CREALOGIX

We Create
Digital Leaders

# Annual Report

# 2017/2018

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**2017/2018 Annual Report**



**Corporate Governance**



**Remuneration Report**



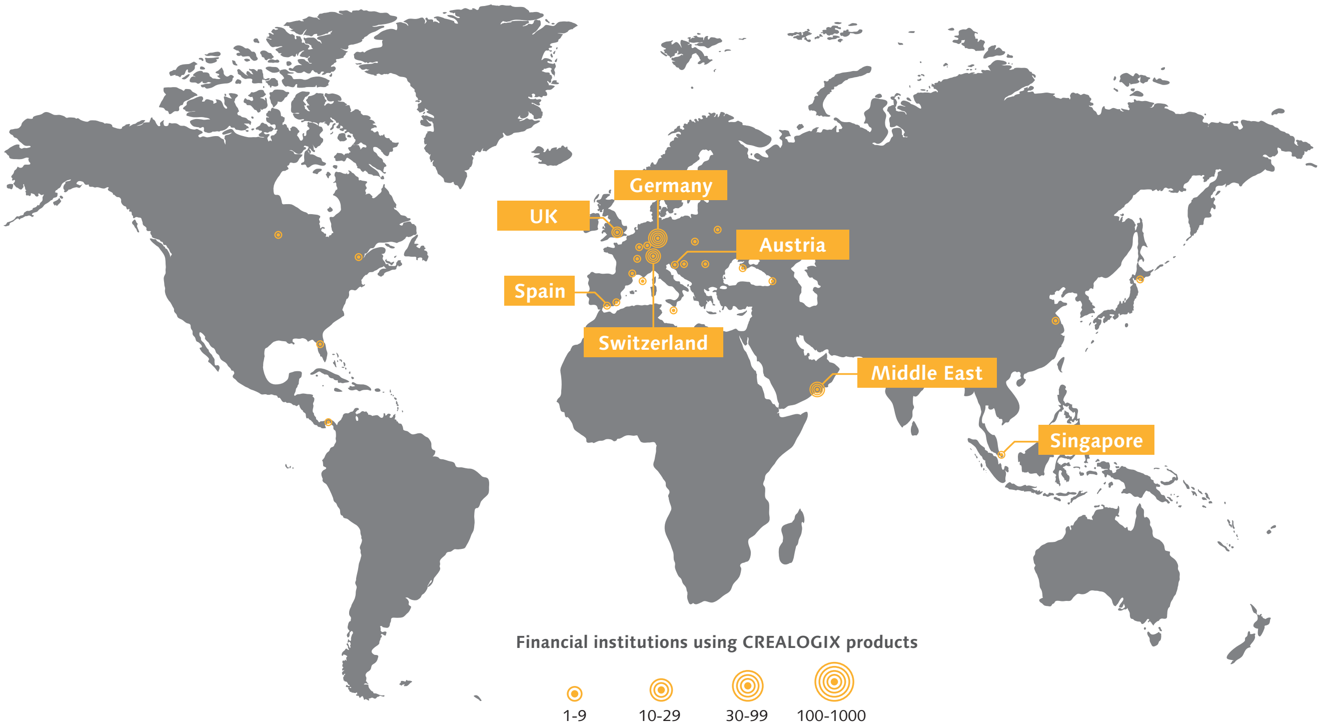
**CREALOGIX Group Financial Report**



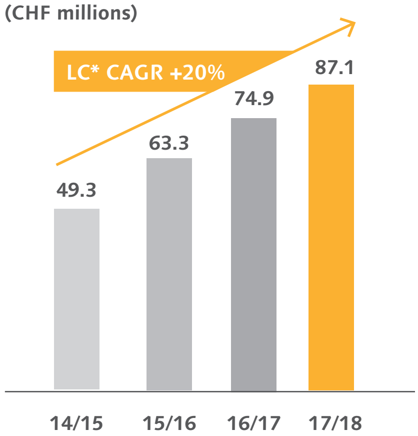
**CREALOGIX Holding AG Financial Report**

# Group Key Figures

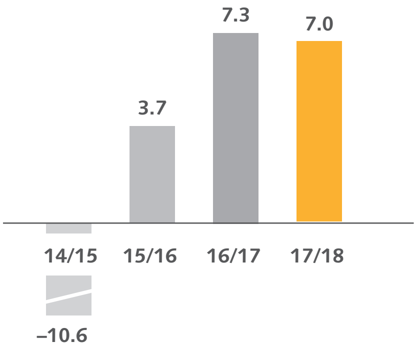
## International presence



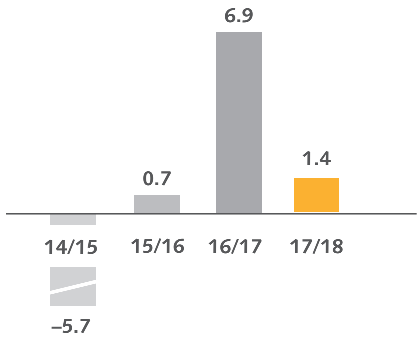

## Sales
(CHF millions)




## EBITDA*
(CHF millions)




## Free Cash Flow*
(CHF millions)




**International Sales**

**57%**

**Adjusted Earnings Per Share***

**2.39**

**Headcount**

**554**

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

# Letter to Shareholders

Bruno Richle, Chairman, Thomas Avedik, President & Chief Executive Officer

## Dear Shareholders,

CREALOGIX looks back to a successful financial year 2017/2018. For the third time in a row, the Group reports record sales. Never before have so many new licenses and projects been concluded. CREALOGIX maintained its market leading position in Europe and expanded globally: With the acquisition of the digital banking supplier "Innofis" in January 2018, CREALOGIX establishes itself in the Middle East. It enhances its product portfolio and expertise in the field of "Islamic Banking". This also paves the way to new opportunities in the Asian region, e.g. Malaysia. Therefore, and thanks to a new digital banking project for a large Swiss private bank in Singapore, the local organization was strengthened. In addition, in North America a major Canadian bank is now using CREALOGIX solutions to digitize its asset management process.

Gateway to Middle East

CREALOGIX's products are cutting-edge. This is confirmed by the eleven awards for excellence and innovations in digital banking the organization received last year. At the innovation trade fair “FinovateEurope 2018", the attendees highlighted the intuitive banking app “Gravity” as Best of Show 2018 product. In the Asia/Pacific region, the group is one of the 25 most important FinTechs according to the trade journal “APAC CIO Outlook". In addition, in the global ranking of “IDC Financial Insights” the company was named again as one of the world's Top 100 FinTech.

## Full Year Results

CREALOGIX' performance is reflected in pleasing results: The company is profitable, healthy and stable heading into the future. In the financial year 2017/2018, sales increased by 16.4% from CHF 74.9 million to CHF 87.1 million. This corresponds to a growth of 13.1% in local currencies. At 57%, the majority of the revenue was generated internationally (Europe, Asia/Pacific, Middle East). At CHF 7.0 million, profitability (EBITDA) was slightly below previous year's level (CHF 7.3 million). The EBITDA margin reached 8.1%, which was just below prior year. This is mainly due to a pleasingly earlier than expected customer switch from a traditional initial license model to the rental model (Software-as-a-Service ‘SaaS'). This switch will furthermore increase the future recurring revenues.

## Open Banking on the rise

Various international surveys commissioned by CREALOGIX among 3000 bank customers between the ages of 18 and 45 demonstrate the importance of digital and mobile banking. In Switzerland, 80% of millennials stated that everyday services such as referrals were also or exclusively to be carried out online. The demand for open-banking applications, which allow access to all financial services from different providers via a single app, is also growing. Over 60% of respondents in the UK and more than 65% of Germans surveyed would welcome such an application. Among the Swiss, this figure is more than 40%. As a leader in digital banking with over 20 years of experience, CREALOGIX addresses all these issues with sophisticated and proven technologies. The open platform strategy with the “Digital Banking Hub” as centrepiece enables financial services organizations to position themselves early on with open banking offerings. By adding third-party products to their portfolio they significantly increase customer satisfaction.

Whitepaper
Future of Banking

## Serving Mobile

Asked about the preferred digital banking method – on desktop or via mobile – in both Switzerland and Germany, the majority prefers to do the services "traditionally" on their desktops. However, a considerable and steadily growing part already prefers mobile banking. As a leading provider in this area (according to IDC MarketScape), CREALOGIX is taking advantage of this preference with its newly developed "Mobile Application Platform". Financial service providers can use it to combine various applications in one secure app. Bank customers access all financial information and services on a single platform and have a seamless banking experience.

CREALOGIX strives to maintain its leading position in Digital Banking and therefore continues to heavily invest into its product offerings. As in the prior year, Research & Development (R&D) expenses amounted to around 21% of sales in 2017/2018.

## Outlook

CREALOGIX' passion is to empower its customers on the journey to a successful digital future. Through an intensive exchange with customers, new user-friendly digital solutions for Retail Banking, Corporate Banking and Wealth Management are realised, taking new market requirements into account.

CREALOGIX continues to invest into increasing its footprint in international markets and into its offering. At the beginning of July 2018, the acquisition of ELAXY Business Solution & Services in Germany was announced. With this step, CREALOGIX is expanding its portfolio and is in the position to offer hosting services for banks.

The Group plans further growth in the future: For the 2018/2019 financial year, it expects to exceed the sales threshold of CHF 100 million for the first time. In addition, despite high investments into the product offering, market expansion and the ongoing shift from the traditional license model to rental (SaaS) models, a margin improvement.

CREALOGIX confirms its mid-term goals: annual sales growth of over 20% is expected. In addition, the share of international product revenues is to be increased to 70%. Further-more, profitability (EBITDA) of more than 15% is targeted.

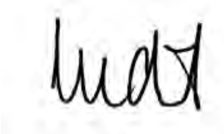
The Board of Directors plans to suggest to the Shareholder's Meeting on 29 October 2018 a distribution from premium amounting to CHF 0.25 per share.

