FAIRNESS OPINION CREALOGIX HOLDING AG

Assessment of the financial adequacy of the public takeover offer by Vencora UK Limited for the outstanding shares of Crealogix Holding AG

29 November 2023

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1 Introduction

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1 Introduction

1.1 Background

CREALOGIX

CREALOGIX is an international software company primarily engaged in the field of digital frontend solutions for banks and wealth managers. The company's shares are listed on the SIX Swiss Exchange

Crealogix Holding AG (hereinafter also referred to as "CREALOGIX", “the group" or “the target company") is a Swiss software company specialized in front end-solutions for digital banking, digital wealth management and digital application and process management for banks and wealth managers. CREALOGIX offers several services and products enabling financial institutions to improve their customers’ digital experience. CREALOGIX is one of the top 100 fintech companies.[1]

The Group is headquartered in Zurich, Switzerland. In total, the group employs around 380 employees at eight locations worldwide. In the financial year ("FY") 2022/23, the Group generated sales of CHF 81.4 million and an EBITDA of CHF 8.9 million.[2]

CREALOGIX shares have been listed on the SIX Swiss Exchange (“SIX”) since September 2000. As of 15 November 2023, the target company had a market capitalization of CHF 69.8 million. The share capital of CREALOGIX consists of 1’404’742 registered shares with a nominal value of CHF 8.00 each.[3] As of 15 November 2023, 1’401’253 registered shares were outstanding.[4]

On the evening of 15 November 2023, CREALOGIX and Vencora UK Limited (“the offeror" or "Vencora") entered into a transaction agreement pursuant to which Vencora agreed to submit a voluntary public takeover offer (“the offer”) for all publicly held registered shares of CREALOGIX. The offer was pre-announced by Vencora on 16 November 2023 following the signing of the transaction agreement and prior to the trading start on SIX. The offer price per CREALOGIX share is CHF 60.00 in cash (“the offer price”).

1 Source: Information provided by the management of CREALOGIX.
2 Adjusted for the proceeds from the sale of the majority stake in Swiss Learning Hub AG ("SLH"), an "operating EBITDA" of CHF 1.4 million is reported. Further information about the SLH transaction and its effects on the financial of CREALOGIX can be found in section 2.3.
3 Source: SIX.
4 Source: Information provided by the management of CREALOGIX.

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1.2 Our mandate

The present Fairness Opinion provides an independent valuation analysis of CREALOGIX

In August 2023, the board of directors ("BoD") of CREALOGIX mandated IFBC AG ("IFBC") to prepare an independent Fairness Opinion assessing the financial fairness of the offer price. This report was prepared exclusively for the purpose of assisting the BoD of CREALOGIX in the evaluation of the offer. The Fairness Opinion may only be used for the financial assessment of the offer by the BoD of CREALOGIX. The use for any other purposes other than assessing the financial fairness of the offer price is not permitted. In particular, the Fairness Opinion does not constitute a recommendation to the public shareholders to accept or reject the offer.

IFBC is an independent corporate finance advisor and does not receive any compensation depending on the valuation results or the success of the transaction

IFBC issues this Fairness Opinion as an independent corporate finance advisor and receives a common market fee for its services. IFBC does not receive any compensation that depends on the statements in this valuation report nor is IFBC entitled to receive a success fee if the proposed transaction is successfully completed. IFBC confirms that they are particularly qualified to issue Fairness Opinions within the meaning of Article 30(6) of the Ordinance of the Takeover Board on Public Takeover Offers and that it is independent of the offeror, the target company as well as the persons acting in concert with them.

When preparing our Fairness Opinion, IFBC relied on the accuracy and completeness of the information received by the management of CREALOGIX. It is further assumed that the information received has been prepared reasonably, reflecting the best and most current available estimates and good faith judgements of CREALOGIX' management. IFBC's responsibility is restricted to the careful and professional assessment and verification of the plausibility of the information and calculations provided. In providing this opinion, IFBC has conducted neither an audit nor a due diligence.

The valuation date is 15 November 2023

The results of our independent valuation analyses were submitted to the CREALOGIX BoD on 15 November 2023 prior to the signing of the transaction agreement and the pre-announcement of the offer made by Vencora on 16 November 2023. The valuation is based on the current business plan, which was approved by the CREALOGIX BoD on 7 September 2023, on the current information and assumptions of the management, and on the financial statements of CREALOGIX as of 30 June 2023.

The management of CREALOGIX has also confirmed that there have been no significant events or transactions since the approval of the business plan to the publication of this Fairness Opinion, which have not been taken into account accordingly in the above-stated basis of information.

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1.3 Our approach

The assessment of the financial fairness of the offer by Vencora to the shareholders of CREALOGIX is based on valuation considerations of IFBC. These rely on the following analyses which are described in detail within this report:

- Analyses of the company's business model and of the current market environment
- Analysis of historical financials
- Assessment of the business plans for FY 2023/24 to 2025/26 ("business plan period") approved by the CREALOGIX BoD and of the assumptions of management for the two following years 2026/27 and 2027/28 ("rough planning period")
- Company valuation and determination of the value per share based on the following valuation methods:
  - Discounted cash flow method
  - Valuation based on trading multiples
  - Valuation based on transaction multiples
- Analysis of share price and current target share price published by an analyst

No consideration has been given to the tax, legal or other issues at the level of the individual investor in the assessment of the financial fairness of the offer made by Vencora to the shareholders of CREALOGIX. Accordingly, only general statements on the financial fairness of the offer from the perspective of public shareholders are possible in the context of this Fairness Opinion.

1.4 Sources

Among others, our assessment is based on the analysis of the following information:

- Audited annual reports of CREALOGIX (consolidated) for FY 2020/21 to 2022/23
- Business plan for FY 2023/24 to 2025/26 approved by the BoD of CREALOGIX on 7 September 2023
- Assumptions of Management for the two rough planning years 2026/27 and 2027/28
- Further current information and assumptions derived from discussions with the Management of CREALOGIX
- Capital market and financial data of selected peer companies (source: Refinitiv Eikon)
- Data from selected transactions based on publicly available information (source: Refinitiv Eikon)
- Other publicly available information

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2 Company description and market analysis

2 Company description and market analysis

2.1 Overview of CREALOGIX

CREALOGIX is a globally active software company focusing on developing digital frontend solutions for banks and wealth managers

CREALOGIX is a company headquartered in Zurich, Switzerland. CREALOGIX develops and distributes digital products and complementary services in the frontend sector for banks and wealth managers. The group employs around 380 employees at eight locations worldwide. The CREALOGIX distribution network is spread over more than 15 countries globally. In FY 2022/23, around 32% of the sales revenue was generated in Switzerland, 44% in other European countries and 24% in the rest of the world.

As of 30 September 2023, the main shareholders of CREALOGIX are Dr. Richard Dratva (18.06%), Bruno Richle (16.80%) and Daniel Hiltebrand (7.97%). There is a shareholders agreement ("SHA") among those shareholders and Peter Süsstrunk (referred to collectively hereinafter as the "Founder Shareholders") in place.[5] Additionally, over 5% of the registered shares issued are held by David Moreno via Mayfin Management Services S.I. (7.76%) and Long Path Smaller Companies Master Fund, Ltd. (7.05%).[6]

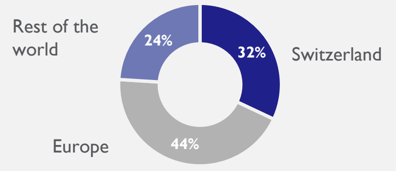
Headquarter

Zurich, Switzerland

Significant shareholders

Dr. Richard Dratva (18.06%)
Bruno Richle (16.80%)
Daniel Hitebrand (7.97%)
David Moreno (7.76%)
Long Path Smaller Companies Master Fund, Ltd. (7.05%)

Sales revenue by region



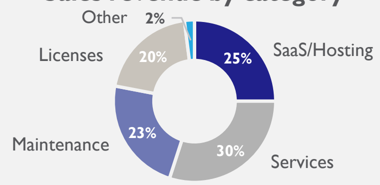
Traded on

SIX Swiss Exchange

Categories of sales revenue

SaaS/Hosting
Services
Maintenance
Licenses
Other

Sales revenue by category



Source: Information provided by the management of CREALOGIX, annual report 2022/23, full-year results presentation 2022/23.

5 The SHA will lapse when the transaction agreement is signed.
6 The share of other family members is attributed to the share of the relevant significant shareholder in some cases.

2.2 Business model of CREALOGIX

2.2.1 Product and service offering and market segments

CREALOGIX develops and implements software solutions that enable digital banking and digital wealth management for "the digital financial institution of tomorrow". CREALOGIX' products are front end-solutions which are integrated into the backend systems of their customers.

Target customers

The target customers of CREALOGIX include established retail and commercial banks, wealth managers as well as development banks looking to advance their digitalization strategy. CREALOGIX' solutions enable financial institutions to offer their clients a sophisticated, modern omnichannel experience. To remain competitive, banks and wealth managers must advance their existing in-house systems to reduce costs, differentiate themselves and provide greater flexibility to their clients in a constantly evolving and rapidly digitalizing market.

Digital banking platform for retail and commercial banks as well as wealth managers

CREALOGIX offers its customers modular digital banking solutions in the "Retail" (Retail Banking), "Business" (Corporate Banking and SME Banking) and "Wealth" (Wealth Management) market segments. The solutions are offered in the form of a platform that enables financial institutions to boost their efficiency and advance their digital transformation by means of specific applications. The applications are distributed on a product and country-specific basis (so-called "flagship products").

Source: Image provided by the management of CREALOGIX.

The digital banking platform allows for the comprehensive handling of a range of financial products and services, including account management, payments, and investments, on a single platform. This enhances the scalability of financial institutions' digital offerings, enabling not only cost savings through increased efficiency but also a consistent focus on digital transformation.

"CREALOGIX Funding Portal" for development banks

Next to the digital banking platform, CREALOGIX has developed the "CREALOGIX Funding Portal", a specific solution for development banks that is now being successfully offered on the market. The "CREALOGIX Funding Portal" is a digital platform enabling development banks to offer, manage and grant various kinds of development funds in a fast, flexible, user-friendly, and reliable manner. It covers the full life cycle of funding projects, from the submission of the application and approval on to the disbursement and monitoring of the projects. It is a low-code platform that can be configured and adapted to meet the specific needs and requirement of development funds. Moreover, the platform ensures complete compliance with data protection regulations.

2.2.2 Monetization broken down by category of sales revenue

The sales revenue of CREALOGIX can be classified by the sales revenue categories described below. Additionally, they can be allocated to recurring and non-recurring sales revenue.

"SaaS/Hosting"

The sales revenue category "SaaS[7]/Hosting" consists of recurring revenue streams. On one hand, this includes the sale of software solutions user rights over a fixed period. On the other hand, along with the user rights, CREALOGIX' customers can acquire a service subscription that specifies a fixed number of service days per year under a service agreement. These service days are utilized for the ongoing development of existing solutions. In addition to the user rights and recurring service days, this sales revenue category also includes income from the hosting of various applications (proprietary digital banking solutions or general IT solutions in data centers or the cloud).

"Maintenance"

CREALOGIX enters into a maintenance and support agreement with each licence sale. Such agreements usually have a fixed term and are renewed automatically unless they are terminated by the customer. For this reason, CREALOGIX classifies the sales revenue from the "Maintenance" category as recurring sales revenue.

"Licences"

Buying a licence for a CREALOGIX product entitles the customer to use the software and/or solutions without restrictions for either an unlimited time or a specifically limited time. The sales revenue from the "Licences" category is therefore non-recurring.

