

# Full Regular Transcription

## SoftwareOne AG

### SoftwareOne Q1 2026 Trading Update

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#### COMPANY REPRESENTATIVES

Raphael Erb, Co-Chief Executive Officer  
Melissa Mulholland, Co-Chief Executive Officer  
Hanspeter Schraner, Chief Financial Officer  
Kjell Arne Hansen, Head, Investor Relations

## PRESENTATION

### **Hansen Kjell Arne**

Good morning, and thank you for joining SoftwareOne's Q1 '26 presentation. My name is Kjell Hansen, Head of Investor Relations. Joining me today are our Co-CEOs, Raphael Erb and Melissa Mulholland; and our CFO, Hanspeter Schraner.

In terms of agenda, Melissa and Raphael will start with the Q1 business performance. Hanspeter will then take us through the detailed financial performance. And finally, Melissa will give her 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 Melissa.

### **Mulholland Melissa**

Thank you, Kjell Arne, and welcome to our Q1 '26 presentation. Our headline numbers tell a compelling story. On a like-for-like basis, revenue for the quarter was CHF387.7 million on a constant currency basis, representing growth of 12.9%. This was a strong result, and importantly, it was broad-based with every region and every business line contributing to growth.

Adjusted EBITDA grew 32.8% to CHF79.4 million, with margin increasing by 3.4 percentage points to 20.5%. Even stronger is the growth in our reported EBITDA, which increased to CHF71 million, up from CHF61.9 million in the comparable period. These results reflect our consistent execution of a clear strategy; building one stronger, more capable and more efficient company.

Turning to our business lines. We delivered growth across all three areas, driven by strong customer demand. Software & Cloud Direct grew 5.8% to CHF153.8 million. We are seeing clear acceleration in our EA to CSP conversion as customers are increasingly moving to cloud-based licensing.

Importantly, EA agreements are also positively impacting growth, demonstrating the depth and strength of our customer relationships. In addition, following Broadcom's partner program, restructuring for VMware, we remain a pinnacle partner, the highest tier and the only partner covering the whole of EMEA with this designation.

Software & Cloud Channel grew by 37.3% to CHF40.4 million. Growth was led by APAC, driven by India, while NORAM showed continued momentum. The Google Cloud partnership we announced in Q4 is gaining traction, further strengthening our hyperscaler mix alongside Microsoft and AWS.

The market dynamic in our channel business is becoming increasingly competitive as Microsoft tightens CSP partner authorizations, significantly increasing revenue thresholds and consolidating the partner ecosystem. While this creates near-term pricing and competitive pressure, our scale and capabilities position us well to benefit from when smaller partners exit or are deauthorized.

In Software & Cloud Services, we grew 14.9% in the quarter. The primary driver was CSP-related services activities. As customers transition to CSP licensing models, it becomes easier to bundle services with the license and to expand managed services over time.

Furthermore, cloud services, data and AI, and cybersecurity all showed strong momentum in the quarter, which tells us that the service portfolio is broadening and customers are increasingly turning to SoftwareOne for a wide set of their technology needs. That gives you a sense of our business line performance.

Raphael will now take you through the regional results in detail.

### **Erb Raphael**

Thank you very much, Melissa, and a warm welcome to everyone. Turning to our regional performance. I'm very pleased to report that every region delivered growth in Q1 '26. This also reflects the acceleration or the accelerated EA to CSP conversion we are seeing across business lines. I'm especially delighted with the performance in North America, which delivered 10% growth.

This reflects the deliberate actions taken over the past year to stabilize and refocus the business. There is still more to do, but the direction is encouraging. 8.4% growth in DACH was driven by the accelerated EA to CSP conversions, especially in Germany and Switzerland. Overall, public sector demand in DACH remains robust. Western Europe grew 11.1%, led by both direct and channel, while we also saw encouraging progress in services.

