



software **one**

FY 2023 Results

15 February 2024

Disclaimer

Forward-looking statements

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Solid results with 8% revenue growth and adj. EBITDA margin over 24%

CHFm, % YoY (ccy)	Q4 2023		FY 2023 ⁽¹⁾	
Revenue⁽²⁾	270.7	+6.6%	1,010.9	+8.0%
Adjusted EBITDA	85.6	+14.4%	245.2	+6.5%
Margin (% revenue)	31.6%	+2.4pp	24.3%	(0.2)pp

(1) FY 2023 financial information is unaudited

3 (2) FY 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

Positive momentum driven by EMEA and APAC

Revenue by region

CHFm, % YoY growth (ccy)

NORAM

Q4 2023

37.3

(10.0)%

FY 2023

149.1

+0.0%

EMEA

Q4 2023

165.9

+4.8%

FY 2023

609.8

+7.6%

APAC

Q4 2023

36.1

+32.8%

FY 2023

144.3

+24.6%

LATAM

Q4 2023

27.7

+4.4%

FY 2023

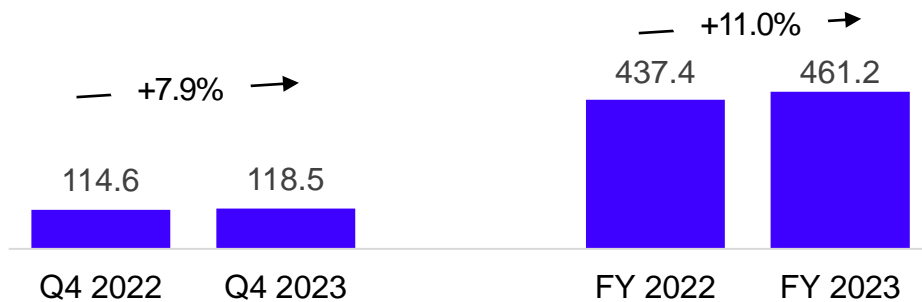
99.7

+0.2%

Broad-based growth in S&C Services; continued acceleration in Microsoft

Software & Cloud Services

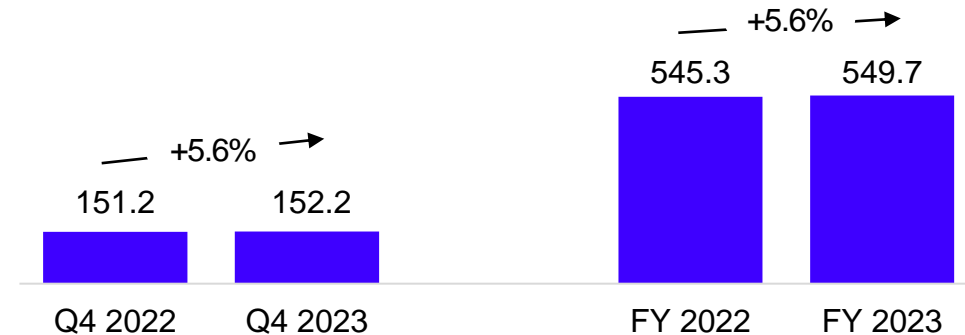
Revenue, CHFm, % YoY growth (ccy) ⁽¹⁾



- Growth driven by Cloud Services, Digital Workplace and Software Sourcing & Portfolio Management in 2023
- Continued decline in legacy services, with lower impact in Q4 2023
- Growth in xSimples⁽²⁾ of 12.2% and 14.6% YoY ccy in Q4 and 2023 respectively
- 73% of LTM (to 31 December 2023) group revenue from 15.9k clients purchasing both software and services, vs. 15.1k a year ago

Software & Cloud Marketplace

Revenue, CHFm, % YoY growth (ccy)



- Microsoft gross billings at USD 18.3 billion in 2023, up 9% compared to prior year; Q4 2023 billings were USD 3.4 billion, up 7% YoY
- Continued acceleration in Microsoft revenue in Q4 2023, offsetting lower growth in other ISVs

(1) FY 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 revenue for AzureSimple, 365Simple and AWS

Solid performance in line with revised revenue guidance

P&L summary⁽¹⁾

CHFm	Q4 2023	% Δ Rep	% Δ CCY ⁽³⁾	FY 2023	% Δ Rep	% Δ CCY ⁽³⁾
Revenue⁽²⁾	270.7	1.8%	6.6%	1,010.9	2.9%	8.0%
Delivery costs	(84.0)	(2.9)%	0.3%	(347.6)	0.4%	5.3%
Contribution margin	186.7	4.1%	9.6%	663.3	4.2%	9.4%
<i>Contribution margin (% revenue)</i>	<i>69.0%</i>	<i>1.5pp</i>	<i>-</i>	<i>65.6%</i>	<i>0.9pp</i>	<i>-</i>
SG&A	(101.1)	(0.5)%	5.9%	(418.1)	5.6%	11.2%
Adj. EBITDA	85.6	10.2%	14.4%	245.2	2.0%	6.5%
<i>Adj. EBITDA margin (% revenue)</i>	<i>31.6%</i>	<i>2.4pp</i>	<i>-</i>	<i>24.3%</i>	<i>(0.2)pp</i>	<i>-</i>

