conditional liabilities for bank guarantees, borrowing arrangements and delivery commitments of the Group companies.

LIABILITIES TO DEFINED BENEFIT PLANS

CHF 1 000	12.31.2017	12.31.2016
ALSO pension fund	–	14
TOTAL	**–**	**14**

NUMBER OF FULL-TIME EQUIVALENT POSITIONS

In 2017, the average number of full-time equivalent positions was 11 (previous year: 12).

INFORMATION ABOUT DIRECTLY OR INDIRECTLY CONTROLLED INVESTMENTS

Country	Head office	Company	Participation* 12.31.2017	Participation* 12.31.2016	Share capital in 1000	Currency	Code
Switzerland	Emmen	ALSO Holding AG			12 849	CHF	S
	Emmen	ALSO Schweiz AG	100 %	100 %	100	CHF	D
	Thun	NRS Printing Solutions AG	100 %	100 %	100	CHF	S
	Emmen	Quatec AG	100 %	100 %	100	CHF	S
	Stans	Bachmann Mobile Kommunikation AG	100 %	30 %	100	CHF	S
Belgium	Mechelen	Five 4 U BVBA	100 %	–	8 331	EUR	D
Denmark	Tåstrup	ALSO A/S	100 %	100 %	39 000	DKK	D
Germany	Soest	ALSO Deutschland GmbH	100 %	100 %	20 000	EUR	D
	Osnabrück	NT plus GmbH	100 %	100 %	12 500	EUR	D
	Osnabrück	SEAMCOM GmbH & Co. KG	100 %	100 %	203	EUR	D
	Osnabrück	SEAMCOM Verwaltungs GmbH	100 %	100 %	26	EUR	S
	Straubing	ALSO MPS GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann.de GmbH	100 %	100 %	200	EUR	S
	Berlin	LumIT GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO International Services GmbH	100 %	100 %	100	EUR	S
	Soest	ALSO IH GmbH	100 %	100 %	25	EUR	S
	Soest	Impaso Online Services GmbH	100 %	100 %	25	EUR	S
	Staufenberg	Fulfilment Plus GmbH	100 %	100 %	50	EUR	S
	Pullach i. Isartal	SINAS Beteiligungs GmbH & Co. Vermietungs-KG	0 %	0 %	9	EUR	S
	Soest	MEDIUM GmbH	100 %	80 %	25	EUR	D
	Frankfurt am Main	Pestinger GmbH	74.8 %	74.8 %	26	EUR	D
	Stuttgart	Beamer & more GmbH	51 %	51 %	25	EUR	D
	Berlin	ALSO Enterprise Services GmbH	100 %	100 %	100	EUR	S
	Berlin	druckerfachmann Verwaltungs GmbH (formerly ALSO bringback GmbH)	100 %	100 %	25	EUR	S
	Berlin	Webinstore AG	99.99 %	99.99 %	500	EUR	S
	Soest	ALSO Mobility Services GmbH	100 %	100 %	25	EUR	S
	Soest	ALSO Logistics Services GmbH i. L.	100 %	100 %	25	EUR	S
Finland	Tampere	ALSO Nordic Holding Oy	100 %	100 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100 %	100 %	841	EUR	D
	Helsinki	ALSO Cloud Oy	100 %	100 %	11	EUR	S
	Helsinki	ALSO Cloud Solutions Oy	100 %	100 %	3	EUR	S
	Helsinki	Internet Smartsec Oy	**	–	8	EUR	D
France	Gennevilliers	ALSO France S.A.S.	100 %	100 %	14 500	EUR	D
	Gennevilliers	LAFI Logiciels Application Formation Information S.A.S.	100 %	100 %	400	EUR	S