[7] Software as a service.

"Services"

Buying software and/or a solution (either through a subscription, which is assigned to the "SaaS/Hosting" category, or through a "Licence") requires the corresponding implementation. The sales revenue from implementation projects is allocated to the sales revenue category "Services". These revenue streams are non-recurring.

"Others"

Products that cannot be assigned to the above sales revenue categories fall into the "Others" category. This category includes, for example, sales revenue generated from the sale of devices (payment slip scanners in combination with digital banking solutions) such as PayEye, GiroMat, etc., which are mainly sold online in partnerships with the largest Swiss banks or through other distribution channels.

2.2.3 Corporate strategy

CREALOGIX's current corporate strategy (presented as part of the 2022/23 annual results presentation) consists of three cornerstones, which are implemented through different strategic initiatives:

Establishing a market-centric organization	Alignment of the cost base with the sales revenue level	Focus on growth drivers

Establishing a market-centric organization

Under this strategic initiative, CREALOGIX defines the reorganization of the company away from a matrix organization towards a market and customer-centric organization. The objective of this strategic initiative is to establish clear responsibilities within various market units through a functional end-to-end control, thereby achieving efficiency gains within the market units.

Alignment of the cost base with the sales revenue level

In order to improve operating profitability and return to a sustainable, positive EBITDA, the cost base of CREALOGIX will be adjusted to the lower sales revenue level and the simplified organization. To establish a lower cost base, CREALOGIX' costs are being reduced and strictly monitored (this concerns operating costs and, particularly, personnel cost adjustments due to optimization programs in the context of the new organizational structure). Additionally, CREALOGIX' product portfolio is being continuously optimized.

Focus on growth drivers

Moreover, three strategic initiatives were identified and launched to boost the sales revenue level:[8]

[8] Source: Information provided by the management of CREALOGIX.

1) **"Boost Funding Portal"**
   This strategic initiative aims at further boosting the "CREALOGIX Funding Portal". The goal is to become the market leader in frontend solutions for development banks in Germany and to also establish the product in the European market. The European market for development funds has made very little progress in terms of digitalization and therefore offers CREALOGIX opportunities in that area.
2) **"Innovate Business Banking"**
   Digital banking for SMEs is one of the underdeveloped areas in the digital banking market and therefore offering CREALOGIX a big growth opportunity. This strategic initiative is therefore intended to improve and expand the solutions offering for commercial banks in this segment through innovative new features on the digital banking platform. In this regard, an innovation partnership is being established with an existing client to develop a next-generation platform solution.
3) **"Upgrade Flagship Products"**
   As part of the third strategic initiative, existing solutions or flagship products in the banking and wealth management sector will be upgraded. The goal is to increase "upselling" within the existing customer base and to attract new customers with these solutions.

2.2.4 Sustainability

Sustainability

CREALOGIX's principles for a sustainable business model are guided by the UN Sustainable Development Goals. With that in mind, CREALOGIX has defined specific measures which can be broken down into the following three key pillars of the UN Sustainable Development Goals.[9]

In the "Environment" pillar, CREALOGIX is currently implementing three initiatives:
1) Safe, Co_2-neutral storage and/or safe and CO_2-neutral hosting of data
2) Optimization of facility and waste management
3) Promotion of environmentally friendly solutions as part of business activities

[9] Source: CREALOGIX annual report.

In the "Social" pillar, CREALOGIX is currently implementing three initiatives:

1) Increasing diversity in the senior management team and on the BoD
2) Promoting apprenticeships, entry-level positions for graduates as well as ongoing and further education for employees
3) Maintaining a socially committed, motivating working environment

In the "Governance" pillar, CREALOGIX is currently implementing four initiatives:

1) Compliance with ESG governance
2) Implementation of the code of conduct
3) Compliance with rules and regulations
4) Investments in the training of specialists worldwide in order to ensure opportunities for successful professional development

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2.3 Historical financials of CREALOGIX

Key events in the recent past

Amongst others, CREALOGIX' recent history has been characterized by the following key events:[10]

- CREALOGIX' financial years FY 2020/21 and FY 2021/22 were characterized by investments in new products. In both of those financial years, CREALOGIX has made significant investments in developing the new digital banking platform and the "CREALOGIX Funding Portal" (in FY 2021/22, more than 31.0% of the sales revenue). Those investments include both CAPEX (external development of solutions) as well as OPEX (internal development of solutions).
- During that investment phase, CREALOGIX' sales revenue in FY 2021/22 fell by more than 14.0% compared to the prior year (2020/21). The high level of investments combined with the decline in sales revenue in FY 2021/22 resulted in a negative EBITDA of CHF 9.3 million. The declining sales revenue can be explained by the following factors, among others.
  - Loss of sales revenue from the non-strategic business at that time. The decrease in sales revenue from the non-strategic business was attributable to the ongoing portfolio consolidation.
  - Negative impact of the strong Swiss franc.
  - Ultimately, as a supplier, CREALOGIX was also affected by the general downturn in the banking sector.
- Against this background, efforts were made to consolidate CREALOGIX' product and service portfolio to boost the operating profitability. Moreover, cost-reducing measures were implemented: The headcount was reduced by 17% in FY 2021/22 and by 27% in FY 2022/23. The decline in personnel costs can be mainly attributed to the reduction in the number of freelancers on the payroll.
- As a result of the above-mentioned investments, the "CREALOGIX Funding Portal", has been live and in use at seven participating development banks at the end of FY 2022/23 and was launched by means of SaaS agreements (recurring sales revenue). This marked an important milestone in the strategic roadmap.
- Finally, due to the shift in focus on the "Digital Banking" sector and the corresponding portfolio consolidation, a controlling interest of 67% in Swiss Learning Hub AG ("SLH") was sold to blue8x AG in August 2022 ("SLH transaction"). Upon completion of the transaction, SLH was fully deconsolidated and the remaining 33% interest reported as financial assets.[11]

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[10] Sources: Press releases as well as the annual reports of CREALOGIX, information provided by the management of CREALOGIX.

[11] On 17 August 2022, 67% of the shares in Swiss Learning Hub were sold with an option to sell the remaining 33% of the shares. The option can be exercised by CREALOGIX within 2 years after the completion of the SLH transaction.

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- In the FY 2022/23, despite a decline in revenue, a positive EBITDA was achieved through the implementation of strategic initiatives (CHF 8.9 million, including the profit contribution from the sale of the SLH stake, or CHF 1.4 million adjusted for the sale of the SLH stake, referred to as "operating EBITDA").

Historical key performance indicators of CREALOGIX

Historical key performance indicators of CREALOGIX

in CHF thousand	FY 2020/21	FY 2021/22	FY 2022/23
Sales revenue *)	**109'263**	**94'020**	**81'396**
Sales revenue growth in %	*5.4%*	*-14.0%*	*-13.4%*
Thereof recurring sales revenue in %	*50.3%*	*51.3%*	*47.7%*
Operating EBITDA **)	**3'267**	**-9'254**	**1'408**
Operating EBITDA margin in %	*3.0%*	*-9.8%*	*1.7%*
CAPEX	**7'971**	**9'362**	**-3'100**
CAPEX in % of sales revenue	*7.3%*	*10.0%*	*-3.8%*
Operating NWC	**-10'185**	**-8'161**	**-2'782**
Operating NWC in % of sales revenue	*-9.3%*	*-8.7%*	*-3.4%*
Net debt	**1'853**	**25'326**	**26'986**
Equity (book value) ***)	**44'070**	**22'316**	**22'446**

Source: Annual reports of CREALOGIX.
*) Sales revenue includes the sales revenue from SLH.
**) In FY 2022/23, the EBITDA of CHF 8.9 million was adjusted by the proceeds of CHF 7.5 million from the SLH transaction resulting in an "operating EBITDA" of CHF 1.4 million.
***) Including minority interests.

Development of sales revenue[12]

In FY 2020/21, sales revenue increased by CHF 5.6 million or 5.4% compared to the prior year despite the challenging COVID-19 environment. This increase is explained by significant development agreements which have been signed with development banks and the increase of sales revenue from SaaS business. Sales revenue growth was primarily observed in Asia and the Middle East. Recurring sales revenue accounted for a share of 50.3%.

[12] Sales revenue includes the sales revenue from SLH.

From FY 2020/21 to 2021/22, the sales revenue fell by CHF 15.2 million or 14.0%. Besides the decline in sales of physical payment devices, the reduction in sales revenue was also attributable to the consolidation of the non-strategic business at that time. Additionally, the sales revenue was negatively impacted by the exchange rates. The share of recurring sales revenue increased to 51.3%.

In FY 2022/23, the sales revenue dropped by CHF 12.6 million or 13.4%. This decline is partly due to the sale of the controlling interest in SLH in August 2022. After adjusting for the disposal of the SLH transaction, only a decline of sales revenue of 2.8% in local currencies was reported.

Development of EBITDA margin[13]

In FY 2020/21, CREALOGIX reported an EBITDA margin of 3.0%. The improvement of the EBITDA margin in comparison to the prior year is attributable to the increase in sales revenue, as well as the implemented reorganization measures and the optimization of the product portfolio.

In FY 2021/22, a negative EBITDA margin of -9.8% or an EBITDA of CHF -9.3 million was recognized. This deterioration is attributable not only to the decline in sales revenue but also to the significant investments (partly recognized as OPEX) in the digital banking platform and the "CREALOGIX Funding Portal" in the amount of 31% of the sales revenue.

Due to the cost-cutting strategic initiatives and the non-recurring gain from the sale of the SLH participation, a positive EBITDA of CHF 8.9 million was reported in FY 2022/23. After adjusting for the proceeds from the SLH transaction, an operating EBITDA of CHF 1.4 million and an operating EBITDA margin of 1.7% were reported.

Development of CAPEX

CAPEX in percent of sales revenue amounted to 7.3% in FY 2020/21 and increased to 10.0% in FY 2021/22. These investments consisted mainly of investments in intangible assets related to developing the digital banking platform and the "CREALOGIX Funding Portal". The ordinary recurring CAPEX are significantly lower.

The net proceeds from the SLH transaction led to a net cash inflow of 3.8% of sales revenue in FY 2022/23. At the same time, expenditures on intangible assets fell from CHF 7.9 million in FY 2021/22 to CHF 1.1 million in FY 2022/23.

Development of operating Net Working Capital ("NWC")

Over the past three years, the operating NWC in percent of sales revenue increased from -9.3% to a level of -3.4%. This is attributable to a disproportionately large decline in advance payments and accounts payable compared to sales revenue. The operating NWC has remained negative in relation to the sales revenue.

[13] The operating EBITDA margin is calculated based on the sales revenue.

Development of net debt and equity

Net debt (interest-bearing financial liabilities less cash) increased from CHF 1.9 million in FY 2020/21 to CHF 25.3 million in FY 2021/22. The increase in net debt is explained by the negative operative earnings in combination with high CAPEX. Accordingly, a decrease of the cash position and an increase of interest-bearing debt was reported in FY 2021/22. In the past FY 2022/23, net debt increased only slightly due to the net proceeds related to the SLH transaction.

In FY 2021/22, compared to the previous year, equity nearly halved to CHF 22.3 million due to the significant loss in the corresponding FY and foreign currency translation related to foreign holdings. As of the end of FY 2022/23, the resulting equity amounted to CHF 22.4 million.

2.4 Market analysis

CREALOGIX develops and implements front end-software solutions for banks and wealth managers by the means of a digital platform. Therefore, CREALOGIX' business activities can be broken down into the two markets "Digital Banking Platform" and "Digital Wealth Management Platform".

