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# Q1 2024 Trading Update

15 May 2024

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# Agenda

- 01** Q1 2024 highlights
- 02** Financial performance & outlook
- 03** Outlook & key takeaways
- 04** Q&A



**Brian Duffy, CEO**



**Rodolfo Savitzky, CFO**

# Q1 2024 highlights

**Brian Duffy**  
**CEO**

# Vision 2026 – a new chapter of growth

- 01** Highly attractive **market opportunity** enhanced by **strategic growth priorities**
- 02** **Solid foundation** with new leadership team and organisation strengthened through operational excellence
- 03** Focus on leveraging **value proposition** based on “lead” business and high-growth “expand” offerings
- 04** **Sharpened execution** driven by **transformed GTM approach**
- 05** **Vision 2026:** strongly positioned to deliver profitable growth and shareholder value



# Solid start to 2024 with over 7% revenue growth

## Q1 2024 group results

CHFm, % YoY (ccy)

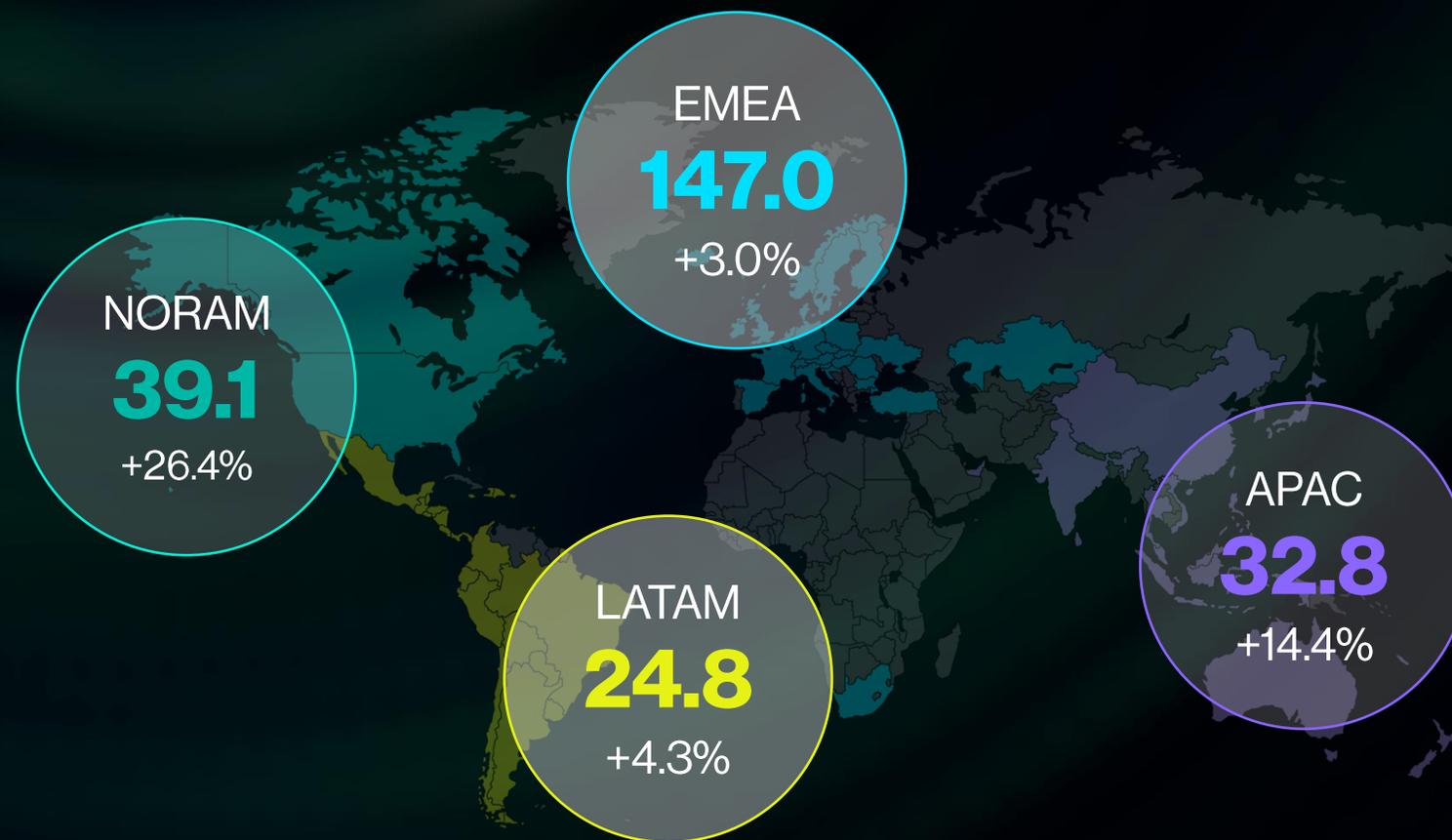
Revenue	246.9	+7.4%
Adj. EBITDA	45.4	+18.8%
Margin	18.4%	+1.8pp

