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## OpenLimit Holding AG: Group Interim Report during the First Half of 2014 in Accordance with Article 37x WpHG

- Key earnings data confirm the upward trend
  - Turnover increases by 15% to EUR 1.16 million during the first three months of 2014 (Q1 2013: EUR 1.01 million)
  - Operating expense remained constant at EUR 1.73 million for the first three months of 2014
  - Compared with the previous year, the operating loss (EBIT) decreased from EUR -0.72 million to EUR -0.46 million (-37%) while the net loss decreased from EUR -0.77 million to EUR -0.55 million (-29%)
- As of the reporting date of 31 March, cash and cash equivalents amounted to EUR 0.63 million (compared with EUR 0.63 million as of 31 December 2013) while accounts receivable slightly reduced from EUR 5.35 million to EUR 5.12 million during the same period
- Successful completion of the financing round via convertible loans as well as interim financing for working capital
- OpenLimit, Power Plus Communications AG and Elster GmbH sign a letter of intent for cooperation in the area of the Smart Meter Gateway
- FUJITSU and OpenLimit present the joint application *truedentity*<sup>®</sup> from OpenLimit and the FUJITSU vein scanner technology *PalmSecure*<sup>™</sup> at CeBIT 2014 and conclude a cooperation agreement
- The first milestones from the major order from T-Systems granted in December 2013 for the development of a "Konnektor" for the healthcare market are realized

## General Developments

(Baar, Switzerland, 15 May 2014) Based on its order backlog and its new customers, OpenLimit was able to achieve moderate sales growth in the first quarter of 2014. Against the backdrop that OpenLimit has historically generated most of its revenues in the second half of the year (especially in the fourth quarter), the company's management is satisfied with developments during the period, which have been in line with expectations.

### *"Konnektor"*

Following on from the major order received from T-Systems in December 2013, the so called "Konnektor" for doctors' practices and hospitals was an important focus of development activities during the first quarter. The main purpose of the "Konnektor" to be developed by OpenLimit is to establish a secure link between the local systems of the stakeholders in the healthcare system with the central telematics infrastructure. This project is one of the lighthouse projects of the Federal Republic of Germany within the context of implementation of the eCard strategy with the healthcare card. After successful completion of the tests of the telematics infrastructure in two test regions, it is planned to set up the structure across the entire country. The electronic healthcare card (eGK), the electronic health professional card (HBA) and security module cards (SMC) all function as authentication media. Since the security and reliability of the connector has a decisive influence on the security of the telematics infrastructure, "Konnektors" must go through a corresponding approval procedure which, along with a functional test, also includes security testing and certification. OpenLimit generates revenues on the basis of milestones realized, with the total order value lying in the solid 7-digit range and extending until the end of 2015.

### *Smart Meter Gateway*

The Smart Meter Gateway ensures the communication of electricity meter data to energy providers and end-consumers. In the area of the Smart Meter Gateway, the software development proceeded as planned. OpenLimit is currently concentrating on creating options to use the Smart Meter Gateway with software applications from the smart home area. The aim is, together with partners, to create seamless integration with software components so that the functionality and benefits of the SMGW are easily accessible for the user. To this end, OpenLimit has already been able to conclude the first agreements with other companies.

A significant highlight in the first quarter was the eWorld trade fair in February. Here, Power Plus Communications AG (PPC) and OpenLimit together were able to successfully present the jointly developed Smart Meter Gateway at numerous partner booths, e.g. Elster, Siemens, Robotron, Cuculus, Worldline and Itron. Elster, a world leader in smart metering, decided to enter into a partnership with PPC and OpenLimit SignCubes AG. To this end, the three companies signed a letter of intent on February 11<sup>th</sup>, 2014, which will soon be followed by a partnership agreement. Elster is therefore offering customers the possibility of realizing reference and pilot projects very early on.

With the planned passing of various Government ordinances in the second half of the year, the regulatory framework will be completed for the most part, so that the partners can expect an increase in Smart Meter Gateway pilot tests.

