



# SoftwareONE

EMPOWERING COMPANIES TO TRANSFORM

**Q3 2022 Trading update**

**23 November 2022**

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# Q3 2022 SUMMARY

Dieter Schlosser, CEO





# STRONG PERFORMANCE IN Q3 2022 WITH 17% GROWTH AND SOLID PROFITABILITY

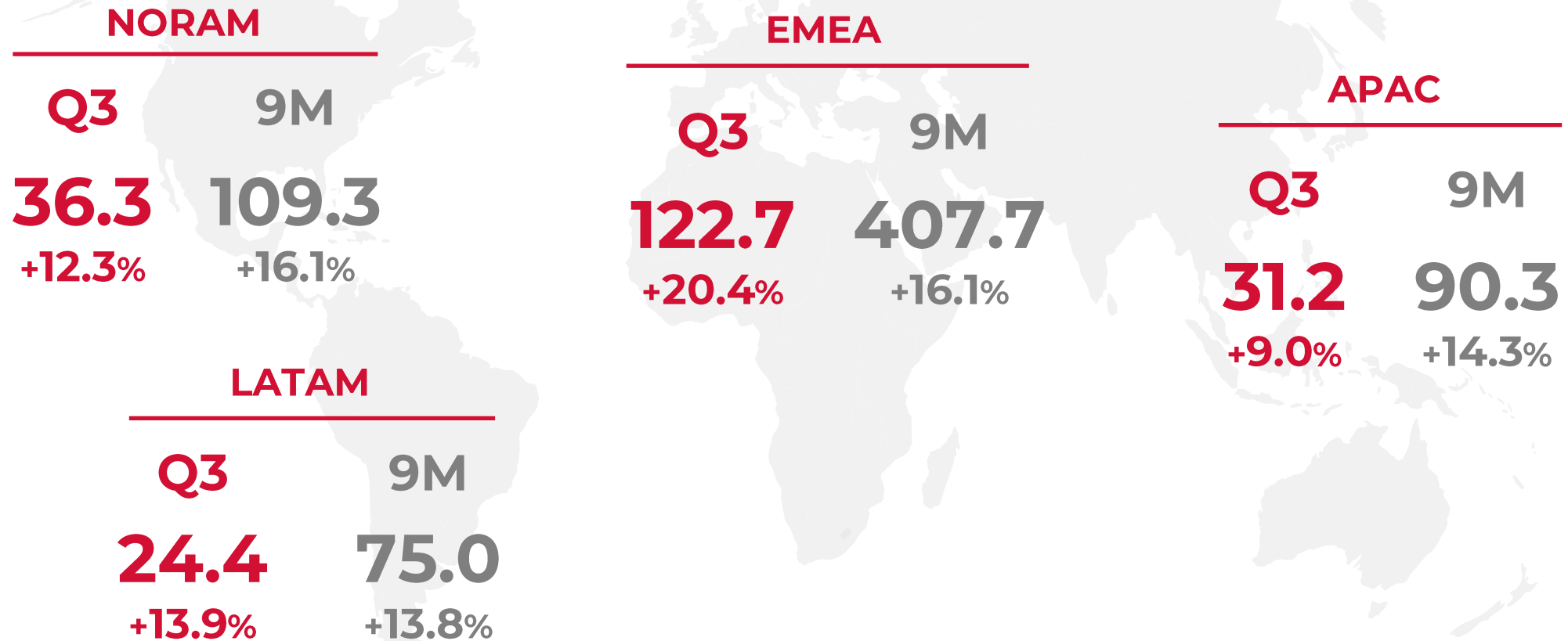
CHFm, % YoY (ccy)

	Q3 2022		9M 2022	
<b>GROSS PROFIT</b>	<b>216</b>	<b>+17.0%</b>	<b>686</b>	<b>+16.3%</b>
<b>ADJUSTED EBITDA</b>	<b>45</b>	<b>+30.5%</b>	<b>163</b>	<b>+14.4%</b>
<b>MARGIN (%)</b>	<b>20.8%</b>	<b>+2.7<sub>pp</sub></b>	<b>23.7%</b>	<b>0.0<sub>pp</sub></b>

