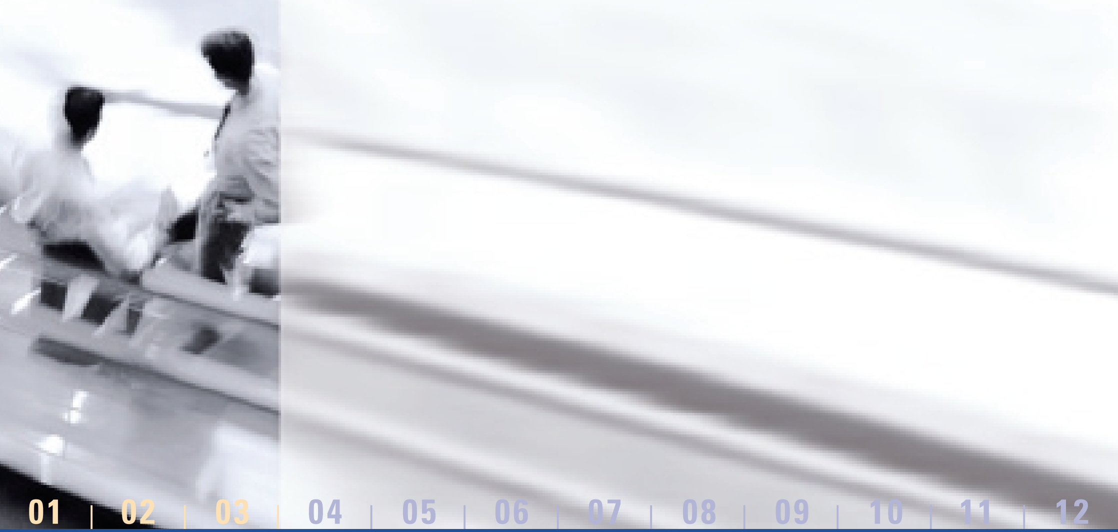

First Quarter 2001
01/01/2001 to 31/03/2001
Openshop Holding AG

openshop
Upgrade to *eSuccess*™

Foreword by the Executive Board

Dear Sirs

The eBusiness technology market has been in a difficult position for several months now. In particular, this has resulted in a continuing decline in global demand for shop software. Against this backdrop, almost all suppliers within this sector have in recent weeks downsized their growth forecasts for 2001. We, too, perceived a change in customer behavior as early as the third quarter of 2000 and took early action, revising our strategy for growth and internationalization and also our capital investments in line with this reduced “metabolism”. Our previous cautious approach towards company acquisitions and a somewhat conservative policy on internationalization means that we now find ourselves able to adapt relatively quickly and efficiently to this change in underlying conditions, and we have continued this process of adaptation during the first quarter of fiscal 2001. For example, as early as the end of last year, we demonstrated our ability to react quickly to changes in market conditions with the launch of a new product for Internet marketplaces and an eProcurement solution for production companies.

But Openshop's first quarter of 2001 was not only dominated by a continued decline in demand. Our founder and Chairman of the Executive Board, Thomas Egner, was killed in a tragic accident on January 25, 2001 that also claimed the life of an employee from our Investor Relations Department. Another employee from that department was seriously injured. This terrible incident was a devastating shock for all of Openshop's employees.

However, in the midst of this human tragedy the Supervisory Board and the Executive Board reacted quickly and just a few days later Bruno Rücker was appointed as the new Chairman of the Executive Board. Bruno Rücker, who took up his position on March 1, was employed for over 20 years by the CSC Plönzke Group, one of the world's largest IT consultancy firms. There, he was responsible for developing many areas of business, held global management responsibility for CSC's SAP division and was appointed to the Executive Board in 1998.

Following this appointment, the Executive Board summarized its new strategic approach at the end of March:

strategic repositioning →

- Openshop will evolve from a producer of software to a supplier of complete eBusiness solutions.
- Openshop will thus take rapid steps to strengthen its consultancy and systems integration expertise.
- Openshop's partner structure will be adapted in line with this new solutions portfolio.
- The new products will be actively targeted at large companies as well as SME's.
- To strengthen customer loyalty, Openshop will establish several branch offices providing greater local presence for customers.
- Products and solutions will also be sold directly, with only certain segments being processed indirectly via distribution partners.
- Performance and competence centers will be established to ensure the entire organizational structure is more clearly geared towards customers and their individual requirements.