INFORMATION ABOUT DIRECTLY OR INDIRECTLY CONTROLLED INVESTMENTS

Country	Head office	Company	Participation* 12.31.2017	Participation* 12.31.2016	Share capital in 1000	Currency	Code
	Paris	BeIP S.A.S.	51 %	–	147	EUR	D
Morocco	Casablanca	BeIP International	100 %	–	50	MAD	D
Netherlands	Nieuwegein	ALSO Nederland B.V.	100 %	100 %	1 000	EUR	D
	Nijmegen	ALSO Digital Holding B.V.	51 %	51 %	18	EUR	S
	Nijmegen	ALSO Digital B.V.	100 %	100 %	18	EUR	S
	Nijmegen	ALSO International B.V.	100 %	100 %	18	EUR	D
	Utrecht	All 4 U B.V.	100 %	–	50	EUR	S
	Utrecht	Esseko B.V.	100 %	–	54	EUR	D
	Utrecht	Five 4 U Nederland B.V.	100 %	–	10	EUR	D
Norway	Sandefjord	ALSO AS	100 %	100 %	11 063	NOK	D
Estonia	Tallinn	ALSO Eesti OÛ	100 %	100 %	192	EUR	D
	Tallinn	Internet Smartsec OÛ	100 %	–	3	EUR	D
Latvia	Mārupe	SIA "ALSO Latvia"	100 %	100 %	1 210	EUR	D
	Riga	ALSO Cloud Latvia SIA	100 %	–	100	EUR	S
Lithuania	Kaunas	UAB "ALSO Lietuva"	100 %	100 %	1 883	EUR	D
Austria	Gross-Enzersdorf	ALSO Austria GmbH	100 %	100 %	100	EUR	D
Poland	Warsaw	ALSO Polska sp. z o.o.	99.99 %	99.99 %	41 705	PLN	D
	Goleniow	MLS sp. z o.o.	100 %	100 %	5 000	PLN	D
	Goleniow	Blue Bridge sp. z o.o.	100 %	100 %	100	PLN	S
	Szczecin	iTerra sp. z o.o.	100 %	100 %	3 250	PLN	D
Sweden	Malmö	ALSO Sweden AB	100 %	100 %	1 000	SEK	D
Slovenia	Ljubljana	ALSO d.o.o.	100 %	100 %	8	EUR	S

Codes: D = Distribution, S = Service- / Holding company
* Participation equals ALSO Holding AG's direct or indirect voting interest in the company.
** As at September 1, 2017, Internet Smartsec Oy and ALSO Finland Oy merged. The merged company conducts its business under the name of ALSO Finland Oy.

PARTICIPATIONS, CONVERSION RIGHTS AND OPTIONS

In accordance with Art. 25 of the Articles of Association, no participations, conversion rights or options are granted to members of the Board of Directors or Group Management.

The existing participations, conversion rights, and options of the members of the Board of Directors and Group Management and their related parties are as follows:

BOARD OF DIRECTORS 2017

		12.31.2017
	Number of shares	Number of options
Gustavo Möller-Hergt, Chairman/Executive Member	–	–
Walter P. J. Droege, Vice Chairman	6 592 032	–
Karl Hofstetter	2 000	–
Rudolf Marty	10	–
Frank Tanski	–	–
Peter Athanas	–	–
Ernest-W. Droege	–	–
TOTAL	**6 594 042**	**–**

BOARD OF DIRECTORS 2016

		12.31.2016
	Number of shares	Number of options
Gustavo Möller-Hergt, Chairman/Executive Member	–	–
Walter P. J. Droege, Vice Chairman	6 592 032	–
Karl Hofstetter	2 000	–
Rudolf Marty	10	–
Frank Tanski	–	–
Peter Athanas	–	–
Ernest-W. Droege	–	–
TOTAL	**6 594 042**	**–**

Gustavo Möller-Hergt has been a member of Group Management since 2011 and a member and Chairman of the Board of Directors since March 13, 2014. All other members of the Board of Directors are non-executive members.

GROUP MANAGEMENT

Neither in the reporting year nor in the prior year did the members of Group Management receive participations, conversion rights, or options.

