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Corporate News

OpenLimit Holding AG

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OpenLimit Holding AG: Publication of the Half-Yearly Report 2018

- Trade revenues rose by 20% to EUR 4.35m in the first six months of 2018 (comparable value for first half-year 2017: EUR 3.64m).
- The operating result (EBIT) for the period improved by 106% from EUR -0.86m to EUR 0.05m due to the increased total income of EUR 5.19m (comparable value for first half-year 2017: 4.87m) and the decrease in expenditure for goods and external services. In the first half of 2018, the Group thus achieved its best EBIT result since the company was listed on the stock exchange.
- The period ended with a net loss of EUR 0.27m compared against a net loss of EUR 1.15m in the same period of the previous year, an improvement of 77%. This development clearly shows that the Group's strategic development and the implemented cost-saving measures are slowly beginning to take effect.
- OpenLimit successfully realized a capital increase to the amount of EUR 1.08m in April 2018.
- The Board of Directors, elected in June 2017 with four new, experienced Members, was unanimously re-elected in June 2018.
- The contract awarded by T-Systems to develop a Connector for the healthcare market made a significant contribution to the revenue development in the first half of 2018, and will continue to generate a significant turnover in the second half of the year.
- The Connector was approved by gematik for rollout to the players in the healthcare sector on 22 June. Common Criteria certification is expected to be concluded soon.
- As a key milestone with regard to the rollout of the Smart Meter Gateway, on April 18 the development partners Power Plus Communications (PPC) and OpenLimit became the first manufacturers in Germany to successfully conclude the type examination certification of the Physikalisch-Technische Bundesanstalt (PTB).

Baar, September 18, 2018 - OpenLimit Holding AG, an international software specialist focusing on technologies for secure data communication, eID and authentication technologies, published its 2018 half-yearly report this morning.

Trade revenues rose in the reporting period by 20% from EUR 3.64m to EUR 4.35m. Internally produced and capitalized assets fell compared against the previous year by 32% to EUR 0.84m (first half-year figure for 2017: EUR 1.23m). This is primarily attributable to the strong commitment of employees to ongoing orders and the reduction in the number of staff over the same period in the previous year, which reduced the available resources for new product development. The total income consequently increased by 7% to EUR 5.19m (2017: EUR 4.87m). EBITDA rose in the first six months by 186% from EUR 0.5m to



EUR 1.43m and EBIT rose by 106% to EUR 0.05m (comparable value for the same period of the previous year: EUR -0.86), making it the best mid-year EBIT result since the company was listed on the stock exchange.

This improvement is primarily attributable to the higher total income and the decrease in expenditure for goods to the amount of EUR 0.03m (same period of the previous year: EUR 0.58m) and reduced external services to the amount of EUR 0.25m (same period of the previous year: EUR 0.42m). For the period January 1 - June 30, 2018, a loss of EUR 0.27m (first half-year 2017: loss of EUR 1.15m), an improvement of 77%, was recorded after consideration of tax expenses.

Connector

One focus of the development activities was the continuation of work on the Connector (Medical Access Port) as part of the development contract awarded by T-Systems to OpenLimit. The Connector enables the decentralized systems operated by players in the health service to be securely coupled with the central telematics infrastructure, as well as selected services associated with the processing of electronic documents and files.

This is currently the Group's largest ongoing order. On June 22, 2018, an important milestone was reached with the approval of the Connector by gematik (association of leading organizations in the German healthcare system with responsibility for the introduction, maintenance and further development of the electronic health card). OpenLimit and T-Systems are already working on maintenance and further development issues with the result that significant revenues (low 7-digit range) are also anticipated in the second half of the year in conjunction with the project contract. Management also expects the contract to be extended for 2019.

Smart Meter Gateway

The Smart Meter Gateway (SMGW) is a key component for the implementation of the amended Renewable Energy Sources Act in Germany. With the enactment into law of legislation governing the digitization of the energy transition in July 2016, the rollout of the Smart Meter Gateways can begin as soon as three certified devices are available on the market. From today's perspective, this should be the case in the 4th quarter of 2018 / 1st quarter of 2019. We expect our process to be completed in the 4th quarter of 2018.

