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**6 Months' Statement**  
01/01/2001 to 06/30/2001  
Openshop Holding AG

## Foreword by the Executive Board

Dear Shareholders,

the difficult situation in the eBusiness technology market also persisted in the 2nd quarter. For several months, the market environment has been characterized by a decline in the overall level of demand and reduced budgets for investments in information technology. Right across all countries and business sectors investments are currently only being made in the maintenance of existing IT structures. Investments in new technologies such as eBusiness are being put on hold by many companies.

Not least, due to the negative trend in share prices of technology companies, there is a general feeling of uncertainty among customers when it comes to Internet-based technologies and solutions. Many customers, investors and even analysts are uncertain about the status and the development of the Internet, the Internet-based technologies and also the companies which offer products and solutions for the Internet.

For companies which adjust rapidly to these general conditions and have the necessary financial means, this phase represents a great opportunity. On the way to a mature eBusiness market which has left the stormy early years behind it, customer-oriented holistic solutions will permanently establish themselves. Despite all the pessimistic opinions and the current business situation, the online trade has great growth potential. Practically all market studies confirm this.

In particular, among small and medium-sized firms, eBusiness is becoming increasingly popular. This is confirmed by this year's survey by TechConsult. The use of eBusiness solutions has increased by 30% in comparison to the previous year. Specific offers which are tailored in terms of service scope and price to the requirements of small and medium-sized companies, will reinforce this trend in future.

A recent study by Berlecon Research underlines the positive prospects, in particular for intercompany trade (B2B). The number of business-to-business platforms for German companies increased from 1999 to March 2001 from 34 to 200. By the year 2004, analysts expect an increase to 720 marketplaces with a trade volume of up to 230 billion Marks. Last year, worldwide sales in this area increased by 189% to 433 billion US Dollars. Compared with a growth rate of 200% the previous year, this represents a decline in the growth rate, but is a remarkable increase in an economically difficult period. Within Europe, Germany is the eBusiness leader in the B2B market. An enormous potential still lies in the area of invitations to tender by the public sector, which in Germany awards more than 30,000 contracts per year with a value of 500 billion Marks.

Openshop has recognized these developments at an early stage and already initiated initial measures with respect to the product portfolio at the end of last year. An own product for the establishment of marketplaces on the Internet as well as an eProcurement solution were introduced.

In March 2001, a comprehensive strategic reorganization was agreed on which, with the help of a 4-point program, was implemented as of April 2001. Major parts of this new strategy were implemented in the 2nd quarter of 2001, and the new organization started operative business on schedule on July 1, 2001. Thus, on our way to becoming a solutions supplier, in the last three months two new branches were opened in Germany, the product portfolio was extended – partly through acquisitions – upwards in the direction of high-end offers, and in addition to indirect sales via partners, decentralized direct sales with qualified consultants and system integrators was developed.

In the 2nd quarter of 2001, these extensive measures aimed at the restructuring of the entire organization led, as a result of provisions for risk in the wake of the closure of our US offices and the precautionary value adjustment of a participation, to one-time expenditures of about 3.5 million Euros and thus to a considerable burden on the result in the 1st half of 2001.

The changes at Openshop and, in particular, the customer-focused approach to customers have been extremely positively received. This is confirmed by the intensive project discussions with banks, insurance companies and also with numerous representatives of small and medium-sized companies. Openshop is certainly believed to have great potential in a streamlined eBusiness market, which in our estimation, will continue to be marked in the coming months by further streamlining with a declining number of competitors.

The Executive Board

## Business Review

Three months have already passed since the introduction of the 4-point program at Openshop, and there are signs that the new organization was realized in all core areas. Since July 1, 2001, we have implemented a theme and customer-oriented structure. The entire organizational structure of Openshop, the range of products and services as well as the sales and distribution channels have been arranged in such a way that the dynamism of the current situation in eBusiness is taken into account. The service spectrum has been extended in the direction of a solution supplier for all size categories.

New branches have been opened in Hanover and Wiesbaden. In Wiesbaden, since May 2001, five consultants who originate from areas of logistics and strategy consulting have been working in our new "Central" branch. Together with our partner SKYVA, among other things, a "logistics control center" has been developed which enables customers to monitor and control intra-company flows of merchandise.

In June, the Openshop "North" branch was opened in Hanover with 40 members of staff of the former OAR Development AG. In addition to the general tasks of a theme-oriented sales office, we are working intensely on the development of a high-end eBusiness solution there.