- Solid growth in 2023 across both business lines
- Adj. EBITDA up 14.4% in Q4 2023, driven by limited SG&A growth and over-delivery on operational excellence programme
- FX impact mitigated by natural hedge between revenue and costs

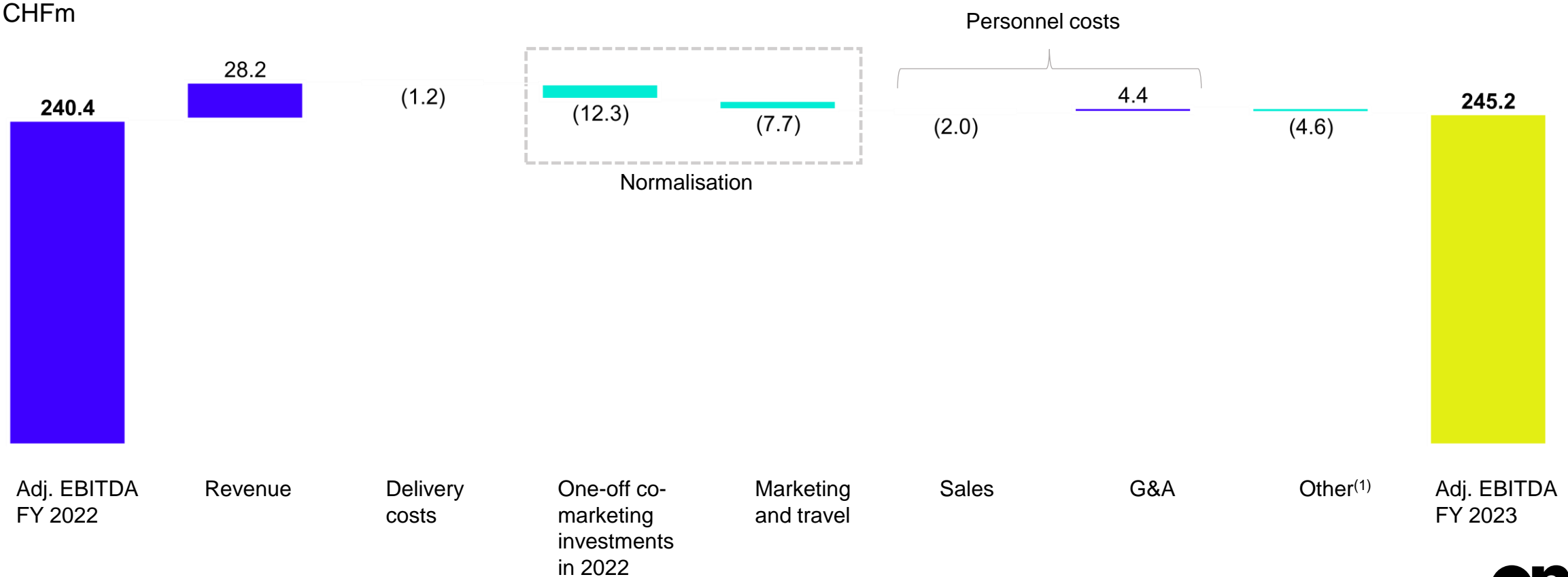
(1) FY 2023 financial information is unaudited

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(3) In constant currency; current period translated at average exchange rate of prior-year period based on management accounts

Adj. EBITDA bridge impacted by post-Covid normalisation of commercial activities

Adjusted EBITDA bridge



7 (1) Includes bad debt, FX, and other items



Improved adj. EBITDA margin in S&C Services

Business line P&L⁽¹⁾

CHFm	Software & Cloud Services ⁽²⁾		Software & Cloud Marketplace	
	FY 2023	% Δ CCY ⁽³⁾	FY 2023	% Δ CCY ⁽³⁾
Revenue	461.2	11.0%	549.7	5.6%
Delivery costs	(275.6)	6.3%	(72.0)	1.5%
Contribution margin	185.6	18.7%	477.8	6.2%
<i>Contribution margin (% revenue)</i>	<i>40.2%</i>	<i>2.5pp</i>	<i>86.9%</i>	<i>0.5pp</i>
SG&A	(157.5)	9.5%	(195.4)	12.9%
Adj. EBITDA	28.1	111.5%	282.4	2.2%
<i>Adj. EBITDA margin (% revenue)</i>	<i>6.1%</i>	<i>3.0pp</i>	<i>51.4%</i>	<i>(1.7)pp</i>

- Further optimisation of delivery costs driven by operational excellence programme
- Strong operating leverage in services
- SG&A by business line impacted by reallocation of sales resources

