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SoftwareOne AG

SoftwareOne H1 2026 Results

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COMPANY REPRESENTATIVES

Raphael Erb, Chief Executive Officer

Hanspeter Schraner, Chief Financial Officer

Kjell Arne Hansen, Head, Investor Relations

PRESENTATION

Hansen Kjell Arne

Good morning, everyone, and thank you for joining SoftwareOne's H1 '26 presentation. My name is Kjell Arne Hansen, Head of Investor Relations at SoftwareOne. Joining me today are CEO, Raphael Erb; and CFO, Hanspeter Schraner.

In terms of agenda, Raphael will start with an overview of the H1 '26 business performance. Hanspeter will then take us through our detailed financial performance. And finally, Raphael will present the outlook for '26 and share his closing remarks. Before handing over, please let me draw your attention to the disclaimer regarding forward-looking statements and non-IFRS measures on Slides 2 and 3.

With that, I will hand it over to Raphael.

Erb Raphael

Thank you, Kjell Arne, and a warm welcome to everyone joining the call. I'm proud of our performance in the first half of 2026. On a combined like-for-like basis, we delivered 11.6% year-on-year revenue growth. We also delivered a 24.9% adjusted EBITDA margin, a 4.5 percentage point improvement versus the prior year with our profitability translating into a cash conversion ratio of 69% over the last 12 months.

We achieved CHF100 million of run rate cost synergies, delivering the top-end of the announced target 6 months ahead of the original schedule. Integration is now substantially completed with the company's focus shifting fully to commercial execution and customer value creation.

Now let's take a closer look at the financial results. I will mainly focus on the like-for-like performance as this best illustrates the results of the combined business. Q2 '26 maintained a strong momentum from Q1 with revenue growing 10.4% year-on-year. As a result, H1 '26 revenue increased 11.6% year-on-year with all regions and business lines contributing to growth.

As already mentioned, in H1 2026, we delivered an adjusted EBITDA margin of 24.9%, an improvement of 4.5 percentage points versus the prior year period. Q2 '26 was particularly strong with adjusted EBITDA margin reaching 28.9%, up 5.4 percentage points year-on-year. I would also like to highlight that our reported EBITDA margin for the first half of 2026 was 22.7%. This is an increase of 5.2 percentage points compared to SoftwareOne's stand-alone reported EBITDA in

H1 '25, reflecting well-executed integration and synergy realization. Overall, our results illustrate the strength of our business model and confirm the strategic rationale of the merger we closed a year ago.

Now let's look at the business line performance on a combined like-for-like basis. In H1 '26, all business lines showed positive growth with channel and services showing an exceptional 35.6% and 17.4% growth at constant currency, respectively.

Software & Cloud Direct grew 1.5% in H1, driven by EA to CSP conversion. This continued in Q2. However, growth declined 1.8% as the comparative period benefited from several larger deals. We expect direct to return to growth in H2 '26. Adjusted EBITDA margin for the first half of 2026 ended at 50.8% at the same level as last year.

Our Channel business had an exceptional first half of the year, growing 35.6% with an adjusted EBITDA margin ending at 57.2%, an increase of 9.3 percentage points versus prior period. This clearly proves the key message from our CMD. This is a very scalable business model.

The growth in H1 '26 was led by the CSP business as well as strong growth from other ISVs with AWS at the forefront. In addition, the expansion of CloudIQ to new countries further contributed to Q2 '26 performance.

Performance in our services business was also strong in the period, led by CSP-related services. In addition, Cloud Services, especially in AWS and Google, Data and AI and Cybersecurity continued to deliver strong performance.

Profitability in services business also improved, and our adjusted EBITDA margin ended at 8.5% for H1 '26, a significant increase from 3.3% in H1 '25. Growth in H1 '26 was broad-based across all our regions, and I'd like to walk you through key highlights for each region.

