

CREALOGIX HOLDING AG

Valuation report

15 NOVEMBER 2023

Sharing mindsets - shaping future



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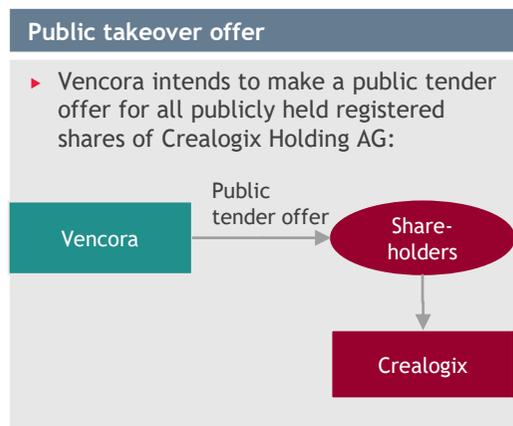
SECTION 1

INTRODUCTION

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OFFER FROM VENCORA TO ALL PUBLIC SHAREHOLDERS OF CREALOGIX

Vencora intends to launch a public tender offer for the publicly held shares of Crealogix (1/2)



Source: BDO

Name	Valor	Ticker	Exchange
Crealogix Holding AG	1111570	CLXN	SIX Swiss Exchange

Source: SIX Swiss Exchange

Initial situation and public tender offer

- Vencora UK Limited (“Vencora”) is a company incorporated under the laws of England, United Kingdom with registered office in Halifax, England, United Kingdom. Vencora is fully owned by Volaris Group Inc. (“Volaris Group”) a company under Canadian law. Volaris Group itself is a wholly owned subsidiary of Constellation Software Inc., a Canadian company listed at the Toronto Stock Exchange (Ticker: CSU).
- According to the pre-announcement dated 15 November 2023, Vencora intends to make a public tender offer for all publicly held registered shares (“Namenaktien”) of Crealogix Holding AG (“Crealogix”) with a nominal value of CHF 8 each (“Offer”).
- Crealogix is a public limited company registered under Swiss law, with its registered seat in Zurich, Switzerland. The company was founded in 1996. The Crealogix shares have been listed on the SIX Swiss Exchange (“SIX”) since September 2000 under the ticker “CLXN”.
- According to the pre-announcement, the Offer for all publicly held shares of Crealogix consists of a cash offer of CHF 60 per registered share of Crealogix.
- We understand that on 15 November 2023, Vencora entered into a share purchase agreement with certain shareholders prior to the pre-announcement for the acquisition of a total of 725’746 Crealogix shares, corresponding to 51.66% of Crealogix’s share capital registered in the Commercial Register as of the date of the pre-announcement.

Legal framework for this valuation report

- Circular No. 2 of the Swiss Takeover Board (“TOB”) sets out the provision relating to the liquidity of an equity security within the meaning of Swiss takeover law (“Circular No. 2”):¹
 - A security included in the Swiss Leader Index (“SLI”) of the SIX shall be deemed liquid within the meaning of art. 42, para. 4 of the FINMA Financial Market Infrastructure Ordinance (“FMIO-FINMA”).²
 - A security not included in the SLI shall be deemed liquid within the meaning of art. 42, para. 4 FMIO-FINMA if the monthly median of the daily volume of on-exchanged transactions is equal to or greater than 0.04% of the tradable portion of the relevant security (“free float”) in at least 10 of the full 12 months preceding the publication of the offer or the pre-announcement.
- Crealogix shares are not included in the SLI and are regarded as illiquid in accordance with the provisions of Circular No. 2. In the relevant period of the full 12 months prior to the publication of the pre-announcement (1 November 2022 to 31 October 2023), the trading volume of the shares of Crealogix was below the liquidity threshold of 0.04% of the free float for 11 months out of the 12 months (analysis is prepared in section 2 of this valuation report).

1) TOB Circular No. 2 «Liquidity in the context of the Takeover Law» dated 26 February 2010 (Status as of 1 January 2016)

2) FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA), dated 3 December 2015

OFFER FROM VENCORA TO ALL PUBLIC SHAREHOLDERS OF CREALOGIX

Vencora intends to launch a public tender offer for the publicly held shares of Crealogix (2/2)



Source: BDO

- ▶ As the Crealogix shares are regarded as not liquid prior to the publication of the pre-announcement, art. 42, para. 4 FMIO-FINMA requires a valuation to be conducted by the review body, in order to determine the minimum price for a registered share of Crealogix.
- ▶ The valuation of the review body describes the valuation methods and valuation assumptions and justifies whether and to what extent the minimum price is based on the stock market price or the determined value of the company. No analysis was made regarding the acquisition of shares from the selling shareholders by Vencora prior to the pre-announcement.

Name	Valor	Ticker	Exchange
Crealogix Holding AG	1111570	CLXN	SIX Swiss Exchange

Source: SIX Swiss Exchange

OUR ENGAGEMENT AND SOURCES OF INFORMATION

Our assessment is based on information provided by Crealogix, Vencora and publicly available information

Scope of work

- ▶ BDO prepares an independent valuation for the calculation of the minimum price in the context of the publication of the public tender offer by Vencora for all publicly held registered shares of Crealogix.

Key documents

Financial reports

- ▶ Audited consolidated annual report as of 30.06.2023 (FY2022/23)
- ▶ Audited consolidated annual report as of 30.06.2022 (FY2021/22)

Business plan

- ▶ Management business plan with planned income statement, balance sheet and cashflow statement on a consolidated basis for FY2023/24 to FY2025/26
- ▶ Management planning of KPI's for FY2026/27 to FY2027/28

Financial market data

- ▶ S&P Capital IQ, SIX, KROLL, Mergermarket

Additional information

- ▶ Publicly available information
- ▶ Market studies
- ▶ Management discussions

BDO's engagement

- ▶ Based on the presented initial situation, Vencora has engaged BDO AG, Zurich ("BDO" or "us") to prepare an independent valuation of the registered shares of Crealogix. The details of our engagement are defined in the engagement letter dated 30 August 2023.
- ▶ The valuation date is 15 November 2023, the last trading day of the Crealogix shares before the publication of the pre-announcement for the public tender offer for all publicly held registered shares of Crealogix.
- ▶ The herewith presented valuation report does not constitute a recommendation to accept or reject the Offer from Vencora. The valuation report does not contain any assessment of the effects that an acceptance or rejection of the Offer may have, nor does it make any statement about the future value of a share of Crealogix and the price at which shares of Crealogix not tendered in the Offer by Vencora can be traded in the future.
- ▶ The valuation report will be made publicly available.

Sources of information

- ▶ The valuation is based on historical financial data as well as forward-looking financial data provided to us by the management of Crealogix and other data and information from Crealogix which is publicly available from Crealogix's website. An overview of the main documents and information received is included in the adjacent table.
- ▶ We were given the opportunity to ask questions to the management of Crealogix and to discuss the information received and the main inputs for the planned future development.
- ▶ Our assessment is largely based on the information provided by the management of Crealogix, our responsibility is therefore limited to the careful and professional analysis and assessment of the information provided to us. We have not carried out any revision or due diligence under stock corporation law.
- ▶ The information and criteria in this document are based on the prevailing market, business and economic environment at the time of the report as of 15 November 2023. Subsequent circumstances may affect the information used as the basis for the analysis herein. BDO is under no obligation to subsequently update, verify or confirm the information contained in this document.