(1) Corporate costs of CHF 65.2m for FY 2023; % Δ CCY 10.4%

(2) FY 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

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Operational excellence delivered well ahead of plan



Commercial effectiveness

Execution against plan



Current status

- Partial completion of sales force right-sizing
- Increase tools/processes adoption
- Roll-out of sales acceleration initiatives, i.e. pricing, rewards



Efficient service delivery model



- Optimised service delivery spans/layers
- Tailored marketplace delivery model by customer type



Right-sized support functions



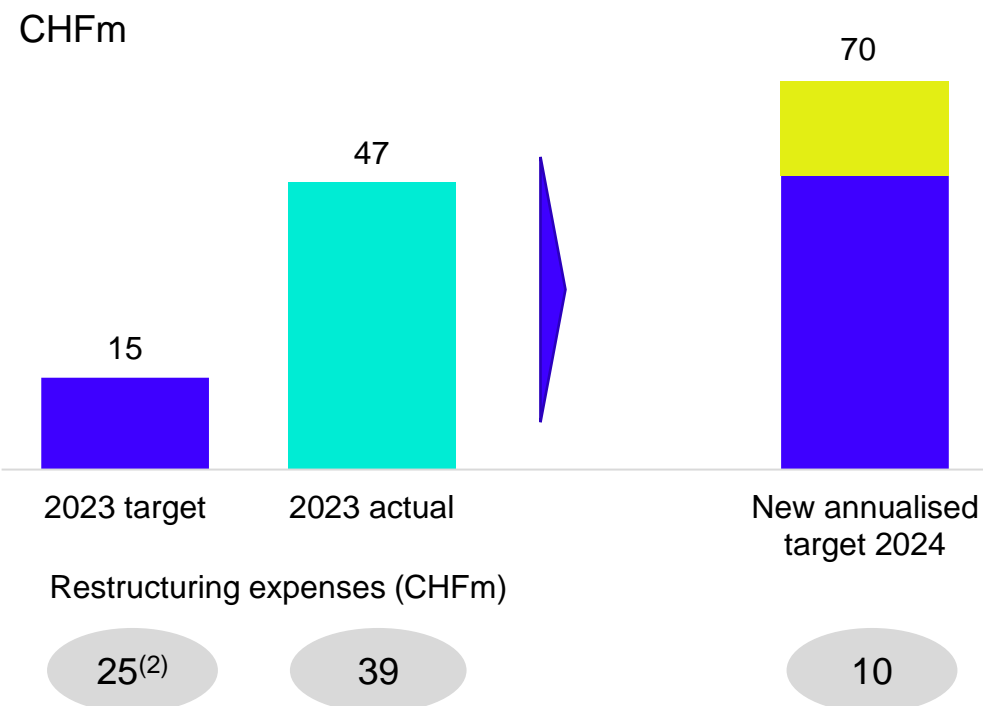
- Planned country finance transitions to shared service centres completed (~30 countries) and standard processes rolled out
- HR capacity optimised as planned; shared service centres established in EMEA and APAC
- HRIS tool revamp underway

Cost savings of CHF **47** million achieved by December 2023, exceeding full-year target of CHF 15 million; Annualised savings of CHF **63** million expected to reach raised target of CHF **70** million (previously CHF 50 million) in 2024

Adjusted net profit bridge

CHFm	FY 2023	FY 2022
IFRS reported profit for the period	21.4	(58.3)
Change in revenue recognition of Microsoft Enterprise Agreements	(0.2)	6.6
Share-based compensation ⁽¹⁾	-	4.3
Integration, M&A and earn-out expenses	23.1	44.3
Russia-related loss	(0.3)	35.2
Restructuring expenses	39.3	13.1
Discontinuation of MTWO vertical	5.7	-
Other non-recurring items	15.9	-
Total revenue and operating expense adjustments	83.5	103.5
Depreciation / (appreciation) of Crayon and impact of adjustments on financial result	8.9	77.7
Tax impact of adjustments	(4.3)	(7.9)
Adjusted profit for the period	109.6	115.0