# BROAD-BASED GROWTH ACROSS REGIONS

## GROSS PROFIT BY REGION (Q3 & 9M 2022)

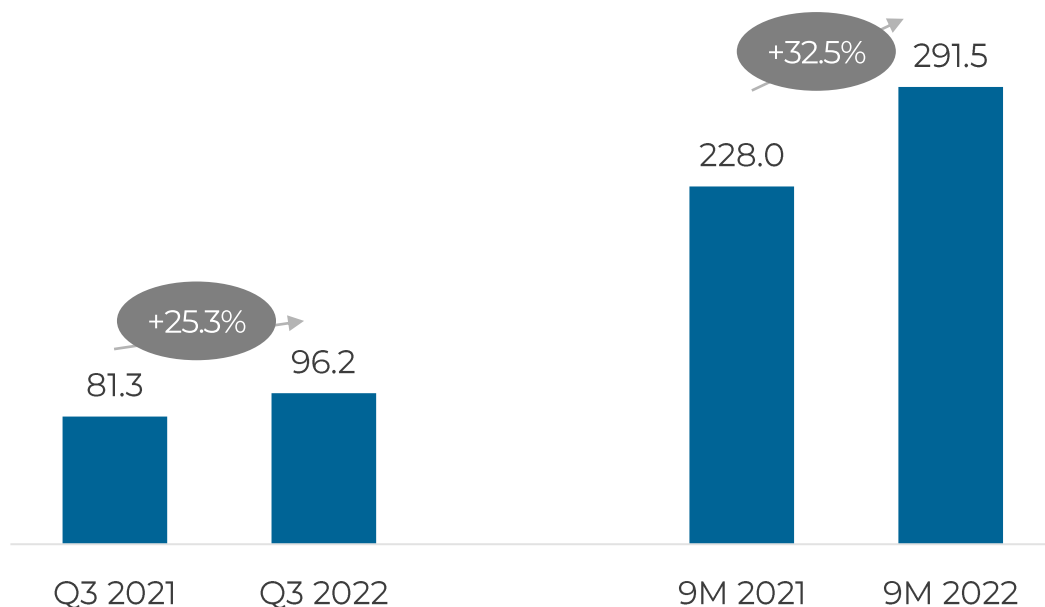
CHFm, % YoY growth (ccy)



# GROWTH IN SOLUTIONS & SERVICES DRIVEN BY XSIMPLES, CLOUD AND APPLICATION SERVICES

## GROSS PROFIT

CHFm, % YoY growth (ccy)



Adj. EBITDA margin (% gross profit)

(3.7)%	2.1%	(4.3)%	1.9%
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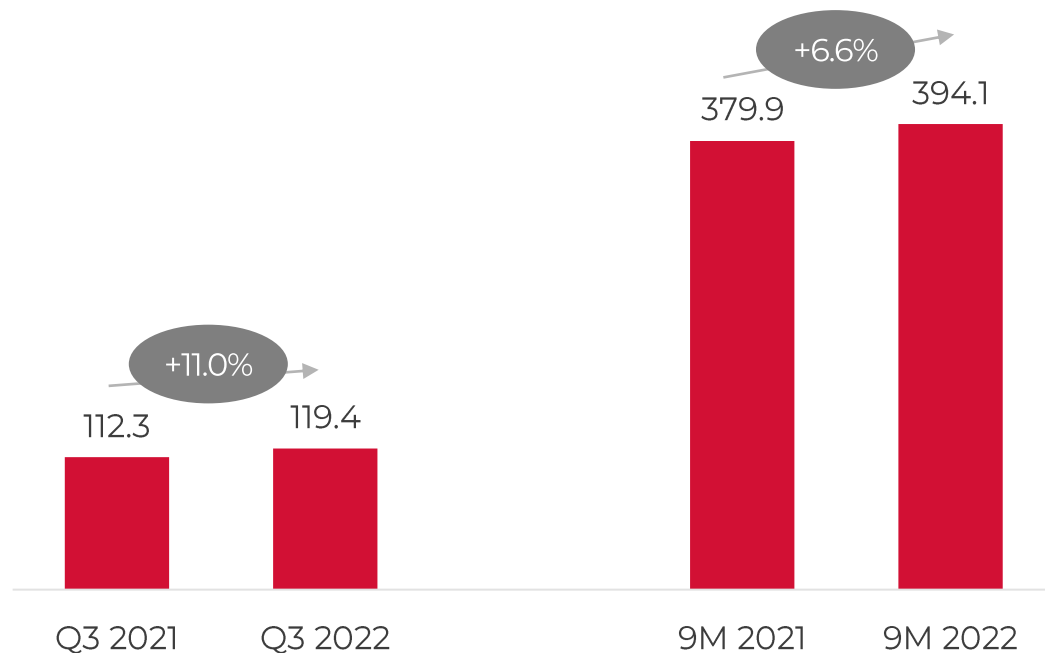
## Q3 2022 HIGHLIGHTS

