



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

SoftwareOne launches *Vision 2026 – a new chapter of growth*, together with FY 2023 results at its Capital Markets Day 2024

Stans, Switzerland | 15 February 2024 – **SoftwareOne Holding AG, a leading global software and cloud solutions provider, today presents a strategy update, growth priorities and new financial targets, along with its full-year 2023 results at its Capital Markets Day 2024. The in-person event will be held in Zurich and broadcast live from 14 CET onwards.**

- ‘*Vision 2026 – a new chapter of growth*’ to drive accelerated growth, margin expansion and cash generation, maximising long-term shareholder value
- Highly attractive market driven by serviceable addressable market (SAM) growth of 17% CAGR until 2026, including the additional opportunity unlocked by digital marketplace Client Portal
- Strategic growth priorities including deepening hyperscaler partnerships, driving the global roll-out of Copilot, capitalising on data & AI, executing on a focused ISV strategy, as well as bolt-on M&A
- Solid foundation for next chapter of growth with new leadership team and strengthened organisation through operational excellence
- Focus on leveraging its “lead” offering of software & cloud and value-added services, along with “expand” services in high-growth segments such as data & AI
- Sharpened execution across go-to-market, supported by new client segmentation model, portfolio innovation, delivery excellence and talent development
- Outlook for 2024: 8-10% YoY ccy revenue growth with adjusted EBITDA margin of 24.5-25.5%
- Vision 2026: ‘mid-teens’ revenue growth and adjusted EBITDA margin approaching 28%
- Balanced capital allocation prioritising investment in growth, bolt-on M&A and attractive returns to shareholders

Full year 2023 results:

- Group revenue up 8.0% YoY ccy to CHF 1,010.9 million in 2023
- Adjusted EBITDA up 6.5% YoY ccy to CHF 245.2 million with a margin of 24.3%, driven by operational excellence and margin progression in Software & Cloud Services
- Operational excellence cost savings of CHF 47.0 million in 2023, significantly over-achieving full-year target of CHF 15 million; annualised savings of CHF 63 million in 2023 expected to reach an increased target of CHF 70 million (*previously CHF 50 million*) in 2024
- Dividend of CHF 0.36 per share proposed for 2023, representing 50.5% of adjusted profit for the year

Brian Duffy, CEO of SoftwareOne said, “We are excited to present our updated strategy ‘*Vision 2026 – a new chapter of growth*’ today. With our unparalleled global presence, we are uniquely positioned to capture the growth opportunity in the rapidly expanding software & cloud market. Since I joined as CEO, we have already made significant changes and laid a robust foundation to deliver on a new chapter of growth. As we move forward, we look to deliver on our key growth priorities. We have a great team with new world class leaders to drive execution in line with our transformed go-to-market, to accelerate revenue growth to mid teens and gain market share. Combined with a continued focus on operational excellence, this will drive margin expansion, solid cash generation and long-term value creation for our shareholders.”

“Today we present solid results for full year 2023, with revenue growth of 8% and an adjusted EBITDA margin over 24%. Over the last twelve months, we have diligently implemented a company-wide operational excellence programme, which paves the way for a stronger, more resilient organisation. It will be a critical driver of performance throughout Vision 2026, and we are pleased to increase our annualised savings target to CHF 70 million in 2024. In 2024, we continue on our journey to higher growth at 8-10% YoY ccy, with an adjusted EBITDA margin of 24.5-25.5% as we transition towards growing faster than the market by 2026,” added **Rodolfo Savitzky, CFO of SoftwareOne.**

Vision 2026 – A new chapter of growth

To deliver on Vision 2026, SoftwareOne will leverage its value proposition, pursue key growth priorities and sharpen execution of its strategy.