Cost savings vs. target

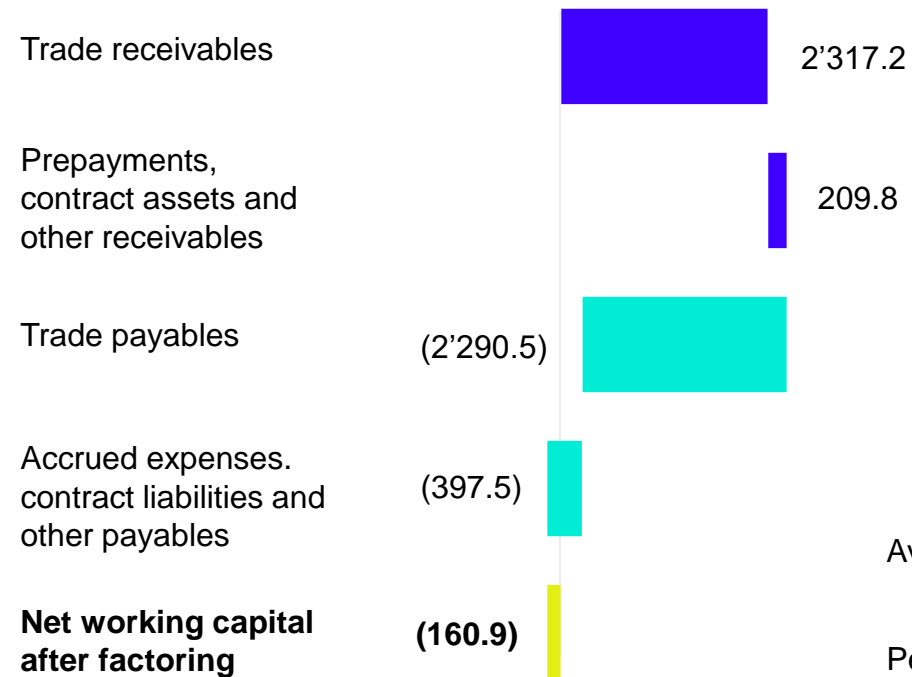


Higher restructuring drove accelerated delivery and materially higher recurring savings