VALUATION PROCEDURES AND SHARES CONSIDERED IN THE VALUATION

The valuation per share is based on the total number of 1'401'253 outstanding shares excluding treasury shares

Shares considered in the valuation	
Number of shares	#
Issued shares	1'404'742
./. Treasury shares	-3'489
Outstanding dividend entitled shares for the valuation	1'401'253

Source: Crealogix

Valuation procedures

- ▶ As analysed in detail in section 2 (page 13), the shares of Crealogix are deemed illiquid in the meaning of art. 42, para. 4 FMIO-FINMA. Due to this illiquidity, the value of a share of Crealogix cannot be derived directly from the trading price of the share. The low trading volume may distort the share price since not all current and price-relevant information is adequately reflected in the share price. In our valuation of the shares of Crealogix, the following steps were performed as part of our work:
 - Obtaining and analysing relevant information
 - Interviews and written questions to the Crealogix management
 - Market research on the industry (market analysis, analysis of comparable companies and determination of a peer group)
 - Valuation of the shares of Crealogix based on appropriate and accepted valuation methods as per the valuation date
 - Overall assessment by BDO (value conclusion)
- ▶ The valuation was prepared from the perspective of all public shareholders of Crealogix. No tax and other effects because of the acceptance of the Offer on the part of the shareholders were considered, due to the many individual requirements of the shareholders.

Number of shares considered in the valuation

- ▶ As per valuation date, there are 1'404'742 registered shares issued with a nominal value of CHF 8 each. The company holds 3'489 treasury shares that are not considered in our valuation analysis. Hence, the relevant number of outstanding registered shares corresponds to 1'401'253 dividend entitled registered shares. As of the valuation date Crealogix has not issued any dividend-right certificates.
- ▶ In November 2019, a conditional share capital consisting of 300'000 registered shares was introduced into Crealogix's articles of association to be used in connection with the issuance of convertible bonds, warrant-linked bonds or other financial market instruments. As per the valuation date, according to information received from Crealogix 293'066 registered shares were still available for issue under Crealogix's conditional share capital. The most recent articles of association of Crealogix dated as of 25 October 2023 also show 293'066 registered shares that may still be issued.
- ▶ On 6 November 2019, Crealogix has issued a convertible bond with a face value of CHF 25 million, a term of 5 years and an issue placement price of 100 per cent. The coupon was fixed at 1.5 per cent and the (regular) conversion price at CHF 125.
- ▶ On 25 October 2023, the general meeting of shareholders approved the elimination of the authorised share capital and the introduction of a capital band under which a maximum of 500,000 registered shares can be issued and a maximum of 702,371 registered shares can be cancelled, until 25 October 2028 or an earlier lapse of the capital band.

VALUATION APPROACH, VALUATION METHODS AND PROCEDURES

Different valuation methods were applied for the assessment

Valuation methods and value indicators

Income approach

- ▶ Discounted Cash Flow Method (DCF)

Market approach

- ▶ Trading Multiples
- ▶ Transaction Multiples

Analysis of share price of Crealogix

- ▶ Stock analyst estimates (ZKB)
- ▶ Analysis of the share price over the last full 12 months prior to the pre-announcement
- ▶ Analysis VWAP (60 day) of the share price over the last full 12 months prior to the pre-announcement

Valuation approach

- ▶ For Crealogix, the minimum price per outstanding registered share is determined as of the valuation date of 15 November 2023, the last trading day of the Crealogix shares before the publication of the pre-announcement for the public tender offer for all publicly held registered shares of Crealogix. The value per share was determined assuming that Crealogix would continue its business under the current ownership structure.
- ▶ The valuation is based on the current business model and the current operational orientation of Crealogix. Effects of future acquisitions and possible synergies that could be achieved through cooperation with investors were not taken into account. The basis for our work is therefore a “stand-alone” view.

Valuation methods and procedures

- ▶ The general understanding is that the stock exchange price of a listed company is a sufficient indication of the value of a share or the value of a company. However, this presupposes that trading is sufficiently liquid, i.e., that a sufficiently high number of shares of the company are regularly traded. The yardstick that determines whether trading in a share is sufficiently liquid or not is set out in Circular No. 2 of the Swiss Takeover Board. As shown in the following chapter “Value Consideration”, trading of the shares of Crealogix is not sufficiently liquid. Consequently, the stock market price is not suitable as a basis for the minimum price. Therefore, in order to determine a fair value of a Crealogix share, alternative valuation methods, as set out in the adjacent table, are applied.
- ▶ The value of Crealogix and the resulting value per registered share of Crealogix were determined primarily based on the discounted cash flow method (“DCF method”). As part of this analysis, sensitivity analyses were also performed by making adjustments to various relevant value drivers.
- ▶ To check the plausibility of the results with this method, additional valuation methods such as an analysis of comparable companies (peer group analysis - trading multiples) and comparable historical transactions in the industry were used.
- ▶ The historical development of the prices paid per share and the trading volume on the SIX were also analysed, aside from the analysis regarding the liquidity of the share in accordance with Circular No. 2 TOB.
- ▶ Details on the selection of the methods and the corresponding results can be found in section 3.

SECTION 2

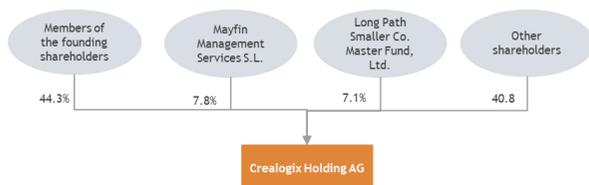
ABOUT CREALOGIX HOLDING AG

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BUSINESS OF CREALOGIX

Crealogix offers IT solutions for financial institutions

Shareholding structure



Crealogix at a glance

Founded	1996
Stock Exchange listing (SIX)	2000
Headquarter	Zurich
Accounting standard	SWISS GAAP FER
Statutory auditor	PWC AG

Group key figures

in CHF million	20/21	21/22	22/23
Net sales	109.3	94.0	81.4
Sales growth y-o-y	5.4%	-14.0%	-13.4%
Sales growth w/o SLH	6.4%	-12.5%	-2.8%
Reported EBITDA	3.3	-9.3	8.9
Reported EBITDA margin	3.0%	-9.8%	10.9%
Reported EBIT	-3.5	-15.9	2.4
Reported EBIT margin	-3.2%	-16.9%	3.0%
Full-time employees	631	524	383

Source: Crealogix Annual Report, analysis BDO

Overview

- ▶ Crealogix and its subsidiaries provide software solutions for digital banking. The company offers Crealogix Digital Hub, a digital engagement platform that enables to accelerate the digitalization of products and services, Crealogix Conversational AI, which delivers next-generation customer interaction for financial institutions, and Crealogix Funding Portal, an integrated digital funding portal that enables to digitalize the funding process from application to payout. It also provides hosting solutions and data center services. The company serves wealth management, retail banking, corporate banking, SME banking, and public sectors.
- ▶ Headquartered in Zurich, Switzerland with main offices in Germany, Spain and Singapore, Crealogix primary operating segments fall into Switzerland (31.7%), Europe (44.5%), the rest of world summarizes in total 23.8% and is mainly from business done in Middle East and Asia. One of the two companies in UK has been liquidated in 2023, the firm in Austria is currently in the process of being liquidated.
- ▶ Crealogix's net sales stream is composed from recurring and non-recurring revenues and is organized into the following categories:
 - Recurring revenue
 - Hosting and Software as a Service ("SaaS")
 - Maintenance
 - Non-recurring revenue
 - Sales from services
 - Sales of goods
 - License sales
- ▶ On 17 August 2022, Crealogix sold a stake of 67% of Swiss Learning Hub AG ("SLH"). The company was the deconsolidated for the latest FY2022/23. The gain from the sale of SLH of about CHF 7.5 million is recognized in the profit/loss statement FY2022/23 on the EBITDA level, hence increased the reported EBITDA by this amount. SLH reported in FY2021/22 a revenue of CHF 8.2 million, at the time of the disposal in August 2022 the company has generated net sales of CHF 0.6 million.
- ▶ Crealogix's sales decreased from CHF 109.3m in FY20/21 to CHF 81.4m in FY 22/23. From FY 21/22 to FY 22/23 sales decreased by 13.4%. According to the financial statements, sales in local currencies and excluding SLH (sale of 67% stake in FY 22/23) decreased by only 2.8% from FY 21/22 to FY 22/23. In FY 22/23, recurring revenue accounted for the lower share of total revenue in contrast to the two previous years.

