Letter to shareholders

Dear shareholders

Fintech companies are a source of innovation, and the core of their efforts involves supporting the financial industry's efforts to build future networks, improve technical processes and deliver attractive products to their customers.

To stay ahead of the game and become a leading global fintech partner, CREALOGIX strives to:

- Increase our client orientation through early identification of market needs and determination of how we can best provide support with innovative technical offerings.
- Focus on strategic key products that meet our clients' requirements.
- Generate and increase the recurring revenue to offer increased value to our shareholders, clients, employees and future innovation.

For CREALOGIX, 2019/2020 has been an eventful year. We not only overcame a cybercrime attack but also successfully navigated through the COVID-19 pandemic. Both events had only a slight impact on our financial performance. Moreover, we have successfully concluded important contracts in all markets. In our home market of Switzerland, we have had great success in accelerating the implementation of our product platform and new delivery model.

Oliver Weber assumed responsibility as Group CEO in January 2020. Over the past several months, we have focussed on accelerating our transformation and consistently implementing our strategy of profitable growth by introducing the "Fitness Camp for the Pioneer".

Three strategic priorities

CREALOGIX is pursuing its vision to become the leading Software as a Service (SaaS) provider for digital banking platforms in our chosen markets and to achieve recognition as a top-tier fintech partner. The following key elements are driving our transformation as we seek to accomplish these ambitious and sustainable goals:

- **Improving client access to leading digital banking software by accelerating our go-to-market approach**
  In June, we established a simplified organisational structure with a segment-oriented market approach. This means that we are today serving our targeted markets with a specialised sales force that is locally affiliated and therefore more client-oriented. We are extending our geographical sales reach by leveraging international partnerships such as with IBM and are in the process of significantly growing our own in-house sales and marketing team.

- **Focussing our offering by streamlining the product platform**
  To simplify our product line, we have given it a strong focus to enable all our global clients to take advantage of our features and upgrades, resulting in gains in production and delivery efficiency for all parties involved. Non-strategic products will be sun-set over time, and further consolidation will follow as contract life-cycles are renewed and brought into the new digital banking hub architecture. We are also integrating our technology under a single global platform that permits us to act as a fintech partner of choice for banks on their digital journey. The recently awarded contract to develop and maintain an innovative portal solution for a group of seven state development banks (Förderbanken)
  in Germany demonstrates the strength of our focussed product platform.
- **Changing the revenue model towards subscription/SaaS**
  The transition towards the SaaS model is more of a journey than a sprint. Contracts need to be renewed and adjusted. To date, 44% of our earnings model is based on recurring revenues. We are confident that we can succeed in increasing this model to 60% in the medium term.

Our "Fitness Camp for Pioneers" is showing solid progress, and we are confident that we can strengthen our position as a leading SaaS provider for digital banking platforms.

Full-year results

Net sales overall increased by 1.7% to CHF 103.7 million, culminating in another record high for CREALOGIX. Despite COVID-19, net sales were 13.2% higher in the second half of the fiscal year compared to the first six months. The share of net sales generated in Switzerland increased to 38% (2018/2019: 36%) of the overall sales of the Group, underlining the strength of our chosen strategic direction with a clear focus on fewer products.

Recurring revenues increased from 42% to 44%. Target SaaS model revenue increased by 15%, highlighting the importance of the strategic decision to change the licensing model. The transformation of the revenue model to SaaS, which has temporarily reduced net sales and EBITDA by CHF 6.9 million in the 2019/2020 financial year, will lay the basis for sustainable success in the future.

In 2019/2020, CREALOGIX generated a solid operational result (adjusted EBITDA) of CHF 2.4 million, excluding costs for reorganisation measures. This represents an increase of CHF 0.5 million compared to 2018/2019. The one-off costs as part of the reorganisation of CHF 7.0 million reduced the EBITDA to CHF –4.6 million. This action, in particular streamlining the product portfolio and organisation, will strongly accelerate our transition in the medium term and place us back on the path of revenue and growth. The Group posted an adjusted bottom-line net loss amounting to CHF –5.4 million, which includes a goodwill amortisation of CHF 4.9 million. The adjusted earnings per share increased to CHF –0.15 (2018/2019: CHF –0.94).

Due to successful refinancing through a convertible bond in November 2019, CREALOGIX maintains a healthy cash position of CHF 36.0 million. Associated with those increased financial liabilities and the consolidated net loss, the equity ratio declined from 57% to 40%. The strong 2019/2020 adjusted free cash flow of CHF 7.9 million increased by CHF 10.4 million compared to the previous period and led to a net cash position of CHF 5.1 million (30 June 2019: CHF –2.1 million).

Outlook

The investments made to accelerate the CREALOGIX "Fitness Camp for the Pioneer" are allowing us to build on recent success, expand our market reach and strengthen our sales force. Our passion lies in developing innovative product solutions for our clients. A strong sales force across our chosen markets paired with an aligned and strategic product platform enables us to serve our clients more closely and understand their needs and expectations with respect to pioneering software. In addition, a boots-on-the-ground approach opens new market possibilities and partnerships, especially in Asia and the Middle East.

The full effects of the COVID-19 pandemic on our economy as whole and our partners' investment appetite remain difficult to predict. We see positive outcomes in a willingness and need for speed in further digitising processes and offerings, and we expect a heightened demand for digital banking in the near term. Especially across Asia, mobile first is a leading topic. The growing middle class and younger generations expect powerful banking solutions at the tip of their fingers. Here we expect a growing interest in wealth management solutions. Projecting to next year's annual results, we expect positive results with our EBITDA margin that go beyond the adjusted EBITDA of 2019/2020. In addition, through further transformation in the direction of the SaaS model, we can anticipate increased recurring revenue growth with double-digit profitability on the EBITDA level in the medium term.

