

We Create Digital Leaders

Half-Year Report

2020/2021





2020/2021 Half-Year Report

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Group key figures

Amounts in thousands of CHF	July – December 2020	July – December 2019
Net sales from goods and services	52 572	48 611
Net sales growth	8.1%	-5.0%
Sales growth in local currencies	9.5%	-2.0%
EBITDA	1 181	437
in % of net sales from goods and services	2.2%	0.9%
Free cash flow	-1 532	4 913
Adjusted earnings per share	-0.37	-0.71
Full-time employees¹⁾	694	640
	31 December 2020	On 30 June 2020
Balance sheet total	113 938	114 581
Equity ratio	40%	40%

¹⁾ Significant change in full-time employees after 1 January 2021, refer to note 9.

Non-GAAP Financial Measures

CREALOGIX supplements its SWISS GAAP FER results with the following non-GAAP financial measures:

Local currency sales growth	July – December 2020	July – December 2019	Growth
Net sales from goods and services	52 572	48 611	8.1%
FX impact of the period	643	0	
Local currency sales from goods and services	53 215	48 611	9.5%

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 an useful measure to compare results between periods.

Adjusted earnings per share	July – December 2020	July – December 2019
Consolidated profit attributable to shareholders of CREALOGIX Holding AG	-2 938	-3 450
Goodwill amortisation, net of tax	2 421	2 464
Adjusted consolidated profit	-517	-986
Weighted average number of shares outstanding	1 390 302	1 382 617
Adjusted Earnings per share	-0.37	-0.71

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

Free cash flow	July – December 2020	July – December 2019
Cash flow from operating activities	-767	5 369
Disposal /(Purchase) of tangible and intangible assets	-765	-456
Free cash flow	-1 532	4 913

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 constitutes important information because it represents the cash CREALOGIX generates from operations after required investment in its asset base are done and therefore available for distribution to security holders.

Shareholders' Letter



Oliver Weber, President & Chief Executive Officer and Bruno Richle, Chairman of the Board of Directors

Dear shareholders

The already dynamic changes in the financial industry caused by digital transformation have accelerated during the past year as part of the global pandemic. At the same time, the continuation of the pandemic makes negative effects on the financial industry more likely due to the slowdown in global growth and the increase in credit default risks. However, the severe government restrictions in everyday life also showed the financial industry that digital banking is not an additional service, but rather the recipe for success for a sustainable and successful future of any financial services provider.



CREALOGIX

The good news is that CREALOGIX is ideally positioned for this digital acceleration and was therefore able to acquire numerous financial service providers as new clients and implement additional projects for existing clients in the last half-year. For example, CREALOGIX supports various major digitalisation initiatives for existing clients in the Middle East, and in Asia, we have strengthened our collaboration with the Bank Julius Bär. In Thailand, CREALOGIX solutions went live at Bangkok Bank (BBL), the country's largest bank. In Europe, recurring sales, thanks to the long-term SaaS contract with seven German development banks, will continue to develop positively in the coming years.

Half-year results: Confirmation of our chosen strategy

CREALOGIX's successful positioning among international competitors and its ongoing transformation into a focused SaaS provider are reflected positively in the half-yearly figures. Total sales of CHF 52.6 million increased by 8.1% over the same period last year. Recurring sales increased again and for the first time reached over 50% of total sales (previous year: 46.7%). Within recurring sales, it was primarily sales from the SaaS model and hosting services that grew compared to the first half of 2019/2020. These increased by 64.4% from CHF 8.0 million to CHF 13.2 million. This is partly due to the aforementioned major projects acquired in the Middle East, Europe and Asia. Regionally, sales increased the most in Asia and the Middle East. These two regions thus contributed 16.9% to total sales (previous year: 10.1%).

