



# SoftwareONE

EMPOWERING COMPANIES TO TRANSFORM

**H1 2022 Results**

**25 August 2022**

# DISCLAIMER

## Forward-looking statements

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01

# H1 2022 SUMMARY

D i e t e r S c h l o s s e r , C E O



# STRONG GROWTH AT 16% WITH ADJUSTED EBITDA MARGIN ABOVE 25% IN H1 2022

CHFm, % YoY (ccy)

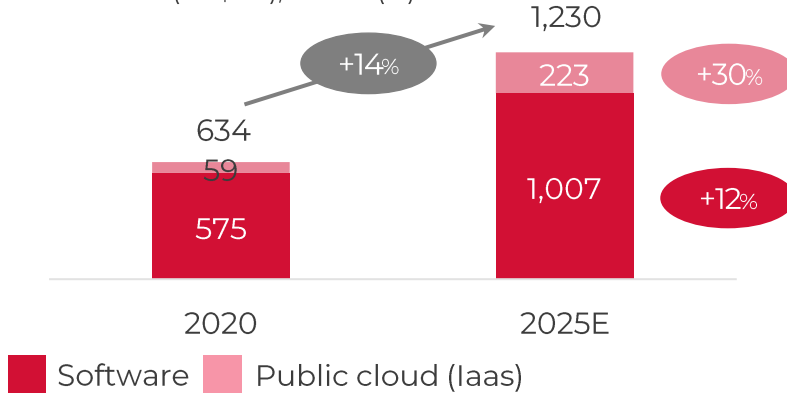
	H1 2022		Q2 2022	
<b>GROSS PROFIT</b>	<b>470</b>	<b>+16.0%</b>	<b>257</b>	<b>+17.2%</b>
<b>ADJUSTED EBITDA</b>	<b>118</b>	<b>+9.3%</b>	<b>76</b>	<b>+13.0%</b>
<b>MARGIN (%)</b>	<b>25.1%</b>	<b>(1.2)<sub>pp</sub></b>	<b>29.5%</b>	<b>(0.8)<sub>pp</sub></b>

# OUR MARKET OPPORTUNITY REMAINS STRONG



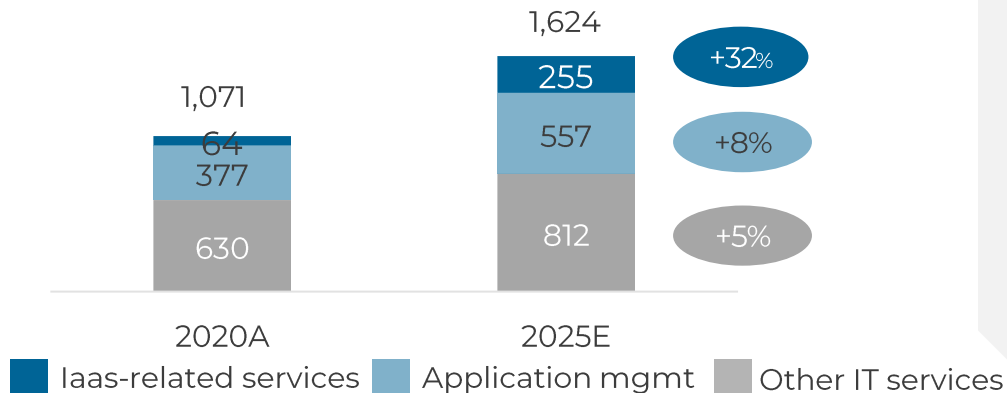
## GLOBAL SOFTWARE & PUBLIC CLOUD SPEND

Market size (US\$bn), CAGR (%)



## GLOBAL IT SERVICES SPEND

Market size (US\$bn), CAGR (%)



*"Inflation is top of mind for everyone... however, **the current level of volatility...is not expected to deter CIOs' investment plans for 2022.**"*

**Gartner, 14 July 2022**

*"The **public cloud IaaS** market continues to gain momentum, delivering over 35% annual growth...**the market remains incredibly well positioned to help organizations achieve their digital-first business strategies.**"*