The Nordics delivered a standout performance with growth of 32.7%. This was driven primarily by the direct business where multi-vendor also contributed positively alongside a strong contribution

from services. APAC grew 18.4% with all three business lines contributing. Services were the primary growth engine, reflecting strong demand for cloud, data, AI and cybersecurity. The direct business also performed well, supported by EA demand in Southeast Asia and Greater China.

I'm pleased to confirm that the previously disclosed outstanding receivables from a public sector customer in the Philippines has now been fully collected, bringing this matter to a close. CEE delivered 18.2% growth, a strong result for a region where we continue to build scale and strengthen our platform. I'm also pleased to see LATAM returning to growth with 9.4%. CSP growth was strong, supported by new customer wins while services contributed through hybrid managed services.

Now let me share with you a concrete example of how we can deliver tailor-made AI solutions for our customers. The district office of Waldshut faced a challenge that many public sector organizations recognize. High volumes of citizen inquiries, large amounts of information that was difficult to navigate and services that's tied strictly to office opening hours. As demand continued to grow, while resources remain constrained, they needed a smarter, more scalable approach.

SoftwareOne implemented a Google AI-powered multilingual chatbot integrated directly into their website. The solution provides 24/7 access to administrative information independent of office hours. It requires no manual maintenance and automatically draws on up-to-date website content. The impact was immediate. Citizens can now access the information they need at any time.

Recurring inquiries are handled automatically, significantly reducing phone and e-mail volumes. And the administration has freed up capacity to focus on more complex individual cases rather than routine inquiries. This is just one example, but it illustrates a broader pattern we are seeing across our customer base. AI is not a future opportunity for SoftwareOne. It is something we are delivering for customers today with real measurable impact.

With that, I will now hand over to Hanspeter to walk you through the financial update.

### **Schraner Hanspeter**

Thank you, Raphael, and welcome to everyone. Let me walk you through our financial performance for Q1 '26. For reference, this slide presents IFRS figures. Please note that Crayon was consolidated for the first time in June 2025, and as a result, the Q1 '25 figures reflect SoftwareOne on a stand-alone basis.

As Melissa and Raphael mentioned, we delivered strong top line growth. On a reported basis, revenue was CHF387.7 million, up 67.4% year-over-year, reflecting both Crayon acquisition and organic growth. Our reported EBITDA margin improved significantly, up 6.8 percentage points to 18.3%, driven by revenue growth and operating leverage. Q1 '26 was impacted by a high volume of 3-year CSP agreements and early renewals ahead of Microsoft's upcoming price increases. Nevertheless, our Q1 2026 underlying growth was very solid.

Turning to the adjusted EBITDA bridge. We continue to narrow the gap between the reported and adjusted EBITDA in order to improve the quality of earnings. In Q1 '26, adjustments totaled CHF8.4 million, primarily relating to Crayon integration expenses. You will notice that while the reported EBITDA margin improved substantially, the increase in adjusted EBITDA margin was more modest. This is purely a mathematical effect, as EBITDA adjustments in Q1 '26 are CHF10.9 million lower than in previous year.

This slide shows our cost base development, including third-party delivery costs on a like-for-like basis quarter-over-quarter. Starting from our Q1 '25 adjusted opex base of CHF301 million, there are a few moving parts to walk through. We delivered CHF14 million in cost reductions from our synergy program. Offsetting this, personnel expenses inflation added CHF11 million, while variable compensation increased by CHF9 million, reflecting the stronger performance in the quarter versus previous year.

Third-party delivery costs added CHF3 million, driven by growth in our services businesses. We also had CHF10 million one-offs in the quarter. This primarily related to management consulting strategy support, legal fees, audit fees related to Crayon acquisition, software costs related to the combination of SoftwareOne and Crayon as well as bad debt.

CHF6 million relates to strategic investments, mainly in IT infrastructure and selective hiring to support our transformation and growth. Finally, FX provided a tailwind of CHF17 million. Total adjusted opex amounts to CHF308 million, remaining broadly flat despite inflationary pressures. Given that opex adjustments in Q1 '26 are CHF10.9 million lower than in Q1 '25, unadjusted costs are CHF5.3 million below the previous year.