The clients of banks and wealth managers are demanding digital services and a seamless user experience

The global transformation of banking and payment transactions has progressed rapidly in recent years. The associated developments were heavily influenced by various digitalization trends as well as the global COVID-19 pandemic.[14] In the context of the COVID-19 pandemic, there was a rapid increase in online banking activities, including a surge in digital transactions. Regarding the digitalization trends, Deloitte, for example, noted in its "Digital Banking Maturity Study 2022"[15] that mobile devices have become the most important media for interacting with banks.

The wealth management business was also substantially influenced by the COVID-19 pandemic. In order to maintain customer confidence in the wealth management business during that challenging period, business processes related to customer communications had to be digitalized accordingly.[16] At the same time, technologies such as artificial intelligence were integrated into the processes in order to advance personalized services for customers and increase the effectiveness of wealth advisory services. In this context, Deloitte interviewed clients of wealth managers about the most important characteristics of the services of a wealth manager in its "Swiss Affluent Clients" report. As the most important characteristics, affluent clients mentioned, along with low fees, "state-of-the-art online banking", "banking across multiple channels (in person, mobile, online)" as well as "state-of-the-art mobile banking (app for mobile telephones or tablets)".[17] This suggests that digitalization continues to be of significant importance to clients and will remain so in the future.

[14] Entrust (2022), New Study From Entrust Finds Consumers Prefer Digital Banking Experiences, But Are Concerned About Security.
[15] Deloitte (2023), Digital Banking Maturity Study 2022.
[16] Mordor Intelligence (2023), Wealth Management Platform Market.
[17] Deloitte (2023), Swiss Affluent Clients.

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Banks and wealth managers must continue to advance the digitalization of processes

The topic of digitalization is therefore of utmost importance for banks ("Digital Banking") as well as wealth managers ("Digital Wealth Management").[18] As demonstrated in various case studies, such as a case study of McKinsey, a successful digital transformation can lead to better business outcomes for banks and wealth managers, improve cost/benefit ratios and contribute to increased customer satisfaction (customer acquisition and customer retention). In this context, various studies show that traditional banks are lagging far behind so-called digital banks ("challenger banks") when it comes to digital transformation.[19] According to Deloitte, Swiss banks in particular, run the risk of not keeping up with the rising expectations of their customers when it comes to ensuring a satisfactory user experience with a sufficient selection of functionalities.

According to a market study of Mordor Intelligence, banks prefer digital banking platforms to advance their digital transformation due to the numerous advantages they offer, such as lower IT costs, the possibility for a rapid market launch, open banking integration, adjustable out-of-the-box functions and omnichannel customer experiences. Moreover, a trend toward cloud-based services and SaaS contracts is observed in order to cut IT infrastructure costs.[20]

As far as wealth managers are concerned, trading and investment management fees have fallen significantly, which is causing wealth managers to digitalize processes and identify possibilities of efficiency boosting.[21] Against that background, wealth managers, too, are using digital platforms for the digital transformation of their services. Such platforms support various digital channels such as smartphones, tablets and browsers and therefore give customers the desired seamless omnichannel experience.

The "Digital Banking Platform" market and "Wealth Management Platform" market are expected to grow by 14% per year until 2030

Mordor Intelligence estimates the market size of the "Digital Banking Platform" market to be USD 8.9 billion by 2023.[22] In order to meet their customers' demand for digital banking services and to advance digitalization, further substantial investments are required according to the studies of McKinsey and Deloitte, for example.[23] This will also increase the demand for digital banking platform solutions and services. Accordingly, it is estimated that the digital banking platform market will have a market volume of USD 17.2 billion by 2028, corresponding to a compound annual growth rate (CAGR) of 14.0%.

18 McKinsey (2023), Why most digital banking transformations fail – and how to flip the odds.
19 McKinsey (2023), Why most digital banking transformations fail – and how to flip the odds; Deloitte (2022), Digital Banking Maturity Study.
20 Mordor Intelligence (2023), Digital Banking Platform Market.
21 Mordor Intelligence (2023), Wealth Management Platform Market.
22 Mordor Intelligence (2023), Digital Banking Platform Market.
23 Deloitte (2023), Digital Banking Maturity Study 2022.; McKinsey (2023), Why most digital banking transformations fail – and how to flip the odds.

It is estimated that the market size of the "Wealth Management Platform" market will reach USD 4.7 billion by 2023.[24] The growth of this market is expected to be comparable to the growth of the digital banking platform market. With the same CAGR of 14.0%, a corresponding market size of USD 9.0 billion is expected by 2030.

[24] Mordor Intelligence (2023), Wealth Management Platform Market.

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3 Valuation

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3 Valuation

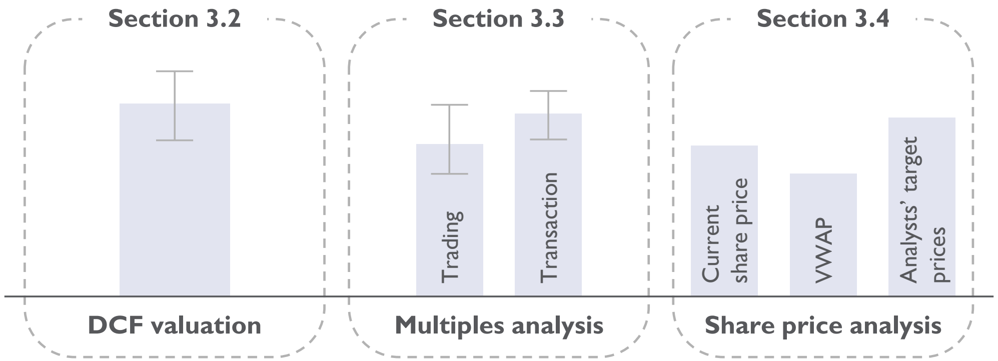
3.1 Valuation approach

According to best practice, we primarily rely on the DCF approach to value CREALOGIX. In addition, we apply trading and transaction multiples and consider the results of the share price analysis and the target prices of analysts

We value CREALOGIX based on a stand-alone basis and apply different valuation approaches to assess the fairness of the offer made by Vencora from a financial point of view. In accordance with the pre-announcement of the public takeover offer dated 16 November 2023, CREALOGIX' value per share is calculated as of the relevant valuation date being 15 November 2023.[25]

Within our valuation framework, the discounted cash flow method ("DCF method") holds the greatest significance. The valuation considerations are supplemented using market-based methods derived from the valuations of listed peer companies (trading multiples) and prices paid in comparable transactions (transaction multiples). The value per share resulting from the DCF method and from the trading and transaction multiples valuation is also compared to CREALOGIX' current share price, CREALOGIX' volume weighted average price ("VWAP") over the past 60 trading days and the target prices published by analysts for the CREALOGIX share.

Valuation approach



Source: IFBC

[25] Source: Pre-announcement of the offer on 16 November 2023, CREALOGIX.

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3.2 Discounted cash flow method

3.2.1 Introduction to the valuation approach

The applied DCF method is in line with corporate finance theory as well as the current best practice in company valuation. In general, the value of a company is derived by discounting the expected future free cash flows ("FCF") with the weighted average cost of capital ("WACC") at the defined valuation date.

Based on the described valuation approach, the market value of CREALOGIX's equity excluding minority interests as of 15 November 2023 is derived as follows:

Determination of the market value of the equity

1. In the first step, the future expected FCFs are determined based on the business plans for FY 2023/24 to 2025/26 ("business plan period") approved by CREALOGIX' BoD and on management assumptions for the two following years 2026/27 and 2027/28 ("rough planning period"). The portion of value of attributable to the period after the FY 2027/28 is expressed as terminal value ("TV").

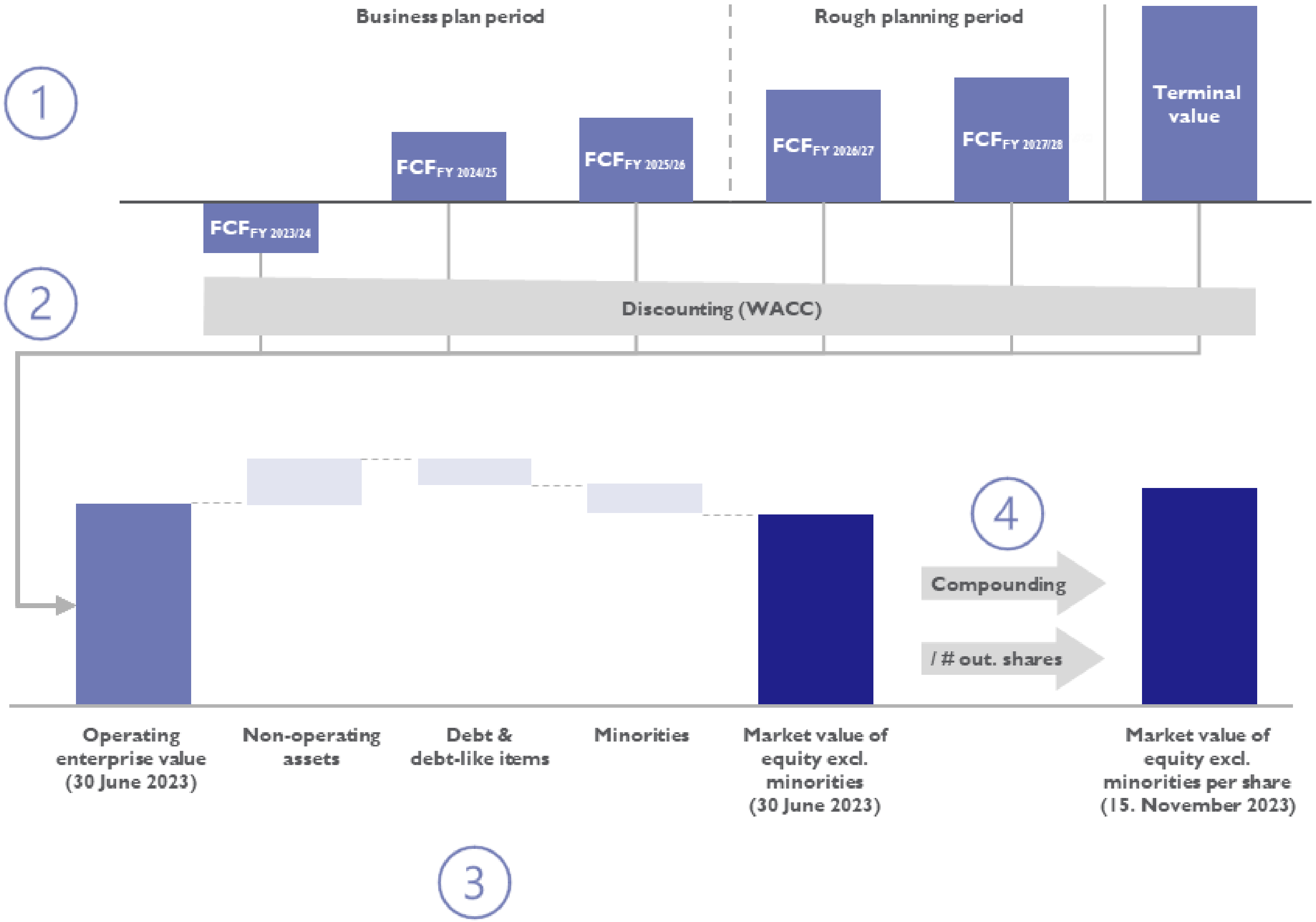
2. The expected FCFs of the business plan and rough planning period and the calculated terminal value are then discounted to 30 June 2023 by applying the specific WACC for CREALOGIX. The operating enterprise value as of 30 June 2023 is then derived from the present values of the future expected FCFs and the TV.

