

# LETTER TO SHAREHOLDERS

## **Dear Shareholders,**

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

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

## **Full Year Results**

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

## **Open Banking on the rise**

Various international surveys commissioned by CREALOGIX among 3'000 bank customers between the ages of 18 and 45 demonstrate the importance of digital and mobile banking. In Switzerland, 80% of millennials stated that everyday services such as referrals were also or exclusively to be carried out online. The demand for open-banking applications, which allow access to all financial services from different providers via a single app, is also growing. Over 60% of respondents in the UK and more than 65% of Germans surveyed would welcome such an application. Among the Swiss, this figure is more than 40%. As a leader in digital banking with over 20 years of experience, CREALOGIX addresses all these issues with sophisticated and proven technologies. The open platform strategy with the "Digital Banking Hub" as centrepiece enables financial services organizations to position themselves early on with open banking offerings. By adding third-party products to their portfolio they significantly increase customer satisfaction.

## **Serving Mobile**

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

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

## **Outlook**

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

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

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

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

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

### **Many Thanks**

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

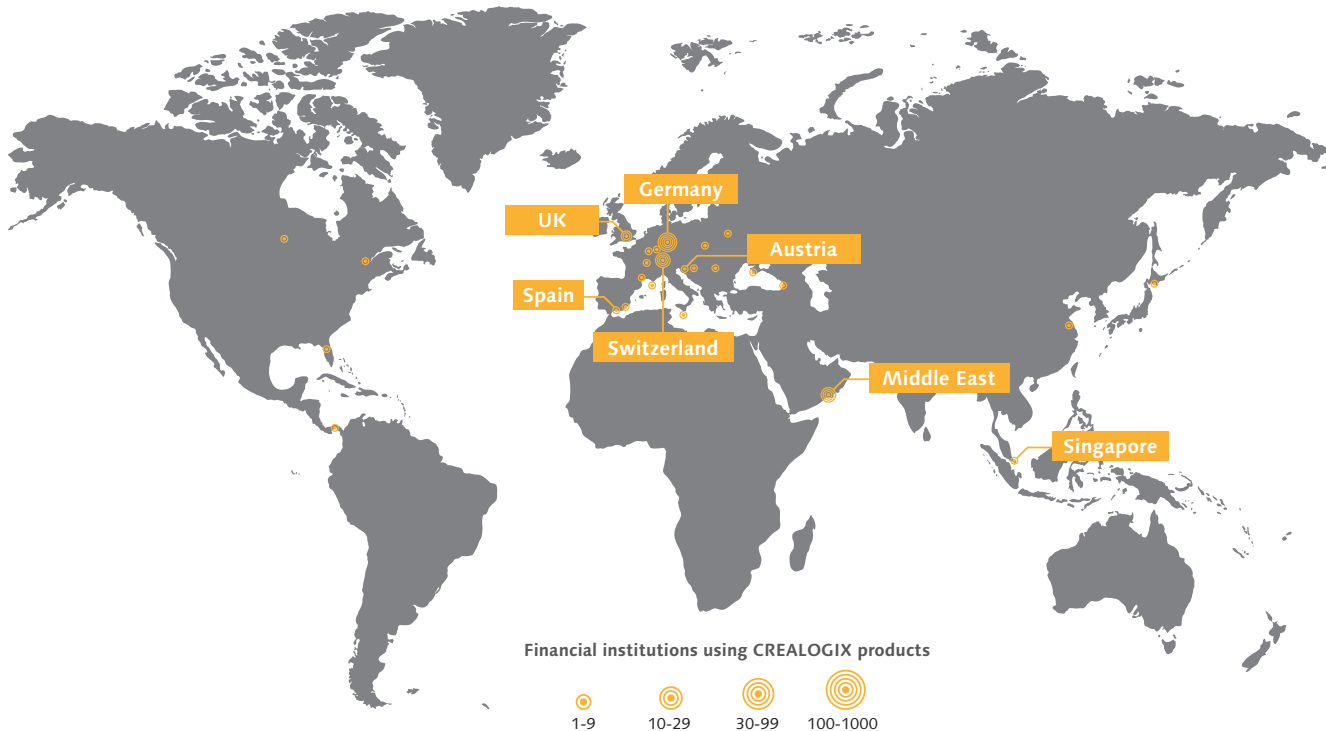


[crealogix.com](http://crealogix.com)

Bruno Richle  
Chairman of the Board of Directors

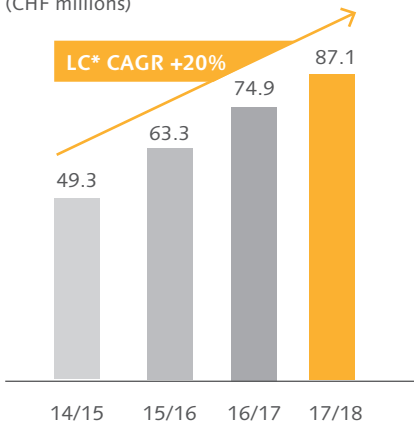
Thomas Avedik  
President & Chief Executive Officer

# GROUP KEY FIGURES



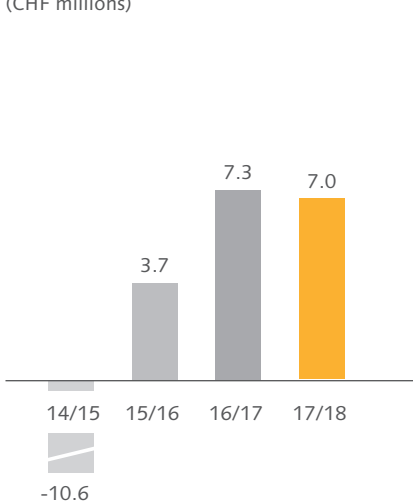
## Sales

(CHF millions)



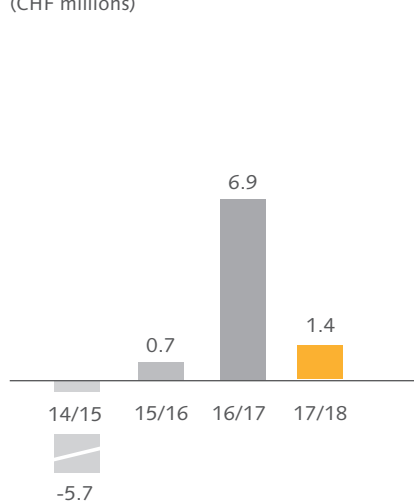
## EBITDA\*

(CHF millions)



## Free Cash Flow\*

(CHF millions)



### International Sales



57%

### Adjusted Earnings Per Share\*



2.39

### Headcount



554

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