



Media Release – ad hoc announcement pursuant to Art. 53 LR

## **SoftwareOne delivers 14% YoY growth with adj. EBITDA margin above 25% in 2022**

Stans, Switzerland | 2 March 2023 – **SoftwareOne Holding AG, a leading global software and cloud solutions provider, today announced its FY 2022 results.**

- At the group level, revenue and gross profit grew 14.1% and 13.8% YoY ccy to CHF 1,011.0 million and CHF 939.5 million, respectively
- Adjusted EBITDA of CHF 240.4 million, with a margin of 25.6%, reflecting cost discipline and continued strong margin progression in Software & Cloud Services<sup>1</sup>
- New operational excellence programme geared towards embedding increased effectiveness and efficiency across the organisation expected to generate annual cost savings of CHF 50 million by 2024
- Dividend of CHF 0.35 per share proposed for 2022, representing an increase of 6.1% YoY and 47% of adjusted profit for the year
- Share buyback programme of up to CHF 70 million expected to start in Q2 2023
- Outlook for 2023: Double-digit revenue growth in constant currency with adjusted EBITDA margin of 24-25% of revenue; mid-term guidance of mid-teens growth and adjusted EBITDA margin >25% of revenue

**Dieter Schlosser, CEO of SoftwareOne said,** “We delivered solid results in 2022, reaching a record level of revenue against a backdrop of difficult macroeconomic conditions. While our clients took a more cautious approach to spend in the fourth quarter, we remained focused on helping them achieve their objectives, including cost optimisation.

Looking to 2023, our strategic priorities are clear. We will continue to invest in Marketplace to build the fastest delivery model in the market based on our expertise-led approach. We will also continue to fully leverage our IP-driven services portfolio and hyperscaler capabilities. Importantly, we will also focus on attracting the best talent and investing in their development.”

Given the strong secular trends underpinning our business model and the strength of our offering, I am confident in achieving our 2023 guidance.”

**Rodolfo Savitzky, CFO of SoftwareOne added,** “Our 2022 results are a testament to the resilience of our business model and disciplined execution. In 2023, we will continue to raise the bar on operational excellence. By refocusing our commercial resources and optimising our delivery model and support functions, we expect to both maintain strong growth momentum and achieve annual cost savings of CHF 50 million by 2024. These savings will benefit both our bottom line and be re-invested in growth and innovation.”

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<sup>1</sup> Business lines renamed to Software & Cloud Marketplace and Software & Cloud Services

## Key figures – Group (Unaudited)<sup>2</sup>

CHFm	FY 2022	FY 2021	% Δ	% Δ (CCY)	Q4 2022	Q4 2021	% Δ	% Δ (CCY)
Software & Cloud Marketplace	545.3	533.6	2.2%	5.7%	151.2	153.7	(1.6)%	2.0%
Software & Cloud Services	465.7	384.1	21.3%	26.0%	126.2	114.7	10.0%	15.0%
<b>Revenue total</b>	<b>1,011.0</b>	<b>917.7</b>	<b>10.2%</b>	<b>14.1%</b>	<b>277.4</b>	<b>268.4</b>	<b>3.3%</b>	<b>7.5%</b>
Software & Cloud Marketplace	545.3	533.6	2.2%	5.7%	151.2	153.7	(1.6)%	2.0%
Software & Cloud Services	394.2	321.4	22.6%	27.4%	102.7	93.5	9.9%	15.0%
<b>Gross profit total</b>	<b>939.5</b>	<b>855.1</b>	<b>9.9%</b>	<b>13.8%</b>	<b>254.0</b>	<b>247.2</b>	<b>2.8%</b>	<b>6.9%</b>
Adj. total operating expenses	(699.1)	(635.7)	10.0%	14.5%	(176.3)	(172.0)	2.5%	7.4%
<b>Adj. EBITDA</b>	<b>240.4</b>	<b>219.4</b>	<b>9.6%</b>	<b>11.9%</b>	<b>77.7</b>	<b>75.2</b>	<b>3.3%</b>	<b>5.8%</b>
Adj. EBITDA margin (% gross profit)	25.6%	25.7%	(0.1)pp	-	30.6%	30.4%	0.2pp	-
<b>Adj. EPS (diluted)</b>	<b>0.74</b>	<b>0.71</b>	<b>4.4%</b>	-	-	-	-	-
<b>IFRS reported</b>								
Net cash from operating activities	91.1	158.0	(42.4)%	-	-	-	-	-
Net debt/(cash)	(461.2)	(547.4)	-	-	-	-	-	-
Net working capital (after factoring)	(158.3)	(187.5)	-	-	-	-	-	-
<b>Headcount (in FTEs at year-end)</b>	<b>9,060</b>	<b>8,710</b>	<b>4.0%</b>	-	-	-	-	-