3. Based on the financial statements as of 30 June 2023, the non-operating assets are added to the operating enterprise value and the interest-bearing debt, debt-like items and minority interests at market value are subtracted. This results in the market value of equity excluding minority interests as of 30 June 2023.

4. The calculated market value of equity is compounded to the valuation date as of 15 November 2023 and then divided by the number of shares outstanding in order to determine the market value per share as of 15 November 2023.

Illustrative presentation of the valuation approach for determining the market value of the equity per share of CREALOGIX as of 15 November 2023

The following illustration summarizes the determination of the market value of the equity per share of CREALOGIX as of 15 November 2023:



Source: IFBC

3.2.2 Free cash flows and terminal value

The estimated future free cash flows are based on the business plan for FY 2023/24 to 2025/26 as well as additional information and assumptions of the management for the rough planning period (FY 2026/27 to 2027/28) and the terminal value

CREALOGIX' projected FCFs for FY 2023/24 to 2025/26 are based on the current business plan, which was approved by CREALOGIX' BoD on 7 September 2023, as well as other information and assumptions made by the management. Additionally, a rough planning period for FY 2026/27 and 2027/28 was taken into account in the DCF valuation. For the rough planning period, CREALOGIX' management particularly defined ranges for 1) the expected growth in sales revenue and 2) a sustainable operating EBITDA margin, in addition to other information and assumptions. Management confirmed the assumptions regarding the sustainable values as a basis for determining the terminal value. The resulting averages of the main value drivers and assumptions are summarized in the table below.

Overview of key assumptions in the business plan period and rough planning period as well as the terminal value including a historical comparison

	Historical	*Business plan period*	*Rough planning period*	
in CHF thousand	FY 2020/21 - FY 2022/23	FY 2023/24 - FY 2025/26	FY 2026/27 - FY 2027/28	Terminal value
Sales revenue growth (CAGR)	-7.7%	4.0%	7.5%	1.8%
Ø recurring sales revenue in % of sales revenue*)	49.8%	48.3%	n/a	n/a
Ø operating EBITDA margin**)	-1.7%	13.0%	15.7%	17.0%
Ø CAPEX in % of sales revenue	-4.5%	2.2%	1.5%	1.4%
Ø operating NWC in % of sales revenue	-7.1%	-2.3%	-2.3%	-2.3%

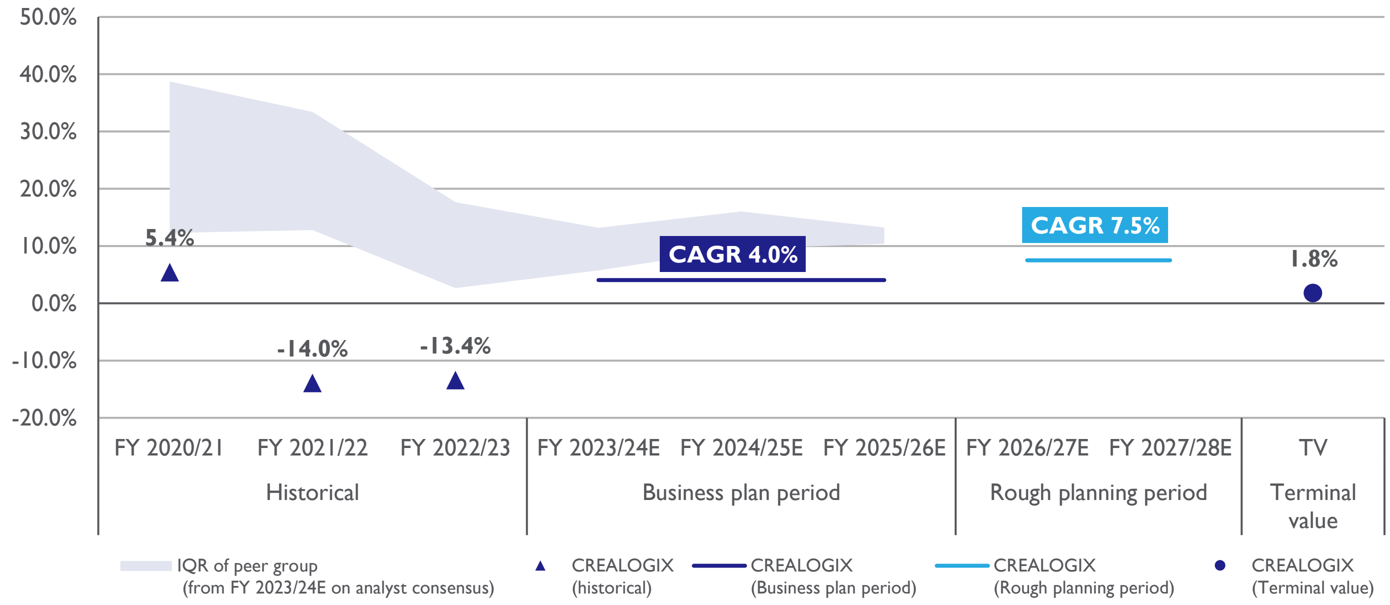
Sources: Annual reports and information provided by the management of CREALOGIX.
*) Details on the recurring sales revenues are only available for the business plan period, since the sales revenue in the rough planning period was planned based on a top-down approach.
**) For FY 2022/23, the EBITDA margin was adjusted for the SLH transaction.

We assessed and cross-checked the information and assumptions made by CREALOGIX' management from an independent point of view. To this end, the key assumptions underlying the business plan period and rough planning period were compared with, amongst others, analyst estimates for the peer companies. For the purpose of this analysis, peer companies, which develop and distribute front end-solutions for banks and wealth managers, among other solutions, were summarized in a peer group.[26] The key assumptions are described below.

[26] An overview of the peer companies can be found in section 5.3 in the appendix.

Assumptions regarding the development of sales revenue

Comparison of historical and forecasted growth rates for the sales revenue of CREALOGIX and those of the peer companies[27]



Sources: Refinitiv Eikon, information provided by the management of CREALOGIX.

The challenging FY 2021/22 to 2022/23[28] are reflected in a significantly below-average development of sales revenue compared to the peer group. CREALOGIX' sales revenue growth in those years is well below the interquartile range ("IQR", 25% quartile to 75% quartile). However, it must be considered that part of the decline in sales revenue in FY 2022/23 is attributable to the SLH transaction.

In the Business plan period of 2023/24E to 2025/26E ("E" for "Expected"), the management of CREALOGIX expects an CAGR of 4.0%. This growth reflects CREALOGIX' growth strategy and is supposed to be achieved organically due to

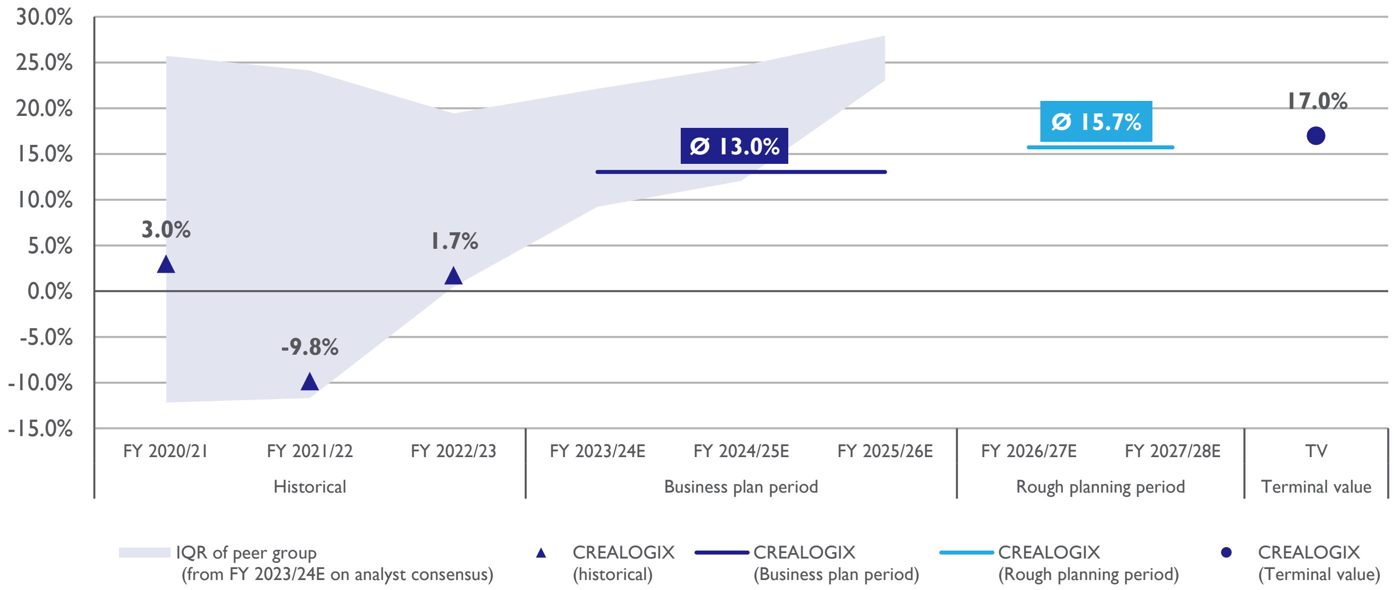
27 Any IFRS 16-related effects have been eliminated in the historical and future expected operating EBITDAs of the peer group companies. The analysts' coverage is relatively low from 2026/27E on, so a comparison would not be significant. For this reason, the benchmarking for FY 2026/27E to 2027/28E is not performed.

28 See section 2.3 for further information.

the strategic growth initiatives.[29] At 4.0%, the expected growth is still below the IQR of the analysts' forecasts for the peer companies of CREALOGIX. In the rough planning period, a CAGR of 7.5% is assumed for the sales revenue. This assumption is supported by global market growth and at the same time by the growth rates of the peer group, which shows a higher IQR in the previous years. The terminal value is based on sustainable annual sales revenue growth of 1.8%. This growth rate corresponds to the average, long-term inflation expectation for the currencies relevant to CREALOGIX, weighted on the basis of a sustainable currency split.

Assumptions regarding the EBITDA margin

Comparison of historical and projected operating EBITDA margin of CREALOGIX and those of the peer companies[30]



Sources: Refinitiv Eikon, information provided by the management of CREALOGIX.

29 The strategic initiatives are described in detail in section 2.2.3.

30 Any IFRS 16-related effects have been eliminated in the historical and future expected operating EBITDAs of the peer group companies. The analysts' coverage is relatively low from 2026/27E on, so a comparison would not be significant. For this reason, the benchmarking for FY 2026/27E to 2027/28E is not performed.

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In FY 2020/21, CREALOGIX was able to report a positive operating EBITDA margin despite the significant investments (partly recognized as operating costs) in the digital banking platform and the "CREALOGIX Funding Portal". In addition to the decline in sales revenue, FY 2021/22 was also characterized by a significant sum of investments, resulting in a negative EBITDA margin. Due to the cost-cutting strategic initiatives and the non-recurring gain from the SLH transaction, a positive EBITDA margin of 10.9% was reported in FY 2022/23. After adjusting for the proceeds from the SLH transaction, an operating EBITDA of CHF 1.4 million and an operating EBITDA margin of 1.7% were reported. Historically, CREALOGIX' EBITDA margin is in the bottom half of the IQR.