**IDC, August 2022**

*"As a % of GDP, IT spend is going to increase because **every business is trying to fortify itself with digital tech to navigate this macro environment...**"*

*Coming out of this macroeconomic crisis, **the public cloud will be even a bigger winner**, because it does act as that deflationary force."*

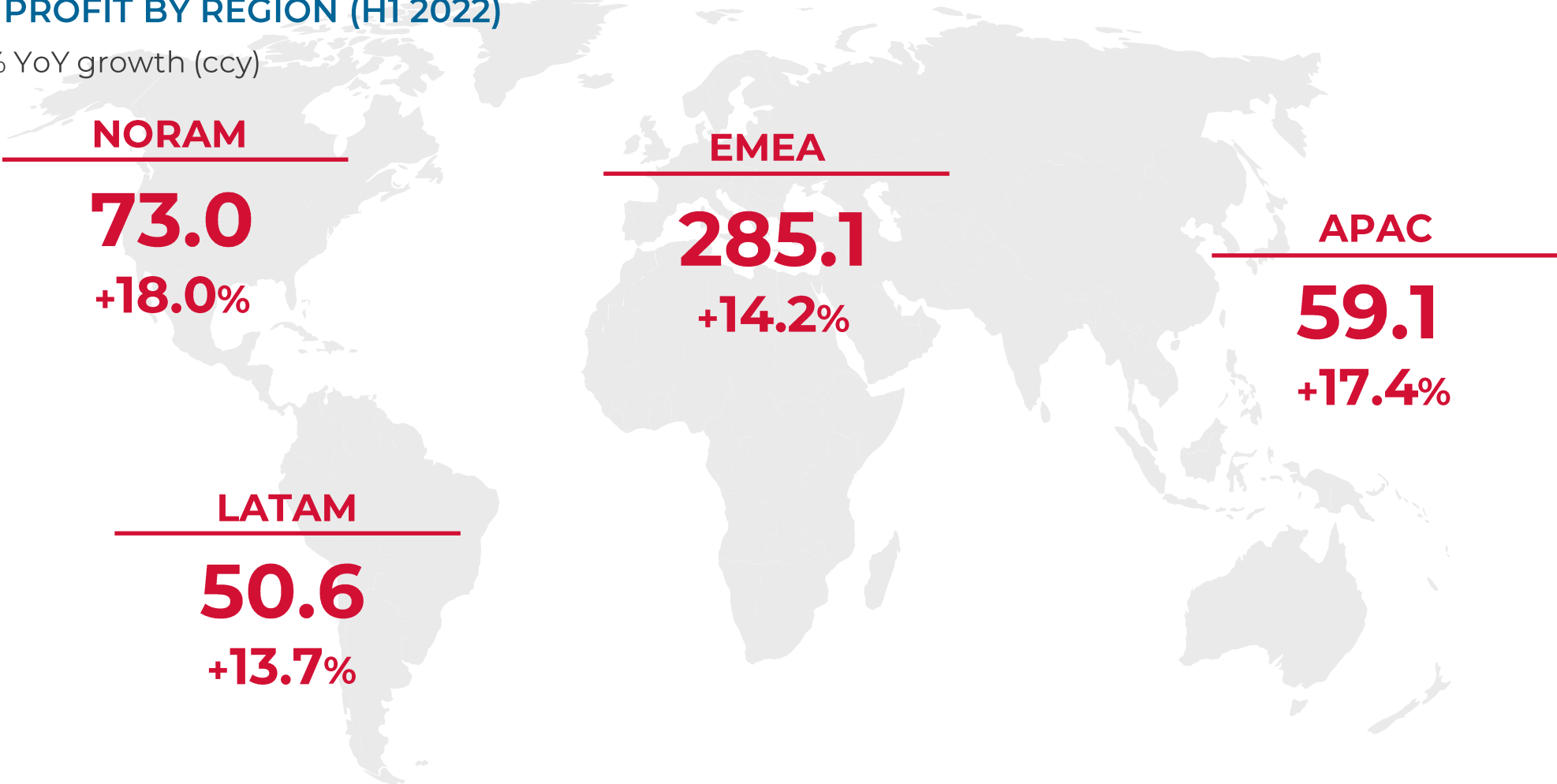
**Satya Nadella, 26 July 2022**

Source: Gartner, Public Cloud Forecast, IDC (2021)