### *truidentity®*

truidentity® creates confidence and security in electronic identification processes. After development of the first version was completed in 2013, the focus was on establishing strategic partnerships to sell the solution. Here, OpenLimit was able to achieve further successes in the first quarter of the year in the form of declarations of intent with new as well as existing partners. The joint solution with Fujitsu, which was demonstrated at CeBIT 2014, is particularly promising. The solution consists of OpenLimit truidentity® and Fujitsu PalmSecure™, a biometric hand vein scanner. The combination of both technologies provides greater protection against identity misuse and, at the same time, brings with it a high degree of user-friendliness for a two-factor authentication method. A user authenticates himself easily and securely with the surface of his hand. The solution also offers the possibility of saving the identity data locally on smart cards. This increases security and therefore satisfies special data protection requirements. Possible application scenarios include the areas of physical access controls, logging on to computers /smart devices and networks, cashless payment methods and so on. Along with development revenues, OpenLimit will also earn future licensing revenues.

In October 2012, OpenLimit filed a patent application for truidentity® "Basalt" with the European Patent Office. The first search report by the European Patent Office giving a preliminary opinion has been published on April 30, 2014.

OpenLimit also endeavored to intensify its sales partnership activities in the Middle East, South America, Japan and certain Eastern European countries, with activities in Japan being at the most advanced stage of all.

### *Signature technology*

OpenLimit was able to execute numerous signature products as well as integrations of signature technologies in third-party products during the period. In particular, OpenLimit technologies were integrated into specialist applications for public authorities, applications for tax and financial advisors as well as applications for electronic prescriptions in the healthcare market. The application scenario of replacement scanning - digitalization of physical documents - continues to modestly liven up the signature market.

### *Fujitsu SecDocs powered by OpenLimit*

The product Fujitsu SecDocs was successfully commissioned at the German Federal Employment Agency ("Bundesagentur für Arbeit") during the first quarter. This represented the first major SecDocs project to enter into successful operational use. At the same time, this in effect proved that the product is capable of dealing with very high load requirements. Apart than that, the SecDocs revenues lie within the range of the annual minimum purchase guarantees (low 7-digit range) from Fujitsu.

### *eID server and AusweisApp*

The AusweisApp was subjected to certification according to the specifications of Technical Guidelines TR-03124-1 and TR-03112-7. Based on this certified version, an updated AusweisApp was provided for operational use, which, compared with the previous version, contains a large number of improvements. The current version of the AusweisApp can be found on the official German federal government website.

In addition, OpenLimit is currently developing a new version of the eID server, with optimized interfaces for handling authorization certificates and the associated lifecycle processes.

## Financial Development of the OpenLimit Group (Based on Unaudited Quarterly Figures)

### *Earnings*

OpenLimit was able to increase its turnover for the first three months of 2014 by 15% to a total of EUR 1.16 million (compared with EUR 1.01 million for the same period in 2013). Including company-produced additions to software development amounting to EUR 0.67 million (2013: EUR 0.68 million). Hence, the total earnings figure was reported at EUR 1.83 million, which corresponds to an increase of 8% over the previous year's figure (2013: EUR 1.69 million).

The cost of goods sold for the first quarter remained unchanged compared with the previous year at EUR 0.04 million.

As of the reporting date of 31 March, OpenLimit employed 65 people (including management). This compares with 64 employees as of 31 March 2013 and 67 as of 31 December 2013. In particular, due to salary adjustments, personnel expenditure (excluding external labor) increased by 3.5% from EUR 0.98 million to EUR 1.01. In comparison, the external labor costs of EUR 0.29 million were slightly below the previous year's figure of EUR 0.30 million, despite the start of the gematik project.

Similarly, the cost reduction measures introduced in previous periods continue to have a positive impact. For example, operating expenditure of EUR 0.42 million was actually just below the figure of EUR 0.44 million for the same period last year, representing a decrease of -3.6%.

Depreciation & amortization decreased by 21% over the same period last year, falling to EUR 0.52 million. The D & A expense mostly relates to intangible assets and can be traced back to the large amount of software development activity in recent years.

EBITDA (operating result before depreciation) of EUR 0.06 million was slightly positive (Q1 2013: EUR -0.07 million). The operating result (EBIT) improved from EUR -0.72 million to EUR -0.46 million, equivalent to 37%.