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# Acceleration in NORAM and LATAM

## Q1 2024 group revenue<sup>(1)</sup>

CHFm, % YoY (ccy)



# Broad-based growth across business lines

## Software & Cloud Services

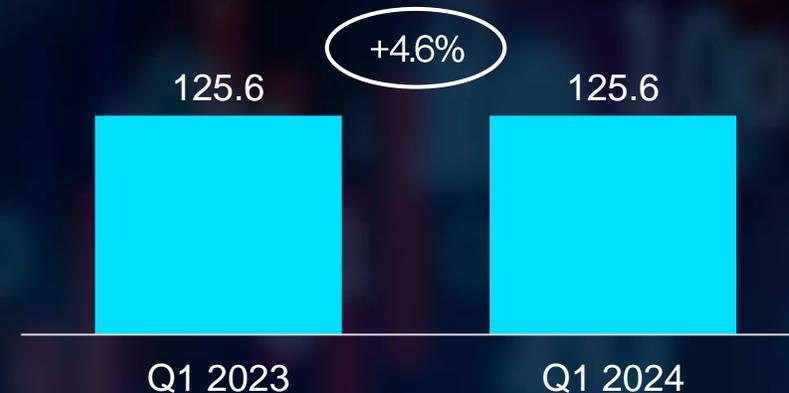
Revenue, CHFm, % YoY growth (ccy)



- Growth in Q1 2024 driven by Cloud Services and SS&PM
- Growth in xSimples<sup>(1)</sup> of 29.0% ccy in Q1 2024
- 73% of LTM (to 31 March 2024) group revenue from 15.9k clients purchasing both software and services, vs. 15.5k a year ago<sup>(1)</sup>

## Software & Cloud Marketplace

Revenue, CHFm, % YoY growth (ccy)



- Microsoft gross billings at USD 4.3 billion in Q1 2024, up 6% YoY
- Revenue growth in the Microsoft business continues to offset lower growth in other ISVs

# Ambition to become #1 Copilot partner on track

## Value proposition

### ROI

Providing clear guidance on use case scenarios

### Risk

Contributing deep security, data and platform expertise

### Readiness

Delivering integration, programme management, adoption and change management

## Market opportunity

**12.5m**

Addressable 365 seats

+

**15%**

Adoption rate

=

**\$100m**

Market opportunity

## KPIs (Q1 2024)



**325,000+**

Copilot users



**325+**

services engagements

# Case study: SoftwareOne helps QNET implement workplace AI

## QNET

QNET is a leading wellness and lifestyle company operating across five continents and one of the first organisations in the APAC region to explore wide adoption of Copilot for Microsoft 365 for multiple uses.

*“Our journey with AI in the workplace is still in its early stages, but people are already very excited about the possibilities. We look forward to SoftwareOne's continued support in helping us choose the right path forward.”*

Ivan Woo,  
CIO, QNET Ltd.