The EBITDA margin was 2.2%, an improvement of 1.3% points over the previous year. In absolute figures, EBITDA was CHF 1.2 million, an improvement of CHF 0.7 million. As a result, net profit excluding the depreciation of goodwill just barely returned to the profit

zone after a loss in the previous year. Increased expenditures in new technologies and improved processes pushed free cash flow slightly into negative territory at CHF 1.5 million. Despite the repayment of a bank loan of CHF 5 million, the balance sheet showed a solid cash position of CHF 30.1 million at the end of the first half of the year, which is why net cash remained almost the same as on 30 June 2020 at CHF 4.6 million. Accounting continues to be conservative, with goodwill constantly amortised and research and development expenses charged directly to the income statement.

Speed picked up and milestones reached

CREALOGIX continues to drive forward its transformation into the leading SaaS provider of digital banking solutions. This strategy is already reflected in the figures and continues to be implemented consistently. One adjustment concerns the spin-off of the service business at the Coburg site in Germany. For this purpose, a management buyout was carried out and 50 employees transferred to the newly founded company in January 2021. This company will continue the service business as an implementation partner of CREALOGIX, with recurring sales remaining with CREALOGIX in the long term. The product portfolio was further streamlined. For example, we have replaced the Business Maker management software with a partner solution.

In the second half of the year, the focus will be on product development in addition to ongoing projects. Central to this is the new frontend currently being developed according to the principle of "MobileFirst", which will provide clients with a significantly better user experience and feature numerous additional modular features.

Outlook

CREALOGIX will not be able to escape the external effects of the global pandemic, its impact on the economy, and clients' willingness to invest. We therefore expect a dampening effect in the coming months, especially if the return to normality takes longer. In the medium term, however, we do not see any negative impact on our business due to the pandemic.

A high level of commitment makes it possible

The fact that we are able to successfully develop our company both internally and externally in a very challenging environment shaped by the coronavirus pandemic, and that we can count on motivated, committed and forward-thinking employees in the process, is not something that can be taken for granted. With this in mind, we would like to express our sincere thanks for the high level of commitment of all of our employees and the trust our clients and investors have placed in CREALOGIX.

We look forward to continuing on the path we have chosen with all of them and to achieving our common goal of inspiring end customers with our digital banking solutions.



Bruno Richle
Chairman of the Board of Directors



Oliver Weber
Chief Executive Officer

Consolidated income statement

Amounts in thousands of CHF	Notes	July – December 2020	In %	July – December 2019	In %
Net sales from goods and services	4	52 572	100.0	48 611	100.0
Other operating income		135	0.3	818	1.7
Goods and services purchased		-15 768	-30.0	-11 204	-23.0
Change in inventory of finished and unfinished goods as well as unbilled goods and services		791	1.5	156	0.3
Personnel expenses		-32 596	-62.0	-32 597	-67.1
Marketing expenses		-668	-1.3	-571	-1.2
Rent, maintenance and repairs		-1 670	-3.2	-1 539	-3.2
Other operating expense		-1 615	-3.1	-3 237	-6.7
EBITDA ^{*)}		1 181	2.2	437	0.9
Depreciation on tangible fixed assets		-631	-1.2	-685	-1.4
Amortisation on goodwill		-2 421	-4.6	-2 464	-5.1
Amortisation on other intangible assets		-458	-0.9	-590	-1.2
Operating result		-2 329	-4.4	-3 302	-6.8
Financial income		579	1.1	132	0.3
Financial expense	7	-1 265	-2.4	-370	-0.8
Financial result		-686	-1.3	-238	-0.5
Ordinary earnings before tax		-3 015	-5.7	-3 540	-7.3
Income tax		292	0.6	109	0.2
Consolidated loss		-2 723	-5.2	-3 431	-7.1
Attributable to:					
Shareholders of CREALOGIX Holding AG		-2 938	-5.6	-3 450	-7.1
Minority interests		215	0.4	19	0.0
Earnings per share attributable to shareholders in CHF:	3				
Undiluted		-2.11		-2.50	
Diluted		-2.11		-2.50	

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

The condensed notes to the consolidated financial statements on pages 10 to 14 constitute an integral part of these consolidated financial statements for the first half of 2020/2021.