# DOUBLE-DIGIT GROWTH ACROSS REGIONS

## GROSS PROFIT BY REGION (H1 2022)

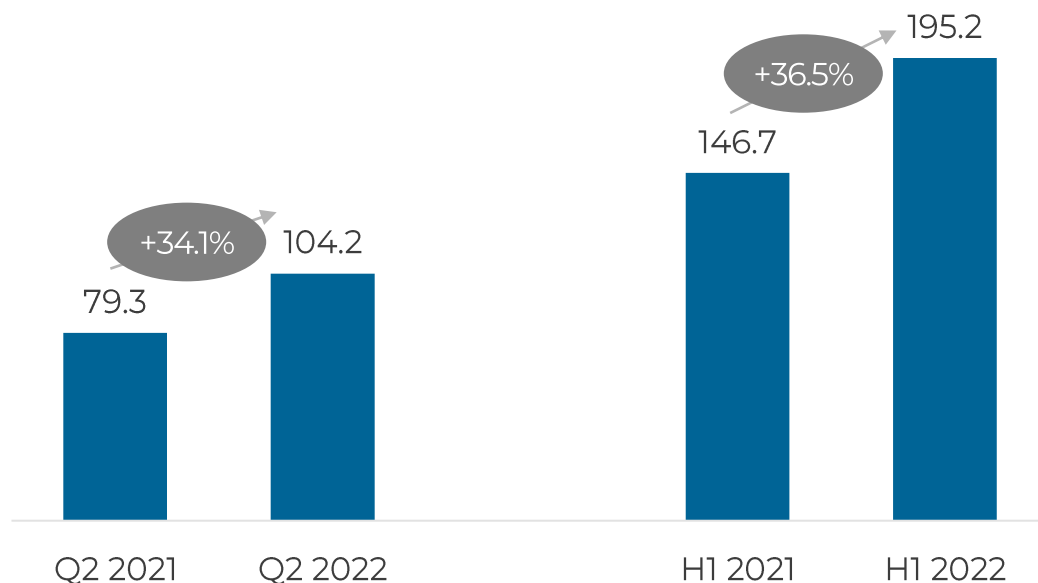
CHFm, % YoY growth (ccy)



# SOLUTIONS & SERVICES MAINTAINS GROWTH TRAJECTORY

## GROSS PROFIT

CHFm, % YoY growth (ccy)



Adj. EBITDA Margin (% gross profit)

(2.8)%	7.1%	(4.6)%	1.8%
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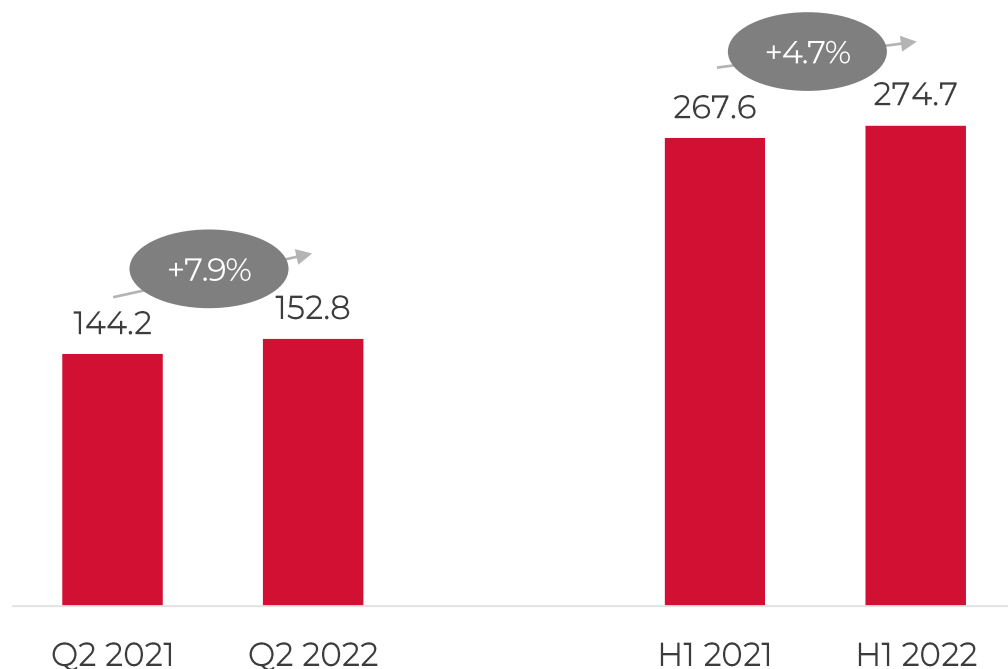
## H1 2022 HIGHLIGHTS