## Challenge

- To explore the best ways to use Copilot for Microsoft 365 to help employees become more productive and to drive innovation, while following strict legal, regulatory and ethics rules

## Solution

- SoftwareOne as trusted partner for 10+ years, helping QNET switch to Microsoft 365 in the past
- Copilot Advisory Service helped key individuals at QNET gain better understanding of the capabilities of Copilot and address concerns
- Decision to start with a small group of early adopters from different departments, prior to company-wide roll-out

## Outcome

- 300 selected users completed their assessment of the tool's potential by early 2024
- Continued workshops to maintain a high level of enthusiasm
- Hands-on experience with multiple use cases enabled tailored solutions before global roll-out

# Ongoing implementation of transformed GTM model

## 2024 priorities

## Q1 2024 initiatives

	<b>Simplify and standardise</b>	<ul style="list-style-type: none"><li>• Harmonise GTM across all regions</li><li>• Develop high performing sales &amp; marketing team</li></ul>	<ul style="list-style-type: none"><li>• GTM roll-out in key regions (covering c. 65% of revenue) in Q2, with remainder by year-end</li><li>• Digital sales hub to launch in Nashville; grow Manila hub and expand across region</li></ul>
	<b>Grow market share</b>	<ul style="list-style-type: none"><li>• Accelerated growth in NORAM</li><li>• Double down on focus ISVs and hyperscalers</li></ul>	<ul style="list-style-type: none"><li>• NORAM growth +26% YoY, under new leadership</li><li>• Prioritised set of ISVs to create joint plans, programmes and targets for profitable growth and better portfolio reach</li></ul>
	<b>Gain wallet share</b>	<ul style="list-style-type: none"><li>• Increase renewal rates and pricing excellence to boost topline &amp; margins</li><li>• Accelerate Marketplace Platform adoption</li></ul>	<ul style="list-style-type: none"><li>• Pricing and renewals excellence initiatives launched</li><li>• Developed new version of Marketplace Platform enhancing subscription management and ordering modules</li></ul>

# Marketplace Platform gaining traction



No. of clients

**17k+**



No. of subscriptions

**34k+**



Gross sales transacted<sup>(1)</sup>

**CHF 668.1m**

# Financial performance

**Rodolfo J Savitzky**  
**CFO**

# Solid revenue growth and improved margin

## P&L summary

CHFm	Q1 2024	Q1 2023	% Δ Rep	% Δ CCY <sup>(1)</sup>
<b>Revenue</b>	<b>246.9</b>	<b>239.4</b>	<b>3.1%</b>	<b>7.4%</b>
Delivery costs	(87.7)	(91.4)	(4.1)%	(1.1)%
<b>Contribution margin</b>	<b>159.3</b>	<b>148.0</b>	<b>7.6%</b>	<b>12.6%</b>
<i>Contribution margin (% revenue)</i>	64.5%	61.8%	+2.7pp	-
SG&A	(113.9)	(108.4)	5.1%	10.3%
<b>Adj. EBITDA</b>	<b>45.4</b>	<b>39.6</b>	<b>14.5%</b>	<b>18.8%</b>
<i>Adj. EBITDA margin (% revenue)</i>	18.4%	16.6%	+1.8pp	-

- Revenue growth across business lines and regions
- Delivery costs optimisation more than offsetting mix
- SG&A reflecting operational excellence savings and growth investments
- FX partially mitigated by natural hedge between revenue and costs

# Adj. EBITDA increase driven by revenue growth and operational excellence

## Adjusted EBITDA bridge<sup>(1)</sup>

CHFm



- Improved delivery costs by insourcing capabilities
- Investing in Sales & Marketing to drive growth
- Savings in admin personnel costs with investment in systems and automation