Within the scope of the changed requirements of the eBusiness market, in recent months, those areas of business have been identified which, in our estimation, will have the highest growth rates in the medium term. Correspondingly, six business units

with their own development and profit responsibilities have been defined. They are the following topics:

- buy-side or B2B
- sell-side or B2C
- eBusiness architectures
- logistics

as well as the supplementary units

- Channel, which will continue to secure the multiplication of business via partners. Indirect sales will receive a new significance by cooperating more intensely with competent and renowned consulting and system integration companies, especially in the high-end segment.
- Application management/hosting, in order to be able to offer our customers full-service from a single source.

These six business units will be supported by the two competence centres, Basic Architecture and Applications Development.

With the objective of extending technological competence with respect to the high-end segment, in June 2001, Openshop acquired the Java and J2EE-based eBusiness technology for process-oriented high-end solutions from OAR Development AG (formerly COIN Interactive AG). The new technology, which Openshop will further develop to be ready for market introduction in the next few months, was already recognized as one of the technologically best products on the market worldwide in the predecessor

version under the name “interact!” in a comprehensive and independent product comparison (Source: “Genit” study, January 2001). The new products will supplement the existing portfolio from Openshop for the high-end segment and facilitate the rapid realization of even the most complex Internet-based applications.

Parallel to the development of the new platform for high-end solutions, the existing product portfolio has also been further developed. The Openshop Business version 2.5, available since the 2nd quarter of 2001, is characterized by its improved user-friendliness. The performance and the possibility of links to other products have been improved and the range of functions has been supplemented, among other things, through the integration of a multilingual auction module with various auction types. In addition, the FlowEditor version 2.1, available since April 2001, has been integrated. On the basis of a clearly arranged graphic user interface, complete eBusiness solutions can be planned and their procedures simply organized and modelled. Existing solutions can be simply imported (Reverse Engineering). An additional new component of Openshop Business version 2.5 is the Java Software Development Kit. In eBusiness projects, it facilitates the programming of macros for the integration of Java classes and thus underlines the openness and flexibility of the Openshop technology.

As a result, the customer benefits once again from the open system standard. Successful eBusiness systems, in particular, are frequently adjusted over their operational life to changing customer requirements. The change and extension of the systems is thus

the real constant factor. This must be as simple and inexpensive as possible for the operator. As a result of the extension of existing business processes into the Internet and the general use of graphic tools, Openshop ensures a rapid change and adjustment directly from the specialist departments at all times, thus saving time and costs. The platform functions as a clamp-and-joint basis for all applications and, furthermore, ensures a high degree of re-use. This reduces interfaces and thus servicing expenditure.

With the new Openshop Stores version 5.5, the company is targeting a perfected multi-shop system to Internet service providers (ISP), Telcos and portal site operators. Openshop Stores, as a multi-vendor system, facilitates the hosting of any number of online shops with efficient operations and high safety standards. Openshop Stores 5.5 is available in German, English and Italian versions for diverse system platforms and will also be made available in French in the 3rd quarter 2001.

## The Openshop Share Trend

Following a long downward trend, for several weeks now, the Openshop share has been relatively stable at a price between 6 and 7 Euros with low trading volumes – despite a further downward trend in the overall market. We will take account of the information needs of our shareholders and the analysts in the next few weeks within the scope of supplementary PR and IR measures. In order to communicate the initial effects of the change in strategy, an extensive information campaign by the Openshop Board of Management is being planned already in the run-up to Systems in mid-October 2001. At the same time, our Internet presentation will be adjusted to the new organization.

## Financial Data

In the first half year of 2001 the Openshop Group experienced a further decrease in sales and income due to the general economic situation still affecting the demand for information technology. Across all countries and sectors companies only invest to preserve existing IT structures. At the same time investment into new and innovative technologies such as eBusiness was mostly put on hold even though the immediate and short-term benefits such as in the area of eProcurement are well known by now. Especially in the 2nd quarter of 2001 this macroeconomic development affected Openshop's revenues as they depend largely on business with new customers. Apart from that Openshop is currently undergoing major restructuring during which two branches in the USA were closed while two new branches in Germany were opened up.