- Broad-based strong performance across service lines, customers and geographies
- Excellent growth in XSimple<sup>(1)</sup>, up >70% YoY, with 7.7 million users supported in the cloud
- Continued focus on cross-sell, with 73% of LTM<sup>(2)</sup> gross profit from 16.4k customers purchasing both software and services, up from 67% a year ago
- Contribution from strategic acquisitions, adding talent and capabilities to provide enhanced hyperscaler services
- Adjusted EBITDA margin at break-even for H1 2022 and 7.1% for Q2 2022, respectively, driven by operating leverage as the business continues to scale

# CONTINUED MOMENTUM IN SOFTWARE & CLOUD

## GROSS PROFIT

CHFm, % YoY growth (ccy)



Adj. EBITDA Margin (% gross profit)

56.0%	56.3%	52.7%	52.8%
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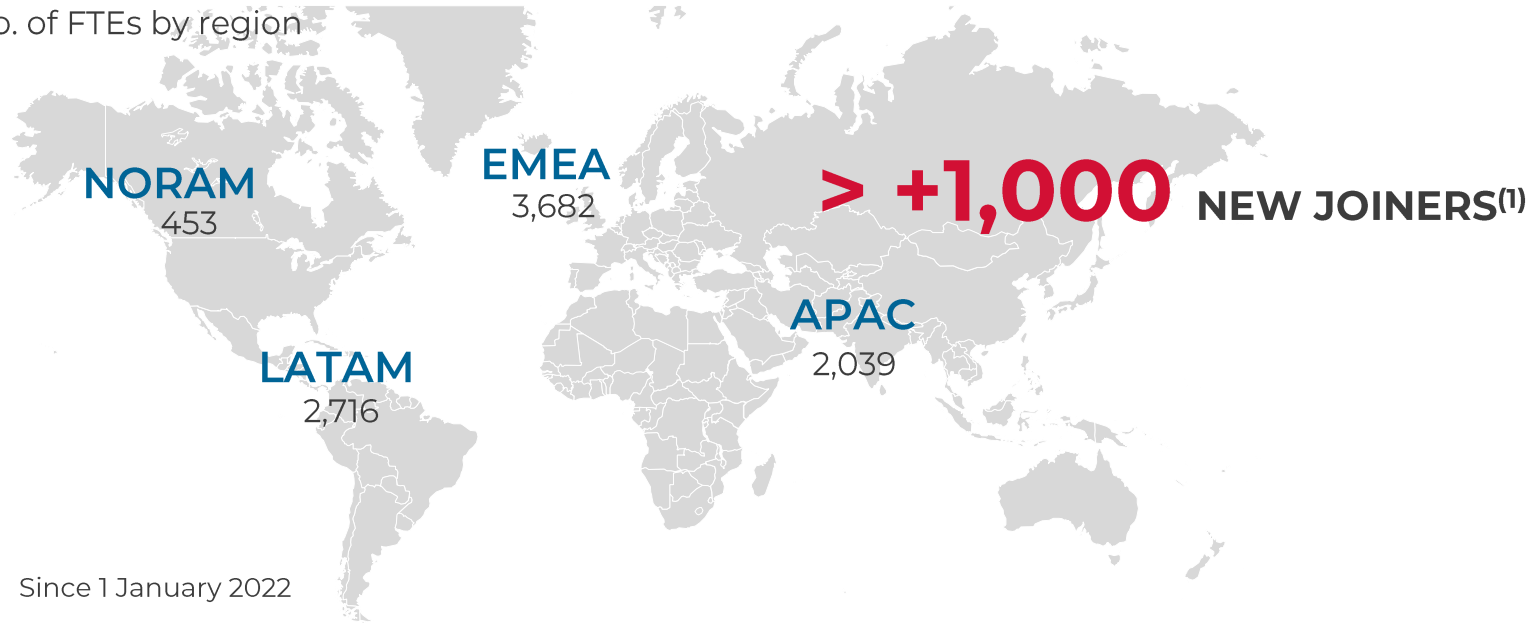
## H1 2022 HIGHLIGHTS

