

LETTER TO SHAREHOLDERS

Dear Shareholders,

CREALOGIX is on course! The expenditures of recent years are showing positive effects - sales and EBITDA reached record values in the 2016/2017 financial year. The latest generation of CREALOGIX fintech products correspond to the current market needs of the banks. It's thanks to these innovative solutions that the Group has achieved further top placements in prestigious awards and ranking lists during the past financial year. Overall, the Group received nine awards. Worthy of special mention is the award from IDC MarketScape for "European Leader in Mobile Banking", renewed confirmation of our strong position internationally through our inclusion in the list of the Top100 fintech companies by IDC Financial Insights and the "Best of Show 2017" award at the international fintech trade fair, Finovate, in London.

Development of sales and results

The CREALOGIX Group strategy paid off in the 2016/2017 financial year. Sales rose by 18 per cent from CHF 63.3 million to 74.9 million. This corresponds to growth of 20 per cent in local currencies. In addition, the Group defied the uncertainties in the market, attributable to political developments, such as the Brexit decision. EBITDA almost doubled to CHF 7.3 million, compared to CHF 3.7 million in the same period the previous year. The EBITDA margin was 10 per cent.

Expenditures for product optimisations and developments on the scale of 20 per cent of the sales in 2016/2017 paid off. Licence revenues grew by 16 per cent. Recurrent sales simultaneously improved by 20 per cent. For the first time, the proportion of sales is evenly spread across the Swiss market and the international market, with each accounting for 50 per cent. The Group is financially healthy and well-financed. Free cash flow reached CHF 7.0 million and the equity ratio was 37 per cent.

From the first e-banking 20 years ago to the latest generation of mobile banking

The Group's success story began with its co-operation with Credit Suisse in autumn 1996 and the launch of the first e-banking platform "DirectNet" in Switzerland in April 1997. Web-

based access to account information from home was just the beginning of the digitalisation of banking product offers. Today's society is mobile and would like to have access to accounts at anytime and anywhere. Thanks to CREALOGIX's latest generation of mobile banking, this is now a reality. For example, from this year customers of the private bank Julius Baer only need a smartphone to perform all banking transactions via the jointly developed mobile app.

Glimpse of the digital future

Banks are faced with the challenge of digitalising their core business and integrating new business models. The "Digital Banking Hub" launched by CREALOGIX enables them to exploit the new technologies as business opportunities. It allows them to integrate specific product offers from fintechs in their complex IT landscape and connect them with existing solutions. At the same time, this permits financial institutions to achieve striking improvements in the banking experience for their customers.

An example for this is "The Arcs" application from the CREALOGIX innovation workshop "WowLab". The visionary virtual reality application combines emotion, creativity and logic in a playful manner and allows customers to experience their daily banking visually in a new way - in 3D.

Optimal advice with "Digital Financial Advisory"

Successful cooperation with a subsidiary acquired in 2015, ELAXY Deutschland, produced the new "Digital Financial Advisory" solution. With this, banks adjust their advisory process, services offered and expenses incurred to the needs of a respective customer group. The product provides the customer advisor with lasting support when giving advice and also during the customer interview. Furthermore, it reduces costs for the implementation of regulatory requirements such as MiFID II. Together with other banks, the Erste Bank Oesterreich (EBÖ), the leading bank in the Austrian Sparkasse Group, has reinforced its personal and digital customer relationships using this advice solution.

Successful in Switzerland and internationally

CREALOGIX is placing increased reliance on cross-border cooperation in teams and business areas in the face of growing internationalisation. Over 400 employees ensure professional implementation through their expertise in solutions for new customers, such as the Swiss private bank Notenstein La Roche. They also ensure that Swiss customers such as Raiffeisen, VZ Depot Bank and Baloise Bank SoBa, are always in line with the state of the art new releases from the "Digital Banking Hub". In addition, new and highly promising partnerships have been entered. For the German financial service provider MLP and Helaba (Landesbank Hessen-Thuringia Girozentrale) the architecture of the hub provides the foundation for the further expansion of their online services. Société Générale has also put its customer experience on a new level thanks to the comprehensive functions of the "Digital Banking Hub".

Banking for corporate clients

Business customers' expectations of simplified payments have risen. SMEs make use of several banking relationships - this is where CREALOGIX' multi-bank integration platform "Nova" comes in. The solution permits company customers to handle payments via single access. Company customers can bundle the account information from all of their banks using one login, on one platform.

Liquidity management is a central demand for business customers. The multi-banking portal developed by Credit Suisse and CREALOGIX meets this requirement perfectly. Other banks in Switzerland and Europe are also cementing their relationship with their corporate clients using the "Nova" service. In addition, the integration platform "NovaBusiness" simplifies payments in companies and institutions. One example of this in the government sector is Verwaltungsrechenzentrum AG St. Gallen (VRSG).

CREALOGIX provides another service for company customers in cooperation with Swisscom: "EBICS as a Service". EBICS is used as a standardised protocol for transmitting payment and account data throughout Europe. The complete solution is available to all Swiss financial institutions, irrespective of their size or the IT infrastructure employed.

Flexible knowledge transfer thanks to digital learning

Financial institutions and companies from sectors like public transport boost quality of their service by increasing the technical expertise of their employees. The market leader for learning platforms, the "Swiss Learning Hub" allows companies and educational institutions to facilitate the sharing of knowledge. CREALOGIX cooperates closely with its customers in this regard. For example, UBS uses the digital learning interface for learning units on new framework conditions and Group-specific processes. Deloitte works with CREALOGIX for a training program on MiFID II guidelines for management and customer advisors within financial institutions.

Strategic focus

CREALOGIX has fortified its position as "leader in digital banking" through the acquisition of new customers and successful system launches. As an innovative fintech company, the Group is continually expanding its product range in order to remain an expert partner for the digitalisation of the banking sector. Thanks to the standardised interfaces (APIs) and open architecture of CREALOGIX' solutions, banks can integrate new digital product offers economically and agilely into their portfolio.

Supervision and expansion of the existing customer relationships are concentrated on Switzerland, Germany, Austria and the UK. The next steps will be taken in Asia and North America.

Outlook

Despite the continuing uncertainties in the current market environment (Brexit, geopolitical imponderables, etc.) that could delay the investment decisions of customers, the CREALOGIX Group also expects business to be successful for 2017/2018 with double digit sales growth and further increases in EBITDA.

Due to successful business development in recent years, the CREALOGIX Group has raised its mid-term targets; the international business should contribute 70 per cent to overall sales and EBITDA should reach 15 per cent.

The Board of Directors plans to suggest to the Shareholder's Meeting on 30 October 2017 a distribution from premium amounting to CHF 0.50 per share once again after a two-year break. In this way, it is emphasising the strength and positive yield outlook for the future.

Sincere thanks

On behalf of the Board of Directors and Group Management we would like to thank our employees worldwide. They contribute maximum effort, commit themselves tirelessly to our success and drive our innovativeness to the next step. We thank our customers, suppliers and partners for their open exchange and cooperation. You also deserve our thanks as shareholders. For us, your support is an incentive and obligation to continue to ensure the success of our company.



crealogix.com

Bruno Richle
Chairman of the Board of Directors

Thomas Avedik
CEO