# Improved contribution margin across both business lines

## Business line P&L<sup>(1)</sup>

CHFm	Software & Cloud Services		Software & Cloud Marketplace	
	Q1 2024	% Δ CCY <sup>(2)</sup>	Q1 2024	% Δ CCY <sup>(2)</sup>
<b>Revenue</b>	<b>121.3</b>	<b>10.4%</b>	<b>125.6</b>	<b>4.6%</b>
Delivery costs	(70.2)	(0.3)%	(17.4)	(4.0)%
<b>Contribution margin</b>	<b>51.1</b>	<b>29.2%</b>	<b>108.2</b>	<b>6.1%</b>
<i>Contribution margin (% revenue)</i>	42.1%	5.8pp	86.1%	1.2pp
SG&A	(46.7)	24.8%	(50.2)	(0.5)%
<b>Adj. EBITDA</b>	<b>4.4</b>	<b>93.6%</b>	<b>57.9</b>	<b>13.0%</b>
<i>Adj. EBITDA margin (% revenue)</i>	3.6%	1.6pp	46.1%	3.6pp

- Lower delivery costs in both business lines
- SG&A increase in S&C Services driven by BDE hires

# Operational excellence programme on track for CHF 70 million target

## Execution against 2024 plan

## Key initiatives



Commercial effectiveness



- Global GTM programme launched
- Improved sales productivity through digital hubs
- Disciplined sales execution framework



Efficient delivery model



- Modularising services portfolio
- End-to-end optimisation of Marketplace delivery
- Dedicated pre-sales process activated



Right-sized support functions



- Ongoing reorganisation in IT
- Scaled HR shared service centres; Workday launched
- Complete Finance shared service centre transitions

Additional cost savings of CHF 7 million in Q1 2024  
CHF 47 million achieved in 2023

# 2024 guidance reiterated



	2024	Vision 2026
<b>Guidance</b>	Transition to higher growth	Profitable growth and shareholder value
Revenue growth <sup>(1)</sup>	8-10%	Mid-teens
Adj. EBITDA margin (% revenue)	24.5-25.5%	Approaching 28%
Dividend policy	30-50% adjusted profit for the year	30-50% adjusted profit for the year

