CREALOGIX

We Create
Digital Leaders

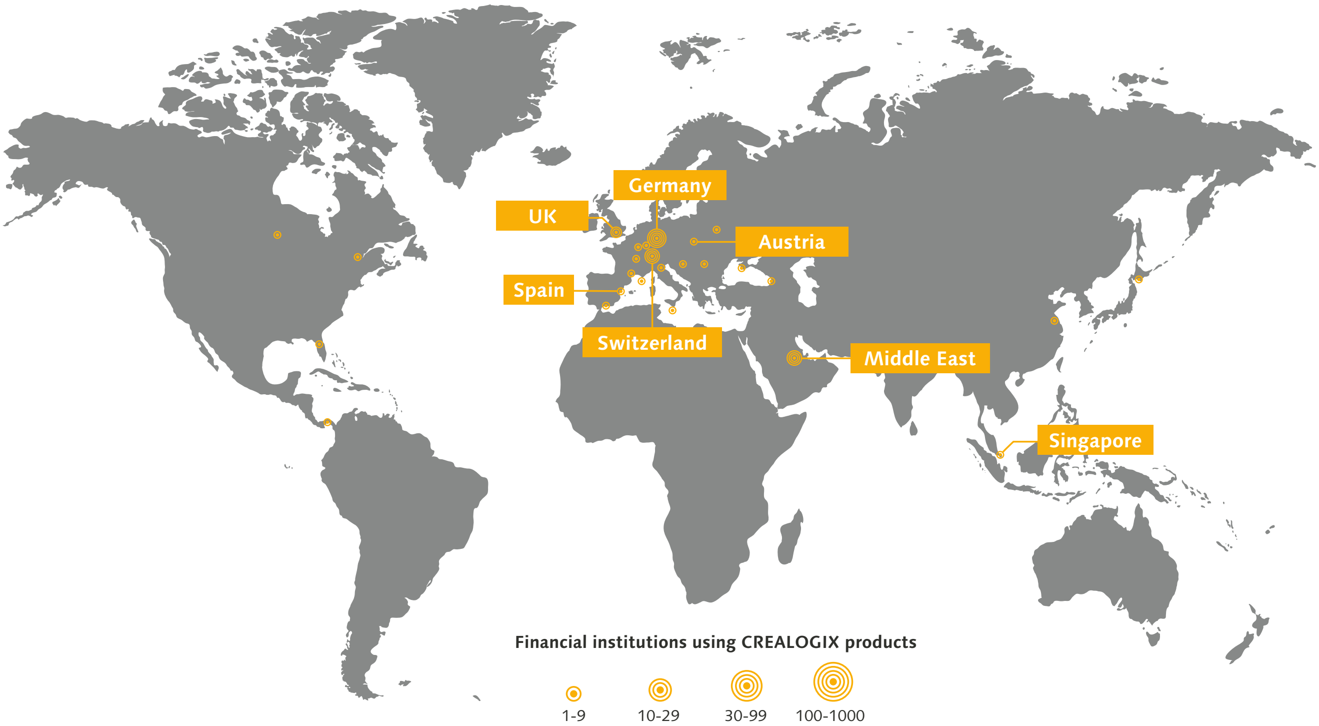
Annual Report

2018/2019

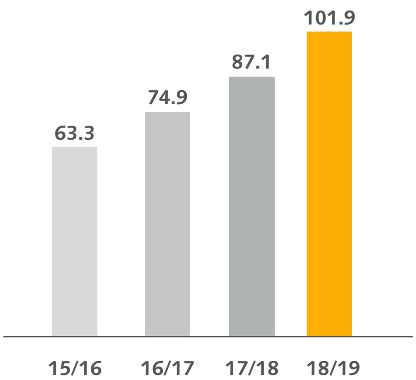
2018/2019
Annual Report

Group Key Figures

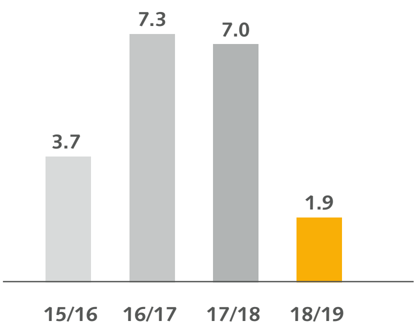
International presence



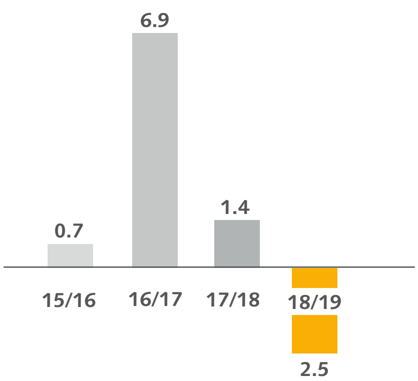
Sales
(CHF millions)



EBITDA*
(CHF millions)



Free Cash Flow*
(CHF millions)



International sales

64.4%

Adj. loss per share*

-0.94

Headcount

702

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

Letter to shareholders

Bruno Richle, Chairman, Thomas Avedik, Chief Executive Officer

Dear shareholders

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

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

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

Full-year results

CREALOGIX continues to grow strongly. In the 2018/19 financial year, revenues increased by 17% from CHF 87.1 million to CHF 101.9 million. This corresponds to growth of 18% in local currencies. The international share of product sales amounted to 64.4% (previous year: 57.4%). Particularly of note are SaaS revenues, which doubled in the same period. Overall, recurring revenues accounted for 42% of total revenue (previous year: 38%). At CHF 1.9 million, profitability (EBITDA) was below the previous year's level (CHF 7.0 million). The EBITDA margin was 1.8% compared to 8.1% in the same period of the previous year. The main reason was the conscious decision to change the licensing model from a traditional perpetual licensing model with maintenance to a sustainable software-as-a-service (SaaS)/rental model. The SaaS model increases recurring revenues because they are generated continually and annually. Without this "SaaS effect", revenue and EBITDA in the 2018/19 financial year would have been approximately CHF 7 million higher. In the UK, uncertainty surrounding Brexit led to banks curbing their IT investments which consequently had a negative impact on the full-year results. The Group posted a net loss of CHF 6.3 million (previous year: net profit CHF 0.7 million). This includes a goodwill amortisation of CHF 5.1 million. Adjusted loss per share was CHF –0.94 compared to earnings of CHF 2.39 in the previous year period. The equity ratio stood at 57% (previous year: 63%).

Transformation programme strengthens position

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

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

1. Change to a new sustainable licensing model

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

2. Investment in research & development for optimal scaling

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

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

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

3. Partner network strengthens global positioning

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

Outlook

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

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

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

crealogix.com

A word of thanks

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

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

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

Bruno Richle
Chairman of the Board of Directors

Thomas Avedik
Chief Executive Officer

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.

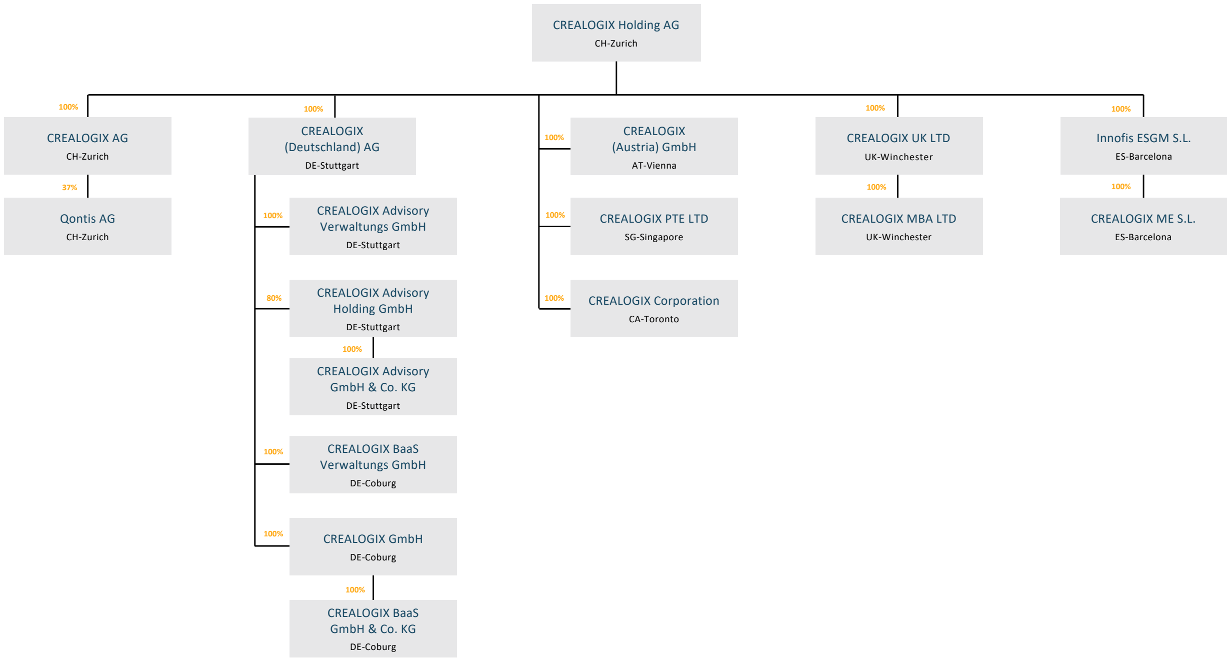
1 Group structure and Shareholders of the CREALOGIX Group

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 2019, market capitalisation was CHF 137.5 million.

