



OpenLimit Holding AG: Group Interim Report during the first half of 2015 in accordance with Article 37x WpHG

- Key figures confirm the upward trend
 - Turnover increases by 18% to EUR 1.36 million over the first three months of 2015 (comparison value for the first quarter of 2014: EUR 1.16 million)
 - Operating expense increases by 3% to EUR 1.78 million in the first quarter of 2015 compared with the previous year
 - Compared with the first quarter of the previous year, the operating loss (EBIT) was reduced from EUR -0.46 million to EUR -0.36 million (-22%) while the net loss was reduced from EUR -0.55 million to EUR -0.51 million (-7%)
- As of the reporting date of 31 March, the company's net cash and cash equivalents amounted to EUR 0.23 million (31/12/2014: EUR 0.97 million), while the value of accounts receivable increased from EUR 5.64 million to EUR 5.98 million in the same period. After the reporting date, incoming payments helped to reduce accounts receivable significantly
- Smart Meter Gateway rollout scheduled for 1 January 2017 by the BMWi (Federal Ministry for Economic Affairs and Energy)
- Impressive appearance by OpenLimit and Power Plus Communications AG at the E-world trade fair: 19 partners present the collaboratively developed Smart Meter Gateway
- New service contracts in the fields of energy and consumer electronics reinforce the goal of developing the consulting area and highlight the growing importance of IT security in new markets
- Several large orders mean the company has a high workload
- The signature market continues to enjoy modest growth and OpenLimit is gaining new customers

- Successful conclusion of the financing round via convertible loans as well as interim financing for working capital

General developments

(Baar, Switzerland, 19 May 2015) For the full fiscal year 2014 OpenLimit generated turnover of EUR 8.1 million in 2014 as well as achieving a positive net result for the first time. The positive trend was continued in the first quarter of 2015 with 18% growth in turnover (Q1 2015: EUR 1.36 million) compared with the prior period. Against the backdrop that OpenLimit historically generates a large share of its revenues in the second half of the year (especially in the fourth quarter), the management is satisfied with OpenLimit's performance during the period, with the latter meeting expectations. A major part of the increase in turnover resulted from reaching milestones in ongoing development projects, with a smaller percentage being accounted for by new customers. The old challenges in the areas of resource utilization and working capital management were satisfactorily resolved during the period through the hiring of third-party service providers and interim financing of outstanding accounts receivable. However, these issues remain challenging. As of the reporting date of 31 March 2015, 69 people (including management) were employed by OpenLimit (same period of previous year: 64 employees). Another significant event was the successful re-placing of a convertible loan due at the end of January. This replacement was concluded at the same conditions and with a maturity date of 31 January 2016 at the earliest.

The major developments relating to the company's technology portfolios are described below:

Konnektor

One particular focus of development activity in the first three months of the financial year was the continuation of work on the Konnektor as part of the development contract awarded by T-Systems to OpenLimit. The Konnektor facilitates a secure connection between the local systems of the players in the healthcare system and the central telematics infrastructure as well as selected services within the context of the processing of electronic documents and files, e.g. by means of electronic signatures and encryption. To support the primary system manufacturers for card readers and specialist applications, OpenLimit regularly makes available the current development version of the Konnektor. Fulfillment of the main order will take until the end of 2015. Since the beginning of implementation of the whole order in 2014, OpenLimit has generated revenues in the solid 7-digit range. At present, several change requests are being coordinated, the realization of which would extend into 2016. With the nationwide rollout expected from mid-2016 onwards (subject to the passing of the associated law), OpenLimit will moreover generate revenues from the sale of Konnektors.

Smart Meter Gateway

As a guarantor of secure communication between local electricity meters and the energy provider, the Smart Meter Gateway is a crucial component in the implementation of the amended Energy Act in Germany. In the first quarter, development of the SMGWs in collaboration with Power Plus Communications AG (PPC) was continued according to plan. The shared goal of PPC and OpenLimit is to present one of the first certified SMGWs in Germany.

A significant highlight in the first quarter of the year was the E-world trade fair in February. Here, PPC and OpenLimit presented their latest SMGW for the first time. The team showcased the latest FNN-compliant¹ SMGWs with integrated telecommunications module for broadband power line, mobile or Ethernet communication. A total of 19 partners presented 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. The implementation of several pilot projects also continued according to plan.

