CREALOGIX

Digitalisation of Banking

ANNUAL REPORT

2016/2017

2016/2017
ANNUAL REPORT

2016/2017 Annual Report

Corporate Governance

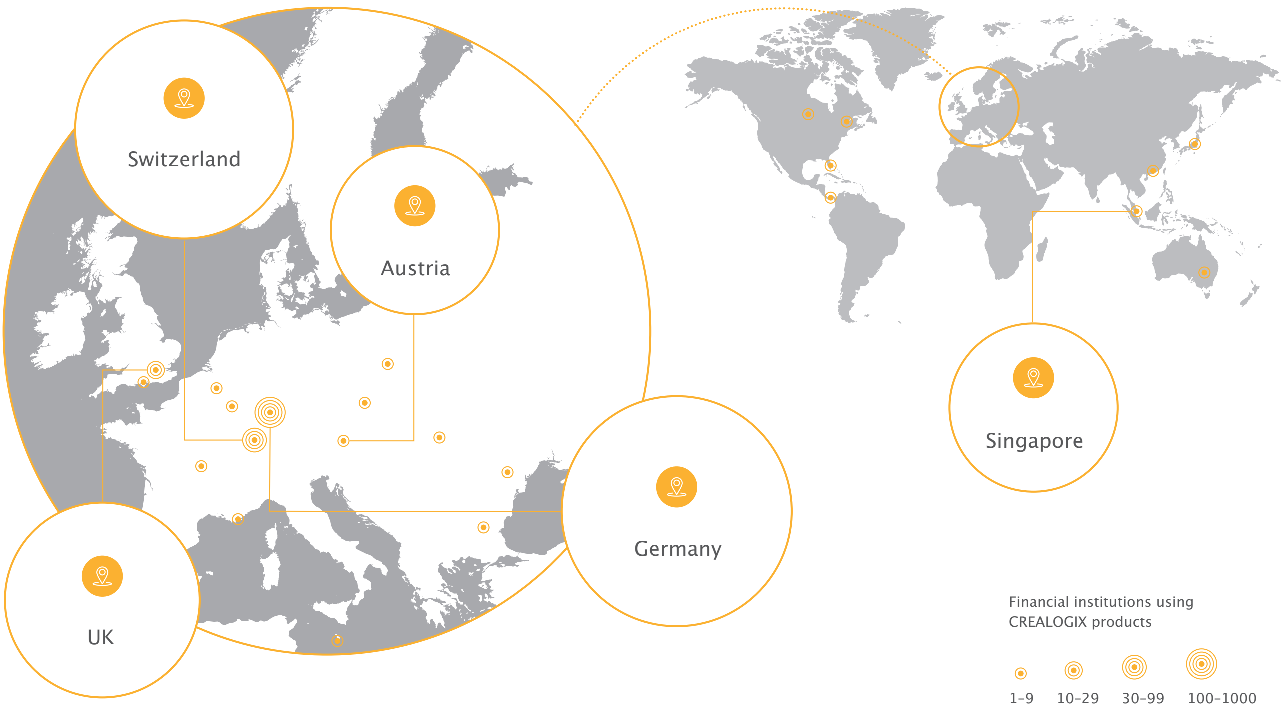
Remuneration Report

CREALOGIX Group Financial Report

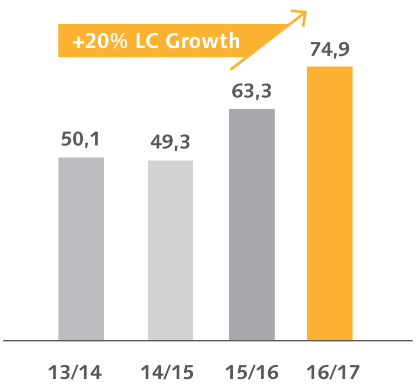
CREALOGIX Holding AG Financial Report

GROUP KEY FIGURES

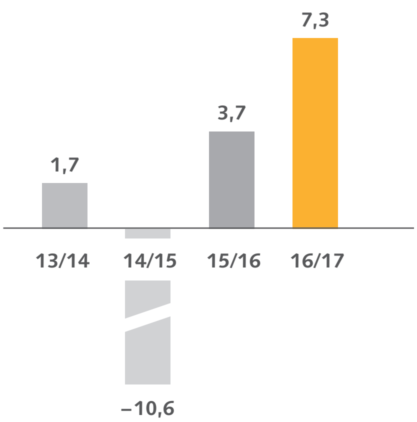
INTERNATIONAL PRESENCE



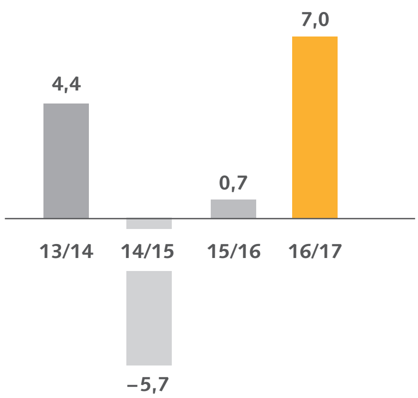
SALES
(CHF millions)



EBITDA
(CHF millions)



FREE CASH FLOW*
(CHF millions)



INTERNATIONAL SALES
50%

EARNINGS PER SHARE
CHF 1.24

HEADCOUNT
417

* Free Cash Flow is defined as cash flow from operating activities including purchase and disposal of tangible and intangible assets.

LETTER TO SHAREHOLDERS

Bruno Richle, Chairman, Thomas Avedik, CEO

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.

Award-winning performance

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.

Digital Financial Advisory

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).

NovaBusiness

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.

Swiss Learning Hub

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

CORPORATE GOVERNANCE

Corporate Governance

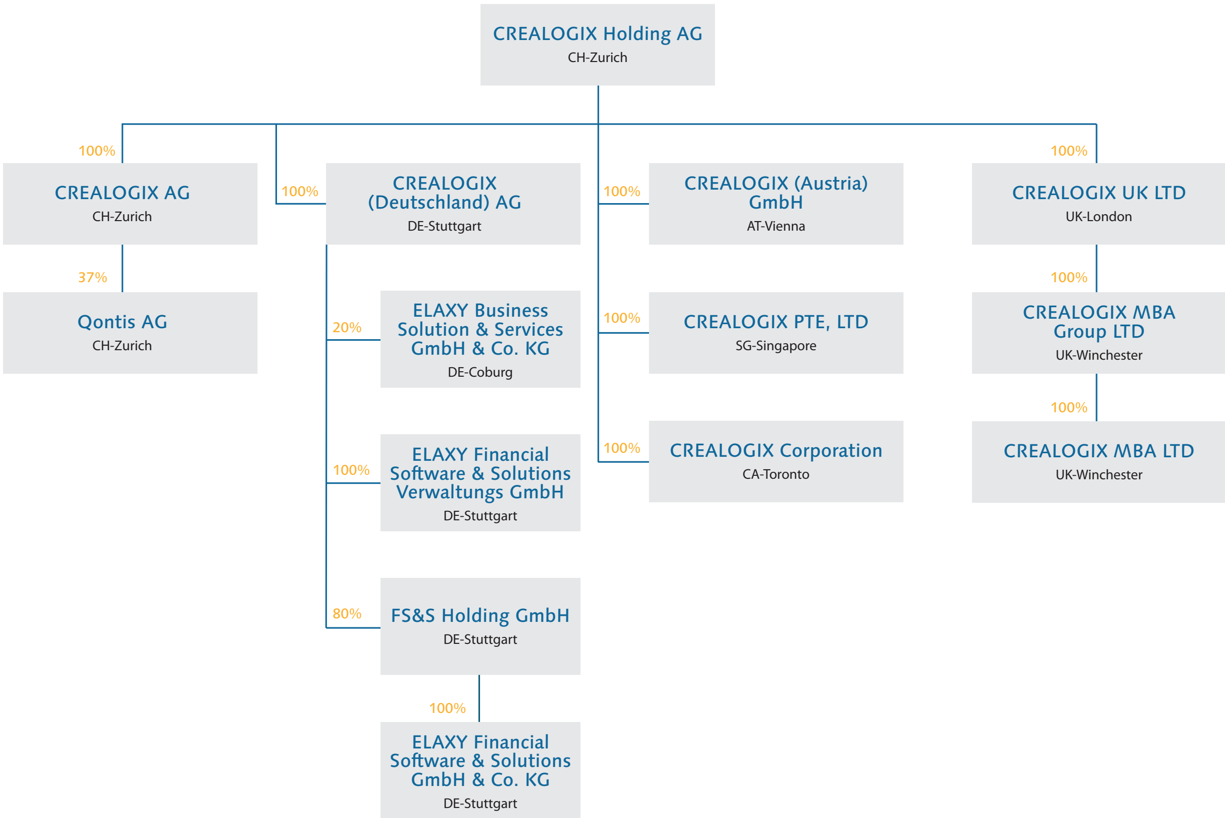
Management and controlling at the highest corporate levels at CREALOGIX are conducted in accordance with the principles and rules of the Swiss Code of Best Practice of economie-suisse and the SIX Swiss Exchange.
The information required to be published in accordance with the Swiss Exchange Corporate Governance Directive is presented below in the prescribed sequence and numbering.

1 Group structure and shareholders of the CREALOGIX Group

CREALOGIX Holding AG is a corporation with headquarters in Zurich (Switzerland). The registered shares of the corporation are traded on the SIX Swiss Exchange under the identification number 1 111 570 and ISIN CH0011115703. On 30 June 2017, market capitalisation was CHF 128.8 million.

1.1 Group structure

The participations held by the CREALOGIX Holding AG in the different subsidiary companies are listed in detail on page 48 (scope of consolidation on 30 June 2017) of the Annual Report.
The wholly owned German subsidiaries of CREALOGIX Holding AG – CREALOGIX International AG and CREALOGIX (Deutschland) AG – were merged in summer 2016.
In this transaction, CREALOGIX (Deutschland) AG retroactively acquired the assets, liabilities and shareholders' equity of the other subsidiary on 1 July 2016.



1.2 Significant shareholders

Current disclosures made in accordance with Article 20 of the Federal Act on Stock Exchanges and Securities Trading are published on the disclosures platform of the Disclosure Office of SIX Swiss Exchange (https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

On 30 June 2017, the following shareholders each had a proportion of votes of more than three per cent at their disposal:

Shareholders	Proportion of votes	Number of shares
Dr. Richard Dratva	24.13%	261,168
Bruno Richle	23.72%	256,679
Daniel Hiltebrand	15.40%	166,669
Peter Süsstrunk	5.72%	61,900
Noser Management AG	3.88%	42,000

The first four shareholders named "founder shareholders" have concluded a shareholder pooling agreement. Under the terms of this agreement, they undertake to jointly exercise their voting rights in all substantive items of business transacted at the Shareholders' Meeting of CREALOGIX Holding AG (voting trust). Upon the sale of shares in the company to a third party by a founding shareholder, the other founding shareholders have the right of first refusal on the conditions offered by the third party (right of first refusal). In the event of the sale of at least 30 per cent of the share capital of the company to a third party by two or three founding shareholders, the remaining founding shareholders are entitled to request that their shares be simultaneously tendered for sale at the same conditions (take-along).

On 1 July 2014, 500 000 negotiable call warrants (symbol: CREANO) on 50 000 registered CREALOGIX shares (CLXN) were successfully distributed. The founders of CREALOGIX have entered into a standstill agreement with Neue Helvetische Bank AG in which Neue Helvetische Bank AG agrees to underwrite, in its own name and for the account of the founders, 500 000 call warrants with a subscription ratio of ten call warrants per registered CREALOGIX share, an option period of four years and a strike price of CHF 130 per registered CREALOGIX share. The call warrants were first listed on SIX Structured Products on 10 July 2014.

1.3 Cross-shareholdings

There are no cross-shareholdings with other enterprises.

2 Capital structure

2.1 Capital

As of 30 June 2017, CREALOGIX Holding AG had the following share capital at its disposal:

Ordinary capital	CHF 8 657 128 Divided into 1 082 141 registered shares with a par value of CHF 8 per share.

2.2 Authorised and conditional capital in particular

Authorised capital	None
Conditional capital	CHF 2 302 872 Divided into 287 859 registered shares with a par value of CHF 8 per share.

Conditional capital

The Conditional capital can be used to raise share capital by exercising warrants and/or conversion rights related to the issuance of convertible bonds, warrant bonds or other financial market instruments. Shareholders do not have subscription rights (Art. 3b of the Articles of Association).

2.3 Changes in capital

In the period under review fractions of the outstanding convertible bond were converted into 12 141 shares. The capital increased by CHF 97 128 to CHF 8 657 128.

2.4 Shares and participation certificates

On 30 June 2017, CREALOGIX Holding AG had issued 1 082 141 fully paid registered shares with a nominal value of CHF 8 per share. CREALOGIX Holding AG owned 5 402 shares of treasury stock on 30 June 2017, equivalent to 0.5 per cent of share capital. A registered share entitles the holder to one vote at the Shareholders' Meeting (one share, one vote). All shares are entitled to dividends. Dividend policy is explained on page 28 of the Annual Report.
CREALOGIX Holding AG has not issued any participation certificates.

2.5 Dividend-right certificates

CREALOGIX Holding AG has not issued any dividend-right certificates.

2.6 Limitations on transferability of shares and nominee registration

Registered shares of CREALOGIX Holding AG can be transferred without restrictions. The registration of purchasers who hold shares for their own account in the CREALOGIX Holding AG Register of Shareholders is not bound by any conditions.

Nominee registrations are governed by the Regulation Regarding Registration of Nominees in the Register of Shareholders. This regulation was adopted by the Board of Directors on 18 September 2006.

Under particular conditions the Board of Directors registers individuals, who in their registration application do not expressly declare that shares are held for their own account ('nominees'), up to a maximum of three per cent of the entire share capital, with voting rights in the Register of Shareholders. The Board of Directors can enter nominees in the Register of Shareholders as shareholders with more than three per cent of voting rights provided the nominee discloses the name, address and stock of shares of the person in whose account shares are held. The Board of Directors establishes an agreement regarding the obligation to inform with such nominees.

2.7 Convertible bonds and options

On 6 November 2015, CREALOGIX Holding AG issued a convertible bond (CLX15) for CHF 25 million at an issue and placement price of 100 per cent with a term of four years.

The coupon was fixed at 2.375 per cent (payable annually on 6 November) and the conversion price amounts to CHF 104.50.

There are no options in existence.

3 Board of Directors

The Board of Directors is currently composed of one executive member (in dual office as Vice Chairman and CSO) and four non-executive members.

Executive members

The dual office of the CSO function as Vice Chairman of the Board of Directors has proved advantageous as the Board of Directors can thus make use of the profound expertise and market knowledge of the Vice Chairman/CSO for its decisions without restriction.

Non-executive members

Since 1 January 2016, Bruno Richle (Chairman) has been acting as non-executive member of the Board of Directors. Before this, he was operating as Chairman and CEO in a dual office. None of the other three non-executive Board members have previously exercised an executive function within the CREALOGIX Group or have a critical business relationship with it. An exception was, made however, between 8 May 2013 and 31 August 2013. During this period, Board of Directors member Jean-Claude Philipona served as interim CFO.

3.1 Members of the Board of Directors

Bruno Richle, 1957

Chairman, dipl. El.-Ing. HTL, Swiss citizen.

Following his studies of electrical engineering majoring in Computer Science and Communications Engineering at the Hochschule Rapperswil, Bruno Richle was employed from 1985 to 1989 in the Bührle Group. During this time, from 1986 he was Head of the Department of Electronic Engineering with Oerlikon Aerospace in Montreal, Canada. From 1990 to 1996, he was a member of the Executive Management and Technical Director with Teleinform AG in Bubikon. In 1996, he was a founding member of CREALOGIX. Until 31 December 2015, he was CEO of the CREALOGIX Group. Since 1 January 2016, he has continued to support CREALOGIX on strategic and operational level through his extensive network, without being part of the Executive Management. Additional board of directors' mandates: Yachtwerft Portier AG and Elektrizitätswerk Jona-Rapperswil AG. Foundation board mandates: Foundation FUTUR and Innovation Foundation of the Bank of Canton Schwyz, member of the 'Hochschulrat der Hochschule für Technik Rapperswil (HSR)'.

Richard Dratva, 1964

Vice Chairman, CSO of the CREALOGIX Group, Dr. oec. HSG, Swiss citizen.