Revenue at the group level grew 14.1% YoY and 10.2% YoY in constant currency (ccy) and reported currency, respectively, to CHF 1,011.0 million in 2022, compared to CHF 917.7 million in the prior year. Revenue growth in Q4 2022 was 7.5% YoY ccy as clients took a more cautious approach to spend, particularly evident in the Microsoft business in EMEA.

Gross profit increased by 13.8% YoY ccy to CHF 939.5 million in 2022, compared to CHF 855.1 million in 2021.

The negative FX translation impact of approximately four percentage points at the revenue level was due to the strengthening of the CHF versus the EUR, partially offset by some weakness against the USD.

### Double-digit growth across regions in 2022

EMEA grew gross profit by 12.6% YoY ccy in 2022, including the acquisition of Predica. In Q4 2022, growth was 4.3% YoY ccy, primarily driven by weaker results in Microsoft.

NORAM delivered a strong performance in 2022, with gross profit up 15.5% YoY ccy, driven by strong results in Microsoft and other ISVs. Momentum continued into Q4 2022 with growth at 14.1% YoY ccy.

APAC delivered gross profit growth of 13.7% YoY ccy in 2022, with growth of 11.9% YoY ccy in Q4 2022 driven by continued strength in China, as well as Australia and Hong Kong.

LATAM grew gross profit by 11.7% YoY ccy in 2022, primarily led by services. Growth in Q4 2022 was 5.6% YoY ccy, driven by slowdowns in key markets Brazil and Colombia due to the political environment.

<sup>2</sup> All financial information for 2022 is unaudited

## Continued growth momentum across business lines

### Software & Cloud Marketplace

Revenue and gross profit from Software & Cloud Marketplace grew 5.7% YoY ccy to CHF 545.3 million in 2022, compared to CHF 533.6 million in the prior year.

Gross billings in the Microsoft business amounted to USD 16.9 billion in 2022, up 13.0% compared to 2021. In Q4 2022, billings were USD 3.2 billion, up 2.0% compared to prior year, as clients became more cautious given the macroeconomic environment.

Other ISVs demonstrated strong momentum through Q4 2022, growing double-digit in constant currency.

Adjusted EBITDA for Software & Cloud Marketplace grew 5.0% YoY ccy to CHF 289.1 million in 2022, compared to CHF 281.4 million in the prior year. The adjusted EBITDA margin in 2022 increased slightly to 53.0%, a sector-leading level.

### Key figures – Software & Cloud Marketplace

CHFm	2022	2021	% Δ (CCY)	Q4 2022	Q4 2021	% Δ (CCY)
<b>Revenue</b>	<b>545.3</b>	<b>533.6</b>	<b>5.7%</b>	<b>151.2</b>	<b>153.7</b>	<b>2.0%</b>
<b>Gross profit</b>	<b>545.3</b>	<b>533.6</b>	<b>5.7%</b>	<b>151.2</b>	<b>153.7</b>	<b>2.0%</b>
<b>Contribution margin</b>	<b>471.3</b>	<b>460.9</b>	<b>6.2%</b>	<b>132.0</b>	<b>135.6</b>	<b>1.5%</b>
<b>Adjusted EBITDA</b>	<b>289.1</b>	<b>281.4</b>	<b>5.0%</b>	<b>84.7</b>	<b>89.3</b>	<b>(2.6)%</b>
Adjusted EBITDA margin (% of gross profit)	53.0%	52.7%	-	56.0%	58.1%	-
Adjusted EBITDA margin (% of revenue)	53.0%	52.7%	-	56.0%	58.1%	-

