



Media Release – ad hoc announcement pursuant to Art. 53 LR

## SoftwareOne delivers solid start in Q1 2023 and reiterates full-year guidance

Stans, Switzerland | 17 May 2023 – **SoftwareOne Holding AG, a leading global software and cloud solutions provider, today published its Q1 2023 trading update.**

- At the group level, revenue increased 8.7% YoY ccy to CHF 239.4 million in Q1 2023, driven by growth across both business lines
- Adjusted EBITDA margin of 16.6% was down 1.8pp YoY, reflecting ~5% wage inflation and post-Covid normalisation of commercial activities
- Implementation of operational excellence programme on track to deliver CHF 50 million annualised savings
- Acquisition of Beniva Consulting, an Elite ServiceNow Partner serving the North American market
- CHF 70 million share buyback programme due to launch on 22 May 2023
- Outlook for full-year 2023 reiterated on the back of a continued healthy demand environment

**Brian Duffy, CEO of SoftwareOne** said, “I am tremendously excited by the opportunity to lead SoftwareOne into the future. Having joined in early May, I look forward to spending the next few weeks getting to know the global SoftwareOne team. Together, we will extend our ability to help our clients reap the full technological and economic benefits of moving to the cloud, while driving profitable growth and value creation for SoftwareOne’s shareholders.”

**Rodolfo Savitzky, CFO of SoftwareOne** added, “Our solid results are a testament to our resilient business model and clients’ continued focus on a cloud-first digital transformation against a backdrop of macroeconomic uncertainties. We remain fully focused on execution and implementation of our operational excellence programme to drive growth and efficiencies across the organisation. Performance in Q1 2023 was in line with our expectations and we are confident to achieve our full-year guidance communicated in March.”

### Key figures – Group

CHFm	Q1 2023	Q1 2022	% Δ (Reported)	% Δ (CCY)
Revenue Software & Cloud Marketplace	125.6	121.9	3.0%	6.4%
Revenue Software & Cloud Services	113.8	107.3	6.1%	11.4%
<b>Total revenue</b>	<b>239.4</b>	<b>229.2</b>	<b>4.5%</b>	<b>8.7%</b>
Delivery costs	(91.4)	(92.7)	(1.4)%	3.9%
<b>Contribution margin</b>	<b>148.0</b>	<b>136.5</b>	<b>8.4%</b>	<b>12.1%</b>
SG&A	(108.4)	(94.4)	14.8%	19.1%
<b>Adjusted EBITDA</b>	<b>39.6</b>	<b>42.1</b>	<b>(5.8)%</b>	<b>(3.8)%</b>
<i>Adjusted EBITDA margin (% revenue)</i>	<i>16.6%</i>	<i>18.4%</i>	<i>(1.8)pp</i>	-

In Q1 2023, revenue at the group level grew 8.7% and 4.5% YoY in constant (ccy) and reported currency, respectively, to CHF 239.4 million, compared to CHF 229.2 million in the prior year period.

The negative FX translation impact of approximately four percentage points at the revenue level was due to the strengthening of the CHF versus the EUR and GBP, partially offset by some weakness against the USD.

By region, EMEA delivered a solid quarter, with revenue up 8.9% YoY ccy to CHF 149.4 million, driven primarily by strong momentum in large enterprises in the DACH countries. APAC was up 23.1% YoY ccy to CHF 31.3 million, due to strong results in markets such as China, Singapore and Malaysia. Meanwhile, NORAM saw a revenue decline of 3.2% YoY ccy to CHF 32.6 million, on the back of more cautious spending by clients and changes to Microsoft's Cloud Service Provider (CSP) platform. Revenue in LATAM was up 3.8% YoY ccy to CHF 24.8 million driven by soft results in Colombia, Brazil and Mexico.

### Continued growth momentum across business lines

#### Software & Cloud Marketplace

Software & Cloud Marketplace delivered revenue growth of 6.4% YoY ccy to CHF 125.6 million in Q1 2023, up from CHF 121.9 million during the prior year period, driven by c. 30% YoY ccy revenue growth in the ISV portfolio.

Gross billings in the Microsoft business amounted to USD 4.2 billion in Q1 2023, up 13% compared to Q1 2022, driven by solid momentum across customer segments. Meanwhile, Microsoft revenue was negatively impacted by the shift from legacy CSP to the New Commerce Experience (NCE) model. After a transition period with lowered incentives on the legacy CSP platform, the NCE model comes with higher pricing, a more favourable incentive structure and longer-term subscriptions.

Despite the improved contribution margin, adjusted EBITDA for Software & Cloud Marketplace declined 7.3% YoY ccy to CHF 53.3 million in Q1 2023, compared to CHF 58.8 million in the prior year, driven by increased SG&A and a reallocation of sales specialists from Software & Cloud Services, as part of the operational excellence programme.

#### Key figures – Software & Cloud Marketplace

CHFm	Q1 2023	Q1 2022	% Δ (Reported)	% Δ (CCY)
Revenue	125.6	121.9	3.0%	6.4%
Contribution margin	106.6	101.9	4.6%	7.9%
Adjusted EBITDA	53.3	58.8	(9.2)%	(7.3)%
Adjusted EBITDA margin (% of revenue)	42.5%	48.2%	(5.7)pp	-

#### Software & Cloud Services

In Software & Cloud Services, revenue grew 11.4% YoY ccy to CHF 113.8 million, compared to CHF 107.3 million in the prior year period, driven by continued 20%+ YoY ccy revenue growth in Cloud Services, Application Services and SAP Services, partially offset by a decline in legacy services.