- Broad-based strong performance across service lines, customers and geographies
- XSimples<sup>(1)</sup> up 45% YoY in Q3, with 8.1 million users supported in the cloud
- High double-digit growth across Cloud Services, Application Services and SAP Services, supported by acquisitions
- Continued focus on cross-sell, with 73% of LTM<sup>(2)</sup> group gross profit from 16.5k customers purchasing both software and services, up from 69% a year ago
- Adjusted EBITDA margin progression driven by operating leverage as the business continues to scale

# POSITIVE MOMENTUM IN SOFTWARE & CLOUD WITH SECTOR-LEADING MARGIN

## GROSS PROFIT

CHFm, % YoY growth (ccy)



Adj. EBITDA margin (% gross profit)

46.0%	48.2%	50.8%	51.4%
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## Q3 2022 HIGHLIGHTS

- Microsoft gross billings growth at 11% YoY, in line with gross profit growth in Q3
- Positive momentum across enterprises and SMEs, with lower growth in public sector
- Strong performance in ISV portfolio driven by increasing market share with key vendors, particularly in areas such as cybersecurity
- Adjusted EBITDA margin up +2.1pp in Q3 2022; broadly stable for 9M 2022 at high end of sector

# CROSS-SELLING WINS ACROSS PORTFOLIO AND REGIONS

## EUROPEAN GOVERNMENT

### Future Workplace

Training services on Microsoft user and admin topics



## ASIAN TECH START-UP

### Software & Cloud

Supply of Relic = Dev, Ops und Security Software



## LATIN AMERICAN ENERGY

### Application Services

Building new and supporting existing applications



## GLOBAL CONSUMER GOODS

### MAS & ITAM Diagnostics

Optimization of software costs



## GLOBAL BANK

### Software & Cloud & Services

Microsoft Account Services and Finops



## EASTERN EUROPEAN GOVERNMENT

### Cloud Services (AWS)

Implementation of Disaster Recovery solution to secure IT environment





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# FINANCIAL PERFORMANCE

R o d o l f o J . S a v i t z k y , C F O



# STRONG PERFORMANCE DRIVEN BY OPERATIONAL EXCELLENCE

## PROFIT & LOSS SUMMARY

CHFm	Q3 2022	% Δ Rep	% Δ CCY <sup>(1)</sup>	9M 2022	% Δ Rep	% Δ CCY <sup>(1)</sup>
Revenue	235.2	12.5%	18.2%	749.9	12.7%	16.4%
Gross profit	215.6	11.4%	17.0%	685.5	12.8%	16.3%
Adjusted operating expenses <sup>(2)</sup>	(170.7)	7.8%	13.9%	(522.8)	12.7%	16.8%
<b>Adjusted EBITDA</b>	<b>44.9</b>	<b>27.7%</b>	<b>30.5%</b>	<b>162.8</b>	<b>12.9%</b>	<b>14.4%</b>
<i>Adj. EBITDA margin (% gross profit)</i>	20.8%	+2.7pp	-	23.7%	0.0pp	-

- Limited increase in operating expenses in last three quarters due to strict cost control measures
- Negative FX impact on gross profit compensated by natural hedge on operating expenses