Stable working capital development

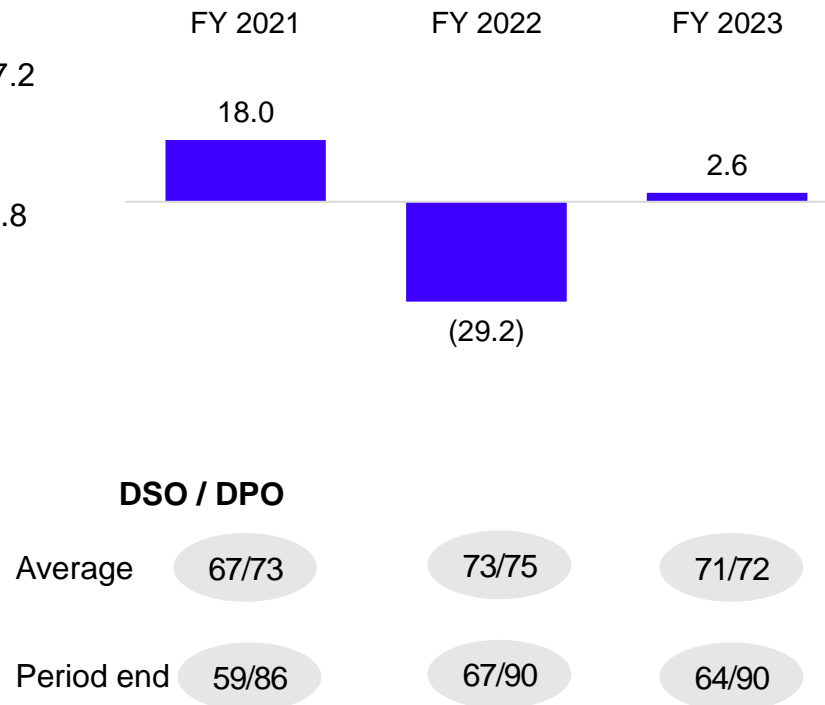
Net working capital

CHFm, 31 December 2023



Change in net working capital

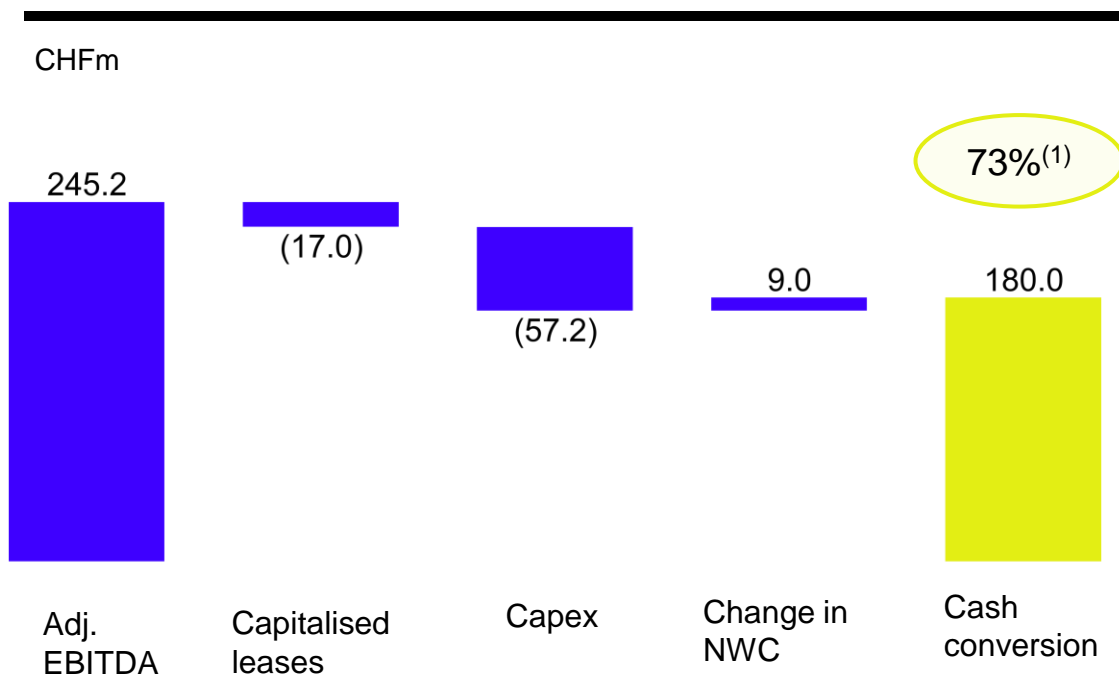
CHFm



- Working capital position in line with prior year, with stable DSO and DPOs
- Stable customer payment terms

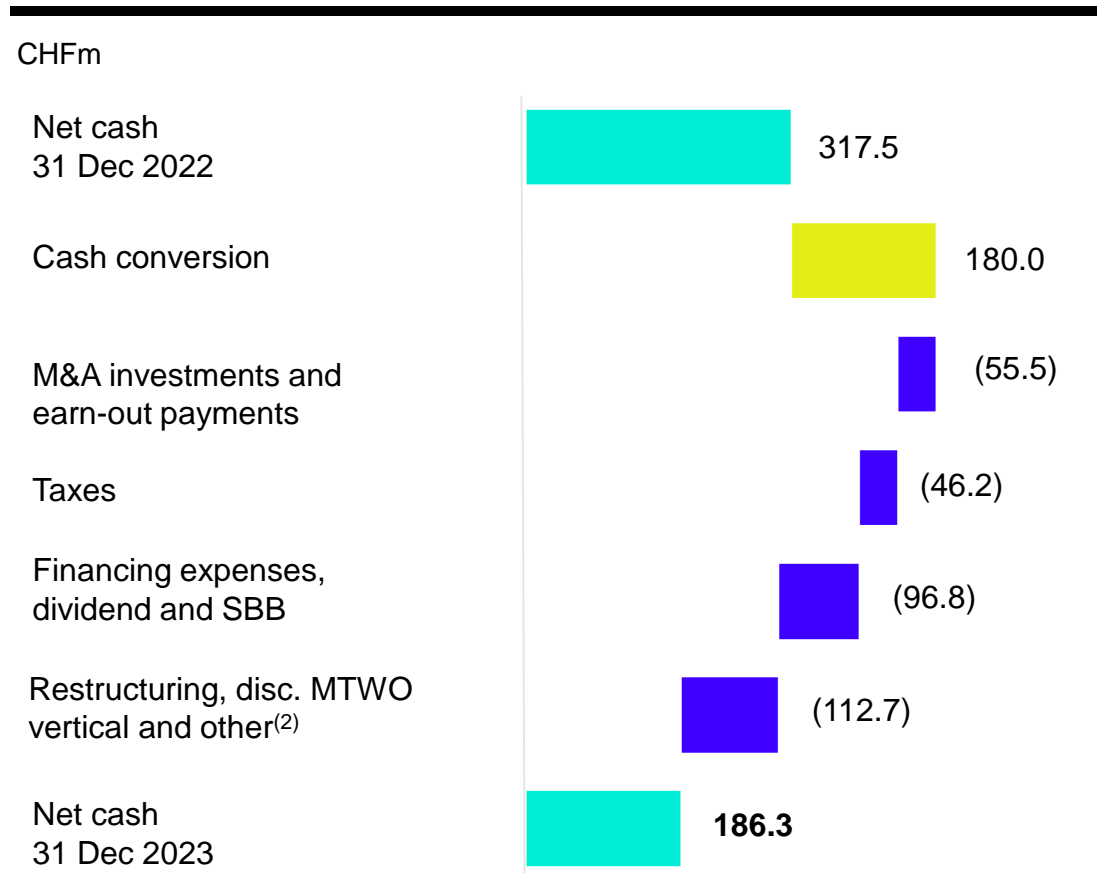
Strong operating cash flow and balance sheet

Cash conversion



Elevated capex given ongoing investments in Marketplace platform

Net cash development



2024 guidance and mid-term targets

	FY 2024	Vision 2026
Revenue growth ⁽¹⁾	8-10%	Mid-teens
Adj. EBITDA margin (% revenue)	24.5-25.5%	Approaching 28%
Dividend policy	30-50% adj. profit for the year	30-50% adj. profit for the year

13 (1) In constant currency



Appendix



Definitions of key alternative performance measures

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

Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.

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.

Free cash flow is defined as the group net cash generated from/(used in) operating activities, plus net cash from/(used in) investing activities, minus net cash from acquisition of businesses (net of cash acquired), sale of subsidiary (net of cash disposed) and proceeds from sale of financial assets.