These cornerstones of our corporate strategy will be realized by means of a 4-point program to ensure rapid implementation and success. The program essentially involves restructuring around 25% of the workforce, reorganizing structures and processes under a change management project, and reducing budgeted material and personnel costs in order to counteract the additional costs necessitated by the restructuring measures and the current risks resulting from the present market situation.

Our approach has been vindicated by the fact that in March we received an award for coming first in a customer satisfaction survey among users of shop software. Further changes still have to be implemented if we are to meet the changing market conditions as quickly as possible. However, we have set ourselves the target of completing the most important of these changes by the middle of 2001.

The Executive Board

Business Review

The first three months of 2001 saw a continuing decline in the euphoria surrounding eBusiness and in particular in the demand for software products for the establishment of Internet shops. The death of the dot.com revolution in the USA and the collapse in the share prices of eCommerce suppliers on the New Market have affected demand for electronic trading products for the third quarter in succession. In a recent study carried out in January 2001 by Morgan Stanley Dean Witter, analysts reported continued willingness to invest in eBusiness projects, but 11% of companies questioned stated that this type of investment now assumed lower priority than in the previous survey.

After gaining initial experience following the installment of a shop solution, many companies are now using the decline on the stock markets as breathing space. In recent months, almost all such companies have been forced to realize that successful eBusiness involves much more than simply offering various goods and services on the World Wide Web. To ensure they do not become ensnared in the "Internet trap", they must link their shop solutions with existing back-end systems such as databases, ERP systems etc., integrating them into their overall IT infrastructure and security strategy and adapting business processes accordingly. Only this will enable Internet-based business models that are truly geared towards future requirements.

Many users of eBusiness technologies have recognized this fact in recent months. Accordingly, many companies are now beginning the process of establishing electronic links with their major suppliers (eProcurement) and converting certain areas of their procurement processes as a first step along this path.

In a survey conducted by Mummert & Partner, 38% of 300 IT managers questioned believed that procurement processes offered the greatest potential for improvement by using the Internet. After procurement, the managers surveyed viewed sales (27%), service (20%) and logistics (12%) as their investment priorities in terms of eBusiness.

Despite the current decline in demand, it is now generally accepted that using the Internet for procuring goods and services offers tremendous potential for savings. Many economic and market research institutes believe that, depending on the individual segment of industry in question, procurement costs for purchased merchandise can be reduced by up to 90%.

Companies who wish to use electronic purchasing as a future means of saving money are increasingly looking for secure Internet platforms. This is reflected in the rapid growth in electronic B2B marketplaces over recent months. According to the Financial Times, Europe alone currently has over 600 new B2B marketplaces, and this figure is expected to rise to over 1,000 by the end of 2001. This development involves all sectors of industry. In addition to vertical marketplaces that trade in goods from one single industry segment, a number of horizontal marketplaces have also emerged offering goods from different segments. Despite predicting some consolidation in the actual number of marketplaces, market research institutes anticipate that the volume of goods traded via such platforms will experience higher than average rates of growth over the next three years.

According to Jupiter Research, B2B trade represents the strongest area of eBusiness in terms of sales. A recently published report predicts that sales between companies will climb to 6.3 billion US dollars by 2005. This means that within just a few years, online trading will account for over 40% of the total trading volume between companies.

However, in recent months, the development of the market for eBusiness solutions has clearly indicated that shop solutions alone will not be responsible for the rapid growth being predicted by almost all market researchers. Three to six months ago, almost all market participants and analysts were assuming vastly excessive rates of growth for the field of eBusiness as a whole. This was because almost all forecasters, suppliers and customers under-estimated the necessity for and complexity of a comprehensive business concept integrating existing technologies and newly defined processes.

In April 2001, the Frankfurter Allgemeine Zeitung found in its review of the past twelve months that the Internet had only brought short-term success for investors to date, although it had provided IT consultants with orders for several years. According to a survey conducted by the Institute für Unternehmensberatung of 250 managers of large companies and SME's, German managers consider that the “greatest need for consultancy services lies with eBusiness”.

At the same time, it is predicted that despite the current sluggish-ness within the industry, this need will increase significantly again over the next few years, and that eBusiness consulting will retain a leading position within the consultancy sector.

CeBIT Highlights: New cooperation agreements and a customer satisfaction award

Once again, the world's largest computer trade fair, CeBIT, formed a highlight of the first quarter of the year. For Openshop, this major public appearance proved successful despite muted expectations. By the end of CeBIT, the Company had registered around 1,100 leads and secured three strategic partnerships.

