



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

## SoftwareOne delivers solid start to 2024 and reiterates full-year guidance

Stans, Switzerland | 15 May 2024 – **SoftwareOne Holding AG, a leading global software and cloud solutions provider, today published its Q1 2024 trading update.**

- Group revenue up 7.4% YoY constant currency (ccy) and 3.1% YoY reported currency to CHF 246.9 million in Q1 2024
- Adjusted EBITDA up 18.8% YoY ccy to CHF 45.4 million, with margin up 1.8pp YoY to 18.4% reflecting continued cost control
- Acceleration in NORAM to revenue growth of 26.4% YoY ccy supported by a number of large client wins
- Execution of Vision 2026 progressing as planned, with a focus on driving strategic growth priorities, sharpening execution and margin expansion
- Ambition to become #1 Copilot partner and deliver on USD 100 million revenue opportunity across licensing and services on track
- Implementation of transformed GTM model ongoing based on new client segmentation and coverage model, with a phased roll-out starting in key markets in Q2 2024
- Outlook for 2024 reiterated based on YTD performance and stabilising market environment
- Transaction Committee chaired by Till Spillmann and comprised of all independent members of the Board of Directors has been established to address approaches received from several parties

**Brian Duffy, CEO of SoftwareOne** said, “We delivered our Q1 2024 results against a backdrop of uncertainty in the economic environment. With our integrated offering of software & cloud, services and data & AI, we are strongly positioned to serve our clients with outcome-oriented solutions to meet their needs. In particular, we made great progress in supporting clients with the implementation of Microsoft 365 Copilot this quarter, helping them bend the productivity curve, while addressing security, governance and other considerations.

We are focused on executing our updated strategy ‘*Vision 2026 – a new chapter of growth*’. We have finalised the blueprint design for a transformed GTM approach based on our new client segmentation and coverage model, with roll-out in key markets starting in Q2 2024. We have also made significant progress in forming a well-defined global alliance organisation to manage prioritised partnerships with ISVs. Lastly, we continue to see traction on our Marketplace Platform, with the number of clients, cloud subscriptions and sales steadily increasing. Combined with a continued focus on operational excellence, we are confident these strategic initiatives will drive accelerated growth and margin expansion in line with our Vision 2026 targets.

**Rodolfo Savitzky, CFO of SoftwareOne** added, “Our Q1 2024 results are a testament to our resilient business model and the successful execution of our operational excellence programme. We continue to be on track to deliver our target of CHF 70 million in annualised savings in 2024. Based on our performance this quarter, we reiterate full-year guidance of revenue growth of 8-10% and an adjusted EBITDA margin of 24.5-25.5%.”

## Key figures – Group

CHFm	Q1 2024	Q1 2023	% Δ	% Δ (CCY)
Software & Cloud Marketplace	125.6	125.6	0.0%	4.6%
Software & Cloud Services	121.3	113.8	6.6%	10.4%
<b>Total revenue</b>	<b>246.9</b>	<b>239.4</b>	<b>3.1%</b>	<b>7.4%</b>
Delivery costs	(87.7)	(91.4)	(4.1)%	(1.1)%
<b>Contribution margin</b>	<b>159.3</b>	<b>148.0</b>	<b>7.6%</b>	<b>12.6%</b>
SG&A	(113.9)	(108.4)	5.1%	10.3%
<b>Adj. EBITDA</b>	<b>45.4</b>	<b>39.6</b>	<b>14.5%</b>	<b>18.8%</b>
<i>Adj. EBITDA margin (% revenue)</i>	<i>18.4%</i>	<i>16.6%</i>	<i>1.8pp</i>	<i>-</i>

In Q1 2024, revenue at the group level grew 7.4% YoY ccy and 3.1% reported currency to CHF 246.9 million, compared to CHF 239.4 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 around 4.3 percentage points on revenue.