## Many thanks

Together, more than 700 employees worldwide will continue to write the CREALOGIX story. We thank everyone on behalf of the Board of Directors and Group Management for their energy and hard work in achieving this ambitious goal. Together we work with excellence to ensure our customers are the digital leaders of tomorrow. We thank our customers for many successful projects and the constructive exchange. We would also like to thank you, esteemed shareholders, for your trust in our Group.

crealogix.com

Bruno Richle
Chairman of the Board of Directors



Thomas Avedik
President & Chief Executive Officer

# Corporate Governance

Corporate Governance

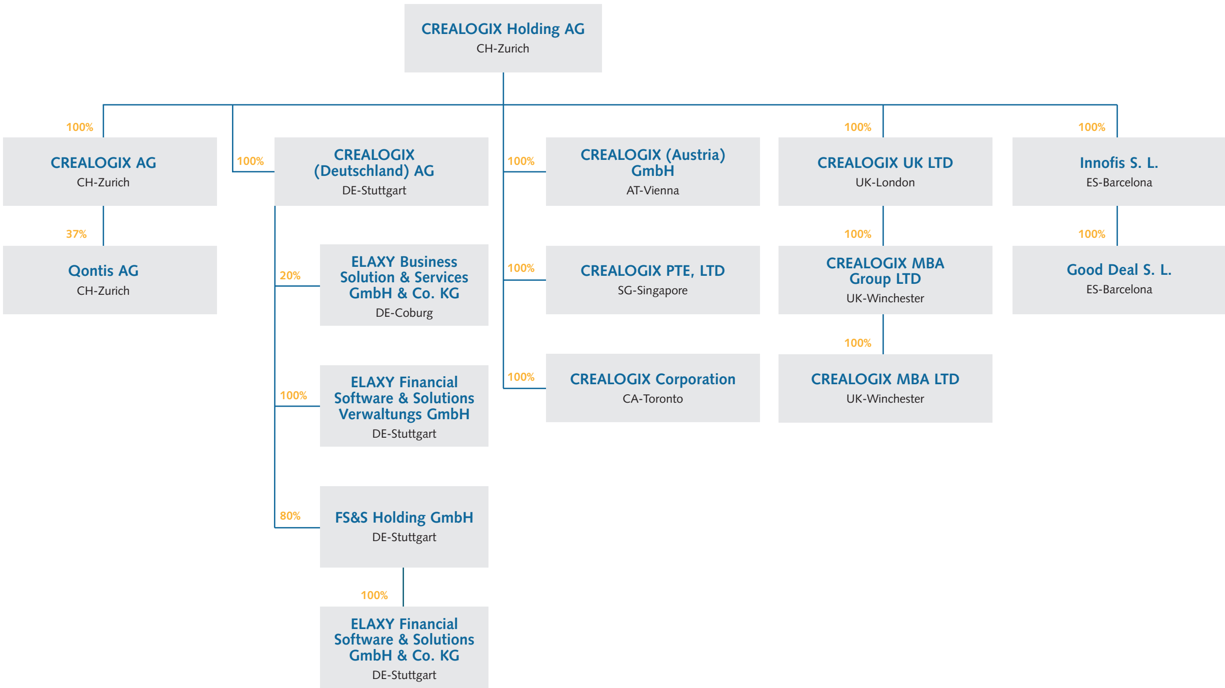
*Management and controlling at the highest corporate levels at CREALOGIX are conducted in accordance with the principles and rules of the Swiss Code of Best Practice of economiesuisse and the SIX Swiss Exchange.*
*The information required to be published in accordance with the Swiss Exchange Corporate 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 2018, market capitalisation was CHF 208.2 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 2018) of the Annual Report.
On 9 January 2018, CREALOGIX announced the acquisition of the Barcelona-based Innofis – a well-established digital banking supplier for the Middle East, serving leading banks of the region.




## 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 2018, 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 | 17.70% | 245,600 |
| Bruno Richle | 16.37% | 227,111 |
| Daniel Hiltebrand | 9.90% | 137,419 |
| David Moreno | 11.82% | 164,050 |
| Noser Management AG | 3.03% | 42,000 |

The first three shareholders together with Peter Süsstrunk named "founder shareholders" are part of 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).

Since January 2018, David Moreno owns 11.8% of the issued shares. The two major shareholders (Dr. Richard Dratva and Bruno Richle) entered into an agreement with David Moreno setting forth tag-along rights of David Moreno and drag along rights of Dr. Richard Dratva and Bruno Richle which entered into force with the issuance and the allocation of the new shares in January 2018.

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. The option period expired as per end of June 2018. There are no more options outstanding.

For further information related to changes of significant shareholders see www.six-exchange-regulation.com.

## 1.3 Cross-shareholdings

There are no cross-shareholdings with other enterprises.

# 2 Capital structure

## 2.1 Capital

As of 30 June 2018, CREALOGIX Holding AG had the following share capital at its disposal:

| | |
|---|---|
| Ordinary capital | CHF 11 102 160<br>Divided into 1 387 770 registered shares with a par value of CHF 8 per share. |

## 2.2 Authorised and conditional capital in particular

| | |
|---|---|
| Authorised capital | CHF 1 040 000<br>Divided into 130 000 registered shares with a par value of CHF 8 per share.<br>Issue possible until 31 October 2019. |
| Conditional capital | CHF 1 217 840<br>Divided into 152 230 registered shares with a par value of CHF 8 per share. |

### Authorised capital

The Board of Directors is authorised to exclude the subscription right of shareholders in respect of the authorised capital either in whole or in part and to grant that right to third parties if the new shares concerned are (1) to be used to acquire companies by an exchange of shares or (2) to finance the acquisition of enterprises, parts of enterprises or participations or new investment projects of the company, or (3) for a share placement on the capital market. Shares for which subscription rights are granted, but not taken up, are to be used by the Board of Directors in the interest of the company or allowed to lapse. The share capital may be increased by the conversion of freely disposable shareholders' equity pursuant to Art. 652d OR.
The timing of the particular issue and the issued amount, together with the timing of the entitlement to a dividend and the nature of the contributions, will be determined by the Board of Directors (Art. 3a of the Articles of Association).

### 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 135 629 shares out of the conditional capital. Additional 170 000 shares out of the authorised capital were issued in order of the acquisition of Innofis ESGM S.L. The capital increased by CHF 2 444 272 to CHF 11 102 160.

## 2.4 Shares and participation certificates

On 30 June 2018, CREALOGIX Holding AG had issued 1387770 fully paid registered shares with a nominal value of CHF 8 per share. CREALOGIX Holding AG owned 15090 shares of treasury stock on 30 June 2018, equivalent to 1.1 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 Chief Strategy Officer) and four non-executive members.

Executive members

The dual office of the Chief Strategy Officer function as Board of Directors Vice President has proved advantageous as the Board of Directors can thus make use of the profound expertise and market knowledge of the Vice President/Chief Strategy Officer 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 Chief Executive Officer 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 Chief Financial Officer.

### 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

**Board of Directors Vice President & Chief Strategy Officer 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.

## 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 30 October 2017 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 2017/2018 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 Board 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 Board 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 2017/2018 was passed at the meeting of the Board of Directors on 12 September 2018.

### 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 2017/2018, 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 Board 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 Board. 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 2017/2018 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 Board ('Group Management').

In particular, the following responsibilities inhere to the Executive Board 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 Board

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 Board 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 Chief Executive Officer 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 Chief Executive Officer and the Chief Financial Officer 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 Board

### 4.1 Members of the Executive Board

The Executive Board assumes the operative functions and represents the CREALOGIX Group externally. As of 30 June 2018, the Executive Board consists of six members, one of whom is executive member of the Board of Directors. David Moreno, Executive Vice President Spain, joined the management team in 2018 after a successful merger with Innofis, a leading digital banking supplier for the Middle East.

As of 30 June 2018, the members of the Executive Management are:

### Thomas Avedik, 1961

**President of the Executive Board & Chief Executive Officer 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 President of the Executive Board & Chief Executive Officer of the CREALOGIX Group.

### Richard Dratva, 1964

**Board of Directors Vice President & Chief Strategy Officer of the CREALOGIX Group, Dr. oec. HSG, Swiss citizen.**

For detailed information see page 16.

## Philippe Wirth, 1972

**Chief Financial Officer of the CREALOGIX Group,**
**Member of the Executive Board,**
**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 Chief Financial Officer of the CREALOGIX Group and member of the Executive Board.

## Volker Weimer, 1964

**Executive Vice President Germany**
**Member of the Executive Board,**
**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 Executive President Germany on 1 January 2015 and has been a member of the Executive Board since 1 January 2016.

## Marc Stähli, 1966

**Senior Vice President Global Sales**
**Member of the Executive Board,**
**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 Board on 1 January 2016.

## David Moreno, 1974

**Executive Vice President Spain**
**Member of the Executive Board**
**MBA, Spanish Citizen.**

After graduating in Management and Business Administration at the University of Autonoma de Barcelona in 1993, David Moreno specialized in the Financial Services and Insurance market. He entered the financial services sector through Caixa Sabadell (BBVA today) where he held several responsibilities on sales and marketing within retail and corporate banking. After graduating with an MBA at the ESADE business school, David Moreno headed the banking and insurance division at Thales, including responsibilities in strategy, sales, business development, operations and marketing. After this, he joined Innofis as CEO in 2012, where he was responsible for 120 members of staff and where he led the company to a revenue of over CHF 10 million.
David Moreno joined the CREALOGIX as Executive Vice President Spain and Member of the Executive Board in 2018 after the successful merger.

### 4.2 Other activities and vested interests

Additional activities and commitments of interest of Dr. Richard Dratva, Chief Strategy Officer, 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 Board 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 2017/2018 financial year, the agreed audit fees for PricewaterhouseCoopers AG in Zurich amounted to CHF 176 thousand (previous year: CHF 153 thousand).

### 8.3 Additional fees

In the 2017/2018 financial year, PricewaterhouseCoopers AG provided further services of CHF 200 thousand (previous year: none), mainly in connection with the acquisition of Innofis.

### 8.4 Information tools of external auditors

The auditors inform the Executive Board 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 piblicity, 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:

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Dr Richard Dratva
Board of Directors Vice President & Chief Strategy Officer
T +41 58 404 80 00
richard.dratva@crealogix.com

# Share

## Key figures – shares

| | |
|---|---|
| Share capital in CHF | 11 102 160 |
| Total number of outstanding shares | 1 387 770 |
| of which publicly traded | 1 387 770 |
| in % | 100.00% |
| Equity (carrying amount) per share in CHF | 51.2 |
| Earnings per share in CHF, undiluted | 0.01 |
| **Share prices in CHF** | |
| 30 June 2018 | 150.00 |
| High (9 January 2018) | 180.00 |
| Low (29 August 2017) | 116.50 |
| on issue day (7 September 2000) | 200.00 |
| **Market capitalisation in CHF million*)** | |
| 30 June 2018 | 208.2 |
| High (9 January 2018) | 249.8 |
| Low (29 August 2017) | 161.7 |
| on issue day (7 September 2000) | 277.6 |
| **Market capitalisation (30 June 2018)** | |
| in % of operating revenue | 238.9 |
| in % of equity | 293.0 |
| | |
| **Trading volume in CHF million** | |
| 1 July 2017 to 30 June 2018 | 63.3 |

### 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 29 October 2018 an appropriation form statutory capital contribution reserves to voluntary retained earnings and a payout of CHF 0.25 per registered share amounting to CHF 347 thousand[1].