From 1987 to 1991, Richard Dratva was employed as an internal consultant with the Swiss Bank Corporation (today: UBS AG). From 1992 to 1994, he was engaged as a research associate at the Institute of Information Management at the University of St. Gallen. From 1995 to 1996, he acted as a consultant with Teleinform AG before becoming a founding member of CREALOGIX in 1996.

Jean-Claude Philipona, 1953

Member, lic. oec. publ., Swiss citizen.

After working at the Federal Price Control Office from 1977 to 1980, and a sojourn in the Unites States of America in 1981, Jean-Claude Philipona was employed from 1982 to 1989 with PricewaterhouseCoopers as a management consultant in a leadership role with focus on strategy, organisation and controlling. He then transferred to Papierfabrik Biberist, where from 1989 to 1997 as divisional Head of Finance and Administration in the Executive Management he was instrumental in the renewal and restructuring process instituted with the extension project Biber-Nova, among other areas. In 1997, he entered Adval Tech Holding AG as CFO in view of the company's IPO. From 2001 to 2011, he was CEO of the Adval Tech Group with full operative responsibility. He has been serving on Boards of Directors and working as an independent consultant since 2012. Additional mandates: Chairman of the Board of Wolfensberger AG, Bauma, Board member of Swissmem.

Ralph Mogicato, 1963

Member, lic. oec. publ. (dipl. Wirtschaftsinformatiker), Swiss/Italian citizen.

Ralph Mogicato has over 25 years of experience in the financial and insurance industry in Switzerland, Germany, Austria and Singapore. From 2005 to 2012 he held various excecutive management and board positions at Synpulse in Switzerland, Austria and Singapore. Since 2012, Ralph Mogicato is entrepreneur, independent senior adviser, professional board member and fintech angel investor in ICT and fintech start-ups and associations such as Swiss ICT Investor Club, Starmind International AG or Assepro. Furthermore, he is lecturer at the University of Zurich and Applied University of Science Kaleidos and guest lecturer at IFZ, University of St. Gallen and Swiss Finance Institute.

Christoph Schmid, 1954

Member, Dr. iur. and attorney-at-law, Swiss citizen.

Christoph Schmid is a member of the Board of Directors of various Swiss companies, including Robert Bosch Internationale Beteiligungen AG, Aktiengesellschaft für die Neue Zürcher Zeitung, Kessler & Co AG, EBS Services Company Limited (Chairman). He has served on the CREALOGIX Board of Directors since 2001. His professional career began at the district court of Meilen, followed by the legal department of Ringier AG and then a large US law firm. He has been a partner at Wenger & Vieli AG, a Zurich-based business law firm, since 1989.

3.2 Other activities and vested interests

Information on other activities and vested interests is disclosed together with the curricula vitae on pages 15 to 17.

The law firm of Wenger & Vieli AG provides consulting services for the CREALOGIX Group.

The compensation is listed in the remuneration report starting on page 32.

3.3 Allowed number of mandates

According to article 31 of the articles of association, a member of the board of directors may at the same time take on a maximum of 13 mandates outside the CREALOGIX Group, of which a maximum of three may be in listed companies and a maximum of 10 mandates in non-listed companies. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates for mandates assumed in legal entities that are directly or indirectly controlled by the CREALOGIX Group or if, in exercising the function for the CREALOGIX Group, a mandate in another, related legal entity is exercised.

Mandates exercised in associations, non-profit organisations, foundations, trusts or pension funds are not part of the above mentioned limitation, a maximum of eight such mandates are allowed.

3.4 Election and terms of office

The members of the Board of Directors and the Compensation Committee were elected by the Shareholders' Meeting held on 31 October 2016 for a new term of office of one financial year following the entry into force of the new Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV). Re-election is allowed.

Information concerning the term of office of the current members of the Board of Directors is listed in the following table:

	Function	**Elected since SM**
Bruno Richle	Chairman	1996
Dr. Richard Dratva	Vice Chairman	1996
Dr. Christoph Schmid	Member	2000
Jean-Claude Philipona	Member	2005
Ralph Mogicato	Member	2016

3.5 Internal organisation

Responsibilities and competencies

The Board of Directors convenes as often as required by business, at a minimum four times per year. In the financial year 2016/2017 the board met four times for meetings of four to five hours. One additional meeting was conducted as conference call. The CEO, CFO and other members of the Executive Management as required took part in the meetings.

The Board of Directors has a quorum if the majority of its members are present. The board makes its decisions with the majority of votes cast. In case of a tie, the Chairman's vote is decisive. The Board of Directors is responsible for defining corporate strategy, the supervision of the corporation and the establishment of its organisation, the appointment and recall of members of the Executive Management as well as the definition of accounting, financial planning and financial controlling. The board decides upon acquisitions and sets annual targets as well as the annual and investment budget for the Group.

The Annual Report 2016/2017 was passed at the meeting of the Board of Directors on 12 September 2017.

Committees

The Board of Directors has formed an Audit Committee and a Compensation Committee.

The Audit Committee supports and advises the Board of Directors in questions of financial reporting, internal controlling, composition of half-yearly and annual reports as well as collaboration with and evaluation of the services of the Group Auditor. The Audit Committee is composed of non-executive members of the Board of Directors. Currently, Jean-Claude Philipona (Chairman) and Dr. Christoph Schmid form the Audit Committee. The Audit Committee convenes three times yearly as a rule. The CFO, Philippe Wirth, takes part in the meetings. In the financial year 2016/2017, the Audit Committee met three times for meetings of four to five hours. Representatives of the auditor were present at all of the meetings.

The Compensation Committee is responsible for the formulation of recommendations to the Board of Directors about the compensation of the members of the board and the Executive Management as well as the allotment of share-based payments. The committee prepares the human resource planning on the level of the Board of Directors and the Executive Management. This includes the definition of criteria for the selection of candidates and the preparation of the selection process as well as succession planning and promotion of young employees. The committee is composed of the following non-executive members: Dr. Christoph Schmid (Chairman) and Ralph Mogicato. The Compensation Committee convenes twice yearly as a rule. In the 2016/2017 financial year, the committee met three times for meetings of two to three hours.

In all cases, resolutions remain reserved to the Board of Directors.

3.6 Definition of areas of responsibility

As far as allowed by law and the Articles of Association, the Board of Directors delegates the entire business execution and responsibility to the Executive Management ('Group Management').
In particular, the following responsibilities inhere to the Executive Management regarding the operative organisation and leadership of the CREALOGIX Group:
– Monitoring of on-going business
– Keeping of the accounts and establishment of the budget
– Implementation and maintenance of the internal control system (ICS)
– Arrangement of the organisation of leadership between the Group Management and the management bodies of business units
– Engagement and dismissal of personnel, in as much as this is not reserved for the Board of Directors
– Preparation and execution of the resolutions and directives of the Board of Directors
– Development of the basis for decisions for the attention of the Board of Directors concerning acquisitions, significant investments, cooperation, etc.
– Reporting on the course of business for the attention of the Board of Directors
– Observance and fulfillment of legal publication obligations pertinent to the stock exchange following the orientation of the Board of Directors in advance

3.7 Information and controlling tools vis-à-vis the Executive Management

The board of directors ensures that the executive committee establishes and maintains an internal control system (ICS), which is tailored to the dimensions of the CREAOGIX Group and the risks involved in its business activities. The external auditors review the existence of the ICS as part of its annual audit and submit an annual report to the board of directors.

The Executive Management reports to the Board of Directors on a monthly basis regarding the current business situation. The information is based on the internal management reports and includes the current and budget data as well as regular projections based on current trends and expectations. This written report is supplemented at each board meeting by verbal reports from the executive committee.

In special cases the CEO informs the board of directors about the specific issue promptly in writing and/or verbally. The chairman of the board of directors also maintains regular contact with the CEO and the CFO and is informed by them about all business transactions and matters of fundamental importance. Outside the meetings of the board of directors, each member can request information from persons responsible for management concerning the course of business and, with authorisation from the chairman, individual transactions.

Furthermore the Board of Directors is guaranteed to receive information immediately because one member of the Group Management also sits on the Board of Directors.

4 Executive Management

4.1 Members of the Executive Management

The Executive Management assumes the operative functions and represents the CREALOGIX Group externally. As of 30 June 2017, the Executive Management consists of five members, one of whom is executive member of the Board of Directors. Rolf Lichtin (CFO) left the company as per 30 April 2017, the new CFO Philippe Wirth joined CREALOGIX as per 1 May 2017.

As of 30 June 2017, the members of the Executive Management are:

Thomas Avedik, 1961

CEO of the CREALOGIX Group, Dipl. Ing. ETH, Swiss citizen.

After studying at ETH in Zurich, Thomas Avedik conceived and developed mathematical and statistical simulation models. In 1991, he joined UBS AG and from 1997 he was in charge of the design and upgrade of UBS e-banking. In addition to projects such as the implementation of the UBS market data system for clients and advisors and the design and implementation of an e-banking security solution, he developed the global e-banking-strategy of UBS. Since 1 July 2007, he has been CEO CREALOGIX E-Banking. On 1 January 2016, Thomas Avedik has been appointed CEO of the CREALOGIX Group.

Richard Dratva, 1964

CSO of the CREALOGIX Group, Dr. oec. HSG, Swiss citizen.

For detailed information see page 16.

Philippe Wirth, 1972

**CFO of the CREALOGIX Group,
Member of the Executive Management,
lic. oec. publ., Swiss citizen.**

Philippe Wirth has longstanding experience in Finance and Accounting as well as business transformation programs. At Mettler-Toledo, he held between 2000 and 2003 several senior management positions in Group Accounting and was from 2003 Head of Finance and Controlling at Mettler-Toledo Group subsidiaries in Switzerland and the USA. From 2008 to 2017, Philippe Wirth was the program director of a global business transformation project at Mettler-Toledo that included all processes in sales, service, production, development, finance and IT in Europe, the USA and China.
Since May 2017, Philippe Wirth is CFO of the CREALOGIX Group and member of the Executive Management.

Volker Weimer, 1964

**CEO of CREALOGIX Germany,
Member of the Executive Management,
Business Economist (ADV), German citizen.**

After graduating in Business Administration at the Fachhochschule Böblingen, Volker Weimer became a specialist in the areas of Banking and IT. In his leadership role, he developed a banking system for Fiducia back in 1993.
From 1996 to 2007, as Senior Vice President Solution-Center Financial Services for System Integration, he was responsible for the development and the operational responsibility of various consulting and project transactions in the banking area at debis Systemhaus/T-Systems.
Until the end of 2014, he was a member of the Executive Board at COR&FJA (today msg-Life), responsible for Banking/CORE-Banking-Software.
He joined CREALOGIX as CEO of CREALOGIX Germany on 1 January 2015 and has been a member of the Executive Board since 1 January 2016.

Marc Stähli, 1966

Head of Sales & CMO,
Member of the Executive Management,
Swiss citizen.

After his final school examinations Marc Stähli programmed applications for the financial sector. From 1993 to 2001 he developed his career at Compuware, where he moved into sales after a short time. After eight years with the company he became European Sales Director. Following this, he took over sales responsibility at WebGain Inc. as a Sales Director for Central EMEA. From 2002 to 2006 he was CEO of Triamun AG and member of the Board of Directors of Galenica Group. In 2006 he founded the management consulting firm Sellcor GmbH where he advised Swiss and German customers on complex sales matters. In 2014 he took over an advisory mandate at CREALOGIX. Since December 2015, he has been Head of Sales and Chief Marketing Officer of the CREALOGIX Group. He was appointed as a member of the Executive Management on 1 January 2016.

4.2 Other activities and vested interests

Additional activities and commitments of interest of Dr. Richard Dratva, CSO, are disclosed on page 16. No other members of Group Management had reportable activities or commitments of interest.

4.3 Allowed number of mandates

According to article 31 of the articles of association, a member of executive committee may at the same time take on a maximum of four mandates outside the CREALOGIX Group, of which a maximum of two may be in listed companies and a maximum of two mandates in non-listed companies. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates for mandates assumed in legal entities that are directly or indirectly controlled by the CREALOGIX Group or if, in exercising the function for the CREALOGIX Group, a mandate in another, related legal entity is exercised.

Mandates exercised in associations, non-profit organisations, foundations, trusts or pension funds are not part of the above mentioned limitation, a maximum of six such mandates are allowed.

4.4 Management contracts

No management contracts have been established.

5 Compensation and share-based payments

Compensation to related persons or parties is disclosed in the remuneration report on page 32ff.

6 Shareholder participation rights

Participation and custody rights of shareholders comply with the stipulations of Swiss stock corporation law.

6.1 Voting rights restrictions and representation

See Articles of Association, Art. 14.

There are no restrictions on voting rights. Every shareholder can have shares represented by proxy at the Shareholders' Meeting by another person (not necessarily a shareholder) with written power of attorney or by the independent proxy designated by the Board of Directors. Corporate bodies and depositaries may no longer serve as proxies pursuant to Art. 8 and 30 of the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV).

6.2 Statutory quorum

See Articles of Association, Art. 15.

The Shareholders' Meeting votes and passes its resolutions with the absolute majority of the attendant and proxy share votes to the extent that legal regulations or Articles of Association do not prescribe a qualified majority for passage of a resolution as mandatory.

The Articles of Association of CREALOGIX Holding AG foresee no special quorum above and beyond the stipulations of stock corporation law.

6.3 Convening the Shareholders' Meeting

See Articles of Association, Art. 9 and Art. 29.

The Shareholders' Meeting is convened by the Board of Directors. The calling of the meeting must occur at the latest 20 days before the date of the Shareholders' Meeting. The invitation to shareholders occurs through publication in the Swiss Official Gazette of Commerce. The Board of Directors can designate other avenues of publication. Provided that the names and addresses of all shareholders are known to the company and legal regulations or Articles of Association do not stipulate other procedures as mandatory, the invitation to shareholders can also be conducted as legally valid in letter form to all the addresses listed in the Register of Shareholders. In this instance, a publication in the Swiss Official Gazette of Commerce can be omitted.

6.4 Inclusion of items on the agenda

See Articles of Association, Art. 9, 10.

In convening the Shareholders' Meeting, the items of discussion as well as the proposals of the Board of Directors and of the shareholders that require a Shareholders' Meeting to be held must be made known. Furthermore, items of discussion and proposals must be placed on the agenda if, pursuant to OR Art. 699 (3), they were submitted in writing before the meeting was called to the Board of Directors by shareholders who jointly represent at least ten per cent of the share capital or a value of at least one million Swiss francs.

6.5 Registration of shares

See Articles of Association, Art. 5.

The Board of Directors administers a Register of Shareholders for registered shares in which the owners and benefactors are listed with name and address or with company name and headquarters location. Only those persons registered as shareholders in the Register of Shareholders are held as shareholder or beneficiary about the corporation.

The Register of Shareholders will be closed ten days before the Shareholders' Meeting. Shareholders not listed in the register by this date have no voting rights at the Shareholders' Meeting.

7 Change in control and defensive measures

7.1 Obligation to announce a public takeover offer

The CREALOGIX Holding AG Articles of Association contain neither an opting-out nor an opting-up clause. Whoever acquires more than of one-third (33 ⅓ per cent) of the share capital of the corporation is required in accordance with the Federal Act on Stock Exchanges and Securities Trading (BEHG, Art. 32) to submit a public takeover offer for the remaining shares.

7.2 Change-in-control clauses

No change-in-control clauses have been incorporated into agreements with members of the Board of Directors, members of Executive Management or other members of management (no 'golden parachutes').

8 Auditor

8.1 Duration of mandate and term of office of lead auditor

PricewaterhouseCoopers AG in Zurich has served as the auditor of CREALOGIX Holding AG since 2 November 2009. The lead auditor since 31 October 2016 is Oliver Kuntze. The rotation plan of the lead auditor complies with the law and thus is seven years. The auditor is elected by the Shareholders' Meeting in each case on an annual basis for one year. It conducts its work within the scope of the pertinent legal regulations as well as in compliance with the principles of the profession.

8.2 Auditing fees

In the 2016/2017 financial year, the agreed audit fees for PricewaterhouseCoopers AG in Zurich amounted to CHF 153 thousand (previous year: CHF 136 thousand).

8.3 Additional fees

In the 2016/2017 financial year, PricewaterhouseCoopers AG provided no further services (previous year: none).

8.4 Information tools of external auditors

The auditors inform the Executive Management and Board of Directors regularly concerning determinations and suggestions for improvement, especially in respect of the annual financial statements and the internal control system.

At least once per year, a meeting of the Audit Committee takes place at which representatives of the auditing company take part and provide information on its determinations, particularly regarding the annual financial statements. The Audit Committee itself informs the Board of Directors of these findings.