For the business plan period, CREALOGIX' management is expecting an average operating EBITDA margin of 13.0%, which would put CREALOGIX in the bottom half of the IQR in FY 2023/24E and 2024/25E, and below the IQR of the analysts' expectations for the peer companies in FY 2025/26E. The increase in the operating EBITDA margin in the business plan period is expected due to the effects of economies of scale and the implementation of the strategic initiatives. During the rough planning period, it is assumed that the operating EBITDA margin will increase to a sustainable level in the terminal value. Thus, an average operating EBITDA margin of 15.7% is expected for FY 2026/27E and 2027/28E. In the long-term, CREALOGIX' management considers an EBITDA margin of up to 17.0% to be sustainable. This positive development is supported by the higher profitability of the peer companies and the economies of scale achievable through the targeted sales revenue growth.

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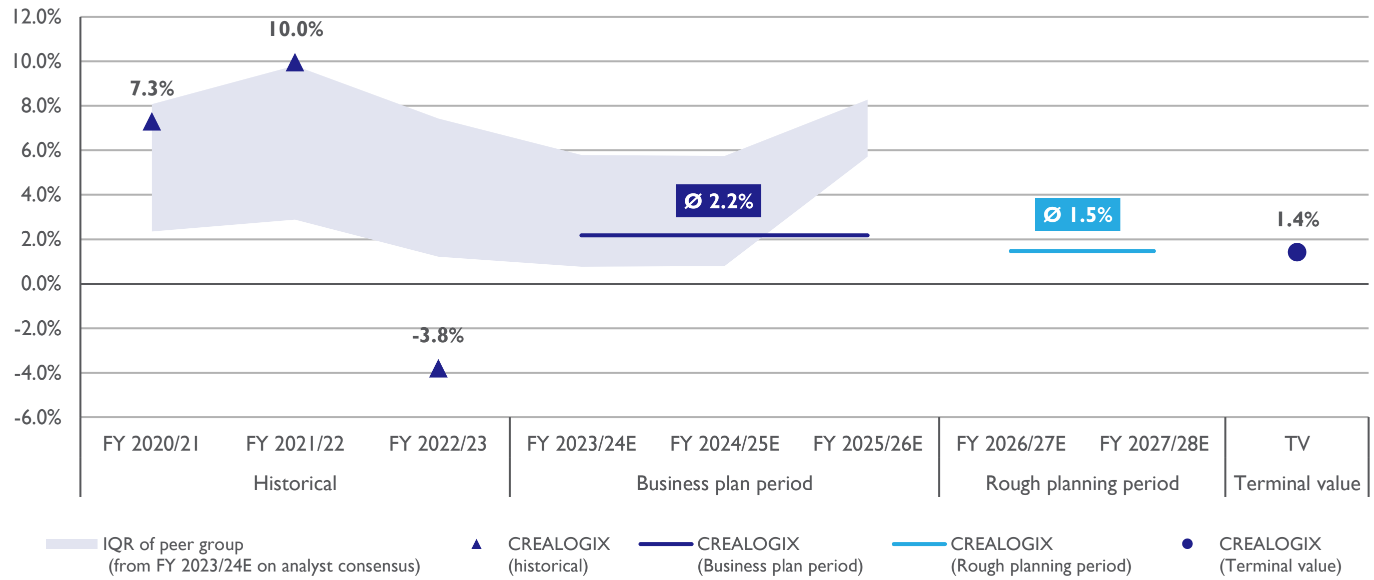
Assumptions regarding the CAPEX

Comparison of the historical and projected investments of CREALOGIX and those of the peer companies (CAPEX as % of sales revenue)[31]



Sources: Refinitiv Eikon, information provided by the management of CREALOGIX.

CAPEX in percent of sales revenue amounted to 7.3% in FY 2020/21 and increased to 10.0% in FY 2021/22. In FY 2022/23, the company reported a cash inflow from the SLH transaction.[32] After adjusting for the proceeds from the SLH transaction, the CAPEX amounted to 1.8% in FY 2022/23. With these values, CREALOGIX reported CAPEX in the upper range of the IQR of the peer companies in FY 2020/21, and even above the IQR of the peer companies in FY 2021/22.

For the business plan period, CAPEX of 2.2% of the sales revenue is expected. For the FY 2023/24E to 2025/26E, the analysts expect higher investment to sales ratios on average for the peer companies. For the first two years of the

[31] Any IFRS 16-related effects have been eliminated in the historical and future expected operating EBITDAs of the peer group companies. The analysts' coverage is relatively low from 2026/27E on, so a comparison would not be significant. For this reason, the benchmarking for FY 2026/27E to 2027/28E is not performed.

[32] The backgrounds of those investments are described in detail in section 2.2.3.

business plan however, CREALOGIX is still expected to be in the IQR range of the peer companies. According to CREALOGIX' management, the lower CAPEX ratios can be explained by the fact that larger investments have already been made in the previous years, and CREALOGIX is expected to achieve sales revenue growth organically through its existing products and investments which are reported as OPEX. For the rough planning period, the management of CREALOGIX assumes an average CAPEX level of 1.5%. Long-term, a sustainable CAPEX level of 1.4% in percent of sales revenue is expected. Since the growth expectations in the terminal value is relatively low, only replacement investments are assumed. In the TV, depreciation is assumed to be equal to the forecasted long-term level of CAPEX.

Assumptions regarding operating NWC

The operating NWC of CREALOGIX in percent of sales revenue amounted to -7.1% on average in FY 2020/21 to 2022/23. For the business plan period and the rough planning period, the management of CREALOGIX assumes that the NWC in percent of sales revenue will increase to -2.3% on average. In the TV, a sustainable NWC level of -2.3% is assumed as well.

Taxes

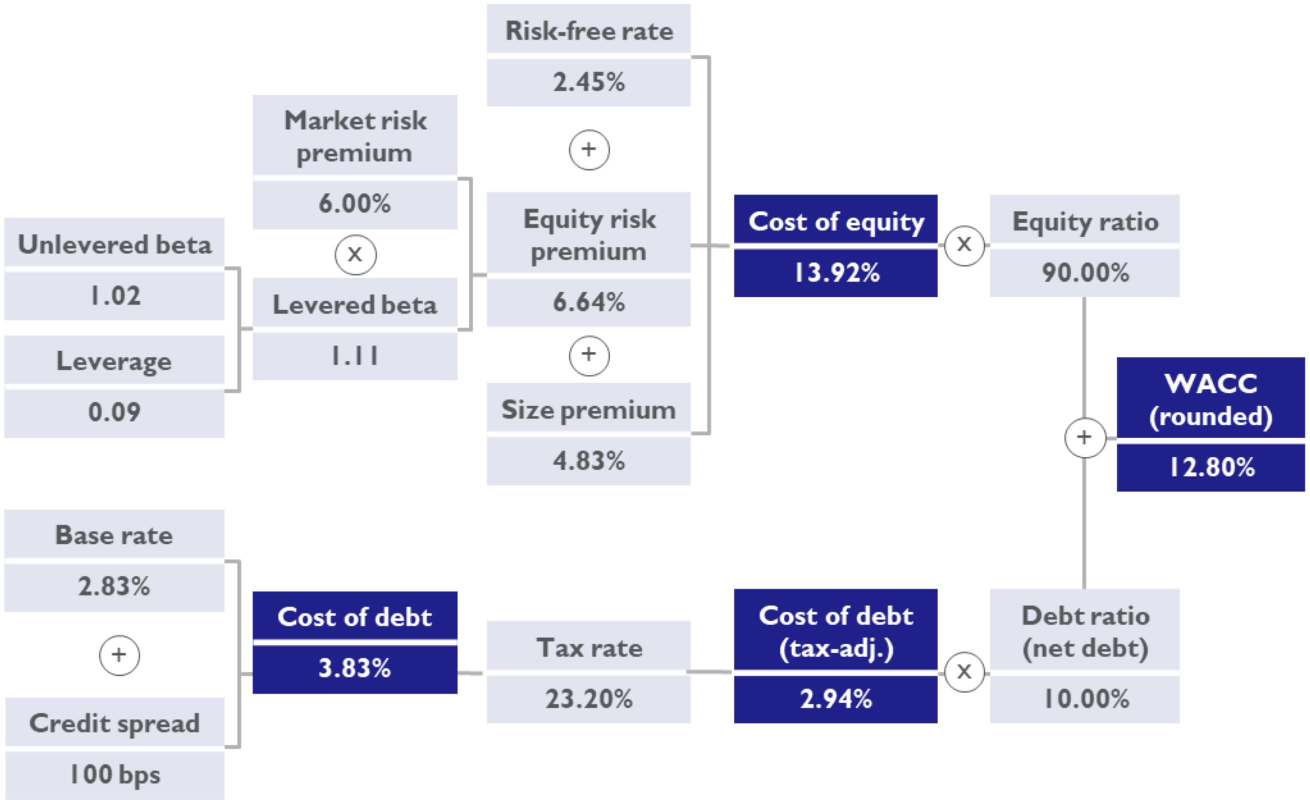
Based on the estimates of CREALOGIX' management, an imputed tax rate of 23.20% is assumed for FY 2023/24E to 2027/28E and the TV.

IFBC

3.2.3 Cost of capital

Determination of the WACC for CREALOGIX

The following illustration summarizes the determination of the WACC for CREALOGIX:[33]



Sources: IFBC, Kroll, 2023, Refinitiv Eikon, IMF, World Economic Outlook, October 2023, information provided by the management of CREALOGIX.

33 For further details see section 5.1 in the appendix.

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3.2.4 Determination of the market value of equity per share

Operating enterprise value as of 30 June 2023

Discounting the expected free cash flows of the planning period (business plan period and rough planning period) as well as the terminal value with the WACC of 12.80%[34], yields an operating enterprise value of CHF 96.1 million as of 30 June 2023.

Market value of equity excluding minority interests as of 30 June 2023

The non-operating assets are added to and debt, debt-like items and minority interests at market value are subtracted from the operating enterprise value as of 30 June 2023 to determine the market value of equity excluding minority interests as of 30 June 2023.

The non-operating assets as of 30 June 2023 in the amount of CHF 9.3 million mainly consist of net deferred tax assets, the existing minority interest in SLH[35] and other financial assets. In accordance with CREALOGIX's management, CREALOGIX has no excess liquidity as of 30 June 2023.

Moreover, the interest-bearing debt and debt-like items in the amount of CHF 30.9 million are deducted from the operating enterprise value. Debt and debt-like items consist in particular of the outstanding convertible loan, a subordinated shareholder loan and other current financial liabilities. Additionally, probability-weighted provisions and the remaining financial liability from the share-based compensation of the management and the BoD are recognized as debt-like items.

As of 30 June 2023, there are minority interests at market value of CHF 0.9 million, which are also deducted.

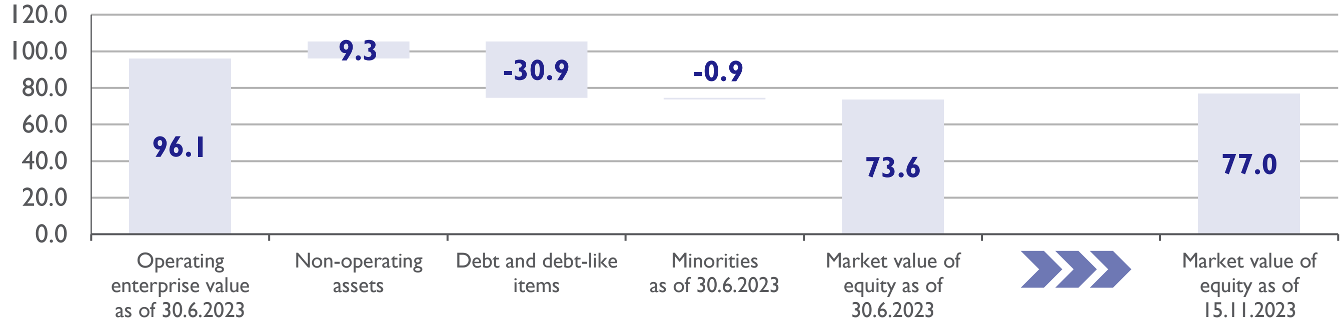
Market value of equity excluding minority interests as of 15 November 2023

The market value of equity resulting for CREALOGIX as of 30 June 2023 in the amount of CHF 73.6 million is ultimately compounded to the valuation date (15 November 2023). This results in a market value of equity of CHF 77.0 million as of 15 November 2023.