DACH grew 6.8%. Microsoft-related growth remained strong, driven mainly by continued EA to CSP conversion, which also drove double-digit growth in our services business. Western Europe grew 11.7%, driven by strong double-digit growth in services and over 50% growth in channel, supported by continued EA to CSP acceleration in direct.

The Nordics delivered particularly strong growth of 26%. Our Services business, which amounts to over half of the regional revenue grew close to 20%. Direct delivered double-digit growth and channel grew more than 50%.

I'm very pleased with our progress in North America, which delivered its second consecutive quarter of growth, up 8.6% for H1 '26. This was driven by channel, which nearly doubled year-over-year, alongside strong services growth from CSP and AWS cloud services.

APAC was our fastest-growing region, up 23% for H1 '26 and accelerating to 27% in Q2. Growth was broad-based with particular strength in Australia and New Zealand, India, Southeast Asia and North China. The Service business remains the primary growth engine, led by Cloud Services and Cybersecurity.

LATAM grew 6.9% to CHF49.3 million, led by Services, Cybersecurity, Data and AI and AWS with direct stable year-over-year. Brazil and Mexico both contributed positively. And lastly, CEE grew 16.7% to CHF42 million, with strong performance across all business lines, particularly in Hungary, Romania and Bulgaria.

Let me now share a great example of how SoftwareOne moves from project execution to strategic engagement. What started as a cloud migration project has become a strategic partnership. Together with Allianz Ayudhya, the Thailand-based subsidiary of Allianz, a leading global insurance and asset management company, we successfully migrated over 500 servers to AWS, reduced infrastructure operational run cost by 24% and accelerated their cloud transformation journey.

Today, we are supporting broader modernization and innovation initiatives such as development of an app that would modernize Allianz Ayudhya's life and health claims process, demonstrating how our business model and offering coupled with successful execution creates opportunities for deeper customer relationships.

And with that, I will hand it over to our CFO, Hanspeter Schraner, who will take you through the financial details of the first half of '26.

Schraner Hanspeter
Thank you Raphael, and welcome from my side as well.

I will now take you through the IFRS income statement. As a reminder, the '26 income statement includes Crayon, which has been consolidated since 1st of July '25 and therefore, significantly impacts year-over-year comparisons.

Revenue grew 68.2% to CHF818.3 million in H1 '26. The performance also reflects tailwinds from multiyear CSP contracts and early renewals triggered by Microsoft price increases in July '26, consistent with the trends we saw in Q1.

Reported EBITDA increased to CHF185.4 million, corresponding to a margin of 22.7%, a significant improvement of 5.2 percentage points versus the prior year, driven by strong revenue growth, synergy realization and disciplined cost control.

Depreciation and amortization includes CHF20.5 million of amortization associated with acquisition-related intangible assets arising from the purchase price allocation. The net financial results mainly reflect higher debt levels following the Crayon acquisition, whereas the prior year period benefited from positive fair value adjustments on SoftwareOne's pre-existing investments in Crayon.

H1 '26 effective tax rate was impacted by non-capitalized tax losses and nontax deductible expenses. And as a result, net profit for H1 '26 amounted to CHF54.3 million. Let me now turn to the bridge from the reported EBITDA to adjusted EBITDA. Adjustments remain low and continue to be largely driven by the Crayon integration activities. In H1 '26, CHF60.9 million of the total of CHF18.4 million EBITDA adjustments related to Crayon integration costs.

Since the start of the integration in '25, cumulative Crayon integration expenses have reached CHF42.3 million as of H1 '26. We now expect total cumulative integration costs by the end of '27 to be in the range of CHF75 million to CHF85 million below the initial estimate of CHF80 million to CHF100 million.

Looking ahead, we anticipate realizing a further CHF5 million to CHF10 million of cost synergies by the end of '26, with approximately CHF20 million of integration expenses expected in H2 '26, around CHF20 million of integration costs remain to be incurred in '27. This slide summarizes opex development on a combined like-for-like basis. Opex remained broadly flat year-over-year at CHF632.9 million. Cost discipline remains intact.

