



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

SoftwareOne delivers solid results in H1 2023 and reiterates full-year guidance

Stans, Switzerland | 24 August 2023 – **SoftwareOne Holding AG, a leading global software and cloud solutions provider, today announced its H1 2023 results.**

- Group revenue up 8.5% YoY ccy to CHF 506.8 million in H1 2023
- Adjusted EBITDA down 1.7% to CHF 111.7 million implying a margin of 22.0%, with continued cost discipline and margin progression in Software & Cloud Services
- Operational excellence programme fully on track, with cost savings of CHF 8 million achieved in H1 2023 against a CHF 15 million full-year target
- Outlook for full-year 2023 reiterated on the back of a continued healthy demand environment
- *'Ignite, Focus, Accelerate'* approach to leverage operational excellence initiatives, sharpen execution and deliver enhanced performance
- First ESG report published today, with commitment to reach net zero for scope 1 & 2 emissions by 2030
- Strategic review ongoing to maximise value for all shareholders

Brian Duffy, CEO of SoftwareOne said, “Our performance in H1 2023 puts us on track to meet our FY 2023 guidance. Against a backdrop of difficult macroeconomic conditions, we demonstrated resilience as we successfully focused on delivering value-added solutions to meet our clients’ needs.

Over the past three months, I’ve been impressed by the dedicated and resourceful team at SoftwareOne. Looking ahead, I see great potential to leverage our strengths and accelerate the implementation of our strategy to capitalise on the long-term opportunity in cloud.

Building on our operational excellence programme, we will implement *'Ignite, Focus, Accelerate'* to put the client at the centre and double down on our sales effectiveness to accelerate growth. We will ignite partner relationships and mobilise the ecosystem to deliver for our joint customers as we enter a new era fuelled by data and AI. This includes embarking on a new journey with Microsoft to re-imagine productivity for all employees as Copilot comes to market.

Importantly, we will also continue to invest in our diverse talent base and ESG initiatives to contribute to a more sustainable future, including our commitment to achieve net zero by 2030.”

Rodolfo Savitzky, CFO of SoftwareOne added, “Our focus on execution and profitable growth led to a solid financial performance in H1 2023, in line with our expectations. With CHF 8 million savings achieved by mid-year, we have made strong progress across the three pillars of our operational excellence programme.

On the commercial side, we are in the process of re-balancing sales resources and have launched AI-driven cross-selling initiatives in the regions. We have also made excellent progress in optimising our services delivery network, driving the contribution margin in Software & Cloud Services towards 40%. Finally, the transitions to shared service centres in Finance and HR are nearing completion.

We remain fully committed to delivering on the targeted CHF 50 million of annual cost savings by next year.”

Key figures – Group

CHFm	H1 2023	H1 2022	% Δ	% Δ (CCY)	Q2 2023	Q2 2022	% Δ	% Δ (CCY)
Software & Cloud Marketplace	276.6	274.7	0.7%	5.5%	151.0	152.8	(1.2)%	4.7%
Software & Cloud Services ¹	230.2	217.6	5.8%	12.4%	116.4	116.2	0.1%	7.7%
Total revenue	506.8	492.3	2.9%	8.5%	267.4	269.0	(0.6)%	6.0%
Delivery costs	(178.2)	(177.4)	0.4%	6.8%	(86.8)	(90.6)	(4.2)%	2.8%
Contribution margin	328.6	314.9	4.4%	9.5%	180.6	178.4	1.2%	7.6%
SG&A	(216.9)	(197.0)	10.1%	16.2%	(108.6)	(102.6)	5.8%	13.6%
Adj. EBITDA	111.7	117.9	(5.3)%	(1.7)%	72.1	75.8	(5.0)%	(0.5)%
<i>Adj. EBITDA margin (% revenue)</i>	<i>22.0%</i>	<i>23.9%</i>	<i>(1.9)pp</i>	-	<i>27.0%</i>	<i>28.2%</i>	<i>(1.2)pp</i>	-
Adj. EPS (diluted)	0.33	0.41	(20.5)%	-	-	-	-	-
IFRS reported								
Net cash from operating activities	(286.4)	(292.3)	(2.0)%	-	-	-	-	-
Net debt/(cash) ²	71.6	5.2	-	-	-	-	-	-
Net working capital (after factoring)	176.8	155.9	-	-	-	-	-	-
Headcount (FTEs at end of period)	9,257	8,890	4.1%	-	-	-	-	-

Group revenue grew 2.9% YoY and 8.5% YoY in reported and constant currency (ccy), respectively, to CHF 506.8 million in H1 2023, compared to CHF 492.3 million in the prior year period.

