Media Release

SoftwareONE delivers solid performance and good progress with Comparex integration in 2019

Stans, Switzerland I 31 March 2020 – **SoftwareONE Holding AG, a leading global provider of end-to-end software and cloud technology solutions, today announced solid performance for the 2019 financial year, in line with the guidance provided during the IPO in October. The integration of Comparex, acquired in January 2019, is on track and delivered faster than anticipated synergies for the year.**

- On like-for-like basis including Comparex, gross profit grew 4.3% year-on-year at constant currency[1] to CHF 737.2 million, in line with 4-6% guidance for 2019
- Continued very strong gross profit growth in SoftwareONE book of business, while Comparex book of business was affected by ongoing integration as anticipated
- Adjusted EBITDA up 23.1% (like-for-like at constant currency) to CHF 223.6 million and adjusted EBITDA margin (like-for-like) at 30.3%, above 2019 target range of 28-30%
- Reported profit for the year up 59.9% to CHF 125.0 million
- Integration of Comparex in line with schedule and achievement of synergies ahead of plan with CHF 10 million reached in 2019; on track to deliver targeted gross profit and cost synergies of approx. CHF 60 million p.a. on adjusted EBITDA level in 2021
- SoftwareONE has seen continued business momentum in 2020, with limited effects of Covid-19 so far, although likely impact since mid-March unclear and developments unpredictable
- With its digitally focused business model as well as its CHF 191 million net cash position (as at end-2019), unused credit lines and strong cash flow, the group is well prepared to weather a potential longer-term downturn
- Board of Directors proposes dividend of CHF 0.21 per share for 2019
- Investor, analyst and media conference call to be held today at 9.00 am CEST

Dieter Schlosser, Chief Executive Officer of SoftwareONE, stated: “We achieved solid performance in 2019 and at the same time substantially enhanced the scale, efficiency and profile of our global software and cloud technology platform. While the acquisition of Comparex and our IPO were the strategic highlights in 2019, we also managed to increase profitability significantly. This reflects our continued growth course, relentless focus on our customers, and disciplined business management, leveraging our lean operating model built to deliver profitable growth at scale. Although the year 2020 is characterized by uncertainties due to the Covid-19 situation, we are well prepared for an adverse economic environment and confirm our medium-term outlook.”

2019 Key results

Like-for-like (12 months SoftwareONE & 12 months Comparex)

Adjusted for M&A, integration and IPO-related costs

In CHFm	2019	2018	% change constant currency
Gross profit from sale of software and other revenue	556.9	555.1	2.8%
Gross profit from solutions and services	180.4	168.9	9.2%
Gross profit	**737.2**	**724.0**	**4.3%**
OPEX	-560.9	-538.4	6.3%
EBITDA	176.4	185.7	-1.5%
Adjusted EBITDA	**223.6**	**186.9**	**23.1%**
Adjusted EBITDA margin	30.3%	25.8%	4.5pp

IFRS

Reported

In CHFm	2019	2018
Revenue from sale of software and other revenue	7,313.9	3,616.2
Revenue from solutions and services	296.9	124.4
Total revenue	**7,610.8**	**3,740.6**
Costs of software purchased	-6,773.4	-3,293.6
Third-party service delivery costs	-123.1	-37.6
Personnel expenses	-439.9	-224.3
Other operating expenses	-115.3	-57.4
Other operating income	11.2	2.1
Earnings before net financial items, taxes, depreciation and amortization	**170.3**	**129.8**
Earnings before net financial items and taxes	**119.0**	**112.8**
Profit for the year	**125.0**	**78.2**

For a reconciliation of adjusted to IFRS results, see page 6 of this press release.

Solid performance during integration year

SoftwareONE delivered solid performance in 2019, the year of its acquisition and integration of Comparex, which is included in the group's results from 1 February 2019. In overall healthy markets for the group's Software & Cloud and Solutions & Services business lines, reported revenue more than doubled to CHF 7.6 billion compared with 2018.