HISTORICAL ANALYSIS OF FINANCIAL KEY FIGURES

Crealogix has experienced decreasing sales during the last three financial years, share of recurring revenue has decreased from FY2021/22 to FY2022/23

Crealogix FY 2020/21 to FY2022/23

in CHF million	20/21	21/22	22/23
Net sales from goods and services	109.3	94.0	81.4
CHF sales growth	5.4%	-14.0%	-13.4%
Sales growth in local currencies w/o SLH (22/23)	6.4%	-12.5%	-2.8%
Reported EBITDA	3.3	-9.3	8.9
Operating EBITDA	3.3	-9.3	1.4

Source: Crealogix Annual Report, BDO

Net Sales by category in % from total net sales

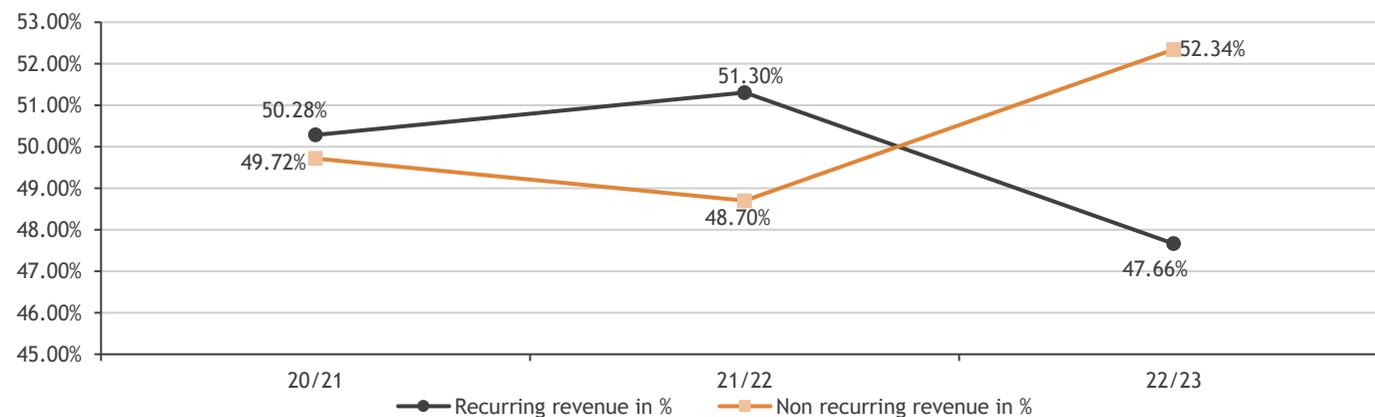
Categories	20/21	21/22	22/23
Hosting and SaaS services	27.32%	27.81%	24.71%
Maintenance	22.96%	23.49%	22.95%
Recurring revenue	50.28%	51.30%	47.66%
Sales from services	33.27%	34.41%	29.85%
Sales of goods	6.60%	4.36%	1.86%
Licence sales	9.86%	9.93%	20.63%
Non-recurring revenue	49.72%	48.70%	52.34%

Source: Crealogix Annual Report, BDO

Comments on the course of business

- ▶ In terms of Crealogix's profitability, the reported EBITDA margin increased from -9.8% to 10.9% between FY2021/22 and FY2022/23. The operating EBITDA margin, excluding the gain on sale of SLH, was 1.7%. The reported EBIT margin improved from -16.9% to 3.0% from FY2021/22 to FY2022/23, while the operating EBIT margin remained negative at -6.2% in FY22/23.
- ▶ Crealogix has achieved this improvement in profitability because of cost cutting measures, gains from M&A (sale of the 67% stake in SLH) and divestments. Total personnel expenses decreased by 21.4% from FY 2021/22 to FY 2022/23 and the number of full-time employees was reduced from 524 to 383. SLH had about 44 full time equivalents at the date of the sale in August 2022.
- ▶ Excluding the gain from the sale of the stake of 67% in SLH of CHF 7.5 million, the operating EBITDA in FY2022/23 amounted to CHF 1.4 million (operating EBITDA margin of 1.7%).
- ▶ The share of recurring revenue on the total net sales decreased from 50.28% in FY2020/21 to 47.66% in FY2022/23. In the same period the non-recurring revenue increased from 49.72% to 52.34%. Reason for this decrease was the decline of the share of Hosting and SaaS Services between FY2021/22 and FY2022/23 by about 4%. Increase in non-recurring revenue was due to a raise in License sales by about 11% in the same period.

Net sales by category in % from total net sales



CURRENT BUSINESS PLAN PREPARED

The business plan until FY2025/26 and assumptions for FY2026/27 to FY2027/28 were prepared by Management

Business plan and additional assumptions		
KPI management planning	FY 2023/24 to FY 2027/28	
Total revenue growth	CAGR	3.79%
EBITDA margin	Average	13.83%
Capex to sales	Average	1.91%
Net working capital to sales	Average	-2.33%
Ratio recurring to non-recurring revenue ¹⁾	Average	94.05%

No major shift in sales category is planned over the planning period

¹⁾ detailed planning for period FY2023/24 to FY2025/26 only

Source: Management, BDO

Development of business plan

- ▶ Management of Crealogix has prepared a business plan under Swiss GAAP FER with a 3-year planning period covering FY2023/24 to FY2025/26 (“business plan”). The business plan was prepared by management in the period of May to August 2023 and finalized based on the preliminary unaudited result for the current FY2022/23 as of 31 August 2023. The business plan was approved by the board of directors in their ordinary meeting as of 7 September 2023. The unaudited figures as of 31 August 2023, do not differ to the published audited figures as of 14 September 2023. Therefore, the business plan as 31 August 2023 and approved by the board of directors as of 7 September 2023 is considering actual figures for FY2022/23.
- ▶ The business plan for FY2023/24 was built on bottom-up on management estimates for the revenue categories. Cost of sales are planned bottom-up on different cost types. Personnel expenses are planned granularly on the level of individual full-time equivalents. Other operational costs are based on top-down estimates. Financial expenses, taxes, capital expenditures (“Capex”) and net working capital (“NWC”) are planned top-down.
- ▶ Mid-term planning for revenues for FY2024/25 to FY2025/26 are based on bottom-up management estimates. All cost of sales, personal expenses and other operating costs are estimated top-down based on a margin development. Taxes, Capex and NWC are planned top down.
- ▶ The business plan is structured as follows:
 - Sales forecast per sales category
 - Group consolidated forecast
 - Adjustments for non-recurring items impacting EBITDA in FY2021/22 to FY2022/23
 - Capex and depreciation on group level, including amortisation of goodwill arising from acquisitions
 - Net working capital plan at group level. The working capital forecast has been adjusted by us to include other working capital items.
- ▶ Due to a planned reduction of R&D costs, an organisational simplification and increased chargeability, Crealogix expects a growth in both revenues and EBITDA over the next three years.
- ▶ For FY2026/27 to FY2027/28 management has prepared a planning with assumptions for KPI’s such a revenue growth, EBITDA and Capex.
- ▶ A summary of the business plan and planning prepared by management for FY2023/24 to FY2027/28 is presented in the adjacent table.

