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Corporate News

OpenLimit Holding AG

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OpenLimit Holding AG: Publication of the Half-Year Report 2016

- Turnover increases by 9% to EUR 3.3 million in the first six months of 2016 (EUR 3,03 million in the first 6 month 2015)
- Operating result (EBIT) decreased from EUR -0,30 million to EUR -1,01 million due to increasing costs and depreciations, with net result for the period EUR -1,26 million compared to EUR -0,59 million in 2015
- Mature convertible loans of EUR 1,5 million were successfully refinanced
- OpenLimit and WISeKey International Holding Ltd. announce the beginning of talks about a merger and a capital increase after the end of the reporting period
- The development order by T-Systems of a Konnektor for the German health care market was significantly increased and the acquisition of the Intellectual Property by T-Systems was signed. The contract value is a higher seven digit Euro figure payable by mile stones reached until the end of 2017
- German Parliament concluded in July 2016 to digitalize the German electricity market. So clients in the electricity market meeting specific requirements have to implement the Smart Meter Gateways beginning January 1., 2017
- A total of 35 partners presented the Smart Meter Gateway developed by OpenLimit and Power Plus Communications AG at the E-world trade fair
- Fujitsu started the international sales effort for FUJITSU PalmSecure trueidentity and signed a first project in Finland
- OpenLimit received the order for a new certification for FUJITSU SecDocs powered by OpenLimit

Baar, 27 September 2016 - OpenLimit Holding AG, a leading international provider of technologies for secure data transfer, unambiguous online identity verification, electronic signatures and evidentiary value-preserving long-term storage of documents, published its Half-Year Report 2016 early today.

In the first six months of the current financial year, the company increased its turnover by 9% to EUR 3.29 million (compared to EUR 3.03 million for the first six months of 2015). Particularly the projects of the Konnektor development by T-Systems, the certification of Fujitsu SecDocs powered by OpenLimit and the first project of PalmSecure trueidentity were important contributors. The own work capitalized due to many new developments increased by 5% to EUR 1.64 million (first half 2015: EUR 1.57 million). Consequently total earnings rose by 8% to EUR 4.94 million (first half 2015: EUR 4.59 million).



Despite the rise in turnover in the first half of 2016 the company's net loss increased due to rising costs and higher depreciations from EUR -0.59 million to EUR -1.26 million.

Due to project delays, longer payment terms and delays in the receipt of payments from trade accounts receivable, the liquidity situation was difficult once more in the first half of the year, with interim financing being necessary. Simultaneously OpenLimit could successfully issue new convertible loans; finally the convertible loans maturing June 30, 2016 were successfully replaced.

Konnektor

One focus of the company's development activities and a significant sales driver for the period was the continuation of work on the Konnektor as part of the development order awarded by T-Systems to OpenLimit. The Konnektor allows secure coupling of the local systems of the players in the healthcare system with the central telematics infrastructure as well as selected services within the context of processing electronic documents and files, e.g. by way of electronic signature and encryption. To support the primary manufacturers of card readers and specialist applications, OpenLimit regularly makes available the current development status of the Konnektor.

The development order valued by a lower seven digit EUR figure was extended in April 2016 for the period 2016-2017. Additionally OpenLimit will be paid by T-Systems for the newly created IP (intellectual property) also in a seven digit EUR range. The exact final purchase price will depend upon the successful implementation of defined mile stone projects. Therefor the development order of Konnektor by T-Systems from 2014 to 2017 contributed turnover in a lower eight digit EUR range to OpenLimit and still offers various business options in the future. Due to a Non-Disclosure-Agreement we are restricted to publish more detailed figures.

Due to its high level of complexity the Konnektor development drew significantly upon the company's resources. But the relevant legal bills of digital communication and its application in the German healthcare market having passed the German parliament we are proud to be part of a project within which the Konnektor will be implemented until mid-2018 in all medical practices and hospitals all over Germany connecting them to the Telematik infrastructure.

Smart Meter Gateway

The Smart Meter Gateway, which guarantees secure communication between the local electricity meters and the energy provider, is a critical component for the implementation of the amended Energy Industry Act in Germany. In the first half of the year, development of the SMGW was continued according to plan in collaboration with Power Plus Communications AG (PPC). The shared goal of PPC and OpenLimit is to be able to produce one of the first certified SMGWs in Germany.

A very important event immediately after the close of the reporting period was the legal bill to digitalize the German electricity market to pass the German parliament. So the rollout of the Smart Meter Gateways starts in January 2017. The bill maps out various timeframes and criteria until when which electricity clients have to be equipped. It allows the option of installing additional clients and/or faster than required by law. So we estimate a potential market of 12 to 15 million SMGWs,



possibly more. The development period comes to an end, and the SMGW can be sold in considerable volume from January 2017 onwards.