The Audit Committee assesses the performance of the auditor based, among other parameters, on criteria such as punctuality, efficiency in collaboration and clarity of statements and reports to the Board of Directors accordingly.

9 Information policy

CREALOGIX Holding AG informs its shareholders and the capital markets openly, currently and with the greatest possible transparency. The most important vehicles of information are the Annual and Half-Year Report, the website (crealogix.com), information to the media, the presentation of the balance sheet for journalists and analysts as well as the Shareholders' Meeting. As an exchange-listed company, CREALOGIX Holding AG is obligated to publish information relevant to its stock price (Ad hoc publication, Art. 72, Listing Rules). The Listing Rules of the SIX Swiss Exchange can be found under https://www.six-exchange-regulation.com/dam/downloads/regulation/admission-manual/listing-rules/03_01-LR_en.pdf

Inquiries about CREALOGIX can be addressed to the following persons responsible for Investor Relations:

Bruno Richle
Chairman of the Board of Directors
T +41 58 404 80 00
bruno.richle@crealogix.com

Philippe Wirth
CFO
T +41 58 404 80 00
philippe.wirth@crealogix.com

SHARE

Key figures – shares

Share capital in CHF	8 657 128
Total number of outstanding shares	1 082 141
of which publicly traded	1 082 141
in %	100.00%
Equity (carrying amount) per share in CHF	27.4
Earnings per share in CHF, undiluted	0.99
Share prices in CHF	
30 June 2017	119.00
High (26 Mai 2017)	120.00
Low (5 July 2016)	92.50
on issue day (7 September 2000)	200.00
Market capitalisation in CHF million	
30 June 2017	128.8
High (26 Mai 2017)	129.9
Low (5 July 2016)	100.1
on issue day (7 September 2000)	216.4
Market capitalisation (30 June 2017)	
in % of operating revenue	172.0
in % of equity	436.3
Price earnings ratio (P/E)	120.78
Trading volume in CHF million	
1 July 2016 to 30 June 2017	11.8

Trading platform and ticker symbols

Registered shares (at nominal value CHF 8) of CREALOGIX Holding AG have been listed on the SIX Swiss Exchange since 7 September 2000 under the identification number 1 111 570.

Ticker symbols	
Telekurs	CLXN
Reuters	CLXZn. S
Bloomberg	CLXN SW

Dividend policy

The Board of Directors proposes to the Shareholders' Meeting of 30 October 2017 an appropriation form statutory capital contribution reserves to voluntary retained earnings and a payout of CHF 0.50 per registered share amounting to 541 thousand [1].

Articles of Association

The Articles of Association can be accessed under: crealogix.com/wp-content/uploads/corporate_governance/151102_CREALOGIX_Statuten_2015.pdf

[1] Due to the conversion of fractions of the outstanding convertible bond, the total registered shares on payout date can differ from the total registered shares as per 30 June 2017.

Share price from 1 July 2016 to 30 June 2017
All amounts in CHF

Symbols	High	Low	Year-on-year % change
CLXN	120.00	92.50	24.95 (26.53%)
SPI (SXGE)	9 670.59	7 728.80	1 438.62 (16.56%)

DISTRIBUTION TO SHAREHOLDERS

	2013/2014	2014/2015	2015/2016	2016/2017
Distribution of share premium per share in CHF	2.00	2.00	0.00	0.00
Total distribution to shareholders in CHF thousand	2 117	2 126	0	0

REMUNERATION REPORT

Remuneration Report

REMUNERATION REPORT

1 Introduction

The remuneration report states the remuneration principles for the Board of Directors and Executive Management of the Group, describes the remuneration policy and remuneration system, and discloses information on the remuneration paid in the 2016/2017 financial year.
The report complies with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV) and the requirements of the Directive Corporate Governance of SIX Swiss Exchange and contains the disclosures required by Art. 663b and 663c of the Swiss Code of Obligations.

2 Remuneration principles

Our employees are key drivers of CREALOGIX's value and success. That makes it particularly important for us to attract, motivate and retain the best talent over the long term in a highly competitive labour market. Our remuneration system should support these fundamental goals.
It is based on the following principles:

– Our remuneration is competitive since it is comparable to the remuneration paid by other (competitor) companies.
– Our remuneration is affected by individual performance and the company's performance.
– Our share ownership programs strengthen our managers' long-term commitment and align their interests with those of our shareholders.
– Our managers are protected from risk by pension and insurance plans.

The remuneration of the Board of Directors consists of a fixed fee and compensation for serving on Board of Directors committees.

The remuneration of the Executive Management is partially based on sales and earnings before interest and taxes (EBIT).

Our share and bonus share ownership programs reflect our company's performance, strengthen our managers' long-term loyalty and align their interests with those of our shareholders.

3 Remuneration policy

The Compensation Committee (CC) assists the Board of Directors (BoD) with all the tasks and responsibilities relating to human resources policies, amongst others:
- Regularly reviewing the remuneration system and the fringe benefits
- Annual review of the remuneration of the individual members of the Executive Management
- Annual assessment of the individual members of the Executive Management
- Succession planning and nomination of the members of the Executive Management

Approval system

Decision on	CEO	CC	BoD
Remuneration of BoD Chairman, BoD members, CEO		Suggests	Decides
Remuneration of members of the Executive Management (except CEO)	Suggests	Suggests	Decides
Share-based payments for BoD Chairman, BoD members, CEO		Suggests	Decides
Share-based payments for members of the Executive Management (except CEO) and other eligible recipients	Suggests	Suggests	Decides

The CC consists of non-executive members of the Board of Directors who are proposed to the Shareholders' Meeting as candidates for election in accordance with VegüV.
During the period under review, the CC consisted of Dr. Christoph Schmid (Chairman), Prof. em. Dr. Beat Schmid (until 31 October 2016) and Ralph Mogicato (since 1 November 2016).
The CC Chairman can invite the CSO, the CFO and Human Resources specialists to the meetings.

After every meeting, the CC Chairman provides a report that summarizes the issues discussed, decisions taken and recommendations made by the CC.
The entire BoD may review the minutes of the CC meeting.
The CC meets at least twice per financial year. Three meetings were held during the period under review.

4 Remuneration system

4.1 Board of Directors

The remuneration of the non-executive members of the Board of Directors consists of a fixed fee and compensation per meeting in the Board of Directors committees.
Instead of receiving their fee in cash, they have the right to receive up to 90 per cent of their fee, but no more than the equivalent of CHF 50 thousand, in CREALOGIX Holding AG shares at a sales price of 70 per cent of the average closing price from the last five trading days preceding the definitive share allocation with a vesting period of three years.
The remuneration of the executive member of the Board of Directors (Vice Chairman) is covered by the remuneration paid to him as the CSO.

4.2 Executive Management

The remuneration of the Executive Management is laid out in a policy approved by the Board of Directors. It includes the following components:
– Base salary
– Variable cash remuneration
– Share/bonus share ownership plan
– Pension and additional benefits

Base salary
Base salary depends on the responsibilities, market value, qualifications and experience of the position-holder. It is paid monthly in cash.

Variable cash remuneration
The variable cash remuneration of the Executive Management, depending on the function, is linked to the achievement of annual financial targets (Sales, EBIT) for the respective division and/or Group.
Division targets can account for up to 60 per cent and Group targets up to 100 per cent of the variable cash remuneration. The variable cash remuneration can range from 0 to 67 per cent of the base salary.
The performance targets are jointly defined and agreed upon at the start of the financial year.
The variable cash remuneration is paid after the consolidated financial statements have been audited by the auditor.

Share/bonus share ownership plan

Members of the Board of Directors and Executive Management as well as other employees can purchase shares valued at up to CHF 50 thousand per year through an employee share ownership plan. The sales price for a CREALOGIX share is 70 per cent of the average closing price from the last five trading days preceding the definitive share allocation with a vesting period of three years.

At the end of the vesting period, the shares can be voluntarily subjected to an additional three-year vesting period at the discretion of the Board of Directors. If the member of the Executive Management or employee is still employed with the Group and has not resigned or been dismissed by the end of the additional vesting period, he or she receives one bonus share for every employee share that he or she voluntarily subjects to the additional three-year vesting period.

In the 2016/2017 financial year, 3494 employee shares (previous year: none) were given out at a price of CHF 74.20. The discount per share was calculated as the difference between the sales price and the average closing price of the last five trading days prior to the cut-off date and amounted to CHF 31.80.

On 28 October 2016, 4673 bonus shares (previous year: 4043) were given out at a price of CHF 109.00 (previous year: CHF 91.90).

Pension and additional benefits

The members of the Executive Management are insured with a regular pension fund, along with the other employees in Switzerland. CREALOGIX pays for one half of this mandatory basic plan, which covers base salaries up to CHF 85 thousand with age-related contributions. The employees pay the other half.

There is also a management pension fund with a voluntary plan to insure base salaries in excess of CHF 85 thousand. CREALOGIX pays all the age-related premiums for members of the Executive Management.

In addition, every member of the Executive Management is entitled to a company car and a fixed entertainment allowance in accordance with the expense policies that apply to all members of upper management in Switzerland and that have been approved by the tax authorities.

Employment conditions

All members of the Executive Management have employment contracts with a six-month notice period. They are not entitled to severance payments.

5 Remuneration of the Board of Directors and Executive Management

July–June 2016/2017	Annual fixed compen-sation	Annual variable compen-sation	Share-based payments	Social insurance contri-bution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman	30	0	0	2	0	**32**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	9	0	3	0	**42**
Prof. em. Dr. Beat Schmid, Member (until 31 October 2016)	10	0	0	0	0	**10**
Dr. Christoph Schmid, Member	30	18	75	9	0	**132**
Ralph Mogicato, Member (since 1 November 2016)	20	9	0	2	0	**31**
Total Board of Directors	**120**	**36**	**75**	**16**	**0**	**247**
Executive Management (five members)	1 190	839	98	307	23	**2 457**
Total	**1 310**	**875**	**173**	**323**	**23**	**2 704**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*284*	*311*	*81*	*117*	*8*	**801**

July–June 2015/2016	Annual fixed compen-sation	Annual variable compen-sation	Share-based payments	Social insurance contri-bution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman and CEO (until 31 December 2015)[1]	15	0	0	1	0	**16**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	12	0	2	0	**44**
Prof. em. Dr. Beat Schmid, Member	30	12	0	2	0	**44**
Dr. Christoph Schmid, Member	30	21	0	4	0	**55**
Total Board of Directors	**105**	**45**	**0**	**9**	**0**	**159**
Executive Management (four members until December 2015, today five members)[2]	1 002	517	109	386	21	**2 035**
Total	**1 107**	**562**	**109**	**395**	**21**	**2 194**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*258*	*167*	*109*	*135*	*9*	**678**

[1] Compensation for 1 January until 30 June 2016
[2] until 31 Dec 15: Bruno Richle (CEO), Richard Dratva, Thomas Avedik, Rolf Lichtin since 1 Jan 16: Thomas Avedik (CEO), Richard Dratva, Volker Weimer, Marc Stähli, Rolf Lichtin

The following annual maximum total compensations have been approved by the ordinary Shareholders' Meeting of 31 October 2016:

– Board of Directors: CHF 281 thousand
– Executive Management: CHF 2 752 thousand

In addition to his role as Chairman, Bruno Richle has an operative role outside the Executive Management. For this role the overall compensation was CHF 505 thousand (previous year: CHF 270 thousand for 6 month).

There were no further claims or commitments to/from persons in key management positions as of 30 June 2017 (previous year: none). No long-term payments or severance payments were made in the year under review (previous year: none). In relation to legal consultation, services were provided by Wenger & Vieli AG, a law firm closely related to Dr. Christoph Schmid, a member of the Board of Directors. Wenger & Vieli's fees for legal advice totalled CHF 13 thousand (previous year: CHF 21 thousand). Board of Directors member Jean-Claude Philipona did not provide any consulting services in the current year (previous year: CHF 27 thousand)

6 Shareholdings of the Board of Directors and Executive Management

On 30 June 2017, members of the Board of Directors, the Executive Management as well as major shareholders owned CREALOGIX Holding AG shares as follows:

	CREALOGIX shares		thereof blocked		thereof blocked for warrants[1]	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016	**30 June 2017**	30 June 2016
Board of Directors						
Bruno Richle, Chairman	**256 679**	255 591	**3 222**	4 362	**17 000**	17 000
Dr. Richard Dratva, Vice Chairman and CSO	**261 168**	260 080	**2 483**	2 893	**17 000**	17 000
Jean-Claude Philipona, Member	**1 194**	1 194	**414**	414	**0**	0
Dr. Christoph Schmid, Member	**5 102**	4 418	**796**	1 572	**0**	0
Ralph Mogicato (since 31.10.16)	**300**	0	**0**	0	**0**	0
Members of the Executive Management						
Thomas Avedik, member of the Executive Management and CEO	**1 530**	1 231	**936**	940	**0**	0
Philippe Wirth, member of the Executive Management and CFO (since 01.05.17)	**0**	0	**0**	0	**0**	0
Volker Weimer, member of the Executive Management and Head Digital Banking Deutschland	**90**	0	**90**	0	**0**	0
Marc Stähli, member of the Executive Management and Head Sales & Marketing	**0**	0	**0**	0	**0**	0
Total	**526 063**	522 514	**7 941**	10 181	**34 000**	34 000

[1] When issuing call warrants (CREANO symbol) with a term ending 29 June 2018 and an exercise price of CHF 130, a corresponding number of put options have been written.

Report of the statutory auditor to the General Meeting
Crealogix Holding AG, Zürich

REPORT OF THE STATUTORY AUDITOR REMUNERATION REPORT 2017

We have audited the remuneration report of Crealogix Holding AG for the year ended 30 June 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in chapters 5 to 6 (pages 36 to 37) of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration 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 remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration 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 remuneration 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 remuneration 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 remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration 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 remuneration report of Crealogix Holding AG for the year ended 30 June 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Oliver Kuntze
Audit expert
Auditor in charge

Eveline Reiners
Audit expert

Zürich, 12 September 2017

FINANCIAL REPORT

CREALOGIX Group Financial Report

GROUP KEY FIGURES

Amounts in thousands of CHF	**July–June 2016/2017**	July–June 2015/2016
Net sales from goods and services	**74 858**	63 317
CHF sales growth	**18%**	28%
Local currency sales growth	**20%**	30%
EBITDA	**7 304**	3 696
in % of net sales from goods and services	**9.8%**	5.8%
Free cash flow[1]	**6 984**	656
Earnings per share diluted	**1.24**	–0.44
Headcount	**417**	414

	30 June 2017	30 June 2016
Balance sheet total	**78 925**	77 185
Equity ratio	**37%**	33%

[1] Free Cash Flow is defined as cash flow from operating activities including purchase and disposal of tangible and intangible assets.