ANALYSIS OF LIQUIDITY OF CREALOGIX SHARE

According to Circular No. 2 of the TOB, the Crealogix share cannot be regarded as liquid

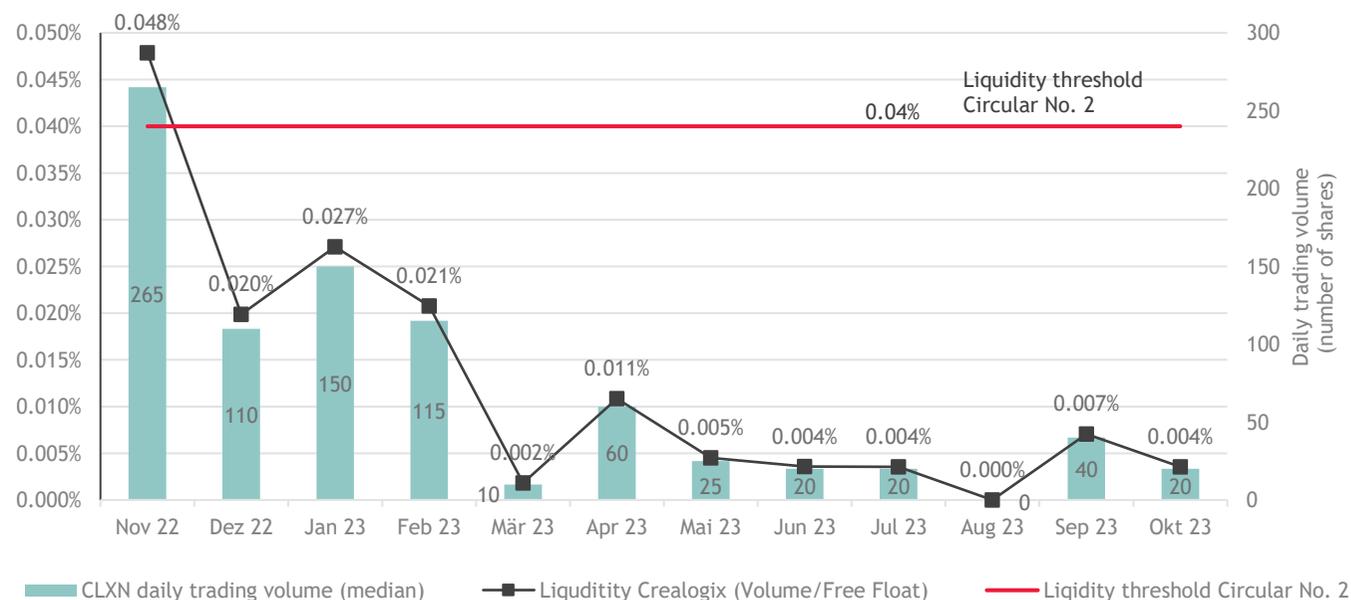
Analysis and conclusion

- ▶ Our analysis has shown that in the relevant period prior to the pre-announcement of the Offer (1 November 2022 to 31 October 2023), the monthly median of the daily trading volume of the shares of Crealogix was only in 1 out of the 12 months above the required threshold of 0.04%.
- ▶ Therefore, the shares of Crealogix are not liquid as per the definition of the TOB (Circular No. 2).
- ▶ The low trading volume means that the share price may be distorted, as it is not reflecting all current and price-relevant information directly in the share price.

Trading volume and liquidity of the shares of Crealogix in the context of Circular No. 2 of TOB

- ▶ According to TOB Circular No. 2, a share of a company, not listed in the SLI, is considered liquid if the monthly median of the daily volume of on-exchange transactions is equal to or greater than 0.04% of the tradable portion of the relevant security (free float) in at least 10 of the 12 full months preceding the publication of the pre-announcement or the Offer.
- ▶ In the chart below the required liquidity threshold of 0.04% is indicated by the red line. The charts shows the monthly median of the daily trading volume of the shares of Crealogix over the relevant observation period of the 12 months from 1 November 2022 to 31 October 2023. It can be observed that the liquidity threshold was only reached in November 2022.

Liquidity and trading volume of the shares of Crealogix from November 2022 to October 2023



Source: S&P Capital IQ, SIX, analysis BDO

- As of 15 June 2023, the share capital increased by 6'400 new registered shares due to conversions under the convertible bond

SECTION 3

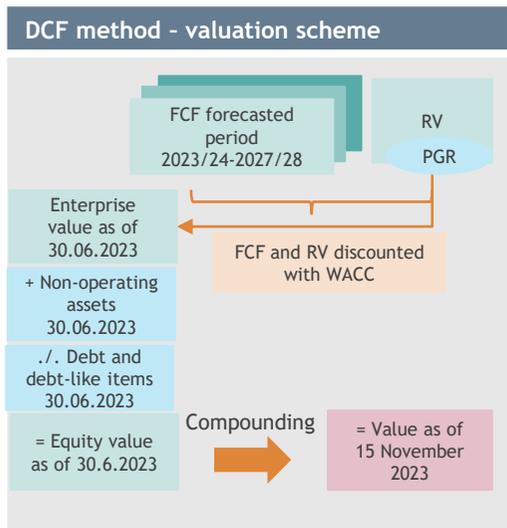
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VALUATION METHODS

The DCF method has been applied as primary valuation method based on the business plan provided by Management and additional market and scenario analysis

Valuation approaches		
Income methods	Market methods	Cost methods
DCF method	Trading multiples	Net asset value
Earnings	Transaction multiples	Replacement costs
Primary method		
Additional method		
Not applied		



Source: BDO

Valuation approaches

- ▶ When valuing a company, a general distinction can be made between income methods, market methods and costs methods.
 - Under the **income methods**, a company is valued based on the expected cash flow or income streams the company is expected to generate in the future.
 - Under the **market methods**, the value is determined on based on the view of market participants. Trading multiples show how similar, listed companies (peer group) are valued by the stock market as a multiple of a key performance indicator (“KPI”), such as revenue, EBITDA or EBIT. Transaction multiples show what third parties actually paid for comparable companies in the past, expressed as a multiple of a KPI, such as revenue, EBITDA or EBIT.
 - Under the **cost methods**, values, are derived under the theoretical consideration that a prudent investor will not pay more for an asset or a company than the cost to replace it with a new, identical, or similar asset or a company. Cost methods are usually only used in specific circumstances in business valuations.

DCF method as primary method and market methods as a second approach

- ▶ The DCF method is based on the theoretical approach that the expected net income of the investor is discounted based on the time value of money and risk when determining the value of the company. In practice, the expected future free cash flows (“FCF”) are discounted to the present value with a risk appropriate discount rate.
- ▶ The DCF method is based on the current business plan of the management covering FY2023/24 to FY2025/26 and planning for FY2026/27 to FY2027/28. The free cash flows are based on the expected operating cash flows after tax (before financing costs) less expected investments in fixed and current assets. The discount rate for discounting the FCF is expressed as the weighted average cost of capital (WACC). The WACC is calculated from the cost of equity and the cost of debt less taxes according to a determined long term capital structure.
- ▶ After the detailed forecast period, a residual value (“RV”) is calculated based on the Gordon Growth model, taking into account a perpetual growth rate (“PGR”).
- ▶ The FCF are discounted to the 30 June 2023, the closing date for the latest FY2022/23. The sum of the resulting discounted values gives the operating enterprise value.
- ▶ Based on the annual financial statement as of 30 June 2023, any excess cash and other non-operational assets are added, and interest-bearing debt and other debt-like items are subtracted at market value per valuation date. The calculated equity value is compounded as per valuation date 15 November 2023 and then divided by the number of outstanding shares, resulting in the value per share of Crealogix as per valuation date.