### Solid growth in key markets

#### Revenue by region

CHFm	Q1 2024	Q1 2023 <sup>1</sup>	% Δ	% Δ (CCY)
EMEA	147.0	148.9	(1.3)%	3.0%
NORAM	39.1	32.6	19.9%	26.4%
LATAM	24.8	23.1	7.3%	4.3%
APAC	32.8	31.3	5.0%	14.4%
Group, FX & Other	3.1	3.5	(10.4)%	-
<b>Total revenue</b>	<b>246.9</b>	<b>239.4</b>	<b>3.1%</b>	<b>7.4%</b>

By region, EMEA grew revenue by 3.0% YoY ccy to CHF 147.0 million, with good momentum in Southern Europe, Benelux and CEE, particularly within services.

NORAM accelerated on the back of a number of large client wins, driving revenue growth of 26.4% YoY ccy to CHF 39.1 million in Q1 2024.

APAC was up 14.4% YoY ccy to CHF 32.8 million in Q1 2024, driven primarily by Microsoft and related services.

Revenue in LATAM grew 4.3% YoY ccy to CHF 24.8 million in Q1 2024 with improved performance across the region on the back of new leadership since last year.

<sup>1</sup> Includes reallocation of revenue between Group and the regions to align with 2024 reporting, with no change to total revenue

## Continued growth momentum across business lines

### Software & Cloud Marketplace

#### Key figures – Software & Cloud Marketplace

CHFm	Q1 2024	Q1 2023	% Δ	% Δ (CCY)
<b>Revenue</b>	<b>125.6</b>	<b>125.6</b>	<b>0.0%</b>	<b>4.6%</b>
<b>Contribution margin</b>	<b>108.2</b>	<b>106.6</b>	<b>1.5%</b>	<b>6.1%</b>
<i>Contribution margin (% of revenue)</i>	<i>86.1%</i>	<i>84.9%</i>	<i>1.2pp</i>	<i>-</i>
<b>Adj. EBITDA</b>	<b>57.9</b>	<b>53.3</b>	<b>8.6%</b>	<b>13.0%</b>
<i>Adj. EBITDA margin (% of revenue)</i>	<i>46.1%</i>	<i>42.5%</i>	<i>3.6pp</i>	<i>-</i>

Revenue in Software & Cloud Marketplace grew 4.6% YoY ccy to CHF 125.6 million in Q1 2024.

Gross billings in the Microsoft business amounted to USD 4.3 billion in Q1 2024, up 6% compared to Q1 2023. Revenue growth in the Microsoft business continued to offset lower growth in other ISVs.

Contribution margin grew by 6.1% YoY ccy to CHF 108.2 million in Q1 2024, with the margin improving to 86.1% of revenue.

Adjusted EBITDA grew by 13.0% YoY ccy to CHF 57.9 million in Q1 2024, compared to CHF 53.3 million in the prior year period.

### Software & Cloud Services

#### Key figures – Software & Cloud Services

CHFm	Q1 2024	Q1 2023	% Δ	% Δ (CCY)
<b>Revenue</b>	<b>121.3</b>	<b>113.8</b>	<b>6.6%</b>	<b>10.4%</b>
<b>Contribution margin</b>	<b>51.1</b>	<b>41.4</b>	<b>23.5%</b>	<b>29.2%</b>
<i>Contribution margin (% of revenue)</i>	<i>42.1%</i>	<i>36.4%</i>	<i>5.8pp</i>	<i>-</i>
<b>Adj. EBITDA</b>	<b>4.4</b>	<b>2.3</b>	<b>89.1%</b>	<b>93.6%</b>
<i>Adj. EBITDA margin (% of revenue)</i>	<i>3.6%</i>	<i>2.0%</i>	<i>1.6pp</i>	<i>-</i>

Software & Cloud Services delivered revenue growth of 10.4% YoY ccy to CHF 121.3 million in Q1 2024, up from CHF 113.8 million in the prior year period. Growth was driven by Cloud Services and Software Sourcing & Portfolio Management (*previously known as ITAM*).

Focus on cross-selling continued with 73% of LTM (to 31 March 2024) revenue generated by c. 15.9k clients purchasing both software and services, up from 15.5k a year ago

Contribution margin increased to CHF 51.1 million in Q1 2024, driving the margin to 42.1%, driven by continued optimisation of the delivery network.