### Articles of Association

The Articles of Association can be accessed under: https://files.crealogix.com/group/corporate-governance/CREALOGIX-Articles-of-Association.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 2018.

**Share price from 1 July 2017 to 30 June 2018**

All amounts in CHF


| Symbols | High | Low | Year-on-year % change |
|---|---|---|---|
| CLXN | 180.00 | 116.50 | 31.00 (26.05%) |
| SPI (SXGE) | 11 040.77 | 9 922.07 | 157.69 (1.55%) |

# Distribution to Shareholders

| | 2014/2015 | 2015/2016 | 2016/2017 |
|---|---|---|---|
| Distribution of share premium per share in CHF | 2.00 | 0 | 0.50 |
| Total distribution to shareholders in CHF thousand | 2 126 | 0 | 559 |

# Remuneration Report

Remuneration Report

# Remuneration Report

## 1 Introduction

The remuneration report states the remuneration principles for the Board of Directors and Executive Board of the Group, describes the remuneration policy and remuneration system, and discloses information on the remuneration paid in the 2017/2018 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 Board 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 Board
- Annual assessment of the individual members of the Executive Board
- Succession planning and nomination of the members of the Executive Board

### Approval system

| Decision on | CEO | CC | BoD |
|---|---|---|---|
| Remuneration of BoD Chairman, BoD members, CEO | | Suggests | Decides |
| Remuneration of members of the Executive Board (except CEO) | Suggests | Suggests | Decides |
| Share-based payments for BoD Chairman, BoD members, CEO | | Suggests | Decides |
| Share-based payments for members of the Executive Board (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), and Ralph Mogicato.
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 President) is covered by the remuneration paid to him as the CSO.

## 4.2 Executive Board

The remuneration of the Executive Board 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 Board, depending on the function, is linked to the achievement of annual financial targets (Sales, EBIT) for the respective division and/or Group. It ranges from 30 to 69 per cent of the base salary when the targets are achieved. The effective variable cash remuneration can vary between 0 and 150 per cent based on the target achievement
Division targets can account for up to 60 per cent and Group targets up to 100 per cent of the variable cash remuneration.
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 Board 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 Board 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 2017/2018 financial year, 10 295 employee shares (previous year: 3 494) were given out at a price of CHF 95.69 (previous year: 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 41.01 (previous year: CHF 31.80).

On 28 November 2017, 3 484 bonus shares (previous year: 4 673) were given out at a price of CHF 137.50 (previous year: CHF 109.00).

**Pension and additional Benefits**

The members of the Executive Board 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.

In addition, every member of the Executive Board is entitled to a company car and a fixed entertainment allowance in accordance with the expense policies in the respective countries.

**Employment conditions**

All members of the Executive Board 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 Board

| July – June 2017/2018 | Annual fixed compen-sation | Annual variable compen-sation | Share-based payments | Social insurance contribu-tion | 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 | 15 | 41 | 6 | 0 | **92** |
| Dr. Christoph Schmid, Member | 30 | 24 | 60 | 8 | 0 | **122** |
| Ralph Mogicato, Member | 30 | 15 | 0 | 3 | 0 | **48** |
| **Total Board of Directors** | **120** | **54** | **101** | **19** | **0** | **294** |
| Executive Board (six members as of January 2018) | 1 370 | 432 | 183 | 245 | 37 | **2 267** |
| **Total** | **1 490** | **486** | **284** | **264** | **37** | **2 561** |
| *Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO* | *310* | *128* | *123* | *84* | *8* | **653** |

| July – June 2016/2017 | Annual fixed compen-sation | Annual variable compen-sation | Share-based payments | Social insurance contribu-tion | 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 Board (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** |

In addition to his role as Chairman, Bruno Richle has an operative role outside the Executive Board. For this role the overall compensation was CHF 415 thousand (previous year: CHF 505).

The following annual maximum total compensations have been approved by the ordinary Shareholders' Meeting of 30 October 2017:

– Board of Directors: CHF 853 thousand
– Executive Board: CHF 2 845 thousand

The annual variable compensation is below prior year because the target achievement in the year under review is lower than in the previous year.

There were no further claims or commitments to/from persons in key management positions as of 30 June 2018 (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 163 thousand (previous year: CHF 13 thousand).

## 6 Shareholdings of the Board of Directors and Executive Board

On 30 June 2018, members of the Board of Directors, the Executive Board as well as major shareholders owned CREALOGIX Holding AG shares as follows:

| | CREALOGIX shares | | thereof blocked | | thereof blocked for warrants[1)] | |
|---|---|---|---|---|---|---|
| | **30 June 2018** | 30 June 2017 | **30 June 2018** | 30 June 2017 | **30 June 2018** | 30 June 2017 |
| Board of Directors | | | | | | |
| Bruno Richle, Chairman | **227 111** | 256 679 | **2 265** | 3 222 | **0** | 17 000 |
| Dr. Richard Dratva, Vice Chairman and CSO | **245 600** | 261 168 | **2 265** | 2 483 | **0** | 17 000 |
| Jean-Claude Philipona, Member | **1 490** | 1 194 | **0** | 414 | **0** | 0 |
| Dr. Christoph Schmid, Member | **5 868** | 5 102 | **970** | 796 | **0** | 0 |
| Ralph Mogicato | **300** | 300 | **0** | 0 | **0** | 0 |
| | | | | | | |
| Members of the Executive Board | | | | | | |
| Thomas Avedik, member of the Executive Board and CEO | **1 850** | 1 530 | **1 456** | 936 | **0** | 0 |
| Philippe Wirth, member of the Executive Board and CFO | **872** | 0 | **522** | 0 | **0** | 0 |
| David Moreno, member of the Executive Board and Executive Vice President Spain (since 9.1.2018) | **164 050** | 0 | **164 050** | 0 | **0** | 0 |
| Volker Weimer, member of the Executive Board and Executive Vice President Germany | **509** | 90 | **509** | 90 | **0** | 0 |
| Marc Stähli, member of the Executive Board and Senior Vice President Global Sales | **0** | 0 | **0** | 0 | **0** | 0 |
| | | | | | | |
| Total | **647 650** | 526 063 | **172 037** | 7 941 | **0** | 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 2018

We have audited the remuneration report of Crealogix Holding AG for the year ended 30 June 2018. 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 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Oliver Kuntze
Audit expert
Auditor in charge

Nadine Angele
Audit expert

Zürich, 12 September 2018

# Financial Report

**CREALOGIX Group Financial Report**

# Group Key Figures

| Amounts in thousands of CHF | July – June 2017/2018 | July – June 2016/2017 |
|---|---|---|
| **Net sales from goods and services** | **87 144** | 74 858 |
| CHF sales growth | **16%** | 18% |
| Local currency sales growth | **13%** | 20% |
| | | |
| **EBITDA** | **7 031** | 7 304 |
| in % of net sales from goods and services | **8.1%** | 9.8% |
| | | |
| **Free cash flow** | **1 395** | 6 942 |
| | | |
| **Adjusted earnings per share** | **2.39** | 2.59 |
| | | |
| **Headcount** | **554** | 417 |
| | | |
| | **30 June 2018** | 30 June 2017 |
| **Balance sheet total** | **112 082** | 78 925 |
| **Equity ratio** | **63%** | 37% |

**Non-GAAP Financial Measures**
CREALOGIX supplements its SWISS GAAP FER results with non-GAAP financial measures. The main nonGAAP financial measures are Local Currency Sales Growth, EBITDA, Adjusted Earnings per Share and Free Cash Flow.

Local Currency Sales Growth
CREALOGIX defines Local Currency Sales Growth as sales growth excluding the effect of currency exchange rate fluctuations that result from translating activity outside of Switzerland into Swiss Francs.
CREALOGIX believes local currency information provides a helpful assessment of business performance and a useful measure of results between periods.

EBITDA
CREALOGIX defines EBITDA as operating result excluding depreciation on tangible fixed assets, amortisation on goodwill and amortization on other intangible assets.
CREALOGIX believes that EBITDA is an important performance indicator because it provides a measure of comparability to other companies with different capital or legal structures, which accordingly may be subject to disparate interest rates and effective tax rates, and to companies which may incur different depreciation and amortization expenses, or impairment charges related to fixed and intangible assets.

Adjusted Earnings per Share
CREALOGIX defines Adjusted Earnings per Share as diluted earnings per share excluding goodwill amortisation, net of tax.
CREALOGIX believes that Adjusted Earnings per Share is an important information because it excludes a charge that is not directly related to current ongoing operations and is not included in the expenses of other international accounting standards. It therefore helps to compare ongoing operating performance.

Free Cash Flow
CREALOGIX defines Free Cash Flow as cash flow from operating activities including purchase and disposal of tangible and intangible assets and before acquisition cost payments.
CREALOGIX believes that Free Cash Flow is an important information because it represents the cash CREALOGIX is generating after required investment in its asset base are done and therefor can be distributed to security holders.