(1) In constant currency



# Key takeaways

**Brain Duffy**  
**CEO**

# Key takeaways

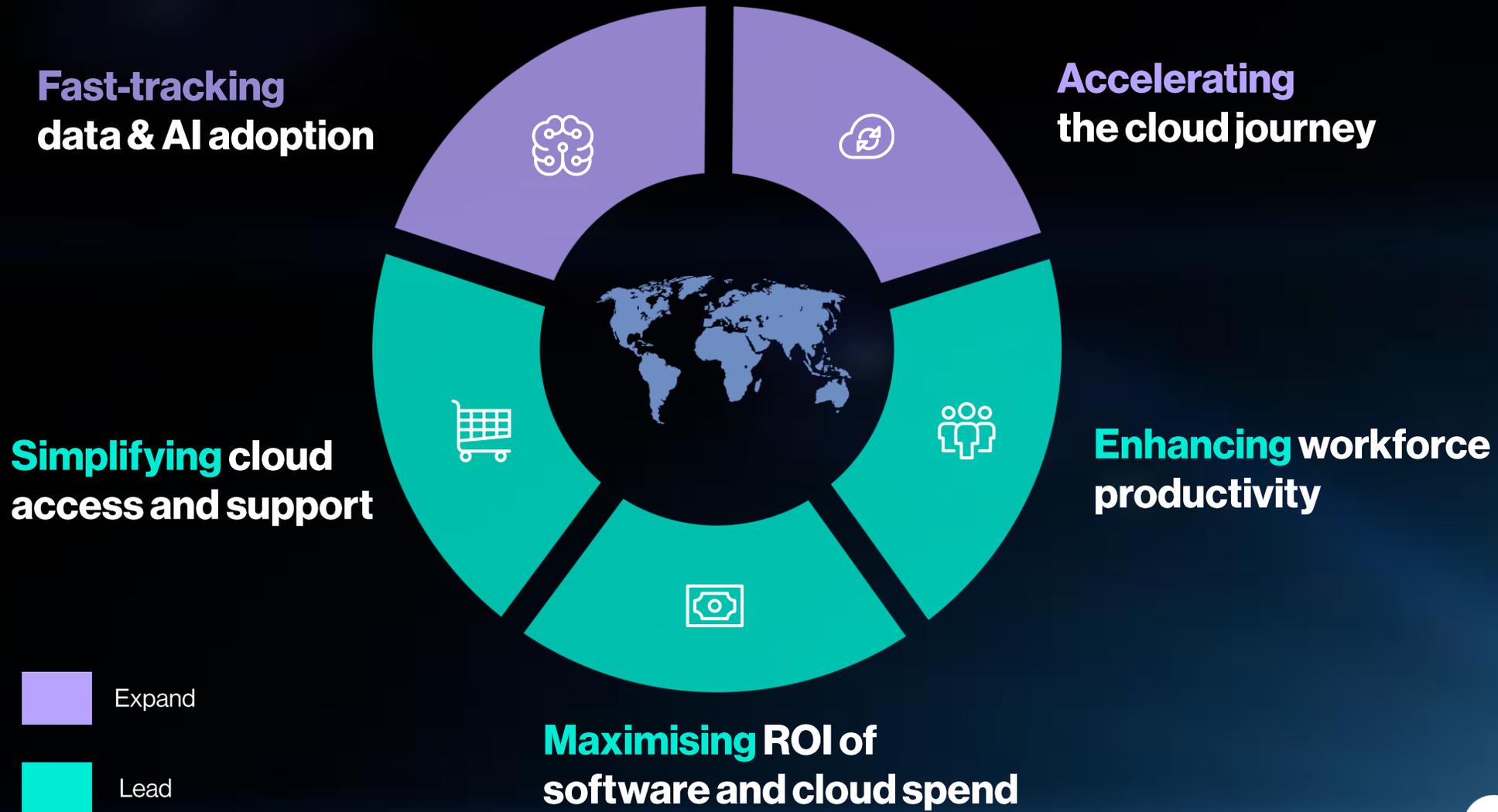
- 01 Solid start to 2024 with over 7% YoY ccy growth and improved margin
- 02 Execution of Vision 2026 progressing as planned
- 03 Ambition to become #1 Copilot partner on track
- 04 GTM transformation ongoing with phased roll-out to largest markets starting in Q2 2024
- 05 Outlook for 2024 reiterated based on YTD performance and stabilising market environment