1.1 Group structure

The participations held by the CREALOGIX Holding AG in the different subsidiary companies are listed in detail on page 49 (scope of consolidation on 30 June 2019) of the Annual Report.
On 4 July 2018, CREALOGIX Holding AG acquired remaining 80 per cent of Coburg-based Elaxy Business Solution & Services (BS&S). With the acquisition of BS&S, 100% of capital of Elaxy GmbH, Coburg, and Elaxy Business Solution Services Verwaltungs GmbH, Coburg, was acquired.

In January 2019, CREALOGIX MBA Group Ltd., Winchester had been merged into CREALOGIX UK Ltd, Winchester.



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 2019, 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	17.61%	246 154
Bruno Richle	16.29%	227 665
Daniel Hiltebrand	9.83%	137 419
Mayfin Management Services S.l.	11.74%	164 050
Noser Management AG	3.06%	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 11.7% of the issued shares via Mayfin Management Services S.I. 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.

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 2019, CREALOGIX Holding AG had the following share capital at its disposal:

Ordinary capital	CHF 11 182 464 Divided into 1 397 808 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 Divided into 130 000 registered shares with a par value of CHF 8 per share. Issue possible until 31 October 2019.
Conditional capital	CHF 1 137 536 Divided into 142 192 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 10038 shares out of the conditional capital. The capital increased by CHF 81 064 to CHF 11 182 464.

2.4 Shares and participation certificates

On 30 June 2019, CREALOGIX Holding AG had issued 1397808 fully paid registered shares with a nominal value of CHF 8 per share. CREALOGIX Holding AG owned 16092 shares of treasury stock on 30 June 2019, equivalent to 1.2 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. As per 30 June 2019, a total liability of CHF 8 500 thousand is outstanding.

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.

Rudolf "Ruedi" Noser, 1961

Member, el. Ing. HTL/STV, Swiss citizen.

Rudolf "Ruedi" Noser has profound knowledge of the Swiss and international IT and software industry. He is the owner and member of the Board of Directors of Noser Management AG, one of the Swiss leading providers of ICT solutions and services. He chaired the umbrella organization of the ICT industry "ICTswitzerland" until 2017 and is – among others – board member of the "digitalswitzerland" association, which aims to position Switzerland as the world's leading digital hub. Born in 1961 in the Swiss Canton of Glarus, the entrepreneur was elected to the Swiss Parliament in 2003. Since November 2015, he has represented the Canton of Zurich as a liberal member of the Council of States. In this position, Noser is strongly committed to the free development of the economy, the interests of SMEs (small and medium-sized enterprises) and vocational training.

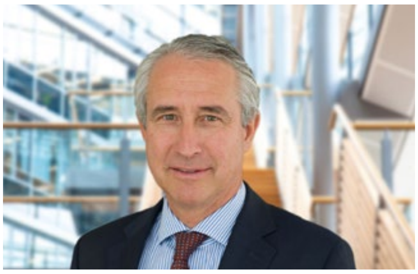
Ralph Mogicato, 1963

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 advisor, professional board member and angel investor in ICT and fintech start-ups and associations such as Swiss ICT Investor Club, Sonect, Apiax 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 Nomination and Compensation Committee were elected by the Shareholders' Meeting held on 29 October 2018 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
Ralph Mogicato	Member	2016
Rudolf Noser	Member	2018

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 2018/2019 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 2018/2019 was passed at the meeting of the Board of Directors on 13 September 2019.

Committees

The Board of Directors has formed an Audit Committee and a Nomination and 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, Ralph Mogicato (Chairman) and Ruedi Noser 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 2018/2019, 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 Nomination and 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: Bruno Richle (Chairman) and Dr. Christoph Schmid. The Nomination and Compensation Committee convenes twice yearly as a rule. In the 2018/2019 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 Board 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 Board.

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 2019, the Executive Board consists of six members, one of whom is executive member of the Board of Directors.
As per 7 January Marc Stähli (Senior VP Sales) stepped down from Group Management and was replaced by Oliver Weber (EVP Digital Banking Switzerland).

As of 30 June 2019, the members of the Executive Board 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.
As announced on July 26 2019, Daniel Bader will replace Philippe Wirth as Chief Financial Officer and Member of Group Executive Management in September 2019

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.

Oliver Weber, 1966

Executive Vice President Switzerland,
Member of the Executive Board
Dipl. Oeconom, German citizen.

Oliver Weber is an accomplished executive with over 25 years of experience in strategy, general management, finance and operations of international IT companies. He is a business transformation expert with extensive experience in business development, restructuring and turnarounds. He held various senior and executive management positions at Wincor Nixdorf in Germany, USA and the Netherlands. Weber started his career at ABB Switzerland in Finance and was a manager at Accenture, Zurich. Most recently, he was the COO at Arcplace, Zurich where he successfully led strategic initiatives to promote sustainable growth and the overall operational performance. He studied economics at the University Kassel, Germany. He holds a master's degree in finance from INSEEC, Paris and a diploma in marketing from the Université Claude Bernard, Lyon. Oliver Weber joined Crealogix in September 2018 as Executive Vice President of Crealogix Switzerland and has been a member of the Executive Management since January 2019.

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 Board 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; all members of the management team are directly employed by a CREALOGIX Group company.

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 CO 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 (33⅓ 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 2018/2019 financial year, the agreed audit fees for PricewaterhouseCoopers AG in Zurich amounted to CHF 254 thousand (previous year: CHF 176 thousand).

8.3 Additional fees

In the 2018/2019 financial year, PricewaterhouseCoopers AG provided further services of CHF 10 thousand (previous year: CHF 200 thousand), related to agreed review procedures outside of the regular audit.

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 publicity, 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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Board of Directors Vice President & Chief Strategy Officer
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richard.dratva@crealogix.com

Share

Key figures – shares

Share capital in CHF	11 182 464
Total number of outstanding shares	1 397 808
of which publicly traded	1 397 808
in %	100.00%
Equity (carrying amount) per share in CHF	42.4
Earnings per share in CHF, undiluted	–4.65
Share prices in CHF	
30 June 2019	98.40
High (9 July 2018)	154.00
Low (9 April 2019)	90.00
on issue day (7 September 2000)	200.00
Market capitalisation in CHF million[*)]	
30 June 2019	137.5
High (9 July 2018)	215.3
Low (9 April 2019)	125.8
on issue day (7 September 2000)	279.6
Market capitalisation (30 June 2019)	
in % of operating revenue	135.0
in % of equity	232.1
Trading volume in CHF million	
1 July 2018 to 30 June 2019	13.4

*) Market capitalisation disclosed is calculated with the total number of outstanding shares as per 30 June 2019 and the share price at respective day.

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

The Board of Directors will propose to the Shareholders' Meeting of 29 October 2019 not to distribute a dividend or share premium for the 2018/2019 financial year.

Articles of Association

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

Share price from 1 July 2018 to 30 June 2019
All amounts in CHF

Symbols	High	Low	Year-on-year % change
CLXN	154.00	90.00	–51.60 (–34.40%)
SPI (SXGE)	12 149.75	9 516.95	1 743.05 (17.03%)

Distribution to Shareholders

	2015/2016	2016/2017	2017/2018
Distribution of share premium per share in CHF	0	0.50	0.25
Total distribution to shareholders in CHF thousand	0	559	342

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 2018/2019 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 renumeration of the non-executive members of the Board of Directors consisted of a fixed fee and compensation per meeting in the 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 Nomination and Compensation Committee (NCC) 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	NCC	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 NCC 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 NCC consisted of Bruno Richle (Chairman), and Dr. Christoph Schmid.
The NCC Chairman can invite the CEO, the CFO and Human Resources specialists to the meetings.

