

LETTER TO SHAREHOLDERS

Dear Shareholders,

CREALOGIX is pleased to look back on a successful year, one that saw targeted and fundamental changes take place. For the first time in the history of the company, the Group exceeded the CHF 100 million revenue mark thanks to continued strong growth, once again posting record sales. Our highly customisable software product range is suited for banks that want to differentiate themselves in the market. Our own surveys show that open banking is worldwide key to creating future digital banking offers. Using the Digital Banking Hub – CREALOGIX's open banking system – financial institutions improve the value of their services.

Banks use the Digital Banking Hub in order to align their businesses quickly, prudently and cost-effectively to current and future customer requirements. A long-standing client – a leading internationally-renowned Swiss private bank – used the Digital Banking Hub and other CREALOGIX products to build out its offering for Europe with mobile banking, as well as enter the strategically-important Asian market with a comprehensive digital banking offering.

Globally-renowned analysts confirm the Group's innovative strength and positioning as a Fintech and a leading provider of digital banking software. This opinion is bolstered by the changes we have initiated. Our objective is to transform the company in terms of licensing models, product alignment and partner network. The transformation programme is already underway, which is reflected in the annual results.

Full-year results

CREALOGIX continues to grow strongly. In the 2018/19 financial year, revenues increased by 17% from CHF 87.1 million to CHF 101.9 million. This corresponds to growth of 18% in local currencies. The international share of product sales amounted to 64.4% (previous year: 57.4%). Particularly of note are SaaS revenues, which doubled in the same period. Overall, recurring revenues accounted for 42% of total revenue (previous year: 38%). At CHF 1.9 million, profitability (EBITDA) was below the previous year's level (CHF 7.0 million). The

EBITDA margin was 1.8% compared to 8.1% in the same period of the previous year. The main reason was the conscious decision to change the licensing model from a traditional perpetual licensing model with maintenance to a sustainable software-as-a-service (SaaS)/ rental model. The SaaS model increases recurring revenues because they are generated continually and annually. Without this "SaaS effect", revenue and EBITDA in the 2018/19 financial year would have been approximately CHF 7 million higher. In the UK, uncertainty surrounding Brexit led to banks curbing their IT investments which consequently had a negative impact on the full-year results. The Group posted a net loss of CHF 6.3 million (previous year: net profit CHF 0.7 million). This includes a goodwill amortisation of CHF 5.1 million. Adjusted loss per share was CHF -0.94 compared to earnings of CHF 2.39 in the previous year period. The equity ratio stood at 57% (previous year: 63%).

Transformation programme strengthens position

To date, CREALOGIX has implemented projects for over 550 customers worldwide, ranging from comprehensive online banking and clever Robo Advisory to intuitive mobile-only solutions. This has allowed the Group to establish itself as an important international player in digital banking. In order to strengthen the company's future viability further, the company will be set up for upcoming requirements in terms of expertise and product range with a transformation programme.

The goals are ambitious. Three strategic areas of action will be realigned by 2022:

1. Change to a new sustainable licensing model

Today, companies often no longer procure software by purchasing traditional perpetual licences, but instead rent it. The demand for such rental/SaaS models is also on the increase in the banking industry. CREALOGIX is meeting this demand – especially in Switzerland and Germany – and is working with its customers to accelerate the switch to a SaaS model. The 100% takeover of ELAXY Business Solution & Services (BS&S) enabled CREALOGIX to offer SaaS services for its own products to its customers in Germany and internationally.

2. Investment in research & development for optimal scaling

CREALOGIX continues to invest in the Digital Banking Hub and modules. The company will further increase the degree of product standardisation in order to enable an even shorter time-to-market for new or existing customers. In addition, the company is developing its modules to address topics such as open banking, user experience, APIs, artificial intelligence (AI) and security.

Once these developments have been made, it will become even simpler to connect the Hub to any core banking system without having to make any further changes. In future, banks will be able to orchestrate individual services – whether their own modules, those of third-party providers (Fintech) or those of CREALOGIX – much more effectively in order to form an attractive overall offering.