CONSOLIDATED BALANCE SHEET

Amounts in thousands of CHF	Notes	30 June 2017	%	30 June 2016	%
ASSETS					
Current assets					
Cash and cash equivalents	6	33 775		27 495	
Receivables from goods and services	7	8 805		12 902	
Other short-term receivables	8	4 035		3 143	
Prepayments and accrued income		2 461		1 074	
Work in progress/inventories	9	3 419		3 661	
Total current assets		52 495	66.5	48 275	62.5
Non-current assets					
Financial assets	10	6 926		6 311	
Tangible fixed assets	11	1 385		1 595	
Intangible assets	12	14 005		16 134	
Deferred tax assets	17	4 114		4 870	
Total non-current assets		26 430	33.5	28 910	37.5
Total ASSETS		78 925	100.0	77 185	100.0
LIABILITIES AND EQUITY					
Current liabilities					
Payables from goods and services		2 673		2 519	
Other short-term liabilities		1 225		2 107	
Accrued liabilities and deferred income	13	19 477		19 145	
Short-term provisions	14	411		544	
Income tax liabilities		433		437	
Total current liabilities		24 219	30.7	24 752	32.1
Non-current liabilities					
Long-term financial liabilities	15	24 005		24 141	
Deferred conditional purchase price obligations	16	553		2 370	
Long-term provisions	14	97		96	
Deferred tax liabilities	17	536		724	
Total non-current liabilities		25 191	31.9	27 331	35.4
Total LIABILITIES		49 410	62.6	52 083	67.5
Shareholders' equity					
Share capital	19	8 657		8 560	
Treasury shares	19	–603		–1 060	
Premium		*16 323*		*15 151*	
Other capital reserves		*1 454*		*1 269*	
Capital reserves		17 776		16 420	
Translation differences		–1 161		–1 075	
Retained earnings		4 289		1 859	
Total equity before minorities		28 958		24 704	
Minority interests		557		398	
Total SHAREHOLDERS' EQUITY		29 515	37.4	25 102	32.5
Total LIABILITIES AND EQUITY		78 925	100.0	77 185	100.0

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of CHF	Notes	July–June 2016/2017	%	July–June 2015/2016	%
Net sales from goods and services	5	**74 858**	**100.0**	63 317	100.0
Other operating income		**441**	**0.6**	226	0.4
Goods and Services purchased		**–15 163**	**–20.3**	–11 624	–18.4
Change in inventory of finished and unfinished goods as well as unbilled goods and services		**–147**	**–0.2**	–367	–0.6
Personnel expense	20	**–44 297**	**–59.2**	–40 943	–64.7
Marketing expenses		**–1 214**	**–1.6**	–1 162	–1.8
Rent, maintenance and repairs		**–2 522**	**–3.4**	–2 534	–4.0
Other operating expense		**–4 652**	**–6.2**	–3 217	–5.1
Depreciation of tangible fixed assets		**–688**	**–0.9**	–784	–1.2
Amortisation on Goodwill		**–1 799**	**–2.4**	–2 634	–4.2
Amortisation on other intangible assets		**–700**	**–0.9**	–648	–1.0
Operating result		**4 117**	**5.5**	–370	–0.6
Financial income	21	**142**	**0.2**	104	0.2
Financial expense	21	**–1 078**	**–1.4**	–734	–1.2
Financial result		**–936**	**–1.3**	–630	–1.0
Prorated income from associates	10	**–21**	**0.0**	517	0.8
Ordinary earnings before tax		**3 160**	**4.2**	–483	–0.8
Income tax	17	**–1 751**	**–2.3**	–130	–0.2
Consolidated profit		**1 409**	**1.9**	–613	–1.0
Attributable to:					
Shareholders of CREALOGIX Holding AG		**1 049**	**1.4**	–883	–1.4
Minority interest		**360**	**0.5**	270	0.4
Earnings per share attributable to shareholders in CHF	22				
Undiluted		**0.99**		–0.83	
Diluted		**1.24**		–0.44	

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in thousands of CHF	Share capital	Treasury shares	Capital reserve	Translation differences	Retained earnings	Minority interests	**Total equity**
on 30 June 2015	*8 560*	*–322*	*15 926*	*–224*	*2 742*	0	*26 682*
Change in scope of consolidation	0	0	0	0	0	135	135
Increase from convertible bond	0	0	466	0	0	0	466
Currency translation of foreign entities	0	0	0	–851	0	–7	–858
Consolidated profit	0	0	0	0	–883	270	–613
Change in treasury shares	0	–738	28	0	0	0	–710
on 30 June 2016	*8 560*	*–1 060*	*16 420*	*–1 075*	*1 859*	398	*25 102*
Increase from convertible bond	97	0	1 158	0	0	0	1 255
Change in retained earnings from adjustments to the purchase price allocation	0	0	0	0	1 381	0	1 381
Distribution minority interest	0	0	0	0	0	–208	–208
Currency translation of foreign entities	0	0	0	–86	0	7	–79
Consolidated profit	0	0	0	0	1 049	360	1 409
Change in treasury shares	0	457	198	0	0	0	655
on 30 June 2017	**8 657**	**–603**	**17 776**	**–1 161**	**4 289**	557	**29 515**

The notes to the consolidated financial statements on pages 47to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of CHF	Notes	**July–June 2016/2017**	July–June 2015/2016
Consolidated profit		**1 409**	–613
Income tax	17	**1 751**	130
Depreciation/amortisation	11/12	**3 187**	4 067
Defined-benefit pension plans	18	**0**	1 082
Financial result	21	**936**	630
Share of profit of associates		**21**	–517
Receivables from goods and services and other receivables & other non cash flow related positions		**1 931**	–4 054
Work in progress/inventories		**–36**	–183
Payables from goods and services and other payables		**669**	1 035
Increase/decrease in provisions	14	**–133**	–296
Interest received		**18**	19
Interest paid		**–634**	–14
Tax received		**186**	0
Tax paid		**–1 459**	–144
Cash flow from operating activities		**7 846**	1 142
Investing activities			
Purchase of tangible fixed assets	11	**–510**	–444
Disposal of tangible fixed assets	11	**33**	156
Purchase of intangible assets	12	**–385**	–198
Purchase of associates	10	**0**	–2 177
Disposal of associates	10	**0**	0
Extension of loans		**0**	–350
Other financial assets		**0**	2 241
Acquisition of organisations, net of cash acquired		**–346**	–7 173
Cash flow from investing activities		**–1 208**	–7 945
Financing activities			
Proceeds from Convertible Bond		**0**	24 421
Distribution of share premium		**0**	0
Purchase of treasury shares		**–2 649**	–1 965
Sale of treasury shares		**2 434**	1 228
Cash flow from financing activities		**–215**	23 684
Effects of exchange rate changes		**–143**	–201
Net change in cash and cash equivalents		**6 280**	16 680
Cash and cash equivalents at beginning of period		**27 495**	10 815
Cash and cash equivalents at end of period		**33 775**	27 495

The notes to the consolidated financial statements on pages 47 to 83 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basic information

CREALOGIX Holding AG (the 'Company') and its subsidiaries make up the CREALOGIX Group. The CREALOGIX Group is a leading independent software provider in Europe and a Swiss market leader for Digital Banking, Digital Payment and Digital Learning. CREALOGIX globally markets its extensive product range for tomorrow's digital bank.
The CREALOGIX Group is a stock corporation headquartered in Switzerland. The address of its registered office is Baslerstrasse 60, CH-8048 Zurich. The Group's registered shares (CLXN) are traded on the SIX Swiss Exchange under identification number 1 111 570.
The consolidated financial statements were approved for issue by the Board of Directors on 12 September 2017 and proposed for adoption at the Shareholders' Meeting on 30 October 2017. The consolidated financial statements are reported in Swiss francs (CHF).

The following foreign exchange rates were applied:

	Year-end rates (balance sheet)		Average rates (income statement)	
	30 June 2017	30 June 2016	**July–June 2016/2017**	July–June 2015/2016
EUR	**1.09**	1.08	**1.08**	1.09
CAD	**0.74**	0.75	**0.75**	0.74
USD	**0.96**	0.98	**0.99**	0.99
GBP	**1.25**	1.30	**1.26**	1.46
SGD	**0.70**	0.73	**0.70**	0.71

On 30 June 2017, the following companies were included in the scope of consolidation:

Company	Activity	Capital	Ownership interest	Proportion of voting rights
CREALOGIX AG, Zurich, Switzerland*)	Consultancy and services in information technology and data communication	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany*)	Consultancy and services in information technology and data communication	EUR 100 000	100%	100%
FS&S Holding GmbH, Stuttgart, Germany *)	Holding and administration of participating interests in companies	EUR 100 000	80%	80%
ELAXY Financial Software & Solutions GmbH & Co. KG, Stuttgart, Germany*)	Consultancy and services in information technology and data communication	EUR 10 000	80%	80%
ELAXY Financial Software & Solutions Verwaltungs GmbH, Stuttgart, Germany*)	Management of companies related to the ELAXY Group	EUR 25 000	100%	100%
ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Germany**)	Hosting Solutions and Data Center Services in the banking environment	EUR 10 200	20%	20%
CREALOGIX Corp., Toronto, Canada*)	Consultancy and services in information technology and data communication	CAD 100 000	100%	100%
CREALOGIX UK Ltd, Winchester, UK*)	Consultancy and services in information technology and data communication	GBP 1 050 000	100%	100%
CREALOGIX MBA Group Ltd, Winchester, UK*)	Consultancy and services in information technology and data communication	GBP 75 005	100%	100%
CREALOGIX MBA Ltd, Winchester, UK*)	Consultancy and services in information technology and data communication	GBP 25 000	100%	100%
CREALOGIX PTE. Ltd, Singapore, Singapore*)	Consultancy and services in information technology and data communication	SGD 100 000	100%	100%
CREALOGIX (Austria) GmbH, Vienna, Austria*)	Consultancy and services in information technology and data communication	EUR 35 000	100%	100%
Qontis AG, Zurich, Switzerland**)	Establishment and operation of a highly automated independent multi-bank Personal-Finance-Management (PFM)-Platform	CHF 800 000	37%	37%

*) Full consolidation **) Equity method

The wholly owned German subsidiaries of CREALOGIX Holding AG – CREALOGIX International AG and CREALOGIX (Deutschland) AG – were merged in summer 2016. In this transaction, CREALOGIX (Deutschland) AG retroactively acquired the assets, liabilities and shareholders' equity of the other subisidiary on 1 July 2016.

Changes in the scope of consolidation versus the previous year are defined in note 25.

2 Summary of significant accounting and valuation policies

The significant accounting and valuation policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of CREALOGIX Holding AG have been prepared in accordance with all the Swiss GAAP FER standards, Swiss Law and the requirements of SIX Swiss Exchange.
For the first time, the CREALOGIX Group has applied the new regulations governing revenue recognition (revision of Swiss GAAP FER framework, FER 3 and FER 6), which came into force on 1 January 2016. These changes had no influence on the figures presented in the balance sheet and income statement of the CREALOGIX Group.

The consolidated financial statements have been prepared under the historical cost accounting convention. The preparation of consolidated financial statements in agreement with Swiss GAAP FER requires estimates. Further, the application of group-wide accounting and valuation methods requires assessments by the management. Areas with more room for judgement and higher complexity or areas where assumptions and estimates are crucial for the consolidated financial statements are listed in note four.

In tables, money values are presented in CHF thousands if not mentioned otherwise. In some cases, the sum of the figures given in this report may not precisely equal the stated totals, and percentages may not be exact due to rounding.

2.2 Consolidation

a) Subsidiaries

Subsidiaries consist of all entities over which the Group has the power to govern the financial and operating policies; generally, the Group would also have acquired more than one-half of the entity's voting rights. When assessing whether or not the Group controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are fully consolidated in the consolidated financial statements once control is transferred to the Group; however, they are deconsolidated as soon as that control no longer exists.
The purchase method of accounting is used to account for organisations that have been acquired by the Group. The cost of an acquisition is measured as the aggregate of the fair values of assets given, the equity instruments issued by the acquirer, and the liabilities incurred or assumed on the date of transaction, plus any costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date, regardless of the extent of any minority interest. The excess of the cost of the acquisition over the Group's interest in the net assets recognised at fair value, is capitalised as goodwill and amortised over 5 to 20 years.
If the net assets of the acquired organisation recognised at fair value exceed the cost of the acquisition, the difference (badwill) is immediately recognised as a provision that is released to profit or loss over the term.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows evidence of an impairment of the transferred asset. Accounting and valuation policies of subsidiaries have been revised where necessary in order to ensure consistency with the policies adopted by the Group.

b) Associates

Associates are all entities over which the Group has significant influence but not control, and generally has also acquired 20 to 50 per cent of the voting rights. Investments in associates are accounted for under the equity method and are initially recognised at cost.

The Group's share of the profits and losses of associates is recognised in the income statement on acquisition, and its share of changes in reserves is recognised in the consolidated reserves. The cumulative post-acquisition changes are adjusted to the loans receivable, if there are any. When the Group's share of losses of an associate equals or exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise any further losses at the expense of the Group equity, unless the minority has a corresponding liability and is able to offset these losses.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction shows evidence of impairment of the transferred asset. Accounting and valuation policies of associates have been revised where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

The CREALOGIX Group is a leading independent software provider in Europe and a Swiss market leader for Digital Banking, Digital Payment and Digital Learning products. CREALOGIX markets its extensive product range for the digital bank of tomorrow worldwide under the term 'Digital Banking Hub'.

All group companies are managed based on the uniform business strategy with a central decision-making structure. The key element of the CREALOGIX strategy is a uniform business model. CREALOGIX supplies finance companies at their various locations around the world with products for the digital bank of tomorrow.

The Board of Directors and Executive Management manage the CREALOGIX Group based on the financial statements of the individual group companies as well as the consolidated financial statement. Due to the economic similarity of the companies, the uniform strategy and the central management of the group by Executive Management, CREALOGIX presents a summary of its business activities as a single segment, applying Swiss GAAP FER 31.

The income statement disclosures in the notes contain a breakdown of net sales from goods and services by geographical markets and categories.

2.4 Foreign currency translation

a) Functional currency and reporting currency

Items included in the financial statements for each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are reported in Swiss francs (CHF), the Company's reporting currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the average monthly exchange rate prevailing at the time of the transaction. Gains and losses resulting from the execution of such transactions as well as from the translation at the closing rate of foreign currency denominated assets and liabilities are recorded in the income statement.

c) Goodwill

The capitalised goodwill for group companies whose functional currency is not the reporting currency is translated to the reporting currency at the closing rate for each balance sheet date.

d) Group companies

The results and balance sheet items of all the group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency differing from the reporting currency are translated into the reporting currency as follows:

– Assets and liabilities are translated at the closing rate on the relevant balance sheet date
– Income and expenses in each income statement are translated at average exchange rates for the year under review
– All resulting translation differences are recognised as a separate item in shareholders' equity

On consolidation, exchange rate differences arising on translation of the reporting entity's net investments in a foreign operation or of financial liabilities and other currency instruments designated as hedges of such investments, are recognised in shareholders' equity with no impact on net earnings.

With the divestment of a foreign entity, such exchange rate differences are charged through the income statement as part of the gain/loss on the sale. Adjustments to the fair value that were booked upon acquisition of a foreign entity are recognised as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Cash, cash equivalents and securities

Cash and cash equivalents comprise cash on hand, bank account deposits and other short-term, highly liquid financial assets with a residual term to maturity of three months or less.

Current account overdrafts are disclosed in the balance sheet as liabilities due to banks under current financial liabilities.

Marketable securities are recognised at their current value. Should no such value be available, they are best valued at cost less any value impairments.

Changes in securities recognised at fair value in profit or loss are shown in the consolidated cash flow statement as part of the cash flow from investing activities.

Changes to the fair values of financial assets recognised through profit or loss are shown in the income statement under the item 'financial result'.

2.6 Receivables from goods and services and other short-term receivables

Receivables from goods and services are recognised at nominal value less an allowance for doubtful accounts. An impairment is recognised for receivables from goods and services when the Group has objective evidence that it is not in a position to realise the full amount of the claim. No general bad debt provisions are recognised.

2.7 Work in progress/inventories

Work in progress (projects) is recognised using the valuation method outlined in note 2.19. Inventories are measured at the lower of cost and net realisable value. Cost includes all purchase costs, costs of conversion and all other costs incurred in bringing out the current status quo, but excluding any borrowing costs. The net realisable value is the estimated selling price attainable in the ordinary course of business, less the estimated variable costs necessary to make the sale.

Costs are measured using the weighted average cost method.

Prepayments from customers on work in progress are shown as deferred income and accrued expenses under 'Income received in advance' wherever the prepayments exceed the degree of completion.

Cash discounts are treated as reductions in costs.

2.8 Financial assets and investments in associates

Financial assets are valued at purchasing cost less any value impairments.

Investments in associates are carried at cost. Losses from investments in associates are directly charged against the loan extended to the associate, if there are any. Gains are applied to the loan until the nominal value is reached. Any further gains are added to investments in associates.

If no loans are granted, gains and losses are added to investments in associates.

2.9 Tangible fixed assets

Tangible fixed assets are stated at historical cost less any accumulated depreciation. Costs include all expenses directly attributable to the acquisition.
Subsequent costs are only included in the tangible fixed assets' costs or recognised as separate tangible fixed assets, as appropriate, if it is likely that future economic benefits associated with the item will flow to the Group and the cost of the tangible fixed assets can be reliably measured. Repair and maintenance costs are recognised as expense in the income statement in the financial year in which they were incurred.

Tangible fixed assets are depreciated using the straight-line method, with the acquisition cost being depreciated to the residual book value over the expected useful life of the tangible fixed assets, as follows:

	Years
Furniture and fixed installations	10
IT and communication system	2
Office machines and other office equipment	5
Vehicles	5
Property	40

The residual book values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date.
Gains and losses arising from the disposal of tangible fixed assets are determined as the difference between the net proceeds and the carrying amount of the item and are recognised in profit or loss.