# Consolidated Income Statement

| Amounts in thousands of CHF | Notes | July – June 2017/2018 | % | July – June 2016/2017 | % |
|---|---|---|---|---|---|
| **Net sales from goods and services** | 5 | 87 144 | 100.0 | 74 858 | 100.0 |
| Other operating income | | 433 | 0.5 | 441 | 0.6 |
| Goods and Services purchased | | –19 867 | –22.8 | –15 163 | –20.3 |
| Change in inventory of finished and unfinished goods as well as unbilled goods and services | | –381 | –0.4 | –147 | –0.2 |
| Personnel expenses | 20 | –49 740 | –57.1 | –44 297 | –59.2 |
| Marketing expenses | | –1 426 | –1.6 | –1 214 | –1.6 |
| Rent, maintenance and repairs | | –2 711 | –3.1 | –2 522 | –3.4 |
| Other operating expense | | –6 421 | –7.4 | –4 652 | –6.2 |
| Depreciation on tangible fixed assets | | –995 | –1.1 | –688 | –0.9 |
| Amortisation on Goodwill | | –2 944 | –3.4 | –1 799 | –2.4 |
| Amortisation on other intangible assets | | –595 | –0.7 | –700 | –0.9 |
| | | | | | |
| **Operating result** | | 2 497 | 2.9 | 4 117 | 5.5 |
| | | | | | |
| Financial income | 21 | 438 | 0.5 | 142 | 0.2 |
| Financial expense | 21 | –867 | –1.0 | –1 078 | –1.4 |
| **Financial result** | | –429 | –0.5 | –936 | –1.3 |
| | | | | | |
| Profit and loss from associates | 10 | –20 | 0.0 | –21 | 0.0 |
| | | | | | |
| **Ordinary earnings before tax** | | 2 048 | 2.4 | 3 160 | 4.2 |
| Income tax | 17 | –1 350 | –1.5 | –1 751 | –2.3 |
| | | | | | |
| **Consolidated profit** | | 698 | 0.8 | 1 409 | 1.9 |
| | | | | | |
| Attributable to: | | | | | |
| Shareholders of CREALOGIX Holding AG | | 17 | 0.0 | 1 049 | 1.4 |
| Minority interest | | 681 | 0.8 | 360 | 0.5 |
| | | | | | |
| Earnings per share attributable to shareholders in CHF | 22 | | | | |
| Undiluted | | 0.01 | | 0.99 | |
| Diluted | | 0.01 | | 0.99 | |

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

# Consolidated Balance Sheet

| Amounts in thousands of CHF | Notes | 30 June 2018 | % | 30 June 2017 | % |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 6 | **20 692** | | 33 775 | |
| Receivables from goods and services | 7 | **17 022** | | 8 805 | |
| Other short-term receivables | 8 | **3 270** | | 4 035 | |
| Prepayments and accrued income | | **2 642** | | 2 461 | |
| Work in progress/inventories | 9 | **5 950** | | 3 419 | |
| **Total current assets** | | **49 576** | **44.2** | 52 495 | 66.5 |
| **Non-current assets** | | | | | |
| Financial assets | 10 | **6 813** | | 6 926 | |
| Tangible fixed assets | 11 | **1 363** | | 1 385 | |
| Intangible assets | 12 | **49 761** | | 14 005 | |
| Deferred tax assets | 17 | **4 569** | | 4 114 | |
| **Total non-current assets** | | **62 506** | **55.8** | 26 430 | 33.5 |
| **Total ASSETS** | | **112 082** | **100.0** | 78 925 | 100.0 |
| | | | | | |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Payables from goods and services | | **3 098** | | 2 673 | |
| Other short-term liabilities | | **5 232** | | 1 225 | |
| Accrued liabilities and deferred income | 13 | **18 650** | | 19 477 | |
| Short-term provisions | 14 | **942** | | 411 | |
| Income tax liabilities | | **1 782** | | 433 | |
| **Total current liabilities** | | **29 704** | **26.5** | 24 219 | 30.7 |
| **Non-current liabilities** | | | | | |
| Long-term financial liabilities | 15 | **10 237** | | 24 005 | |
| Deferred conditional purchase price obligations | 16 | **584** | | 553 | |
| Long-term provisions | 14 | **0** | | 97 | |
| Deferred tax liabilities | 17 | **504** | | 536 | |
| **Total non-current liabilities** | | **11 325** | **10.1** | 25 191 | 31.9 |
| **Total LIABILITIES** | | **41 029** | **36.6** | 49 410 | 62.6 |
| **Shareholders' equity** | | | | | |
| Share capital | 19 | **11 102** | | 8 657 | |
| Treasury shares | 19 | **–2 369** | | –603 | |
| Capital reserves | | **57 308** | | 17 776 | |
| Translation differences | | **–156** | | –1 161 | |
| Retained earnings | | **4 306** | | 4 289 | |
| Total equity before minorities | | **70 191** | | 28 958 | |
| Minority interests | | **862** | | 557 | |
| **Total SHAREHOLDERS' EQUITY** | | **71 053** | **63.4** | 29 515 | 37.4 |
| **Total LIABILITIES AND EQUITY** | | **112 082** | **100.0** | 78 925 | 100.0 |

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

# Statement of Changes in Equity

| Amounts in thousands of CHF | Share capital | Treasury shares | Capital reserve | Translation differences | Retained earnings | **Total equity before minority interests** | Minority interests | **Total equity** |
|---|---|---|---|---|---|---|---|---|
| *on 30 June 2016* | *8 560* | *–1 060* | *16 420* | *–1 075* | *1 859* | *24 704* | 398 | *25 102* |
| | | | | | | | | |
| Increase from convertible bond | 97 | 0 | 1 158 | 0 | 0 | 1 255 | 0 | 1 255 |
| Change in retained earnings from adjustments to the purchase price allocation | 0 | 0 | 0 | 0 | 1 381 | 1 381 | 0 | 1 381 |
| Distribution minority interest | 0 | 0 | 0 | 0 | 0 | 0 | –208 | –208 |
| Currency translation of foreign entities | 0 | 0 | 0 | –86 | 0 | –86 | 7 | –79 |
| Consolidated profit | 0 | 0 | 0 | 0 | 1 049 | 1 049 | 360 | 1 409 |
| Change in treasury shares | 0 | 457 | 198 | 0 | 0 | 655 | 0 | 655 |
| *on 30 June 2017* | *8 657* | *–603* | *17 776* | *–1 161* | *4 289* | *28 958* | 557 | *29 515* |
| | | | | | | | | |
| Increase from convertible bond | 1 085 | 0 | 12 965 | 0 | 0 | 14 050 | 0 | 14 050 |
| Increase from issuance of new shares | 1 360 | 0 | 26 860 | 0 | 0 | 28 220 | 0 | 28 220 |
| Dividend payments to sharehold-ers of CREALOGIX Holding AG | 0 | 0 | –559 | 0 | 0 | –559 | 0 | –559 |
| Distribution minority interest | 0 | 0 | 0 | 0 | 0 | 0 | –395 | –395 |
| Currency translation of foreign entities | 0 | 0 | 0 | 1 005 | 0 | 1 005 | 19 | 1 024 |
| Consolidated profit | 0 | 0 | 0 | 0 | 17 | 17 | 681 | 698 |
| Change in treasury shares | 0 | –1 766 | 266 | 0 | 0 | –1 500 | 0 | –1 500 |
| **on 30 June 2018** | **11 102** | **–2 369** | **57 308** | **–156** | **4 306** | **70 191** | 862 | **71 053** |

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 2017/2018 | July – June 2016/2017 |
|---|---|---|---|
| Consolidated profit | | **698** | 1 409 |
| Income tax | 17 | **1 350** | 1 751 |
| Depreciation/amortisation | 11/12 | **4 534** | 3 187 |
| Financial result | 21 | **429** | 936 |
| Share of profit of associates | 10 | **20** | 21 |
| Change of receivables from goods and services, other receivables and other non cash flow related positions*) | | **–4 690** | 1 889 |
| Work in progress/inventories | | **–662** | –36 |
| Changes in payables from goods and services and other payables | | **1 891** | 669 |
| Decrease in provisions | | **–182** | –133 |
| Interest received | | **13** | 18 |
| Interest paid | | **–468** | –634 |
| Tax received | | **0** | 186 |
| Tax paid | | **–421** | –1 459 |
| **Cash flow from operating activities** | | **2 512** | 7 804 |
| | | | |
| **Investing activities** | | | |
| Purchase of tangible fixed assets | 11 | **–815** | –510 |
| Disposal of tangible fixed assets | 11 | **0** | 33 |
| Purchase of intangible assets | 12 | **–302** | –385 |
| Acquisition of organisations, net of cash acquired | 25 | **–11 814** | –346 |
| | | | |
| **Cash flow from investing activities** | | **–12 931** | –1 208 |
| | | | |
| **Financing activities** | | | |
| Dividend payments to shareholders of CREALOGIX Holding AG | | **–559** | 0 |
| Dividend payments to minorities*) | | **–395** | –208 |
| Dividends received from associates*) | | **372** | 250 |
| Purchase of treasury shares | | **–8 507** | –2 649 |
| Sale of treasury shares | | **6 060** | 2 434 |
| | | | |
| **Cash flow from financing activities** | | **–3 029** | –173 |
| | | | |
| Effects of exchange rate changes | | **365** | –143 |
| | | | |
| **Net change in cash and cash equivalents** | | **–13 083** | 6 280 |
| | | | |
| **Cash and cash equivalents at beginning of period** | | **33 775** | 27 495 |
| **Cash and cash equivalents at end of period** | | **20 692** | 33 775 |

*) The content and structure of the cash flow statement were reviewed in order to make it more transparent and more relevant to users. This led to disclosure of two additional line items in cash flow from financing activities.
The amounts were included in “Change of receivables from goods and services, other receivables and other non cash flow related positions” in prior periods. This led to a net change of CHF 42 thousand in prior year’s operating cash flow.

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. 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 2018 and proposed for adoption at the Shareholders' Meeting on 29 October 2018. 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 2018** | 30 June 2017 | **July – June 2017/2018** | July – June 2016/2017 |
| EUR | **1.16** | 1.09 | **1.15** | 1.08 |
| CAD | **0.75** | 0.74 | **0.76** | 0.75 |
| USD | **0.99** | 0.96 | **0.97** | 0.99 |
| GBP | **1.31** | 1.25 | **1.31** | 1.26 |
| SGD | **0.71** | 0.70 | **0.71** | 0.70 |

On 30 June 2018, 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% |
| Good Deal S.L, Barcelona, Spain*) | Consultancy and services in information technology and data communication | EUR 7 000 | 100% | 100% |
| Innofis ESGM S.L, Barcelona, Spain*) | Consultancy and services in information technology and data communication | EUR 100 000 | 100% | 100% |
| Qontis AG, Zurich, Switzerland**) | Establishment and operation of a highly automated independent multibank Personal-Finance-Management (PFM)-Platform | CHF 800 000 | 37% | 37% |

*) Full consolidation

**) Equity method

In the period under review, the group acquired the Barcelona-based Innofis ESGM S.L. and Good Deal S.L. For further details regarding the change in scope of consolidation refer to 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.