Value proposition and updated strategy

SoftwareOne is uniquely positioned with its integrated offering of software and services. Based on its deep competencies around software & cloud procurement and managing spend, SoftwareOne intends to focus on leveraging its “lead” offering, helping clients with providing cloud access, maximizing ROI of their spend and enhancing workforce productivity across all customer segments. In addition, the company will “expand” in selected high-growth segments serving mid-market clients, including application modernisation and data & AI.

Strategic growth priorities

To drive revenue acceleration, SoftwareOne will capitalise on the strong momentum in its serviceable addressable market (SAM), which is expected to grow at 17% CAGR to US\$149 billion by 2026. This includes the additional market opportunity unlocked by Client Portal, raising the growth rate for Software & Cloud Marketplace from 9% to 15% CAGR by 2026.

The company will also deliver on five key growth priorities:

- **Deepen partnerships with hyperscalers** – SoftwareOne is a trusted partner to hyperscalers, with expert certifications across Microsoft, AWS and Google. The company will deepen these relationships by driving higher consumption through integrated solutions
- **Drive global Copilot roll-out** – SoftwareOne estimates a mid-term revenue opportunity of c. CHF 100 million and is already seeing strong traction around its first-to-market Copilot offering
- **Capitalise on Data & AI** – with its extensive capabilities, Intelligence Fabric offering and partnerships with market leaders, SoftwareOne is well-positioned to capitalise on the fast-growing data & AI market
- **Execute on focused ISV strategy** – by focusing on the largest vendors with dedicated global and regional teams, SoftwareOne will capture the large opportunity and drive results in other ISVs
- **Leverage Client Portal** – SoftwareOne Client Portal offers a compelling value proposition for both vendors and clients as a self-serve one-stop-shop

Sharpened execution

As part of its updated strategy, SoftwareOne will focus on sharpening execution through a transformed go-to-market approach. Specifically, the company will implement a new client segmentation and coverage model and drive commercial excellence, including pricing realisation. Together with continuous portfolio innovation, delivery excellence and talent management, SoftwareOne will deliver best-in-class business outcomes for clients and performance.

New financial targets

With Vision 2026, SoftwareOne sets new financial targets reflecting a transitional period in 2024, followed by an acceleration of growth and margin expansion by 2026.

2024 outlook and Vision 2026 targets

	Outlook 2024	Vision 2026
Revenue growth (YoY ccy)	8-10%	Mid-teens
Adjusted EBITDA margin	24.5-25.5%	Approaching 28%
Dividend policy	30-50% adjusted profit	30-50% adjusted profit

FY 2023 FINANCIAL RESULTS

Key figures – Group (Unaudited)¹

CHFm	FY 2023	FY 2022	% Δ	% Δ (CCY)	Q4 2023	Q4 2022	% Δ	% Δ (CCY)
Software & Cloud Marketplace	549.7	545.3	0.8%	5.6%	152.2	151.2	0.6%	5.6%
Software & Cloud Services ²	461.2	437.4	5.4%	11.0%	118.5	114.6	3.4%	7.9%
Total revenue	1,010.9	982.8	2.9%	8.0%	270.7	265.8	1.8%	6.6%
Delivery costs	(347.6)	(346.3)	0.4%	5.3%	(84.0)	(86.5)	(2.9)%	0.3%
Contribution margin	663.3	636.4	4.2%	9.4%	186.7	179.3	4.1%	9.6%
SG&A	(418.1)	(396.0)	5.6%	11.2%	(101.1)	(101.6)	(0.5)%	5.9%
Adj. EBITDA	245.2	240.4	2.0%	6.5%	85.6	77.7	10.2%	14.4%
Adj. EBITDA margin (% revenue)	24.3%	24.5%	(0.2)pp	-	31.6%	29.2%	2.4pp	-
Adj. EPS (diluted)	0.70	0.74	(4.9)%	-	-	-	-	-
IFRS reported								
Net cash from operating activities	77.3	91.1	(15.1)%	-	-	-	-	-
Net debt/(cash)	(186.3)	(317.5)	-	-	-	-	-	-
Net working capital (after factoring)	(160.9)	(158.3)	-	-	-	-	-	-
Headcount (FTEs at end of period)	9,287	9,060	2.5%	-	-	-	-	-

Group revenue grew 8.0% YoY and 2.9% YoY in constant (ccy) and reported currency, respectively, to CHF 1,010.9 million in 2023, compared to CHF 982.8 million in the prior year period.