- Billings growth in line with overall Microsoft market in H1 2022
  - Positive momentum across all customer segments, with lower growth in public SMEs
  - Continued customer transitions from commitment buying to pay-as-you-go (XSimplex)
  - Strong momentum in ISV portfolio, on the back of Goatpath / PyraCloud adoption and demand for Digital Supply Chain
- 
- Adjusted EBITDA margin for H1 2022 stable vs. prior year at high end of the sector



# INVESTING IN AN EMPOWERED WORKFORCE TO DRIVE GROWTH AND INNOVATION

No. of FTEs by region



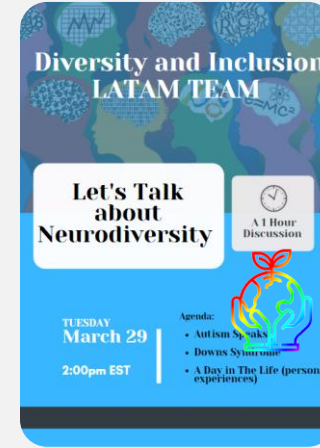
(1) Since 1 January 2022

**SoftwareONE  
ACADEMY**

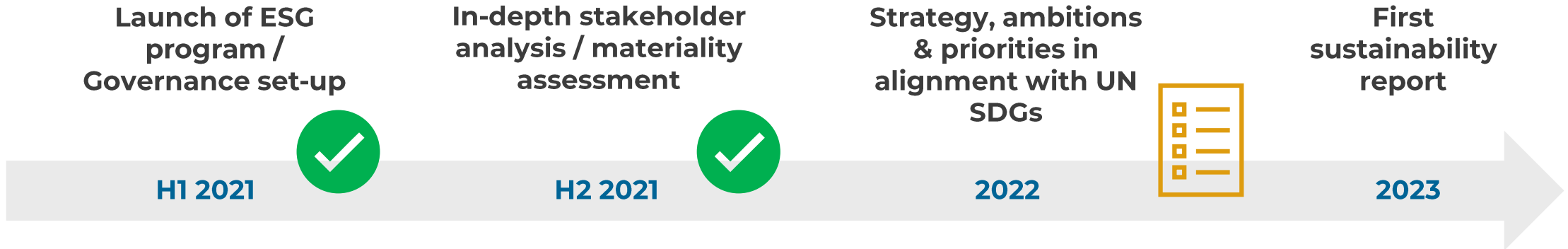
**200+** LEARNERS IN **11**  
COUNTRIES ENROLLED  
TODAY



softwareONE



# PROGRESSING OUR ESG STRATEGY



**ENVIRONMENT**  
**Planet**

- 13 CLIMATE ACTION**  
Environmentally Responsible
- 17 PARTNERSHIPS FOR THE GOALS**  
Cutting Downstream Emissions