On a like-for-like basis including Comparex' standalone results for 2018 and 2019, gross profit increased by 4.3% on a constant currency basis to CHF 737.2 million, in line with the 2019 guidance of 4-6% provided during the IPO. Management considers gross profit to be a meaningful metric for the group's earnings capacity as it excludes flow-through costs from revenue, specifically costs for software purchases on behalf of clients as well as third-party service delivery costs. SoftwareONE continued to deliver very strong gross profit growth rates in its own book of business in 2019, while the progressing integration affected the Comparex book of business, as anticipated.

Gross profit from sale of software and other revenue grew by 2.8% on a like-for-like basis at constant currency in 2019, at the upper end of the IPO guidance range, reflecting the successful integration of the two salesforces. Solutions and services achieved gross profit growth of 9.2%, lower than the guidance due to the harmonization of Comparex' services portfolio with

SoftwareONE. As planned, the combined services portfolio has been rolled out and the incentive plans have been fully aligned as of the beginning of 2020, which positions the combined group for the next phase of growth.

In geographical terms, the group's EMEA region contributed 68% to overall gross profit in 2019, while NORAM, APAC, and LATAM contributed 15%, 10% and 7%, respectively, including Comparex.

Cost development reflecting Comparex integration and efficient business management

On a reported basis, personnel expenses increased to CHF 439.9 million in 2019, from CHF 224.3 million in 2018, and other operating expenses rose to CHF 115.3 million in 2019, from CHF 57.4 million in 2018, reflecting the Comparex acquisition. Total headcount (FTE) stood at 5,442 as at the end of 2019, compared with 5,377 on a combined basis and 2,636 on a SoftwareONE standalone basis as at the end of 2018.

On a like-for-like basis, overall operating expenses increased by 6.3% at constant currency. Overall operating expenses (on an adjusted like-for-like basis) comprised 69.7% of gross profit in 2019, compared with 74.2% in 2018. This reflects SoftwareONE's disciplined, efficient integration and business management, leveraging its global shared service centers and regional hubs as well as lean operating structure.

Strong increase in profitability

As a result of SoftwareONE's continued gross profit growth, cost discipline and cultural alignment of the combined organization, adjusted EBITDA increased by 23.1%, on a like-for-like basis at constant currency, to CHF 223.6 million. The adjusted EBITDA margin as a percentage of gross profit increased from 25.8% in 2018 to 30.3% in 2019 on a like-for-like basis, above the group's 2019 target range of 28-30%.

Adjusted EBITDA excludes the following M&A, integration and IPO-related items:

- CHF 1.4 million M&A and earn-out costs related to previous acquisitions
- CHF 13.9 million in costs for the Comparex integration
- CHF 10.5 million IPO-related costs
- CHF 21.4 million charge related to the 2017 management equity plan concluded with the IPO (non-cash with no equity impact, fully funded by the major shareholders)

Including those items, EBITDA for 2019 was CHF 176.4 million, compared with CHF 185.7 million in 2018, on a like-for-like basis. On a reported basis, earnings before net financial items, taxes, depreciation and amortization were CHF 170.3 million, compared with CHF 129.8 million in 2018.

Profit for the year was up 59.9% to CHF 125.0 million on a reported basis in 2019. This includes a significant appreciation of CHF 38.9 million in SoftwareONE's 13% stake in the software company Crayon.

Strong cash generation and unlevered balance sheet

Full-year 2019 net cash flow from operations amounted to CHF 216.3 million, including a positive impact of CHF 53.3 million relating to net working capital. Average net working capital (including factoring) over the course of 2019 was 38% of gross profit, but was brought down to a satisfactory level of 13% by year-end.

Capital expenditure totaled CHF 20.7 million, mainly relating to investments in PyraCloud and purchases of IT equipment. Net cash inflow relating to acquisitions and investments in joint ventures was CHF 42.5 million, including the cash balance of acquired companies.

Free cash flow amounted to CHF 192.6 million as at year-end 2019. Net cash position was CHF 190.7 million as at the end of 2019.

Good progress with Comparex integration and synergy realization ahead of target

Since the closing of the Comparex acquisition on 31 January 2019, SoftwareONE has completed several key integration steps, for example: the customer-facing integration phase, including brand refresh and website relaunch, leadership appointments, harmonized Solutions & Services portfolio, aligned go-to-market and sales enablement and harmonized compensation; as well as certain back-end integration phases, such as the combination of all group functions, the launch of a joint learning and development platform and many country-specific system migrations.