# Q&A



# Appendix

# Focus on lead business, expanding to high-growth segments

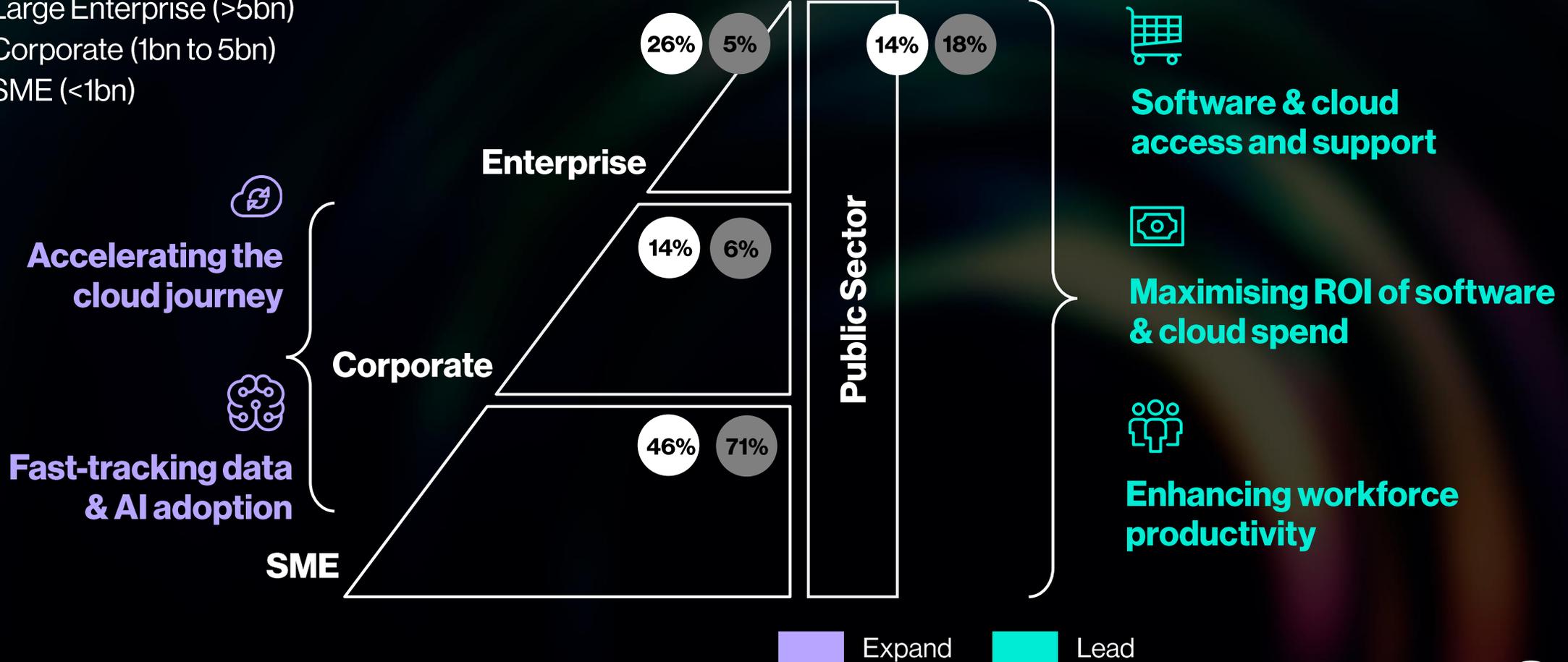


# Targeting our portfolio across customer segments

## New revenue-based segmentation (USD)

Large Enterprise (>5bn)  
 Corporate (1bn to 5bn)  
 SME (<1bn)

Share Rev. Cust.



Note: Breakdown based on customer revenue based on information sourced from HG Insights, CapIQ databases and desk research

# Growth priorities to capture market opportunity

- 01** Deepen partnership with hyperscalers
- 02** Drive global Microsoft Copilot roll-out
- 03** Capitalise on data & AI
- 04** Execute on focused ISV strategy
- 05** Leverage Marketplace Platform

# Sharpening execution of strategy

## 01 Transformed go-to-market

- Commercial excellence with fully integrated salesforce
- Global alliances with hyperscalers and top ISVs
- AI-powered cross-sell / up-sell
- Optimised segmentation and coverage design

## 02 Portfolio innovation

- Productised and modularised offerings
- Outcome-oriented solutions adapted to client needs
- Expand our addressable market through Marketplace platform

## 03 Delivery excellence

- Competitive global footprint coupled with strong local presence for seamless delivery
- Further leveraging expertise in data & AI