Realized incremental in-year cost synergies of CHF37 million were largely offset by tax inflation, performance-related compensation, growth investments and higher third-party delivery costs linked to revenue growth. FX further reduced opex. EBITDA adjustments also reduced from CHF33 million to CHF18.4 million, reflecting the improvement from reported to underlying profitability.

Turning to the balance sheet. As of June '26, net debt stood at CHF408 million, up from CHF369.3 million at year-end '25. Gross debt primarily consists of the CHF550 million term loan and CHF200 million drawn on the revolving credit facility. As planned, the bridge facility was fully repaid in January '26.

Comparison to June '25 should be viewed with some caution as the June '25 balance sheet reflects the pre-closing structure. At that time, we had both the bridge facility drawdown and the Crayon shares recorded as financial assets prior to settlement of the transaction. Net working capital after factoring improved to negative CHF509.2 million as of June '26 compared to negative CHF216.6 million a year ago. This improvement mainly reflects the structurally attractive and acquired working capital profile of Crayon.

Intangible assets increased substantially following the acquisition and now include the goodwill and acquired intangible assets recognized as part of the purchase price allocation. I would also like to note that we have now finalized the purchase price allocation for the Crayon acquisition. As a result of this final valuation work, goodwill was adjusted by CHF22.5 million respectively as of the acquisition date.

Importantly, this is a balance sheet remeasurement. There's no impact on SoftwareOne's cash flow, underlying operating performance or previously communicated synergy expectations. Overall, equity increased to CHF992.7 million, almost doubling versus June last year, reflecting the capital increase related to the Crayon acquisition and the profit for the period, partially offset by dividend paid and currency translation adjustments over the period.

Turning to working capital, which remains a key management focus. On a like-for-like basis and looking at the last 12-month period to June '26, net working capital before factoring improved by CHF 46 million. This improvement came even as we reduced our utilization of short-term factoring by CHF12 million. So after factoring, the net improvement was CHF34 million.

I would like to emphasize that we delivered strong growth across the combined business while keeping net working capital broadly stable. This reflects continued discipline in working capital management and then ongoing improvements in our underlying processes, which remains a priority going forward. At our Capital Market Day, we introduced a cash conversion target above 60% throughout '26 to 2030 period.

On a last 12-month basis, we delivered a 69% cash conversion, excluding the impact of factoring. Last 12 months, operating cash flow was CHF271.6 million, primarily driven by profitability. Adjusting for the CHF12 million reduction in factoring utilization, operating cash flow was CHF283.6 million.

After capex of CHF71.9 million, free cash flow amounted to CHF211.7 million. Against last 12 months reported EBITDA of CHF308 million, this translates into a cash conversion rate of 69%, well above the target. Last 12-month capex of CHF71.9 million was primarily related to internal IT investments, followed by platform investments with services and other investments accounting for the remainder.

As outlined at the Capital Market Day, we expect capex to increase modestly during '27 and '28 as we accelerate investments in platforms, internal IT and ERP initiatives. During this period, capex is expected to represent approximately 7% to 8% of revenue before normalizing towards around 5% from '29 onwards.

Regarding cash conversion, we continue to expect a meaningful tailwind from net working capital improvements over the first 3 years of the plan period, with benefits moderating thereafter. The exact phasing will naturally depend on the pace at which we execute further working capital improvements across the combined business.

Turning to the H1 '26 cash flow statement. We generated operating cash flow of CHF90.1 million, up slightly from CHF87.1 million in the prior year period, supported by stronger profitability. Profit for the period increased significantly from CHF9.1 million to CHF54.3 million.

This benefit was largely offset by working capital movements, which resulted in CHF72.1 million cash outflow in H1 '26 compared to a cash inflow of CHF81.8 million in the prior year. The prior year period benefited from the introduction of our then new non-recourse factoring program. Investing cash flow amounted to an outflow of CHF34 million, primarily reflecting CHF36.5 million capex, broadly in line with the prior period and focused on internal IT and platform investments.