#### Key figures – Software & Cloud Services

CHFm	Q1 2023	Q1 2022	% Δ (Reported)	% Δ (CCY)
Revenue	113.8	107.3	6.1%	11.4%
Contribution margin	41.4	34.6	19.8%	24.4%
Adjusted EBITDA	2.3	(3.6)	NM	NM
Adjusted EBITDA margin (% of revenue)	2.0%	(3.4)%	5.4pp	-

Adjusted EBITDA for Software & Cloud Services was CHF 2.3 million in Q1 2023, with a margin of 2.0% of revenue, compared to CHF (3.6) million in the prior year, driven by a strong contribution margin and the reallocation of sales specialists.

### **Focused on execution and operational excellence**

Adjusted EBITDA for Q1 2023 was CHF 39.6 million, decreasing 3.8% YoY ccy, while the adjusted EBITDA margin was down by 1.8pp YoY, reflecting ~5% wage inflation and post-Covid normalisation of commercial activities.

Implementation of the operational excellence programme is underway and is fully on track to deliver planned cost savings of CHF 15 million in 2023 and CHF 50 million on an annualised basis from 2024 onwards. Up to 50% of cost savings achieved in each year will be re-invested into strategic growth areas.

### **Expansion into IT Service Management via acquisition of Beniva Consulting**

SoftwareOne has agreed to acquire Beniva Consulting, an Elite ServiceNow Partner headquartered in Calgary, Canada with approximately 75 professionals. The company is specialised in providing end-to-end professional services to clients seeking to leverage the platform of ServiceNow, a provider of workflow solutions and preferred vendor of enterprises moving to the cloud.

With this acquisition, SoftwareOne expands its ITAM service line from a USD 2 billion addressable market to the USD 7+ billion IT Service Management (ITSM) market, within the broader IT Operations Management (ITOM) space, enhancing its ability to help clients reduce costs by improving their IT operations.

Founded in 2016, Beniva Consulting has a strong growth track record and will be margin accretive to SoftwareOne's Software & Cloud Services business line at the adjusted EBITDA level. The transaction is expected to close in Q2 2023.

### **Launch of share buyback programme**

As previously announced, SoftwareOne will launch a share buyback programme of up to CHF 70 million. The programme is due to start on 22 May 2023.

The share buyback programme is for capital reduction purposes and will be executed on a second trading line on the SIX Swiss Exchange. SoftwareOne intends to request shareholder approval to cancel the shares purchased through this programme and to reduce the share capital at future shareholders' meetings.

Further details on the programme, including the official buyback announcements and regular updates on transactions within and outside the buyback program, can be found on SoftwareOne's investor relations website [Investor Relations | SoftwareOne](#) from 19 May 2023 onwards.

### **Outlook for the financial year 2023 reiterated**

Based on its first quarter performance, SoftwareOne reiterates its 2023 full-year guidance, assuming no material deterioration in the macroeconomic environment:

- Double-digit revenue growth for the group in constant currency;
- Adjusted EBITDA margin of 24-25% of revenue;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

## Reconciliation – Reported to adjusted EBITDA

CHFm	Q1 2023	Q1 2022
<b>Reported EBITDA</b>	<b>29.9</b>	<b>25.0</b>
Impact of change in revenue recognition of Microsoft Enterprise Agreements	1.4	0.5
Share-based compensation	-	1.8
Integration, M&A and earn-out expenses	3.9	8.4
Restructuring expenses	4.4	6.4
Russia-related loss	0.1	-
<b>Adjusted EBITDA</b>	<b>39.6</b>	<b>42.1</b>

## Q1 2023 RESULTS DOCUMENTS

The Q1 2023 Trading update documents can be found on SoftwareOne's website in the [Results centre](#).

## CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

A webcast for investors, analysts and the media with Brian Duffy, CEO and Rodolfo Savitzky, CFO will be held today at 9.00 CEST and may be joined via the link [Audio webcast](#).

If you wish to actively participate in the Q&A session or are unable to join via the webcast, please register [here](#) to obtain joining details. Upon registration, you will immediately receive a personal PIN, which will also be sent to you via email. Please join by dialing one of the provided local or toll-free phone numbers and entering your personal PIN, or select the 'Call me' option and type in your own phone number for the system to connect you instantly to the call.

The webcast will be archived and a digital playback will be available approximately one hour after the event in the [Results centre](#).

## CORPORATE CALENDAR

H1 2023 Results and Half-year report 24 August 2023

Q3 2023 Trading update 15 November 2023

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## **ABOUT SOFTWAREONE**

SoftwareOne is a leading global software and cloud solutions provider that is redefining how organizations build, buy and manage everything in the cloud. By helping clients to migrate and modernize their workloads and applications – and in parallel, to navigate and optimize the resulting software and cloud changes – SoftwareOne unlocks the value of technology. The company's ~9,000 employees are driven to deliver a portfolio of 7,500 software brands with sales and delivery capabilities in 90 countries. Headquartered in Switzerland, SoftwareOne is listed on the SIX Swiss Exchange under the ticker symbol SWON. Visit us at [www.softwareone.com](http://www.softwareone.com)

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## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

*This media release may contain certain forward-looking statements relating to the group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to force majeure, competitive pressures, legislative and regulatory developments, global, macroeconomic and political trends, the group's ability to attract and retain the employees that are necessary to generate revenues and to manage its businesses, fluctuations in currency exchange rates and general financial market conditions, changes in accounting standards or policies, delay or inability in obtaining approvals from authorities, technical developments, litigation or adverse publicity and news coverage, each of which could cause actual development and results to differ materially from the statements made in this media release. SoftwareOne assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.*