The consolidated financial statements have been prepared under the historical cost accounting convention except for marketable securities and participtaions under 20% which are valued at fair value. 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 4.

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 15 years.

If the net assets of the acquired organisation recognised at fair value exceed the cost of the acquisition, the difference (badwill) is 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 globally 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 separately 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.

## 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 fair value, whereby fair value changes 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 15 |

The goodwill amortisation period is based on management's judgement of the long-term nature of an investment.

*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 15 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 15 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.

## 2.15 Employee benefit plans

*a) Pension obligations*

The Group companies operate a number of pension plans, which conform to the legal regulations and provisions in force in the respective countries. An economic obligation is recognised as a liability if the requirements for the recognition of a provision according to Swiss GAAP FER 16.7 are met. An economic benefit is capitalized provided that it is permitted and intended to be used for future Group pension contributions. Freely available employer contribution reserves are capitalized.
The pension fund organisations (separate legal entities) are financed through employee and employer contributions of the affiliated group companies with respect to the recommendations of independent, qualified actuaries.

*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 over the whole service period.

*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 or based on the agreed fixed price. 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 estimated to fulfill the performance obligation as per 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.
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 managed 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 15 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 other countries.

| **Net sales from goods and services** | **July – June 2017/2018** | July – June 2016/2017 |
|---|---|---|
| Switzerland | **37 484** | 37 592 |
| Europe | **44 959** | 36 117 |
| Other countries | **4 701** | 1 149 |
| **Total Group** | **87 144** | 74 858 |

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 2017/2018** | July – June 2016/2017 |
|---|---|---|
| Sales from services | **32 489** | 28 340 |
| Sales of goods | **3 228** | 3 850 |
| Hosting and SaaS services | **5 895** | 4 660 |
| Maintenance | **26 738** | 23 820 |
| License sales | **18 794** | 14 188 |
| **Total net sales from goods and services** | **87 144** | 74 858 |

Net sales from goods and services from fixed-price contracts in the financial year amounted to CHF 14 454 thousand (previous year: CHF 11 648 thousand).

## 6 Cash and cash equivalents

| Cash and cash equivalents | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Cash on hand and bank accounts | 17 529 | 26 508 |
| Short-term investments | 3 163 | 7 267 |
| **Total cash and cash equivalents** | **20 692** | 33 775 |

The decrease of cash and cash equivalents is mainly related to the acquisition of Innofis ESGM S.S. (see note 25) See also the Cash Flow Statement for the cash movements (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 2018 | 30 June 2017 |
|---|---|---|
| Current | 12 908 | 6 989 |
| Overdue 1–30 days | 1 970 | 976 |
| Overdue 31–90 days | 1 395 | 639 |
| Overdue more than 90 days | 786 | 382 |
| **Total receivables from goods and services (gross)** | **17 059** | 8 986 |
| Less: value adjustment of receivables from goods and services | –37 | –181 |
| **Total receivables from goods and services (net)** | **17 022** | 8 805 |

| Impairment of receivables from goods and services | July – June 2017/2018 | July – June 2016/2017 |
|---|---|---|
| At beginning of period | –181 | –233 |
| Value adjustment for doubtful accounts | –20 | –30 |
| Use of impairment for doubtful accounts | 32 | 83 |
| Write-off of impairment for doubtful accounts | 140 | 2 |
| Currency translation differences | –8 | –3 |
| At end of period | –37 | –181 |

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 2018 | 30 June 2017 |
|---|---|---|
| CHF | 6 197 | 4 531 |
| EUR | 5 988 | 3 635 |
| USD | 3 083 | 0 |
| GBP | 1 689 | 666 |
| Other currencies | 102 | 154 |
| **Total currencies of book values of receivables from goods and services** | **17 059** | 8 986 |

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 20 thousand (previous year: CHF 30 thousand) on its impairment for receivables. The change is recorded under 'other operating expenses' in the income statement.

## 8 Other short-term receivables

| Other short-term receivables | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Tax receivables | 392 | 177 |
| Other current third-party receivables | 516 | 397 |
| Prepaid social security | 2 362 | 3 461 |
| **Total other short-term receivables** | **3 270** | 4 035 |

The decrease in prepaid social security (CHF 1 099 thousand) is largely attributable to a higher prepayment to the company pension fund in prior year of CHF 1 022 thousand.

## 9 Work in progress/inventories

| Work in progress/inventories | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Work in progress (projects) | 5 540 | 3 056 |
| Value adjustment for work in progress (projects) | –593 | –511 |
| **Total work in progress** | **4 947** | 2 545 |
| Inventories | 1 062 | 951 |
| Value adjustment on inventories | –59 | –77 |
| **Total inventories** | **1 003** | 874 |
| **Total work in progress/inventories** | **5 950** | 3 419 |

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 283 thousand (previous year: CHF 683 thousand) in the 2017/2018 financial year. Thereof CHF 143 thousand (previous year: CHF 272 thousand) were offset against work in progress (projects). The remaining CHF 140 thousand (previous year: CHF 411 thousand) were recognised as project risks within short-term provisions (see note 14).

Inventories are measured at cost, either as purchasing cost or production cost. They are recognised as an expense when the related revenue has been realised. In the period under review, total expenses amounting to CHF 1 188 thousand (previous year: CHF 1 528 thousand) has been recorded under cost of goods sold. Inventories comprise mainly trading goods (photo TANs, slip scanners and mouse scanners).

## 10 Financial assets

| Financial assets | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Loans with associates with subordination statement | 2 426 | 2 559 |
| Financial investment Meniga | 615 | 615 |
| Investements in associates | 2 826 | 2 901 |
| Other financial assets | 946 | 851 |
| **Total financial assets** | **6 813** | 6 926 |

The proportionate loss of Qontis AG, CHF 144 thousand (previous year: loss of CHF 428 thousand) was credited toward the loan. Interest amounting to CHF 12 thousand (previous year: CHF 12 thousand) was debited to the loan.
The net position of CHF 2 426 thousand (previous year: CHF 2 559 thousand) is subordinated.

| Investments in associates | 30 June 2018 | 30 June 2017 |
|---|---|---|
| At beginning of period | 2 901 | 2 721 |
| Acquisition of organisations | 0 | 0 |
| Share of profit | 124 | 407 |
| Dividend received | –372 | –250 |
| Currency translation differences | 173 | 23 |
| **At end of period** | **2 826** | 2 901 |

| Profit and loss from associates | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Qontis AG, Zürich, Schweiz | –144 | –428 |
| ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Deutschland | 124 | 407 |
| **Total profit and loss from associates** | **–20** | –21 |

## 11 Tangible fixed assets

| July – June 2017/2018 | Furniture & fixed installations | Office machines | IT & commu-nications systems | Vehicles | Property | Total |
|---|---|---|---|---|---|---|
| *Cost* | | | | | | |
| Value at start of period | 4 327 | 204 | 3 372 | 588 | 560 | 9 051 |
| Translation differences on opening balance | 113 | 4 | 63 | 11 | 36 | 227 |
| Change in scope of consolidation | 63 | 0 | 213 | 0 | 0 | 276 |
| Additions | 176 | 43 | 496 | 100 | 0 | 815 |
| Disposals | –13 | –74 | –1 308 | –33 | 0 | –1 428 |
| Translation differences on effect of movement | 3 | 0 | –1 | 0 | 0 | 2 |
| *Value at end of period* | *4 669* | *177* | *2 835* | *666* | *596* | *8 943* |
| | | | | | | |
| *Accumulated depreciation* | | | | | | |
| Value at start of period | 3 626 | 189 | 3 097 | 248 | 506 | 7 666 |
| Translation differences on opening balance | 98 | 3 | 55 | 6 | 33 | 195 |
| Change in scope of consolidation | 21 | 0 | 129 | 0 | 0 | 150 |
| Depreciation | 506 | 10 | 333 | 132 | 14 | 995 |
| Disposals | –12 | –74 | –1 308 | –34 | 0 | –1 428 |
| Translation differences on effect of chance | 1 | 0 | 1 | 0 | 0 | 2 |
| *Value at end of period* | *4 240* | *128* | *2 307* | *352* | *553* | *7 580* |
| | | | | | | |
| 30 June 2018 | | | | | | |
| *Net book values* | | | | | | |
| Value at start of period | 701 | 15 | 275 | 340 | 54 | 1 385 |
| **Value at end of period** | **429** | **49** | **528** | **314** | **43** | **1 363** |

| July – June 2016/2017 | Furniture & fixed installations | Office machines | IT & communications 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 chance | 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** |

## 12 Intangible assets

| **July – June 2017/2018** | **Software licences** | **Goodwill** | **Other[1)]** | **Total** |
|---|---|---|---|---|
| *Cost* | | | | |
| Value at start of period | 5 176 | 39 660 | 5 898 | 50 734 |
| Translation differences on opening balance | 129 | 1 309 | 83 | 1 521 |
| Change in scope of consolidation | 62 | 37 565 | 998 | 38 625 |
| Additions | 302 | 0 | 0 | 302 |
| Disposals | –366 | 0 | 0 | –366 |
| Translation differences on effect of change | 2 | –308 | –9 | –315 |
| *Value at end of period* | *5 305* | *78 226* | *6 970* | *90 501* |
| | | | | |
| *Accumulated amortisation* | | | | |
| Value at start of period | 4 604 | 26 945 | 5 180 | 36 729 |
| Exchange differences on opening balance | 115 | 569 | 39 | 723 |
| Change in scope of consolidation | 37 | 0 | 0 | 37 |
| Amortisation | 322 | 2 944 | 272 | 3 538 |
| Disposals | –307 | 0 | 0 | –307 |
| Translation differences on effect of change | 3 | 15 | 2 | 20 |
| *Value at end of period* | *4 774* | *30 473* | *5 493* | *40 740* |
| | | | | |
| 30 June 2018 | | | | |
| *Net book values* | | | | |
| Value at start of period | 572 | 12 715 | 718 | 14 005 |
| **Value at end of period** | **531** | **47 753** | **1 477** | **49 761** |

1) Other intangible fixed assets include capitalised software development costs, service or production contracts which where recognised following business acquisitions. These intangible assets have definable useful lives over which they are amortised.

| **July – June 2016/2017** | **Software Licenses** | **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 |
| 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, service or production contracts which where recognised following business acquisitions. These intangible assets have definable useful lives over which they are amortised.