Cooperation with BVMW-SECUonline AG

Openshop and BVMW-SECUonline AG have concluded a cooperation agreement under which both partners will market eBusiness solutions that employ a digital signature. At the same time, Openshop has presented one of the first eBusiness systems with digital signature.

BVMW-SECUonline AG is actively involved in the fields of the Internet as a segment-independent portal "point1.de", digital signatures and encryption systems, and develops solutions that provide companies, institutes, banks and municipal utilities with secure and verifiable business processes for eCommerce, eBusiness and eGovernment. A key factor here is the strategic positioning of BVMW-SECUonline AG, which offers segment-independent Internet systems that are then used as a basis for developing industry-specific solutions. Together with BVMW – Bundesverband mittelständische Wirtschaft e. V., which with their collaborating associations manage around 150,000 companies with over 4 million employees, BVMW-SECUonline AG is currently developing a portal for virtual marketplaces, town halls and administrative districts for its member firms and other companies.

This will be geared towards the needs of industry segments at regional level and will offer benefits for all sellers, purchasers and consumers.

Digital signatures are of tremendous significance to eBusiness, since trade requires secure and verifiable transactions.
From January 1, 2002, digital signatures will be required for electronic invoicing in the B2B environment in order to ensure that the ability to deduct input tax is retained. This will provide a boost for digital signature technology. An added factor is the impending structural change brought about via Internet-database platforms in the form of virtual markets and town halls, which will have a particular impact on intermediate dealers and significantly affect the value flow between manufacturers and consumers.

The advent of digital signatures as a replacement for personal handwritten signatures means that it is for the first time possible to process secure, legally valid and verifiable transactions using online transfer routes such as the Internet. Thus, for the first time ever, an anonymous Internet order becomes a legal transaction allowing business partners to work with each other on a basis of trust. This procedure is regulated by German and European legislation. Digital signatures as supported by corresponding legislation (e.g. Signatures Act 1997 and EU Directive EG/99/93) thus significantly reduce the risks for all parties entering the world of eBusiness.

Any legally competent person can apply for a digital signature from institutions such as SECUonline, which is authorized to issue certified signatures with the assistance of regional issuers of digital signatures and in cooperation with Deutsche Telekom AG.

After an applicant's personal details have been checked using the principle of "dual control", that person is issued with his or her own personal digital signature that cannot be forged and that enjoys the same legal status as identification using a personal identity document.

"This partnership underscores Openshop's claim to quality leadership. The subject of security and verifiability assumes a central role for Internet users, for both customers and suppliers", emphasized Bruno Rücker, Chairman of the Executive Board of Openshop Holding AG. "Moreover, we gain broad access to SME's through BVMW-SECUonline AG's sales network."

"In addition to the user-friendly, flexible and scalable nature of Openshop software, it was the Openshop system's open architecture in particular that helped BVMW-SECUonline decide in its favor", noted Hans-Joachim Pawlowski, Chairman of the Executive Board of BVMW-SECUonline AG.

"This meant that digital signatures could be implemented within Openshop's system in a very short period of time."

Cooperation with SKYVA International

Openshop concluded another cooperation agreement with SKYVA International, a 53% subsidiary of the Swedish-Swiss industrial group ABB. The remaining shares in the company are held by SKYVA's business angel and SAP founder Hans Werner Hector and employees. The two companies concluded a strategic development and sales partnership agreement for the European and US market. The partnership aims at the reciprocal integration of Openshop's front-end and SKYVA's back-end products for tailor-made, customer-specific eBusiness solutions.

SKYVA International, with headquarters in Medford, Massachusetts, USA, and European subsidiaries in Mannheim, Germany, and Hägendorf, Switzerland, is an innovative provider of cross-company B2B solutions in the field of mobile business, supply chain management and collaborative business, and currently has around 160 employees. SKYVA's customers include Deutsche Post AG and the Schweizerische Bundesbahn. SKYVA's technology is based on the fundamental principle of reducing all business processes to their basic elements. The software works with preconfigured basic modules that are linked together via process elements. SKYVA first models the business process and then develops the appropriate software for each individual customer. As part of the customized development, the linked modules then only have to be allocated their own specific function. This modular principle enables SKYVA to connect the different software systems within companies and between companies, numbering on average 200, and to create realtime transparency across the entire procurement chain. The customer pays for only those

applications that are actually needed and not for a standard solution, of which he would probably only use around 30 %.
This is one of the advantages that sets SKYVA apart from its competitors. According to Simon Bragg, Research Director of the British technology think tank ARC, SKYVA represents a sea change for the software industry and has the potential to become Germany's next SAP.