The strengthening of the CHF versus several major currencies, including the EUR, USD and GBP led to a negative FX translation impact of over five percentage points on revenue.

Solid growth in key markets

By region, EMEA delivered a solid half-year, with revenue up 8.3% YoY ccy to CHF 307.1 million, driven by continued strong purchasing by large enterprises particularly in DACH and good momentum in the core service lines.

NORAM grew revenue by 3.7% YoY ccy to CHF 75.8 million in H1 2023, on the back of more cautious spending by clients. Revenue growth of 9.1% YoY ccy in Q2 was driven by an acceleration in the Microsoft business as customers transitioned to the New Commerce Experience (NCE) model.

Revenue by region

CHFm	H1 2023	H1 2022	% Δ (CCY)	Q2 2023	Q2 2022	% Δ (CCY)
EMEA	307.1	297.4	8.3%	157.8	158.3	4.8%
NORAM	75.8	76.0	3.7%	43.2	42.3	9.1%
LATAM	47.7	52.4	(0.2)%	22.9	28.4	(9.2)%
APAC	72.3	63.4	23.4%	41.0	36.9	23.5%

APAC sustained strong revenue growth, up 23.4% YoY ccy to CHF 72.3 million in H1 2023, driven by excellent results across the region in both business lines.

¹ H1 2022 and Q2 2022 revenue for Software & Cloud Services restated as a result of implementation of the IFRS IC agenda decision on IFRS 15, with further contracts identified which should have been accounted for on an agent basis

² Based on new net debt/(cash) definition equal to bank overdrafts *plus* other current and non-current financial liabilities *less* cash and cash equivalents and financial assets (ie. Crayon shareholding)

Revenue in LATAM decreased by 0.2% YoY ccy to CHF 47.7 million in H1 2023 driven by weak Q2 2023 results in Brazil and Mexico.

Continued growth momentum across business lines

Software & Cloud Marketplace

Revenue in Software & Cloud Marketplace grew 5.5% YoY ccy to CHF 276.6 million in H1 2023, compared to CHF 274.7 million in the prior year period.

Key figures – Software & Cloud Marketplace

CHFm	H1 2023	H1 2022	% Δ (CCY)	Q2 2023	Q2 2022	% Δ (CCY)
Revenue	276.6	274.7	5.5%	151.0	152.8	4.7%
Contribution margin	238.9	237.2	5.5%	132.3	135.3	3.7%
<i>Contribution margin (% of revenue)</i>	<i>86.4%</i>	<i>86.4%</i>	<i>-</i>	<i>87.6%</i>	<i>88.6%</i>	<i>-</i>
Adjusted EBITDA	127.5	146.2	(9.2)%	74.1	87.4	(10.7)%
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>46.1%</i>	<i>53.2%</i>	<i>-</i>	<i>49.1%</i>	<i>57.2%</i>	<i>-</i>

Gross billings in the Microsoft business amounted to USD 10.6 billion in H1 2023, up 12% compared to H1 2022. Revenue growth accelerated in Q2 2023 driven by the shift from legacy CSP to the New Commerce Experience (NCE) model, as a result of price increases and a more favourable incentive structure.

Following a strong performance in Q1 2023, revenue growth in other ISVs slowed in Q2 2023 against a strong comparable in the prior year period.

Contribution margin grew to CHF 238.9 million in H1 2023, with the margin remaining stable at 86.4% of revenue.

Adjusted EBITDA declined by 9.2% YoY ccy to CHF 127.5 million in H1 2023, compared to CHF 146.2 million in the prior year period, driven by increased SG&A and a reallocation of sales specialists from Software & Cloud Services, as part of the operational excellence programme.

Software & Cloud Services

Software & Cloud Services delivered revenue growth of 12.4% YoY ccy to CHF 230.2 million in H1 2023, up from CHF 217.6 million in the prior year period, driven by ~20% YoY ccy revenue growth in core service lines Cloud Services, Application Services and SAP Services, partially offset by an acceleration in the phasing out of legacy services.