2.10 Intangible assets

Intangible assets are amortised under the item 'Amortisations' using the straight-line method, with the acquisition cost being amortised over the expected useful life of the asset, as follows:

	Years
Software licences acquired	4
Trademarks and licences	5
Goodwill	5 to 20

a) Software licences aquired

The cost of licences acquired are capitalised on the basis of the purchase price and any costs directly attributable to preparing the asset for its intended use.

b) Trademarks and licences

Trademarks and licences are recognised at historical cost. Trademarks and licences have clearly defined useful lives and are valued at cost less accumulated amortisation.

c) Goodwill

Any excess of the cost of the acquisition over the Group's interest in the net assets recognised at fair value, is capitalised as goodwill and amortised over 5 to 20 years. The amortisation period is set as close to the useful life as possible. Useful life is determined on the basis of the existing customer base, acquired product range and long-term customer contracts that guarantee income over multiple years.
Deferred conditional purchase price obligations from acquisitions that will be paid in the future are based on a management estimate. The estimate is reviewed yearly and any adjustments are recognised in equity.

d) Badwill (negative goodwill)

If the net assets of the acquired organisation recognised at fair value exceed the cost of the acquisition, the difference is recognised as a provision that is released to profit or loss over 5 to 20 years.

e) Research and development costs

Research and development costs for our proprietary banking software and devices are expensed when incurred.

2.11 Impairment of assets

All assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
If there are indications of impairment, the recoverable amount is calculated in an impairment test. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement. Value-in-use calculations are based on forecasted cash flows for the next five years and extrapolated values starting with the sixth year.

2.12 Deferred taxes

Deferred taxes are recognised, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Swiss GAAP FER financial statements using the effective tax rate. Deferred taxes are determined using tax rates (and laws) that apply or have essentially been enacted on the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities arising due to temporary differences in connection with investments in subsidiaries are recognised, except where the Group can influence the realisation date of the temporary differences and it is likely it will not be possible to realise the temporary differences in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax receivables against the current tax liabilities and if deferred taxes are levied by the same tax authority.

A deferred tax liability is only recognised on investments if their sale is foreseeable.

2.13 Liabilities

Liabilities are recorded at nominal value.

Loan liabilities are classified as current liabilities unless the Group has the unconditional right to postpone settlement of the debt until twelve months after the balance sheet date or later. Non-current liabilities are discounted at the current local risk-free interest rate. The resulting annual interest expense is recognised as a financial expense in the income statement.

The convertible bond issued was split into a debt component and an equity component upon first recognition. The debt component was obtained by discounting the future coupon payments and the repayment of the principal amount at the aturity date by a discount rate appropriate to a comparable straight bond. This discount rate is higher than the effective interest rate for the convertible bond since the latter includes a discount for the conversion right received. The equity component, in turn, reflects the conversion right for the bond. The debt portion is measured at amortised cost using the effective interest rate method. The interest accrued on the principal amount of 100 per cent of the convertible bond over the entire term is recognised in the income statement.

2.14 Leases

Leases are classified as operating leases if the lessor retains a substantial portion of the risks and rewards incident to ownership of the leased item. Payments in connection with an operating lease (net of reductions conceded by the lessor) are recognised in the income statement on a straight-line basis over the term of the lease.

Finance leases are recognised in tangible fixed assets and other financial liabilities if they transfer substantially all the risks and rewards to the group company when the contract is concluded. Lease payments are divided into interest expenses and principal payments using the equivalent annual cost method. Leased items are depreciated over their estimated useful life or the lease term, whichever is shorter.

2.15 Employee benefit plans

a) Pension obligations

The Group operates a number of pension plans that qualify as defined benefit plans, the assets of which are held and managed autonomously by legally independent foundations.

Although pension plans in Switzerland are established according to the Swiss defined contributions principle, these do not meet all the criteria of a purely defined contribution pension plan.

The pension fund organisations are financed through employee and employer contributions of the affiliated group companies with respect to the recommendations of independent, qualified actuaries.

The contributions are accrued for the period and recorded as personnel expenses, as are the change in recorded economic benefit or liability of the reporting period and the change in the assets from the employer's contribution reserves. If the Group grants the pension fund a conditional waiver of usage, or intends to do so shortly after the balance sheet date, the asset from the employer's contribution reserves is value adjusted.

b) Share-based payments

The Group has set up share-based payment models comprising a share ownership plan and a bonus share ownership plan. A temporary liability is recognised as of the balance sheet date. This temporary liability is equal to the number of bonus shares promised, but not yet transferred to employees as of the balance sheet date, multiplied by the pro-rata value of the CLXN share. The change in the reporting period is shown as personnel expenses.

c) Profit sharing and bonus plans

For bonuses and profit sharing payments, a liability and an expense is recognised based on operating profit (net sales from goods and services, operating profit). The Group recognises a liability in cases of contractual obligations or where a de facto obligation exists due to past business practices.

2.16 Provisions

Provisions are made to cover guarantees, project risks, restructuring, litigation and other costs that are uncertain with respect to amount and date of occurrence. These provisions are recognised if the Group is subject to present legal or de facto obligations that resulted from a past event, payment is probable, and the amount can be reliably estimated. Provisions are recorded at discounted present value if the expected cash outflow for discharging the liability is in excess of one year after the balance sheet date. Restructuring provisions include payments for pre-term lease cancellations and employee severance payments.

2.17 Contingent liabilities

Contingent liabilities are valued on the balance sheet date. Contingent liabilities are reported in the notes if they are possible future obligations or are present obligations whose payment is not probable or not reliably measurable. A provision is recognised if an outflow of resources is probable and does not involve a useful inflow of resources.

2.18 Shareholders' equity

Common shares are classified as shareholders' equity. Costs directly attributable to the issuance of new shares or options are disclosed in shareholders' equity, net of tax, as a deduction from the proceeds of the issue. Costs directly attributable to the issuance of new shares or incurred directly in connection with the acquisition of a company are included in the acquisition cost as part of the consideration paid for the acquisition.
When any group company purchases the Company's equity (treasury shares), the consideration paid, including any directly attributable additional costs (net of taxes), is deducted from the shareholders' equity in the Company until the shares are re-called, reissued or disposed of. When such shares are subsequently reissued or sold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax, is recognised in the shareholders' equity of the Company.

2.19 Operating revenue recognition

A. Net sales from goods and services
CREALOGIX generates net sales from goods and services primarily from licences and services. The Company focuses on the design and production of highly sophisticated applications. These applications are developed and supported according to the 'plan-build-run' model.
Net sales from goods are recognised on delivery of the goods and, where contractually stipulated, on acceptance by the buyer. Net sales from services are recognised by percentage of completion. Net sales from goods and services are usually recognised in the income statement on delivery, with the exception of major projects not completed until after the balance sheet date. In such cases, net sales from goods and services are recognised according to the percentage-of-completion method, reporting the percentage completed as of the balance sheet date.
Net sales from goods and services are only realised if the client is deemed 'creditworthy'. Each project is recognised individually. In the event of agency transactions, only the value of the service rendered by CREALOGIX itself is recognised. CREALOGIX distinguishes between different types of contracts:

- Fixed-price contracts
- Contracts based on agreed hourly work rates
- User fees
- Software as a service

a) Recognition of net sales from goods and services for fixed-price contracts

As soon as reliable estimates can be made regarding the profitability of an order, the net sales from goods and services resulting from the transaction are recognised according to the percentage-of-completion method, recording the percentage completed as of the balance sheet date. The percentage of completion is measured as the ratio of the number of hours of work performed to date to the total number of hours of work according to the contract. The profitability of the transaction can be reliably estimated when all of the following criteria are met:

- Existence of a contract
- The amount of sales expected from the order can be reliably measured
- The amount of net sales from goods and services expected from the order can be reliably measured
- An organisation capable of fulfilling the long-term contract
- The percentage of completion of the transaction at the balance sheet date can be reliably measured
- The costs already incurred for the transaction and the costs to complete the transaction can be reliably measured

If no reliable estimates on the outcome of a project can be made:

- Net sales from goods and services are recognised only to the extent of the expenses recognised that are recoverable
- These expenses are recognised as expenses in the period in which they were incurred

As soon as losses appear imminent in the course of a long-term contract (imminent losses), a value adjustment is recognised for the full amount regardless of the degree of completion. If the value adjustments exceed the value of the asset for the current contract, a provision is recognised for the amount of the difference.

Provisions are immediately recognised for any losses that can be identified upon the conclusion of the contract, even if no expenses have been incurred.

b) Recognition of net sales from goods and services for contracts based on hourly work rates

For this type of contract, CREALOGIX receives an agreed fixed fee per hour of work performed. Ideally, this fee should cover all costs.

Net sales from goods and services from such transactions are posted with reference to the number of hours of work performed as of the balance sheet date. The total number of hours of work performed is billed on a monthly basis.

c) User fees

Net sales from goods and services from user fees are recognised pro rata temporis on an accrual basis according to the economic substance of the relevant agreements.

d) Software as a Service contracts

The consideration given under these contracts consists of a monthly subscription fee that covers software use, maintenance and hosting. In these cases, the net sales from goods and services consist of the contractual subscription fee, multiplied by the number of software users in the period.

B. Other operating income
This item includes, without limitation, freight charges, profits from the sale of organisations and other operating income that cannot be allocated to net sales from goods and services.

2.20 Financial income and expenses

a) Interest income and expense
Both interest income and expenses incurred from interest-bearing assets and liabilities, including interest paid on trade assets, are included in this item. If the value of a receivable declines, the Group writes down the book value to the recoverable amount (i.e. the sum of expected future payment streams discounted at the initial effective interest rate) and releases the interest income over the corresponding period.
Interest income from impaired receivables is recognised, depending on the circumstances, when payment is received or costs are incurred.

b) Net income/expense – trade assets
Realised and unrealised gains and losses from trade assets are recognised at the actual profit realised, which is based on the market price at the balance sheet date.

c) Other financial income/expenses
Other financial income and other financial expenses consist of all amounts that are not interest or trading income/expenses. Included in this category is dividend income. Dividend income is recognised when the right to receive payment is established.

2.21 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved.

3 Internal control system and risk management

For several years, the Group has operated an internal control system (ICS) with the objective of ensuring the effectiveness and efficiency of operations, the reliability of financial reporting and adherence to the law. In the compliance with the provisions of the Swiss Code of Obligations, it was integrated, documented and applied in the controlling and reporting process.
The risk management process is monitored by the CLX.Risk-Management-Concept. With this, all business risks are identified, but with focus on risks that could have a material impact on the assessment of the financial statements. Such risks were identified and quantified in workshops and brought to the attention of the Executive Management and the Board of Directors and discussed there. The risk management process is repeated at regular intervals, at least once a year.

3.1 Financial risk management

The fair values of financial assets and liabilities essentially correspond to their carrying values.

The nature of the Group's activities exposes it to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk. The comprehensive Group risk-management system focuses on the unpredictability of financial market developments and aims at minimising potential negative impacts on the Group's financial position. The Group is able to use derivative financial instruments to hedge against certain risks.

Risk management is conducted by the corporate (Group) Finance Department in accordance with guidelines adopted by the Board of Directors. The Group Finance Department identifies, assesses and hedges against financial risks in close cooperation with the Group's operating units. Thereby financial risks (including concentration risks) are quantified by means of scenario planning and compared with the risk competence and risk tendency of the Group.

Financial risk management remains unchanged from the prior year.

3.2 Financial risk factors

a) Market risks

i) Foreign exchange risks

The Group operates internationally and is consequently exposed to foreign exchange risks arising from fluctuations in the exchange rates of various foreign currencies, primarily the Euro. Foreign exchange risks arise from anticipated future transactions, recognised assets and liabilities, as well as net investments in foreign operations.

Foreign exchange risks arise when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the entity's functional currency. To hedge against risks from anticipated future transactions and recognised assets and liabilities, futures contracts can be finalised.

The Group holds interests in foreign operations whose net assets are subject to risks from exchange rate fluctuations. Foreign exchange risks of the net assets of foreign business operations are partially minimised at group level due to the risk assessment system. However, the risk is reduced primarily through the direct settlement of the cash flow in foreign currencies.

ii) Interest rate risks

Since the Group has interest-bearing assets, interest income is dependent on the movement of market interest rates. On the balance sheet, this affects cash and cash equivalents, securities, financial assets, as well as financial liabilities.

Financial assets with variable interest rates expose the Group to cash flow risks, and assets with fixed interest rates subject the Group to fair value risks.

The Group analyses the interest rate risk on a regular basis by estimating the future development of the fixed and variable interest rates and regrouping the financial assets accordingly.

iii) Price risks
The Group is subject to risks arising from fluctuations in the market prices of securities (recognised at fair value through profit or loss). Investments in marketable securities with excellent ratings are managed according to group guidelines and are monitored through continuous performance analyses.
The Group diversifies its investments by investing in various products and at various institutions.
The Group is not exposed to any significant commodity risks with respect to raw materials or any substantial prepayment risks.

b) Credit risks
Basic principles are followed by the Group that ensure that transactions are only conducted with customers having an acceptable credit history. Investments in cash and cash equivalents as well as transactions involving financial derivatives or cash are only carried out with prime financial institutions. The maximum default risk is limited mainly to the book values of the corresponding financial assets.

c) Liquidity risks
Liquidity management involves maintaining sufficient reserves of cash, cash equivalents, and marketable securities, the possibility of financing through adequate available credit lines, and the ability to issue capital stock (authorised and conditional capital). The central finance department bases its liquidity management on contractually fixed payment terms as well as cautious estimates regarding expected deferments. There is no concentration risk with respect to liquidity since the Group works with several different banks.

3.3 Capital resource management
The objectives of capital resource management are as follows:
– To ensure the Group's operation as a going concern
– An adequate interest yield on equity
For implementation purposes, equity is considered in relation to risk, and adjustments are made if necessary. These adjustments are the basis for dividend policies, repayment of capital, increases in capital, or the sale of assets for subsequent debt repayments. Capital is managed on the basis of the equity ratio, which should amount to at least 30 per cent. In regards to the issue of convertible bonds, the Group has obligations to third parties regarding market standard covenants. Capital resource management remains unchanged from the prior year.

4 Critical accounting estimates and assumptions

The Group makes estimates and assumptions with respect to future developments. Naturally, the actual subsequent circumstances rarely match these estimates. All estimates and assessments are continually revised and are based on past experience as well as on other factors, including expectations of future events deemed reasonable under the given circumstances.
Those estimates and assumptions entailing significant risks in the form of substantial adjustments to the carrying value of assets and liabilities during the following financial year are discussed below.

a) Recognition of net sales from goods and services
According to note 2.19 A. net sales from services are recognised according to the degree of completion at the balance sheet date. Remaining expenses up to completion, and thus the degree of completion, are estimated as accurately as possible. If actual expenses were to differ significantly from these estimates, the differences would require recognition in subsequent accounting periods.

b) Capitalisation of tax losses
The amount of the capitalised deferred tax assets resulting from loss carryforwards was estimated on the basis of the future taxable profit of the respective group entity based on budget calculations. Should the entities develop differently than expected, the impact will be on future tax expenses.

c) Goodwill
Deferred conditional purchase price obligations from acquisitions are based on a management estimate. The estimate is reviewed yearly and any adjustments are recognised in equity.
Goodwill is tested for impairment by calculating values in use at the acquiree level, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Value-in-use calculations are based on forecasted cash flows for the next five years and extrapolated values starting with the sixth year. Goodwill is capitalised and amortised over 5 to 20 years. The amortisation period is set as close to the useful life as possible. Useful life is determined on the basis of the existing customer base, acquired product range and long-term customer contracts that guarantee income over multiple years.

5 Segment information

5.1 Geographical segments

The Group's main activity is in three geographical segments: Switzerland, the home country of the Group; Europe; and the Asia-Pacific region.

Net sales from goods and services	**July–June 2016/2017**	July–June 2015/2016
Switzerland	**37 592**	34 645
Europe	**36 117**	27 982
Other countries	**1 149**	690
Total Group	**74 858**	63 317

Net sales from goods and services are assigned to the country in which the client is domiciled.

5.2 Net sales from goods and services by category

Net sales from goods and services	**July–June 2016/2017**	July–June 2015/2016
Sales from services	**28 340**	23 563
Sales of goods	**3 850**	3 747
Hosting and SaaS services	**4 660**	4 528
Maintenance[1]	**23 820**	19 273
License sales	**14 188**	12 206
Total net sales from goods and services	**74 858**	63 317

[1] Due to a new structure in reporting, maintenance is now shown as an additional sales typ. In previous years, maintenance was included in license sales and sales from services.