Adjusted EBITDA was CHF 4.4 million in Q1 2024, compared to CHF 2.3 million in the prior year period. The margin was 3.6%, up 1.6 ppts compared to one year ago.

### Focus on profitable growth

Adjusted EBITDA for Q1 2024 was CHF 45.4 million, increasing 18.8% YoY ccy driven primarily by optimisation of the delivery network and strict cost control.

The operational excellence programme generated additional cost savings of CHF 7 million in Q1 2024 and is on track to achieve the CHF 70 million target this year.

Restructuring expenses relating to the operational excellence and GTM programmes, as well as discontinuation of the MTWO vertical totalled CHF 12.2 million in Q1 2024.

### **Update on implementation of Vision 2026**

At its Capital Markets Day on 15 February 2024, SoftwareOne announced '*Vision 2026 – a new chapter of growth*' to drive accelerated growth, margin expansion and cash generation by pursuing key growth priorities and through sharpened execution, while leveraging its unique value proposition. The implementation of Vision 2026 is progressing as planned.

#### *Strategic growth opportunities*

In terms of its strategic growth priorities, SoftwareOne remains on track to becoming the #1 Copilot partner for Microsoft and achieving the USD 100 million mid-term revenue opportunity, with over 325,000 new Copilot users and 325+ services engagements in the quarter.

#### *Sharpened execution*

With regards to sharpening execution, transforming the company's GTM approach and implementing pricing and renewals initiatives were priorities in Q1 2024. A blueprint design of the GTM model based on the new client segmentation and coverage model was finalised in the quarter. Roll-out to key markets is planned for Q2 2024, followed by an organisation-wide launch towards year-end.

To execute on its focused ISV strategy, significant progress was made in establishing the global alliance team to manage prioritised partnerships with the hyperscalers and other ISVs.

To increase wallet share and expand its addressable market, the company remained focused on accelerating adoption of the Marketplace platform, which continued to gain traction with both vendors and clients in Q1 2024. With over 17k clients actively using the platform, the number of cloud subscriptions increased to 34.5k and LTM gross sales to 31 March 2024 was CHF 668 million.

#### *Margin expansion*

To drive margin expansion, SoftwareOne continued to execute on its operational excellence programme, with continued optimisation of delivery network, scaling of HR shared service centers and completion of Finance shared service transitions.

### **Board of Directors' update**

Together with the Executive Board, the newly elected Board of Directors is currently analysing the business with a view to accelerating the current transformation and growth plans.

In the meantime, the Board has been approached by several parties regarding a potential going-private transaction. To ensure an orderly follow-up, the Board has established a Transaction Committee that is chaired by Till Spillmann and comprises all independent members of the Board of Directors.

### **Outlook for the financial year 2024 reiterated**

Based on its first quarter performance, SoftwareOne reiterates its 2024 full-year guidance, assuming no material deterioration in the macroeconomic environment:

- 8-10% YoY revenue growth for the group in constant currency;
- Adjusted EBITDA margin of 24.5-25.5% of revenue;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

## Reconciliation – Reported to adjusted EBITDA

CHFm	Q1 2024	Q1 2023
<b>Reported EBITDA</b>	<b>28.7</b>	<b>29.9</b>
Impact of change in revenue recognition of Microsoft Enterprise Agreements	0.3	1.4
Share-based compensation	-	-
Integration, M&A and earn-out expenses	3.1	3.9
Operational excellence restructuring expenses	4.1	4.4
GTM restructuring expenses	5.1	-
Discontinuation of MTWO vertical	3.0	-
Russia-related loss	-	0.1
Other non-recurring items	1.0	-
<b>Adjusted EBITDA</b>	<b>45.4</b>	<b>39.6</b>

## Q1 2024 RESULTS DOCUMENTS

The Q1 2024 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, you may call the following numbers, 10 – 15 minutes before conference start:

Switzerland / Europe: +41 (0) 58 310 50 00

United Kingdom: +44 (0) 207 107 06 13

United States: +1 (1) 631 570 56 13

Other international numbers available [here](#).

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

## CORPORATE CALENDAR

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 a presence in over 60 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.*