34 For further information on the calculation of the WACC, see section 5.1 in the appendix.

35 For further information, see section 2.3.

Determination of the market value of equity of CREALOGIX as of 15 November 2023 (in CHF million, rounded values)



Source: IFBC.

Market value per share in CHF as of 15 November 2023

As of 15 November 2023, a total of 1'404'742 shares have been issued. According to the information provided by management, CREALOGIX thereof holds 3'489 shares (treasury shares) as of 15 November 2023. The number of outstanding shares is therefore 1'401'253. Dividing the market value of equity as of 15 November 2023 by the number of outstanding shares yields a value per share of CHF 54.96.

IFBC

Sensitivity analyses with respect to the value per share of CREALOGIX as of 15 November 2023 (in CHF)

Sustainable EBITDA margin	WACC 13.30%	13.05%	12.80%	12.55%	12.30%
18.00%	54.98	56.74	58.58	60.51	62.53
17.50%	53.27	54.98	56.77	58.64	60.61
17.00%	51.56	53.22	54.96	56.78	58.68
16.50%	49.85	51.46	53.14	54.91	56.76
16.00%	48.13	49.70	51.33	53.04	54.83

Sustainable CAPEX level (in CHF million)	WACC 13.30%	13.05%	12.80%	12.55%	12.30%
1.00	53.00	54.71	56.50	58.36	60.32
1.25	52.28	53.97	55.73	57.57	59.50
1.50	51.56	53.22	54.96	56.78	58.68
1.75	50.84	52.47	54.19	55.98	57.86
2.00	50.11	51.73	53.42	55.19	57.04

Source: IFBC.

The figures above show the sensitivity analyses regarding the value per share of CREALOGIX in CHF as of 15 November 2023. A change in the assumed WACC of 12.80% by ± 50 basis points and the sustainable EBITDA margin assumed in the terminal value by ± 100 basis points results in a range of values from CHF 48.13 to CHF 62.53 per share. An identical change in the assumed WACC with a simultaneous adjustment of the assumed sustainable CAPEX level by ± CHF 0.5 million results in a value per share ranging from CHF 50.11 to CHF 60.32.

Summary

- The application of the DCF method to determine the enterprise value is recognized best practice.
- The assumptions regarding the free cash flows and the terminal value are based on the business plan for the FY 2023/24E to 2025/26E, which was approved by the board of directors of CREALOGIX on 7 September 2023, as well as on information and assumption provided by the management for the rough planning period and terminal value.
- To determine the market value of the equity, a WACC of 12.80% was applied. Additionally, we relied on information provided in the annual report 2022/23.
- The resulting value per share as of 15 November 2023 amounts to CHF 54.96.
- The sensitivity analyses result in a value range per share from CHF 48.13 to CHF 62.53.
- In the context of this Fairness Opinion, the result of the DCF valuation is given the highest importance since this approach best accounts for the enterprise-specific circumstances of CREALOGIX.

IFBC

3.3 Multiples valuation

The valuation based on trading and transaction multiples are used to cross-check the value per share resulting from the DCF analysis.

Valuation based on trading multiples

For the trading multiples valuation, a peer group consisting of comparable companies was defined for CREALOGIX.[36] For each selected peer company, the EBITDA multiple is calculated by setting the total enterprise value as of 31 October 2023[37] (equity value plus net debt) in relation to the relevant expected EBITDA (06/2024 or 06/2025, expected ("E")).[38] [39] Deviations between the market capitalization of CREALOGIX and those of the peer group companies and the resulting implicit size-dependent premiums/discounts are taken into account accordingly in the trading multiples valuation.

The resulting median value for the peer group multiples is applied to CREALOGIX's estimated operating EBITDA with matching maturities. This results in the operating enterprise value. The non-operating assets are added to the operating enterprise value and the interest-bearing debt, debt-like items and minority interests at market value are deducted. In this context, the same values as in the DCF method are applied. The resulting equity value is compounded as per the valuation date of 15 November 2023 and divided by the number of shares outstanding in order to calculate the respective values per share. This results in a range for the value per share between CHF 53.75 and CHF 96.92. The average value per share amounts to CHF 60.18.

Compared to the DCF valuation, the application of trading multiples results in a higher valuation of CREALOGIX, which can be attributed to the expected growth in the business plan period and rough planning period as well as the planned operating EBITDA margin of CREALOGIX. The expectations for those two value drivers of CREALOGIX are below the analysts' expectations for the peer companies.

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36 For further information about the selected peer companies in the trading multiples analysis, see section 5.3 in the appendix.

37 The last end of the month before the pre-announcement.

38 To ensure a consistent and comparable calculation of multiples, any effects from IFRS 16 and ASC 842 in connection with the determination of the enterprise value and EBITDA were taken into account and eliminated accordingly.

39 No multiples calculation was performed on the basis of the operating EBITDA of 10/2023 (last twelve months, "LTM"). The operating EBITDA level of 10/2023LTM does not provide an adequate basis of valuation because of the company's current situation and the company's expected development according to the business plan.

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Valuation based on transaction multiples

As part of the analysis of transaction multiples, the enterprise value is determined based on observable transactions with comparable companies. The analysis covered corporate transactions between October 2013 and October 2023 in which a controlling interest was acquired. The enterprise values of the target companies are calculated on the basis of the purchase price paid in the individual transactions (100%) plus the net debt and compared with the reported EBITDA.[40] Corresponding to the approach with trading-multiples analysis, the deviation between the size of the individual comparable transactions and the market capitalization of CREALOGIX is taken into account accordingly by considering the implied, size-dependent premiums/discounts.

Due to the limited available data on comparable transactions in the specified period, this analysis is given less importance. Only five transactions can be identified in which the target company had a business model (broadly defined) comparable with CREALOGIX, and the data is publicly available. When the number of comparable transactions is small, transaction-specific effects can have a strong impact.

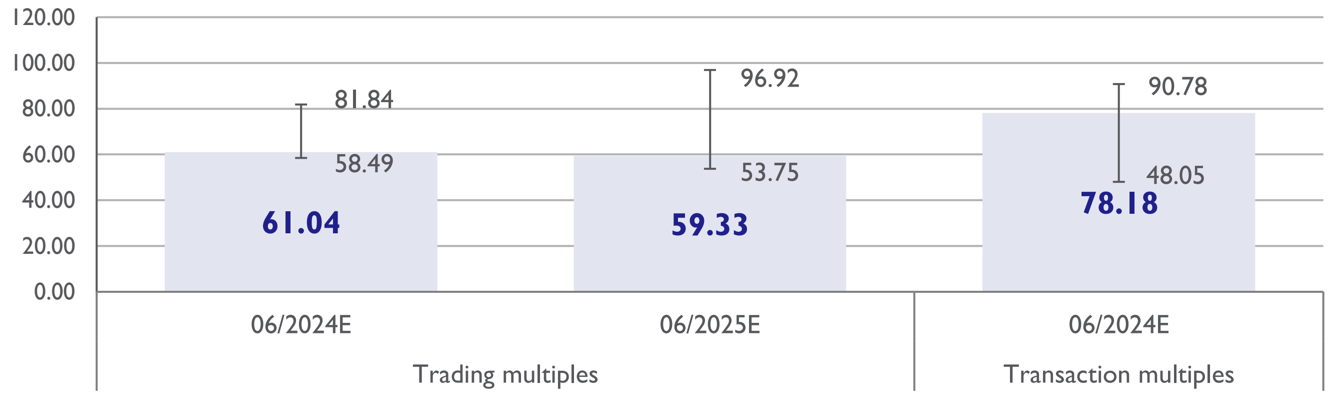
To determine the enterprise value, the resulting transaction multiples are multiplied by the expected operating EBITDA as of 30 June 2024 ("06/2024E").[41] The value per share is calculated in the same way as set out above for the trading multiples analysis. This results in a value per share of CHF 78.18 based on the valuation using transaction multiples with a range of values (IQRs) between CHF 48.05 and CHF 90.78.

[40] For further information on the selected comparable transactions in the trading multiples analysis, see section 5.4 in the appendix.

[41] No maturity matching multiples calculation is performed based on the operating EBITDA of 10/2023LTM. The operating EBITDA level of 10/2023LTM does not provide an adequate valuation basis due to the current situation of the company and the expected development according to the business plan.

IFBC

CREALOGIX' value per share as of 15 November 2023 based on the multiples valuations (in CHF)



Sources: Refinitiv Eikon, IFBC analysis.

Summary

- Valuations based on trading and transaction multiples are performed to cross-check the DCF value.
- The valuation based on trading multiples results in a value per share ranging from CHF 53.75 to CHF 96.92 (mean over both years: CHF 60.18). The higher valuation of CREALOGIX using trading multiples as compared to the DCF valuation is in particular attributable to the relatively conservative future financial development of CREALOGIX in the business plan period and the rough planning period, which is not reflected in the current market valuations of the peer companies.
- The valuation based on transaction multiples results in a value per share of CHF 78.17 with values ranging from CHF 48.05 to CHF 90.78.
- IFBC considers the significance of the multiples valuations to be limited. Since CREALOGIX caters to a niche market, the availability of comparable companies and transactions is limited. In addition, it should be noted that both the business models and the specific situation of peer companies may generally differ from one another. Especially, if the number of available peer companies and transactions is small, company-specific and transaction-specific effects may have a strong impact.

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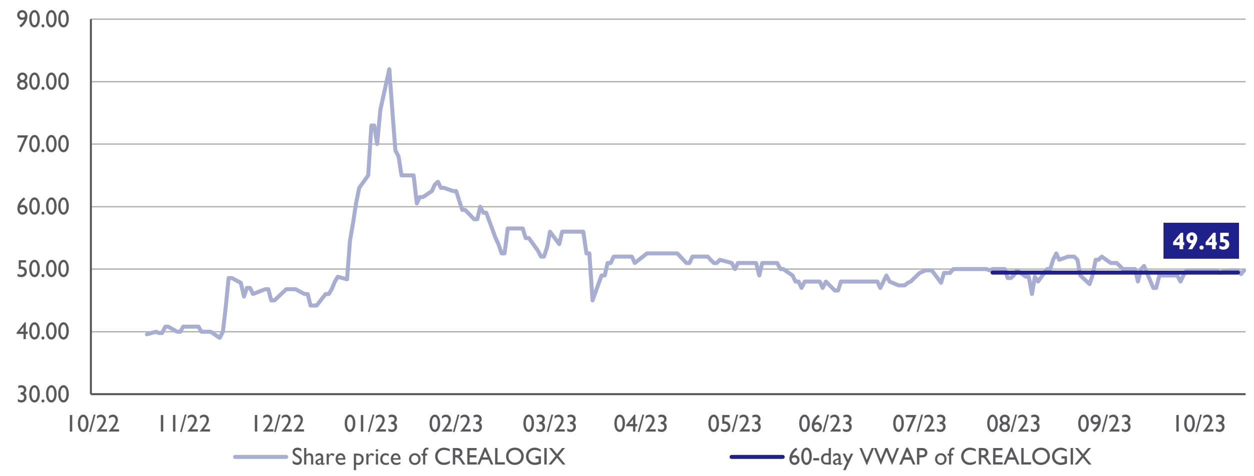
3.4 Share price analysis

Development of the share price

Over the past 12 months, the price of the CREALOGIX share has risen by 23.27%. During that time, the price was between CHF 39.00 (12 December 2022) and CHF 82.00 (6 February 2023).