The first joint project of the two companies involves the development of an Internet-based logistics management solution for controlling, planning and optimizing cross-company transport management. This aims at coordinating the entire logistics chain – from material procurement through production right up to delivery of the finished product to the customer, thereby creating transparency for companies and enabling total value chain management. “Openshop is our preferred partner for eBusiness front-end solutions. In cooperation with Openshop and ABB, we can offer our customers end-to-end solutions going from front-end through to production,” commented Günther Mökesch, former US Development Manager for SAP and founder and Chairman of the Executive Board of SKYVA.

Technology Partnership with Right Vision

Finally, in March 2001, Openshop concluded a technological partnership agreement with Right Vision, a supplier of innovative and efficient Internet appliances. This agreement will allow Right Vision to integrate Openshop's eBusiness solutions in its Eye-Box Pro Internet server appliance. Both companies will thus offer Internet service providers and Web hosting professionals a comprehensive eBusiness solution able to meet the increasing requirements demanded by companies. Right Vision and Openshop plan to market over 1,000 servers of this type by the end of 2001. The partnership between the two companies is primarily aimed at Web hosting professionals looking to secure competitive advantages in this fiercely contested market segment. The solution offered by the two companies allows flexible and rapid adaptation to specific customer requirements.

Alexander Krivine, Right Vision's Chairman of the Executive Board, states: “We have always been receptive to the needs of ISP's in terms of services. Our Eye-Box Pro solution lets them develop these services within transparent cost limits. We believed it essential to integrate new solutions in our servers in specific response to new corporate requirements. This philosophy was the starting point for our cooperation with Openshop, whose multishop system Openshop Stores represents a valuable enhancement of our portfolio.” Kay Ingo Greve, Managing Director of Openshop Internet Software GmbH, adds: “Right Vision's sales and marketing policy is right in line with our own strategies. Both companies have set highly ambitious growth targets that will strengthen our resolve to accelerate our market penetration on a reciprocal basis by opening up new sales channels.”

Award for Customer Satisfaction

The young market for shop systems has a relatively large number of participants. To ensure a degree of clarity when choosing software, users can consult market studies that compare these systems on the basis of different criteria. In many cases, however, the different options available are only compared on the basis of technical criteria and fail to consider price-performance ratio and other factors. Such comparisons ignore the fact that different products often exhibit very few functional differences in terms of specific customer requirements, that a company usually has to live for years with the consequences of any decision made, and that in many respects, such a decision is of key strategic importance. Against this backdrop, NetSkill AG, the operator of Competence Site (www.competence-site.de), decided to establish a new yardstick as an additional basis for decision-making. This yardstick is referred to as the software satisfaction index.

For the first time ever, the software satisfaction index has now been ascertained for shop systems in collaboration with business consultants Simon Kucher and Partner, Prof. Jens Böcker of Bonn-Rhein-Sieg Technical College and E-Commerce Magazin. In a telephone survey, customers of shop systems evaluated suppliers based on categories such as the variety of functions, user-friendliness, innovative capacity, adaptability, integratability and price-performance ratio of their installed eBusiness solution. In addition, the customers also rated the suppliers themselves as regards such aspects as consultancy services provided before and after implementation, or service in the event of maintenance.

In this customer survey, Openshop emerged in first place, securing victory for high-end shop systems. The prize was officially presented by NetSkill AG during a press conference at this year's CeBIT.

Financial Data

The decline in demand on the eBusiness market that has persisted for several months has also led to a marked reduction in growth for Openshop. Thus, revenues during the first three months of fiscal 2001 only recorded a slight increase of 3% over the corresponding period in the previous year. Many customers are either playing a waiting game or taking a breather and have postponed proposed investments. Added to this, the major part of the internal process of restructuring that is underway will not be completed until the middle of the year, with the result that the decline in revenues on the productive side of the business is not yet being compensated for by the services side. However, we anticipate that the second half of 2001 will see a marked rise in consultancy and service revenues.