Now turning to Slide 14, which shows our detailed business line P&L on a like-for-like basis. As of this quarter, we reintroduced the contribution margin per business line consistent with previous reporting. Starting with Direct. Revenue grew 5.5%, ending at CHF153.8 million. Adjusted EBITDA margin was 44.8%. Revenue in Software & Cloud Channel increased 37.3% in Q1 '26

year-over-year at constant currency, with adjusted EBITDA growing CHF8.3 million to CHF24.3 million, reflecting a margin of 60.1%, an increase of 9.5 percentage points compared to previous year.

Software & Cloud Services delivered a strong growth of 14.9% year-over-year at constant currency. Contribution margin was CHF80.1 million, reflecting a margin of 41.4% compared to 38.5% in Q1 2025. The adjusted EBITDA margin increased from 1.5% to 5.1%, driven by increase in revenue and operating leverage.

With that financial overview, let me hand back to Melissa, who will provide further insights into the '26 outlook, followed by her closing remarks.

### **Mulholland Melissa**

Thank you, Hanspeter. Based on our strong Q1 performance, we raised our 2026 revenue growth outlook from mid-single digits to mid- to high single digit, while margin guidance above 23% remains. Our Q1 growth and 2026 expectations reflect the structural shift from traditional licensing models towards cloud-based subscription and consumption-driven solutions, combined with broader multi-vendor expansion.

Growth in services is expected to be driven by customers' increasing need to optimize complex cloud environments, managing software estates more efficiently and unlock value from data and AI. We remain on track to achieve the CHF100 million in run rate cost synergies by early May. We have achieved more than CHF80 million of run rate cost synergies to date.

Let me close with three key takeaways from Q1 '26. First, our strategy is delivering. Growth was broad-based, every region, every business line contributing. This reflects the strength of the combined company we are building. Second, margins are expanding. Growth and operating leverage are driving this expansion while we remain committed to continuous cost control.

Third, the integration itself is on track to reach CHF100 million by year-end. We are executing with discipline, capturing synergies ahead of our plan and building the foundation of sustained performance. Altogether, Q1 demonstrates progress on our strategy and gives us confidence in the long-term value we are creating. We look forward to sharing more details on our combined strategy, midterm financial targets and ambitions at our Capital Markets Day in June. Thank you.

We will now transition into questions.

## 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 Nooshin Nejati from Deutsche Bank. Please go ahead.

### **Nejati Nooshin**

Hi, good morning. Congrats on the strong results. Maybe two questions on the Services and Direct, if I may. So, Services growth accelerated to 15% and significantly outperformed expectations. How much of this is structural demand versus linked to CSP-related activity and project timing? How should we think about the momentum for the rest of the year? Services margins improved to 5% this quarter also.

Do you see a path for services margin to structurally move higher as the businesses scale? And also on Direct margins declined this quarter despite revenue growth with SG&A cited as the driver. To what extent is this deliberate investment, and how should we think about margins from here? Thank you.

### **Mulholland Melissa**

Thank you, Nooshin, for the question. What we're seeing on the services portfolio is structured strong customer demand. A significant portion of that is driven, of course, by the strength of our Microsoft business on CSP, but also importantly, on the increased growth that we're seeing with data and AI. This reconfirms the fact that we've been doing this for a number of years and are really now seeing this come through with momentum across the business overall.

We continue to drive revenue synergies on the combined company, which I think also implies the improved margin overall. We are committed to improving services profitability as a company and structurally would expect this to continuously improve throughout the year.

On the Direct side, yes, you're correct to point out the, let's say, the margin difference there. This is, let's say, an aspect around SG&A relative to the accounting when we merged Crayon and SoftwareOne together. And I can hand it over to Hanspeter for any further comments on that.

**Schraner Hanspeter**

Yes, Melissa, thank you. So the SG&A is broadly flat. And as Melissa said, it's an effect of the consolidation of Crayon, and it's also influenced by less EBITDA adjustments, which have an impact on the Direct business.

**Nejati Nooshin**

Understood. So, how should we think about the margins in both divisions going forward for the rest of the year?