## 13 Accrued liabilities and deferred income

| Accrued liabilities and deferred income | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Deferred expenses, bonuses | **7 343** | 6 744 |
| Accruals regarding maintenance contracts | **6 818** | 7 441 |
| Payments received in advance (for long-term contracts) | **2 533** | 3 473 |
| Accruals/deferrals for vacation, overtime | **1 956** | 1 819 |
| **Total accrued liabilities and deferred income** | **18 650** | **19 477** |

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

## 14 Short-/long-term provisions

| July – June 2017/2018 | Provisions short term | Provisions long term |
|---|---|---|
| Value at start of period | 411 | 97 |
| Translation differences on opening balance | –6 | 6 |
| Change in scope of consolidation | 801 | 0 |
| Additional provisions | 87 | 0 |
| Used in year under review | –358 | 0 |
| Release of unused provisions | 0 | –97 |
| Effect of changes in foreign exchange | 7 | –6 |
| **Value at end of period** | **942** | **0** |

| 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** |

In the year under review, the value adjustments recognised for imminent losses in the project business totalled CHF 140 thousand (previous year: CHF 411 thousand).
CHF 358 thousand (previous year: CHF 308 thousand) related to imminent losses in the project business have been used in the 2017/2018 financial year.
In course of the Innofis' acquisition the provisions increased by CHF 801 thousand. The valuation of short-term provision is based on management estimates about potential risks (claims or disputes) for the upcoming periods.

## 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 convertible bond were converted into 135 629 shares (previous year: 12 141). After accounting for interests and discontinued issuance costs (CHF 187 thousand), the present value was reduced by CHF 13 863 thousand.

### July–June 2017/2018

**Financial liabilities**

| Amounts in thousands of CHF | Present Value | Nominal Value | Due Date | Interest Rate |
|---|---|---|---|---|
| Convertible Bond (CLX15) | 9 291 | 9 550 | 2019 | 2.375% |
| other financial liabilities | 946 | | | |
| **Total** | 10 237 | 9 550 | | |
| | | | | |
| **Unused credit limits** | 0 | 7 000 | | |

### 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 | | |

## 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 2017/2018** | Deferred conditional purchase price obligations |
|---|---|
| Value at start of period | 553 |
| Translation differences on opening balance | 27 |
| Interest of discounted earn out | 4 |
| **Value at end of period** | 584 |

| **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 |

## 17 Taxes

| **Deferred Taxes** | **30 June 2018** | **30 June 2018** | **30 June 2018** | 30 June 2017 | 30 June 2017 | 30 June 2017 |
|---|---|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Net** | Assets | Liabilities | Net |
| Loss carryforwards | **3 797** | **0** | **3 797** | 3 237 | 0 | 3 237 |
| Receivables | **0** | **116** | **–116** | 72 | 121 | –49 |
| Work in progress/ inventories | **69** | **71** | **–2** | 30 | 57 | –27 |
| Financial assets | **122** | **0** | **122** | 90 | 0 | 90 |
| Tangible fixed assets | **66** | **18** | **48** | 63 | 40 | 23 |
| Intangible assets | **899** | **10** | **889** | 942 | 6 | 936 |
| Liabilities | **0** | **682** | **–682** | 0 | 631 | –631 |
| Other | **9** | **0** | **9** | 0 | 1 | –1 |
| **Total deferred taxes** | **4 962** | **897** | **4 065** | 4 434 | 856 | 3 578 |
| Netting | **–393** | **–393** | **0** | –320 | –320 | 0 |
| **Deferred taxes** | **4 569** | **504** | **4 065** | 4 114 | 536 | 3 578 |

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 2018 | 30 June 2017 |
|---|---|---|
| Expiry in next 3 years | 0 | 0 |
| Expiry in 4–7 years | 0 | 0 |
| No expiry date | 14 352 | 12 716 |
| **Total tax losses** | 14 352 | 12 716 |
| Thereof tax losses for which deferred tax assets were recorded | 14 352 | 12 716 |
| Recorded deferred tax assets | 3 797 | 3 237 |
| **Tax losses for which no deferred tax assets were recorded** | 0 | 0 |
| Unrecorded deferred tax assets | 0 | 0 |

| Income tax | July – June 2017/2018 | July – June 2016/2017 |
|---|---|---|
| Current tax | –1 614 | –1 178 |
| Deferred tax | 264 | –573 |
| **Total income tax** | –1 350 | –1 751 |

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 2017/2018 | July – June 2016/2017 |
|---|---|---|
| Ordinary earnings before tax | 2 048 | 3 160 |
| **Group's average domestic tax rate** | 24.33% | 30.19% |
| **Expected income taxes** | 498 | 954 |
| | | |
| Cause for variance: | | |
| Non-tax-deductible expenses | 850 | 760 |
| Adjusted tax charges/relief | 0 | 118 |
| Translation and other adjustments | 1 | –81 |
| Total income tax | 1 350 | 1 751 |
| | | |
| **In % of ordinary profit before tax** | 65.89% | 55.41% |

## 18 Employee benefit plans

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 thousands of CHF** | **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** | |
|---|---|---|---|---|---|---|---|
| | **31.12.2017** | **31.12.2017** | **31.12.2016** | | | **July – June 2017/2018** | **July – June 2016/2017** |
| Pension institutions with surplus | 1 005 | 0 | 0 | 0 | 0 | 1 751 | 1 511 |
| **Total** | **1 005** | **0** | **0** | **0** | **0** | **1 751** | **1 511** |

The information on the economic benefit as at 30 June 2018 is based on the last annual financial statements of the VZ pension fund preceding the balance sheet date, i.e. the financial statements as at 31 December 2017. As at 31 December 2017, the VZ pension fund reported a coverage rate of 118.3%.

Contributions matched pension expenses during the relevant reporting period.

## 19 Share capital

| July – June 2017/2018 | Number of shares | | | Capital in thousands of CHF | | |
|---|---|---|---|---|---|---|
| | **Issued** | **Treasury** | **Outstanding** | **Issued** | **Treasury** | **Outstanding** |
| At beginning of period | 1 082 141 | –5 402 | 1 076 739 | 8 657 | –603 | 8 054 |
| Treasury shares purchased[1] | 0 | –58 287 | –58 287 | 0 | –8 507 | –8 507 |
| Treasury shares sold[2] | 0 | 34 820 | 34 820 | 0 | 4 855 | 4 855 |
| Treasury shares used for share-based payments | 0 | 13 779 | 13 779 | 0 | 1 886 | 1 886 |
| Increase of capital due to emission of new shares | 170 000 | 0 | 170 000 | 1 360 | 0 | 1 360 |
| Increase of capital due to conversion of convertible bond | 135 629 | 0 | 135 629 | 1 085 | 0 | 1 085 |
| **At end of period** | **1 387 770** | **–15 090** | **1 372 680** | **11 102** | **–2 369** | **8 733** |
| **July – June 2016/2017** | | | | | | |
| 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** |

[1] In the year under review, CREALOGIX Holding AG purchased 58 287 (previous year: 26 780 shares) registered treasury shares at an average price of CHF 145.95 (previous year: CHF 98.92).
[2] In the year under review, CREALOGIX Holding AG sold 34 820 (previous year: 24 530 shares) registered treasury shares at an average price of CHF 139.43 (previous year: CHF 90.75).

The total number of issued registered shares amounts to 1 387 770 (previous year: 1 082 141). In the period under review further fractions of the outstanding convertible bond were converted into 135 629 shares (previous year: 12 141 shares) and additional 170 000 shares were issued in order of the acquisition of Innofis ESGM S.L (see note 25). The share capital increased by CHF 2 445 thousand (previous year: CHF 97 thousand) to CHF 11 102 thousand.

The shareholders' equity comprises not distributable reserves of total CHF 2 270 thousand, divided among statutory retained earnings (CHF 300 thousand) and statutory capital reserves (CHF 1 970 thousand).

Since 1 March 2007, each share has had a par value of CHF 8.

Since November 2015, the conditional capital of the organisation consists of 300 thousand registered shares with a nominal value of CHF 8 per share in connection with the issuance of convertible bonds, warrant-linked bonds or other financial market instruments. As per 30 June 2018, 152 230 registered shares were outstanding.

Since 30 October 2017 the Board of Directors is authorised to increase share capital by as much as CHF 2 400 000 by issuing up to 300 000 registered shares with a nominal value of CHF 8 each by 31 October 2019. As per 30 June 2018, 130 000 registered shares were outstanding

Transactions with treasury shares resulted in a net change of CHF 1 766 thousand (previous year: CHF 457 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 2017/2018** | July – June 2016/2017 |
|---|---|---|
| Wages and salaries | **–39 809** | –36 464 |
| Social security costs | **–5 102** | –3 474 |
| Pension fund costs | **–1 751** | –2 208 |
| Other personnel expenses | **–3 078** | –2 151 |
| **Total personnel expenses** | **–49 740** | –44 297 |
| | | |
| Full-time employees | **532.5** | 348.8 |
| Headcount on 30 June | **554** | 417 |

## 21 Financial result

| Financial result | July – June 2017/2018 | July – June 2016/2017 |
| --- | --- | --- |
| Interest income | 13 | 34 |
| Foreign exchange gain | 425 | 108 |
| **Total financial income** | **438** | 142 |
| | | |
| Interest expense | –295 | –671 |
| Loss on marketable securities/dividends | –4 | –5 |
| Foreign exchange loss | –358 | –115 |
| Bank fees and other financial expense | –210 | –287 |
| **Total financial expense** | **–867** | –1 078 |
| | | |
| **Total Financial result** | **–429** | –936 |

Interest expenses in 2017/2018 include 12 month of interest and other expenses for the 2.375 per cent convertible bond totaling CHF 295 thousand (previous year: CHF 671 thousand). See Note: 15.
Other financial expenses 2017/2018 include the discounted amount of the issue costs of the convertible bond (CHF 132 thousand; previous year: CHF 173 thousand) and other smaller finance costs such as agency fees.