Key figures – Software & Cloud Services

CHFm	H1 2023	H1 2022	% Δ (CCY)	Q2 2023	Q2 2022	% Δ (CCY)
Revenue	230.2	217.6	12.4%	116.4	116.2	7.7%
Contribution margin	89.7	77.7	21.9%	48.3	43.1	19.7%
<i>Contribution margin (% of revenue)</i>	<i>39.0%</i>	<i>35.7%</i>	<i>-</i>	<i>41.5%</i>	<i>37.1%</i>	<i>-</i>
Adjusted EBITDA	7.1	2.3	217.6%	4.8	5.9	(14.1)%
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>3.1%</i>	<i>1.0%</i>	<i>-</i>	<i>4.1%</i>	<i>5.1%</i>	<i>-</i>

Focus on cross-selling continued with 71% of LTM (to 30 June 2023) revenue generated by c. 15.6k clients purchasing both software and services, up from 14.8k a year ago.

Revenue in xSimple³ was up 22% YoY ccy in H1 2023, with 8.4 million users in the cloud as at 30 June 2023, up from 7.7 million one year ago.

Contribution margin increased to CHF 89.7 million in H1 2023, driving the margin to 39.0% of revenue, up from 35.7% in the prior year period driven by strong progress in optimising the delivery network.

Adjusted EBITDA was CHF 7.1 million in H1 2023, compared to CHF 2.3 million in the prior year period. The margin improved to 3.1% compared to 1.0% in the prior year period, driven by a strong contribution margin and operating leverage as the business continues to scale.

Focus on profitable growth

Adjusted EBITDA for H1 2023 was CHF 111.7 million, decreasing 1.7% YoY ccy, while the adjusted EBITDA margin was down by 1.9pp YoY, reflecting an improved contribution margin offset by a normalisation of marketing and travel costs post-Covid and co-marketing investments in the prior year period.

Adjusted profit for the period was CHF 50.1 million in H1 2023, representing a decrease of (21.6)% YoY in reported currency, compared to CHF 63.9 million in the prior year period.

IFRS reported profit for the period increased to CHF 33.8 million in H1 2023, compared to CHF (63.3) million in the prior year period. The improvement in H1 2023 was primarily driven by lower expenses relating to integration and M&A, as well as the impact from the exit from Russia and the financial loss relating to the company's shareholding in Crayon, both of which impacted the prior year period.

For a reconciliation of IFRS reported profit to adjusted profit for the period, see page 6 of this media release.

Delivering on operational excellence

In early 2023, SoftwareOne began implementation of the operational excellence programme across three pillars – commercial effectiveness, efficient service delivery and right-sized support functions to improve efficiency and accelerate sales growth. Cost savings are expected to reach CHF 15 million in 2023 and CHF 50 million on an annualised basis from 2024 onwards, with up to 50% being re-invested into strategic growth areas.

In the first half of 2023, the company achieved cost savings of CHF 8 million, driven by re-balancing of sales resources and launch of AI-driven cross-selling initiatives, optimisation of the services delivery network and transitioning Finance and HR resources to shared service centres.

The full restructuring charge for 2023 is expected to be approximately CHF 25 million, of which CHF 12.5 million was recognised in H1 2023.

Strong liquidity and solid balance sheet

Net working capital⁴ increased by CHF 20.9 million to CHF 176.8 million, compared to CHF 155.9 million in the prior year. Net cash from operating activities was CHF (286.4) million in H1 2023, broadly in line with the prior year period.

Capital expenditure totalled CHF 26.7 million, including investments in the SoftwareOne Client Portal (previously Goatpath / PyraCloud), compared to CHF 22.6 million in the prior year period.

Based on a new, more stringent definition of net debt/(cash)⁵ to align with best practice, the net debt position was CHF 71.6 million as at 30 June 2023, compared to CHF 5.2 million as at 30 June 2022. According to the old definition, the net debt/(cash) position was CHF (56.5) million and CHF (109.8) million, respectively.

³ Including AzureSimple, 365 Simple and AWS

⁴ After factoring

⁵ Equal to bank overdrafts *plus* other current and non-current financial liabilities *less* cash and cash equivalents and financial assets (ie. Crayon shareholding)

Outlook for 2023 and mid-term guidance

Based on its half-year performance, SoftwareOne reiterates its 2023 full-year guidance, assuming no material deterioration in the macroeconomic environment:

- 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.

First ESG report published

SoftwareOne today published its first Environmental, Social and Governance (ESG) report, including targets to further reduce the company's environmental impact, enhance social inclusivity and diversity, and further strengthen its overall governance practices.

The targets include achieving net zero for Scope 1 & 2 emissions by 2030, primarily reducing the carbon footprint that SoftwareOne is responsible for and investing in impact projects for the remaining emissions. In addition, SoftwareOne will help clients reduce their carbon footprint via the company's Cloud Sustainability practice.