# MARGIN IMPROVEMENT ACROSS BOTH BUSINESS LINES

## PROFIT & LOSS SUMMARY BY BUSINESS LINE

CHFm	Solutions & Services		Software & Cloud		Corporate
	Q3 2022	% Δ CCY <sup>(1)</sup>	Q3 2022	% Δ CCY <sup>(1)</sup>	Q3 2022
<b>Revenue</b>	<b>115.8</b>	<b>26.5%</b>	<b>119.4</b>	<b>11.0%</b>	-
Delivery costs (external)	(19.6)	33.1%	-	-	-
<b>Gross profit</b>	<b>96.2</b>	<b>25.3%</b>	<b>119.4</b>	<b>11.0%</b>	-
Delivery costs (internal)	(53.0)	17.4%	(17.3)	3.6%	-
<b>Contribution margin</b>	<b>43.2</b>	<b>34.1%</b>	<b>102.0</b>	<b>13.6%</b>	-
<i>Contribution margin (% revenue)</i>	<i>37.3%</i>	<i>+2.6pp</i>	<i>85.5%</i>	<i>+1.3pp</i>	-
SG&A	(41.1)	18.5%	(44.5)	10.2%	(14.7)
<b>Adjusted EBITDA</b>	<b>2.0</b>	<b>NM</b>	<b>57.5</b>	<b>14.0%</b>	<b>(14.7)</b>
<i>Adj. EBITDA margin (% gross profit)</i>	<i>2.1%</i>	<i>+5.8pp<sup>(2)</sup></i>	<i>48.2%</i>	<i>+2.1pp<sup>(2)</sup></i>	-

- Attractive Solutions & Services contribution margin of 37.3%
- Continued improvement in adjusted EBITDA margin in Solutions & Services driven by rapid scaling of business
- Margin uplift in Software & Cloud driven by operating leverage

# ON TRACK TO DELIVER OPERATIONAL EFFICIENCIES

## SCOPE OF NEW EFFICIENCY PROGRAM

## PROGRESS IN Q3 2022

### STREAMLINED COMMERCIAL PROCESSES

- Value-based customer segmentation and key account management
- Optimized sales force deployment



- Detailed assessment of sales force effectiveness across regions
- Roll-out of next generation sales processes and tools to improve efficiency and effectiveness

### EFFICIENT SERVICES DELIVERY MODEL

- Standardized offerings to scale profitably
- Transition to globally managed delivery model



- Optimization of roles across global, regional and country teams
- Transition to more streamlined operating model already in progress

### RIGHT-SIZED SUPPORT FUNCTIONS

- Transactional activities managed by offshore shared service centers
- Optimized global and regional centers of excellence for support functions



- Benchmarking of productivity metrics across support functions to identify opportunity areas
- Alignment on savings targets and operating models for support functions

**COST AND EFFICIENCY TARGETS TO BE ANNOUNCED WITH FY2022 RESULTS AND FULL EXECUTION OVER 2023-24**

# LAUNCH OF SHARE BUYBACK PROGRAM OF UP TO CHF70 MILLION

## RE-INVEST IN GROWTH

- Execution of organic growth strategy
- Investments in Goatpath / PyraCloud

## M&A

- Focus on bolt-on acquisitions
- Clear strategic and financial criteria

## PRIORITIES

## RETURNS TO SHAREHOLDERS

- Commitment to dividend of 30-50% of adjusted profit each year
- **Share buyback program of up to CHF70m starting in early Q1 2023**



# GUIDANCE REITERATED

	FY2022 OUTLOOK	MID-TERM GUIDANCE
GROSS PROFIT GROWTH <sup>(1)</sup>	<ul style="list-style-type: none"><li>• MID-TEENS</li></ul>	<ul style="list-style-type: none"><li>• MID-TEENS on average per annum</li></ul>
ADJUSTED EBITDA MARGIN	<ul style="list-style-type: none"><li>• ABOVE 25%</li></ul>	<ul style="list-style-type: none"><li>• ABOVE 25% in any given year</li></ul>
DIVIDEND POLICY	<ul style="list-style-type: none"><li>• 30-50% adjusted profit for the year</li></ul>	<ul style="list-style-type: none"><li>• 30-50% adjusted profit for the year</li></ul>