On 15 November 2023, the day before the pre-announcement of the transaction, the CREALOGIX share was traded at a closing price of CHF 49.80. The volume-weighted average price (VWAP) of the last 60 trading days was CHF 49.45 as of 15 November 2023.

Development of CREALOGIX' share price over the last twelve months (in CHF)



Sources: Refinitiv Eikon, SIX Swiss Exchange.

Premiums resulting from the offer price of CHF 60.00 on the share price and VWAP

The premium on the offer price of CHF 60.00 compared to the closing price prior to the public pre-announcement (15 November 2023) is 20.48%. Compared to the VWAP (60 trading days) as of 15 November 2023, the offer includes a premium of 21.33%. The premium on the offer is therefore slightly above (VWAP) or slightly below (closing price) the historic median of the premiums paid in voluntary public takeover bids in Switzerland since 2011 (20.8%).[42]

[42] For further information on the premiums paid in public takeover bids in Switzerland since 2011, see section 5.5 in the appendix.

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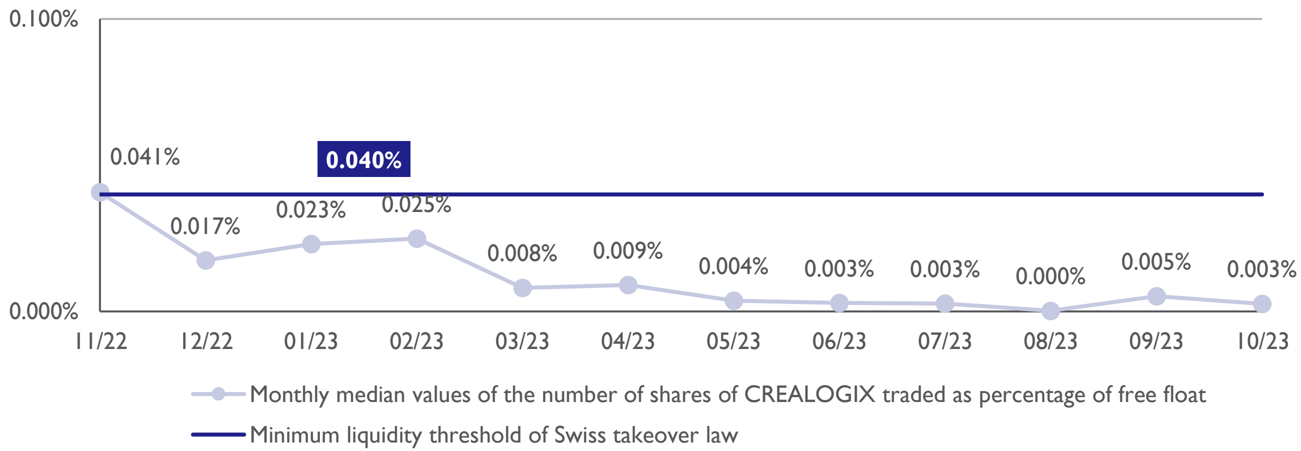
Liquidity analysis

Under current takeover law, shares of companies included in the Swiss Leader Index ("SLI") are classified as liquid. Furthermore, securities that are not part of the SLI are classified as liquid "provided that the monthly median of the daily volume of a security relative to the free float has been at least 0.04% in 10 of the 12 months prior to the publication of the offer or the pre-announcement."[43] Since CREALOGIX' shares are not part of the SLI, the liquidity of the share is checked on the basis of the trading volume analysis.

As shown in the figure below, the monthly median of daily trading volume of CREALOGIX shares during the 12-month period prior to the publication of the offer is higher than the applicable threshold of 0.04% in only one out of 12 months. Consequently, the CREALOGIX shares should be considered illiquid under Swiss takeover law. CREALOGIX' share price (current market price and VWAP) is therefore only of limited significance according to Swiss takeover law due to the illiquidity of CREALOGIX' shares and can therefore only serve to a limited extent as a reference value for the assessment of the financial fairness of the offer.

Monthly median values of the number of CREALOGIX shares traded as a percentage of the free float



Sources: Refinitiv Eikon, IFBC analysis. Free float according to CREALOGIX' annual report (2022/23 and 2021/22).

[43] cf. Swiss Takeover Board: TOB Circular No. 2 on liquidity in the context of takeover law, 26 February 2010.

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Analyst's target price

Only one analyst from ZKB publishes a price target for CREALOGIX. On 8 November 2023, ZKB defined a new price target of CHF 61.00.

Summary

- CREALOGIX shares are illiquid within the meaning of the applicable Swiss takeover law. For that reason, both the share price and the VWAP of the last 60 trading days can only be used as reference value to a limited extent when assessing the financial fairness of the offer made by Vencora.
- On the last trading day prior to the public pre-announcement (15 November 2023), CREALOGIX' share price closed at CHF 49.80. The VWAP at that time was CHF 49.45. The implied premium on the offer price is 20.48% compared to the closing price and 21.33% compared to the VWAP.
- The premium on the offer made by Vencora compared to the share price and the VWAP is therefore slightly above (VWAP) or slightly below (closing price) the historic median of the premiums paid in voluntary public takeover bids in Switzerland.
- The only target price of an analyst for CREALOGIX amounts to CHF 61.00. Since only one analyst published a target price for the target Company, we consider this analysis to be of limited significance.

FAIRNESS OPINION CREALOGIX HOLDING AG

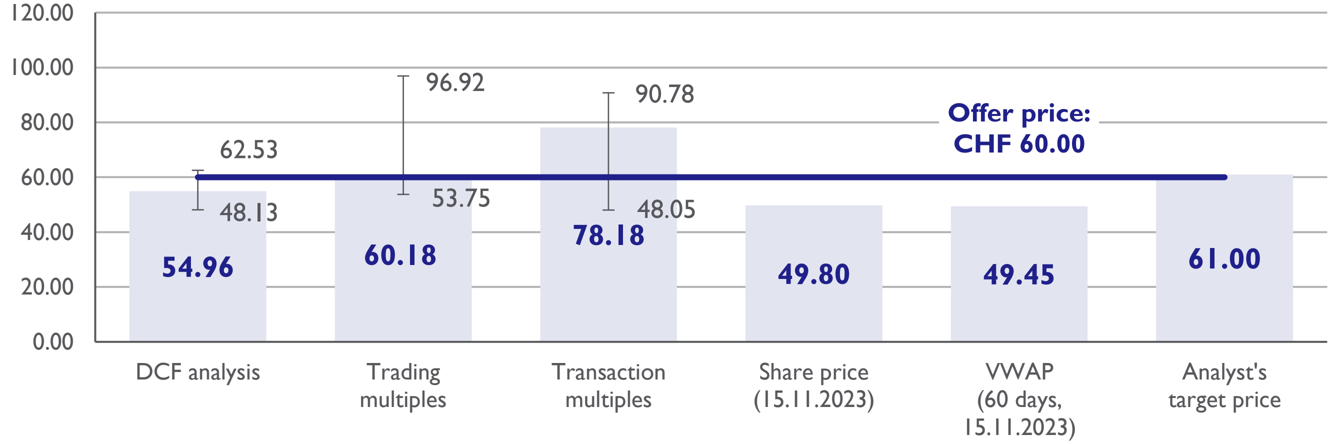
4 Conclusion

4 Conclusion

Based on the analyses described in the previous sections and based on the assessment and evaluation of all the information provided, IFBC has come to the following conclusion with regard to the financial fairness of Vencora's public takeover offer for the outstanding shares of CREALOGIX:

Overview of the valuation results

Overview of the valuation results for CREALOGIX as of 15 November 2023 (value per share in CHF)



Source: IFBC.

- According to best practice, we applied a set of valuation methodologies to determine the value per share of CREALOGIX.
- The DCF method results in a value per share of CHF 54.96 as of 15 November 2023, with a range of values between CHF 48.13 and CHF 62.53. The valuation result is primarily sensitive to the estimated sustainable EBITDA margin, the investment ratio (CAPEX) and the assumed cost of capital. The result of the DCF valuation is given the greatest weight in this Fairness Opinion since this approach is the best way to take CREALOGIX' company-specific circumstances into account.
- Applying trading multiples results in a value range from CHF 53.75 to CHF 96.92 per share as of 15 November 2023 (median value of CHF 60.18). As of 15 November 2023, the application of transaction multiples results in a value range from CHF 48.05 to CHF 90.78 per share (median value of CHF 78.18). Despite the careful selection of peer companies and comparable transactions, we consider the valuation based on multiples to be

IFBC

of limited significance. First of all, transaction multiples are of lesser significance due to the limited available data regarding comparable transactions in the defined time period. Secondly, company-specific circumstances and the expected financial development of CREALOGIX are not adequately reflected in the current market valuations of the peer companies. Analysts estimates reflect higher expected growth rates and EBITDA margins for the peer companies compared to what the management of CREALOGIX is expecting for the target company in the coming years.

- Given the low trading volume, the shares of CREALOGIX are considered to be illiquid under Swiss takeover law. Therefore, both the share price and the VWAP of the last 60 trading days are considered to be of limited significance when assessing the financial fairness of Vencora's offer.
- In comparison to the closing price of CHF 49.80 on 15 November 2023, the day prior to the pre-announcement of the offer, the offer price of CHF 60.00 corresponds to a premium of 20.48%. A comparison between the offer price and VWAP (60 days) of CHF 49.45 as of 15 November 2023 results in a premium of 21.33%.
- The target price of the ZKB analyst is CHF 61.00. We consider this analysis to be of limited significance.

Final assessment of the offer

Based on our analyses and valuation considerations as well as the results presented, IFBC considers the offer price of CHF 60.00 per share of CREALOGIX to be fair from a financial point of view. This conclusion is based on the following considerations:

- The offer is supported by the DCF valuation.
- The offer is within the value range resulting from the application of trading and transaction multiples.
- As of 15 November 2023, the offer price is above the closing price and VWAP of the past 60 trading days.