Against the background of this difficult business environment, Openshop generated sales revenues of 2.9 million Euros in the first six months of the 2001 fiscal year. Thus, 7% less was achieved than in the 1st half of the year 2000. Main new customers were our new strategic partner SKYVA, which ordered Openshop business licenses worth 0.5 million Euros and thus secured the distribution of Openshop products in the US market. In addition, major projects were realized with Knoll AG and Lexware.

License revenues in the 1st half of the year amounted to 2.1 million Euro, or 71% of total turnover, compared to 87% in the same period the previous year, or 68% in the 1st quarter of 2001. The main generator of sales was again our core product Openshop Business 2.5 (0.8 million Euros) which was partly

distributed via partners and partly directly. The remaining license sales in the area of solutions for eProcurement, marketplaces and multishop products amounted to 1.3 million Euros.

Service turnover in the 1st half of the year reached a level of 0.8 million Euros compared to 0.3 million Euros in the first six months last year. This increasing share of turnover, especially in the area of Professional Services, reflects the initial successes on the way to a growing, solid basis for projects with existing customers.

The gross yield margin in the license area declined from 99% in the 1st half of 2000 to 84% in the reporting period. In the Services sector, in contrast, there was an increase from 24% to 34% in 2001. Due to the significantly higher share of service revenues of total turnover, the overall gross yield margin fell from 92% in the previous year to 68% in the first six months of 2001. With an increasing share in the highly-qualified consulting business and the imminent offer of new products and services in the high-end segment, it is expected that the gross margin will rise within the next six months.

The expenditures in the last three months were characterized by the previously announced measures aimed at reorganizing sales and a comprehensive re-structuring of all service and administration areas. This is reflected, above all, in the starting-up and development costs for the branches in Wiesbaden and Hanover opened in the 2nd quarter as well as in the closing down costs for the two locations in the US. With a number of employees practically identical to that as of March 31, 2001, there were

considerable fluctuations within the individual group companies and divisions and corresponding expenditures which were realized with a view to the transformation from a product to a solution supplier.

Thus, the comparison of expenditures in the first six months of the 2001 fiscal year with the corresponding period the previous year is only possible on a restricted scale. Overall, in the last six months, about 3.5 million Euros were spent on one-time, non-recurring costs for restructuring. Without these extraordinary burdens, there was an increase in the operating costs from 6.5 million Euros in the 1st half of 2000 by 95 % to 12.7 million Euros in the 1st half of 2001, which mainly results from the increase from 112 to 170 employees.

In a direct comparison, the expenditure on sales and marketing rose compared to the 1st half of 2000 to 7.5 million Euros. This figure contains 1.5 million Euros of one-time expenditures. If an adjustment is made for this effect, the increase compared to the same period of the previous year was 85 %. The investment in a qualified direct sales organization at several locations throughout Germany led, in particular, to increasing personnel costs. Openshop assumes, however, that these measures will already result in increasing sales revenues within the next few months.

The expenditures on general and administration increased from 1.7 to 2.6 million Euros. If this increase is adjusted to allow for the special effects in the 1st half of 2001 of 0.5 million Euros,

there was an increase of 24 % to 2.1 million Euros. This increase is largely due to costs in connection with the annual general meeting in June 2001 and special expenditures in connection with the death of the former chairman of the Board of Management, Thomas Egner.

Due to the strategic importance of research & development and the takeover of a new basic technology from OAR Development AG in June 2001, expenditures increased significantly in this area from 1.5 million Euros in the 1st half of 2000 by 173 % to 4.1 million Euros in the period under report. With this investment, however, it will be possible to offer new solutions on a totally new base technology as early as autumn 2001, for the first time also in the high-end segment for major customers.

The operative loss, including the special effects in the 1st half of the year was 12.4 million Euros compared to 3.6 million Euros in the 1st half of 2000.

Compared to the previous year, the interest income rose by 0.95 million Euros to approximately 2 million Euros due to the higher average level of liquidity.

Within the scope of provision for risks, against the background of the unsatisfactory business trend, the holding of the b-gate AG was depreciated by 0.8 million Euros. As a result, investments in associated companies were reduced completely as of June 30, 2001.

In the 1st half of 2001, there was a net loss of 11.2 million Euros or a loss per share of 1.18 Euros in comparison to 3 million Euros and 0.35 Euros per share in the 1st half of 2000.