Net sales from goods and services from fixed-price contracts in the financial year amounted to CHF 11 648 thousand (previous year: CHF 13 176 thousand).

6 Cash

Cash	30 June 2017	30 June 2016
Cash on hand and bank accounts	26 508	14 166
Short-term investments	7 267	13 329
Total Cash	33 775	27 495

The increase of cash is directly related to a positive cash flow from operating activities, see Cash Flow Statement (page 46).

CREALOGIX AG has pledged CHF 25 thousand in bank deposits to UBS AG as security for a surety bond issued to the Federal Tax Administration in Berne.

7 Receivables from goods and services

Receivables from goods and services	30 June 2017	30 June 2016
Current	6 989	9 469
Overdue 1–30 days	976	2 652
Overdue 31–90 days	639	561
Overdue more than 90 days	382	453
Total receivables from goods and services (gross)	8 986	13 135
Less: value adjustment of receivables from goods and services	–181	–233
Total receivables from goods and services (net)	8 805	12 902

Per 30 June 2017, receivables from goods and services with associated companies totalled CHF 79 thousand (previous year: CHF 83 thousand).

Impairment of receivables from goods and services	July–June 2016/2017	July–June 2015/2016
At beginning of period	–233	–8
Change in scope of consolidation	0	–136
Value adjustment for doubtful accounts	–30	–105
Use of impairment for doubtful accounts	83	8
Use of impairment for doubtful accounts (balance sheet related)	0	4
Write-off of impairment for doubtful accounts	2	0
Currency translation differences	–3	4
At end of period	–181	–233

Carrying values of receivables from goods and services are denominated in the following currencies (in CHF thousand):

Currencies of book values of receivables from goods and services	30 June 2017	30 June 2016
CHF	4 531	4 558
EUR	3 635	6 159
Other currencies	820	2 418
Total currencies of book values of receivables from goods and services	**8 986**	13 135

As the Group has a broad international client base, there is no concentration of credit risks with respect to receivables from goods and services.
The amounts on the balance sheet are not secured. The maximum credit default risk corresponds to the stated carrying values.
During the financial year, the Group recognised an expense of CHF 30 thousand (previous year: CHF 105 thousand) on its impairment for receivables. The change is recorded under 'general and administration expenses' in the income statement.

8 Other short-term receivables

Other short-term receivables	30 June 2017	30 June 2016
Tax receivables	177	494
Other current third-party receivables	397	403
Prepaid social security	3 461	2 246
Total other short-term receivables	**4 035**	3 143

The increase in prepaid social security (CHF 1 215 thousand) is largely attributable to a higher prepayment to the company pension fund (CHF 1 022 thousand). The remaining CHF 193 thousand resulted from normal day-to-day operations.

9 Work in progress/inventories

Work in progress/inventories	**30 June 2017**	30 June 2016
Work in progress (projects)	**3 056**	3 558
Value adjustment for work in progress (projects)	**–511**	–918
Total work in progress	**2 545**	2 640
Inventories	**951**	1 294
Value adjustment on inventories	**–77**	–273
Total inventories	**874**	1 021
Total work in progress/inventories	**3 419**	3 661

Work in progress (projects) is accounted for under the valuation methods described in note 2.19.
Value adjustments recognised for imminent losses in the project business that are accounted for under the percentage of completion method totaled to CHF 683 thousand in the 2016/2017 financial year. CHF 272 thousand were offset against work in progress (projects). The remaining CHF 411 thousand were recognised as project risks within short-term provisions.

In addition to the above mentioned CHF 272 thousand, CHF 239 thousand in value adjustments were recognised to adjust the income of long-term contracts which are accounted for under the completed contract method.

Inventories are measured at cost, either as purchasing cost or production cost. They are recognised as an expense amounting to CHF 1 528 thousand (previous year: CHF 1 235 thousand) under cost of goods sold. Inventories comprise mainly trading goods (slip scanners and mouse scanners).

10 Financial assets

Financial assets	30 June 2017	30 June 2016
Loans with associates with subordination statement	2 559	2 975
Financial investment Meniga	615	615
Investements in associates	2 901	2 721
Other financial assets	851	0
Total financial assets	6 926	6 311

The proportionate loss of Qontis AG, CHF 428 thousand (previous year: profit of CHF 248 thousand) was credited toward the loan. Interest amounting to CHF 12 thousand (previous year: CHF 15 thousand credit) was debited to the loan.
The net position of CHF 2 559 thousand (previous year: CHF 2 975 thousand) is subordinated.

Investments in associates	30 June 2017	30 June 2016
At beginning of period	2 721	298
Acquisition of organisations	0	2 177
Share of profit	407	269
Dividend received	–250	0
Currency translation differences	23	–23
At end of period	2 901	2 721

Profit and loss from associates	30 June 2017	30 June 2016
Qontis AG, Zürich, Schweiz	–428	248
ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Deutschland	407	269
Total profit and loss from associates	–21	517

11 Tangible fixed assets

July–June 2016/2017	Furniture & fixed installations	Office machines	IT & commu-nications systems	Vehicles	Property	Total
Cost						
Value at start of period	4 236	198	3 082	670	555	8 741
Translation differences on opening balance	9	–1	–16	2	5	–1
Change in scope of consolidation	0	0	0	0	0	0
Additions	82	7	305	116	0	510
Disposals	0	0	0	–200	0	–200
Translation differences on effect of movement	0	0	1	0	0	1
Value at end of period	*4 327*	*204*	*3 372*	*588*	*560*	*9 051*
Accumulated depreciation						
Value at start of period	3 305	183	2 877	291	490	7 146
Translation differences on opening balance	8	–1	–16	–1	5	–5
Change in scope of consolidation	0	0	0	0	0	0
Depreciation	312	7	236	123	11	689
Disposals	0	0	0	–166	0	–166
Translation differences on effect of chance	1	0	0	1	0	2
Value at end of period	*3 626*	*189*	*3 097*	*248*	*506*	*7 666*
30 June 2017						
Net book values						
Value at start of period	931	15	205	379	65	1 595
Value at end of period	**701**	**15**	**275**	**340**	**54**	**1 385**

July–June 2015/2016	**Furniture & fixed installations**	**Office machines**	**IT & communications systems**	**Vehicles**	**Property**	**Total**
Cost						
Value at start of period	2 789	197	2 991	914	0	6 891
Translation differences on opening balance	–13	–4	–54	3	0	–68
Change in scope of consolidation	1 373	0	0	0	552	1 925
Additions	88	5	150	198	3	444
Disposals	0	0	0	–443	0	–443
Translation differences on effect of chance	–1	0	–5	–2	0	–8
Value at end of period	*4 236*	*198*	*3 082*	*670*	*555*	*8 741*
Accumulated depreciation						
Value at start of period	1 831	176	2 597	418	0	5 022
Translation differences on opening balance	–12	–4	–54	2	0	–68
Change in scope of consolidation	1 209	0	0	0	483	1 692
Depreciation	278	11	339	149	7	784
Disposals	0	0	0	–277	0	–277
Translation differences on effect of chance	–1	0	–5	–1	0	–7
Value at end of period	*3 305*	*183*	*2 877*	*291*	*490*	*7 146*
30 June 2016						
Net book values						
Value at start of period	958	21	394	496	0	1 869
Value at end of period	**931**	**15**	**205**	**379**	**65**	**1 595**

12 Intangible assets

July–June 2016/2017	**Software licences acquired**	**Goodwill**	**Other[1)]**	**Total**
Cost				
Value at start of period	4 665	39 765	5 903	50 333
Translation differences on opening balance	3	–105	–5	–107
Change in scope of consolidation	0	0	0	0
Additions	509	0	0	509
Disposals	0	0	0	0
Translation differences on effect of change	–1	0	0	–1
Value at end of period	*5 176*	*39 660*	*5 898*	*50 734*
Accumulated amortisation				
Value at start of period	4 135	25 119	4 945	34 199
Exchange differences on opening balance	3	23	–1	25
Change in scope of consolidation	0	0	0	0
Amortisation	465	1 799	235	2 499
Translation differences on effect of change	1	4	1	6
Value at end of period	*4 604*	*26 945*	*5 180*	*36 729*
30 June 2017				
Net book values				
Value at start of period	530	14 646	958	16 134
Value at end of period	**572**	**12 715**	**718**	**14 005**

[1)] Other intangible fixed assets include capitalised software development costs and service/production contracts, which where recognised following business acquisitions. These assets have definable useful lives over which they are amortised, until 31 December 2020 at the latest.

July–June 2015/2016	Software Licenses	Goodwill	Other[1]	Total
Cost				
Value at start of period	3 052	31 323	5 180	39 555
Translation differences on opening balance	–37	–861	–40	–938
Change in scope of consolidation	1 456	9 367	768	11 591
Additions	198	0	0	198
Translation differences on effect of change	–4	–64	–5	–73
Value at end of period	*4 665*	*39 765*	*5 903*	*50 333*
Accumulated amortisation				
Value at start of period	2 402	22 630	4 745	29 777
Exchange differences on opening balance	–35	155	0	120
Change in scope of consolidation	1 333	0	0	1 333
Amortisation	437	2 634	211	3 282
Translation differences on effect of change	–2	–300	–11	–313
Value at end of period	*4 135*	*25 119*	*4 945*	*34 199*
30 June 2016				
Net book values				
Value at start of period	650	8 693	435	9 778
Value at end of period	**530**	**14 646**	**958**	**16 134**

[1] Other intangible fixed assets include capitalised software development costs and service/production contracts, which where recognised following business acquisitions. These assets have definable useful lives over which they are amortised, until 31 December 2020 at the latest.

13 Accrued liabilities and deferred income

Accrued liabilities and deferred income	30 June 2017	30 June 2016
Deferred expenses, bonuses	6 744	8 150
Accruals regarding maintenance contracts	7 441	5 793
Payments received in advance (for long-term contracts)	3 473	3 498
Accruals/deferrals for vacation, overtime	1 819	1 703
Total accrued liabilities and deferred income	**19 477**	19 144

Changes within accrued liabilities and deferred income result from normal day-to-day operations.

14 Short-/long-term provisions

July–June 2016/2017	Provisions short term	Provisions long term
Value at start of period	544	96
Translation differences on opening balance	4	1
Additional provisions	355	0
Used in year under review	–308	0
Release of unused provisions	–184	0
Value at end of period	**411**	**97**

July–June 2015/2016	Provisions short term	Provisions long term
Value at start of period	1 352	93
Translation differences on opening balance	10	3
Additional provisions	253	0
Used in year under review	–823	0
Release of unused provisions	–248	0
Value at end of period	**544**	**96**

In the year under review, new value adjustments recognised for imminent losses in the project business totalled CHF 355 thousand (previous year: CHF 71 thousand). CHF 56 thousand remained as provision from previous years.
CHF 308 thousand related to imminent losses in the project business have been used in the 2016/2017 financial year. CHF 184 thousand reserved for legal disputes have been released unused.

15 Financial liabilities

On 6 November 2015, CREALOGIX Holding AG issued a convertible bond (CLX15) for CHF 25 million at an issue and placement price of 100 per cent with a term of four years. The coupon was fixed at 2.375 per cent (payable annually on 6 November) and the conversion price amounts to CHF 104.50.
Financial liabilities are recorded and valued at the present value.

In the period under review fractions of the outstanding convertible bond were converted into 12 141 shares, which reduced the present value by CHF 1 255 thousand. CHF 268 thousand are related to interest and the discounted amount of the issue costs.

July–June 2016/2017

Financial liabilities

Amounts in thousands of CHF	Present Value	Nominal Value	Due Date	Interest Rate
Convertible Bond (CLX15)	23 154	23 731	2019	2.375%
other financial liabilities	851			
Total	24 005	23 731		
Unused credit limits	0	7 000		

July–June 2015/2016

Financial liabilities

Amounts in thousands of CHF	Present Value	Nominal Value	Due Date	Interest Rate
	24 141	25 000	2019	2.375%
Total	24 141	25 000		
Unused credit limits	0	7 000		

16 Deferred conditional purchase price obligations

The revenue based earn-out targets have not been accomplished. As a result the deferred conditional purchase price obligation has been adjusted.

July–June 2016/2017	Deferred conditional purchase price obligations
Value at start of period	2 370
Translation differences on opening balance	–90
Payment of deferred consideration	–346
Earn out adjustments to equity	–1 409
Interest of discounted earn out	28
Value at end of period	553

July–June 2015/2016	Deferred conditional purchase price obligations
Value at start of period	2 629
Translation differences on opening balance	–305
Interest of discounted earn out	46
Value at end of period	2 370

17 Taxes

Deferred Taxes	30 June 2017	30 June 2017	30 June 2017	30 June 2016	30 June 2016	30 June 2016
	Assets	Liabilities	Net	Assets	Liabilities	Net
Use of loss carryforwards	3 237	0	–3 237	4 352	0	–4 352
Receivables	72	121	49	0	240	240
Work in progress/ inventories	30	57	27	0	117	117
Financial assets	90	0	–90	0	0	0
Tangible fixed assets	63	40	–23	61	69	8
Intangible assets	942	6	–936	874	21	–853
Asset from employer contribution reserve	0	0	0	0	51	51
Share-based payments	0	0	0	0	0	0
Liabilities	0	631	631	32	675	643
Total deferred taxes	4 434	856	–3 578	5 319	1 173	–4 146
Netting	–320	–320	0	–449	–449	0
Deferred taxes	4 114	536	–3 578	4 870	724	–4 146

The Group has tax loss carryforwards. Deferred tax assets for these tax loss carryforwards are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group determines these gains based on the budget as well as on corresponding general and realisable tax strategies.

The existing tax loss carryforwards can be used as follows:

Expiry of loss carryforwards	30 June 2017	30 June 2016
Expiry in next 3 years	0	0
Expiry in 4–7 years	0	1 900
No expiry date	12 716	14 311
Total tax losses	12 716	16 211
Thereof tax losses for which deferred tax assets were recorded	12 716	16 211
Recorded deferred tax assets	3 237	4 352
Tax losses for which no deferred tax assets were recorded	0	0
Unrecorded deferred tax assets	0	0

Income tax	July–June 2016/2017	July–June 2015/2016
Current tax	–1 178	–400
Deferred tax	–573	270
Total income tax	–1 751	–130

The income tax calculated on the ordinary earnings before tax differs from the theoretical tax expense, which is based on the ordinary earnings before tax using the domestic rate where the Group is domiciled, as follows:

Income tax	**July–June 2016/2017**	July–June 2015/2016
Ordinary earnings before tax	**3 160**	–483
Group's average tax rate	**30.19%**	18.63%
Expected income taxes	**954**	–90
Cause for variance:		
Non-tax-deductible expenses and earnings[1)]	**760**	–245
Other positions where no deferred tax assets were recognised	**0**	–75
Adjusted tax charges/relief	**118**	0
Translation and other adjustments	**–81**	280
Total income tax	**1 751**	–130
In % of ordinary profit before tax	**55.41%**	–26.92%

[1)] 2016/2017 includes a one-time adjustment for tax loss carry forwards of CHF 420 thousand.

18 Asset from employer contribution reserve

The plan assets of the pension funds are held in separate legally independent foundations. To cover the insurance benefits for death, disability and longevity risks, reinsurance cover has been taken out with a collective insurer.

Economical benefit/ economical obligation and pension benefit expenses in CHF 1 000	**Surplus/ deficit**	**Economical part of the organisation**		**Change to prior year period recognised in the current result of the period respectivly**	**Contributions concerning the business period**	**Pension benefit expenses within personnel expenses**	
	31.12.2016	**31.12.2016**	**31.12.2015**			**July–June 2016/2017**	**July–June 2015/2016**
Patronage funds / patronage pension institutions	0	0	0	0	0	0	0
Pension institutions without surplus/deficit	0	0	0	0	0	0	0
Pension institutions with surplus	39 736	0	0	0	0	1 511	1 716
Pension institutions with deficit	0	0	0	0	0	0	0
Pension institutions without own assets	0	0	0	0	0	0	0
Total	**39 736**	**0**	**0**	**0**	**0**	**1 511**	**1 716**

19 Share capital

July–June 2016/2017	Number of shares			Capital		
	Issued	Treasury	Outstanding	Issued	Treasury	Outstanding
At beginning of period	1 070 000	–11 319	1 058 681	8 560	–1 060	7 500
Treasury shares purchased	0	–26 780	–26 780	0	–2 649	–2 649
Treasury shares sold	0	24 530	24 530	0	2 226	2 226
Treasury shares used for share-based payments	0	8 167	8 167	0	880	880
Increase of capital due to conversion of convertible bond	12 141	0	12 141	97	0	97
At end of period	**1 082 141**	**–5 402**	**1 076 739**	**8 657**	**–603**	**8 054**
July–June 2015/2016						
At beginning of period	1 070 000	–3 358	1 066 642	8 560	–322	8 238
Treasury shares purchased	0	–21 805	–21 805	0	–1 966	–1 966
Treasury shares sold	0	9 801	9 801	0	912	912
Treasury shares used for share-based payments	0	4 043	4 043	0	316	316
At end of period	**1 070 000**	**–11 319**	**1 058 681**	**8 560**	**–1 060**	**7 500**

The total number of issued registered shares is 1 082 141 (previous year: 1 070 000). In the period under review fractions of the outstanding convertible bond were converted into 12 141 shares. The capital increased by CHF 97 128 to CHF 8 657 128.

