

Ad hoc announcement pursuant to Art. 53 LR

Press release

Zurich, 15 March 2022

CREALOGIX: Higher expenditures weigh on profitability, but open up new business areas

CREALOGIX recorded a decline in sales in the first half of the 2021/2022 financial year. The ongoing conversion of the business model from licences to the SaaS (software as a service) rental model and higher expenditures in product development have weighed on profitability. At the same time, the share of recurring sales increased to 56% of total sales. In the medium term, SaaS business and expenditures will open up new business areas for us as a fintech specialist.

Total sales decreased by CHF 7.2 million to CHF 45.4 million in the first half of the current financial year. Recurring sales were CHF 25.4 million, which corresponds to 56% of total sales. CREALOGIX was thus able to increase the share of recurring revenue for the second time (previous year: 50%). SaaS/hosting sales also increased by 8% and accounted for 32% of total sales. The higher sales from the SaaS business is mainly due to orders from development banks in Germany.

To drive the development of the funding portal for the German development banks and other strategic products, CREALOGIX significantly increased expenditures in product development (R&D), investing a total of 30% of sales. In the previous year, it had been 18% in the same period. The high development expenditures had a negative impact on EBITDA: this was CHF -3.8 million. Even additional cost-cutting measures could not fully compensate for the high expenditures. In addition, the ongoing travel restrictions due to the Covid-19 pandemic hampered new customer acquisition in all regions and dampened CREALOGIX's growth targets.

In the first half of 2021/2022, CREALOGIX recorded a net loss of CHF -7.7 million before goodwill depreciation. Free cash flow was CHF -15.4 million, significantly lower than in the previous year: CHF -1.5 million. Cash and cash equivalents also decreased to CHF 22.7 million (30 June 2021: CHF 27.7 million). Accounting continues to be conservative, with goodwill from prior acquisitions constantly amortised and research and development (R&D) expenses charged directly to the income statement.

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The high product investments in the first half of 2021/2022 contributed significantly to the successful commissioning of new customer solutions, such as the funding portal for the development banks in Germany. CREALOGIX is also responsible for hosting and operation at five development banks. Further institutions are to be added in the coming months. CREALOGIX also successfully expanded its customer base in the Middle East and convinced existing customers in Switzerland of significant solution enhancements.

With an optimised cost structure, the consolidation of the product portfolio and the establishment of nearshore centres, CREALOGIX has cut costs and reduced staff. In the second half of the year, the company will continue to work on its cost base to increase profitability on an ongoing basis. CEO Oliver Weber said: "We remain committed to the implementation of our SaaS strategy. Through the product investments made and the focusing of our portfolio, we will achieve our financial targets, in particular a substantially improved EBITDA margin."

Improved second half

CREALOGIX expects to generate higher sales in the second half of 2021/2022 compared to the first half. The second half of the year is generally stronger in terms of sales, and the additional investments made in the product portfolio are coming to an end. CREALOGIX expects a substantially improved EBITDA margin for the 2022/2023 financial year, provided that the geopolitical situation does not deteriorate further.

You can download the full 2021/2022 half-year report here:

<https://crealogix.com/en/about-us/investor-relations>

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The [CREALOGIX Group](#) is a Swiss top 100 fintech company and a global market leader in digital banking. CREALOGIX develops and implements innovative fintech solutions for the financial institutions of tomorrow. With CREALOGIX's solutions banks, wealth management firms and other financial institutions better respond to evolving customer needs in the area of digital transformation. The Group, founded in 1996, employs around 600 staff worldwide. Shares of the CREALOGIX Group (CLXN) are traded on the SIX Swiss Exchange

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