The new version of our core product Openshop Business 2 and our auction model accounted for a major part of revenues. During the first quarter, the proportion of sales accounted for by the different areas was as follows: eSuccess products 17%, industry technologies 25 %, vertical markets 26% and services 32%. New customers accounted for around 58% of these revenues. Foreign sales represented around 6% of revenues. 42% of these revenues were realized with b-gate AG, Lexware and Bäurer AG.

In particular, the higher proportion accounted for by services meant that manufacturing costs were also clearly above the value for the same period in the previous year.

Significantly higher amounts were invested in marketing with a view to further strengthening the Openshop brand and increasing awareness of new products and solutions. As a result of this and also the increased number of sales employees, costs increased by 104% to 3.2 million Euro. This includes 0.4 million Euro for an extraordinary itemized adjustment for bad debts in respect of a receivable against TelDaFax AG. The introduction of a program to reduce costs had a noticeable impact on general administrative expenses. Despite expenditure on due diligence audits for prospective acquisitions and further investments in support and training, the increase over Q1 2000 was confined to 20 %. Expenses on research and development were dominated by high investments in preparations for a new basic architecture and the corresponding increase in personnel capacities. This produced a rise in expenses of around 160% on the previous year. Interest income was significantly higher than the previous year's value, predominantly due to the receipt of around 1 million Euro from interest-bearing investment of the proceeds from the IPO. This meant that the result after taxes for the period rose by 1.5 million Euro to -3.8 million Euro. As of March 31, 2001, orders on hand amounted to 1.1 million Euro.

The consolidated balance sheet total at the end of Q1 2001 compared with the end of the previous fiscal year was predominantly characterized by a shift of 78.6 million Euro in interest-bearing liquid assets and by a clear fall in trade accounts receivable. On the liabilities side of the balance sheet, major changes resulted from a reduction of around 0.7 million Euro in liabilities and an increase in accruals totaling around 0.8 million Euro following a rise in vacation-related accruals and in accruals for outstanding invoices. During Q1, shareholders' equity fell as a result of the loss, but at around 84.4 million Euro, it still represents around 94% of the balance-sheet total. Investments during the period under review amounted to 388,000 Euro (comparable period in the previous year: 193,000 Euro) and largely related to computer hardware.

During Q1 2001 the cash flow amounted to -3.5 million Euro and largely corresponded to the result for the quarter. The cash flow for the same period in the previous year had been largely dominated by the inflow of funds resulting from the IPO.

Personnel Developments

In recent months, the difficult market situation that has persisted since Q3 2000 has necessitated a conservative approach towards personnel development, too. A total of 169 employees within the Openshop Group represents an increase of only 15 employees, or 10 %, compared with December 31, 2000. In the past three months, most additions to the workforce have been in Sales, with the appointment of qualified employees for consultancy and project business. Openshop Internet Software GmbH's management team was also strengthened with effect from January 1, 2001 following the appointment of Kay Ingo Greve as a further Managing director for Sales

	March 31, 2001	Dec. 31, 2000	March 31, 2000	Change March 2001/March2000
Sales & Marketing	67	58	30	123%
Research & Development	46	39	17	171%
Professional Services & Quality Assurance	42	39	18	133%
Finance & Administration	14	18	9	56%
Total	**169**	**154**	**74**	**128%**

As of March 31, 2001, Executive Board and Supervisory Board members held the following numbers of shares/options to purchase shares in Openshop Holding AG:

Stock holdings of the members of the Openshop Holding AG

Management Board Members	Number of Openshop ordinary shares	Number of Openshop Stock Options
Bruno Rücker (CEO)	0	0
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)	483,698
Dr. Thomas Gutschlag	14,124
Dr. Roland Mecklinger	142

Consolidated Profit and Loss Statement
(according to U.S.-GAAP)

	Jan. 01 – March 31, 2001 in € 1,000	Jan. 01– March 31, 2000 in € 1,000
Revenue, net	1,589	1,538
Cost of sales	–587	–84
Gross Margin	1,002	1,454
Selling expenses	–3,158	–1,547
General and administrative expenses	–844	–703
Goodwill amortization	–59	–11
Research and development costs	–1,740	–668
Operating loss	–4,799	–1,475
Interest and other income	1,032	47
Interest and other expenses	–47	–232
Equity in earnings of investments	–111	0
Other non-operating income/expenses, net	82	124
Income taxes	0	0
Net loss	**–3,843**	**–1,536**
Loss per share (fully diluted in E)	**–0.40**	**–0.20**
Weighted average number of ordinary shares outstanding	**9,500,000**	**7.783,659**