The shareholders' equity comprises CHF 300 thousand (previous year: CHF 300 thousand) in non-distributable reserves. Capital reserves which exceed 50% of the share capital are as well non-distributable.
The nominal value of the registered shares was lowered from CHF 10 to CHF 8 on 9 November 2006 in connection with the capital reduction; shareholders received CHF 2 per share on 1 March 2007.

The conditional capital can only be used to exercise warrants and/or conversion rights related to the issuance of convertible bonds, warrant bonds or other financial market instruments of the Company.
On 2 November 2015, the conditional capital has been increased to as much as CHF 2 400 000 by issuing up to 300 000 registered shares with a nominal value of CHF 8 each while not granting subscription rights to shareholders.
With the conversion of 12 141 shares, the outstanding conditional capital changed to CHF 2 302 872 or 287 859 shares.

Transactions with treasury shares resulted in a net change of CHF 457 thousand (previous year: CHF 738 thousand) that was accounted for in shareholders' equity. The shares are held as treasury shares. The Company is entitled to resell these treasury shares in the future.

All treasury shares are directly held by CREALOGIX Holding AG.

20 Personnel expenses

Personnel expenses	July–June 2016/2017	July–June 2015/2016
Wages and salaries	–36 464	–33 937
Social security costs	–3 474	–3 272
Pension fund costs	–2 208	–2 398
Other personnel expenses	–2 151	–1 336
Total personnel expenses	–44 297	–40 943
Full-time employees	348.8	324.9
Headcount on 30 June	417	414

21 Financial result

Financial result	July–June 2016/2017	July–June 2015/2016
Interest income	34	19
Gain on marketable securities/dividends	0	37
Foreign exchange gain	108	48
Total financial income	142	104
Interest expense	–671	–456
Loss on marketable securities/dividends	–5	–50
Foreign exchange loss	–115	0
Bank fees and other financial expense	–287	–228
Total financial expense	–1 078	–734
Total Financial result	–936	–630

Interest expenses in 2016/2017 include 12 month of interest and other expenses for the 2.375 per cent convertible bond totaling CHF 671 thousand (previous year: CHF 440 thousand). See Note: 15.
Other financial expenses 2016/2017 include the discounted amount of the issue costs of the convertible bond (CHF 173 thousand; previous year: CHF 130 thousand) as well as the discounted amount of the deferred conditional purchase price obligation (CHF 28 thousand; previous year: CHF 53 thousand).

22 Earnings per share

	July–June 2016/2017	July–June 2015/2016
Consolidated profit attributable to Shareholders of CREALOGIX Holding AG	**1 049**	–883
Weighted average number of shares outstanding	**1 064 676**	1 063 290
Maximum number of new shares (convertible bonds)	**227 093**	239 234
Earnings per share – undiluted in CHF	**0.99**	–0.83
Dilutive effect of conversion of convertible bonds in CHF	**0.25**	0.39
Earnings per share – diluted in CHF	**1.24**	–0.44

23 Obligations

Operating lease obligations

The Group rents office space and vehicles under non-cancellable operating lease agreements. The lease agreements are subject to various conditions, rental increase clauses and extension options. The lease and rental expenses were recognised in the income statement for the current year.

The future aggregate minimum lease payments required under non-cancellable operating leases are as follows:

Future minimum lease payments	**30 June 2017**	30 June 2016
Due within 1 year	**2 168**	2 217
Due between 1 and 5 years	**2 041**	3 831
Due > 5 years	**275**	429
Total future liabilities	**4 484**	6 477

24 Contingent liabilities

There are no liabilities of a contingent nature existing. (previous year: CHF 100 thousand).

25 Legal restructuring/acquisition/sale of organisations

July–June 2016/2017

The wholly owned German subsidiaries of CREALOGIX Holding AG – CREALOGIX International AG and CREALOGIX (Deutschland) AG – were merged in summer 2017. In this transaction, CREALOGIX (Deutschland) AG retroactively acquired the assets, liabilities and shareholders' equity of the other subsidiary on 1 July 2016.

July–June 2015/2016

On 1 January 2016, CREALOGIX (Deutschland) AG acquired 80 per cent of the shares in FS&S Holding GmbH, which in turn holds 100 per cent of the shares in ELAXY Financial Software & Solutions GmbH & Co. KG. Further CREALOGIX (Deutschland) AG acquired 100 per cent of the shares in ELAXY Financial Software & Solutions Verwaltungs GmbH.

On 1 January 2016, CREALOGIX (Deutschland) AG acquired a minority stake of 20 per cent in ELAXY Business Solution & Services GmbH & Co. KG.

CREALOGIX (Deutschland) AG has a Call-Option to acquire the remaining 80% of Elaxy Business Solution & Services GmbH & Co. KG. The call has to be announced between 1 January and 30 June 2018.
In addition there is a Put-Option and a Call-Option for the remaining 20% of FS&S Holding GmbH. The put has to be executed between 1 January and 30 June 2020 and the call between 1 January and 30 June 2021. The underlying basic values of the options represent fair values. Therefore the options create neither an asset nor a liability and do not qualify as derivative financial instruments as referred to in Swiss GAAP FER 27.

The acquired net assets and goodwill as of the acquisition date are as follows:

	ELAXY Holding GmbH & FS&S Verw. GmbH
Purchase price	10 141
Costs directly attributable to the acquisition	554
Estimate of future purchase price payments	0
Total purchase price	**10 695**
Fair value of net assets acquired	1 328
Goodwill	**9 367**

To reflect the long-term nature of this investment, the Board of Directors of CREALOGIX Holding AG decided to amortise the goodwill created by capitalising the acquisition premium over ten years.

The following assets and liabilities were acquired during the acquisition:

	Fair value	Acquiree's carrying amount
Cash	3 167	3 167
Other current assets	1 955	919
Tangible fixed assets	237	299
Intangible assets	891	98
Goodwill	0	16 888
Total ASSETS	**6 250**	**21 371**
Current liabilities	–4 302	–5 144
Deferred tax liabilities	–486	0
Other non-current liabilities	0	–244
Total LIABILITIES	**–4 788**	**–5 388**
Fair value of total net assets acquired	**1 462**	**15 983**
Minority interests ELAXY Holding GmbH	–134	–3 191
Fair value of net assets acquired attributable to CREALOGIX (Deutschland) AG	**1 328**	**12 792**

	ELAXY Holding GmbH & FS&S Verw. GmbH
Purchase price paid	9 786
Costs directly attributable to the acquisition	554
Cash acquired	–3 167
Cash outflow from the transaction	**7 173**
Payment through CLXN Shares	**0**

The difference between Fair Value and Acquiree's carrying amount is related to the consolidation of CREALOGIX (Deutschland) AG with the three acquired companies. Part of the purchase price (CHF 355 thousand) has been paid after the 30 June 2016.

26 Related-party disclosures

Related parties include members of the Board of Directors, the Executive Management as well as friends and family members of the aforementioned persons, major shareholders and companies controlled by them, associated companies, and the Group's pension funds.

a) Majority shareholders
The Group is controlled by Bruno Richle, Dr. Richard Dratva, Daniel Hiltebrand and Peter Süsstrunk, who together have a 68 per cent shareholding in CREALOGIX Holding AG. The remaining 32 per cent of shares are in free float.
These four shareholders (founder shareholders) have concluded a shareholder pooling agreement.

b) Group companies and associates
Note one provides an overview of the group companies and associates. Transactions between the parent and its subsidiaries and those between group companies have been eliminated in the consolidated financial statements.
CREALOGIX (Deutschland) AG has several Call-/Put-Options to acquire additional shares of Elaxy Business Solution & Services GmbH & Co. KG or FS&S Holding GmbH (see Note 25).

c) Members of the Management
The Board of Directors and the Executive Management are composed as follows:

Board of Directors	Executive Management
Bruno Richle	Thomas F.J. Avedik (CEO)
Dr. Richard Dratva	Dr. Richard Dratva (CSO)
Jean-Claude Philipona	Philippe Wirth (CFO)
Ralph Mogicato	Volker Weimer
Dr. Christoph Schmid	Marc Staehli

d) Remuneration and shareholdings of the Board of Directors and Executive Management
The remuneration report starting on page 32 to the annual financial statements of CREALOGIX Holding AG contains additional disclosures required by Swiss law regarding remuneration and ownership of shares and options for the Board of Directors and the Executive Management.

In addition to his role as Chairman, Bruno Richle has an operative role outside the Executive Management. For this role the overall compensation was CHF 505 thousand (previous year: CHF 270 thousand for 6 month).

There were no further claims or commitments to/from persons in key management positions on 30 June 2017 (previous year: none). No long-term payments or severance payments were made in the year under review (previous year: none). In relation to legal consultation, services were provided by Wenger & Vieli AG, a law firm closely related to Dr. Christoph Schmid, a member of the Board of Directors. Wenger & Vieli's fees for legal advice totalled CHF 13 thousand (previous year: CHF 21 thousand). Board of Directors member Jean-Claude Philipona did not provide any consulting services in the current year (previous year: CHF 27 thousand).

Other compensation and credits
Qontis AG generated CHF 79 thousand in net sales from goods and services during the year under review (previous year: CHF 287 thousand). On 30 June 2017, there were also CHF 1 thousand (including VAT) in outstanding receivables previous year: CHF 47 thousand) and CHF 2 559 thousand in non-current loans (previous year: CHF 2 975 thousand).

27 Events after the balance sheet date

Since the balance sheet date of 30 June 2017, there have been no material events that would affect the integrity of the consolidated financial statements approved by the Board of Directors on 12 September 2017.

pwc

Report of the statutory auditor to the General Meeting
of CREALOGIX Holding AG, Zurich

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Crealogix Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 June 2017 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement 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 43 to 83) give a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

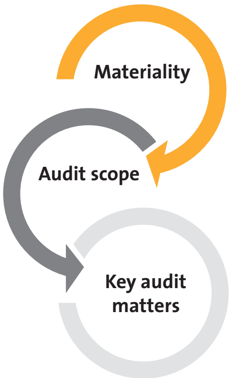
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession 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

Overall

Group materiality: CHF 700 000



We performed full scope audit work at four Group companies in two countries.

Our audit scope addressed 92% of the Group's revenue. In addition, we performed analytical audit procedures at other major locations which were not in scope for group reporting purposes.

As key audit matter the following area of focus has been identified:

Goodwill impairment (intangible assets)

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 Group financial statements are a consolidation of 14 group companies. We identified four group companies that, in our view, require an audit of their complete financial information due to their size or risk characteristics. For two of these group companies, we worked very closely with and received full scope reporting from the component audit team in Germany (CREALOGIX (Deutschland) AG and ELAXY Financial Software & Solutions GmbH & Co. KG). Analytical procedures were carried out at other major locations to give appropriate coverage of material balances. Further specific audit procedures over the Group consolidation were executed directly by the Group audit team. In order to exercise the appropriate direction and supervision over the work of the component auditors, the Group engagement team performed several conference calls with the component auditors.

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 Group 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	CHF 700 000
How we determined it	1% of net revenue from goods and services
Rationale for the materiality benchmark applied	We chose net revenue from goods and services as the benchmark because, in our view, it is the benchmark against which the performance of the Group is measured, and it is a generally accepted benchmark for companies with breakeven results.

We agreed with the Audit Committee that we would report to them misstatements above CHF 70 000 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 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.

Goodwill impairment (intangible assets)

Key audit matter	How our audit addressed the key audit matter
We focused on this area because of the magnitude of the position and the level of judgement inherent in management's assessment. Goodwill items are tested annually for impairment by calculating values in use at the acquiree level. Management has calculated the value-in-use amount at an acquiree level. Value-in-use calculations are based on forecasted cash flows for the next five years and extrapolated values starting with the sixth year. Management makes judgements on certain key inputs, the most judgemental of which are discount rates and revenue growth rates. Refer to note 12.	We obtained, understood and evaluated management's impairment assessment model. In particular, the following audit procedures were performed: – We compared the forecasted cash flows to the Board approved budget. – We assessed the revenue growth rates by comparing them to budgeted revenue targets, as well as to expectations from market analysts. We further assessed the reliability of management's prior period assumptions through a comparison with actual performance in the reporting period. – We tested the mathematical accuracy of the calculation of the impairment assessment model. – The WACC (weighted average cost of capital) which was used in the discount rate calculation was assessed by our internal valuation specialists for reasonableness by comparing it to comparable organizations as well as considering territory specific factors. We focused on these key assumptions because comparatively small changes can have a material impact on the impairment assessment model. Based on our audit work performed, the key assumptions used by management were within a reasonable range.

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 Swiss GAAP FER 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 either intends 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 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.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

E. Reiners

Oliver Kuntze	Eveline Reiners
Audit expert	Audit expert
Auditor in charge	

Zurich, 12 September 2017

CREALOGIX HOLDING AG FINANCIAL REPORT

CREALOGIX Holding AG Financial Report

BALANCE SHEET

Amounts in thousands of CHF	Notes	**30 June 2017**	%	30 June 2016	%
ASSETS					
Cash, cash equivalents and current assets with a quoted market price	2.1	**13 517**		13 572	
Other current receivables		**0**		1	
Accounts receivable from group companies	2.2	**14 544**		7 743	
Accrued income and prepaid expenses		**341**		595	
Current Assets		**28 402**	**41.4**	21 911	33.6
Accounts receivable from group companies with subordination statement	2.2	**7 051**		10 138	
Loans to group companies	2.4	**16 066**		16 066	
Shareholdings	2.5	**17 167**		17 167	
Capital assets		**40 284**	**58.6**	43 371	66.4
Total ASSETS		**68 686**	**100.0**	65 282	100.0
LIABILITIES AND EQUITY					
Trade creditors		**64**		15	
Other current liabilities		**411**		426	
Accounts payable to group companies	2.2	**2 477**		0	
Deferred income and accrued expenses		**604**		540	
Current borrowed capital		**3 556**	**5.2**	981	1.5
Long-term interest-bearing liabilities	2.6	**23 730**		25 000	
Long-term borrowed capital		**23 730**	**34.5**	25 000	38.3
Shareholder capital	6	**8 657**		8 560	
Reserves from capital contributions		*20 339*		*19 168*	
Statutory capital reserves		**20 339**		19 168	
Statutory retained earnings		**250**		250	
Free reserves		*227*		*29*	
Profit / Loss brought forward		*12 354*		*-4 042*	
Profit for the period		*176*		*16 396*	
Voluntary retained earnings		**12 757**		12 383	
Own capital shares as negative items	5	**–603**		–1 060	
Shareholders' equity		**41 400**	**60.3**	39 301	60.2
Total LIABILITIES AND EQUITY		**68 686**	**100.0**	65 282	100.0

INCOME STATEMENT

Amounts in thousands of CHF	July–June 2016/2017	July–June 2015/2016
Net proceeds from sales of goods and services	**1 731**	1 501
Staff costs	**–202**	–182
Other operational costs	**–1 025**	–738
Financial income	**563**	16 448
Financial costs	**–753**	–599
Financial costs and financial income	**–190**	15 849
Direct taxes	**–138**	–34
Annual profit	**176**	16 396

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies adopted in the annual financial statements

These annual financial statements were prepared in accordance with the accounting provisions of the Swiss Code of Obligations (OR).
The following disclosures are not made pursuant to Art. 961d (1) OR:
- Additional disclosures in the notes (auditor's fee; disclosures on non-current interest-bearing liabilities)
- Cash flow statement
- Management report

All the values in the annual financial statements are reported in thousands of Swiss francs (CHF thousand) unless otherwise indicated.