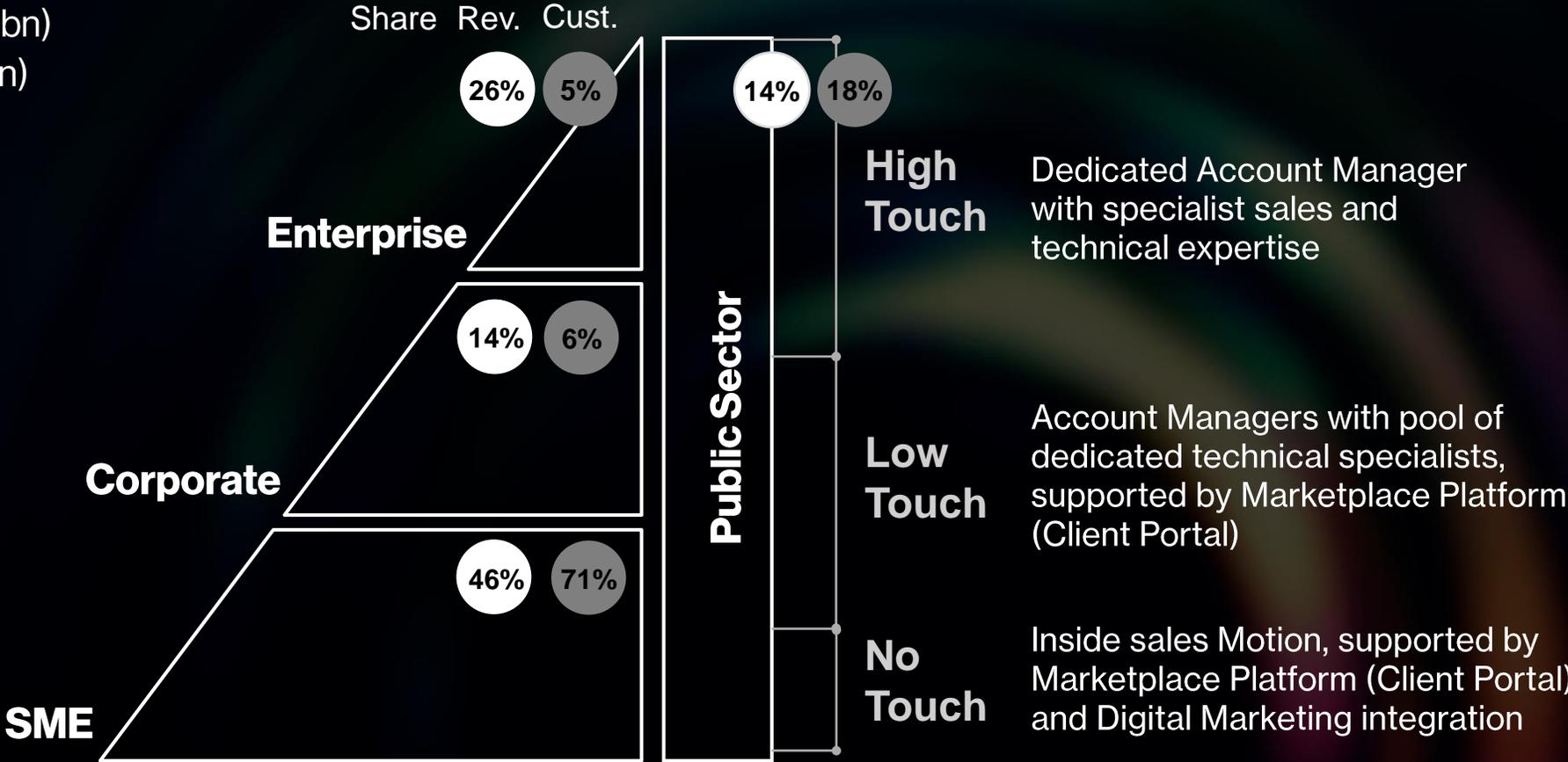
## 04 Talent ecosystem

- Global, diverse and highly qualified talent base
- Continuous upskilling to meet future business needs

# Differentiated coverage model by segment to drive cost-effective, yet scalable revenue growth

## New revenue-based segmentation (USD)

- Large Enterprise (>5bn)
- Corporate (1bn to 5bn)
- SME (<1bn)



Note: Breakdown based on customer revenue based on information sourced from HG Insights, CapIQ databases and desk research



# 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.

# Adjusted EBITDA bridge

CHFm	Q1 2024	Q1 2023
<b>Reported EBITDA</b>	<b>28.7</b>	<b>29.9</b>
Impact of change in revenue recognition of Microsoft Enterprise Agreements	0.3	1.4
Share-based compensation	-	-
Integration, M&A and earn-out expenses	3.1	3.9
Operational excellence restructuring expenses	4.1	4.4
GTM restructuring expenses	5.1	-
Discontinuation of MTWO vertical	3.0	-
Russia-related loss	-	0.1
Other non-recurring items	1.0	-
<b>Adjusted EBITDA</b>	<b>45.4</b>	<b>39.6</b>