ADDITIONAL DISCLOSURES, STATEMENT OF CASH FLOWS AND STATUS REPORT

In accordance with Art. 961d, Paragraph 1, of the Swiss Code of Obligations, additional disclosures, the statement of cash flows and the status report are dispensed with, as the ALSO Holding AG prepares the consolidated financial statements in accordance with a generally accepted financial reporting standard.

EVENTS AFTER THE REPORTING PERIOD

These financial statements were released for publication by the Board of Directors of ALSO Holding AG on February 9, 2018, and will be submitted to the Annual General Meeting of March 27, 2018, for approval.

No material events occurred after the reporting period.

There are no further matters requiring disclosure according to the Swiss Code of Obligations (SCO) Art. 959c.

PROPOSAL OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING OF MARCH 27, 2018

CHF 1 000	2017	2016
BROUGHT FORWARD, JANUARY 1	**227 043**	**176 567**
Net profit	51 918	50 476
Dissolution of reserve from contribution in kind	35 257	28 847
TOTAL AVAILABLE EARNINGS	**314 218**	**255 890**
DISBURSEMENT OF RESERVE FROM CONTRIBUTION IN KIND	**–35 257**	**–28 847**
Balance to be carried forward	278 961	227 043

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Report of the statutory auditor to the General Meeting on the financial statements 2017

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ALSO Holding AG, which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

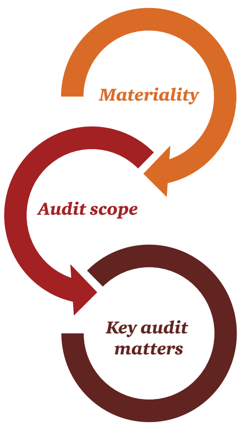
In our opinion, the financial statements ► **pages 176 to 183** as at 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview	Overall materiality: CHF 3.100.000
	We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.
	As a key audit matter, the following area of focus has been identified: Impairment of equity investments

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	CHF 3.100.000
How we determined it	0.5 % of equity
Rationale for the materiality benchmark applied	We chose equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Audit Committee that we would report to them misstatements above CHF 310.000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF EQUITY INVESTMENTS

Key audit matter	How our audit addressed the key audit matter
Impairment testing of equity investments was deemed a key audit matter for the following two reasons: Equity investments of CHF 516.6 million represent the largest single asset category. A valuation adjustment on this item would have a significant impact on the equity of the company. Testing for impairment depends on the future results of the each company concerned. In addition, there is significant scope for judgement in determining the assumptions with regard to future results. Please refer to ► **page 178** (Accounting policies).	We assessed the impairment test performed by the company on equity investments by performing the following audit procedures: • For the forecasted cash flows, we assessed the budget process, especially whether Management and the Board of Directors monitored this process and challenged the assumptions made. • We tested whether the values used for the impairment test were in line with the budget approved by the Board of Directors. • We discussed with Management how the country-specific assumptions concerning revenue growth and long-term growth rates have been established. • We compared the assumptions relating to the prior year's revenues and results with those for the year under review in order to identify, in retrospect, any assumptions that were too optimistic regarding the budgeted revenues and results. • We assessed the adequacy of the forecasts relating to investments and to the change in net working capital. • We compared the applied discount rate with the respective cost of capital. • In addition, using sensitivity analyses, we tested whether a significant change in each of the key assumptions (the discount rate, the EBITDA margin and the long-term growth rate) resulted in the impairment of the equity investments. • We discussed the results of these tests with Management in terms of both the headroom available before the carrying amount of the equity investments would be impaired and the probability of such a change in the assumptions occurring. In performing the audit procedures listed above, we addressed the risk of impairment of the equity investments. We have no findings to report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse ► **http://expertsuisse.ch/en/audit-report-for-public-companies**. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Joanne Burgener Audit expert Auditor in charge	Andreas Brun Audit expert

Lucerne, 9 February 2018

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