The main balance sheet items are accounted for as follows:

1.1 Cash, cash equivalents and current assets with a quoted market price

Cash and cash equivalents comprise cash on hand, bank account deposits and other short-term, highly liquid financial assets with a residual term to maturity of three months or less. Current account overdrafts are disclosed in the balance sheet as liabilities due to banks under current financial liabilities.

Current assets held for a quoted market price are recognised at their current value. Changes to the values of such financial assets recognised through profit or loss are shown in the income statement under the item 'Financial expense and financial income'.

1.2 Receivables from group companies

Receivables from group companies are recognised at nominal value less an allowance for doubtful accounts. An impairment is recognised when the Group has objective evidence that it is not in a position to realise the full amount of the claim.

1.3 Loans to group companies

Loans to group companies are recognised at nominal value less an allowance for doubtful accounts. An impairment is recognised when the Group has objective evidence that it is not in a position to realise the full amount of the claim.

1.4 Shareholdings

Shareholdings are capitalised at cost.
Shareholdings are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indications of impairment, the recoverable amount is calculated in an impairment test.

1.5 Recognition of net proceeds from goods and services

Net proceeds from goods and services includes all sales from services provided by CREALOGIX Holding AG. Net proceeds from goods and services for services are determined on the basis of the services provided for the customer during the year under review.

1.6 Exchange rates

The exchange rates used in the balance sheet are the closing rates at 30 June and the rates for transactions during the year. The exchange rates used in the income statements are the average rates for the 2016/2017 and 2015/2016 financial years.

	Year-end rates (balance sheet)		Average rates (income statement)	
	30 June 2017	30 June 2016	**July–June 2016/2017**	July–June 2015/2016
EUR	**1.09**	1.08	**1.08**	1.09
CAD	**0.74**	0.75	**0.75**	0.74
USD	**0.96**	0.98	**0.99**	0.99
GBP	**1.25**	1.30	**1.26**	1.46
SGD	**0.70**	0.73	**0.70**	0.71

2 Disclosures, breakdown and explanatory notes to the annual financial statements

CREALOGIX Holding AG is legally domiciled in Zurich.
The number of full-time positions does not exceed ten employees on average over the year.

2.1 Cash, cash equivalents and current assets with a quoted market price

	30 June 2017	30 June 2016
Cash	**13 475**	1 572
Cash equivalents and current assets with a quoated market price	**42**	12 000
Total cash, cash equivalents and current assets with a quoated market price	**13 517**	13 572

The increase of cash equivalents and current assets with a quoted market price is directly related to the issue of convertible bonds.

2.2 Receivables and liabilities

CREALOGIX Holding AG has the following receivables from and liabilities to Group companies:

	30 June 2017	30 June 2016
Receivables from group companies		
CREALOGIX AG	**2 867**	716
CREALOGIX (Deutschland) AG	**12 413**	12 459
CREALOGIX International AG	**0**	394
CREALOGIX (Austria) GmbH	**1 072**	519
CREALOGIX UK Ltd	**2 407**	1 297
CREALOGIX MBA Ltd	**1 506**	1 579
CREALOGIX PTE Ltd	**1 330**	917
Total receivables from group companies	**21 595**	17 881
thereof without subordination statement	**14 544**	7 743
thereof with subordination statement	**7 051**	10 138
Liabilities to group companies		
CREALOGIX AG	**2 477**	0
Total liabilities to group companies	**2 477**	0

2.3 Liabilities to pension funds

There are no liabilities to pension funds as of 30 June 2017 (previous year: none).

2.4 Loans to group companies

The long-term loans to group companies consist of a loan to CREALOGIX UK Ltd to finance the acquisition of MBA Investment Group Ltd (CHF 4 103 thousand) as well as a loan to CREALOGIX (Deutschland) AG to finance the acquisition of FS&S Holding GmbH and ELAXY Business Solution & Services GmbH & Co. KG (CHF 11 963 thousand).

2.5 Shareholdings

30 June 2017

Company	Company Capital	Ownership interest	Votes
Direct held shareholdings			
CREALOGIX AG, Zurich, Switzerland	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany	EUR 100 000	100%	100%
CREALOGIX Corp., Toronto, Canada	CAD 100 000	100%	100%
CREALOGIX UK Ltd, Winchester, UK	GBP 1 050 000	100%	100%
CREALOGIX PTE. Ltd, Singapore, Singapore	SGD 100 000	100%	100%
CREALOGIX (Austria) GmbH, Vienna, Austria	EUR 35 000	100%	100%
Indirect held shareholdings			
CREALOGIX MBA Group Ltd, Winchester, UK	GBP 75 005	100%	100%
CREALOGIX MBA Ltd, Winchester, UK	GBP 25 000	100%	100%
FS&S Holding GmbH, Stuttgart, Germany	EUR 100 000	80%	80%
ELAXY Financial Software & Solutions GmbH & Co. KG, Stuttgart, Germany	EUR 10 000	80%	80%
ELAXY Financial Software & Solutions Verwaltungs GmbH, Stuttgart, Germany	EUR 25 000	100%	100%

The wholly owned German subsidiaries of CREALOGIX Holding AG – CREALOGIX International AG and CREALOGIX (Deutschland) AG – were merged in summer 2016. In this transaction, CREALOGIX (Deutschland) AG retroactively acquired the assets, liabilities and shareholders' equity of the other subisidiary on 1 July 2016.

30 June 2016

Company	Company Capital	Ownership interest	Votes
Direct held shareholdings			
CREALOGIX AG, Zurich, Switzerland	CHF 100 000	100%	100%
CREALOGIX (Deutschland) AG, Stuttgart, Germany	EUR 100 000	100%	100%
CREALOGIX International AG, Stuttgart, Germany	EUR 50 000	100%	100%
CREALOGIX Corp., Toronto, Canada	CAD 100 000	100%	100%
CREALOGIX UK Ltd, Winchester, UK	GBP 1 050 000	100%	100%
CREALOGIX PTE. Ltd, Singapore, Singapore	SGD 100 000	100%	100%
CREALOGIX (Austria) GmbH, Vienna, Austria	EUR 35 000	100%	100%
Indirect held shareholdings			
CREALOGIX MBA Group Ltd, Winchester, UK	GBP 75 005	100%	100%
CREALOGIX MBA Ltd, Winchester, UK	GBP 25 000	100%	100%
FS&S Holding GmbH, Stuttgart, Germany	EUR 100 000	80%	80%
ELAXY Financial Software & Solutions GmbH & Co. KG, Stuttgart, Germany	EUR 10 000	80%	80%
ELAXY Financial Software & Solutions Verwaltungs GmbH, Stuttgart, Germany	EUR 25 000	100%	100%

2.6 Long-term interest-bearing liabilities

On 6 November 2015, CREALOGIX Holding AG issued a convertible bond (CLX15) for CHF 25 million at an issue and placement price of 100 per cent with a term of four years. The coupon was fixed at 2.375 per cent (payable annually on 6 November) and the conversion price amounts to CHF 104.50. Financial liabilities are recorded and valued at the nominal value.

In the period under review fractions of the outstanding convertible bond were converted into 12 141 shares, which reduced the value by CHF 1 270 thousand.

3 Contingent liabilities

CREALOGIX Holding AG is not involved in any legal disputes, tax administration investigations or other legal matters.

3.1 Joint and several liabilities for debt from value added tax

The CREALOGIX companies in Switzerland are treated as a single taxable entity for VAT purposes (group taxation, art. 13 VAT law). If one of the group companies is unable to meet its payment obligations to the Federal tax authorities, the other group companies are jointly and severally liable.

4 Significant shareholders

On 30 June 2017, each of the following significant shareholders held more than three per cent of the voting rights:

Shareholders	Share of votes		Number of shares	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Dr. Richard Dratva	**24.13%**	24.31%	**261 168**	260 080
Bruno Richle	**23.72%**	23.89%	**256 679**	255 591
Daniel Hiltebrand	**15.40%**	15.51%	**166 669**	165 985
Peter Süsstrunk	**5.72%**	6.59%	**61 900**	70 500
Noser Management AG	**3.88%**	3.93%	**42 000**	42 000

5 Treasury shares including shares held in subsidiaries

	2017		2016	
	Quantity	**Value**	**Quantity**	**Value**
on 1 July	11 319	1 060	3 358	322
Purchases	26 780	2 649	21 805	1 966
Sales	–32 697	–3 106	–13 844	–1 228
on 30 June	**5 402**	**603**	**11 319**	**1 060**

Treasury shares are purchased and sold at market prices.

6 Share capital

	30 June 2017	30 June 2016
Conditional share capital	**2 302 872**	2 400 000
Authorised share capital	**0**	0

On 2 November 2015, the conditional capital has been increased to as much as CHF 2 400 000 by issuing up to 300 000 registered shares with a nominal value of CHF 8 each while not granting subscription rights to shareholders.
With the conversion of 12 141 shares, the outstanding conditional capital changed to CHF 2 302 872 or 287 859 shares.

The Conditional capital can be used to raise share capital by exercising warrants and/or conversion rights related to the issuance of convertible bonds, warrant bonds or other financial market instruments. Shareholders do not have subscription rights (Art. 3b of the Articles of Association)

7 Remuneration of the Board of Directors and Executive Management

July–June 2016/2017	Annual fixed compensation	Annual variable compensation	Share-based payments 3)	Social insurance contribution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman	30	0	0	2	0	**32**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	9	0	3	0	**42**
Prof. em. Dr. Beat Schmid, Member (until 31 October 2016)	10	0	0	0	0	**10**
Dr. Christoph Schmid, Member	30	18	75	9	0	**132**
Ralph Mogicato, Member (since 1 November 2016)	20	9	0	2	0	**31**
Total Board of Directors	**120**	**36**	**75**	**16**	**0**	**247**
Executive Management (five members)	1 190	839	98	307	23	**2 457**
Total	**1 310**	**875**	**173**	**323**	**23**	**2 704**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*284*	*311*	*81*	*117*	*8*	**801**

July–June 2015/2016	Annual fixed compensation	Annual variable compensation	Share-based payments 3)	Social insurance contribution	Fringe Benefits	Total
Board of Directors						
Bruno Richle, Chairman and CEO (until 31 December 2015)[1]	15	0	0	1	0	**16**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	12	0	2	0	**44**
Prof. em. Dr. Beat Schmid, Member	30	12	0	2	0	**44**
Dr. Christoph Schmid, Member	30	21	0	4	0	**55**
Total Board of Directors	**105**	**45**	**0**	**9**	**0**	**159**
Executive Management (four members until December 2015, today five members)[2]	1 002	517	109	386	21	**2 035**
Total	**1 107**	**562**	**109**	**395**	**21**	**2 194**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*258*	*167*	*109*	*135*	*9*	**678**

[1] Compensation for 1 January until 30 June 2016
[2] until 31 Dec 15: Bruno Richle (CEO), Richard Dratva, Thomas Avedik, Rolf Lichtin since 1 Jan 16: Thomas Avedik (CEO), Richard Dratva, Volker Weimer, Marc Stähli, Rolf Lichtin
[3] Fair Value.

The amounts were adapted to conform with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (VegüV). The social security contributions include the employer's contributions to occupational and non-occupational accident insurance and daily sickness benefit insurance.
Out-of-pocket expenses are not calculated separately since the tax administration has approved the payment of a fixed entertainment allowance to cover out-of-pocket expenses.

1) Compensation of members of the Board of Directors and Executive Management
For discharging their duties, the non-executive members of the Group's Board of Directors receive a fixed annual salary plus additional compensation per meeting related to their committee membership. Instead of receiving their fee in cash, they have the right to receive up to 90 per cent of their fee, but no more than the equivalent of CHF 50 thousand, in unvested CREALOGIX shares.
The executive members of the Group's Board of Directors and members of the Executive Management receive contractually agreed compensation for their role in the Company's operations. The fixed compensation includes an annual salary and lump-sum expense reimbursements. The variable compensation includes the bonuses.

2) Share-based payments
As disclosed in the remuneration report starting on page 32, an employee share ownership programme is in place for the Board of Directors and selected members of the Executive Management, senior staff and employees. The fair value is the basis for the valuation of expenditures recorded in the income statement relating to employees shares taken up.

3) Social security contributions consist of the actual regulatory premiums paid to social security institutions during the current financial year.

4) Other compensation and credits
There were no further claims or commitments to/from persons in key management positions on 30 June 2017 (previous year: none). No long-term payments or severance payments were made in the year under review (previous year: none).

In addition to his role as Chairman, Bruno Richle has an operative role outside the Executive Management. For this role the overall compensation was CHF 505 thousand (previous year: CHF 270 thousand for 6 month).

In relation to legal consultation, services were provided by Wenger & Vieli AG, a law firm closely related to Dr. Christoph Schmid, a member of the Board of Directors. Wenger & Vieli's fees for legal advice totalled CHF 13 thousand (previous year: CHF 21 thousand). Board of Directors member Jean-Claude Philipona did not provide any consulting services in the current year (previous year: CHF 27 thousand)

5) Shareholdings

The members of the Board of Directors and the Executive Management held the following CREALOGIX shares as of 30 June 2017:

	CREALOGIX shares		thereof blocked		thereof blocked for warrants[1]	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016	**30 June 2017**	30 June 2016
Board of Directors						
Bruno Richle, Chairman	**256 679**	255 591	**3 222**	4 362	**17 000**	17 000
Dr. Richard Dratva, Vice Chairman and CSO	**261 168**	260 080	**2 483**	2 893	**17 000**	17 000
Jean-Claude Philipona, Member	**1 194**	1 194	**414**	414	**0**	0
Dr. Christoph Schmid, Member	**5 102**	4 418	**796**	1 572	**0**	0
Ralph Mogicato (since 31.10.16)	**300**	0	**0**	0	**0**	0
Members of the Executive Management						
Thomas Avedik, member of the Executive Management and CEO	**1 530**	1 231	**936**	940	**0**	0
Philippe Wirth, member of the Executive Management and CFO (since 01.05.17)	**0**	0	**0**	0	**0**	0
Volker Weimer, member of the Executive Management and Head Digital Banking Deutschland	**90**	0	**90**	0	**0**	0
Marc Stähli, member of the Executive Management and Head Sales & Marketing	**0**	0	**0**	0	**0**	0
Total	**526 063**	522 514	**7 941**	10 181	**34 000**	34 000

[1] When issuing call warrants (CREANO symbol) with a term ending 29 June 2018 and an exercise price of CHF 130, a corresponding number of put options have been written.

8 Events after the balance sheet date

Since the balance sheet date of 30 June 2017, there have been no material events that would affect the integrity of the annual financial statements approved by the Board of Directors on 12 September 2017.

PROPOSAL OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING

Available earnings	**July–June 2016/2017**	July–June 2015/2016
Retained profit / loss carried forward	**12 354**	–4 042
Profit for the period	**176**	16 396
Available for distribution by the Shareholders' Meeting	**12 530**	12 354
Available earnings	**12 530**	12 354
Appropriation to statutory retained earnings	**0**	0
Appropriation voluntary retained earnings	**0**	0
Carried forward to new account	**12 530**	12 354
Distribution of share premium [1)]	**541**	0

The Board of Directors proposes to the Shareholders' Meeting of 30 October 2017 an appropriation form statutory capital contribution reserves to voluntary retained earnings and a payout of CHF 0.50 per registered share amounting to 541 thousand [1)].

[1)] Due to the conversion of fractions of the outstanding convertible bond, the total registered shares on payout date can differ from the total registered shares as per 30 June 2017.

Report of the statutory auditor to the General Meeting
of CREALOGIX Holding AG, Zurich

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Crealogix Holding AG, which comprise the balance sheet as at 30 June 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 90 to 100) as at 30 June 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

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 Group materiality	CHF 590 000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most appropriate benchmark for this holding company which has limited operating activities and which mainly holds investments in subsidiaries and intercompany loans.

We agreed with the Audit Committee that we would report to them misstatements above CHF 60'000 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

We have determined that there are no key audit matters to communicate in our 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 either intends 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

Oliver Kuntze
Audit expert
Auditor in charge

Eveline Reiners
Audit expert

Zürich, 12 September 2017

DATES AND CONTACTS

IMPORTANT DATES

30 October 2017
Ordinary Shareholders' Meeting

20 March 2018
Presentation of 2017/2018 Half-Year Results

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements regarding CREALOGIX that are inherently susceptible to risk and uncertainty. The reader must be aware that the actual future results may vary from these statements. Forward-looking statements are projections of possible developments. All forward-looking statements are based on information available to CREALOGIX at the time the annual report was prepared.

You can read the entire annual report of the CREALOGIX Group online at:

crealogix.com/report-en

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