Consolidated balance sheet

Amounts in thousands of CHF	Notes	31 December 2020	In %	30 June 2020	In %
ASSETS					
Current assets					
Cash and cash equivalents		30 135		35 959	
Receivables from goods and services		20 322		14 067	
Other short-term receivables		1 553		1 970	
Prepayments and accrued income		2 467		2 805	
Work in progress/inventories		6 116		5 379	
Total current assets		60 593	53.2	60 180	52.5
Non-current assets					
Financial assets		1 661		1 630	
Tangible fixed assets		1 641		1 767	
Intangible assets		43 725		45 434	
Deferred tax assets		6 318		5 570	
Total non-current assets		53 345	46.8	54 401	47.5
Total ASSETS		113 938	100.0	114 581	100.0
LIABILITIES AND EQUITY					
Current liabilities					
Payables from goods and services		4 770		3 639	
Other short-term liabilities		4 114		2 622	
Short-term financial liabilities		0		5 000	
Accrued liabilities and deferred income		28 214		21 532	
Short-term provisions		3 797		8 144	
Income tax liabilities		592		338	
Total current liabilities		41 487	36.4	41 275	36.0
Non-current liabilities					
Long-term financial liabilities	5	25 520		25 885	
Long-term provisions		1 653		1 586	
Deferred tax liabilities		90		134	
Total non-current liabilities		27 263	23.9	27 605	24.1
Total LIABILITIES		68 750	60.3	68 880	60.1
Shareholders' equity					
Share capital	8	11 183		11 183	
Treasury shares		-320		-1 021	
Capital reserves		58 523		58 298	
Translation differences		-3 852		-5 056	
Retained earnings		-20 496		-14 220	
Total equity before minorities		45 038		49 184	
Minority interests		150		-3 483	
Total SHAREHOLDERS' EQUITY		45 188	39.7	45 701	39.9
Total LIABILITIES AND EQUITY		113 938	100.0	114 581	100.0

The condensed notes to the consolidated financial statements on pages 10 to 14 constitute an integral part of these consolidated financial statements for the first half of 2020/2021.

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
<i>30 June 2019</i>	11 182	-1 998	57 672	-2 570	-2 091	62 195	-2 946	59 249
Increase from convertible bond	1	0	602	0	0	603	0	603
Currency translation of foreign entities	0	0	0	-1 808	0	-1 808	-20	-1 828
Consolidated profit / -loss	0	0	0	0	-3 450	-3 450	19	-3 431
Share-based compensation	0	0	-140	0	0	-140	0	-140
Change in treasury shares	0	1 421	-362	0	0	1 059	0	1 059
<i>31 December 2019</i>	11 183	-577	57 772	-4 378	-5 541	58 459	-2 947	55 512
Increase from convertible bond	0	0	-1	0	0	-1	0	-1
Earn-out adjustment	0	0	560	0	0	560	0	560
Distribution to minority interests	0	0	0	0	0	0	-94	-94
Currency translation of foreign entities	0	0	0	-678	0	-678	-107	-785
Consolidated profit / -loss	0	0	0	0	-8 679	-8 679	-335	-9 014
Share-based compensation	0	0	30	0	0	30	0	30
Change in treasury shares	0	-444	-63	0	0	-507	0	-507
<i>30 June 2020</i>	11 183	-1 021	58 298	-5 056	-14 220	49 184	-3 483	45 701
Purchase of minority stake	0	0	0	0	-161	-161	161	0
Distribution to minority interests	0	0	0	0	-3 177	-3 177	3 177	0
Currency translation of foreign entities	0	0	0	1 204	0	1 204	80	1 284
Consolidated profit / -loss	0	0	0	0	-2 938	-2 938	215	-2 723
Share-based compensation	0	0	135	0	0	135	0	135
Change in treasury shares	0	701	90	0	0	791	0	791
On 31 December 2020	11 183	-320	58 523	-3 852	-20 496	45 038	150	45 188

The condensed notes to the consolidated financial statements on pages 10 to 14 constitute an integral part of these consolidated financial statements for the first half of 2020/2021.