After every meeting, the NCC Chairman provides a report that summarizes the issues discussed, decisions taken and recommendations made by the NCC.
The entire BoD may review the minutes of the NCC meeting.
The NCC 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 consisted 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 2018/2019 financial year, 7 049 employee shares (previous year: 10 295) were given out at a price of CHF 90.16 (previous year: CHF 95.69). 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 38.64 (previous year: CHF 41.01).

On 3 December 2018, 404 bonus shares (previous year: 3 484) were given out at a price of CHF 124.00 (previous year: CHF 137.50).

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 2018/2019	Annual fixed compensation	Annual variable compensation	Share-based payments		Social insurance contribution	Fringe Benefits	Total
			Employee	Bonus			
Board of Directors							
Bruno Richle, Chairman	51	48	0	0	6	0	**105**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	0	**0**
Jean-Claude Philipona, Member (until Oct 2018)	15	5	0	0	1	0	**21**
Dr. Christoph Schmid, Member	30	20	21	0	4	0	**75**
Ralph Mogicato, Member	30	22	0	0	3	0	**55**
Noser Ruedi, Member (since Nov 2018)	15	5	0	0	1	0	**21**
Total Board of Directors	**141**	**100**	**21**	**0**	**15**	**0**	**277**
Executive Board	1 548	0	81	36	207	37	**1 909**
Total	**1 689**	**100**	**102**	**36**	**222**	**37**	**2 186**
Highest compensation to Thomas Avedik, President of the Executive Board & CEO	*300*	*0*	*17*	*36*	*49*	*10*	**412**

July – June 2017/2018	Annual fixed compensation	Annual variable compensation	Share-based payments		Social insurance contribution	Fringe Benefits	Total
			Employee	Bonus			
Board of Directors							
Bruno Richle, Chairman	30	0	0	0	2	0	**32**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	15	0	41	6	0	**92**
Dr. Christoph Schmid, Member	30	24	19	41	8	0	**122**
Ralph Mogicato, Member	30	15	0	0	3	0	**48**
Total Board of Directors	**120**	**54**	**19**	**82**	**19**	**0**	**294**
Executive Board (six members as of January 2018)	1 370	432	81	102	245	37	**2 267**
Total	**1 490**	**486**	**100**	**184**	**264**	**37**	**2 561**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*310*	*128*	*21*	*102*	*84*	*8*	**653**

In addition to his role as Chairman, until January 31, 2019 Bruno Richle had an operative role outside the Executive Board. For this role the overall compensation was CHF 141 thousand (previous year: CHF 415).

The following annual maximum total compensations have been approved by the ordinary Shareholders' Meeting of 29 October 2018:

– Board of Directors: CHF 800 thousand
– Executive Board: CHF 3 220 thousand

The annual variable compensation is zero because the target achievement in the year under review was below the pay-out threshold.

There were no further claims or commitments to/from persons in key management positions as of 30 June 2019 (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 18 thousand (previous year: CHF 163 thousand).

6 Shareholdings of the Board of Directors and Executive Board

On 30 June 2019, 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	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
Board of Directors				
Bruno Richle, Chairman	**227 665**	227 111	**2 819**	2 265
Dr. Richard Dratva, Vice Chairman and CSO	**246 154**	245 600	**2 819**	2 265
Dr. Christoph Schmid, Member	**6 418**	5 868	**1 520**	970
Ralph Mogicato, Member	**300**	300	**0**	0
Ruedi Noser, Member	**42 000**	42 000	**0**	0
Members of the Executive Board				
Thomas Avedik, member of the Executive Board and CEO	**2 379**	1 850	**1 607**	1 456
Philippe Wirth, member of the Executive Board and CFO	**1 426**	872	**1 076**	522
Oliver Weber, member of the Executive Board and Executive Vice President Switzerland	**550**	0	**550**	0
David Moreno, member of the Executive Board and Executive Vice President Spain	**164 050**	164 050	**164 050**	164 050
Volker Weimer, member of the Executive Board and Executive Vice President Germany	**509**	509	**509**	509
Total	**691 451**	688 160	**174 950**	172 037

pwc

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

Report of the statutory auditor remuneration report 2019

We have audited the remuneration report of Crealogix Holding AG for the year ended 30 June 2019. 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 on 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 2019 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, 13 September 2019

Financial Report

CREALOGIX Group Financial Report

Group Key Figures

Amounts in thousands of CHF	July – June 2018/2019	July – June 2017/2018
Net sales from goods and services	**101 913**	87 144
CHF sales growth	**17%**	16%
Local currency sales growth	**18%**	13%
EBITDA	**1 860**	7 031
in % of net sales from goods and services	**1.8%**	8.1%
Free cash flow	**–2 544**	1 395
Adjusted earnings per share	**–0.94**	2.39
Headcount	**702**	554
	30 June 2019	30 June 2018
Balance sheet total	**104 825**	112 082
Equity ratio	**57%**	63%

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.

Local Currency Sales Growth	**July–June 2018/2019**	**July–June 2017/2018**	Growth
Net sales from goods and services	**101 913**	87 144	17%
FX impact	**508**	0	
Local currency sales from goods and services	**102 421**	**87 144**	18%

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.

Adjusted Earnings per share	**July–June 2018/2019**	July–June 2017/2018
Consolidated profit attributable to Shareholders of CREALOGIX Holding AG	**–6 397**	17
Goodwill amortisation, net of tax	**5 109**	2 932
Adjusted consolidated profit	**–1 288**	2 949
Weighted average number of shares outstanding	**1 376 552**	1 231 742
Adjusted Earnings per share	**–0.94**	2.39

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.

Free Cash Flow	**July – June 2018/2019**	July – June 2017/2018
Cash flow from operating activities	**40**	2 512
Purchase of tangible fixed assets	**–2 036**	–815
Disposal of tangible fixed assets	**58**	0
Purchase of intangible assets	**–606**	–302
At end of period	**–2 544**	1 395

Consolidated Income Statement

Amounts in thousands of CHF	Notes	July – June 2018/2019	%	July – June 2017/2018	%
Net sales from goods and services	5	**101 913**	**100.0**	87 144	100.0
Other operating income		**575**	**0.6**	433	0.5
Goods and Services purchased		**–24 752**	**–24.3**	–19 867	–22.8
Change in inventory of finished and unfinished goods as well as unbilled goods and services		**–539**	**–0.5**	–381	–0.4
Personnel expenses	20	**–62 826**	**–61.6**	–49 740	–57.1
Marketing expenses		**–1 654**	**–1.6**	–1 426	–1.6
Rent, maintenance and repairs		**–3 418**	**–3.4**	–2 711	–3.1
Other operating expense		**–7 439**	**–7.3**	–6 421	–7.4
EBITDA *)		**1 860**	**1.8**	7 031	8.1
Depreciation on tangible fixed assets	11	**–1 417**	**–1.4**	–995	–1.1
Amortisation on Goodwill	12	**–5 109**	**–5.0**	–2 944	–3.4
Amortisation on other intangible assets	12	**–1 249**	**–1.2**	–595	–0.7
Operating result		**–5 915**	**–5.8**	2 497	2.9
Financial income	21	**174**	**0.2**	438	0.5
Financial expense	21	**–745**	**–0.7**	–867	–1.0
Financial result		**–571**	**–0.6**	–429	–0.5
Profit and loss from associates	10	**–274**	**–0.3**	–20	0.0
Ordinary earnings before tax		**–6 760**	**–6.6**	2 048	2.4
Income tax	17	**436**	**0.4**	–1 350	–1.5
Consolidated result		**–6 324**	**–6.2**	698	0.8
Attributable to:					
Shareholders of CREALOGIX Holding AG		**–6 397**	**–6.3**	17	0.0
Minority interest		**73**	**0.1**	681	0.8
Earnings per share attributable to shareholders in CHF	22				
Undiluted		**–4.65**		0.01	
Diluted		**–4.65**		0.01	

*) Operating result excluding depreciation on tangible fixed assets, amortisation on goodwill and amortization on other intangible assets