Growth at constant currencies is defined as the change between two periods presented on a constant currency basis for comparability purposes and to assess the group's underlying performance. Period profit and loss figures are translated from the subsidiaries' respective local currencies into Swiss francs at the applicable average exchange rate of the prior year period. This calculation is based on the underlying management accounts.

Net debt / (cash) comprises group bank overdrafts, other current and non-current financial liabilities less cash and cash equivalents and current financial assets.

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.

Profit and loss summary

CHFm	IFRS reported		Adjusted ⁽¹⁾			
	FY 2023	FY 2022	FY 2023	FY 2022	% Δ	% Δ at CCY ⁽²⁾
Revenue from Software & Cloud Marketplace	549.8	538.4	549.7	545.3	0.8%	5.6%
Revenue from Software & Cloud Services ⁽³⁾	461.5	437.4	461.2	437.4	5.4%	11.0%
Total revenue	1,011.3	975.8	1,010.9	982.8	2.9%	8.0%
Delivery costs	-	-	(347.6)	(346.3)	0.4%	5.3%
Contribution margin	-	-	663.3	636.4	4.2%	9.4%
SG&A	-	-	(418.1)	(396.0)	5.6%	11.2%
EBITDA	161.7	136.9	245.2	240.4	2.0%	6.5%
Depreciation, amortisation & impairment ⁽⁴⁾	(65.9)	(58.6)	(65.9)	(58.6)	12.6%	-
EBIT	95.8	78.4	179.3	181.9	(1.4)%	-
Net financial items	(33.3)	(92.4)	(24.4)	(14.7)	66.0%	-
Earnings before tax	62.5	(14.0)	154.9	167.2	(7.4)%	-
Income tax expense	(41.0)	(44.3)	(45.3)	(52.2)	(13.2)%	-
Profit for the period	21.4	(58.3)	109.6	115.0	(4.7)%	-
EBITDA margin (% revenue)	16.0%	14.0%	24.3%	24.5%	(0.2)pp	-
EPS (diluted)	0.14	(0.38)	0.70	0.74	(4.9)%	-

(1) Includes adjustments for impact of change in revenue recognition of Microsoft Enterprise Agreements, share-based compensation, integration, M&A & earn-out expenses, restructuring expenses, Russia-related loss and other non-recurring items

(2) In constant currency; Current period translated at average exchange rate of prior-year period, based on management accounts

16 (3) FY 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

(4) Includes PPA amortisation (including impairments, if applicable) of CHF 14.5 million and CHF 15.9 million in 2023 and 2022, respectively

Business line profit & loss summary

CHFm	Software & Cloud Services ⁽¹⁾				Software & Cloud Marketplace				Corporate	
	Q4 2023	% Δ CCY ⁽²⁾	FY 2023	% Δ CCY ⁽²⁾	Q4 2023	% Δ CCY ⁽²⁾	FY 2023	% Δ CCY ⁽²⁾	Q4 2023	FY 2023
Revenue	118.5	7.9%	461.2	11.0%	152.2	5.6%	549.7	5.6%	-	-
Delivery costs	(66.5)	1.9%	(275.6)	6.3%	(17.5)	(5.3)%	(72.0)	1.5%	-	-
Contribution margin	52.0	16.4%	185.6	18.7%	134.7	7.1%	477.8	6.2%	-	-
<i>Contribution margin (% revenue)</i>	<i>43.9%</i>	<i>2.6pp</i>	<i>40.2%</i>	<i>2.5pp</i>	<i>88.5%</i>	<i>1.2pp</i>	<i>86.9%</i>	<i>0.5pp</i>	-	-
SG&A	(32.4)	(7.1)%	(157.5)	9.5%	(51.4)	15.1%	(195.4)	12.9%	(17.4)	(65.2)
Adjusted EBITDA⁽³⁾	19.6	102.5%	28.1	111.5%	83.3	2.6%	282.4	2.2%	(17.4)	(65.2)
<i>Adjusted EBITDA margin (% revenue)</i>	<i>16.6%</i>	<i>7.9pp</i>	<i>6.1%</i>	<i>3.0pp</i>	<i>54.8%</i>	<i>(1.3)pp</i>	<i>51.4%</i>	<i>(1.7)pp</i>	-	-

(1) FY 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) In constant currency; Current period translated at average exchange rate of prior-year period based on management accounts

17 (3) Includes adjustments for impact of change in revenue recognition of Microsoft Enterprise Agreements, share-based compensation, integration, M&A & earn-out expenses, restructuring expenses, Russia-related loss and other non-recurring items