A word of thanks

At CREALOGIX, we enable our partners to enter and own space within fintech. To succeed in an industry dominated by speed, we must embody change to be constantly able to offer products that improve financial activities and experiences. Our transformation is bolstering our focus on industry-leading technology that can be offered across multiple regions. On behalf of the Board of Directors and Executive Management, we would like to thank you for your valued support and continued trust in CREALOGIX. We are focussed on swiftly finalising the transformation and securing our position as a global leader in the provision of SaaS within digital banking. Thank you for being part of this journey.

crealogix.com

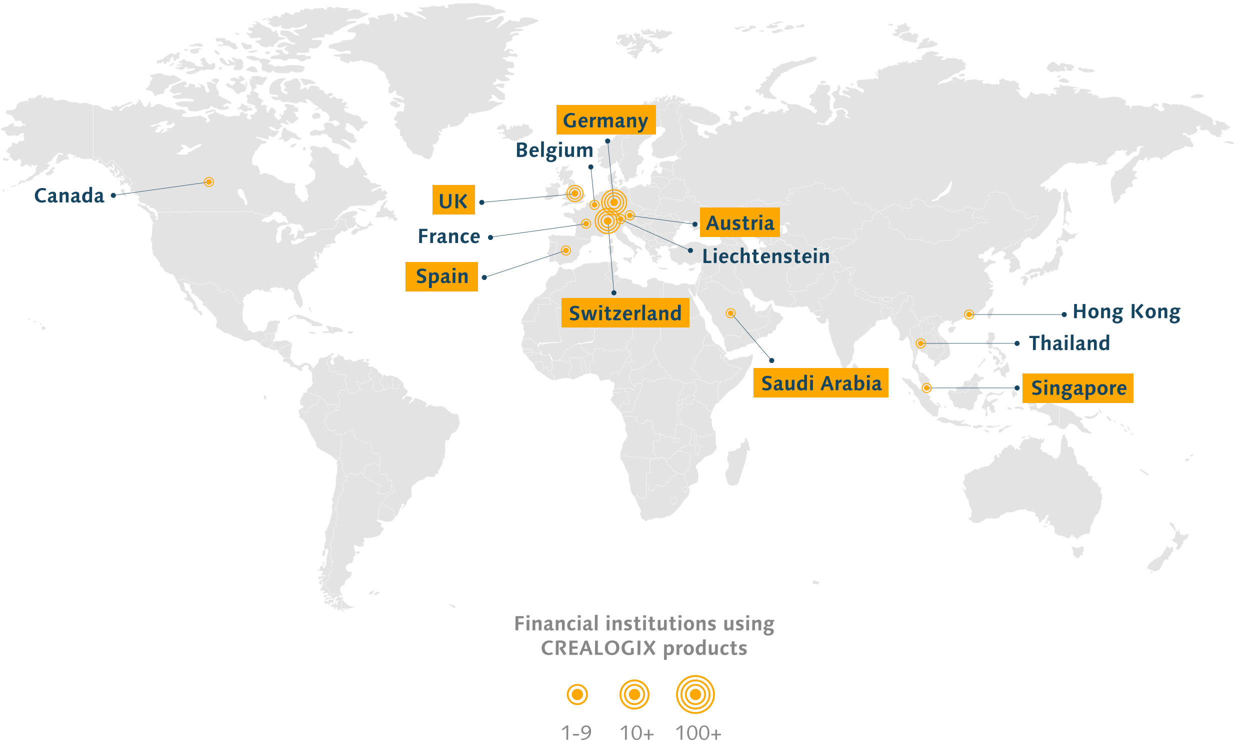
B. Richle

Bruno Richle
Chairman of the Board of Directors

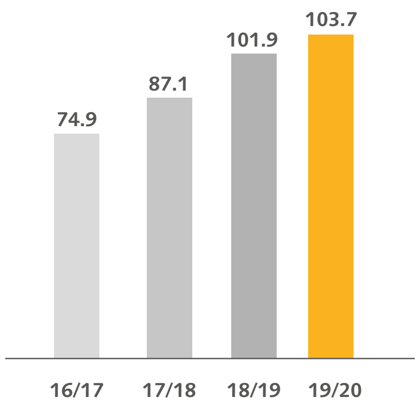
Oliver Weber
Chief Executive Officer

Group Key Figures

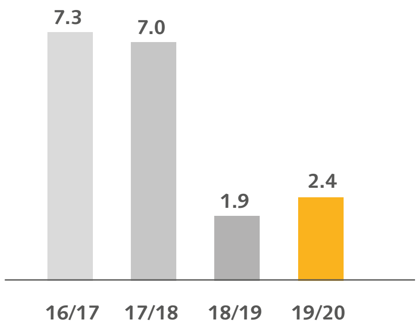
International presence



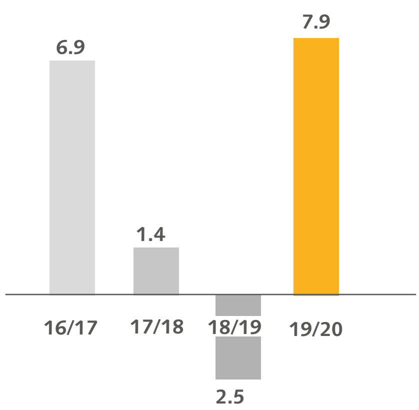
Sales
(CHF millions)



Adjusted EBITDA*
(CHF millions)



Adjusted Free Cash Flow*
(CHF millions)



International sales

62.1%

Adj. loss per share*

-0.15

Headcount

682

* 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.