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## CLOSING REMARKS

D i e t e r S c h l o s s e r , C E O



# KEY TAKE-AWAYS



## STRONG PROFITABLE GROWTH

- ✓ Q3 2022 results on track to meet full-year guidance
- ✓ Strong momentum across hyperscaler practices & ISV portfolio
- ✓ Solutions & Services continues to scale towards profitability target



## FOCUS ON OPERATIONAL EXCELLENCE

- ✓ Q3 2022 adjusted EBITDA margin above expectations
- ✓ New efficiency program to be launched in early 2023
- ✓ Continued talent attraction and development



## INCREASED TRANSPARENCY

- ✓ Reporting by business line from H1 2022
- ✓ More meaningful adjusted performance measures from 2023
- ✓ First sustainability report in 2023





# Q&A





**THANK YOU!**



A smiling man with dark hair and a beard, wearing a grey button-down shirt, stands with his arms crossed. He is positioned in the center of the frame against a dark blue background filled with digital data, including binary code (0s and 1s), glowing lines, and various numerical strings. The overall aesthetic is futuristic and tech-oriented.

# Appendix

# DEFINITIONS OF KEY ALTERNATIVE PERFORMANCE MEASURES

**Gross profit from Software & Cloud** equals revenue from the sale of software and cloud<sup>(1)</sup>. **Gross profit from Solutions & Services** is calculated as revenue from solutions and services less third-party service delivery costs.

**Adjusted EBITDA** is defined as the underlying earnings before net financial items, tax, depreciation and amortization, adjusted for items affecting comparability in operating expenses.

**Adjusted EBITDA margin** is defined as adjusted EBITDA divided by gross profit.

**Adjusted profit for the period** is defined as the (loss)/profit for the period, adjusted for items impacting comparability in operating expenses and net finance income/(expenses) as well as the related tax impact.

**Contribution margin** is defined as total revenue net of third-party service delivery costs and directly attributable internal delivery costs.

**Net debt / cash** comprises the group's cash and cash equivalents, current financial assets and other non-current receivables less bank overdrafts, contingent consideration liabilities, lease liabilities, other current and non-current financial liabilities.

**Net working capital** is defined as the group's trade receivables, current other receivables, prepayments and contract assets minus trade payables, current other payables and accrued expenses and contract liabilities.

➤ **See page 12 of 2022 Half-year report for a complete list of Alternative Performance measures**

# ADJUSTED EBITDA BRIDGE

CHFm	Q3 2022	Q3 2021	9M 2022	9M 2021
<b>Reported EBITDA</b>	<b>32.7</b>	<b>22.9</b>	<b>78.5</b>	<b>115.4</b>
Share-based compensation <sup>(1)</sup>	1.2	3.9	4.6	11.8
Integration, M&A and earn-out expenses	9.9	8.3	34.3	17.1
Transformance expenses	1.1	-	9.6	-
Russia-related loss	-	-	35.8	-
<b>Adjusted EBITDA</b>	<b>44.9</b>	<b>35.1</b>	<b>162.8</b>	<b>144.2</b>

- Adjustments:
  - Share-based compensation<sup>(1)</sup>
  - Integration, M&A and earn-out expenses
  - Transformance expenses
  - Loss relating to sale of Russian operations (mainly non-cash)