The strengthening of the CHF versus several major currencies, including the EUR, USD and GBP led to a negative FX translation impact of over five percentage points on revenue.

¹ All financial information for 2023 is unaudited

² FY 2022 revenue for Software & Cloud Services restated as a result of implementation of the IFRS IC agenda decision on IFRS 15, with further contracts identified which should have been accounted for on an agent basis

Solid growth in key markets

By region, EMEA delivered a solid year, with revenue up 7.6% YoY ccy to CHF 609.8 million, driven by a robust performance in DACH. In Q4 2023, the UK and Southern Europe continued to show strong momentum.

Revenue in NORAM was CHF 149.1 million in 2023, with constant currency growth broadly flat on the back of more cautious spending by clients.

Revenue by region

CHFm	FY 2023	FY 2022	% Δ (CCY)	Q4 2023	Q4 2022	% Δ (CCY)
EMEA	609.8	590.2	7.6%	165.9	164.9	4.8%
NORAM	149.1	159.0	0.0%	37.3	45.3	(10.0)%
LATAM	99.7	104.8	0.2%	27.7	26.6	4.4%
APAC	144.3	126.4	24.6%	36.1	29.8	32.8%

APAC sustained strong revenue growth, up 24.6% YoY ccy to CHF 144.3 million in 2023, on the back of excellent results across the region. Revenue in Q4 2023 was up 32.8% YoY ccy, driven by over 50% YoY ccy revenue growth in Software & Cloud Services as a result of new contract wins.

Revenue in LATAM was CHF 99.7 million, up 0.2% YoY ccy in 2023 due to muted performance across key markets. Performance stabilised in Q4 2023 with revenue growth of 4.4% YoY ccy, on the back of new leadership appointed for the region, Mexico and Colombia during Q4 2023.

Continued growth momentum across business lines

Software & Cloud Marketplace

Revenue in Software & Cloud Marketplace grew 5.6% YoY ccy to CHF 549.7 million in 2023, compared to CHF 545.3 million in the prior year.

Key figures – Software & Cloud Marketplace

CHFm	FY 2023	FY 2022	% Δ (CCY)	Q4 2023	Q4 2022	% Δ (CCY)
Revenue	549.7	545.3	5.6%	152.2	151.2	5.6%
Contribution margin	477.8	471.3	6.2%	134.7	132.0	7.1%
<i>Contribution margin (% of revenue)</i>	<i>86.9%</i>	<i>86.4%</i>	<i>-</i>	<i>88.5%</i>	<i>87.3%</i>	<i>-</i>
Adjusted EBITDA	282.4	289.1	2.2%	83.3	84.7	2.6%
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>51.4%</i>	<i>53.0%</i>	<i>-</i>	<i>54.8%</i>	<i>56.0%</i>	<i>-</i>

Gross billings in the Microsoft business amounted to USD 18.3 billion in 2023, up 9% compared to 2022. In Q4 2023, billings were USD 3.4 billion, up 7% YoY.

Revenue growth in the Microsoft business continued to accelerate in Q4 2023, offsetting lower growth in other ISVs.

Contribution margin grew to CHF 477.8 million in 2023, with the margin increasing to 86.9% of revenue.

Adjusted EBITDA was CHF 282.4 million in 2023, up 2.2% YoY ccy compared to CHF 289.1 million in the prior year.

Software & Cloud Services

Software & Cloud Services delivered revenue growth of 11.0% YoY ccy to CHF 461.2 million in 2023, up from CHF 437.4 million in the prior year, driven by Cloud Services, Digital Workplace and Software Sourcing & Portfolio Management, partially offset by the phasing out of legacy services.