The notes to the consolidated financial statements on pages 48 to 83 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Amounts in thousands of CHF	Notes	30 June 2019	%	30 June 2018	%
ASSETS					
Current assets					
Cash and cash equivalents	6	12 844		20 692	
Receivables from goods and services	7	20 200		17 022	
Other short-term receivables	8	3 064		3 270	
Prepayments and accrued income		2 764		2 642	
Work in progress/inventories	9	3 580		5 950	
Total current assets		42 452	40.5	49 576	44.2
Non-current assets					
Financial assets	10	1 557		6 813	
Tangible fixed assets	11	2 351		1 363	
Intangible assets	12	53 354		49 761	
Deferred tax assets	17	5 111		4 569	
Total non-current assets		62 373	59.5	62 506	55.8
Total ASSETS		104 825	100.0	112 082	100.0
LIABILITIES AND EQUITY					
Current liabilities					
Payables from goods and services		3 745		3 098	
Other short-term liabilities		2 610		5 232	
Short-term financial liabilities	15	13 441		0	
Accrued liabilities and deferred income	13	20 534		18 650	
Short-term provisions	14	1 200		942	
Income tax liabilities		1 482		1 782	
Total current liabilities		43 012	41.0	29 704	26.5
Non-current liabilities					
Long-term financial liabilities	15	1 459		10 237	
Deferred conditional purchase price obligations	16	565		584	
Deferred tax liabilities	17	540		504	
Total non-current liabilities		2 564	2.4	11 325	10.1
Total LIABILITIES		45 576	43.5	41 029	36.6
Shareholders' equity					
Share capital	19	11 182		11 102	
Treasury shares	19	–1 998		–2 369	
Capital reserves		57 672		57 308	
Translation differences		–2 570		–156	
Retained earnings		–2 091		4 306	
Total equity before minorities		62 195		70 191	
Minority interests		–2 946		862	
Total SHAREHOLDERS' EQUITY		59 249	56.5	71 053	63.4
Total LIABILITIES AND EQUITY		104 825	100.0	112 082	100.0

The notes to the consolidated financial statements on pages 48 to 83 are an integral part of these consolidated financial statements.

Consolidated 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 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 shareholders 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*
Change in scope of consolidation	0	0	0	0	0	0	–3 242	–3 242
Increase from convertible bond	80	0	961	0	0	1 041	0	1 041
Dividend payments to shareholders of CREALOGIX Holding AG	0	0	–342	0	0	–342	0	–342
Distribution minority interest	0	0	0	0	0	0	–667	–667
Currency translation of foreign entities	0	0	0	–2 414	0	–2 414	28	–2 386
Consolidated result	0	0	0	0	–6 397	–6 397	73	–6 324
Share-based compensation *)	0	0	341	0	0	341	0	341
Change in treasury shares	0	371	–596	0	0	–225	0	–225
on 30 June 2019	**11 182**	**–1 998**	**57 672**	**–2 570**	**–2 091**	**62 195**	–2 946	**59 249**

*) We have changed the accounting policies for share based compensation. This adjustment led to the disclosure of the additional line item related to share-based compensation in equity. Prior year error in the amount (CHF 352 thousand) has not been adjusted due to materiality reason.

The notes to the consolidated financial statements on pages 48to 83 are an integral part of these consolidated financial statements.

Consolidated Cash Flow statement

Amounts in thousands of CHF	Notes	**July – June 2018/2019**	July – June 2017/2018
Consolidated result		**–6 324**	698
Income tax	17	**–436**	1 350
Depreciation/amortisation	11/12	**7 775**	4 534
Financial result	21	**571**	429
Share of profit of associates	10	**274**	20
Change of receivables from goods and services, other receivables and other non cash flow related positions		**–1 657**	–4 690
Work in progress/inventories		**2 479**	–662
Changes in payables from goods and services and other payables		**–2 398**	1 891
Changes in provisions		**215**	–182
Interest received		**16**	13
Interest paid		**–447**	–468
Tax received		**204**	0
Tax paid		**–232**	–421
Cash flow from operating activities		**40**	2 512
Investing activities			
Purchase of tangible fixed assets	11	**–2 036**	–815
Disposal of tangible fixed assets	11	**58**	0
Purchase of intangible assets	12	**–606**	–302
Acquisition of organisations, net of cash acquired	25	**–8 892**	–11 814
Cash flow from investing activities		**–11 476**	–12 931
Financing activities			
Dividend payments to shareholders of CREALOGIX Holding AG		**–342**	–559
Dividend payments to minorities		**–667**	–395
Dividends received from associates	10	**229**	372
Proceeds from borrowing	15	**5 000**	0
Purchase of treasury shares		**–3 980**	–8 507
Sale of treasury shares		**3 707**	6 060
Cash flow from financing activities		**3 947**	–3 029
Effects of exchange rate changes		**–359**	365
Net change in cash and cash equivalents		**–7 848**	–13 083
Cash and cash equivalents at beginning of period		**20 692**	33 775
Cash and cash equivalents at end of period		**12 844**	20 692

The notes to the consolidated financial statements on pages 48 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 Badenerstrasse 694, CH-8048 Zurich. The Group's registered shares (CLXN) are traded on the SIX Swiss Exchange under identification number 1111570.
The consolidated financial statements were approved for issue by the Board of Directors on 13 September 2019 and proposed for adoption at the Shareholders' Meeting on 28 October 2019. 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 2019	30 June 2018	**July – June 2018/2019**	July – June 2017/2018
EUR	**1.11**	1.16	**1.12**	1.15
CAD	**0.75**	0.75	**0.74**	0.76
USD	**0.98**	0.99	**1.00**	0.97
GBP	**1.25**	1.31	**1.26**	1.31
SGD	**0.72**	0.71	**0.72**	0.71

On 30 June 2019, 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%
CREALOGIX Advisory Holding GmbH (former FS&S Holding GmbH), Stuttgart, Germany	Holding and administration of participating interests in companies	EUR 100 000	80%	80%
CREALOGIX Advisory GmbH & Co. KG (former: ELAXY Financial Software & Solutions GmbH & Co. KG), Stuttgart, Germany	Consultancy and services in information technology and data communication	EUR 10 000	80%	80%
CREALOGIX Advisory Verwaltungs GmbH (former: ELAXY Financial Software & Solutions Verwaltungs GmbH), Stuttgart, Germany	Management of companies related to the ELAXY Group	EUR 25 000	100%	100%
CREALOGIX BaaS GmbH & Co. KG (former: Elaxy Business Solution & Services (BS&S), Coburg, Germany	Hosting Solutions and Data Center Services in the banking environment	EUR 10 200	100%	100%
CREALOGIX BaaS Verwaltungs GmbH (former: Elaxy Business Solution & Services Verwaltungs GmbH), Coburg, Germany	Management of companies related to the ELAXY Groups	EUR 25 000	100%	100%
CREALOGIX GmbH (former: Elaxy GmbH), Coburg, Germany	Holding and administration of participating interests in companies	EUR 471 800	100%	100%
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 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%
CREALOGIX ME S.L. (former: 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%

On 4 July 2018, CREALOGIX Holding AG acquired remaining 80 per cent of Coburg-based Elaxy Business Solution & Services (BS&S). With the acquisition of BS&S, 100% of capital of Elaxy GmbH, Coburg, and Elaxy Business Solution & Srevices Verwaltungs GmbH, Coburg, was acquired. For further details regarding the change in scope of consolidation refer to note 25.

As per January 2019 CREALOGIX MBA Group Ltd. had been merged into CREALOGIX UK Ltd.

As per January 2019, the former CEO of Qontis resigned and for the ongoing operations CREALOGIX provided supporting functions to the company and gained control through establishing decision-makers. As a result, the consolidation scope of Qontis AG changed from equity method to full consolidation.

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 (see note 2.10 for further criteria applied).

If the net assets of the acquired organisation recognised at fair value exceed the cost of the acquisition, the difference (negative goodwill) 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

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 short-term 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

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, 10 or 15 years. The amortisation period determined based on the investment case of the acquisition as follows:

– Acquisition mainly due to product range: 5 years
– Acquisition due to product range and existing customer base: 10 years
– Acquisition due to product range, existing customer base and new market: 15 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. For criteria used to determine the duration, refer to listing under Note 2.10 lit c).

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 maturity 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. Under the terms of bonus share ownership plan, a defined number of shares are granted to managers and employees. The total amount to be expensed is recognised in capital reserves as of the balance sheet date. The amount 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) Bonus plans

For bonus 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 (SaaS)

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) Licence and maintenance contracts

Net sales from license sales are recognized when the right to use the software is made available to the customer; i.e. net sales from licenses are recognized at a point of time. Net sales from maintenance fees are recognized pro rata on an accrual basis according to the economic substance of the relevant agreements.

d) Software as a Service contracts (SaaS)

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

The Group operates 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 is 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 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, hedging instruments 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 Group 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 scope of acquisition (see note 2.10).

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 2018/2019**	July – June 2017/2018
Switzerland	**36 284**	37 484
Europe	**56 985**	44 959
Other countries	**8 644**	4 701
Total Group	**101 913**	87 144

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 2018/2019**	July – June 2017/2018
Sales from services	**41 502**	32 489
Sales of goods	**5 076**	3 228
Hosting and SaaS services	**14 729**	5 895
Maintenance	**28 104**	26 738
License sales	**12 502**	18 794
Total net sales from goods and services	**101 913**	87 144

Net sales from Hosting/SaaS services and maintenance services are considered as recurring net sales. For the year under review, recurring net sales amounted to CHF 42 833 thousand (previous period: CHF 32 633).