## 22 Earnings per share

| | July – June 2017/2018 | July – June 2016/2017 |
|---|---|---|
| Consolidated profit attributable to Shareholders of CREALOGIX Holding AG | 17 | 1 049 |
| Weighted average number of shares outstanding | 1 231 742 | 1 064 676 |
| Maximum number of new shares (convertible bonds) | 91 464 | 227 093 |
| **Earnings per share – undiluted in CHF** | 0.01 | 0.99 |
| Dilutive effect of conversion of convertible bonds in CHF | n/a | n/a |
| **Earnings per share – diluted in CHF[1]** | 0.01 | 0.99 |

[1] In order to improve transparency and international comparability, the management has decided to adjust its calculation of diluted earnings per share in line with IFRS. Prior year figures are presented accordingly. In the period under review and in prior year, the impact of the convertible bond was anti-dilutive and therefore not considered anymore in the calculation. In the period under review, the dilution effect is zero.

## 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 2018 | 30 June 2017 |
|---|---|---|
| Due within 1 year | 2 222 | 2 168 |
| Due between 1 and 5 years | 2 814 | 2 041 |
| Due > 5 years | 131 | 275 |
| **Total future liabilities** | 5 167 | 4 484 |

## 24 Contingent liabilities

There are no liabilities of a contingent nature existing. (previous year: none).

## 25 Legal restructuring/acquisition/sale of organisations

### July–June 2017/2018

On 9 January 2018, CREALOGIX Holding AG acquired 100 per cent of the shares in Innofis ESGM S.L, a Barcelona-based supplier of digital banking solutions for the Middle East. The acquired company in turn holds 100 per cent of the shares in Good Deal S.L.

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

| | |
|---|---|
| Purchase price | 40 220 |
| Costs directly attributable to the acquisition | 566 |
| **Total purchase price** | **40 786** |
| Fair value of net assets acquired | 2 223 |
| **Total surplus amount** | **38 563** |
| whereof allocated to Goodwill | 37 565 |
| whereof allocated to other intangibles | 998 |

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 15 years.

The following assets and liabilities were acquired during the acquisition:

| | Fair value | Acquiree's carrying amount |
|---|---|---|
| Cash | 752 | 752 |
| Other current assets | 3 182 | 3 182 |
| Tangible fixed assets | 126 | 126 |
| Intangible assets | 39 | 39 |
| Financial assets | 40 | 40 |
| **Total ASSETS** | **4 139** | **4 139** |
| | | |
| Current liabilities | –1 916 | –2 015 |
| **Total LIABILITIES** | **–1 916** | **–2 015** |
| | | |
| **Fair value of total net assets acquired** | **2 223** | **2 125** |

| | Innofis ESGM S.L. |
|---|---|
| Purchase price paid | 40 220 |
| Costs directly attributable to the acquisition | 566 |
| Cash acquired | –752 |
| **Acquisition of organisations, net of cash acquired** | **40 034** |
| whereof payment through CLXN Shares | 28 220 |
| whereof payment through cash | 11 814 |

The difference between Fair Value and Acquiree's carrying amount is related to the consolidation of both spanish companies.

**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.

CREALOGIX (Deutschland) AG has had a Call-Option to acquire remaining 80% of Elaxy Business Solution & Services GmbH & Co. KG. The call had 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.

## 26 Related-party disclosures

Related parties include members of the Board of Directors, the Executive Board 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 46 per cent shareholding in CREALOGIX Holding AG. The four shareholders (founder shareholders) have concluded a shareholder pooling agreement.
Since January 2018, David Moreno owns 11.8% of the issued shares. The two major shareholders (Dr. Richard Dratva and Bruno Richle) entered into an agreement with David Moreno setting forth tag-along rights of David Moreno and drag along rights of Dr. Richard Dratva and Bruno Richle which entered into force with the issuance and the allocation of the new shares in January 2018.
The remaining 42 per cent of shares are in free float.

*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.

*c) Members of the Management*

The Board of Directors and the Executive Board are composed as follows:

| Board of Directors | Executive Board |
|---|---|
| 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 |
| | David Moreno |

*d) Remuneration and shareholdings of the Board of Directors and Executive Board*

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 Board.

In addition to his role as Chairman, Bruno Richle has an operative role outside the Executive Board. For this role the overall compensation was CHF 415 thousand (previous year: CHF 505 thousand).

There were no further claims or commitments to/from persons in key management positions on 30 June 2018 (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 163 thousand (previous year: CHF 13 thousand).

Other compensation and credits

Qontis AG generated CHF 238 thousand in net sales from goods and services with associates during the year under review (previous year: CHF 79 thousand). On 30 June 2018, there were no outstanding receivables (previous year: CHF 1 thousand) and CHF 2 426 thousand in non-current loans (previous year: CHF 2 559 thousand).

## 27 Events after the balance sheet date

On 4 July 2018, CREALOGIX announced the acquistion of the remaining 80% of Coburg-based Elaxy Business Solutions & Services (BS&S). With this transaction, CREALOGIX is expanding its product offering and in particular also acquires the capability to offer hosting services for banks.

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 2018 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 43–83) give a true and fair view of the consolidated financial position of the Group as at 30 June 2018 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.

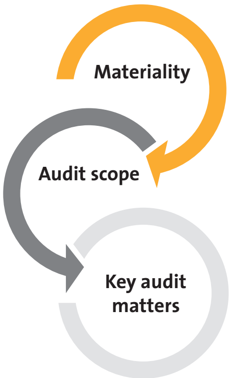
## Basis for opinion

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**




Overall Group materiality: CHF 870 000

We concluded full scope audit work at four Group companies in two countries. Our audit scope addressed 85% of the Group's revenue.

In addition, specified procedures were performed for two Group companies representing a further 13% of the Group's revenue. For all other Group companies analytical procedures on the Group level were performed.

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 15 Group companies. We identified four Group companies that, in our view, require an audit of their complete financial information due to their size. For two of these Group companies (CREALOGIX (Deutschland) AG and ELAXY Financial Software & Solutions GmbH & Co. KG), we worked closely with and received full scope reporting from the component audit team in Germany. In order to direct and supervise the work of the component auditors, the Group engagement team held several conference calls during the planning, execution and completion stage of the audit with all component audit teams to discuss their audit results. The Group engagement team audited the other two full scope Group companies (CREALOGIX AG & Crealogix Holding AG) as well as performed specified audit procedures for two Group companies (CREALOGIX MBA Group Ltd & Innofis ESGM S.L.). Further audit procedures performed at the Group level include analytical procedures on all other Group companies as well as auditing the intercompany elimination and the consolidation adjustments over the Group consolidation.

## 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 870 000 |
| **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 break-even results. |

We agreed with the Audit Committee that we would report to them misstatements above CHF 87 000 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 |
|---|---|
| Goodwill items are tested for impairment by calculating values-in-use at the acquiree level.<br><br>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 assumptions, the most judgemental of which are discount rates and revenue growth rates.<br><br>We focused on this area because of the magnitude of the position (TCHF 47 753) and the level of judgement inherent in management's impairment assessment. We focused on the key assumptions discount rates and revenue growth rates because comparatively small changes can have a material impact on the impairment assessment.<br><br>Please refer to note 12 in the financial statements. | We obtained, understood and evaluated management's impairment assessment.<br><br>In particular, the following audit procedures were performed:<br>– We assessed the adequacy of the impairment model used. The involved specialists evaluated the adequacy of the application of the DCF method as well as the technical calculations by testing the mathematical accuracy of the impairment assessment model.<br>– We compared the forecasted cash flows to the Board of Directors approved budget.<br>– 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.<br>– We assessed, with the support of our valuation specialists, the WACC (weighted average cost of capital) used in the discount rate calculation for reasonableness by comparing it to comparable organizations as well as considering territory specific factors.<br><br>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

| | |
|---|---|
| Oliver Kuntze<br>Audit expert<br>Auditor in charge | Nadine Angele<br>Audit expert |

Zurich, 12 September 2018

# CREALOGIX Holding AG Financial Report

**CREALOGIX Holding AG Financial Report**

# Income statement

| Amounts in thousands of CHF | July – June 2017/2018 | July – June 2016/2017 |
|---|---|---|
| **Net proceeds from sales of goods and services** | **2 061** | 1 731 |
| | | |
| **Staff costs** | **–229** | –202 |
| | | |
| **Other operational costs** | **–1 655** | –1 025 |
| | | |
| Financial income | **644** | 563 |
| Financial costs | **–557** | –753 |
| **Financial costs and financial income** | **87** | –190 |
| | | |
| **Direct taxes** | **–262** | –138 |
| | | |
| **Annual profit** | **2** | 176 |

# Balance Sheet

| Amounts in thousands of CHF | Notes | 30 June 2018 | % | 30 June 2017 | % |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash, cash equivalents and current assets with a quoted market price | | **6 413** | | 13 517 | |
| Other current receivables | | **51** | | 0 | |
| Accounts receivable from group companies | 2.1 | **13 027** | | 14 544 | |
| Accrued income and prepaid expenses | | **197** | | 341 | |
| **Current Assets** | | **19 688** | **19.4** | 28 402 | 41.4 |
| | | | | | |
| Accounts receivable from group companies with subordination statement | 2.1 | **8 209** | | 7 051 | |
| Loans to group companies | 2.2 | **16 066** | | 16 066 | |
| Shareholdings | 2.3 | **57 387** | | 17 167 | |
| **Capital assets** | | **81 662** | **80.6** | 40 284 | 58.6 |
| | | | | | |
| **Total ASSETS** | | **101 350** | **100.0** | 68 686 | 100.0 |
| | | | | | |
| **LIABILITIES AND EQUITY** | | | | | |
| | | | | | |
| Trade creditors | | **39** | | 64 | |
| Other current liabilities | | **1 330** | | 411 | |
| Accounts payable to group companies | 2.1 | **8 182** | | 2 477 | |
| Deferred income and accrued expenses | | **524** | | 604 | |
| **Current borrowed capital** | | **10 075** | **9.9** | 3 556 | 5.2 |
| | | | | | |
| Long-term interest-bearing liabilities | 2.4 | **9 550** | | 23 730 | |
| **Long-term borrowed capital** | | **9 550** | **9.4** | 23 730 | 34.5 |
| | | | | | |
| Shareholder capital | 6 | **11 102** | | 8 657 | |
| Statutory capital reserves | | **59 718** | | 20 339 | |
| Statutory retained earnings | | **250** | | 250 | |
| *Free reserves* | | *493* | | *227* | |
| *Profit / Loss brought forward* | | *12 530* | | *12 354* | |
| *Profit for the period* | | *2* | | *176* | |
| Voluntary retained earnings | | **13 024** | | 12 757 | |
| Own capital shares as negative items | 5 | **–2 369** | | –603 | |
| **Shareholders' equity** | | **81 725** | **80.6** | 41 400 | 60.3 |
| | | | | | |
| **Total LIABILITIES AND EQUITY** | | **101 350** | **100.0** | 68 686 | 100.0 |