DETERMINATION OF WEIGHTED COSTS OF CAPITAL

The WACC reflects Crealogix currency exposure and current interest rates

Weighted average cost of capital		
Base rate	1	2.30%
Market risk premium	2	6.00%
Unlevered adj. beta	3	0.99
Relevered adj. beta	4	1.08
Size premium	5	4.83%
Cost of equity	B	13.62%
Base rate		2.30%
Credit spread		2.02%
Cost of debt		4.33%
Tax rate		23.20%
Cost of debt after tax		3.32%
Equity ratio		88.99%
Debt ratio		11.01%
WACC		12.49%

A

$$WACC = \frac{D}{D+E} * k_D * (1-t) + \frac{E}{D+E} * k_E$$

where:

- D = Debt
- E = Equity
- k_D = Cost of debt
- t = Tax rate
- k_E = Cost of equity

B

$$k_E = i + \beta * r_M + sp$$

where:

- k_E = Cost of equity
- i = risk free rate of interest
- β = relevered adjusted beta
- r_M = Market risk premium
- sp = Size premium

Key assumptions of WACC

- A** The weighted average cost of capital (“WACC”) of 12.49% as of 15 November 2023 takes into account the appropriate return on equity and the expected future cost of debt, each weighted according to the long-term target capital structure, the latter being derived from the median of the debt/equity share of the peer group.
- B** The cost of equity of 13.62% has been calculated by applying the adjusted capital asset pricing model (“CAPM”).
 - 1** The base rate used was the sales-weighted average of 10-year government bonds reflecting Crealogix’s current currency exposure from the sales and reflects that financial figures in the business plan, are converted to CHF.
 - 2** The market risk premium is expressed as long-term difference between the return of the stock market and the risk-free rate of interest and correlates with the additional premium an investor expects to receive for an equity investment over a risk-free investment. The applied market risk premium of 6% is according to best practice and in line with external market studies and applied premiums in recent public take-over bids.
 - 3** The beta captures the systematic, non-diversifiable risk of a stock, observed in the capital market. The beta is derived from the median of the statistically significant betas from the peer group companies, based on monthly returns over a 5-year period. The unlevered beta reflects the systematic, non-diversifiable risk of the peer groups if they are fully equity financed (see Appendix A).
 - 4** The relevered beta is based on the median of the unlevered beta. The relevering is based on the Hamada approach and takes into account the target capital structure (median of the groups capital structure) and the relevant tax rate. As a result, the relevered beta measures the systematic risk and reflects both the operating and the financial risk of Crealogix.
 - 5** The size premium reflects empirical and practical evidence that smaller companies due to the higher risks have higher cost of equity than companies with high market capitalisation, but it also reflects that smaller companies generate higher returns over the long-term compared to larger companies. In order to reflect the market demand for a higher return on equity for smaller companies, we applied a size premium in accordance with Kroll.
- C** The cost of debt of 4.33% (3.32% after tax) considers a currency weighted credit risk premium according to comparable USD and EUR corporate yield curve (all in yield, semi-annual compounding BBB, 10 years).
 - The applied corporate income tax rate of 23.20% reflects the expected tax rate according to the management. This tax rate is used to calculate the tax benefit from debt financing.

Source: S&P Capital IQ, Kroll, BDO

RESULT WITH THE DCF METHOD

The DCF method results in a point estimate of CHF 47.26 per Crealogix share

Overview of DCF value components	
Value per share	CHF'000
Sum of discounted free cash flows	30'091
Present value of terminal value	57'975
Enterprise value	88'066
Net debt/net cash	-21'636
Equity value	66'430
less minority interest	-211
Equity value after minority interest	66'219
Number of dividend-entitled outstanding shares	1'401'253
Share value (in CHF)	47.26
Net debt	
Net debt	CHF'000
Excess cash	0
Other non-current financial assets	3'651
Deferred tax assets	5'645
Current borrowings	-6'548
Convertible bond	-23'818
Bonus share plan	-177
Deferred tax liabilities	-25
Non-current provisions	-364
Net debt	-21'636

Key assumptions and derivation of DCF value

- ▶ The valuation is carried out at a consolidated level based on the business plan for FY2023/24 to FY2025/2026 and management's assumption for FY2026/27 to FY2027/28. The following main assumptions were applied:
 - Valuation date: 15 November 2023
 - Balance sheet date to determine net debt/net cash and minority interest: 30 June 2023
 - Mid-year discounting conversion
 - Group tax rate: 23.20% (management planning on group level).
 - Perpetual growth rate for derivation residual value: 2.0%, in line with to the long-term sales weighted expected inflation rate ¹⁾
 - Terminal value EBITDA margin of about 15% based on management's average long-term expectations based on peer analysis.

Enterprise value to equity value

- ▶ Based on the balance sheet for the latest financial year ending 30 June 2023, Crealogix's net debt consists of bank credit facilities, a subordinated shareholder loan and the convertible bond issued in November 2019. The latter had a present value as of 30 June 2023 of CHF 23.8 million, which is reflected in the net debt calculation.
- ▶ Furthermore, the company has two outstanding COVID loans of total CHF 2.325 million, both due in 2023.
- ▶ Cash is considered fully operational. In August 2022 Crealogix sold a stake of 67% in SLH to a Swiss based investor group. The buying party has a right to purchase the remaining 33% in Q2 or Q3 of 2024, Crealogix itself has the right to sell the remaining 33% with an exercise period starting in Q2 2024. The purchase price for this option was fixed at CHF 2.5 million, and it is certain, that one of the parties will exercise the option. Crealogix has recorded the value of CHF 2.5 million as non-current financial assets, which is also reflected in the net debt calculation. An existing bonus share plan is expected to be settled in cash based on management information. We consider this as a liability.
- ▶ The company has operating lease obligations, lease and rental expenses are recognised in the income statement. Crealogix has no contingent liabilities. The company reports deferred tax assets and deferred tax liabilities.
- ▶ Based on the underlying assumptions described, the information provided by management and our own analysis, we have determined an equity value of CHF 47.26 per share for Crealogix using the DCF method.
- ▶ The board of directors have decided that for FY2022/23 no dividend will be distributed to the shareholders.

1) Source: International Monetary Fund, World Economic Outlook Database, October 2023

SENSITIVITY ANALYSIS ON THE DCF METHOD

Based on a sensitivity analysis, the DCF value per Crealogix share ranges between CHF 44.77 to CHF 49.99

Overview of sensitivities on DCF method

		Terminal growth rate						
		0.50%	1.25%	1.75%	2.00%	2.25%	2.75%	3.50%
WACC	13.24%	35.06	37.08	38.57	39.36	40.18	41.94	44.89
	12.99%	38.08	40.41	42.13	43.05	44.00	46.06	49.54
	12.74%	40.31	42.87 ^A	44.77	45.79	46.85	49.15	53.05
	12.49%	41.49	44.18	46.18	47.26	48.38	50.81	54.95
	12.24%	42.72	45.55	47.66	48.80 ^A	49.99	52.56	56.97
	11.99%	45.34	48.49	50.85	52.12	53.46	56.35	61.36
	11.74%	49.75	53.46	56.27	57.79	59.40	62.91	69.05

Derivation of the value range

► Further to the mid-point DCF per share value, we have analysed two sensitivities regarding the value per share of Crealogix. The analyses show the sensitivities of the share value to changes in fundamental assumptions of the valuation as presented in the adjacent tables:

- ❶ In the first sensitivity analysis we determined a value range of CHF 44.77 to CHF 49.99 per share of Crealogix by changing the WACC and terminal growth by +/- 0.25 percentage points.
 - ❷ The second sensitivity analysis shows a value range of CHF 44.93 to CHF 49.71 per share of Crealogix with a change of the WACC by +/- 0.25 percentage points and the terminal EBITDA margin rate +/- 0.25 percentage points.
- ^A Taking into account both sensitivity analyses, we determine a value range of CHF 44.77 to CHF 49.99 per share of Crealogix.

		EBITDA Margin in TV						
		14.25%	14.50%	14.75%	15.00%	15.25%	15.50%	15.75%
WACC	13.24%	40.61	41.42	42.23	43.05	43.86	44.67	45.48
	12.99%	41.88	42.71	43.55	44.39	45.22	46.06	46.89
	12.74%	43.20	44.07	44.93	45.79	46.65	47.51	48.37
	12.49%	44.60	45.48	46.37	47.26	48.14	49.03	49.92
	12.24%	46.05	46.97	47.88	48.80	49.71	50.63	51.54
	11.99%	47.59	48.53	49.47	50.42	51.36	52.30	53.24
	11.74%	49.20	50.17	51.14	52.12	53.09	54.06	55.04

MARKET ANALYSIS

Market methods results in a value range between CHF 53.42 to CHF 56.69 per share of Crealogix

Overview of market methods			
Trading multiples	FY2023/24	FY2024/2025	FY2025/26
Trading multiple EV/EBITDA peer group	9.89x	8.76x	7.65x
Value per share in CHF	53.48	53.42	56.69

A

Transaction multiple	FY2022/23	FY22/2023
Transaction multiple	17.23x	23.44x
Operational EBITDA / EBIT*	1'408	-593
Value per share in CHF	1.72	n.a.