Consolidated cash flow statement

Amounts in thousands of CHF	Notes	July – December 2020	July – December 2019
Consolidated profit/ -loss		-2 723	-3 431
Income tax		-292	-109
Depreciation/amortisation		3 510	3 739
Financial result		686	238
Change in receivables from goods and services, accruals, other receivables and other non-cash flow related positions		-5 342	551
Change in work in progress/inventories		-702	-1 455
Change of payables from goods and services, accruals and other payables		7 508	6 200
Change in provisions		-2 662	200
Interest received		0	7
Interest paid		-318	-293
Tax paid		-432	-278
Cash flow from operating activities		-767	5 369
Investing activities			
Purchase of tangible fixed assets		-494	-445
Disposal of tangible fixed assets		12	44
Purchase of intangible assets		-283	-55
Acquisition of organisations, net of cash	6	-324	0
Cash flow from investing activities		-1 089	-456
Financing activities			
Proceeds from bond issuance		0	24 393
Repayment of borrowings		-5 000	-8 475
Purchase of treasury shares		-972	-921
Sale of treasury shares		1 703	1 565
Cash flow from financing activities		-4 269	16 562
Effects from exchange rate changes		301	-293
Net change in cash and cash equivalents		-5 824	21 182
Cash and cash equivalents at beginning of period		35 959	12 844
Cash and cash equivalents at end of period		30 135	34 026

The condensed notes to the consolidated financial statements on pages 10 to 14 constitute an integral part of these consolidated financial statements for the first half of 2020/2021

Condensed notes to the consolidated financial statements

1 Basic information

CREALOGIX Holding AG (the "Company") and its subsidiaries constitute 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, 8048 Zurich. The Group's registered shares (CLXN) are traded on the SIX Swiss Exchange under identification number 1 111 570.

The convertible bond (CLX19) issued on 6 November 2019 is traded on the SIX Swiss Exchange under Swiss security number 41 904 722.

These unaudited consolidated interim financial statements for the first half of 2020/2021 were approved for issue by the Board of Directors on 8 March 2021. 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)	
	31 December 2020	31 December 2019	July – December 2020	July – December 2019
EUR	1.08	1.08	1.08	1.10
CAD	0.70	0.75	0.70	0.75
USD	0.88	0.97	0.92	0.99
GBP	1.21	1.27	1.19	1.24
SGD	0.66	0.71	0.66	0.71

2 Summary of significant accounting and valuation policies

These unaudited consolidated interim financial statements for the first half of 2020/2021 for the period ending 31 December 2020 have been prepared in accordance with Swiss GAAP FER 31 Interim Financial Reporting. The half-year report does not contain all the information and disclosures required for a full annual report.

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

CREALOGIX operates in markets which are not subject to seasonal market fluctuations.

3 Earnings per share

	July – December 2020	July – December 2019
Consolidated profit/ -loss attributable to Shareholders of CREALOGIX Holding AG	-2 938	-3 450
Weighted average number of shares outstanding	1 390 302	1 382 617
Maximum number of new shares (convertible bonds) ^{*)}	200 000	200 000
Earnings per share - undiluted in CHF	-2.11	-2.50
Dilutive effect of conversion of convertible bonds in CHF	n/a	n/a
Earnings per share - diluted in CHF	-2.11	-2.50

^{*)} Represents the maximum dilutive shares as per balance sheet date which might have an impact on the diluted earnings per share calculation. Since the share price traded below the conversion price of CHF 125, no conversions were made. Consequently, there is no dilution effect.

4 Segment information

4.1 Geographical segments

The Group's main activity is in three geographical segments: Switzerland where the Group is headquartered; Europe; and other countries.

Net sales from goods and services	July – December 2020	July – December 2019
Switzerland	21 982	16 510
Europe	21 680	27 188
Other countries	8 910	4 913
Total Group	52 572	48 611

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

4.2 Net sales from goods and services by category

Net sales from goods and services	July – December 2020	July – December 2019
Hosting and SaaS services	13 208	8 032
Maintenance	13 139	14 673
Total recurring revenue	26 347	22 705
Sales from services	18 614	20 110
Sales of goods	3 780	1 408
Licence sales	3 831	4 388
Total net sales from services, goods and licences	26 225	25 906
Total sales from goods and services	52 572	48 611

The CREALOGIX Group is a leading independent software provider in Europe, Middle East and the Asia-Pacific region. CREALOGIX globally markets its extensive product range for the digital bank of tomorrow under the term Digital Hub.