**Mulholland Melissa**

What we see is we see overall positive demand across our business portfolio, and we're really pleased to see growth across all business lines, but also, of course, across all regions. And so we would expect that to continue and progress also, hence, the adjustment to our guidance.

**Nejati Nooshin**

Understood. Thank you.

**Operator**

The next question comes from Ines Mao from Bank of America. Please go ahead.

**Mao Ines**

Thank you. Hi, this is Ines from BNP Paribas. So, I have two questions. First, can you give us an update on initial targets -- does your full year guidance include any revenue synergies going forward? And the second question comes back to Service...

**Erb Raphael**

Sorry, I think you need to repeat the question.

**Mulholland Melissa**

Sorry, you're cutting out, unfortunately. Can you repeat from the beginning?

**Mao Ines**

(unintelligible 0:20:14)

**Mulholland Melissa**

I'm sorry, your connection is bad. Maybe try again or we could see if your connection improves.

**Mao Ines**

Can you hear me better?

**Mulholland Melissa**

Yes. Unfortunately, we lost you. Maybe we'll try to do a follow-up. There you are.

**Mao Ines**

Yes. Sorry. So let me just repeat my two questions. My first question is about the revenue synergies. Can you give us an update on where they stand today versus your initial targets? And does your new full year guidance include any revenue synergies going forward?

And my second question comes back to the strong performance in services. Was it mostly related to strong demand for a more complex environment to navigate, which means not driven by one vendor particularly or was it primarily wrapped around Microsoft renewals or more demand for Microsoft products? Thank you, I hope it was clear.

**Mulholland Melissa**

Thank you. I appreciate your patience for us on that. So in terms of revenue synergies, we don't actually report the full year number or, let's say, any number around revenue synergies. What we've stated overall is that we expect them to outperform or exceed the cost synergies. And we continue to see improvement, I would say, overall, and that's reflected across our business lines because it's very difficult to quantify the effect of that.

But certainly, what I can say is the organization is working really well together as indicated based on the results, which we're very pleased by. Of course, this would naturally be, let's say, pulled into the full year guidance. I think around the services side, we see strong demand across the Board. This is not just with respect to Microsoft. But as mentioned, we're seeing continued delivery around Google as implied to the customer case example, but also AWS. So, this is extremely important for us as our customers are operating in multi-cloud environments, and we have the capabilities to deliver against that.

**Mao Ines**

Okay. Thank you.

**Operator**

The next question comes from Christian Bader from Zürcher Kantonalbank. Please go ahead.

**Bader Christian**

Yes, good morning. I have a couple of questions. So, the first one related to your strong performance in Software & Cloud Services. So, this like-for-like growth of 14.9%, is it possible to break this down into, let's say, a volume effect and a price effect?

**Mulholland Melissa**

We don't necessarily look at it from that perspective between volume and price. I would say that overall, it's just improved efficiency as we brought our organization together, really delivering a stronger capability across our services lines and capturing demand.

**Erb Raphael**

And maybe to add on, we see growth on services in every region, right? So every region is growing on our services line, which, of course, further helps to contribute to the overall growth.

**Bader Christian**

But I remember in the last call, you mentioned that there's strong demand that you see for, let's say, higher value-added services. So, I was kind of assuming that, if there's also some sort of price effect may be included in this strong revenue performance?

**Mulholland Melissa**

I would say that the important part to mention is that the increased services is also related to how we bundle services with CSP. So naturally, if we're seeing a strong delivery on the CSP portfolio and we execute accordingly, that would also play into effect. So, I think that's another important element to state.

**Bader Christian**

Okay. All right. Good. And then in terms of your, let's say, outlook for the rest of the year in terms of top line, which you have slightly upgraded. So, I was just wondering, I mean, this different momentum that we saw in the first quarter with the direct business being up in mid-single-digit

territory, Services up 15% to high teens and Software & Cloud Channel 37% up, so by far the highest. I mean, shall we expect a similar momentum for the rest of the year?