With these measures, the Group is conscious of the fact that investments in the technology platform absorb resources. However, rolling out relevant products at the right time have a positive influence on sales development in the long term.

3. Partner network strengthens global positioning

So that CREALOGIX products can be implemented seamlessly at customers around the world, CREALOGIX is building a comprehensive partner ecosystem. It is made up of companies that have specialised, for example, in the implementation of software solutions or new technologies. This go-to-market approach is already taking effect in the Asia-Pacific region, where implementation partners are responsible for the complete deployment of customer projects. Thanks to the work with strategic partners, CREALOGIX is able to concentrate on its core business, which is the development and sale of digital banking software products and, in particular, to place a greater focus on selling its solutions into specific segments.

Outlook

Driven by the transformation process, CREALOGIX can enter new markets both efficiently and in line with specific segments. The sales order pipeline is looking very healthy. For example, in Southeast Asia a Tier 1 bank plans to roll out its entire digital wealth management business with CREALOGIX, and the European market can be capitalised on further.

Developments in the 2019/20 financial year will reflect the financial efforts made to strategically adjust the licensing models, product orientation and partner network. Revenues are to be increased further and CREALOGIX expects the transformation to have a positive impact in the mid-term in form of solid cash flows and double-digit EBITDA margins.

The Board of Directors has decided not to propose dividends from capital reserves to the shareholders at the Annual General Meeting.

A word of thanks

Our more than 700 employees worldwide play a key role in the successful implementation of our corporate strategy. They live our vision "We Create Digital Leaders". They share new ideas, implement suggestions and actively shape the future. Their belief in the prospective course is further confirmation that CREALOGIX is on the right path. We would therefore like to extend our sincere thanks to our employees for their broad commitment.

On behalf of the Board of Directors and the Executive Board, we would also like to thank our clients for the trust they have placed in us.

Finally, our heartfelt thanks also go to you, our esteemed shareholders. It is you who give us the leeway to take the next steps with courage and prudence.