### Software & Cloud Services

Software & Cloud Services achieved revenue growth of 26.0% YoY ccy to CHF 465.7 million in 2022, up from CHF 384.1 million in the prior year.

Gross profit grew 27.4% YoY ccy to CHF 394.2 million in 2022, up from CHF 321.4 million during the prior year, driven primarily by xSimples, Cloud Services and Application Services. Momentum slowed in Q4 2022, with growth of 15.0% YoY ccy, driven by a normalisation of growth in xSimples and a lower contribution from acquisitions.

Focus on cross-selling continued with 71% of LTM (to 31 December 2022) gross profit generated by c. 16.5k clients purchasing both software and services, up from 15.3k a year ago.

Gross profit in xSimples was up 56.0% and 41.5% YoY ccy in 2022 and Q4 2022, respectively. By 31 December 2022, SoftwareOne supported 8.8 million users in the cloud, up from 6.9 million one year ago.

Adjusted EBITDA for Software & Cloud Services was CHF 13.6 million in 2022, with a margin of 3.4% of gross profit, compared to CHF (5.8) million in the prior year, driven by a strong contribution margin and operating leverage as the business continues to scale.

### Key figures – Software & Cloud Services

CHFm	2022	2021	% Δ (CCY)	Q4 2022	Q4 2021	% Δ (CCY)
<b>Revenue</b>	<b>465.7</b>	<b>384.1</b>	<b>26.0%</b>	<b>126.2</b>	<b>114.7</b>	<b>15.0%</b>
<b>Gross profit</b>	<b>394.2</b>	<b>321.4</b>	<b>27.4%</b>	<b>102.7</b>	<b>93.5</b>	<b>15.0%</b>
<b>Contribution margin</b>	<b>165.1</b>	<b>134.2</b>	<b>27.0%</b>	<b>47.3</b>	<b>38.9</b>	<b>25.6%</b>
<b>Adjusted EBITDA</b>	<b>13.6</b>	<b>(5.8)</b>	<b>NM</b>	<b>9.9</b>	<b>3.1</b>	<b>221.4%</b>
Adjusted EBITDA margin (% of gross profit)	3.4%	(1.8)%	-	9.6%	3.3%	-
Adjusted EBITDA margin (% of revenue)	2.9%	(1.5)%	-	7.8%	2.7%	-

### **Focus on disciplined execution**

Adjusted total operating expenses in 2022 were CHF 699.1 million, increasing 14.5% YoY ccy compared to the prior year. In Q4 2022, total operating expenses amounted to CHF 176.3 million, remaining broadly stable for five quarters since Q4 2021 as a result of strict cost control.

Adjusted EBITDA for 2022 was CHF 240.4 million, increasing 11.9% YoY ccy compared to CHF 219.4 million in the prior year. The adjusted EBITDA margin was 25.6%, demonstrating stable profitability compared to prior year.

Adjusted profit for the year was CHF 115.0 million in 2022, representing an increase of 4.6% YoY in reported currency, compared to CHF 110.0 million in the prior year.

IFRS reported profit for the year decreased to CHF (58.3) million in 2022, compared to CHF 117.6 million in the prior year, reflecting a mainly non-cash loss related to the sale of the Russian operations and a fair value loss on shares in Norwegian listed company Crayon (partially realised due to sell-down in April 2022), as well as the impact of M&A and integration-related expenses, restructuring and a change in revenue recognition for Microsoft Enterprise Agreements.