6 Cash and cash equivalents

Cash and cash equivalents	30 June 2019	30 June 2018
Cash on hand and bank accounts	12 844	17 529
Short-term investments	0	3 163
Total cash and cash equivalents	**12 844**	20 692

The decrease of cash and cash equivalents is mainly related to the acquisition of ELAXY Business Solution & Services GmbH & Co. KG (see note 25). See also the Cash Flow Statement for the cash movements (page 47).

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 2019	30 June 2018
Current	15 919	12 908
Overdue 1–30 days	2 494	1 970
Overdue 31–90 days	1 252	1 395
Overdue more than 90 days	584	786
Total receivables from goods and services (gross)	**20 249**	17 059
Less: value adjustment of receivables from goods and services	–49	–37
Total receivables from goods and services (net)	**20 200**	17 022

Impairment of receivables from goods and services	July – June 2018/2019	July – June 2017/2018
At beginning of period	–37	–181
Value adjustment for doubtful accounts	–34	–20
Use of impairment for doubtful accounts	22	32
Write-off of impairment for doubtful accounts	1	140
Currency translation differences	–1	–8
At end of period	–49	–37

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 2019	30 June 2018
CHF	8 579	6 197
EUR	7 931	5 988
USD	3 280	3 083
GBP	302	1 689
Other currencies	157	102
Total currencies of book values of receivables from goods and services	**20 249**	17 059

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 34 thousand (previous year: CHF 20 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 2019	30 June 2018
Tax receivables	825	392
Other current third-party receivables	424	516
Prepaid social security	1 815	2 362
Total other short-term receivables	**3 064**	3 270

The decrease in prepaid social security (CHF 547 thousand) is largely attributable to a lower prepayment to the company pension fund compared to prior year.

9 Work in progress/inventories

Work in progress/inventories	**30 June 2019**	30 June 2018
Work in progress (projects)	**3 166**	5 540
Value adjustment for work in progress (projects)	**–625**	–593
Total work in progress	**2 541**	4 947
Inventories	**1 067**	1 062
Value adjustment on inventories	**–28**	–59
Total inventories	**1 039**	1 003
Total work in progress/inventories	**3 580**	5 950

Work in progress (projects) is accounted for under the valuation methods described in note 2.19.
In the year under review, risk for imminent losses in the project business that are accounted for under the percentage of completion method totaled to CHF 352 thousand (previous year: CHF 283 thousand) and are recognised 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 2 171 thousand (previous year: CHF 1 188 thousand) have been recorded under cost of goods sold. Inventories comprise mainly trading goods (photo TANs, slip scanners and PayEyes).

10 Financial assets

Financial assets	**30 June 2019**	30 June 2018
Loans with associates with subordination statement	**0**	2 426
Financial investment Meniga	**615**	615
Investements in associates	**0**	2 826
Other financial assets	**942**	946
Total financial assets	**1 557**	6 813

Since its incorporation, CREALOGIX held a stake of 37.25% in Qontis AG. The company operated independently with an own organisation and has been recognised as an associated company during the past periods.
As per January 2019, the former CEO of Qontis resigned and CREALOGIX took over control. The Group provides supporting functions to the company and gained control through establishing decision-makers for ongoing operations. By gaining control, CREALOGIX started consolidating Qontis AG as of January 2019. The loan towards Qontis AG was subsequently eliminated in the consolidation. The minority interest of 62.75% (CHF 3 242 thousand) is reflected in equity (see consolidated equity schedule)
The proportionate half-year loss of Qontis AG, CHF 301 thousand (previous year end: loss of CHF 144 thousand) was credited toward the loan.

Investments in associates	**30 June 2019**	30 June 2018
At beginning of period	**2 826**	2 901
Share of profit	**0**	124
Dividend received	**–229**	–372
Currency translation differences	**0**	173
Change in scope	**–2 597**	0
At end of period	**0**	2 826

Profit and loss from associates	**30 June 2019**	30 June 2018
Qontis AG, Zürich, Schweiz	**–301**	–144
ELAXY Business Solution & Services GmbH & Co. KG, Coburg, Deutschland	**27**	124
Total profit and loss from associates	**–274**	–20

11 Tangible fixed assets

July – June 2018/2019	Furniture & fixed installations	Office machines	IT & commu-nications systems	Vehicles	Property	Total
Cost						
Value at start of period	4 669	177	2 835	666	596	8 943
Translation differences on opening balance	–92	–4	–72	–6	–26	–200
Change in scope of consolidation	1 813	0	3 363	0	1 697	6 873
Additions	501	80	1 401	0	54	2 036
Disposals	–19	–35	–5	–60	0	–119
Translation differences on effect of movement	–89	0	–157	0	–74	–320
Value at end of period	*6 783*	*218*	*7 365*	*600*	*2 247*	*17 213*
Accumulated depreciation						
Value at start of period	4 240	128	2 307	352	553	7 580
Translation differences on opening balance	–77	–3	–60	–4	–24	–168
Change in scope of consolidation	1 598	0	3 165	0	1 613	6 376
Depreciation	317	15	939	117	29	1 417
Disposals	–19	–4	–2	–35	0	–60
Translation differences on effect of change	–73	1	–138	–1	–72	–283
Value at end of period	*5 986*	*137*	*6 211*	*429*	*2 099*	*14 862*
30 June 2019						
Net book values						
Value at start of period	429	49	528	314	43	1 363
Value at end of period	**797**	**81**	**1 154**	**171**	**148**	**2 351**

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 change	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 change	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**

12 Intangible assets

July – June 2018/2019	Software licences	Goodwill	Other[1)]	Total
Cost				
Value at start of period	5 305	78 226	6 970	90 501
Translation differences on opening balance	–92	–2 626	–107	–2 825
Change in scope of consolidation	3 406	10 336	405	14 147
Additions	606	0	0	606
Translation differences on effect of change	–155	0	–17	–172
Value at end of period	*9 070*	*85 936*	*7 251*	*102 257*
Accumulated amortisation				
Value at start of period	4 774	30 473	5 493	40 740
Exchange differences on opening balance	–86	–555	–43	–684
Change in scope of consolidation	2 756	0	0	2 756
Amortisation	742	5 109	506	6 357
Translation differences on effect of change	–134	–122	–10	–266
Value at end of period	*8 052*	*34 905*	*5 946*	*48 903*
30 June 2019				
Net book values				
Value at start of period	531	47 753	1 477	49 761
Value at end of period	**1 018**	**51 031**	**1 305**	**53 354**

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 2017/2018	**Software Licenses**	**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.

13 Accrued liabilities and deferred income

Accrued liabilities and deferred income	30 June 2019	30 June 2018
Deferred expenses, bonuses	**5 115**	7 343
Accruals regarding maintenance contracts	**8 458**	6 818
Payments received in advance (for long-term contracts)	**4 478**	2 533
Accruals/deferrals for vacation, overtime	**2 483**	1 956
Total accrued liabilities and deferred income	**20 534**	**18 650**

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

14 Short-/long-term provisions

July – June 2018/2019	Provisions short term	Provisions long term
Value at start of period	942	0
Translation differences on opening balance	–39	0
Additional provisions	395	0
Release of unused provisions	–99	0
Effect of changes in foreign exchange	1	0
Value at end of period	**1 200**	**0**

July – June 2017/2018	Provisions short term	Provisions long term
Value at start of period	411	97
Translation differences on opening balance	–6	6
Acquisition/disposal of organisations	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**

In the year under review, the value adjustments recognised for imminent losses in the project business totalled CHF 352 thousand (previous year: CHF 140 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 10038 shares (previous year: 135629). After accounting for interests and discounted issuance costs (CHF 192 thousand), the liability was reduced by CHF 850 thousand.

As per end of the period under review, the group draw a CHF 5 million credit line (previous year: CHF 0) due in June 2020 at 0.8% interest rate.

July–June 2018/2019

Short-term Financial liabilities

Amounts in thousands of CHF	Present Value	Nominal Value	Due Date	Interest Rate
Convertible Bond (CLX15)	8 441	8 500	2019	2.375%
Short-term financial liabilities	5 000	5 000	2 020	0.8%
Total	13 441	13 500		

Long-term Financial liabilities

Long term loans third	517			
Other financial liabilities	942			
Total	1 459			
Unused credit limits	0	7 000		

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		

16 Deferred conditional purchase price obligations

The revenue based earn-out targets have not been accomplished yet. As a result the deferred conditional purchase price obligation has been adjusted for foreign exchange and interests of discounted amount only.