The E-world trade fair in Essen clearly showed the successful market position of the PPC-OpenLimit SMGW and the huge market potential. The team showed the FNN-compliant¹ SMGWs with integrated telecommunication module for broadband power line, mobile, LTE- or Ethernet communication. A total of 35 partners exhibited the OpenLimit / PPC SMGW at their stands, including Bosch, Co.met, Cuculus, Easymeter, Elster, E.ON Metering, Iskraemeco, itron, NLI, Robotron, Schleupen, Siemens, SmartOptimo, Thüga, Voltaris and Worldline. PPC won several early stage implementation projects and additional resellers in the first half of 2016. So 2/3 of the top 50 utilities in Germany are clients of the joint SMGW.

truidentity

truidentity is supposed to create trust and security in digital identification. The product was further developed technically as part of the development order placed by Fujitsu (FTS) to combine the OpenLimit truidentity technology with the biometric hand vein scanner PalmSecure from Fujitsu. The product FUJITSU PalmSecure truidentity was approved in April 2016 and sales activities started internationally. The technical solution offers a high degree of protection against identity fraud by a two factor authentication and is very user friendly by not requiring a password input. The solution saves the identity data locally on smart cards, and offers scalable security. In future, it will support usage scenarios such as physical access control, logging on to computers, smart devices and networks as well as cashless payment methods.

Fujitsu received the first order in the first half of 2016 from a large international corporation. Further orders are expected short term. OpenLimit generates licensing fees with the successful sale of truidentity components and provide various additional services from tailor made implementations to education. Fujitsu plans to market this solution globally.

In addition further chances can arise internationally by using truidentity as a basis for the implementation of eID-cards.

Further developments

On July 25th 2016 WISeKey International Holding Ltd. (WIHN.SW, ISIN CH0314029270) and OpenLimit Holding AG announced the signing of a Memorandum of Understanding to pursue a merger according to Swiss merger law (Absorptionsfusion) with OpenLimit as the transferring and WISeKey as the receiving legal entity. The talks continue and will last longer than originally planned; they are held under the usual reserve of a mutually satisfying Due Diligence.

The signature software portfolio and its derivative solutions support companies as well as government agencies in E-Mail and electronic archiving (eAkte), electronic Court documents,

¹ FNN = "Forum Netztechnik/Netzbetrieb" or Network Technology / Network Operation Forum in the VDE, the Association for Electrical, Electronic & Information Technologies



digitalization and electronic invoicing. Part of these solutions will be offered as services. The turnover of this portfolio is stable but moderate in size.

OpenLimit received in the first half of 2016 a further order with respect to the new certification of Fujitsu SecDocs powered by OpenLimit.

Personnel

As published in the Corporate News of September 6th 2016 we were informed on September 1st 2016 about the severe injury of the chairman of the advisory board (Verwaltungsrat) René C. Jäggi. Due to long term relationships and the importance of René Jäggi for the company's strategy and its implementation these news kept us captive. As we know from family members he seems to be out of a life-threatening situation and on the way to recover. We want to thank all shareholders, employees, partners and friends for their support in difficult times.

It is unclear if and when René Jäggi can resume his position. The high degree of uncertainty leads us to prepare for both possible outcomes. We therefore want to assert that advisory as well as management board and all committees of OpenLimit are functioning and capable of acting.

Outlook

Particularly by the extended development order and the sale of the Konnektor IP to T-Systems OpenLimit could secure an acceptable order balance for 2016-2017. In the first half of 2016 some of this order log was realized and forms the basis, dependent upon the speed of further progress, to expect turnover in the solid seven digit EUR range for the second half of 2016. On the other hand drew current software developments accompanied by intensive negotiations, the merger talks with WISEKey, the absence of Mr. Jäggi and the recurring financing activities heavily on the company's resources and restrict further growth options. Therefore we see the risk of not reaching our growth plans in 2016. Several variables influence the development: reaching contractual progress in projects in time, taking on new orders, the relationship between license sales and revenues from services, just to name some important ones. Therefore we slightly reduce our guidance compared to the company report 2015. Turnover could be lower in case of cumulative negative developments as in the previous year and the costs higher. In conjunction with the progress of the Konnektor project and the progress-dependent sale of the IP difficult valuations may arise at year end. Furthermore the absence of Mr. Jäggi may impair the progress of international projects.

A positive impact for the next periods provided the new German law ruling the digitalization of the electricity market which determines the start of the SMGW rollout being January 1st 2017. Also we count on the Fujitsu sales activities of Fujitsu PalmSecure trueidentity to gain momentum in the coming month. These developments combined with the existing order balance could lead to a further and continuous growing of OpenLimit in the coming year.

Read the full report [here](#).



About OpenLimit

Publicly traded OpenLimit Holding AG (symbol: 05H) as well as an operating subsidiary are headquartered in Baar, Switzerland. Another subsidiary is located in Berlin, Germany. The group of companies currently employs over 65 highly qualified staff.

OpenLimit stands for the secure electronic handshake. Our technologies enable people and machines worldwide to communicate without limits in ways that are secure, verifiable and identifiable. We develop base technologies and products in the following areas: electronic identities, electronic signatures, evidentiary value-preserving long-term storage of data and documents and secure data transmission between machines. Our solutions are an integral part of products from leading developers of IT applications and are used by businesses, authorities, institutions and private households. To achieve our mission of a secure electronic handshake, we enter into carefully selected strategic development and distribution partnerships.

For more information, please visit www.openlimit.com

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This communication contains forward-looking statements. Forward-looking statements are statements which do not describe events in the past but rather include statements regarding our assumptions and expectations. Every statement in this press release which reflects our intentions, assumptions, expectations or predictions (as well as the assumptions underlying these) is a forward-looking statement. These statements are based on plans, estimates and forecasts available to the management of OpenLimit Holding AG at the present time. Forward-looking statements therefore relate only to the day on which they are made. We do not assume any liability for updating such statements in the light of new information or future events.