Also in February, the Federal Ministry for Economic Affairs and Energy (BMWi) announced in a seven-point white paper plans for the rollout of intelligent metering systems for the electricity market in Germany. From 1 January 2017, the systems should be rolled out with an SMGW (as developed by OpenLimit and partner Power Plus Communications) for certain user groups. Crucial for the rollout will be the framework conditions of the associated ordinances, which are scheduled to come into effect in 2015. Until the introduction of the SMGWs, revenues will be generated primarily from the realization of pilot projects, albeit on a small scale.

truidentity® and eID server

truidentity® generates trust and security in electronic identification processes. The product was further developed technically within the context of the development order placed by Fujitsu (FTS) in the third quarter of 2014, the aim being to combine the truidentity® technology with the biometric hand vein scanner PalmSecure™ from Fujitsu. Through realization of two-factor authentication, this technical solution offers a high degree of protection against identity fraud and is characterized by a high level of user-friendliness, because it is not necessary to enter a password during authentication. At the same time, the solution saves the identity data locally on smart cards and offers scalable security. In future, this solution will support usage scenarios such as physical access control, logging on to computers, smart devices and networks as well as cashless payment methods. Corresponding showcases were presented at several trade fairs, including CeBIT 2015. The presentations met with great interest from the trade visitors. Along with remuneration for the development work, OpenLimit will also share in future licensing revenues. FTS is planning to market this solution worldwide.

With partner Incotex, OpenLimit also exhibited its products and services at the MIPS 2015 fair. Here, PalmSecure™ truidentity® was demonstrated to an interested audience from Eastern Europe in particular. In addition to conferences and exhibitions in Japan, participation at MIPS was a first for OpenLimit and underscores the company's increased efforts to break into international markets.

In the first quarter of the year, OpenLimit completed on time the development of its own cryptoserver, which is obligatory for the use of an eID server and effectively expands the truidentity® product portfolio. The eID server is a key component for authentication processes using the new ID card in Germany.

Signature technology

In the reporting period, OpenLimit provided support and software maintenance services for the new signature application component (SAC) OpenLimit CC Sign Version 2.8. In addition, the software products based on CC Sign, such as BatchSign (batch signatures),

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

SignatureService (continuous signatures) and VerificationService (continuous signature verification) were adapted to the latest version of the SAC. In this way, the prerequisites that these products support the latest smart cards from the German trust centers as well as the current Windows operating systems were met.

The new SAC version is giving revenues in the signature field a modest boost. In the reporting period, OpenLimit was able to position numerous signature products with existing and new customers as well as integrate the signature technologies into third-party products. In this regard, OpenLimit was particularly successful in the vertical markets of financial service providers, healthcare, energy and government. The resulting solutions support businesses and authorities in the application scenarios of e-mail archiving, implementation of the eAkte (electronic filing) requirement, electronic court documents, digitalization processes and electronic invoicing. The solutions developed will to some extent be offered as a service for third parties. The extension of several software maintenance agreements with major customers was also significant.

Fujitsu SecDocs powered by OpenLimit

In the first quarter of the year, the components for the product SecDocs were further developed in line with the development plan for 2015 agreed with Fujitsu. The focus of the work was adapting the components to the current Technical Guideline as well as preparing for certification in accordance with Common Criteria. In this way, OpenLimit primarily generated service revenues with SecDocs during the reporting period.

Otherwise, the SecDocs revenues lie within the scope of the annual minimum purchase guarantees (low seven-digit range) from Fujitsu, which expire in 2015.

After the reporting period, a new contract was concluded with Fujitsu, which provides OpenLimit with the opportunity to act as a reseller of SecDocs in the market.

Services & Consulting

In addition to the already mentioned developments, OpenLimit was also able to acquire new advisory contracts based on its special know-how in the field of IT security and certification. These contracts reaffirm the company's goal of developing the company's consulting activities. Because of confidentiality agreements, these developments can only be outlined:

OpenLimit concluded a development contract with an industry leader in the development and realization of innovative meter technologies for the water industry. This contract relates to the implementation of OpenLimit technologies with adaptations for this particular company's products. The client develops and manufactures a comprehensive range of solutions for capturing consumption data in the water and energy sector, including highly precise mechanical meters, fully electronic meters and intelligent metering systems for households, commerce and industry.

A consulting contract for the realization of the legal and technical requirements resulting from the amendment to the Gambling Act was concluded during the reporting period with a leading German company in the area of consumer electronics as well as in the field of development, production and sale of slot machines.

Financial development of the OpenLimit Group (on the basis of unaudited quarterly figures)

Earnings

In the first three months of 2015, OpenLimit was able to increase its turnover by 18% to a total of EUR 1.36 million (comparison value for 3m 2014: EUR 1.16 million). Plus internally produced and capitalized development assets of EUR 0.78 million (3m 2014: EUR 0.67 million), this gives total earnings of EUR 2.16 million, which represents an increase of 17% over the figure for the same period last year (3M 2014: EUR 1.83 million).

The cost of goods amounted to just EUR 0.03 million, which was somewhat lower than the figure for the first quarter of the previous year.

As of the reporting date of 31 March, OpenLimit employed 69 people (including management) (31/03/2014: 64 and 31/12/2014: 68). In particular owing to the 8% higher number of employees, the company's pure personnel expense (excluding third-party services) increased by 10% from EUR 1.01 million to EUR 1.23 million. In comparison, the cost of third-party services (EUR 0.30 million) was kept at almost the same level as in the previous year (3m 2014: 0.29 million).