**SOCIAL**  
**People**

- 4 QUALITY EDUCATION**
- 5 GENDER EQUALITY**
- 10 REDUCED INEQUALITIES**
- 11 SUSTAINABLE CITIES AND COMMUNITIES**

**Inclusive, Diverse and Caring for our People**

**Direct Positive Digital Transformation of NPO & Communities**

**GOVERNANCE**  
**Principles**

- 8 DECENT WORK AND ECONOMIC GROWTH**

**Ethical & Compliant Corporate Governance**

02

# FINANCIAL PERFORMANCE

R o d o l f o J . S a v i t z k y , C F O



# STRONG GROWTH MOMENTUM AND MARGIN PERFORMANCE

## PROFIT & LOSS SUMMARY

CHFm	H1 2022	% Δ	% Δ CCY <sup>(1)</sup>
<b>Revenue</b>	<b>514.6</b>	<b>12.8%</b>	<b>15.4%</b>
<b>Gross profit</b>	<b>469.9</b>	<b>13.4%</b>	<b>16.0%</b>
Adjusted operating expenses <sup>(2)</sup>	(352.0)	15.3%	18.4%
<b>Adjusted EBITDA</b>	<b>117.9</b>	<b>8.1%</b>	<b>9.3%</b>
<i>Adjusted EBITDA margin (% gross profit)</i>	25.1%	(1.2)pp	-

- Strong growth momentum across business lines
- Limited increase in opex in last two quarters due to tight cost control
- Negative FX impact on gross profit compensated by natural hedge on costs
- Adjusted EBITDA margin above 25%

# INCREASED TRANSPARENCY VIA NEW BUSINESS LINE REPORTING

## PROFIT & LOSS SUMMARY BY BUSINESS LINE

CHFm	Solutions & Services		Software & Cloud		Corporate
	H1 2022	% Δ CCY	H1 2022	% Δ CCY	H1 2022
<b>Revenue</b>	<b>240.0</b>	<b>30.7%</b>	<b>274.7</b>	<b>4.7%</b>	-
Delivery costs (external)	(44.7)	10.4%	-	-	-
<b>Gross profit</b>	<b>195.2</b>	<b>36.5%</b>	<b>274.7</b>	<b>4.7%</b>	-
Delivery costs (internal)	(112.3)	35.1%	(37.5)	4.7%	-
<b>Contribution margin</b>	<b>82.9</b>	<b>37.1%</b>	<b>237.2</b>	<b>5.4%</b>	-
SG&A	(79.5)	19.3%	(92.2)	5.9%	(30.6)
<b>Adjusted EBITDA</b>	<b>3.4</b>	<b>NM</b>	<b>145.0</b>	<b>4.0%</b>	<b>(30.6)</b>
<i>Adj. EBITDA margin (% gross profit)</i>	1.8%	-	52.8%	-	-

- P&L split into two business lines and newly introduced 'Corporate', which includes central functions
- Contribution margin reflects both external and internal delivery costs
- Highly attractive adjusted EBITDA margin in Software & Cloud
- Adjusted EBITDA at break-even in Solutions & Services driven by healthy contribution margin and highly scalable SG&A

# DRIVING OPERATIONAL EXCELLENCE

## THREE KEY LEVERS FOR BEST-IN-CLASS OPERATIONS

### STREAMLINED COMMERCIAL PROCESSES

- Value-based customer segmentation and key account management
- Optimized sales force size to capture growth

### EFFICIENT IT SERVICES DELIVERY MODEL

- Standardized offerings to scale profitably
- 'Glocal' delivery model

### RIGHT-SIZED SUPPORT FUNCTIONS

- Expanded shared services
- Increased support function productivity

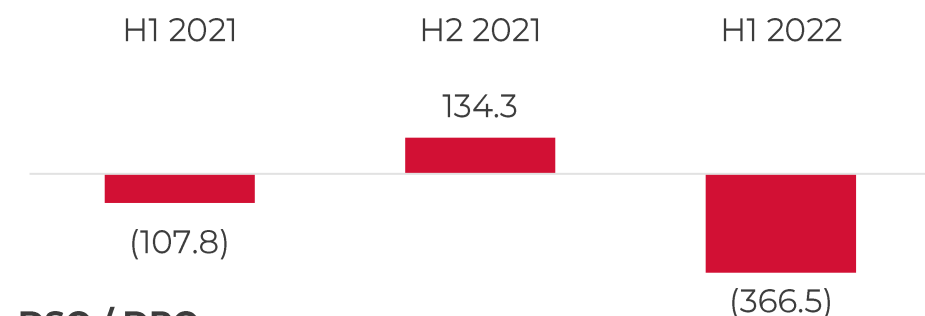
**COST AND EFFICIENCY TARGETS IN H2 2022  
WITH FULL EXECUTION FROM 2023 ONWARDS**