The balance sheet continues to be characterized by the high level of fixed-term deposits with varying periods and fixed interest securities with a residual period of between 10 and 21 months. The sum of liquid funds as of June 30, 2001 amounted to around 72 million Euros, compared to a figure of 82 million Euros at the end of the last fiscal year. The deferred income of 3.7 million Euros must also be seen under this aspect, 0.6 million Euros of which consists of interest income not yet paid. The increase in intangible assets of 0.85 million Euros to 1.6 million Euros reflects the acquisition of usage rights for new base technologies.

In the first six months of 2001, 8.6 million Euros were spent in the operative business, whereby this sum was mainly marked by the net loss. The outflow of liquidity from the investment area amounted to 1.3 million Euros, compared to 1.5 million Euros in the 1st half of 2000. In the 1st half of 2001, investment mainly focused on the acquisition of usage rights to external software (1.0 million Euros) as well as EDP hardware (0.3 million Euros). Together with the cash flow from the financing area of 0.04 million Euros, in the 1st half of the year there was a change in liquid funds or a **cash flow** of minus 10.2 million Euros, compared to 86.9 million in the corresponding period of the previous year. At June 30, 2001 the backlog orders amounted to 0.85 million Euros.

As of June 30, 2001, Executive Board and Supervisory Board members held the following numbers of shares and options to purchase shares in Openshop Holding AG:

### Stock holdings of the members of the Openshop Holding AG Management Board and Supervisory Board as of June 30, 2001

Management Board Members:	Number of Openshop ordinary shares	Number of Openshop Stock Options
Bruno Rücker (CEO)	0	80,000
Uwe Hagenmeier (COO)	484,338	8,878
Peter Kuhl (CFO)	53,570	6,062
Timo Weithöner (CTO)	160,698	10,194

Supervisory Board Members:	Number of Openshop ordinary shares
Markus Kress (Chairman)	483,968
Dr. Thomas Gutschlag	14,124
Dr. Roland Mecklinger	142
Klaus Langer	0
Klaus C. Plönzke	9,250
Dr. Klaus Neugebauer	0

Consolidated Statements of Operations (according to US-GAAP, unaudited)	Jan 01–Jun 30, 2001 in € 1,000	Jan 01–Jun 30, 2000 in € 1,000
Revenue, net	2,926	3,163
Cost of sales	-992	-256
Gross Margin	1,934	2,907
Selling expenses	-7,463	-3,257
General and administrative expenses	-2,607	-1,742
Goodwill amortization	-119	-49
Research and development costs	-4,126	-1,497
Operating loss	-12,381	-3,638
Interest and other income	1,995	1,043
Interest and other expenses	-85	-601
Equity in earnings of investments	-921	0
Other non-operating income/expenses, net	210	169
Income taxes	0	0
<b>Net loss</b>	<b>-11,182</b>	<b>-3,027</b>
Loss per share (fully diluted in €)	-1,18	-0,35
Weighted average number of ordinary shares outstanding	9,500,000	8,641,829

Consolidated Balance Sheet (according to US-GAAP)	Jun 30, 2001 in € 1,000 (unaudited)	Dec 31, 2000 in € 1,000
<b>Assets</b>		
Cash and cash equivalents	22,270	32,453
Marketable securities held to maturity	0	25,625
Other investments	0	150
Accounts receivable	2,219	2,838
Accounts due from other group companies	0	474
Work in process	232	648
Inventories	309	403
Prepayments	24	18
Prepaid expenses and other assets	3,746	2,992
<b>Total current assets</b>	<b>28,800</b>	<b>65,601</b>
Property and equipment, net	1,434	1,405
Marketable securities held to maturity	49,547	24,252
Investments in associated companies	0	921
Goodwill, net	754	920
Intangibles, net	1,625	846
<b>Total fixed assets</b>	<b>53,360</b>	<b>28,344</b>
	<b>82,160</b>	<b>93,945</b>
<b>Liabilities and shareholders' equity</b>		
Short term debt to banks	26	44
Trade payables	1,520	1,794
Payroll-related accruals and liabilities	775	822
Tax-related liabilities	1,574	788
Other accruals and liabilities	1,175	1,045
Deferred income	110	965
<b>Total current liabilities</b>	<b>5,180</b>	<b>5,458</b>
Long term debt to banks	29	46
<b>Total long-term liabilities</b>	<b>29</b>	<b>46</b>
<b>Total liabilities</b>	<b>5,209</b>	<b>5,504</b>
Common stock	9,500	9,500
Additional paid-in capital	94,942	94,942
Loss brought forward	-15,719	-5,788
Net loss	-11,182	-9,931
Currency translation adjustment	-590	-282
<b>Total shareholders' equity</b>	<b>76,951</b>	<b>88,441</b>
	<b>82,160</b>	<b>93,945</b>