For further details, please see the complete 2022 ESG report available [here](#).

CEO update

Building on progress made with the operational excellence programme, '*Ignite, Focus, Accelerate*' will sharpen execution of the existing strategy to deliver enhanced performance:

- **Ignite:** SoftwareOne will leverage its leading market position as a global provider of software & cloud solutions to ignite client and vendor relationships. As a trusted advisor to 65k clients, the company will work together with the ecosystem to capitalise on the opportunity to help customers move to the cloud and embrace Generative AI to drive innovation, while keeping cloud costs under control.
- **Focus:** SoftwareOne will seek to drive the global roll-out of Copilot, which represents a USD 100 million revenue opportunity to help clients re-imagine employee productivity, and leverage the potential with other ISV partners. In general, sales excellence and execution will be in focus, including the implementation of growth initiatives. Bolt-on M&A will remain a key part of the company's strategy.
- **Accelerate:** SoftwareOne will further develop its Generative AI offering and pivot as required to accelerate growth. In addition, the company will execute on its Client Portal roadmap to capitalise on the digital opportunity. Finally, SoftwareOne will build on its people & culture strategy to attract and retain talent.

RESULTS OVERVIEW

Profit & loss summary

CHFm	IFRS reported		Adjusted			
	H1 2023	H1 2022	H1 2023	H1 2022	% Δ	% Δ at CCY
Revenue from Software & Cloud Marketplace	276.1	270.6	276.6	274.7	0.7%	5.5%
Revenue from Software & Cloud Services	230.2	217.6	230.2	217.6	5.8%	12.4%
Total revenue	506.4	488.2	506.8	492.3	2.9%	8.5%
Delivery costs	-	-	(178.2)	(177.4)	0.4%	6.8%
Contribution margin	-	-	328.6	314.9	4.4%	9.5%
SG&A	-	-	(216.9)	(197.0)	10.1%	16.2%
EBITDA	91.4	42.0	111.7	117.9	(5.3)%	(1.7)%
Depreciation, amortisation & impairment ⁶	(32.4)	(28.4)	(32.4)	(28.4)	14.1%	-
EBIT	58.9	13.5	79.3	89.5	(11.4)%	-
Net financial items	(5.9)	(63.1)	(9.1)	(4.5)	102.0%	-
Earnings before tax	53.1	(49.6)	70.2	85.0	(17.4)%	-
Income tax expense	(19.3)	(13.8)	(20.1)	(21.1)	(4.6)%	-
Profit for the period	33.8	(63.3)	50.1	63.9	(21.6)%	-
EBITDA margin (% revenue)	18.0%	8.6%	22.0%	23.9%	(1.9)pp	-
EPS (diluted)	0.22	(0.41)	0.33	0.41	(20.5)%	-

Reconciliation – IFRS reported to Adjusted profit

CHFm	H1 2023	H1 2022
IFRS reported profit for the period	33.8	(63.3)
Impact of change in revenue recognition of Microsoft Enterprise Agreements	0.4	3.9
Share-based compensation	-	3.5
Integration expenses, M&A and earn-out expenses	7.8	24.4
Restructuring expenses	12.5	8.4
Russia related-loss	(0.4)	35.8
Total revenue and operating expense adjustments	20.3	75.9
Depreciation / (appreciation) of Crayon and impact of adjustments on financial result	(3.2)	58.6
Tax impact of adjustments	(0.8)	(7.3)
Adjusted profit for the period	50.1	63.9

Source: Management view

H1 2023 RESULTS DOCUMENTS

The H1 2023 results documents can be found on SoftwareOne's website in the [Results centre](#).

CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

A webcast for investors, analysts and the media with Brian Duffy, CEO and Rodolfo Savitzky, CFO will be held today at 9.15 CEST and may be joined via the link [Audio webcast](#).

⁶ Includes PPA amortisation (including impairments, if applicable) of CHF 7.4 million and CHF 7.1 million in H1 2023 and H1 2022, respectively

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 centre](#).

CORPORATE CALENDAR

Q3 2023 Trading update

15 November 2023

CONTACT

Anna Engvall, Investor Relations

Tel. +41 44 832 41 37, anna.engvall@softwareone.com

FGS Global, Media Relations

Tel. +41 44 562 14 99, press.softwareone@fgsglobal.com

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 optimise the resulting software and cloud changes – SoftwareOne unlocks the value of technology. The company's 9,250 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

SoftwareOne Holding AG, Riedenmatt 4, CH-6370 Stans

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.