The Board of Directors and Executive Management govern 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.

5 Financial liabilities

On 6 November 2019 the convertible bond (CLX 15) expired and was replaced by a new convertible bond (CLX19) with a face value of CHF 25 million, a term of 5 years and an issue and placement price of 100 per cent. The coupon was fixed at 1.5 per cent (payable annually on 6 November) and the conversion price at CHF 125.

Financial liabilities are recorded and valued at their present value.

December 2020	Present value	Nominal value	Due date	Interest rate
Short-term financial liabilities	0	0		
Total	0	0		

Long-term financial liabilities

Convertible bond (CLX19)	24 045	25 000	2024	1.5%
Long-term loans third	500	500	2025	0.0%
Other financial liabilities	975			
Total	25 520	25 500		

June 2020	Present value	Nominal value	Due date	Interest rate
Short-term financial liabilities	5 000	5 000	2020	1.0%
Total	5 000	5 000		

Long-term financial liabilities

Convertible Bond (CLX19)	23 918	25 000	2024	1.5%
Long-term loans third	500	500	2025	0.0%
Long-term loans third	523			
Other financial liabilities	944			
Total	25 885	25 500		

6 Legal restructuring

On 26 November 2020, CREALOGIX Holding AG acquired the remaining 20 per cent of Stuttgart based CREALOGIX Advisory Holding GmbH (former: FS&S Holding GmbH). As the acquired equity capital belongs to an already fully consolidated subsidiary and as the transaction thus represents an acquisition of rights from an asset the acquirer already controlled, no revaluation of assets and liabilities was required.

7 Financial expense

In the period under review, the Group's contract basis for intercompany financing was remodeled, which led to a revaluation in short-term intercompany loans of CHF 387 thousand reported within financial expenses of the consolidated income statement.

8 Capital of the organisation

The total number of issued registered shares amounts to 1 397 902 (June 2020: 1 397 902). In the period under review, no fractions of the convertible bond were converted.

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

In November 2019, the conditional capital of the organisation was renewed and 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 31 December 2020, 300 thousand registered shares (June 2020: 300 000 shares) were outstanding.

Since 30 October 2019, the Board of Directors is authorised to increase share capital by as much as CHF 2 400 000 by issuing up to 300 thousand registered shares with a nominal value of CHF 8 each until 31 October 2021. As per 31 December 2020, 300 000 registered shares (June 2020: 300 000 shares) were outstanding.

In the period under review, the shareholders of Qontis AG resolved to waive the outstanding long-term loans. As Qontis AG is a fully consolidated subsidiary of the CREALOGIX Group, this transaction represents a profit distribution to minority interests of CHF 3 177 thousand without a cash impact.

9 Events after the balance sheet date

On 12 January 2021, CREALOGIX announced to hive off its product implementation business from Coburg based CREALOGIX BaaS GmbH&Co.KG. In connection with this management buy-out, 50 employees transferred in January 2021 to Coperitus GmbH, a newly incorporated company owned by the former managing directors. Coperitus GmbH will continue as CREALOGIX implementation partner. The client contracts at the date of transition and the corresponding recurring revenue will remain on a long-term basis at CREALOGIX.

Important Group companies

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Dates and contacts



Important dates

14 September 2021
Presentation of 2020/2021 Annual Results

27 October 2021
Ordinary Shareholder's Meeting



Contact addresses

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Caution concerning forward-looking statements

This half-year report contains forward-looking statements regarding CREALOGIX that are inherently susceptible to risk and uncertainty. The reader must therefore be aware that 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 half-year report was prepared.

You can read the entire half-year report of the CREALOGIX Group online at:



crealogix.com/report-en



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