In the 1st half-year of 2018, and since then as well, the development of the SMGW was continued in cooperation with the exclusive partner Power Plus Communication AG (PPC). The joint goal of PPC and OpenLimit is to present one of the first certified SMGWs in Germany in the 4th quarter of 2018. In April 2018, with the type examination certificate issued by the Physikalisch-Technische Bundesanstalt (PTB), we were able to successfully complete another legal regulation in conjunction with the SMGW and are consequently, together with PPC, the first manufacturer in Germany to have fulfilled this requirement. OpenLimit generates a license fee per SMGW as well as a fee every eight years with its replacement.



truidentity

truidentity guarantees a high level of security and trust in electronic identification processes. Fujitsu (FTS) had already in the past placed an order with OpenLimit to integrate truidentity with its hand vein scanner. Acceptance of the truidentity for PalmSecure solution and conclusion of the first project at an international customer took place in 2016.

OpenLimit and FTS signed the associated licensing agreement in Q1 2018. This means that offers do not have to be coordinated for each project option, but follow a defined licensing model for each identity administered by truidentity per year, which enables a standardized sales approach. Furthermore, OpenLimit can contribute adaptation, integration and training services and generate further revenues.

Further developments

On April 26, 2018, OpenLimit successfully resolved to conduct a capital increase to the amount of EUR 1,081,932.8112 making partial use of the authorized capital and excluding the subscription rights of the existing shareholders. The Company's share capital was increased by CHF 1,113,099.60 from CHF 8,210,287.80 to a total of CHF 9,323,387.40 by issuing 3,710,332 new bearer shares with a par value of CHF 0.30.

Outlook

The outlook remains positive that the OpenLimit Group will achieve the best turnover in its history in 2018 (turnover in 2015 of EUR 8.7m). For the second half of the year, the Group has a turnover-related order backlog of approximately EUR 3.15m, which could be enhanced by orders expected in the near future and proportionately turnover-related for 2018. With the turnover already booked after the reporting period, we have in any event already achieved significant growth compared to the previous year (turnover 2017: EUR 4.94m).

The delay in the rollout of the Smart Meter Gateway (in early 2019 instead of summer 2018) will have an unsatisfactory impact on our outlook from April 2018, when we had announced the possibility of a turnover result just above the 8-digit range. Whether corresponding substitute turnover can be realized by the end of the year for the delayed turnover from the Smart Meter Gateway will be dependent to a large extent on the conclusion of ongoing negotiations, but is expected to be rather unlikely due to the IFRS revenue recognition rules, which would have an influence on the realization of revenue from these potential orders (which would follow very late in the year).

Otherwise, we are optimistic on account of the recent successes since we are seeing clear results from our focusing efforts and our cost management. From today's perspective – as already reflected in the results for the first half of 2018 – we can say that we have left the heavy loss-making years 2016 and 2017 behind us.

The prospects are also good that we will be able to mitigate the turnover risks in the form of risk clusters in the future, whereby initial progress was already made in the last reporting period, and that the rollout of the Smart Meter Gateway will additionally improve our EBIT margin to a considerable extent. Furthermore, we perceive a clear market development



for our products, solutions and services in general, and we are confident that we will acquire an increasing share of this market in the future.

This positive outlook is offset by the existing financing issues (in particular ongoing liquidity in line with the company's obligations), which have improved significantly compared against the previous year, respectively the same period in the previous year, and the reduced availability of resources on account of the staff cutbacks and the commitment of employees to existing orders. Solving the financing requirements for the requisite organizational expansion will have a decisive effect on the possibility of exploiting the market opportunities positively and to an increasing extent. The effectiveness of the efforts made in this regard was encumbered by the results in 2016 and to a lesser extent in 2017. The risks associated with the actual availability of resources for time & material orders, as well as the time-related and substantive risks relating to project business acquisition, insofar as they concern the current financial period and the market launch of new technologies, are not of equal importance, but do still exist.

However, with the continued solid work of the Board of Directors, the management and the highly qualified OpenLimit employees, we are able to look to the future with confidence.

Read the full report [here](#) (only available in German).

About OpenLimit

OpenLimit stands for the secure electronic handshake. With our technologies, we enable people and machines to communicate worldwide without any restrictions and in a secure, provable and identifiable manner. We develop basic technologies and products in the following areas: secure data communication between machines, electronic identities, electronic signatures, and evidential value-preserving, long-term storage of data and documents. Our solutions form an integral part of products from leading manufacturers of IT applications and are used by enterprises, public authorities, institutions and private households. In order to realize our mission to create a secure electronic handshake, we enter into targeted strategic development and sales partnerships.

The listed OpenLimit Holding AG (ticker symbol: O5H) and an operating subsidiary are based in Baar, Switzerland. A further subsidiary is located in Berlin, Germany. The corporate group has over 50 highly qualified employees.

For further information, please visit www.openlimit.com

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