Integration activities are on track and realized synergies reached CHF 10 million in 2019, ahead of the CHF 7 million original plan. Remaining integration activities in 2020 include country-specific system migrations. SoftwareONE is confident that it will complete the integration process as planned and achieve the targeted synergies of approx. CHF 60 million p.a. (consisting of CHF 20 million in gross profit synergies and CHF 40 million in cost synergies) on an adjusted EBITDA level in 2021.

Proposed dividend

At the Annual General Meeting on 14 May 2020, the Board of Directors will propose a dividend of CHF 0.21 per share (to be paid from capital contribution reserves), taking into account the uncertain environment due to the Covid-19 situation, while also reflecting SoftwareONE's confidence in the strength of its business model. The proposed dividend is in line with the IPO guidance of a 30% pay-out ratio in 2019, when excluding the one-off non-cash items relating to the management equity plan and the Crayon revaluation.

Outlook

SoftwareONE has seen continued business momentum in 2020, with only limited effects of the Covid-19 situation so far, although the likely impact since mid-March is still unclear, and developments are rapid and unpredictable.

The group currently sees increased demand from customers for unified communication and collaboration solutions as well as software asset management assessments, both to help them operate virtually and to control and reduce their existing software spend. With technology and software as excellent work enablers, SoftwareONE expects businesses and institutions around the globe to continue to invest in their digital capabilities.

Although some deferral of purchases could take place, the Software & Cloud business line is thus expected to remain relatively strong as customers continue to renew and purchase business critical software and subscriptions. In Solutions & Services, the managed services business is expected to remain relatively stable, while the professional services business could see some disruption due to limited mobility and travel restrictions being enforced at customer locations.

In light of this, SoftwareONE reaffirms its mid-term (2020-2022) guidance provided at the time of the IPO. However, due to the Covid-19 situation, it is currently not possible to predict whether it can already reach gross profit targets in 2020, as expected during the IPO.

Key mid-term guidance includes:

- Double-digit gross profit growth resulting from high single-digit growth in sale of software and other revenue and growth in the high teens in solutions and services
- Adjusted EBITDA margin approaching 35%, with adjusted EBITDA growth in excess of gross profit growth
- Progressive dividend policy with a pay-out ratio of 30-50% of the profit for the year

The globally distributed and digital nature of SoftwareONE's business allows it to conduct significant parts of its business remotely. All staff, including global shared service centers, are currently working in a full work-from-home program without any interruption to the business or customers. With its strong net debt-free balance sheet and liquidity, unused credit lines and strong cash flow, SoftwareONE is well prepared to weather a potentially longer-term downturn and to continue to invest in its business.

Alternative Performance Measures:

Please see the 2019 Annual Report for a definition of Alternative Performance Measures used in this press release (page 33 of the PDF version).

RESULTS OVERVIEW

IFRS like-for-like	**SoftwareONE reported** [1]		**Adding Comparex** [2]		**Like-for-like** [3]	
In CHFm	**2018**	**2019**	2018	2019	**2018**	**2019**
Revenue from sale of software	3,600.2	7,296.3	2,969.8	230.4	6,570.0	7,526.7
Revenue from solutions and services	124.4	296.9	243.2	18.7	367.6	315.6
Other revenue	16.1	17.6	-0.1	0.0	16.0	17.6
Total revenue	**3,740.6**	**7,610.8**	**3,213.0**	**249.1**	**6,953.6**	**7,859.9**
Cost of software purchased	-3,293.6	-6,773.4	-2,737.3	-209.0	-6,030.9	-6,987.4
Third-party service delivery costs	-37.6	-123.1	-161.0	-12.1	-198.6	-135.3
Personnel expenses	-224.3	-439.9	-211.2	-18.2	-435.5	-458.0
Other operating expenses	-57.4	-115.3	-56.5	-5.9	-113.9	-116.2
Other operating income	2.1	11.2	8.9	2.2	11.0	13.4
Earnings before net financial items, taxes, depreciation and amortization	**129.8**	**170.3**	**55.8**	**6.1**	**185.7**	**176.4**
Depreciation and amortization	-17.0	-51.3	-20.6	-1.0	-37.6	-52.3
Earnings before net financial items and taxes	**112.8**	**119.0**	**35.2**	**5.1**	**148.0**	**124.1**
Finance income	6.3	52.1	10.5	0.1	16.8	52.2
Finance costs	-6.9	-9.7	-7.3	-0.8	-14.2	-10.5
Foreign exchange differences, net	-3.5	-7.1	-1.9	-0.4	-5.4	-7.5
Earnings before income tax	**108.6**	**154.4**	**36.6**	**3.9**	**145.2**	**158.3**
Income tax expense	-30.5	-29.3	-15.9	0.3	-46.3	-29.1
Profit for the year	**78.2**	**125.0**	**20.8**	**4.2**	**98.9**	**129.2**