# CASH FLOW DRIVEN BY WORKING CAPITAL MOVEMENTS

## CHANGE IN NET WORKING CAPITAL

CHFm



### DSO / DPOs

Period end

60/74

59/86

63/67

Average

62/69

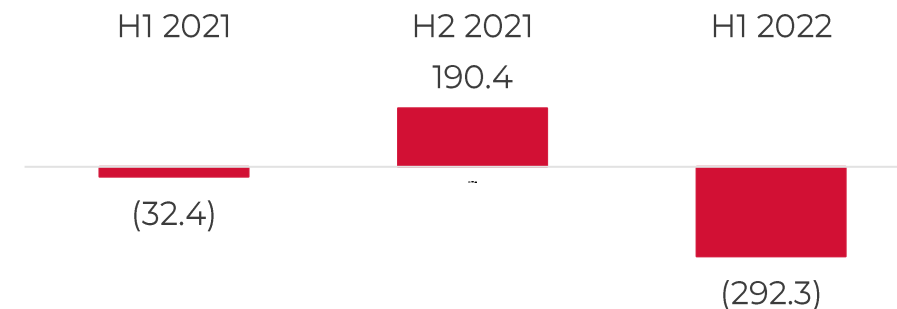
67/73

63/66

- Outflow due to timing of vendor payments
- NWC expected to normalize in H2 2022
- No changes in customer/vendor terms

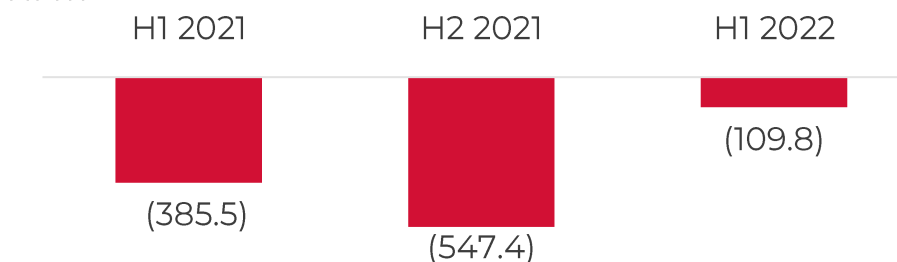
## CASH FLOW FROM OPERATING ACTIVITIES<sup>(1)</sup>

CHFm



## NET DEBT / (CASH)<sup>(2)</sup>

CHFm



- Cash flow mainly driven by changes in NWC
- Seasonally lower NWC in H2
- Significantly positive cash flow generation in H2

# CAPITAL ALLOCATION FRAMEWORK

## Re-invest in growth

- Execution of organic growth strategy
- Investments in Goatpath / PyraCloud

## M&A

- Focus on bolt-on acquisitions
- Clear strategic and financial criteria

## PRIORITIES

## Returns to shareholders

- Commitment to dividend of 30-50% of adjusted profit each year
- Share buy-backs



# GUIDANCE REITERATED

	FY2022 OUTLOOK	MID-TERM GUIDANCE
GROSS PROFIT GROWTH <sup>(1)</sup>	<ul style="list-style-type: none"><li>• MID-TEENS</li></ul>	<ul style="list-style-type: none"><li>• MID-TEENS on average per annum</li></ul>
ADJUSTED EBITDA MARGIN	<ul style="list-style-type: none"><li>• ABOVE 25%</li></ul>	<ul style="list-style-type: none"><li>• ABOVE 25% in any given year</li></ul>
DIVIDEND POLICY	<ul style="list-style-type: none"><li>• 30-50% adjusted profit for the year</li></ul>	<ul style="list-style-type: none"><li>• 30-50% adjusted profit for the year</li></ul>