# Business line profit & loss summary

CHFm	Software & Cloud Services			Software & Cloud Marketplace			Corporate	
	Q1 2024	% Δ CCY <sup>(1)</sup>	% Δ Rep	Q1 2024	% Δ CCY <sup>(1)</sup>	% Δ Rep	Q1 2024	Q1 2023
<b>Revenue</b>	<b>121.3</b>	<b>10.4%</b>	<b>6.6%</b>	<b>125.6</b>	<b>4.6%</b>	<b>0.0%</b>	-	-
Delivery costs	(70.2)	(0.3)%	(3.1)%	(17.4)	(4.0)%	(8.1)%	-	-
<b>Contribution margin</b>	<b>51.1</b>	<b>29.2%</b>	<b>23.5%</b>	<b>108.2</b>	<b>6.1%</b>	<b>1.5%</b>	-	-
<i>Contribution margin (% revenue)</i>	<i>42.1%</i>	<i>5.8pp</i>	-	<i>86.1%</i>	<i>1.2pp</i>	-	-	-
SG&A	(46.7)	24.8%	19.6%	(50.2)	(0.5)%	(5.7)%	(16.9)	(16.0)
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>4.4</b>	<b>93.6%</b>	<b>89.1%</b>	<b>57.9</b>	<b>13.0%</b>	<b>8.6%</b>	<b>(16.9)</b>	<b>(16.0)</b>
<i>Adjusted EBITDA margin (% revenue)</i>	<i>3.6%</i>	<i>1.6pp</i>	-	<i>46.1%</i>	<i>3.6pp</i>	-	-	-

# Quarterly summary by business line

CHFm	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024
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	125.6
Revenue Software & Cloud Services <sup>(1)</sup>	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	121.3
<b>Total revenue</b>	<b>198.9</b>	<b>236.6</b>	<b>198.8</b>	<b>262.7</b>	<b>897.1</b>	<b>223.3</b>	<b>269.0</b>	<b>224.6</b>	<b>265.8</b>	<b>982.8</b>	<b>239.4</b>	<b>267.4</b>	<b>233.4</b>	<b>270.7</b>	<b>1,010.9</b>	<b>246.9</b>
<b>Delivery costs</b>	<b>(65.2)</b>	<b>(77.9)</b>	<b>(70.7)</b>	<b>(88.1)</b>	<b>(302.0)</b>	<b>(86.8)</b>	<b>(90.6)</b>	<b>(82.4)</b>	<b>(86.5)</b>	<b>(346.3)</b>	<b>(91.4)</b>	<b>(86.8)</b>	<b>(85.4)</b>	<b>(84.0)</b>	<b>(347.6)</b>	<b>(87.7)</b>
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	108.2
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	51.1
<b>Total contribution margin</b>	<b>133.8</b>	<b>158.7</b>	<b>128.1</b>	<b>174.5</b>	<b>595.1</b>	<b>136.5</b>	<b>178.4</b>	<b>142.2</b>	<b>179.3</b>	<b>636.4</b>	<b>148.0</b>	<b>180.6</b>	<b>148.0</b>	<b>186.7</b>	<b>663.3</b>	<b>159.3</b>
<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>	<i>64.5%</i>
<b>SG&amp;A</b>	<b>(92.5)</b>	<b>(90.9)</b>	<b>(93.0)</b>	<b>(99.4)</b>	<b>(375.7)</b>	<b>(94.4)</b>	<b>(102.6)</b>	<b>(97.3)</b>	<b>(101.6)</b>	<b>(396.0)</b>	<b>(108.4)</b>	<b>(108.6)</b>	<b>(100.1)</b>	<b>(101.1)</b>	<b>(418.1)</b>	<b>(113.9)</b>
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	57.9
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	4.4
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)	(16.9)
<b>Adjusted EBITDA<sup>(2)</sup></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>	<b>77.7</b>	<b>240.4</b>	<b>39.6</b>	<b>72.1</b>	<b>47.9</b>	<b>85.6</b>	<b>245.2</b>	<b>45.4</b>
<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>	<i>24.3%</i>	<i>18.4%</i>

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