Non-IFRS	**Like-for-like adjusted**		**% change** constant currency
In CHFm	**2018**	**2019**	
Revenue from sale of software	6,570.0	7,526.7	
Other revenue	16.0	17.6	
Cost of software purchased	-6,030.9	-6,987.4	
Gross profit from sale of software and other revenue	**555.1**	**556.9**	2.8%
Revenue from solutions and services	367.6	315.6	
Third-party service delivery costs	-198.6	-135.3	
Gross profit from solutions and services	**168.9**	**180.4**	9.2%
Gross profit total	**724.0**	**737.2**	4.3%
Personnel expenses	-435.5	-458.0	
Other operating expenses	-113.9	-116.2	
Other operating income	11.0	13.4	
Adjustments for share-based payment compensation	0.0	21.4	
Adjustments for integration expenses	1.0	13.9	
Adjustments for IPO expenses	0.0	10.5	
Adjustments for M&A and earn-out expenses	0.2	1.4	
Adjusted EBITDA	**186.9**	**223.6**	23.1%
Adjusted EBITDA margin	25.8%	30.3%	

Legend

1) SoftwareONE reported figures include Comparex since 1 February 2019

2) Adding Comparex figures adjusting for reporting period alignment, accounting policy alignment, reclassification and currency translation and including like-for-like adjustments

3) In order to present 2019 in the same way as 2018, the expense accounts receivable allowances of CHF 5.0m are reclassified from cost of software purchased to other operating expenses

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2019 RESULTS DOCUMENTS

The 2019 results documents can be found on SoftwareONE's website at the following links:

- SoftwareONE Results Center
- Direct link to Results Presentation
- Direct link to Annual Report

CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

An investor, analyst and media conference call with Dieter Schlosser, CEO, Hans Grüter, CFO, and Alex Alexandrov, COO, will be held today at 9.00 am CEST.

The presentation can be followed online or via telephone, using the following numbers:

- Dial-in number Switzerland: +41 (0) 58 310 50 00
- Dial-in number UK: +44 (0) 207 107 06 13
- Dial-in number USA: +1 (1) 631 570 56 13
- Other international numbers available here

Please dial-in 10-15 minutes before the conference and ask for SoftwareONE's 2019 results.

The webcast will be archived and a digital playback of the telephone conference will be available approximately one hour after the conference call – see SoftwareONE Results Center.

CORPORATE CALENDAR

- 2020 Annual General Meeting 14 May 2020
- 2020 half-year results 16 September 2020
- 2020 full-year results 31 March 2021

ABOUT SOFTWAREONE

SoftwareONE is a leading global provider of end-to-end software and cloud technology solutions, headquartered in Switzerland. With capabilities across the entire value chain, it helps companies design and implement their technology strategy, buy the right software and cloud solutions at the right price, and manage and optimize their software estate. Its offerings are connected by PyraCloud, SoftwareONE's proprietary digital platform, that provides customers with data-driven, actionable intelligence. With around 5,400 employees and sales and service delivery capabilities in 90 countries, SoftwareONE provides around 65,000 business customers with software and cloud solutions from over 7,500 publishers. SoftwareONE's shares (SWON) are listed on SIX Swiss Exchange. For more information, please visit SoftwareONE.com.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This press 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 press release. SoftwareONE assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

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[1] Current period translated at average exchange rate of prior-year period, based on management accounts