* EBITDA has been corrected for gain of sale of Swiss Learning Hub AG

* EBIT has been corrected for goodwill amortisation and for gain of sale of Swiss Learning Hub AG

Overview of the valuation range with market multiples

Trading multiples

- ▶ To derive the trading multiples, we relied on the same peer group as for the derivation of the cost of capital, for details please see Appendix B.
- ▶ Our analysis is based on EBITDA as relevant benchmark. The use of EBITDA multiple is widely used and accepted in valuation practice.
- 1 To derive the total enterprise value, we applied projected EV/EBITDA multiples for FY2023 to FY2025 based on the median peer multiples to the EBITDA projected by Crealogix management for the respective financial year.

A After deduction of the net debt of CHF 21.6 million (see page 17) and taking into account the number of shares outstanding, the value per share for Crealogix results in a range of CHF 53.42 to CHF 56.69.

Transaction multiples

- ▶ For transaction multiples, we have analysed comparable transactions within Crealogix's industry with sufficient available data. The transactions were selected primarily based on the business description of the target, only transactions for shares over 33.3% were considered. Details to the transactions and selection can be found in Appendix C.
- ▶ In similarity to the trading multiple analysis, our valuation was based on EV/EBITDA multiple and additionally on the EV/EBIT multiple.
- ▶ Since Crealogix has generated negative EBITDA and EBIT in FY2021/22, we only took the current FY2022/23 into account with the following corrections:
 - EBITDA has been corrected for the gain from the sale of the 67% stake in SLH, in order to determine an operational EBITDA for FY2022/23
 - EBIT has been subsequently corrected for the gain of sale and for the amortisation of the goodwill.
- ▶ Based on this analysis the value derived with the transactions multiples approach does not provide a range of value that can be compared to the result with valuations methods using projections such as the DCF-method and the trading multiple approach. As this approach does not fully take into account Crealogix's current cost saving regime, we do not apply this method in our analysis.

Source: Management information, S&P Capital IQ, mergermarket, BDO

SHARE PRICE ANALYSIS

Over the past 12 months, the share price has been fluctuating within a range of CHF 37 to CHF 82 and the VWAP between CHF 39 to CHF 68. Crealogix shares are not liquid according to applicable Swiss takeover law

Development of the share price over the past twelve months

- ▶ The chart below shows the performance of the Crealogix share price over the period under review between 1 November 2022 and 31 October 2023. Since its peak of CHF 82 in February 2023, the share price has moved steadily downwards to CHF 49.80 by end of October 2023.

Performance	Date	Share Price
Highest closing price	6 February 2023	CHF 82.00
Lowest closing price	01 November 2022	CHF 36.60
Closing price	31 October 2023	CHF 49.80

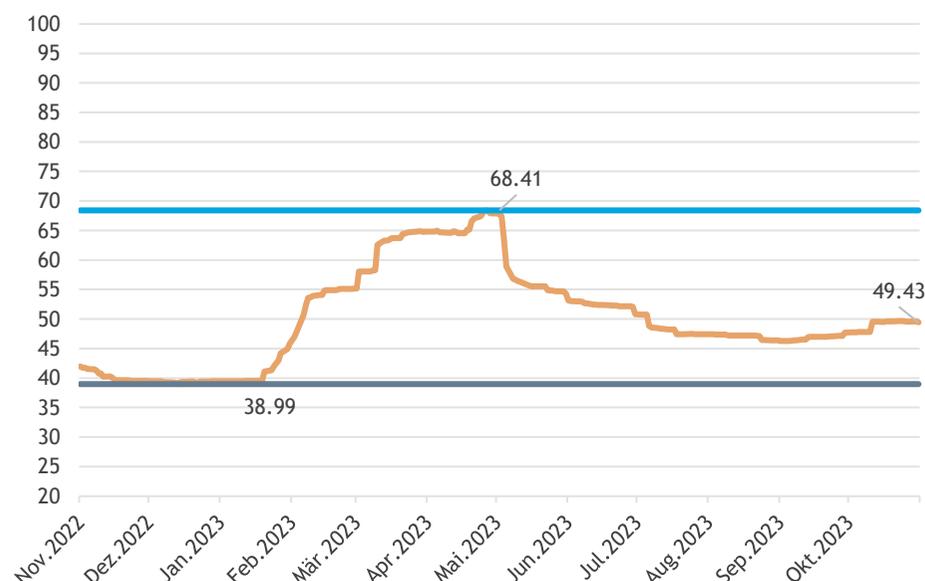


Source: S&P Capital IQ, SIX, analysis BDO

Development of the VWAP over the past twelve month

- ▶ The chart shows the 60-day volume weighted average price (VWAP 60) of the share over the period under review between 1 November 2022 and 31 October 2023. The VWAP 60 is in a bandwidth between CHF 38.99 to CHF 68.41 and a closing VWAP of CHF 49.43 by end of October 2023.

Performance	Date	VWAP (60 days)
Highest VWAP (60 days)	26 April 2023	CHF 68.41
Lowest VWAP (60 days)	13 December 2023	CHF 38.99
Closing VWAP (60 days)	31 October 2023	CHF 49.43



ANALYST OPINIONS REGARDING THE VALUE OF A SHARE OF CREALOGIX

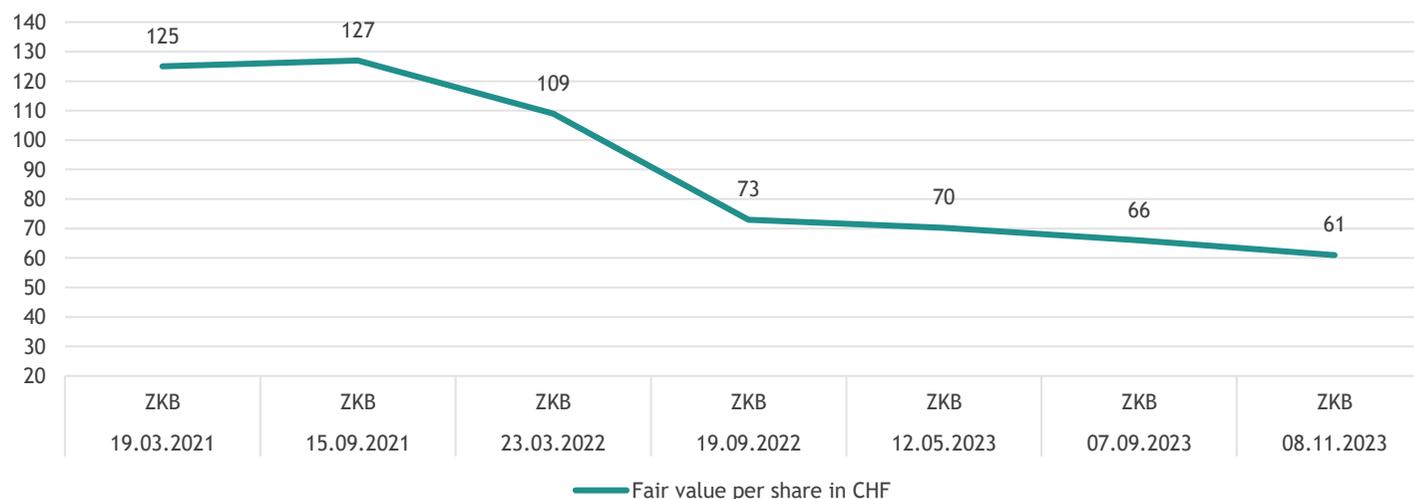
Valuations prepared by analysts shows in decrease of the fair value per share over time

Analyst opinions

- ▶ Zuercher Kantonalbank (“ZKB”) periodically publishes independent valuation analyses on the value of the shares of Crealogix.
- ▶ ZKB started to cover Crealogix in March 2021. Based on their estimation, the value in March 2021 was CHF 125, which was confirmed in September 2021 with CHF 127.
- ▶ In March 2022 ZKB estimated the fair value per share at CHF 109 and decreased the valuation to CHF 73 in September 2022.
- ▶ On 12 May 2023, ZKB set the target price at CHF 70.2 per share. On 7 September 2023, ZKB reduced the target price of a Crealogix registered share to CHF 66 and on 8 November 2023 to CHF 61.