Bruno Richle

Chairman of the Board of Directors



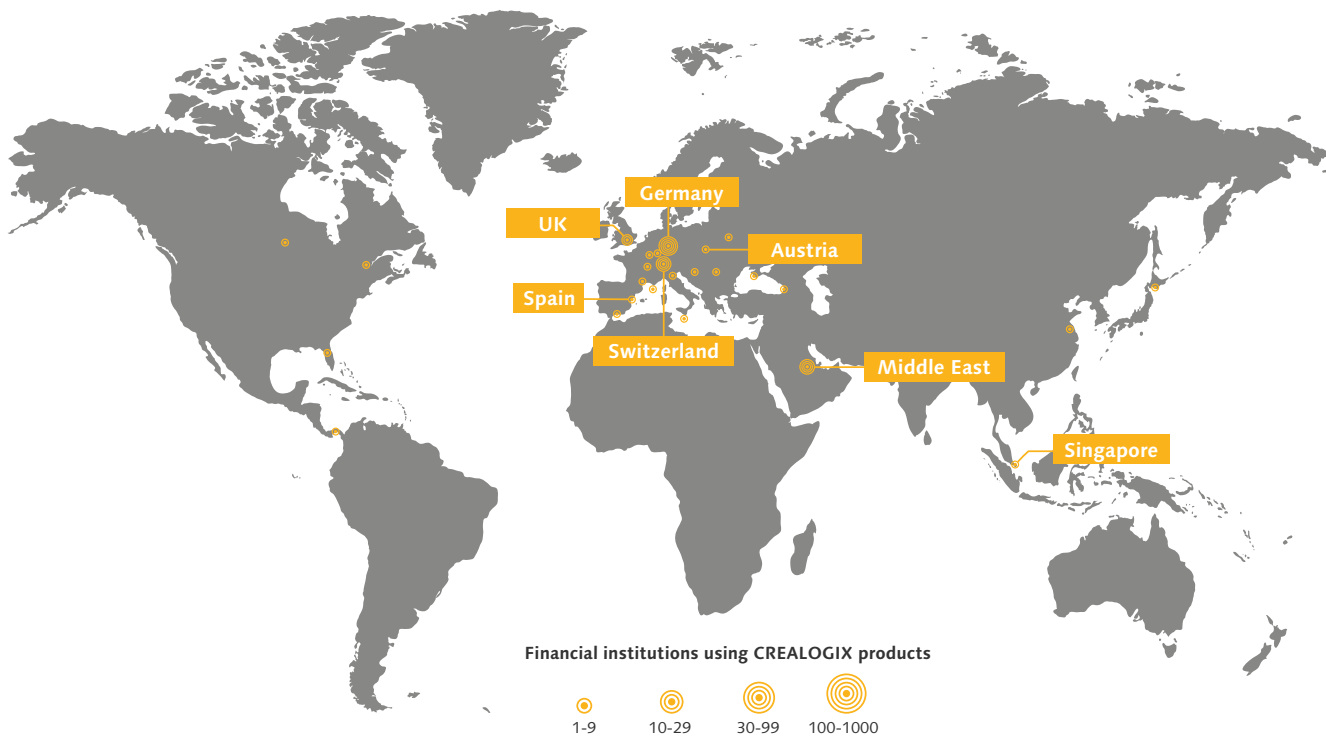
Thomas Avedik

Chief Executive Officer



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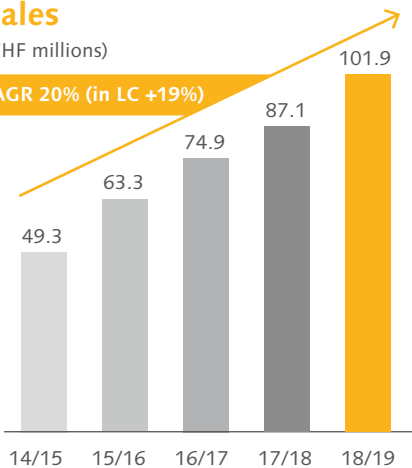
GROUP KEY FIGURES



Sales

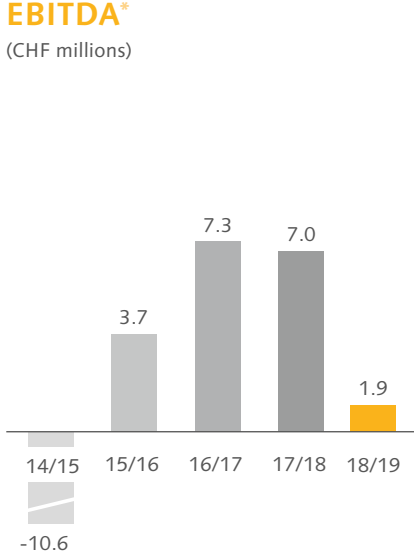
(CHF millions)

CAGR 20% (in LC +19%)



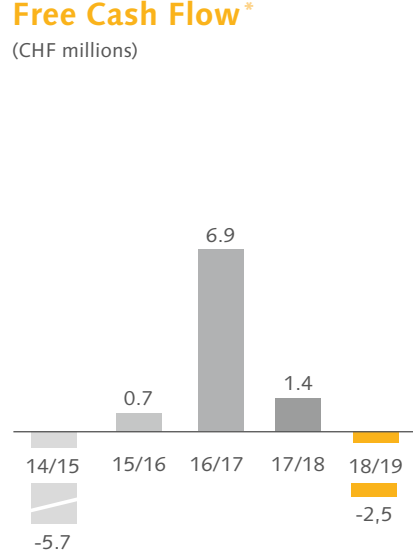
EBITDA*

(CHF millions)



Free Cash Flow*

(CHF millions)



International Sales



64.4%

Adjusted Earnings Per Share*



-0.94

Headcount



702

*Non-GAAP measure. More information with respect to the use of and differences between the non-GAAP financial measures and the most directly comparable SWISS GAAP FER measures is provided on pages 42 and 43 of the financial report.