July – June 2018/2019	Deferred conditional purchase price obligations
Value at start of period	584
Translation differences on opening balance	–27
Interest of discounted earn out	8
Value at end of period	565

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

17 Taxes

Deferred Taxes	**30 June 2019**	**30 June 2019**	**30 June 2019**	30 June 2018	30 June 2018	30 June 2018
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Loss carryforwards	**4 315**	**0**	**4 315**	3 797	0	3 797
Receivables	**0**	**200**	**–200**	0	116	–116
Work in progress/ inventories	**0**	**99**	**–99**	69	71	–2
Financial assets	**147**	**0**	**147**	122	0	122
Tangible fixed assets	**118**	**4**	**114**	66	18	48
Intangible assets	**759**	**75**	**684**	899	10	889
Liabilities	**0**	**390**	**–390**	0	682	–682
Other	**0**	**0**	**0**	9	0	9
Total deferred taxes	**5 339**	**768**	**4 571**	4 962	897	4 065
Netting	**–228**	**–228**	**0**	–393	–393	0
Deferred taxes	**5 111**	**540**	**4 571**	4 569	504	4 065

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 2019	30 June 2018
Expiry in next 3 years	0	0
Expiry in 4–7 years	0	0
No expiry date	20 451	14 352
Total tax losses	20 451	14 352
Thereof tax losses for which deferred tax assets were recorded	20 451	14 352
Recorded deferred tax assets	4 315	3 797
Tax losses for which no deferred tax assets were recorded	0	0
Unrecorded deferred tax assets	0	0

Income tax	July – June 2018/2019	July – June 2017/2018
Current tax	–247	–1 614
Deferred tax	683	264
Total income tax	436	–1 350

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 2018/2019	July – June 2017/2018
Ordinary earnings before tax	–6 760	2 048
Group's average domestic tax rate	21.58%	24.33%
Expected income taxes	–1 459	498
Cause for variance:		
Non-tax-deductible expenses	1 491	850
Adjusted tax charges/relief	–405	0
Translation and other adjustments	–63	1
Total income tax	–436	1 350

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	
	30 June 2019	30 June 2019	30 June 2018			July – June 2018/2019	July – June 2017/2018
Pension institutions with surplus	0	0	0	0	2 013	2 013	1 751
Total	**0**	**0**	**0**	**0**	**2 013**	**2 013**	**1 751**

The information on the economic benefit as at 30 June 2019 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 2018. As at 31 December 2018, the VZ pension fund reported a coverage rate of 106.1% (previous year: 118.3%).
Contributions matched pension expenses during the relevant reporting period.
As of June 30, 2019 and as of June 30, 2018 there is no employer's contribution reserve.

19 Share capital

July – June 2018/2019	Number of shares			Capital in thousands of CHF		
	Issued	Treasury	Outstanding	Issued	Treasury	Outstanding
At beginning of period	1 387 770	–15 090	1 372 680	11 102	–2 369	8 733
Treasury shares purchased[1]	0	–31 025	–31 025	0	–3 980	–3 980
Treasury shares sold[2]	0	30 023	30 023	0	4 351	4 351
Increase of capital due to conversion of convertible bond	10 038	0	10 038	80	0	80
At end of period	**1 397 808**	**–16 092**	**1 381 716**	**11 182**	**–1 998**	**9 184**
July – June 2017/2018						
At beginning of period	1 082 141	–5 402	1 076 739	8 657	–603	8 054
Treasury shares purchased	0	–58 287	–58 287	0	–8 507	–8 507
Treasury shares sold	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**

[1] In the year under review, CREALOGIX Holding AG purchased 31 025 (previous year: 58 287 shares) registered treasury shares at an average price of CHF 128,28 (previous year: CHF 145.95).
[2] In the year under review, CREALOGIX Holding AG sold 30 023 (previous year: 34 820 shares) registered treasury shares at an average price of CHF 144,92 (previous year: CHF 139.43).

The total number of issued registered shares amounts to 1 397 808 (previous year: 1 387 770). In the period under review further fractions of the outstanding convertible bond were converted into 10 038 shares (previous year: 135 629 shares). The share capital increased by CHF 80 thousand (previous year: CHF 2 445 thousand) to CHF 11 182 thousand.

The shareholders' equity comprises not distributable reserves of total CHF 2 286 thousand, divided among statutory retained earnings (CHF 300 thousand) and statutory capital reserves (CHF 1 986 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 2019, 142 192 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 2019, 130 000 registered shares were outstanding

Transactions with treasury shares resulted in a net change of CHF 371 thousand (previous year: CHF 1 766 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 2018/2019**	July – June 2017/2018
Wages and salaries	**–50 511**	–39 809
Social security costs	**–7 021**	–5 102
Pension fund costs	**–2 013**	–1 751
Expenses for share-based compensation	**–308**	–778
Other personnel expenses	**–2 973**	–2 300
Total personnel expenses	**–62 826**	–49 740
Full-time employees	**660.1**	532.5
Headcount on 30 June	**702**	554

21 Financial result

Financial result	July – June 2018/2019	July – June 2017/2018
Interest income	16	13
Foreign exchange gain	158	425
Total financial income	174	438
Interest expense	–305	–295
Loss on marketable securities/dividends	0	–4
Foreign exchange loss	–239	–358
Bank fees and other financial expense	–201	–210
Total financial expense	–745	–867
Total Financial result	–571	–429

Interest expenses in 2018/2019 mainly include 12 month of interest and other expenses for the 2.375 per cent convertible bond totaling CHF 305 thousand (previous year: CHF 295 thousand). See Note: 15.
Other financial expenses 2018/2019 include the discounted amount of the issue costs of the convertible bond (CHF 131 thousand; previous year: CHF 132 thousand) and other smaller finance costs such as agency fees.

22 Earnings per share

	July – June 2018/2019	July – June 2017/2018
Consolidated profit attributable to Shareholders of CREALOGIX Holding AG	**–6 397**	17
Weighted average number of shares outstanding	**1 376 552**	1 231 742
Maximum number of new shares (convertible bonds)	**81 426**	91 464
Earnings per share - undiluted in CHF	**–4.65**	0.01
Dilutive effect of conversion of convertible bonds in CHF	**n/a**	n/a
Earnings per share - diluted in CHF	**–4.65**	0.01

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 2019**	30 June 2018
Due within 1 year	**3 702**	2 222
Due between 1 and 5 years	**9 551**	2 814
Due > 5 years	**10 265**	131
Total future liabilities	**23 518**	5 167

24 Contingent liabilities

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

25 Legal restructuring/acquisition/sale of organisations

On 4 July 2018, CREALOGIX Holding AG acquired remaining 80 per cent of Coburg-based Elaxy Business Solution & Services (BS&S). With the acquisition of BS&S, 100% of capital of Elaxy GmbH, Coburg, and Elaxy Business Solution & Services Verwaltungs GmbH, Coburg, was acquired.

The following table shows the total and consolidated amount of assets, liabilities and goodwill acquired during the acquisition:

	Acquiree's carrying amount	Fair value
Cash	1 703	1 703
Accounts receivables	3 819	1 309
Other current assets	1 247	1 247
Tangible fixed assets	1 067	481
Intangible assets	399	1 061
Total ASSETS	**8 235**	**5 801**
Current liabilities	–2 424	–1 397
Total LIABILITIES	**–5 403**	**–3 626**
Fair value of total net assets acquired	**2 832**	**2 175**

Elaxy BaaS GmbH & Co KG	**Cash consideration**
Purchase price paid	12 846
Costs directly attributable to the acquisition	70
Total purchase price	**12 916**
Cash acquired	–1 703
Acquisition of organisations, net of cash acquired	**11 213**
whereof 20% stake acquired in 2016	2 321
whereof payment through cash	8 892
	Goodwill
Total purchase price	12 916
Fair value of total net assets acquired	–2 175
Total surplus amount	**10 741**
whereof allocated to Goodwill	10 336
whereof allocated to other intangibles	405

The table shows the assets and liabilities assessed at fair value at the time control over the company was transferred. The difference between Fair Value and Acquiree's carrying amount is related to the consolidation of the acquired companies and revaluation adjustments.

To reflect the nature of this investment, the Board of Directors of CREALOGIX Holding AG decided to amortise the goodwill created by capitalising the acquisition premium over 10 years.

For this presentation, the translation of the original currency values into Swiss Francs was calculated using the exchange rates of the respective translation date.

CREALOGIX holds 80% of Advisory Holding GmbH (former: FS&S Holding GmbH). There is a Put-Option and a Call-Option for the remaining 20% stake in this entity. 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 47 per cent shareholding in CREALOGIX Holding AG. The four shareholders (founder shareholders) have concluded a shareholder pooling agreement.