For a reconciliation of IFRS reported profit to adjusted profit for the year, see page 7 of this media release.

### **Driving operational excellence**

SoftwareOne will implement a new programme in 2023 geared towards embedding operational excellence across the organisation. The programme spans three pillars – commercial effectiveness, efficient service delivery and right-sized support functions. Cost savings are expected to be CHF 15 million in 2023 and CHF 50 million on an annualised basis from 2024 onwards. Up to 50% of cost savings achieved in each year will be re-invested into strategic growth areas. A restructuring cost is expected to be recognised in Q1 2023.

### **Strong liquidity and unlevered balance sheet**

Net working capital<sup>3</sup> remained negative at CHF (158.3) million, with payables exceeding receivables in 2022, compared to CHF (187.5) million in the prior year. Net cash from operating activities was CHF 91.1 million in 2022, down from CHF 158.0 million in the prior year, driven primarily by working capital.

Capital expenditure totalled CHF 47.3 million, mainly relating to investments in Goatpath, compared to CHF 33.3 million in the prior year.

Proceeds from the sale of financial assets (related to Crayon) were CHF 115.5 million. Cash outflow relating to acquisitions of businesses amounted to CHF 78.4 million.

Net cash position was CHF 461.2 million as at 31 December 2022, compared to CHF 547.4 million in 2021.

### **Launch of buyback program**

As previously announced, SoftwareOne will launch a buyback program of up to CHF 70 million. The programme is expected to start in Q2 2023.

The share buyback program is for capital reduction purposes and will be executed on a second trading line on the SIX Swiss Exchange. SoftwareOne intends to request shareholder approval to cancel the shares purchased through this program and to reduce the share capital at future shareholders' meetings.

### **Outlook for 2023 and mid-term guidance**

SoftwareOne will execute on its well-defined strategy in order to capitalise on a healthy environment in 2023. Organisations are expected to continue prioritising digital transformation, although the uncertain macroeconomic backdrop remains a consideration.

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<sup>3</sup> After factoring

Based on the new reporting methodology, with growth and margin based on revenue rather than gross profit, the outlook for 2023 is for:

- Double-digit revenue growth for the group in constant currency;
- Adjusted EBITDA margin of 24-25% of revenue;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

The mid-term guidance has been adjusted to reflect the full impact of the new operational excellence programme and continued commitment to the company's growth strategy and enhanced returns to shareholders.

The table below allows for a comparison of the outlook and mid-term guidance based on both the new and old reporting methodologies.

### Outlook and guidance summary

New reporting methodology			Old reporting methodology		
	FY 2023	Mid-term		FY 2023	Mid-term
<b>Revenue growth</b>	Double-digit (ccy)	Mid-teens	<b>Gross profit growth</b>	Double-digit (ccy)	Mid-teens
<b>Adj. EBITDA margin (% revenue)</b>	24-25%	>25%	<b>Adj. EBITDA margin (% gross profit)</b>	25.5-26.5%	>26.5%
<b>Dividend policy</b>	30-50% adj. profit	30-50% adj. profit	<b>Dividend policy</b>	30-50% adj. profit	30-50% adj. profit

## RESULTS OVERVIEW

All financial information for 2022 is unaudited. For further detail on performance and financials, as well as definitions of Alternative Performance Measures, please see the FY 2022 Results presentation. The 2022 Audit report will be provided with the release of the 2022 Annual report on 31 March 2023.