Quarterly summary by business line

CHFm	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Revenue Solutions & Cloud Marketplace	123.5	144.2	112.3	153.7	533.6	121.9	152.8	119.4	151.2	545.3	125.6	151.0	121.0	152.2	549.7
Revenue Software & Cloud Services ⁽¹⁾	75.5	92.5	86.6	109.0	363.4	101.4	116.2	105.2	114.6	437.4	113.8	116.4	112.4	118.5	461.2
Total revenue	198.9	236.6	198.8	262.7	897.1	223.3	269.0	224.6	265.8	982.8	239.4	267.4	233.4	270.7	1,010.9
Delivery costs	(65.2)	(77.9)	(70.7)	(88.1)	(302.0)	(86.8)	(90.6)	(82.4)	(86.5)	(346.3)	(91.4)	(86.8)	(85.4)	(84.0)	(347.6)
Contribution margin S&C Marketplace	105.2	125.6	94.5	135.6	460.9	101.9	135.3	102.0	132.0	471.3	106.6	132.3	104.2	134.7	477.8
Contribution margin S&C Services	28.6	33.1	33.6	38.9	134.2	34.6	43.1	40.2	47.3	165.1	41.4	48.3	43.9	52.0	185.6
Total contribution margin	133.8	158.7	128.1	174.5	595.1	136.5	178.4	142.2	179.3	636.4	148.0	180.6	148.0	186.7	663.3
<i>Contribution margin (% of revenue)</i>	<i>67.2%</i>	<i>67.1%</i>	<i>64.4%</i>	<i>66.5%</i>	<i>66.3%</i>	<i>61.1%</i>	<i>66.3%</i>	<i>63.3%</i>	<i>67.4%</i>	<i>64.8%</i>	<i>61.8%</i>	<i>67.6%</i>	<i>63.4%</i>	<i>69.0%</i>	<i>65.6%</i>
SG&A	(92.5)	(90.9)	(93.0)	(99.4)	(375.7)	(94.4)	(102.6)	(97.3)	(101.6)	(396.0)	(108.4)	(108.6)	(100.1)	(101.1)	(418.1)
Adjusted EBITDA S&C Marketplace	60.1	80.5	51.4	89.3	281.4	58.8	87.4	58.1	84.7	289.1	53.3	82.5	63.2	83.3	282.4
Adjusted EBITDA S&C Services	(4.2)	(2.0)	(2.8)	3.1	(5.8)	(3.6)	5.9	1.4	9.9	13.6	2.3	4.8	1.3	19.6	28.1
Corporate costs	(14.6)	(10.7)	(13.5)	(17.3)	(56.2)	(13.1)	(17.5)	(14.7)	(17.0)	(62.2)	(16.0)	(15.2)	(16.6)	(17.4)	(65.2)
Adjusted EBITDA⁽²⁾	41.3	67.8	35.1	75.2	219.4	42.1	75.8	44.9	77.7	240.4	39.6	72.1	47.9	85.6	245.2
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>20.8%</i>	<i>28.7%</i>	<i>17.7%</i>	<i>28.6%</i>	<i>24.5%</i>	<i>18.8%</i>	<i>28.2%</i>	<i>20.0%</i>	<i>29.2%</i>	<i>24.5%</i>	<i>16.6%</i>	<i>27.0%</i>	<i>20.5%</i>	<i>31.6%</i>	24.3%

(1) 2021 and 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

18 (2) Includes adjustments for impact of change in revenue recognition of Microsoft Enterprise Agreements, share-based compensation, integration, M&A & earn-out expenses, restructuring expenses, Russia-related loss and other non-recurring items

Balance sheet

CHFm	31 December 2023	31 December 2022
Cash and cash equivalents	267.4	325.8
Trade receivables	2,317.2	1,945.0
Income tax receivables	20.2	15.3
Other receivables	92.1	76.6
Derivative financial instruments	3.0	3.8
Prepayments and contract assets	117.7	125.6
Financial assets	43.9	59.2
Current assets	2,861.5	2,551.3
Tangible assets	28.4	31.1
Intangible assets	629.5	613.2
Right-of-use assets	31.4	32.0
Investment in associated companies	-	1.1
Other receivables	207.6	191.8
Derivative financial instruments	0.4	0.3
Deferred tax assets	25.1	28.5
Non-current assets	922.4	897.8
TOTAL ASSETS	3,783.9	3,449.1

CHFm	31 December 2023	31 December 2022
Trade payables	2,290.5	1,915.9
Other payables	215.8	212.2
Accrued expenses and contract liabilities	181.6	177.5
Derivative financial instruments	12.5	5.5
Income tax liabilities	19.6	30.4
Provisions	34.0	33.3
Bank overdrafts	0.4	5.2
Other financial liabilities	139.9	38.0
Current liabilities	2,894.2	2,417.9
Derivative financial instruments	1.0	0.8
Provisions	14.6	19.7
Financial liabilities	24.8	72.4
Other payables	178.6	168.9
Deferred tax liabilities	21.0	23.7
Defined benefit liabilities	9.6	6.7
Non-current liabilities	249.5	292.1
TOTAL LIABILITIES	3,143.8	2,710.1
TOTAL EQUITY	640.1	739.0
TOTAL LIABILITIES AND EQUITY	3,783.9	3,449.1