Consolidated Balance Sheet
(according to U.S.-GAAP)

	March 31, 2001 in € 1,000 unaudited	Dec. 31, 2000 in € 1,000
Assets		
Cash and cash equivalents	28,950	32,453
Marketable securities helt to maturity	0	25,625
Other investments	150	150
Accounts receivable	1,860	2,838
Accounts due from other group companies	474	474
Work in process	285	648
Inventories	515	403
Prepayments	46	18
Prepaid expenses and other assets	3,437	2,992
Total current assets	**35,717**	**65,601**
Property and equipment, net	1,604	1,405
Marketable securities helt to maturity	49,619	24,252
Investments in associated companies	810	921
Goodwill, net	861	920
Intangibles, net	793	846
Total fixed assets	**53,687**	**28,344**
	89,404	**93,945**
Liabilities and shareholders' equity		
Short term debt to banks	28	44
Trade payables	1,118	1,794
Payroll-related accruals and liabilities	1,253	822
Tax-related liabilities	783	788
Other accruals and liabilities	1,408	1,045
Deferred income	348	965
Total current liabilities	**4,938**	**5,458**
Long term debt to banks	36	46
Total long-term liabilities	**36**	**46**
Total liabilities	**4,974**	**5,504**
Common stock	9,500	9,500
Additional paid-in capital	94,942	94,942
Loss brought forward	–15,719	–5,788
Net loss	–3,843	–9,931
Currency translation adjustment	–450	–282
Total shareholders' equity	**84,430**	**88,441**
	89.404	**93,945**

Consolidated Statement of Cash Flow

	Jan. 01 – March 31, 2001 in € 1,000	Jan. 01 – March 31, 2000 in € 1,000
Adjustments to reconcile net loss to the cash used in operating activities:		
Net loss	–3,843	–1,536
Depreciation and amortization	284	75
Losses from associated companies	111	0
Amortized interests of marketable securities	47	0
Changes in Working Capital:		
Accounts receivable	979	479
Work in process	363	11
Inventories	–112	2
Prepayments	–28	0
Prepaid expenses and other current assets	–446	166
Trade payables	–675	1,513
Payroll-related accruals and liabilities	431	–69
Tax-related accruals and liabilities	–5	–78
Other accruals and liabilities	364	409
Deferred income	–617	–983
Net cash used in operating activities:	**–3,147**	**–11**
Purchase of property and equipment	–334	–178
Sale of marketable securities	25,537	0
Purchase of held to maturity securities	–25,309	0
Purchase of intangible assets	–54	–15
Net cash used in investing activities:	**–160**	**–193**
Short-term debt to banks	–16	2,301
Short-term liabilities to shareholders	0	767
Long-term liabilities to shareholders	0	–767
Long-term debt to banks	–10	0
Other long-term liabilities	0	–2,301
Capital increase	0	96,186
Net cash used in financing activities	**–26**	**96,186**
Effect of exchange rate on cash and cash equivalents	–170	–120
Cash Flow	**–3,503**	**95,862**
Cash and cash equivalents – at the beginning of the period	32,453	6,780
Cash and cash equivalents – at the end of the period	28,950	102,642
Change in cash and cash equivalents	**–3,503**	**95,862**
Supplemental cash flow information:		
Cash payments for int erests	1	6
Cash payments for income taxes	0	0

Outlook

The reticent attitude on the part of many customers has led to a significant fall in global demand for eBusiness as a whole and for shop software in particular. We anticipate that this trend will continue over the coming months. It was not least for this reason that Openshop commenced a restructuring program as early as Q3 2000, and we expect that this will produce a clear increase in service revenues from the second half of 2001. This process received further impetus with the appointment of our new Chair-man of the Executive Board, Bruno Rücker, with effect from March 1, 2001. Openshop already plans to open a consultancy branch for the Rhein-Main region during Q2. Over the coming months, Openshop plans to evolve into a solutions provider, with new technologies and additional employees enabling it to offer complete eBusiness solutions from one single source to SME's and also large companies.

This will impact on the development of sales and results. We do not yet expect that Openshop will be in a position to record any increase in revenues during Q2, particularly due to the longer acquisition periods involved in project business. We also expect that the necessary investments will lead to increased period losses over the next months. However, the Executive Board is optimistic that this strategic realignment and organizational restructuring will result in a significant increase in revenues for 2001 as a whole when compared with the previous year and that quarterly losses will be significantly reduced as from Q4 2001.