Similarly, the effects of the cost reduction measures introduced in previous periods continue to be positively felt. The operating expense of EUR 0.37 million for example was again considerably lower (13%) than the value for the first quarter of 2014 (3m 2014: EUR 0.42 million).

Depreciation expense increased by 33% over the same period last year, rising from EUR 0.52 million to EUR 0.69 million. The depreciation relates mostly to intangible assets and is due to the large amount of software development work performed in recent years.

EBITDA (operating result before depreciation) of EUR 0.33 million was positive and considerably higher than the figure for the same period last year (3m 2014: EUR 0.06 million). The operating result (EBIT) improved by 22%, rising from EUR -0.46 million to EUR -0.36 million).

The financial result of EUR -0.13 million was lower than the previous year's value of EUR -0.07 million. This was due primarily to exchange rate losses of EUR -0.05 million resulting from the strong Swiss franc as well as the somewhat higher interest charge arising from the issuing of convertible loans and the use of working capital financing. After the Swiss National bank took the surprising step of giving up the CHF / EUR minimum exchange rate on 15 January 2015, the franc rose considerably and has since been trading just above parity to the euro.

After considering tax expense of EUR 0.02 million (3m 2014: 0.02 million), the net loss of EUR -0.51 million for the period 1 January to 31 March 2015 was therefore 7% lower than in the same period last year (3m 2014: EUR -0.55 million).

Net asset position and working capital

The value of the company's non-current assets had dropped as of the reporting date of 31 March by 5% to EUR 5.93 million over the end-of-year figure of EUR 6.23 million (31/03/2014: EUR 6.06 million), with a decrease in value of 5.5% of the company's intangible assets being primarily responsible for this.

The value of OpenLimit's current assets stood at EUR 7.00 million at the end of the quarter (31/12/2014: EUR 7.29 million). At the same time, the item "Accounts payable and other liabilities" increased from EUR 1.61 million at the end of the year to EUR 1.68 million at the end of March, representing a rise of 4%. Since, because of additional growth, OpenLimit's accounts receivable rose once again (31/03/2015: EUR 5.98 million vs. 31/12/2014: EUR 5.64 million), the company's liquidity position of EUR 0.23 million as of the reporting date (31/03/2014: EUR 0.63 million; 31/12/2014: EUR 0.97 million) was again tight. After the quarterly reporting date however, accounts receivable worth over EUR 1.1 million were reduced, with an effect on liquidity.

Financing

In the first quarter of the year, a due convertible loan of EUR 500,000 was successfully re-placed. In addition, receivables were financed in the interim in the company's working capital (until the receipt of outstanding accounts receivable) by way of lines of credit totaling almost EUR 0.78 million, the majority of which have been paid back since.

The equity position as of the reporting date of 31 March 2015 was EUR 7.21 million, which represents a decrease of 3% over the same period last year (31/03/2014: EUR 7.43 million). In contrast, total assets increased by 2%, rising from EUR 12.63 million to EUR 12.93 million.

Miscellaneous

On 1 April 2015, the Swiss companies within the OpenLimit Group moved into new offices in Zugerstrasse 74, 6341 Baar. While increased costs were expected in the short term for the first and second quarter because of this move, the occupancy costs for the Swiss office will decrease significantly in future.

Outlook

The outlook for the financial year 2015 remains unchanged from that described in the Annual Report 2014 (from 24 April 2015). Because of the long-term projects acquired, OpenLimit has an acceptable order balance for 2015, even if this is slightly lower than in 2014. In order to achieve its target of turnover growth in the high one-digit percentage range as well as slightly increase profitability, the company must generate substantial new business. Looking beyond the year 2015, there are already signs that a significant increase in turnover cannot be expected until 2017. The main reason for this is the fact that the BMWi does not now plan to roll out the Smart Meter Gateway until 1 January 2017. If the rollout of the Konnektor begins as planned on 1 July 2016 and if revenues from truedentity® turn out as expected, the impact of the delay in the rollout of the Smart Meter Gateway could be partly absorbed but not to the full extent. Once again, this shows the degree to which OpenLimit depends on legal and other frameworks which are beyond its control. At present, we assume that the legal and technical frameworks for the Smart Meter Gateway and the Konnektor will be created in the third quarter. This would significantly boost the company's sales activities in the energy and healthcare sector.

About OpenLimit

Publicly traded OpenLimit Holding AG (symbol: O5H) 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 <http://www.openlimit.com>

Investor relations contact

OpenLimit Holding AG
Björn Templin
Zugerstrasse 74
CH-6341 Baar
Tel.: +41 41 560 1020
Fax: +41 41 560 1039
E-mail: ir@openlimit.com

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