Since January 2018, David Moreno owns 11.7% of the issued shares via Mayfin Management Services S.I. 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)
Ralph Mogicato	Philippe Wirth (CFO)
Dr. Christoph Schmid	Volker Weimer
Ruedi Noser	Oliver Weber
	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 141 thousand (previous year: CHF 415 thousand).

There were no further claims or commitments to/from persons in key management positions on 30 June 2019 (previous year: none). There are outstanding liabilities to Mayfin Management Services S.I. of CHF 622 thousand (previous year: 674 thousand), related to the share purchase agreement signed in January 2018. In addition, there are outstanding long-term loans with Qontis AG shareholders in the amount of CHF 517 thousand. Due to the first-time full consolidation of Qontis AG, they are considered as related parties.

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 18 thousand (previous year: CHF 163 thousand).

27 Events after the balance sheet date

Since the balance sheet date of 30 June 2019, there were no significant events which would have a financial impact on the period under review.

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

Report on the audit of 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 income statement for the year ended 30 June 2019, the consolidated balance sheet as at 30 June 2019, the consolidated statement of changes in equity and the 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 44–83) give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 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

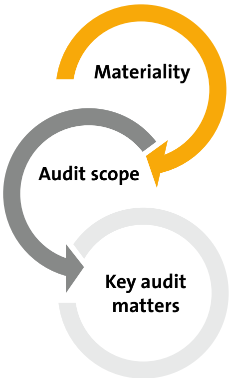
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

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 1 019 000



We concluded full scope audit work at five reporting units in two countries. Our audit scope addressed 84% of the Group's revenue. In addition, specified procedures were performed on a further reporting unit in one country representing a further 9% of the Group's revenue.

In addition, we performed analytical audit procedures at further major locations, which were not in scope for group reporting purposes.

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

Goodwill valuation (intangible asset)

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 1 019 000
How we determined it	1% of net sales from goods and services
Rationale for the materiality benchmark applied	We chose net sales 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.

We agreed with the Audit Committee that we would report to them misstatements above CHF 101 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We 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 16 group companies. We identified five group companies that, in our view, require an audit of their complete financial information due to their size or risk characteristics. For three of these group companies (CREALOGIX (Deutschland) AG, CREALOGIX GmbH and CREALOGIX BaaS GmbH & Co. KG), we worked very closely with the component audit team in Germany. Our involvement included setting the materiality, having conference calls to discuss the risk assessment, planned and performed audit procedures as well as receiving and reviewing the full scope reporting. The Group audit team performed analytical procedures over further major locations to achieve comfort of material balances. Further, the Group audit team performed specific audit procedures over the Group consolidation. In order to exercise the appropriate direction and supervision over the work of the component auditors, the Group engagement team performed several conference calls with the component auditors.

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 valuation (intangible asset)

Key audit matter	How our audit addressed the key audit matter
Goodwill is a significant balance sheet position amounting to TCHF 51031 as at 30 June 2019. On 4 July 2018, CREALOGIX Holding AG acquired the remaining 80% of Coburgbased Elaxy Business Solution & Services (BS&S). With the acquisition of BS&S, 100% of capital of Elaxy GmbH, Coburg, and Elaxy Business Solution & Services Verwaltungs GmbH, Coburg, was acquired. Goodwill is capitalised and amortised over the expected useful life using the straight-line method. Goodwill items are tested for impairment by calculating the values in use at the acquiree level whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We focused on this area because of the magnitude of the position and the level of judgement inherent in management's impairment assessment. Management calculated the value-in-use amount at the acquiree level based on forecasted cash flows for the next five years and extrapolated values starting with the sixth year. Management makes judgements on certain key inputs, the most judgemental of which are discount rates and revenue growth rates because comparatively small changes can have a material impact on the impairment assessment. Refer to note 12 (intangible assets).	We obtained, understood and evaluated management's impairment assessment. In particular, the following audit procedures were performed: – We compared the forecasted cash flows to the Board approved budget. – We assessed the revenue growth rates by comparing them to budgeted revenue targets, as well as to expectations from market analysts. We further assessed the reliability of management's prior period assumptions through a comparison with actual performance in the reporting period. – With the support of our internal valuation specialist we assessed the reasonableness of the WACC (weighted average cost of capital) used in the discount rate calculation by comparing it to comparable organizations as well as considering territory specific factors. – We tested the mathematical accuracy of the calculation of the impairment assessment model. Based on our audit work performed, management's impairment assessment was supportable and 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 Audit expert Auditor in charge	Nadine Angele Audit expert

Zürich, 13 September 2019

CREALOGIX Holding AG Financial Report

CREALOGIX Holding AG Financial Report

Income statement

Amounts in thousands of CHF	July – June 2018/2019	July – June 2017/2018
Net proceeds from sales of goods and services	**2 692**	2 061
Staff costs	**–354**	–229
Other operational costs	**–875**	–1 655
Financial income	**718**	644
Financial costs	**–614**	–557
Financial costs and financial income	**104**	87
Direct taxes	**–268**	–262
Annual profit	**1 299**	2

Balance Sheet

Amounts in thousands of CHF	Notes	**30 June 2019**	**%**	30 June 2018	%
ASSETS					
Cash, cash equivalents and current assets with a quoted market price		**5 471**		6 413	
Other current receivables		**24**		51	
Accounts receivable from group companies	2.1	**16 059**		13 027	
Accrued income and prepaid expenses		**54**		197	
Current Assets		**21 608**	**19.9**	19 688	19.4
Accounts receivable from group companies with subordination statement	2.1	**6 050**		8 209	
Loans to group companies	2.2	**23 606**		16 066	
Shareholdings	2.3	**57 387**		57 387	
Non-current assets		**87 043**	**80.1**	81 662	80.6
Total ASSETS		**108 651**	**100.0**	101 350	100.0
LIABILITIES AND EQUITY					
Trade creditors		**6**		39	
Other current liabilities		**47**		1 330	
Short-term financial liabilities	2.4	**13 500**		0	
Accounts payable to group companies	2.1	**10 785**		8 182	
Deferred income and accrued expenses		**806**		524	
Current liabilities		**25 144**	**23.1**	10 075	9.9
Long-term interest-bearing liabilities	2.4	**0**		9 550	
Non-current liabilities		**0**	**0.0**	9 550	9.4
Shareholder capital	6	**11 182**		11 102	
Statutory capital reserves		**60 345**		59 718	
Statutory retained earnings		**250**		250	
Profit / Loss brought forward		*12 429*		*13 023*	
Profit for the period		*1 299*		*2*	
Voluntary retained earnings		**13 728**		13 024	
Own capital shares as negative items	5	**–1 998**		–2 369	
Shareholders' equity		**83 507**	**76.9**	81 725	80.6
Total LIABILITIES AND EQUITY		**108 651**	**100.0**	101 350	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 recognised 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 2018/2019 and 2017/2018 financial years.

	Year-end rates (balance sheet)		Average rates (income statement)	
	30 June 2019	30 June 2018	**July – June 2018/2019**	July – June 2017/2018
EUR	**1.11**	1.16	**1.12**	1.15
CAD	**0.75**	0.75	**0.74**	0.76
USD	**0.98**	0.99	**1.00**	0.97
GBP	**1.25**	1.31	**1.26**	1.31
SGD	**0.72**	0.71	**0.72**	0.71

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

CREALOGIX Holding AG is legally domiciled in Zurich.

The number of full-time positions does not exceed ten employees on average over the year.

2.1 Receivables and liabilities

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

	30 June 2019	30 June 2018
Receivables from group companies		
CREALOGIX (Deutschland) AG	**14 656**	13 314
CREALOGIX (Austria) GmbH	**1 604**	1 554
CREALOGIX UK Ltd	**2 800**	2 677
CREALOGIX MBA Ltd	**1 290**	2 162
CREALOGIX PTE Ltd	**1 390**	1 368
CREALOGIX BaaS GmbH & Co. KG	**226**	0
CREALOGIX Corporation (Canada)	**1**	0
Innofis EGSM S.L., Barcelona	**142**	161
Total receivables from group companies	**22 109**	21 236
thereof without subordination statement	**16 059**	13 027
thereof with subordination statement	**6 050**	8 209
Liabilities to group companies		
CREALOGIX AG, Zürich	**8 578**	5 770
Elaxy FS&S GmbH & Co KG	**2 207**	2 412
Total liabilities to group companies	**10 785**	8 182

2.2 Loans to group companies

The long-term loans to group companies consist of a loan issued in 2015 to CREALOGIX UK Ltd to finance the acquisition of MBA Systems Ltd (CHF 4 103 thousand), as well as loans to CREALOGIX (Deutschland) AG issued in 2016 to finance the acquisition of FS & S Holding GmbH and in 2018 to finance the acquisiton of ELAXY Business Solution & Services GmbH & Co. KG (CHF 19 503 thousand).