Consolidated Statement of Cash Flow	Jan 01–Jun 30, 2001 in € 1,000	Jan 01–Jun 30, 2000 in € 1,000
<b>Adjustments to reconcile net loss to the cash used in operating activities:</b>		
Net loss	-11,182	-3,027
Depreciation and amortization	885	313
Loss from associated companies	921	0
Amortized interests of marketable securities	69	0
Loss from disposal of fixed assets	168	0
<b>Changes in Working Capital:</b>		
Accounts receivable	1,094	600
Work in process	416	-80
Inventories	94	2
Prepayments	-6	-116
Prepaid expenses and other current assets	-755	-757
Trade payables	-274	1,141
Payroll-related accruals and liabilities	-47	4
Tax-related accruals and liabilities	786	-134
Other accruals and liabilities	131	259
Deferred income	-854	-1,882
<b>Net cash used in operating activities:</b>	<b>-8,554</b>	<b>-3,677</b>
Purchase of property and equipment	-511	-519
Sale of marketable securities	25,613	0
Purchase of held to maturity securities	-25,412	-963
Purchase of intangible assets	-1,025	-33
<b>Net cash used in investing activities:</b>	<b>-1,335</b>	<b>-1,515</b>
Short-term debt to banks	-18	246
Long-term liabilities to shareholders	0	-767
Long-term debt to banks	-17	-511
Other long-term liabilities	0	-2,301
Capital increase	0	95,562
<b>Net cash used in financing activities</b>	<b>-35</b>	<b>92,229</b>
Effect of exchange rate on cash and cash equivalents	-259	-116
<b>Cash Flow</b>	<b>-10,183</b>	<b>86,921</b>
Cash and cash equivalents – at the beginning of the period	32,453	6,780
Cash and cash equivalents – at the end of the period	<b>22,270</b>	<b>93,701</b>
<b>Change in cash and cash equivalents</b>	<b>-10,183</b>	<b>86,921</b>
<b>Supplemental cash flow information:</b>		
Cash payments for interests	2	70
Cash payments for income taxes	0	0

## Personnel Trend

Due to the uncertain sales trend, the total number of employees within the Group was kept constant compared to the 1st quarter of 2001 at a level of 170. In the structure, however, there were considerable changes in connection with the reorganization. In total, 48 employees left Openshop in the 2nd quarter. This decline mainly affected the area of sales which, in view of the increased focus on direct sales, had to be reorganized. At the same time, the branches in Wiesbaden with 5 employees and in Hanover with 40 employees were opened with a focus on consulting. In comparison to March 31, 2001 or to June 30, 2000, the trends were as follows:

	June 30, 2001	March 31, 2001	June 30, 2000
Sales & Marketing	44	67	46
Research & Development	56	46	27
Professional Services & Quality Assurance	53	42	25
Finance & Administration	17	14	14
<b>Total</b>	<b>170</b>	<b>169</b>	<b>112</b>

## Outlook

In accordance with the announcements during this year's annual general meeting on June 12, in particular, the result of the 2nd quarter of 2001 was burdened with a series of special effects which resulted from a basic reorganization with a significant change in locations as well as an extension of technological competence. Thus, in the last three months, the main steps on the way to becoming a full-service supplier with sophisticated solutions for the high-end segment were completed.

Unless the macroeconomic situation and the growth of the eBusiness market does not degrade any further, this will lead to a considerable increase in sales revenues in the 2nd half of 2001, whereby we expect a lower net loss as of the 3rd quarter.

Given the current market estimations and the sales forecasts for the new products, the Board of Management expects to operate profitably as of the final quarter of the 2002 fiscal year, even though the overall loss in the 2001 fiscal year will significantly increase compared to the previous year due to the extraordinary expenditures incurred.

The Executive Board regards the medium-term and long-term perspectives of Openshop as very favorable. This opinion is supported by the currently evident streamlining of the market for eBusiness suppliers as well as by the successes already achieved in the implementation of the new strategy. Furthermore, the solid financial basis enables Openshop, via the acquisition of further companies or parts of companies, to significantly increase growth even at short notice.