### Profit & loss summary – Old reporting methodology

CHFm	IFRS reported				Adjusted	
	2022	2021	2022	2021	% Δ	% Δ at CCY
<b>Revenue from Software &amp; Cloud Marketplace</b>	<b>538.4</b>	<b>530.2</b>	<b>545.3</b>	<b>533.6</b>	<b>2.2%</b>	<b>5.7%</b>
Cost of software purchased	-	-	-	-	-	-
<b>Gross profit from Software &amp; Cloud Marketplace</b>	<b>538.4</b>	<b>530.2</b>	<b>545.3</b>	<b>533.6</b>	<b>2.2%</b>	<b>5.7%</b>
<b>Revenue from Software &amp; Cloud Services</b>	<b>465.7</b>	<b>384.1</b>	<b>465.7</b>	<b>384.1</b>	<b>21.3%</b>	<b>26.0%</b>
Third party service delivery costs	(71.5)	(62.6)	(71.5)	(62.6)	14.2%	-
<b>Gross profit from Software &amp; Cloud Services</b>	<b>394.2</b>	<b>321.4</b>	<b>394.2</b>	<b>321.4</b>	<b>22.6%</b>	<b>27.4%</b>
<b>Gross profit total</b>	<b>932.6</b>	<b>851.6</b>	<b>939.5</b>	<b>855.1</b>	<b>9.9%</b>	<b>13.8%</b>
Operating expenses	(795.7)	(694.7)	(699.1)	(635.7)	10.0%	14.5%
<b>EBITDA</b>	<b>136.9</b>	<b>156.9</b>	<b>240.4</b>	<b>219.4</b>	<b>9.6%</b>	<b>11.9%</b>
Depreciation, amortisation & impairment <sup>4</sup>	(58.6)	(55.3)	(58.6)	(55.3)	5.8%	-
<b>EBIT</b>	<b>78.4</b>	<b>101.6</b>	<b>181.9</b>	<b>164.1</b>	<b>10.9%</b>	<b>-</b>
Net financial items	(92.4)	49.4	(14.7)	(14.0)	5.3%	-
<b>Earnings before tax</b>	<b>(14.0)</b>	<b>151.0</b>	<b>167.2</b>	<b>150.1</b>	<b>11.4%</b>	<b>-</b>
Income tax expense	(44.3)	(33.3)	(52.2)	(40.1)	30.1%	-
<b>Profit for the year</b>	<b>(58.3)</b>	<b>117.6</b>	<b>115.0</b>	<b>110.0</b>	<b>4.6%</b>	<b>-</b>
<b>EBITDA margin (% gross profit)</b>	<b>14.7%</b>	<b>18.4%</b>	<b>25.6%</b>	<b>25.7%</b>	<b>(0.1)pp</b>	<b>-</b>
<b>EPS (diluted)</b>	<b>(0.38)</b>	<b>0.76</b>	<b>0.74</b>	<b>0.71</b>	<b>4.4%</b>	<b>-</b>

### Profit & loss summary – New reporting methodology

CHFm	Adjusted			
	2022	2021	% Δ	% Δ at CCY
<b>Revenue from Software &amp; Cloud Marketplace</b>	<b>545.3</b>	<b>533.6</b>	<b>2.2%</b>	<b>5.7%</b>
<b>Revenue from Software &amp; Cloud Services</b>	<b>465.7</b>	<b>384.1</b>	<b>21.3%</b>	<b>26.0%</b>
<b>Total revenue</b>	<b>1,011.0</b>	<b>917.7</b>	<b>10.2%</b>	<b>14.1%</b>
Delivery costs	(374.6)	(322.6)	16.1%	20.7%
<b>Contribution margin</b>	<b>636.4</b>	<b>595.1</b>	<b>6.9%</b>	<b>10.9%</b>
SG&A	(396.0)	(375.7)	5.4%	9.9%
<b>EBITDA</b>	<b>240.4</b>	<b>219.4</b>	<b>9.6%</b>	<b>11.9%</b>
Depreciation, amortisation & impairment <sup>5</sup>	(58.6)	(55.3)	5.8%	-
<b>EBIT</b>	<b>181.9</b>	<b>164.1</b>	<b>10.9%</b>	<b>-</b>
Net financial items	(14.7)	(14.0)	5.3%	-
<b>Earnings before tax</b>	<b>167.2</b>	<b>150.1</b>	<b>11.4%</b>	<b>-</b>
Income tax expense	(52.2)	(40.1)	30.1%	-
<b>Profit for the year</b>	<b>115.0</b>	<b>110.0</b>	<b>4.6%</b>	<b>-</b>
<b>EBITDA margin (% revenue)</b>	<b>23.8%</b>	<b>23.9%</b>	<b>(0.1)pp</b>	<b>-</b>
<b>EPS (diluted)</b>	<b>0.74</b>	<b>0.71</b>	<b>4.4%</b>	<b>-</b>