This compares to an outflow of CHF64.7 million in H1 '25, which included the settlement of the swap agreement related to the Crayon investment. Financing cash flow was outflow of CHF102.4 million compared to an inflow of CHF369.3 million in the prior year. This year's figure was negatively impacted by the acquisition of Crayon minority interest.

The prior year's figure by contrast, benefited from CHF424.2 million drawdown of the Crayon acquisition bridge facility. As a result, cash and cash equivalents were CHF382.8 million at the end of June '26 compared with CHF419.1 million at the beginning of the year. Let me conclude with the development of net debt over the last 12 months.

As of June '26, net debt stood at CHF408 million with a leverage ratio of 1.1x. Compared to the net cash position of CHF36.2 million in June '25, the increase was mainly driven by the acquisition of Crayon. Beyond the acquisition itself, the key cash outflows were income taxes and interest paid, capital expenditure and Crayon transaction and integration expenses. This concludes the H1 financial review.

With that, I will hand over to Raphael for his closing remarks.

Erb Raphael

Thank you, Hanspeter. We are tracking well towards delivering against all targets. Looking at the numbers. FY '25 revenue growth was 1.4%, and on an LTM basis to June '26, that's now at 8.9% growth. Our '26 guidance remains mid to high single-digit revenue growth. H2 2026 growth is expected to moderate as the benefits from accelerated EA to CSP conversion and early renewals, which supported H1, don't repeat at the same pace, compounded by a tougher comparison base in H2 '25.

On EBITDA margin, FY 2025 was 20.9% on an adjusted basis, with LTM now at 23.2%. We continue to guide to above 23% adjusted margin for 2026. Our dividend payout policy remains 30% to 50% of adjusted profit for 2026, moving to 30% to 50% of reported profit as we look forward 2030. And lastly, our cash conversion outlook for 2026 is above 60%.

We wanted to use today's update as an opportunity to give you a bit more detail on what's driving the path to our 2030 margin ambition, we laid out at the Capital Markets Day in June. As a reminder, we are targeting an EBITDA margin above 28% by 2030, a 5 percentage point improvement compared to the '26 outlook, which we expect to phase roughly linearly over the period.

The largest contributor, around 3 percentage points comes from AI and automation efficiencies and further embedding that across our own internal processes. A further 1 percentage point comes from scaling our Channel business. Margin expands faster than growth as we scale within our existing footprint and as we expand into new markets.

The final percentage point comes from our Services business as AI drives a more scalable delivery model through, for example, central platforms that allow us to leverage expertise globally and standardize some delivery alongside continued SG&A efficiency. We expect this to improve margin with no dilution effect.

And last but not least, as we have already said this during the CMD, sharpening our Services portfolio is something that will contribute to the margin expansion. All 3 of these build on the foundation we have already delivered, our CHF100 million cost synergy program completed in H1 '26 and continued benefits from the more efficient operating model that the program put in place.

Underpinning all of this is continuous cost discipline across the group. And now I'm pleased to present our evolved Executive Board effective from 1st September. These changes mark the next phase of SoftwareOne's development, increasing regional representation at the Executive Board level and bringing customers, partners and markets closer to decision-making.

Regina Manfredi will assume responsibility for the full Americas region, expanding her current mandate for NORAM to include LATAM. Regina led Crayon's NORAM business ahead of the merger and has served as President of North America since July 2025. Rico Andreoli will lead the full EMEA region, broadening his responsibilities beyond Western Europe to include the Nordics, DACH and CEE.

Rico brings nearly 2 decades of experience at SoftwareOne, having joined in 2009 and most recently serving as Regional President, Western Europe. Varun Paliwal will continue to lead APAC, a region he has led since January 2025 after more than a decade in senior roles at SoftwareOne.

Lastly, Gudmundur Adalsteinsson has been appointed Chief Channel and Ecosystems Officer. Gudmundur recently served as Chief Partner and Sales Officer and brings more than 25 years in the software and cloud industry, including a decade at Crayon in senior commercial leadership roles.