The financial result of EUR -0.07 million was somewhat lower than the previous year's figure of EUR -0.02 million. This is due mainly to higher interest charges as a result of the issuing of convertible loans and use of lines of credit as well as reduced foreign currency exchange differences.

Therefore, after considering tax expense of EUR 0.02 million (2013: 0.02 million), the group recorded a net loss of EUR -0.55 million for the period 1 January to 31 March 2014, representing an improvement of 29% over the Q1 2013 figure of EUR -0.77 million.

### *Financial Position and Working Capital*

Compared with the figure for the end of the year, the value of the group's non-current assets increased by +3% from EUR 5.89 million to EUR 6.06 million (31 March 2013: EUR 6.03 million), primarily due to an increase of 3.5% in the value of the group's intangible assets.

Current assets were recorded at EUR 7.07 million at the end of the quarter (31 March 2013: EUR 4.54 million). While accounts receivable had decreased slightly (31 March 2013: EUR 5.12 million vs. 31 December 2012: EUR 5.35 million), the liquidity position of EUR 0.63 million as of the reporting date (30 March 2013: EUR 0.70 million; 31 December 2013: EUR 0.63 million) had barely changed. At the same time, the position of creditors and other receivables decreased from EUR 1.65 million at the end of the year to EUR 1.55 million (-6%) by the end of March.

### *Financing*

Towards the end of the first quarter, another financing round consisting new tranches of convertible loans totaling EUR 1.0 million was successfully completed. In addition, working capital were financed in the interim by way of lines of credit amounting to almost EUR 0.6 million until the receipt of the outstanding accounts receivable.

As of the reporting date of 31 March 2014, the group's equity position amounted to EUR 7.43 million, representing a decline of 2% over the same period last year (31 March 2013: EUR 7.58 million). In contrast, total assets increased by 19% from EUR 10.57 million to EUR 12.63 million.

### **Change of personnel**

Mr Christian Fuessinger, Chief Financial Officer & Head of Corporate Affairs of OpenLimit Group, has informed the Board that he will leave the Company for personal reasons. He will however continue to provide operational support until a suitable successor is appointed and afterwards will remain at the Company's disposal as advisor.

### **Outlook**

The outlook for the 2014 financial year remains the same as that described in the Annual Report for 2013 which was published recently. OpenLimit has a solid order backlog in the mid 7-digit range for 2014. This improves the liquidity planning situation compared with previous periods, although long payment periods will have to be granted in some cases. OpenLimit is however reliant on generating substantial new business in order to achieve its goal of moderate sales growth compared with the previous year as well as reaching the EBIT breakeven point. This aim is sometimes heavily dependent on legal and other frameworks which lie beyond OpenLimit's control. Because of the sales pipeline that exists for the signature and truedentity® products, the acquisition of further major orders could to some extent cushion any delay in the introduction of the Smart Meter Gateway. Ultimately however, the chances of realizing the company's aims cannot be assessed until later in the year. At present, we expect the legal and technical frameworks for the Smart Meter Gateway to be complete in the third quarter. This would significantly boost sales activities in the energy sector. OpenLimit's management will, in any event, do everything in its power to achieve the goals set.

## **About OpenLimit**

Publicly traded OpenLimit Holding AG (symbol: O5H) as well as an operating subsidiary have their headquarters in Baar, Switzerland. Another subsidiary is located in Berlin, Germany. The group of companies employs over 65 highly qualified staff.

OpenLimit stands for the secure electronic handshake. With our technologies, we enable people and machines worldwide to communicate in ways that are secure, verifiable and identifiable. We develop enabling technologies and products in the following areas: electronic identities, electronic signatures, evidentiary value-preserving long-term storage of data and documents as well as secure communication between machines. Our technologies are an integral component of products from leading manufacturers of IT applications and can be found in businesses, authorities, institutions as well as private households. In order to realize our mission of a secure electronic handshake, we enter into targeted strategic development and sales partnerships.

For further information, please visit: <http://www.openlimit.com>

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