Key figures – Software & Cloud Services

CHFm	FY 2023	FY 2022	% Δ (CCY)	Q4 2023	Q4 2022	% Δ (CCY)
Revenue	461.2	437.4	11.0%	118.5	114.6	7.9%
Contribution margin	185.6	165.1	18.7%	52.0	47.3	16.4%
<i>Contribution margin (% of revenue)</i>	<i>40.2%</i>	<i>37.8%</i>	<i>-</i>	<i>43.9%</i>	<i>41.3%</i>	<i>-</i>
Adjusted EBITDA	28.1	13.6	111.5%	19.6	9.9	102.5%
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>6.1%</i>	<i>3.1%</i>	<i>-</i>	<i>16.6%</i>	<i>8.6%</i>	<i>-</i>

Focus on cross-selling continued with 73% of LTM (to 31 December 2023) revenue generated by c. 15.9k clients purchasing both software and services, up from 15.1k a year ago.

Revenue in xSimple³ was up 12.2% and 14.6% YoY ccy in Q4 and 2023, respectively.

Contribution margin increased to CHF 185.6 million in 2023, driving the margin to 40.2% of revenue, up from 37.8% in the prior year as a result of strong progress in optimising the delivery network.

Adjusted EBITDA was CHF 28.1 million in 2023, compared to CHF 13.6 million in the prior year period. The margin improved to 6.1% compared to 3.1% in the prior year, driven by a strong contribution margin and operating leverage as the business continues to scale.

Focus on profitable growth

Group adjusted EBITDA was CHF 245.2 million in 2023, up 6.5% YoY ccy. Adjusted EBITDA margin was 24.3%, down by 0.2pp YoY, with the normalisation of marketing and travel costs post-Covid and co-marketing investments in the prior year period offsetting an improved contribution margin.

Adjusted profit for the period was CHF 109.6 million in 2023, representing a decrease of (4.7)% YoY in reported currency, compared to CHF 115.0 million in the prior year.

IFRS reported profit for the period increased to CHF 21.4 million in 2023, compared to CHF (58.3) million in the prior year period. The improvement was primarily driven by lower expenses relating to integration and M&A, as well as the impact from the exit from Russia and the financial loss relating to the company's shareholding in Crayon, both of which impacted the prior year period.

For a reconciliation of IFRS reported profit to adjusted profit for the period, see page 7 of this media release.

Delivering on operational excellence

In 2023, the company achieved CHF 47.0 million of cost savings through its operational excellence programme against a target of CHF 15 million, driven by re-balancing of sales resources and AI-driven cross-selling initiatives, optimisation of the services delivery network and transitioning resources to shared service centres. On an annualised basis, the cost savings in 2023 corresponded to CHF 63 million.

With the programme delivering ahead of plan, the annualised cost savings target has been updated to CHF 70 million in 2024, compared to the original target of CHF 50 million.

³ Including AzureSimple, 365 Simple and AWS

The restructuring expenses relating to the programme were CHF 39.3 million in 2023, exceeding the expected CHF 25 million due to the increased scope of implementation. An additional CHF 10 million of restructuring expenses are expected in 2024.

Strong liquidity and solid balance sheet

Net working capital⁴ decreased to CHF (160.9) million, compared to CHF (158.3) million in the prior year. Net cash from operating activities was CHF 77.3 million in 2023, broadly in line with the prior year period.

Capital expenditure totalled CHF 57.2 million, including investments in the SoftwareOne Client Portal, compared to CHF 47.3 million in the prior year period.

The net debt/(cash) position was CHF (186.3) million as of 31 December 2023, compared to CHF (317.5) million as of 31 December 2022.