Combined, the new structure strengthens accountability and supports faster execution. I would also like to mention that our Chief Operating Officer, Oliver Berchtold, has decided to leave the company. Let me close with a few key takeaways.

With integration substantially complete and synergies of CHF100 million achieved, our focus is now shifting fully from integration to commercial execution and customer value creation. We remain on track to deliver on our 2026 financial targets across growth, margin and cash conversion.

And we continue to focus on sustainable working capital improvements to further strengthen our cash generation. Taken together, this sets a clear foundation for how we execute against our ambition going forward. And with that, we will now move to the Q&A.

QUESTION & ANSWER

Operator

Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Questioners on the phone are requested to disable the loud speaker mode and eventually turn off the volume from the webcast while asking a question. Anyone who has a question may press star and one at this time.

The first question comes from the line of Nooshin Nejati from Deutsche Bank. Please go ahead.

Nejati Nooshin

Hi. Good morning, Raphael. Good morning, Hanspeter. And congrats on the quarter. I have a couple of questions on margin. Given how strong margin has been in H1, why are you only reiterating the guide for 2026?

I guess my question is, what are you expecting to weigh on margin in H2? And on 2030 margin bridge, and thanks for the color, very useful. The biggest piece is from AI and automation efficiencies. How much investments do you need to achieve this? And where exactly do you see those coming from?

Is it internal processes, SG&A or delivery productivity? And if I may, also on the linearity of that expansion, do you also expect the contribution from AI to be linear? Or is that more back-end loaded?

Erb Raphael

Thank you very much for the question. Maybe first of all, on the EBITDA margin target. I think the lower -- look, the lower end of the range would require a scenario where several things, I would say, would move against us at once. We are not seeing evidence of that today.

The range as guided reflects a realistic band of outcomes. But based on the underlying growth trajectory, the momentum in Services and Channel and the trends across our regions, we are comfortable that we will land in the range, and we are from an EBITDA margin positive that we will not land at the bottom of the 23%.

I hope this clarifies your question on the EBITDA margin. Then I think you had a point related to the AI efficiencies. We mentioned before on the trajectory to reach the 28% plus target for 2030 on EBITDA margin that we see this linearly improving. Now for AI related, for sure, we see some more of the effects probably '28 onwards.

Nejati Nooshin

Right. And sorry, how much investment you need to achieve this?

Schraner Hanspeter

I mean this is what we have communicated at the Capital Market Day. The capex will increase in '27-'28 to we said also today 7% to 12% of revenue, funding these investments in AI and automation and the funding will come from the release of net working capital. So it should be in a way cash neutral. So we will have heavy investments in the next 2 years and then benefiting the years beyond.

Nejati Nooshin

Thank you. Very helpful.

Operator

The next question comes from the line of Florian Treisch from Kepler Cheuvreux. Please go ahead.

Treisch Florian
Yes. Good morning, gentlemen. Thanks for taking my question. I have basically two questions around the EA to CSP shift. The first is, can you simply -- can you kind of quantify the tailwinds you have seen in H1 and what you expect to happen in H2? Or can we argue that higher pricing at Microsoft can compensate for the higher comparison base in H2?

And the second one is like you flagged that the CSP shift has also positively impacted your services margin. Can you talk a bit about the sustainability in that segment if you look into the coming quarters, if it's fair to assume a 10% plus margin also in the quarters to come? Thank you.

Erb Raphael
Thank you very much, Florian. We mentioned during the call that the EA to CSP conversion was a bit accelerated in H1 due to early renewals also, due to the fact of the price increases of Microsoft as per July. And that clearly gave us certain tailwinds in H1. And we mentioned that the tailwind is around 4 percentage points overall. And this will then also have an impact on H2, where we see a bit of decelerated growth compared to H1.