2.3 Shareholdings

30 June 2019

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 Ltd, Winchester, UK	GBP 25 000	100%	100%
CREALOGIX Advisory Holding GmbH (former FS&S Holding GmbH), Stuttgart, Germany	EUR 100 000	80%	80%
CREALOGIX Advisory GmbH & Co. KG (former: ELAXY Financial Software & Solutions GmbH & Co. KG), Stuttgart, Germany	EUR 10 000	80%	80%
CREALOGIX Advisory Verwaltungs GmbH (former: ELAXY Financial Software & Solutions Verwaltungs GmbH), Stuttgart, Germany	EUR 25 000	100%	100%
CREALOGIX ME S.L. (former: Good Deal S.L), Barcelona, Spain	EUR 6 902	100%	100%
CREALOGIX BaaS GmbH & Co. KG, Coburg, Germany	EUR 10200	100%	100%
CREALOGIX BaaS Verwaltungs GmbH, Coburg, Germany	EUR 25'000	100%	100%
CREALOGIX GmbH, Coburg, Germany	EUR 471800	100%	100%
Qontis AG, Zürich, Switzerland	CHF 800 000	37%	37%

On 4 July 2018, CREALOGIX Holding AG acquired remaining 80 per cent of Coburg-based Elaxy Business Solution & Services (BS&S). With the acquisition of BS&S, 100% of capital of Elaxy GmbH, Coburg, and Elaxy Business Solution & Services Verwaltungs GmbH, Coburg, was acquired.

In January 2019, CREALOGIX MBA Group Ltd., Winchester had been merged into CREALOGIX UK Ltd, Winchester.

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

2.4 Short-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 10 038 shares (previous year: 135 629), which reduced the value by CHF 1 050 thousand (previous year: CHF 14 180 thousand).

As per end of the period under review, the group draw a CHF 5 million credit line (previous year: CHF 0) due in June 2020 at 0.8% interest rate.

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 2019, 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 2019	30 June 2018	**30 June 2019**	30 June 2018
Dr. Richard Dratva	**17.61%**	17.70%	**246 154**	245 600
Bruno Richle	**16.29%**	16.37%	**227 665**	227 111
Daniel Hiltebrand	**9.83%**	9.90%	**137 419**	137 419
Mayfin Management Services S.l.	**11.74%**	11.82%	**164 050**	164 050
Noser Management AG	**3.06%**	3.03%	**42 000**	42 000

5 Treasury shares including shares held in subsidiaries

	July – June 2018/2019		July – June 2017/2018	
	Quantity	Value	Quantity	Value
on 1 July	15 090	2 369	5 402	603
Purchases[1]	31 025	3 980	58 287	8 507
Sales[2]	–30 023	–4 351	–48 599	–6 741
on 30 June	**16 092**	**1 998**	**15 090**	**2 369**

[1] In the year under review, CREALOGIX Holding AG purchased 31 025 (previous year: 58 287 shares) registered treasury shares at an average price of CHF 128.28 (previous year: CHF 145.95).
[2] In the year under review, CREALOGIX Holding AG sold 30 023 (previous year: 34 820 shares) registered treasury shares at an average price of CHF 144.96 (previous year: CHF 139.43).

Treasury shares are purchased and sold at market prices.

6 Share capital

	30 June 2019	30 June 2018
Conditional share capital	**1 137 536**	1 217 840
Authorised share capital	**1 040 000**	1 040 000

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 10 038 shares, the outstanding conditional capital changed to CHF 1 137 536 or 142 192 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 its general meeting in October 2017 an authorised share capital of CHF 2 400 000. This capital authorises the Board of Directors to increase the share capital by the respective amount. As per June 2019, 130 000 registered shares were outstanding.

7 Remuneration of the Board of Directors and Executive Board

July – June 2018/2019	Annual fixed compensation	Annual variable compensation	Share-based payments		Social insurance contribution	Fringe Benefits	Total
			Employee	Bonus			
Board of Directors							
Bruno Richle, Chairman	51	48	0	0	6	0	**105**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	0	**0**
Jean-Claude Philipona, Member (until Oct 2018)	15	5	0	0	1	0	**21**
Dr. Christoph Schmid, Member	30	20	21	0	4	0	**75**
Ralph Mogicato, Member	30	22	0	0	3	0	**55**
Noser Ruedi, Member (since Nov 2018)	15	5	0	0	1	0	**21**
Total Board of Directors	**141**	**100**	**21**	**0**	**15**	**0**	**277**
Executive Board	1 548	0	81	36	207	37	**1 909**
Total	**1 689**	**100**	**102**	**36**	**222**	**37**	**2 186**
Highest compensation to Thomas Avedik, President of the Executive Board & CEO	*300*	*0*	*17*	*36*	*49*	*10*	**412**

July – June 2017/2018	Annual fixed compensation	Annual variable compensation	Share-based payments		Social insurance contribution	Fringe Benefits	Total
			Employee	Bonus			
Board of Directors							
Bruno Richle, Chairman	30	0	0	0	2	0	**32**
Dr. Richard Dratva, Vice Chairman and CSO	0	0	0	0	0	0	**0**
Jean-Claude Philipona, Member	30	15	0	41	6	0	**92**
Dr. Christoph Schmid, Member	30	24	19	41	8	0	**122**
Ralph Mogicato, Member	30	15	0	0	3	0	**48**
Total Board of Directors	**120**	**54**	**19**	**82**	**19**	**0**	**294**
Executive Board (six members as of January 2018)	1 370	432	81	102	245	37	**2 267**
Total	**1 490**	**486**	**100**	**184**	**264**	**37**	**2 561**
Highest compensation to Dr. Richard Dratva, Vice Chairman and CSO	*310*	*128*	*21*	*102*	*84*	*8*	**653**

[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 2019 (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 141 thousand (previous year: CHF 415 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 18 thousand (previous year: CHF 163 thousand).

5) Shareholdings

The members of the Board of Directors and the Executive Board held the following CREALOGIX shares as of 30 June 2019:

	CREALOGIX shares		thereof blocked	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
Board of Directors				
Bruno Richle, Chairman	**227 665**	227 111	**2 819**	2 265
Dr. Richard Dratva, Vice Chairman and CSO	**246 154**	245 600	**2 819**	2 265
Dr. Christoph Schmid, Member	**6 418**	5 868	**1 520**	970
Ralph Mogicato, Member	**300**	300	**0**	0
Ruedi Noser, Member	**42 000**	42 000	**0**	0
Members of the Executive Board				
Thomas Avedik, member of the Executive Board and CEO	**2 379**	1 850	**1 607**	1 456
Philippe Wirth, member of the Executive Board and CFO	**1 426**	872	**1 076**	522
Oliver Weber, member of the Executive Board and Executive Vice President Switzerland	**550**	0	**550**	0
David Moreno, member of the Executive Board and Executive Vice President Spain	**164 050**	164 050	**164 050**	164 050
Volker Weimer, member of the Executive Board and Executive Vice President Germany	**509**	509	**509**	509
Total	**691 451**	688 160	**174 950**	172 037

8 Events after the balance sheet date

Since the balance sheet date of 30 June 2019, there were no significant events which would have a financial impact on the period under review.

Proposal of the Board of Directors to the Shareholders' meeting

Available earnings	**July – June 2018/2019**	July – June 2017/2018
Retained profit carried forward	**12 532**	12 530
Profit for the period	**1 299**	2
Available for distribution by the Shareholders' Meeting	**13 831**	12 532
Available earnings	**13 831**	12 532
Appropriation to statutory retained earnings	**0**	0
Appropriation voluntary retained earnings	**0**	0
Carried forward to new account	**13 831**	12 532
Distribution of share premium	**0**	347

The Board of Directors will propose to the Shareholders' Meeting of 29 October 2019 not to distribute a dividend or share premium for the 2018/2019 financial year.

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 income statement for the year ended 30 June 2019, the balance sheet as at 30 June 2019 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 91–102) as at 30 June 2019 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

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 1 086 000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most appropriate benchmark for this holding company which has limited operating activities and which mainly holds investments in subsidiaries and intercompany loans.

We agreed with the Audit Committee that we would report to them misstatements above CHF 108 000 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.

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.

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, 13 September 2019

Dates and contacts

Important dates

28 October 2019
Ordinary Shareholders' Meeting

17 March 2020
Presentation of 2019/2020 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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