**Mulholland Melissa**

I think certainly, we see the strong demand continuing throughout the rest of the year. It's also important just to remind in terms of the seasonality of our business, Q1 is our smallest quarter. So with that, we want to make sure that we deliver according to our expectations that we set to the market, but we do not necessarily see demand slowing down.

**Bader Christian**

Okay. But do you expect the Software & Cloud Channel to be the fastest-growing segment followed by Software & Cloud Services in the full year?

**Erb Raphael**

Yes. I think looking into our forecast, I think the Software & Cloud Channel, our channel business, we are positive that we see good growth, probably based on the forecast, this is the fastest-growing business line throughout the year. Yes, that's -- we have indications for this, yes.

**Bader Christian**

All right. And then I have two other questions. What will be the full year integration expenses for 2026?

**Mulholland Melissa**

Apologies, there was a sound background. So you asked what the full year integration expenses would be? Is that correct?

**Bader Christian**

Yes, that was a question, yes.

**Schraner Hanspeter**

Yes. So what we said is the total integration cost is in line with the synergies. But this is an aggressive assumption. So we said last quarter, it will be a little bit below. We have integration costs of 25 million in 2025. In the first quarter, we had 7.4 million, and I would use the 7.4 million as a run rate for 2026.

**Bader Christian**

For each quarter, you mean?

**Schraner Hanspeter**

Yes.

**Bader Christian**

Okay. I see. All right. And my last question is...

**Schraner Hanspeter**

Which, of course, depends on the acceleration and on the steps we do, but I think as a guidance, I would take it as a run rate.

**Bader Christian**

Okay. So 7.1 million quarterly run rate. And so -- and then I assume that there will be no integration expenses in 2027?

**Schraner Hanspeter**

Yes.

**Bader Christian**

Okay. And my last question is, which corporate tax rate shall we model for this year, please?

**Schraner Hanspeter**

That's a good question. Actually, I would model 30%.

**Bader Christian**

All right. Okay. Good. That's it for me. Thank you very much.

**Schraner Hanspeter**

Thank you.

**Operator**

The next question comes from Christopher Tong from UBS. Please go ahead.

**Tong Christopher**

Morning, everyone. Thank you for taking my question. Just maybe two questions from me. So, you called out early customer renewals ahead of Microsoft price increases. So, I was just wondering if you can sort of quantify the impact in Q1? And my second question is at the full year results, you said that profitability would sort of accelerate towards the back half of the year. I was just wondering if that's still the case? Thank you very much.

**Mulholland Melissa**

It's a good question. In terms of the Q1 performance, if we exclude, let's say, the price, let's say, impact and pull forward from those specific deals, the growth implied would be approximately 8.5%, still delivering a very solid performance for the quarter. In terms of your comment regarding the full year expectations, that was alluded to the fact that if you look at the seasonality of our business, Q4 being the largest quarter, Q2 being the second largest quarter tends to be much more towards the back half in terms of volume of that cycle. Certainly, we continue to see a solid, let's say, demand overall, also with Microsoft just launching an E7 as a SKU. So, we see continued, let's say, business momentum going throughout the year.

**Tong Christopher**

Got it. Thank you very much.

**Operator**

The next question comes from Marc Buerki from Finanz und Wirtschaft. Please go ahead.

**Buerki Marc**

Yes, thanks for taking my question. The first question was already asked in part by my speaker before. This effect of those renewals of those price increases. You mentioned something I didn't understand it correctly acoustically. Maybe you could repeat your answer. I mean I just would like to understand how much -- if you said the momentum will continue. So is it not the case that maybe some orders were placed early in light of coming price increases. I mean how does that get -- that's the first question?

And the second question is, you mentioned those new thresholds that Microsoft imposes on its vendors. So, I'm interested in how this changes the market. I mean, I assume that you profit from that because you're one of the biggest partners of Microsoft. But just maybe could you shed some more light on this changing dynamic of the market due to those thresholds that Microsoft imposes on vendors?