⁴ After factoring

RESULTS OVERVIEW

Profit & loss summary

CHFm	IFRS reported		Adjusted			
	FY 2023	FY 2022	FY 2023	FY 2022	% Δ	% Δ at CCY
Revenue from Software & Cloud Marketplace	549.8	538.4	549.7	545.3	0.8%	5.6%
Revenue from Software & Cloud Services	461.5	437.4	461.2	437.4	5.4%	11.0%
Total revenue	1,011.3	975.8	1,010.9	982.8	2.9%	8.0%
Delivery costs	-	-	(347.6)	(346.3)	0.4%	5.3%
Contribution margin	-	-	663.3	636.4	4.2%	9.4%
SG&A	-	-	(418.1)	(396.0)	5.6%	11.2%
EBITDA	161.7	136.9	245.2	240.4	2.0%	6.5%
Depreciation, amortisation & impairment ⁵	(65.9)	(58.6)	(65.9)	(58.6)	12.6%	-
EBIT	95.8	78.4	179.3	181.9	(1.4)%	-
Net financial items	(33.3)	(92.4)	(24.4)	(14.7)	66.0%	-
Earnings before tax	62.5	(14.0)	154.9	167.2	(7.4)%	-
Income tax expense	(41.0)	(44.3)	(45.3)	(52.2)	(13.2)%	-
Profit for the period	21.4	(58.3)	109.6	115.0	(4.7)%	-
EBITDA margin (% revenue)	16.0%	14.0%	24.3%	24.5%	(0.2)pp	-
EPS (diluted)	0.14	(0.38)	0.70	0.74	(4.9)%	-

Reconciliation – IFRS reported to Adjusted profit

CHFm	FY 2023	FY 2022
IFRS reported profit for the period	21.4	(58.3)
Impact of change in revenue recognition of Microsoft Enterprise Agreements	(0.2)	6.6
Share-based compensation	-	4.3
Integration expenses, M&A and earn-out expenses	23.1	44.3
Russia related-loss	(0.3)	35.2
Restructuring expenses	39.3	13.1
Discontinuation of MTWO vertical	5.7	-
Other non-recurring items	15.9	-
Total revenue and operating expense adjustments	83.5	103.5
Depreciation / (appreciation) of Crayon and impact of adjustments on financial result	8.9	77.7
Tax impact of adjustments	(4.3)	(7.9)
Adjusted profit for the period	109.6	115.0

Source: Management view

FY 2023 RESULTS DOCUMENTS

The full-year 2023 results documents can be found on SoftwareOne's website in the [Results centre](#).

⁵ Includes PPA amortisation (including impairments, if applicable) of CHF 14.5 million and CHF 15.9 million in 2023 and 2022, respectively

LIVE EVENT AND WEBCAST

SoftwareOne's Capital Markets Day and presentation of full-year 2023 results will start at 14:00 CET today. The event will be held in a hybrid format, with institutional investors and research analysts invited to attend in person (upon prior registration) at the Circle Convention Centre – Zurich Airport.

To view the live webcast, please visit [SoftwareOne Capital Markets Day 2024](#). The presentation materials and agenda are available here. The event will be held in English.

If you wish to actively participate in the Q&A session, please register [here](#) to obtain joining details. Upon registration, you will receive a calendar invitation with call access details, including your personal PIN. Alternatively, if you require operator assistance, please use the dial-in details below:

United Kingdom (Local): +44 20 3936 2999

United Kingdom (Toll-Free): +44 800 358 1035

[Global Dial-In Numbers](#)

Access Code: 498979

The webcast will be available for on-demand viewing after the live event on [Investor Relations | SoftwareOne](#).

CORPORATE CALENDAR

2023 Annual Report and ESG (Non-financial) Report	20 March 2024
2024 Annual & Extraordinary General Meeting (AGM / EGM)	18 April 2024
Q1 2024 Trading update	15 May 2024
2024 Half-year results and Half-year Report	21 August 2024
Q3 2024 Trading update	13 November 2024

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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 optimise the resulting software and cloud changes – SoftwareOne unlocks the value of technology. The company's ~9,300 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

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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.