Date	Analyst	Fair value per share	Valuation method
22.09.2020	Edison	133	EV/EBITDA multiple
17.11.2021	Edison	158	EV/EBITDA multiple
19.03.2021	Zuercher Kantonbank	125	DCF Approach
15.09.2021	Zuercher Kantonbank	127	DCF Approach
23.03.2022	Zuercher Kantonbank	109	DCF Approach
19.09.2022	Zuercher Kantonbank	73	DCF Approach
12.05.2023	Zuercher Kantonbank	70	Target price
07.09.2023	Zuercher Kantonbank	66	Target price
08.11.2023	Zuercher Kantonbank	61	Target price

in CHF



Source: ZKB, Edison, analysis BDO

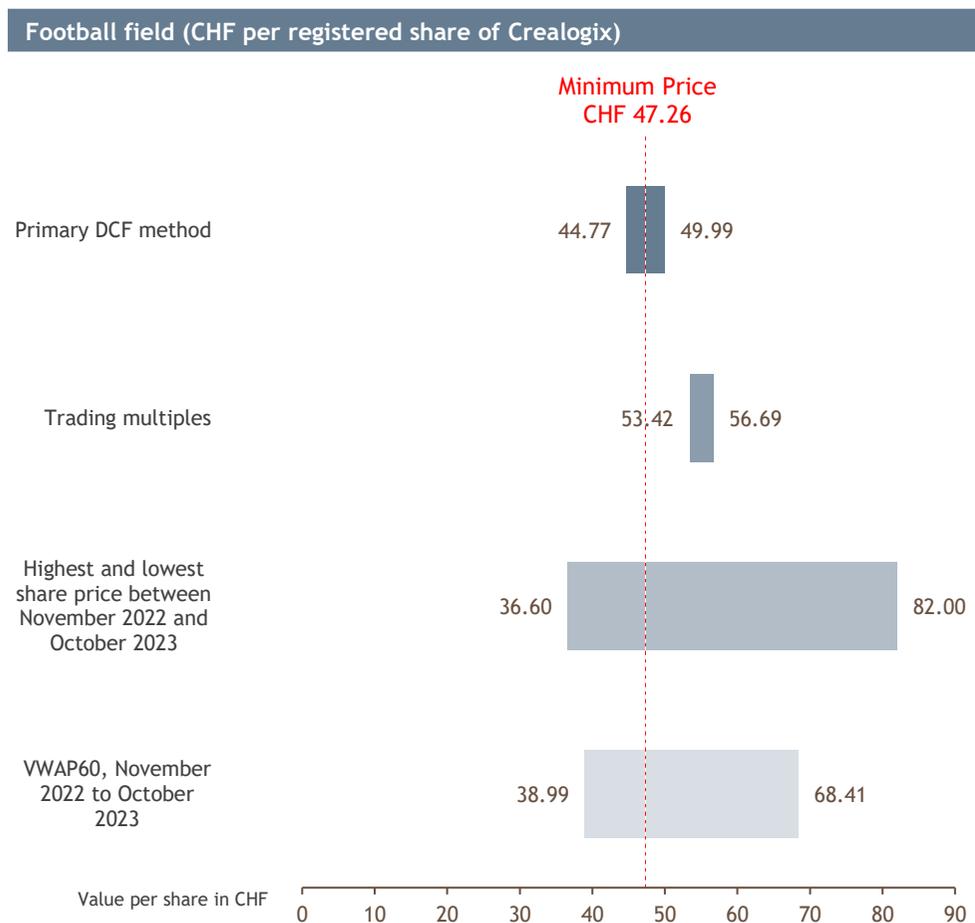
SECTION 4

VALUE CONCLUSION

Value conclusion	Page
Overview of valuation results	23

OVERVIEW OF VALUATION RESULTS

Based on our valuation assessment, Crealogix minimum price is CHF 47.26 per share



Conclusion of our work

- ▶ The table on the left shows our valuation results as of 15 November 2023, the last trading day of the share of Crealogix before the publication of the pre-announcement for the public tender offer for all publicly held registered shares of Crealogix.
- ▶ When using the DCF method with different sensitivities, a value range from of CHF 44.77 to CHF 49.99 per Crealogix share results. The DCF method as our primary valuation method is based on the going concern and, contrary to market methods, allows a company-specific factors to be taken into account.
- ▶ The use of the market methods leads to a value range of CHF 53.42 to CHF 56.69 for a share of Crealogix based on the trading multiple approach. Transaction multiples were not taken into consideration as explained in the report. Giving equal weights to the DCF method and the trading multiple approach, the resulting share value supports the upper range of the primary DCF method.
- ▶ In addition to our own considerations, the chart on the left shows the twelve-month range of the share price and the volume-weighted average price over 60 trading days (VWPA 60). However, due to the insufficient liquidity of the security, these values have only limited significance and are therefore not taken into account for determining the value of a share of Crealogix. The share price and VWAP 60 as of 31 October 2023 are CHF 49.80 and CHF 49.43, respectively.
- ▶ Based on the valuation methods applied and the considerations above, we assume the result of the DCF as a value-determining basis and therefore determine a point estimate at CHF 47.26 per Crealogix share as the minimum price in accordance with art. 42 para 4 of FMIO-FINMA.
- ▶ The valuation report was completed on 15 November 2023.

Marcel Jans
Partner

Oliver Ambs
Director

Source: BDO

SECTION 5

APPENDIX

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APPENDIX A - BETA ANALYSIS

Beta analysis - Peer group

As of 15. November 2023

Peer Companies										
Company name	Ticker CIQ	Country of Headquarters	Industry	Raw beta 1)	Adj. Beta	E/(E+D)	D/E 2)	Tax rate 3)	Unlevered Raw Beta 4)	Unlevered Adj. Beta 4)
Temenos AG	SWX:TEMN	Switzerland	Application Software	1.67	1.44	92.1%	8.6%	14.8%	1.55	1.35
PayPal Holdings, Inc.	NasdaqGS:PYPL	United States	Transaction and Payment Processing Services	1.38	1.25	101.2%	0.0%	17.5%	1.38	1.25
Jack Henry & Associates, Inc.	NasdaqGS:JKHY	United States	Transaction and Payment Processing Services	0.64	0.76	99.1%	0.9%	22.1%	0.64	0.76
Fiserv, Inc.	NYSE:FI	United States	Transaction and Payment Processing Services	0.89	0.93	78.8%	26.9%	17.8%	0.73	0.76
Envestnet, Inc.	NYSE:ENV	United States	Application Software	1.30	1.20	89.0%	12.4%	37.7%	1.21	1.11
Keyware Technologies NV	ENXTBR:KEYW	Belgium	Transaction and Payment Processing Services	0.48	0.65	93.4%	7.0%	47.3%	0.46	0.63
Sopra Steria Group SA	ENXTPA:SOP	France	IT Consulting and Other Services	1.30	1.20	75.4%	32.7%	33.5%	1.07	0.99
Worldline SA	ENXTPA:WLN	France	Transaction and Payment Processing Services	1.27	1.18	86.0%	16.3%	24.5%	1.13	1.05
Fidelity National Information Services, Inc.	NYSE:FIS	United States	Transaction and Payment Processing Services	0.85	0.90	80.2%	24.7%	30.9%	0.73	0.77
Median						89.0%	12.4%	24.5%	1.07	0.99
Average						88.4%	14.4%	27.3%	0.99	0.96