Zurich, 29 November 2023

Dr. Thomas Vettiger
Managing Partner

Fabian Forrer, CFA
Partner

FAIRNESS OPINION CREALOGIX HOLDING AG

5 Appendix

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5 Appendix

5.1 Weighted average cost of capital (WACC)

Parameter	Value	Description
Currency-weighted risk-free rate	**2.45%**	■ Higher value of the defined minimum rate (floor of real interest rate of 0.00% + long-term expected inflation) and the yield of the 10-year government bonds in the relevant currencies for CREALOGIX, weighted based on a sustainable currency split (CHF, EUR and USD (rounded)). ■ Sources: Refinitiv Eikon; IMF, World Economic Outlook, October 2023, information provided by the management of CREALOGIX.
Market risk premium	6.00%	■ The market risk premium reflects the long-term difference between the return of a market portfolio and the risk-free rate. It reflects the additional premium an investor expects of an investment in stocks compared to a risk-free investment. In accordance with best practice, a sustainable implied market risk premium of 6.00% is applied. ■ Source: IFBC.
Unlevered beta	1.02	■ The unlevered beta captures the systematic, non-diversifiable risk of a peer company that is entirely financed by equity. ■ To increase the statistical significance of the beta analysis, we do not only consider the beta of CREALOGIX but also statistically significant betas of peer group companies when determining the unlevered beta. For this purpose, companies which offer comparable products and services (front end-solutions) for banks and wealth managers are considered. ■ The calculation is based on weekly returns over a 2-year period (see section 5.2 in the appendix). ■ As of 31 October 2023, the median of the peer group's unlevered beta for CREALOGIX is 1.02 ■ Sources: Refinitiv Eikon, information provided by the management of CREALOGIX.
Leverage factor	0.09	■ The leverage factor is calculated taking into account CREALOGIX' target capital structure as well as its relevant tax rate (the Hamada approach).
Levered beta	1.11	■ The levered beta measures the systematic risk and reflects both the operating as well as the financial risk of a company.
Risk premium	**6.64%**	
Size premium	4.83%	■ Empirical and practical evidence shows that smaller companies have significantly higher cost of equity than companies with high market capitalization. ■ For this reason, a size premium is taken into account in the CAPM. The size premium is derived using statistical methods based on the company's market capitalization. ■ Taking into account CREALOGIX' market capitalization and our valuation considerations, a size premium of 4.83% (10th decile of the size premium according to Kroll) is applied. ■ Sources: Refinitiv Eikon and Kroll, as of 31 December 2022.
Cost of equity	**13.92%**	

Parameter	Value	Description
Currency-weighted base rate	2.83%	■ Higher value of the defined minimum rate (floor of real interest rate of 0.00% + long-term expected inflation) and the yield of the 5-year swap rate of the relevant currencies for CREALOGIX, weighted based on a sustainable currency split (CHF, EUR and USD (rounded)). ■ Sources: Refinitiv Eikon; IMF, World Economic Outlook, October 2023, information provided by the management of CREALOGIX.
Credit spread	1.00%	■ Based on current market data and an assumption of a credit rating in the range of sub-investment grade / investment grade, we apply a credit spread of 1.00% to the base rate. ■ Sources: IFBC Credit Spread Index, information provided by the management of CREALOGIX.
Cost of debt	**3.83%**	
Tax rate	23.20%	■ Expected long-term tax rate of CREALOGIX. ■ Source: Information provided by the management of CREALOGIX.
Tax-adjusted cost of debt	**2.94%**	
Share of net debt	10%	■ Definition of a target capital structure for CREALOGIX. ■ Source: Information provided by the management of CREALOGIX.
Share of equity	90%	
WACC (rounded)	**12.80%**	

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5.2 Beta analysis as of 31 October 2023

Company	Country	Local currency	Leverage[1] 10/2023	Adj. levered beta[2] 10/2023	Adj. unlevered beta 10/2023
Crealogix Holding AG	Switzerland	CHF	0.23	0.61	0.49
Alkami Technology Inc	United States of America	USD	0.00	1.26	1.26
Blend Labs Inc	United States of America	USD	0.00	1.02	1.02
Envestnet Inc	United States of America	USD	0.16	1.12	0.97
Intellect Design Arena Ltd	India	INR	0.00	1.19	1.19
Jack Henry & Associates Inc	United States of America	USD	0.01	0.79	0.78
MeridianLink Inc	United States of America	USD	0.15	0.99	0.86
nCino Inc	United States of America	USD	0.00	1.55	1.55
Profile Systems and Software SA	Greece	EUR	0.00	0.98	0.98
Q2 Holdings Inc	United States of America	USD	0.07	1.57	1.48
Median			**0.00**	**1.12**	**1.02**

Values in grey are not considered in the analysis due to lack of statistical significance.

1) Leverage: 2-year average (net debt x (1-tax rate) / equity).
2) Adj. weekly beta (2 years) as of 31 October 2023.

Source: Refinitiv Eikon.

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5.3 Trading multiples as of 31 October 2023

Company	Country	Reporting standard	Currency	Market capitalization as of 31.10.2023 in CHF million	Enterprise value as of 31.10.2023[1)] in CHF million	Adj. EBITDA multiple[2)] 06/24 E	Adj. EBITDA multiple[2)] 06/25 E
Crealogix Holding AG	Switzerland	Swiss	CHF	60	87	11.2x	8.0x
Alkami Technology Inc	United States of America	US	USD	1'525	1'441	n/a	32.8x
Blend Labs Inc	United States of America	US	USD	269	226	n/a	n/a
Envestnet Inc	United States of America	US	USD	1'834	2'603	7.0x	5.6x
Intellect Design Arena Ltd	India	IFRS	INR	1'040	940	10.6x	8.7x
Jack Henry & Associates Inc	United States of America	US	USD	9'383	9'623	10.1x	9.2x
Meridianlink Inc	United States of America	US	USD	1'210	1'498	10.5x	9.2x
nCino Inc	United States of America	US	USD	2'876	2'839	29.9x	20.4x
Profile Systems and Software SA	Greece	IFRS	EUR	90	82	n/a	n/a
Q2 Holdings Inc	United States of America	US	USD	1'594	1'784	16.0x	11.8x
3rd quartile				**1'774**	**2'399**	**13.6x**	**14.0x**
Median				**1'368**	**1'469**	**10.6x**	**9.2x**
1st quartile				**462**	**404**	**10.3x**	**8.5x**

1) Considering net debt.
2) The underlying data was adjusted for IFRS 16-related effects. Differences between the market capitalisation of CREALOGIX and that of the peer group companies and the resulting implicit size-dependent premiums/discounts were taken into account by means of a size-adjustment when determining the EBITDA multiples.

Source: Refinitiv Eikon.

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5.4 Transaction multiples as of 31 October 2023

Date	Target	Buyer / investor	Equity value (100%) in USD Mio.	Adj. EBITDA multiple[1)]
03.07.2019	GBST Holdings Ltd	Kiwi Holdco CayCo Ltd	180	13.1x
17.12.2018	Harvest SA	Winnipeg Participations SASU	129	25.9x
19.02.2018	CAD IT SpA	Quarantacinque SpA	58	3.4x
14.02.2017	Rubik Financial Ltd	Temenos Group AG	49	14.9x
10.08.2015	Yodlee Inc	Envestnet Inc	593	8.8x
3rd quartile				**14.9x**
Median				**13.1x**
1st quartile				**8.8x**

1) Differences between the market capitalisation of CREALOGIX and that of the peer group companies and the resulting implicit size-dependent premiums/discounts were taken into account by means of a size-adjustment when determining the EBITDA multiples.

Source: Refinitiv Eikon.

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5.5 Premium analysis of public tender offers in Switzerland since 2011[44]

Year	Target company	Buyer / investor	Offer price (in CHF)	60-days VWAP (in CHF)	Premium	Success rate
2011	Newave Energy Holding SA	ABB Schweiz AG	56.0	41.2	35.9%	95.3%
2011	Escor Casinos & Entertainment AG	Highlight Communications AG	17.5	17.4	0.4%	39.2%
2011	Feintool International Holding AG	Artemis Beteiligungen II AG	350.0	326.9	7.1%	72.2%
2011	Edipresse SA	Lamunière S.A., Epalinges, Suisse; bearer shares	450.0	324.7	38.6%	37.6%
2011	EGL AG	Axpo Holding AG	850.0	703.7	20.8%	98.0%
2013	Acino Holding AG	Pharma Strategy Partners GmBH	115.0	75.3	52.8%	93.6%
2013	Fortimo Group AG	Forty Plus AG, Fortimo Group	136.0	114.3	19.0%	98.6%
2013	Tornos Holding AG	Walter Fust	4.7	4.5	3.8%	14.3%
2014	Swisslog Holding	KUKA Aktiengesellschaft	1.4	1.2	14.4%	92.2%
2014	Advanced Digital Broadcast Holding SA	4T S.A	15.5	12.9	20.2%	73.4%
2014	Nobel Biocare Holding AG	Danaher Corporation	17.1	13.9	23.5%	77.2%
2015	Micronas Semiconductor Holding AG	TDK Corporation	7.5	4.4	70.5%	90.5%
2016	Kuoni Reisen Holding AG	Kiwi Holding IV Sarl (EQT)	370.0	275.9	34.1%	87.2%
2016	Syngenta AG	CNAC Saturn (NL) B.V. (ChemChina)[45]	490.3	374.0	31.1%	94.7%
2016	gategroup Holding AG	HNA Aviation Air Catering Holding Co.	53.0	38.7	37.0%	96.1%
2016	Charles Vögele AG	Sempione Retail AG (OVS)	6.4	6.4	0.0%	94.1%
2017	Actelion Ltd	Janssen Holding GmbH (Johnson & Johnson)	280.0	191.2	46.4%	92.5%
2018	Goldbach Medien	Tamedia	35.5	34.2	3.7%	96.9%
2018	Hügli Holding AG	Bell Food Group AG	915.0	800.0	14.4%	97.6%
2018	Bank Cler AG	Basler Kantonalbank	52.0	42.3	22.9%	93.3%
2019	CEVA	CMA CGM S.A	30.0	20.2	48.2%	95.7%
2019	Edmond de Rothschild (Suisse) S.A.	Edmond de Rothschild Holding SA[45]	17'945.0	15'169.1	18.3%	93.3%
2019	Alpiq Holding AG	Schweizer Kraftwerksbeteiligungs AG	70.0	72.5	-3.4%	13.1%
2020	Sunrise	Liberty Global plc	110.0	83.2	32.3%	96.6%
2021	Vifor Pharma AG	CSL Behring AG	167.4	118.3	41.6%	93.9%
2022	Spice Private Equity AG	GP Swiss AG	15.6	14.5	7.6%	81.8%
2022	Bobst Group SA	JBF Finance SA	78.0	69.7	11.9%	66.2%
2022	Valora Holding AG	Impulsora de Marcas e Intangibles, S.A.	260.0	165.3	57.3%	96.6%
2023	Datacolor AG	Werner Dubach	760.0	660.5	15.1%	93.5%
3rd quartile					**37.0%**	**95.7%**
Median					**20.8%**	**93.3%**
1st quartile					**11.9%**	**77.2%**

44 The overview includes voluntary tender offers in cash. Tender offers for investment and real estate companies have been excluded.

45 Including special dividends paid prior to the transaction.

5.6 List of abbreviations

BoD	Board of directors
Business	Corporate banking and SME banking segment
Offer Price	CHF 60.00 per CREALOGIX share, in cash
CAGR	Compound annual growth rate
CAPEX	Compound Annual Growth Rate
CAPM	Capital asset pricing model
CH	Switzerland
CHF	Swiss Franc
CREALOGIX	Crealogix Holding AG
DCF	Discounted cash flow
DE	Germany
E	Expected
EBITDA	Earnings before interest, taxes, depreciation and amortization
ESG	Environmental, social, governance
EUR	Euro
FCF	Free cash flows
Founder Shareholders	Dr. Richard Dratva, Bruno Richle, Daniel Hiltebrand and Peter Süsstrunk
FY	Financial year

IFBC	IFBC AG
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INR	Indian Rupee
IQR	Interquartile range
IT	Information technology
LTM	Last twelve months
ME	Middle East
NWC	Net working capital
Offer	Voluntary public takeover offer
Offer price	CHF 60.00 per CREALOGIX share, in cash
OPEX	Operational expenses
Retail	Retail banking segment
SaaS	Software as a service
SHA	Shareholders agreement
SIX	SIX Swiss Exchange
SLH	Swiss Learning Hub AG
SLH transaction	Sale of majority stake of 67% in Swiss Learning Hub AG.

SME	SME
SLI	Swiss Leader Index
TV	Terminal value
TOB	Swiss Takeover Board
UN	United Nations

USD	US Dollar
Vencora, the offeror	Vencora UK Limited
VWAP	Volume-weighted average price
WACC	Weighted average cost of capital
Wealth	Wealth management segment