

Shareholders' Letter



Oliver Weber, Chief Executive Officer, Bruno Richle, Chairman

Dear shareholders,

In the Financial Year 2022/23 CREALOGIX has pursued its strategy to improve the operating profitability by a further reduction of its cost base thanks to efficiency gains from the product portfolio consolidation. EBITDA improved by CHF 18.2 million year over year and amounts to CHF 8.9 million in this financial year (last year EBITDA was negative CHF 9.3 million). Profit from the divestment of the Digital Learning business in Switzerland contributed with CHF 7.5 million to the positive EBITDA of this financial year.

While focusing on improving the operating profitability, CREALOGIX successfully completed the single largest customer program in its history with the state development banks in Germany, "The Funding Portal". With all seven participating banks being live and widely using the modern state-of-the art digital platform, a very important strategic milestone has been reached in an important, new, and growing market segment of the European financial industry.

Despite the turmoil in the FinTech industry in insecurities in the banking industry CREALOGIX has successfully added new customers to its portfolio and secured long-term commitments from its existing customer base.

Concentration on digital banking and efficiency gains

CREALOGIX has further sharpened its focus on digital banking opportunities which represents high opportunities for future profitable growth. Beside the European public finance space, where digitalisation efforts are on the rise, business banking and value-added services in application management, security and regulatory offer promising opportunities. Furthermore, a modified release cycle policy for existing flagship products will drive innovation and a stable stream of revenues.

Focusing on future profitable growth has allowed CREALOGIX to realise efficiency gains and thus a reduction of operating costs. As part of the focus on operative profitability, CREALOGIX improved cost management. The focus on digital banking and on efficiency gains allowed for a reduction of free-lancers as well as contraction of the workforce from 524 (30 June 2022) to 383 (30 June 2023) full time positions. In addition, all other cost was scrutinized and reduced.

As part of its consistent strategic focus on digital banking, CREALOGIX sold a stake of 67% of Swiss Learning Hub AG to the group of blue8 AG investors on 17 August 2022, with an option to sell the remaining 33% up to two years after the completion of the transaction. Swiss Learning Hub AG was fully de-consolidated and the option is recognised as a non-current financial asset.

Like for like stable revenue at improved profitability

Total sales for the FY2022/23 amounted to CHF 81.4 million, CHF 12.6 million reduced compared to the previous year. Like for like (adjusted for the divestment of the Digital Learning business), revenue decreased by 2.8% in local currencies. Because of the completion of strategic projects and the normalised investments into new solutions, R&D decreased to 11.7% compared to the total revenue (PY: 31.0%).

Thanks to the saving measures and the profit from M&A and divestments, EBITDA increased to CHF 8.9 million (CHF -9.3 million FY2021/22). Despite goodwill amortisations of CHF 4.5 million (according to Swiss GAAP FER, CREALOGIX constantly amortises its goodwill in every period) and the fact that own efforts for product development are fully charged to P&L, the consolidated result turned positive. This means that CREALOGIX shows a positive, adjusted earnings per share of CHF 3.22 (2021/2022: CHF -8.76).

Free cash-flow increased from CHF -22.3 million in FY2021/22 to CHF -2.4 million in this financial year. Free cash-flow was positively impacted by the improved operative result and proceeds from M&A and divestments, but still negatively affected by a normalisation of net working capital. Mainly due to the completion of the program for the state development banks, spending in intangible assets was reduced to CHF 1.1 million (CHF 7.9 million in FY 2021/22). At balance sheet date, net debt amounted to CHF 27.0 million). Cash totalled available to CHF 3.4 million (FY2021/22: CHF 14.1 million), this is due to the focus on a temporary reduction in net debts per end of the financial year. The equity ratio improved from 22.6% in the previous year to 28.7% in this financial year.

Outlook

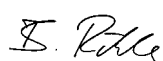
We are adding a new section "Sustainability" to our annual report to document our journey towards achieving sustainable business success. With the ESG Report, we have given the company some important future goals to achieve an ethical, sustainable net-zero business by 2030 and will be reporting back on our progress as an essential part of both our ESG strategy and our commercial success.

The Senior Management has been consolidated into the Executive Board in July 2023 which has been complemented by the heads of the operative market units. This allows to further strengthen transparency and accountability.

Some of the cost saving measures already implemented will only come fully effective in FY2023/24 leading to a further optimised cost structure.

For the Financial Year 2023/2024 CREALOGIX expects moderate revenue growth in local currencies and further improving operating profitability.

We are grateful that we can count on the support and considerable commitment of all our employees, customers and suppliers in these times. On behalf of the Board of Directors and the Executive Management, we would also like to thank you for your valuable support and continued confidence in CREALOGIX.



Bruno Richle
Chairman of the Board of Directors



Oliver Weber
Chief Executive Officer



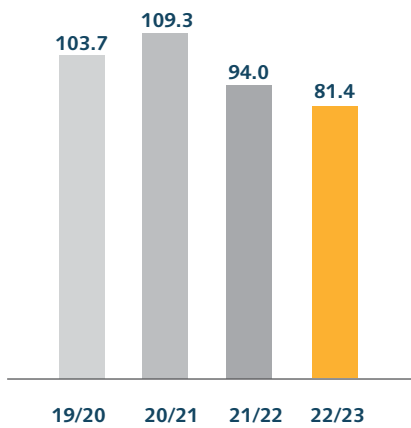
Group key figures

International presence



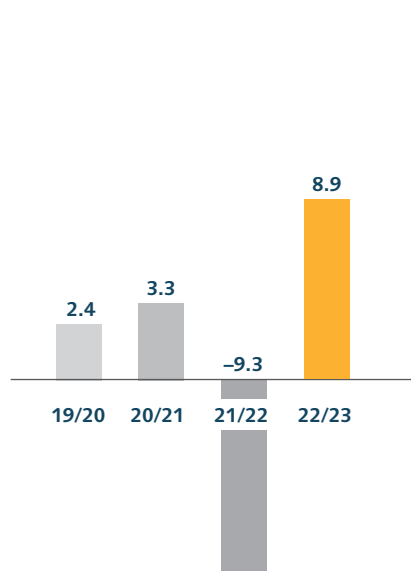
Sales

(CHF millions)



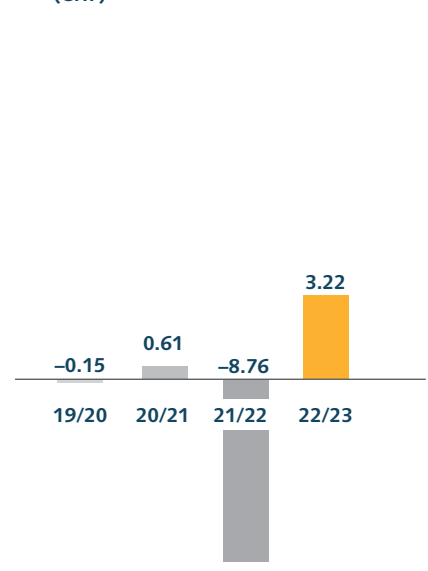
EBITDA*

(CHF millions)



Adjusted Earnings per Share**

(CHF)



* 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 52 of the financial report.

** Adjusted earnings/loss per share is calculated as consolidated net result (attributable to shareholders of CREALOGIX Holding AG) before goodwill amortization, divided by the weighted average number of outstanding shares according to note 19 of the financial report.