# QUARTERLY FINANCIAL SUMMARY

CHFm	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY2021	Q1 2022	Q2 2022	Q3 2022
Revenue Solutions & Services	90.3	98.3	96.8	145.4	430.7	115.7	124.2	115.8
Revenue Software & Cloud	123.5	144.2	112.3	153.7	533.6	121.9	152.8	119.4
<b>Total revenue</b>	<b>213.7</b>	<b>242.4</b>	<b>209.1</b>	<b>299.1</b>	<b>964.4</b>	<b>237.6</b>	<b>277.0</b>	<b>235.2</b>
Gross profit Solutions & Services	67.5	79.3	81.3	93.5	321.4	91.0	104.2	96.2
Gross profit Software & Cloud	123.5	144.2	112.3	153.7	533.6	121.9	152.8	119.4
<b>Total gross profit</b>	<b>190.9</b>	<b>223.4</b>	<b>193.6</b>	<b>247.2</b>	<b>855.1</b>	<b>212.9</b>	<b>257.0</b>	<b>215.6</b>
<b>Total adjusted operating costs</b>	<b>(149.6)</b>	<b>(155.6)</b>	<b>(158.4)</b>	<b>(172.0)</b>	<b>(635.7)</b>	<b>(170.9)</b>	<b>(181.2)</b>	<b>(170.7)</b>
Adjusted EBITDA Solutions & Services	(4.5)	(2.2)	(3.0)	6.4	(3.4)	(3.9)	7.4	2.0
Adjusted EBITDA Software & Cloud	60.4	80.7	51.7	90.4	283.2	59.1	85.9	57.5
Corporate costs	(14.6)	(10.7)	(13.5)	(21.6)	(60.4)	(13.1)	(17.5)	(14.7)
<b>Adjusted EBITDA</b>	<b>41.3</b>	<b>67.8</b>	<b>35.1</b>	<b>75.2</b>	<b>219.4</b>	<b>42.1</b>	<b>75.8</b>	<b>44.9</b>
Adjusted EBITDA margin (%)	21.6%	30.4%	18.2%	30.4%	25.7%	19.8%	29.5%	20.8%

# PROFIT & LOSS SUMMARY BY BUSINESS LINE

	Solutions & Services				Software & Cloud				Corporate			
CHFm	Q3 2022	% Δ CCY	9M 2022	% Δ CCY	Q3 2022	% Δ CCY	9M 2022	% Δ CCY	Q3 2022	% Δ CCY	9M 2022	% Δ CCY
<b>Revenue</b>	<b>115.8</b>	<b>26.5%</b>	<b>355.8</b>	<b>29.4%</b>	<b>119.4</b>	<b>11.0%</b>	<b>394.1</b>	<b>6.6%</b>	-	-	-	-
Delivery costs (external)	(19.6)	33.1%	(64.3)	16.9%	-	-	-	-	-	-	-	-
<b>Gross profit</b>	<b>96.2</b>	<b>25.3%</b>	<b>291.5</b>	<b>32.5%</b>	<b>119.4</b>	<b>11.0%</b>	<b>394.1</b>	<b>6.6%</b>	-	-	-	-
Delivery costs (internal)	(53.0)	17.4%	(165.4)	28.7%	(17.3)	3.6%	(54.8)	4.4%	-	-	-	-
<b>Contribution margin</b>	<b>43.2</b>	<b>34.1%</b>	<b>126.1</b>	<b>35.9%</b>	<b>102.0</b>	<b>13.6%</b>	<b>339.3</b>	<b>7.8%</b>	-	-	-	-
Contribution margin (% revenue)	37.3%	-	35.4%	-	85.5%	-	86.1%	-	-	-	-	-
SG&A	(41.1)	18.5%	(120.6)	19.0%	(44.5)	10.2%	(136.7)	7.3%	(14.7)	14.5%	(45.2)	20.5%
<b>Adjusted EBITDA</b>	<b>2.0</b>	<b>NM</b>	<b>5.5</b>	<b>NM</b>	<b>57.5</b>	<b>14.0%</b>	<b>202.5</b>	<b>6.6%</b>	<b>(14.7)</b>	<b>14.5%</b>	<b>(45.2)</b>	<b>20.5%</b>
Adjusted EBITDA margin (% gross profit)	2.1%	-	1.9%	-	48.2%	-	51.4%	-	-	-	-	-



# REPORTING CHANGES TO IMPROVE TRANSPARENCY

2022

- ✓ Business line P&L reporting down to EBITDA level
- ✓ Certain costs reclassified from operating expenses to internal delivery costs; no impact at revenue or EBITDA levels

2023

- KPIs based on revenue rather than gross profit, in line with market practice
- FY2023 and mid-term guidance re-stated based on revenue growth and adjusted EBITDA margin as % of revenue in conjunction with FY22 results in early March