The second point, it's absolutely true that the EA to CSP conversion has an impact not only on our direct or channel business, but also on our services business line. It has a positive impact because we sell CSP always as a bundle, which consists of the license plus a service wrapped around. Typically, this is -- there is various support packages which we offer to our customers. But there is always a service wrapped around. And obviously, that then also helps us accelerate our Services business and contributes to the growth, which we have achieved in H1 and will also contribute to the growth which we see in H2.

Florian Treisch
Great, thank you.

Operator
We now have a question from the line of Marc Bürgi from Finanz und Wirtschaft. Please go ahead.

Bürgi Marc
Actually, my questions were already asked. Yes, I was interested about the tailwinds that you get due to the early renewals, but you’ve already clarified that. Thank you.

Erb Raphael

Thank you.

Operator

The next question comes from the line of Christopher Tong from UBS.

Tong Christopher

Yes, good morning, everyone. Thanks for taking my question. Maybe just one from my side. On Microsoft 2027 incentive changes, I was just wondering what your thoughts were on the introduction of gross margins and the change of channel partner incentive changes?

Erb Raphael

Thank you very much, Christopher. I mean we think, broadly speaking, on the FY27 incentive framework, the focus is increasingly on growth basically and partners which grow fast, they can, I would say, benefit, right? As for Microsoft announced, they announced this 5% margin reduction from October '26 on products such as 365 E1, E3, OneDrive, SharePoint.

Based on our discussions with Microsoft and also our assessment, it suggests that we would not expect a meaningful impact overall. Any reduction on these products should largely be balanced by other incentive opportunity. Also, these products make up only a small part of our overall CSP business. And therefore, I would expect there is no, there is absolutely no material impact for us on the incentive changes. We see them as very neutral.

Tong Christopher

Okay. Thank you very much.

Operator

We now have a question from the line of Christian Bader from Zürcher Kantonalbank. Please go ahead.

Bader Christian

Yes, good morning. Congratulations to this excellent numbers. I have a question regarding taxes. Your IFRS reported tax rate was 42% in the first 6 months. However, in terms of cash taxes, the cash effective tax rate was only 20%. So I was wondering, can you maybe provide some color what we should model for the full year tax rate?

Schraner Hanspeter

For '26, you can assume a more normalized tax rate of in the range of 30%.

Bader Christian

And is this a good run rate for the coming, for the years thereafter?

Schraner Hanspeter

Of course, the ambition is to further reduce. But for '26, given where we stand with integration, it's a reasonable rate for '26 yes.

Bader Christian

Okay. All right. Thank you.

Operator

We have a follow-up question from the line of Marc Bürgi from Finanz und Wirtschaft. Please go ahead.

Bürgi Marc

Yes, thank you. Could you maybe explain the logic behind the reorganization? Why did you decide to streamline it and reduce the number of regions? Thank you.

Erb Raphael

Thank you, Marc. I mean we have mentioned we go now into the next phase, right, from integration towards customer focus and execution. That's really the key. And I think with that, it's very vital that we make sure that within the Executive Board, we really have the representation, which is close to the customers and close to our markets. And therefore, elevating some of the regions into the Executive Board makes a lot of sense. And that's what we have done now. We have 3 overarching regions with EMEA, Americas and APAC, focusing exactly on this.

And then also, last but not least, very importantly, is the channel representation and our vendor partnership representation in the Executive Board with Gudmundur joining, we mentioned, the channel business, which is part of 2030 strategy and plan, the fastest-growing business line, also a very margin accretive business line. And we have that now represented in the Executive Board. And yes, that's why basically, we are very confident that, and I'm personally honestly very excited to work with this newly structured Executive Board moving forward.

Bürgi Marc

Thank you.

Operator

Ladies and gentlemen, that was the last question. I would now like to turn the conference back over to Kjell Arne Hansen for any closing remarks.

Hansen Kjell Arne

Thank you and thank you everyone for joining, and as always please do not hesitate to reach out to the IR team if you have any follow up questions. Thank you.

- END -