# 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 2017/2018 and 2016/2017 financial years.

| | **Year-end rates (balance sheet)** | | **Average rates (income statement)** | |
|---|---|---|---|---|
| | **30 June 2018** | 30 June 2017 | **July – June 2017/2018** | July – June 2016/2017 |
| EUR | **1.16** | 1.09 | **1.15** | 1.08 |
| CAD | **0.75** | 0.74 | **0.76** | 0.75 |
| USD | **0.99** | 0.96 | **0.97** | 0.99 |
| GBP | **1.31** | 1.25 | **1.31** | 1.26 |
| SGD | **0.71** | 0.70 | **0.71** | 0.70 |

## 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 Receivables and liabilities

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

| | 30 June 2018 | 30 June 2017 |
|---|---|---|
| **Receivables from group companies** | | |
| CREALOGIX AG | **0** | 2 867 |
| CREALOGIX (Deutschland) AG | **13 314** | 12 413 |
| CREALOGIX (Austria) GmbH | **1 554** | 1 072 |
| CREALOGIX UK Ltd | **2 677** | 2 407 |
| CREALOGIX MBA Ltd | **2 162** | 1 506 |
| CREALOGIX PTE Ltd | **1 368** | 1 330 |
| Innofis EGSM S.L., Barcelona | **161** | 0 |
| **Total receivables from group companies** | **21 236** | 21 595 |
| *thereof without subordination statement* | **13 027** | 14 544 |
| *thereof with subordination statement* | **8 209** | 7 051 |
| | | |
| **Liabilities to group companies** | | |
| CREALOGIX AG, Zürich | **5 770** | 0 |
| Elaxy FS&S GmbH & Co KG | **2 412** | 2 477 |
| **Total liabilities to group companies** | **8 182** | 2 477 |

## 2.2 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).

## 2.3 Shareholdings

### 30 June 2018

| 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% |
| Innofis EGSM S.L., Barcelona | EUR 100 000 | 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% |
| Good Deal S.L., Barcelona | EUR 6 902 | 100% | 100% |
| ELAXY Financial Software & Solutions Verwaltungs GmbH, Stuttgart, Germany | EUR 25 000 | 100% | 100% |

CREALOGIX Holding acquired the Barcelona-based Innofis EGSM S.L. in January 2018. The acquired company itself holds 100% of shares and voting rights on the Good Deal S.L.

### 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% |

### 2.4 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 135 629 shares, which reduced the value by CHF 14 180 thousand.

## 3 Contingent liabilities

### 3.1 Contingent liabilities due to legal disputes

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

### 3.2 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 2018, 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 2018** | 30 June 2017 | **30 June 2018** | 30 June 2017 |
| Dr. Richard Dratva | **17.70%** | 24.31% | **245 600** | 261 168 |
| Bruno Richle | **16.37%** | 23.72% | **227 111** | 256 679 |
| Daniel Hiltebrand | **9.90%** | 15.40% | **137 419** | 166 669 |
| David Moreno | **11.82%** | 0.00% | **164 050** | 0 |
| Peter Süsstrunk | **2.02%** | 5.72% | **28 060** | 61 900 |
| Noser Management AG | **3.03%** | 3.88% | **42 000** | 42 000 |

## 5 Treasury shares including shares held in subsidiaries

| | July – June 2017/2018 | | July – June 2016/2017 | |
|---|---|---|---|---|
| | **Quantity** | **Value** | **Quantity** | **Value** |
| on 1 July | 5 402 | 603 | 11 319 | 1 060 |
| Purchases[1] | 58 287 | 8 507 | 26 780 | 2 649 |
| Sales[2] | –48 599 | –6 741 | –32 697 | –3 106 |
| **on 30 June** | **15 090** | **2 369** | **5 402** | **603** |

[1] In the year under review, CREALOGIX Holding AG purchased 58 287 (previous year: 26 780 shares) registered treasury shares at an average price of CHF 145.95 (previous year: CHF 98.92).
[2] In the year under review, CREALOGIX Holding AG sold 34 820 (previous year: 24 530 shares) registered treasury shares to third parties at an average price of CHF 139.43 (previous year: CHF 90.75). Remaining 13 779 registered treasury shares were used for share-based payments.

Treasury shares are purchased and sold at market prices.

## 6 Share capital

| | **30 June 2018** | 30 June 2017 |
|---|---|---|
| Conditional share capital | **1 217 840** | 2 302 872 |
| Authorised share capital | **1 040 000** | 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 147 770 shares, the outstanding conditional capital changed to CHF 1 217 840 or 152 230 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)

The general assembly determined at his general meeting in October 2017 an authorised share capital of CHF 2 400 000. This capital authorises the Board of Directors to increase the sahre capital by the respective amount. In the year under review, 170 000 shares were issued with a value of CHF 1 360 000 in connection with the acquisition of Innofis, which reduced the authorised capital to CHF 1 040 000

## 7 Remuneration of the Board of Directors and Executive Board

| **July – June 2017/2018** | **Annual fixed compen-sation** | **Annual variable compen-sation** | **Share-based payments** | **Social insurance contribu-tion** | **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 | 15 | 41 | 6 | 0 | **92** |
| Dr. Christoph Schmid, Member | 30 | 24 | 60 | 8 | 0 | **122** |
| Ralph Mogicato, Member | 30 | 15 | 0 | 3 | 0 | **48** |
| **Total Board of Directors** | **120** | **54** | **101** | **19** | **0** | **294** |
| Executive Board (six members as of January 2018) | 1 370 | 432 | 183 | 245 | 37 | **2 267** |
| **Total** | **1 490** | **486** | **284** | **264** | **37** | **2 561** |
| *Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO* | *310* | *128* | *123* | *84* | *8* | **653** |

| **July – June 2016/2017** | **Annual fixed compen-sation** | **Annual variable compen-sation** | **Share-based payments** | **Social insurance contribu-tion** | **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 Board (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** |

[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.

*a) Compensation of members of the Board of Directors and Executive Board*
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 Board 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.

*b) 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 Board, 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.

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

*d) Other compensation and credits*
There were no further claims or commitments to/from persons in key management positions on 30 June 2018 (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 Board. For this role the overall compensation was CHF 415 thousand (previous year: CHF 505 thousand).

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 163 thousand (previous year: CHF 13 thousand).

5) Shareholdings

The members of the Board of Directors and the Executive Board held the following CREALOGIX shares as of 30 June 2018:

| | CREALOGIX shares | | thereof blocked | | thereof blocked for warrants[1] | |
|---|---|---|---|---|---|---|
| | **30 June 2018** | 30 June 2017 | **30 June 2018** | 30 June 2017 | **30 June 2018** | 30 June 2017 |
| Board of Directors | | | | | | |
| Bruno Richle, Chairman | **227 111** | 256 679 | **2 265** | 3 222 | **0** | 17 000 |
| Dr. Richard Dratva, Vice Chairman and CSO | **245 600** | 261 168 | **2 265** | 2 483 | **0** | 17 000 |
| Jean-Claude Philipona, Member | **1 490** | 1 194 | **0** | 414 | **0** | 0 |
| Dr. Christoph Schmid, Member | **5 868** | 5 102 | **970** | 796 | **0** | 0 |
| Ralph Mogicato | **300** | 300 | **0** | 0 | **0** | 0 |
| | | | | | | |
| Members of the Executive Board | | | | | | |
| Thomas Avedik, member of the Executive Board and CEO | **1 850** | 1 530 | **1 456** | 936 | **0** | 0 |
| Philippe Wirth, member of the Executive Board and CFO | **872** | 0 | **522** | 0 | **0** | 0 |
| David Moreno, member of the Executive Board and Executive Vice President Spain (since 9.1.2018) | **164 050** | 0 | **164 050** | 0 | **0** | 0 |
| Volker Weimer, member of the Executive Board and Executive Vice President Germany | **509** | 90 | **509** | 90 | **0** | 0 |
| Marc Stähli, member of the Executive Board and Senior Vice President Global Sales | **0** | 0 | **0** | 0 | **0** | 0 |
| | | | | | | |
| Total | **647 650** | 526 063 | **172 037** | 7 941 | **0** | 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

On 4 July 2018, CREALOGIX announced the acquistion of the remaining 80% of Coburg-based Elaxy Business Solutions & Services (BS & S). With this transaction, CREALOGIX is expanding its product offering and in particular also acquires the capability to offer hosting services for banks.

# Proposal of the Board of Directors to the Shareholders' meeting

| Available earnings | July – June 2017/2018 | July – June 2016/2017 |
|---|---|---|
| Retained profit carried forward | 12 530 | 12 354 |
| Profit for the period | 2 | 176 |
| **Available for distribution by the Shareholders' Meeting** | 12 532 | 12 530 |
| | | |
| **Available earnings** | 12 532 | 12 530 |
| Appropriation to statutory retained earnings | 0 | 0 |
| Appropriation voluntary retained earnings | 0 | 0 |
| Carried forward to new account | 12 532 | 12 530 |
| **Distribution of share premium** | 347 | 541 |

The Board of Directors proposes to the Shareholders' Meeting of 29 October 2018 an appropriation form statutory capital contribution reserves to voluntary retained earnings and a payout of CHF 0.25 per registered share amounting to CHF 347 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 2018.

pwc

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 2018, 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 101) as at 30 June 2018 comply with Swiss law and the company's articles of incorporation.

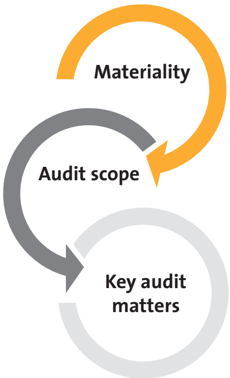
## Basis for opinion

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

**Overall** Overall materiality: CHF 1 013 500




We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

We have determined that there are no key audit matters to communicate in our report.

## 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 materiality** | CHF 1 013 500 |
| **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 70 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

## 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.

## 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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

Nadine Angele
Audit expert

Zürich, 12 September 2018

# Dates and contacts

## Important dates

29 October 2018
Ordinary Shareholders' Meeting

19 March 2019
Presentation of 2018/2019 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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