<sup>4</sup> Includes PPA amortization (including impairments, if applicable) of CHF 15.9 million and CHF 14.4 million in 2022 and 2021, respectively

## Reconciliation – IFRS reported to Adjusted profit

CHFm	2022	2021
<b>IFRS reported profit for the year</b>	<b>(58.3)</b>	<b>117.6</b>
Impact of change in revenue recognition of Microsoft Enterprise Agreements	6.6	3.3
Share-based compensation	4.3	13.2
Integration expenses, M&A and earn-out expenses	44.3	36.7
Restructuring expenses	13.1	9.3
Russia related-loss	35.2	-
<b>Total revenue and operating expense adjustments</b>	<b>103.5</b>	<b>62.5</b>
<b>Depreciation / (appreciation) of Crayon and impact of adjustments on financial result</b>	<b>77.7</b>	<b>(63.4)</b>
<b>Tax impact of adjustments</b>	<b>(7.9)</b>	<b>(6.8)</b>
<b>Adjusted profit for the year</b>	<b>115.0</b>	<b>110.0</b>

Source: Management view

## 2022 RESULTS DOCUMENTS

The 2022 results documents can be found on SoftwareOne's website in the [Results Center](#).

## CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

A webcast for investors, analysts and the media with Dieter Schlosser, CEO and Rodolfo Savitzky, CFO will be held today at 9.00 CET and may be joined via the link [Audio webcast](#).

If you wish to actively participate in the Q&A session or are unable to join via the webcast, please register [here](#) to obtain joining details. Upon registration, you will immediately receive a personal PIN, which will also be sent to you via email. Please join by dialing one of the provided local or toll-free phone numbers and entering your personal PIN, or select the 'Call me' option and type in your own phone number for the system to connect you instantly to the call.

The webcast will be archived and a digital playback will be available approximately one hour after the event in the [Results Center](#).

## CORPORATE CALENDAR

2022 Annual Report	31 March 2023
2023 Annual General Meeting (AGM)	4 May 2023
Q1 2023 Trading update	17 May 2023
H1 2023 Results and Half-year Report	24 August 2023
Q3 2023 Trading update	15 November 2023

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## ABOUT SOFTWAREONE

SoftwareOne is a leading global software and cloud solutions provider that is redefining how organizations build, buy and manage everything in the cloud. By helping clients to migrate and modernize their workloads and applications – and in parallel, to navigate and optimize the resulting software and cloud changes – SoftwareOne unlocks the value of technology. The company's ~9,000 employees are driven to deliver a portfolio of 7,500 software brands with sales and delivery capabilities in 90 countries. Headquartered in Switzerland, SoftwareOne is listed on the SIX Swiss Exchange under the ticker symbol SWON. Visit us at [www.softwareone.com](http://www.softwareone.com)

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

*This media release may contain certain forward-looking statements relating to the group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to force majeure, competitive pressures, legislative and regulatory developments, global, macroeconomic and political trends, the group's ability to attract and retain the employees that are necessary to generate revenues and to manage its businesses, fluctuations in currency exchange rates and general financial market conditions, changes in accounting standards or policies, delay or inability in obtaining approvals from authorities, technical developments, litigation or adverse publicity and news coverage, each of which could cause actual development and results to differ materially from the statements made in this media release. SoftwareOne assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.*