**Mulholland Melissa**

Thank you for asking the clarifying question. Regarding the overall price increase, just to start there. What I was referring to is that, that price increase really starts in July. So, with the point of it being that customers, especially in Q1, are taking advantage of that renewal cycle. And the overall effect of it, if we exclude that, would be our growth on a stand-alone would be 8.5% approximately. So, still a very good performance, excluding the, let's say, the pull-forward demand that we saw on these agreements. I hope that...

**Buerki Marc**

So, 8.5% compares to what?

**Schraner Hanspeter**

12.9%.

**Buerki Marc**

All right. Okay. Thank you.

**Mulholland Melissa**

Hopefully, that clarifies. In terms of the thresholds, what I was referring to is that Microsoft is consolidating down the number of CSP providers in the market that are authorized due to volume. So, to your point, this would imply, let's say, an opportunity for SoftwareOne to capture that as there's more of a consolidation in the market overall.

**Buerki Marc**

Okay. So, you're profiting from that?

**Mulholland Melissa**

Yes. Of course, there could always be some competitive aspect in the market as others are also certainly taking advantage of this as well.

**Buerki Marc**

Right. Thank you.

**Operator**

The next question comes from Andreas Wolf from Berenberg. Please go ahead.

**Wolf Andreas**

Hi, good morning. Thank you for taking my questions. Congratulations on the strong start to the year. I'm also interested in the pre-buying activity of clients. Should we expect a similar momentum Q2? Or might there even be an acceleration given the fact that the price increases will kick in from the middle of the year?

And then could you also comment on the growth rates within the enterprise agreement contract framework? My understanding is that enterprise agreements are still expanding. And the last question is related to the working capital. Apparently, there is a massive valuation lever hidden in the receivables. At Crayon, the business operated at negative working capital. Do you believe this is also achievable at SoftwareOne? And if so, over what timeframe?

**Erb Raphael**

Thank you very much, Andreas, for the questions. So first of all, related to Q2 and the price increase on Microsoft. I think as we have highlighted, we saw a very good performance in Q1, right? Melissa mentioned before the impact or, let's say, the normalized growth of 8.5% without this impact. So we saw many, you could call it, early renewals already in Q1. And we maybe don't think that in Q2, it will be that many or that aggressive early renewals like in Q1. But overall, we see the momentum continuing. The demand is there, but Q1 was clearly a lot of early renewals already happening.

Then if we go into the second question related to the growth on enterprise agreement. I think as we always mentioned, enterprise agreements are going to continue, especially in our public sector segment. And we have a very good robust business in public sector. We see continuous good growth in public sector, and that's also helping, of course, the overall growth around enterprise agreements. On the working capital question, I hand over to you, Hanspeter.

**Schraner Hanspeter**

Thank you, Raphael. The net working capital, I mean, it's a high focus area for us. We are actively working on specific areas. The topics are time to invoice, credit review and payment terms. We made significant progress in overdues. So overall, you can assume that we will improve our net working capital situation to 2026.

**Operator**

I would now like to turn the conference back over to Kjell Hansen for any closing remarks.

Sorry, we have a last-minute question from Christian Bader, Zürcher Kantonalbank.

**Bader Christian**

Yes, I have a follow-up question. These integration expenses for Crayon, can we assume that those are all included in the corporate costs?

**Schraner Hanspeter**

I mean -- what do you mean including in the corporate cost?

**Bader Christian**

Well, in terms of segment reporting segment results, I was just wondering the integration expenses that you have shown the CHF 7.1 million, are those allocated on the segment? Or are they 100% included in the corporate cost item?

**Schraner Hanspeter**

We show the adjusted EBITDA in the segments, and so they're not included in the segments. They are not allocated to the segments.

**Bader Christian**

So, they are in corporate costs completely.

**Schraner Hanspeter**

Yes. All right. Okay, good, thanks. Thank you.

**Operator**

There are no more questions from the phone now.

**Hansen Kjell Arne**

Thank you, everyone, for participating in the call. And as always, please feel free to reach out to the IR team for any other follow-up questions.

- END -