Notes:

- 1) Regression against local indices based on trading currency and monthly observation over 5 years backwards from the valuation date.
 2) We converted D/E ratio from the corresponded equity ratio by limiting it at a maximum of 100% self-financing.
 3) Median of the effective tax rates over the observation period, if available, otherwise Damodaran / BDO tax rates for the valuation date.
 4) Hamada Formula: Unlevered Beta = Levered Beta / [1+(1- Tax Rate) * Debt/Equity]

Source: S&P Capital IQ, BDO analysis

APPENDIX B - TRADING MULTIPLES

Trading multiples - Peer group

Trading multiples Company name	EV / EBITDA					EV / EBIT			
	2022	2023LTM	2023e	2024e	2025e	2022	2023LTM	2023e	2024e
Temenos AG	18.28	26.66	15.35	13.85	12.33	22.30	31.23	19.77	17.46
PayPal Holdings, Inc.	16.49	10.79	8.32	7.50	6.94	21.39	12.82	9.33	8.45
Jack Henry & Associates, Inc.	22.99	20.56	16.66	15.84	14.41	27.13	24.15	22.98	22.46
Fiserv, Inc.	12.83	12.24	11.46	10.75	10.04	25.72	21.15	14.03	12.88
Investnet, Inc.	39.69	23.94	12.20	9.87	8.03	NM	NM	NM	NM
Keyware Technologies NV	13.66	9.04	n.a.	n.a.	n.a.	34.31	14.39	n.a.	n.a.
Sopra Steria Group SA	6.78	7.96	6.22	5.67	5.15	10.29	11.72	8.10	7.04
Worldline SA	20.98	7.82	6.67	6.27	5.47	20.56	8.56	8.95	8.00
Fidelity National Information Services, Inc.	13.37	12.96	8.05	7.65	7.27	37.81	26.29	n.a.	20.02
Low	6.78	7.82	6.22	5.67	5.15	10.29	8.56	8.10	7.04
Average	18.34	14.66	10.62	9.68	8.71	24.94	18.79	13.86	13.76
Median	16.49	12.24	9.89	8.76	7.65	24.01	17.77	11.68	12.88
High	39.69	26.66	16.66	15.84	14.41	37.81	31.23	22.98	22.46

Quelle: S&P Capital IQ November 2023

Source: Capital IQ, BDO analysis

APPENDIX C - TRANSACTION MULTIPLES

Transaction multiples - comparable industry transactions

Target company	Country	Acquisition date	Bidder	Currency	Deal value (m)	Percentage acquired	Implied EV/Revenue	Implied EV/EBITDA	Implied EV/EBIT
Avaloq Group AG	Switzerland	23.12.2020	NEC Corporation	EUR	1'900.56	n/a	3.8	23.7	n/a
WORLDLINE IGSA SA	France	15.10.2020	Worldline SA	EUR	9'150.53	n/a	2.7	15.1	19.7
Harvest SA	France	02.05.2019	Five Arrows Principal Investments	EUR	'93.60	84.65%	3.9	24.3	27.1
Oasi S.p.A.	Italy	28.02.2019	Cedacri SpA	EUR	'151.00	n/a	5.3	13.2	29.5
Nets A/S	Denmark	05.03.2021	MasterCard Incorporated	EUR	2'850.00	n/a	2.6	19.4	n/a
Payzone Ireland Limited	Ireland	31.10.2019	Allied Irish Banks Plc/First Data Corporation Joint Venture	EUR	'86.00	95.9%	0.6	10.5	12.9
Average								17.71x	22.32x
Median								17.23x	23.44x

Source: Mergermarket, analysis BDO

APPENDIX C - BALANCE SHEET

Historical consolidated balance sheets

Consolidated Balance Sheet			
Amounts in CHF'000	FY2020/21	FY2021/22	FY2022/23
Cash and cash equivalents	27'741	14'087	3'380
Receivables from goods and services	17'480	14'236	12'037
Other short-term receivables	1'234	2'078	998
Prepayments and accrued income	3'327	4'223	4'141
Work in progress/inventories	7'976	7'398	5'106
Total current assets	57'758	42'022	25'662
Non-current assets			
Financial assets	1'654	1'799	3'651
Tangible fixed assets	3'507	3'886	3'211
Intangible assets	46'392	45'102	40'096
Deferred tax assets	6'577	5'737	5'645
Total non-current assets	58'130	56'524	52'603
Total ASSETS	115'888	98'546	78'265
Payables from goods and services	8'987	7'386	2'738
Other short-term liabilities	3'926	2'432	1'165
Short-term financial liabilities	4'400	13'966	4'525
Short-term subordinated loans from shareholders	-	-	1'000
Accrued liabilities and deferred income	24'730	25'672	20'368
Short-term provisions	2'277	183	260
Income tax liabilities	282	423	533
Total current liabilities	44'602	50'062	30'589
Long-term financial liabilities	25'194	25'447	24'841
Deferred conditional purchase price obligations	-	-	-
Long-term provisions	1'720	613	364
Deferred tax liabilities	302	108	25
Total non-current liabilities	27'216	26'168	25'230
Total LIABILITIES	71'818	76'230	55'819
Total SHAREHOLDERS' EQUITY	44'070	22'316	22'446
Total LIABILITIES AND EQUITY	115'888	98'546	78'265

Source: Crealogix, published annual reports as of 30 June 2021, 30 June 2022 and 30 June 2023

APPENDIX E - INCOME STATEMENT

Historical consolidated income statements

Consolidated income statement			
<i>Amounts in CHF'000</i>	FY2020/21	FY2021/22	FY2022/23
Net sales from goods and services	109'263	94'020	81'396
Other operating income	1'416	1'791	8'778
Goods and Services purchased	-36'515	-37'516	-26'210
Change in inventory of finished and unfinished goods as well as unbilled goods and services	2'181	-694	-1'791
Personnel expenses	-62'421	-54'034	-42'463
Marketing expenses	-1'391	-1'273	-488
Rent, maintenance and repairs	-3'304	-2'769	-2'959
Other operating expense	-5'962	-8'779	-7'367
Result before interest, taxes, depreciaiton and amortisation (EBITDA)	3'267	-9'254	8'896
Depreciation on tangible fixed assets	-1'076	-1'040	-937
Amortisation on goodwill	-4'902	-4'749	-4'458
Amortisation on other intangible assets	-820	-863	-1'064
Operating result (EBIT)	-3'531	-15'906	2'437
Financial income	817	1'249	2'543
Financial expense	-1'073	-1'302	-4'185
Financial result	-256	-53	-1'642
Income tax	-39	-945	-766
Consolidated result	-3'826	-16'904	29

Source: Crealogix, published annual reports as of 30 June 2021, 30 June 2022 and 30 June 2023

ABBREVIATIONS

Used abbreviations and definitions

Abbreviation	Definition
AG	Public limited company
BDO	BDO AG
Business plan	Business plan prepared by management and approved by board of directors for FY2023/24 to FY2025/26
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
CAPEX	Capital expenditures
CHF	Swiss franc
CHF'000	Swiss francs in thousand
Crealogix	Crealogix Holding AG, Zurich, Switzerland (Target)
DCF	Discounted Cash flow
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
FCF	Free cash flow
FTE	Full time equivalent
FY	Financial year
KPI	Key performance indicators
n.a.	Not available/not applicable

Abbreviation	Definition
Management	Management of Crealogix
NWC	Net working capital
PGR	Perpetual growth rate
SLI	Swiss Leader Index
SIX	SIX Swiss Exchange
SaaS	Software as a service
SLH	Swiss Learning Hub AG
TOB	Swiss Takeover Board
TV	Terminal value
Valuation date	15 November 2023
Vencora	Vencora UK Limited , Halifax, England, United Kingdom (Offeror)
VWAP-60	Volume-weighted average price over 60 trading days before pre-announcement
WACC	Weighted Average Cost of Capital
y-o-y	Year on year

Source: Crealogix, published annual reports