Cash flow statement

CHFm	FY 2023	FY 2022
Profit for the period	21.4	(58.5)
Depreciation, amortisation & impairment	65.9	58.6
Total finance result, net	33.3	92.2
Share of result of associated companies	-	0.2
Tax expenses	41.0	44.4
Other non-cash items	(42.8)	16.1
Change in trade receivables	(357.6)	(93.7)
Change in other receivables, prepayments and contract assets	(22.5)	(117.4)
Change in trade and other payables	385.6	172.5
Change in accrued expenses and contract liabilities	3.4	(5.1)
Changes in provisions	(4.5)	10.9
Income taxes paid	(46.2)	(29.1)
Net cash generated from/(used in) operating activities	77.3	91.1
Purchases of tangible and intangible assets	(57.2)	(47.3)
Proceeds from sale of tangible and intangible assets	0.1	0.3
Proceeds from sale of financial assets	-	115.5
Repayment of receipts from swap contracts	(10.4)	-
Loan repayments received	0.7	0.4
Interest received	3.3	1.5
Acquisition of business (net of cash)	(26.1)	(78.4)
Sale of subsidiary (net of cash disposed)	-	(3.8)
Net cash from/(used) in investing activities	(89.7)	(11.8)

CHFm	FY 2023	FY 2022
Proceeds from financial liabilities	6,304.6	3,153.7
Repayments of financial liabilities	(6,242.4)	(3,184.9)
Payment of contingent consideration liabilities	(2.9)	(2.5)
Repurchase of treasury shares under SBB	(25.3)	-
Proceeds from sale of treasury shares	2.0	-
Interest paid	(17.2)	(11.9)
Dividends paid to owners of the parent	(54.3)	(51.1)
Acquisition of non-controlling interests	-	(0.7)
Net cash from/(used in) financing activities	(35.5)	(97.4)
Net (decrease)/increase in cash and cash equivalents	(47.9)	(18.2)
Cash and cash equivalents at beginning of period	325.8	350.4
Net FX difference on cash and cash equivalents	(10.5)	(6.4)
Cash and cash equivalents at end of period	267.4	325.8

Working capital reconciliation

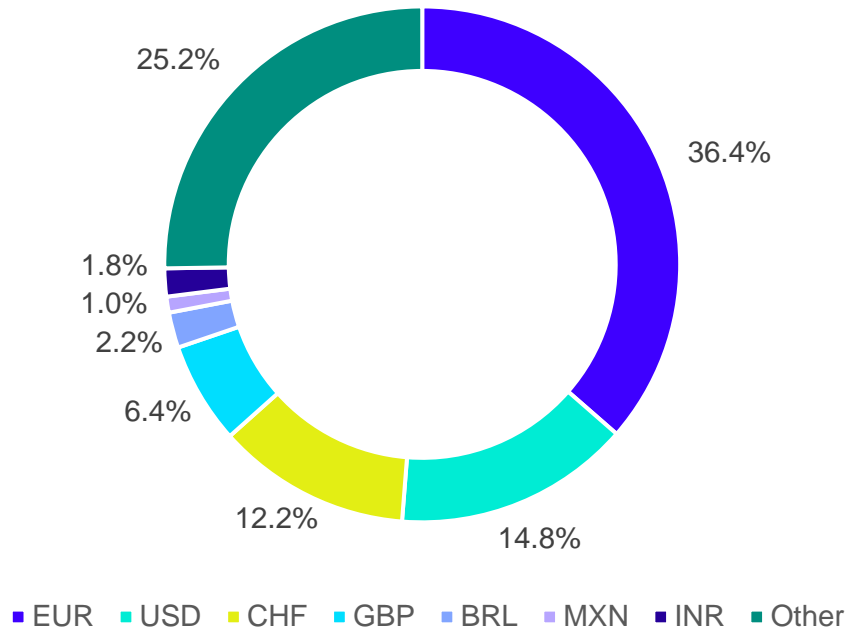
CHFm	31 December 2023	31 December 2022
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Other receivables	92.1	76.6
Prepayments and contract assets	117.7	125.6
Trade payables	(2,290.5)	(1,915.9)
Other payables	(215.8)	(212.2)
Accrued expenses and contract liabilities	(181.6)	(177.5)
NWC (after factoring)	(160.9)	(158.3)
Receivables sold under factoring	192.7	197.5
NWC (before factoring)	31.7	39.2

Net debt reconciliation

CHFm	31 Dec 2023	30 June 2023	31 Dec 2022
Bank overdrafts	0.4	13.1	5.2
Other current financial liabilities	121.2	295.8	17.0
Other non-current financial liabilities	3.4	40.8	45.2
Total financial liabilities	124.9	349.7	67.5
Cash and cash equivalents	(267.4)	(223.2)	(325.8)
Current financial assets	(43.9)	(54.9)	(59.2)
Total financial assets	(311.2)	(278.1)	(385.0)
Net debt/ (cash)	(186.3)	71.6	(317.5)

FX exposure

Revenue by currency⁽¹⁾



Operating expenses by currency⁽¹⁾