# REPORTING CHANGES TO IMPROVE TRANSPARENCY

2022

- ✓ Business line P&L reporting down to EBITDA level

2023

- Certain costs reclassified from operating expenses to internal delivery costs; no impact at revenue or EBITDA levels
- KPIs based on revenue rather than gross profit, in line with market practice
- FY2023 and mid-term guidance re-stated based on revenue growth and adjusted EBITDA margin as % of revenue



03

## CLOSING REMARKS

D i e t e r S c h l o s s e r , C E O



# KEY TAKE-AWAYS



## STRONG PROFITABLE GROWTH

- ✓ H1 2022 results on track to meet full-year guidance
- ✓ Strong momentum across hyperscaler practices & ISV portfolio
- ✓ Solutions & Services continues to grow above reference market



## FOCUS ON OPERATIONAL EXCELLENCE

- ✓ H1 2022 adjusted EBITDA margin above expectations
- ✓ New efficiency program launched
- ✓ Continued talent attraction and development



## INCREASED TRANSPARENCY

- ✓ Reporting by business line from H1 2022
- ✓ More meaningful adjusted performance measures from 2023
- ✓ First sustainability report in 2023



# Q&A



**THANK YOU!**

A smiling man with dark hair and a beard, wearing a grey button-down shirt, stands with his arms crossed. He is positioned in the center of the frame against a dark blue background filled with digital data, including binary code (0s and 1s), glowing lines, and various numerical strings. The overall aesthetic is futuristic and tech-oriented.

# Appendix

# DEFINITIONS OF KEY ALTERNATIVE PERFORMANCE MEASURES

**Gross profit from Software & Cloud** equals revenue from the sale of software and cloud<sup>(1)</sup>. **Gross profit from Solutions & Services** is calculated as revenue from solutions and services less third-party service delivery costs.

**Adjusted EBITDA** is defined as the underlying earnings before net financial items, tax, depreciation and amortization, adjusted for items affecting comparability in operating expenses.

**Adjusted EBITDA margin** is defined as adjusted EBITDA divided by gross profit.

**Adjusted profit for the period** is defined as the (loss)/profit for the period, adjusted for items impacting comparability in operating expenses and net finance income/(expenses) as well as the related tax impact.

**Contribution margin** is defined as total revenue net of third-party service delivery costs and directly attributable internal delivery costs.

**Net debt / cash** comprises the group's cash and cash equivalents, current financial assets and other non-current receivables less bank overdrafts, contingent consideration liabilities, lease liabilities, other current and non-current financial liabilities.

**Net working capital** is defined as the group's trade receivables, current other receivables, prepayments and contract assets minus trade payables, current other payables and accrued expenses and contract liabilities.

➤ See page 12 of 2022 Half-year report for a complete list of Alternative Performance measures



# ADJUSTED EBITDA BRIDGE

CHFm	H1 2021	H1 2022
<b>Reported EBITDA</b>	<b>92.5</b>	<b>45.8</b>
Share-based compensation <sup>(1)</sup>	7.8	3.5
Integration, M&A and earn-out expenses	8.7	24.4
Transformance expenses	-	8.4
Russia-related loss	-	35.8
<b>Adjusted EBITDA</b>	<b>109.1</b>	<b>117.9</b>

- Adjustments:
  - Share-based compensation<sup>(1)</sup>
  - Integration, M&A and earn-out expenses
  - Transformance expenses
  - Loss relating to sale of Russian operations (mainly non-cash)

# PROFIT & LOSS SUMMARY

CHFm	IFRS reported		Adjusted <sup>(1)</sup>		
	H1 2021	H1 2022	H1 2021	H1 2022	% Δ at CCY <sup>(2)</sup>
Revenue from Software & Cloud	267.6	274.7	267.6	274.7	4.7%
Cost of software purchased	-	-	-	-	
<b>Gross profit from Software &amp; Cloud</b>	<b>267.6</b>	<b>274.7</b>	<b>267.6</b>	<b>274.7</b>	<b>4.7%</b>
Revenue from Solutions & Services	188.5	240.0	188.5	240.0	30.7%
Third party service delivery costs	(41.8)	(44.7)	(41.8)	(44.7)	
<b>Gross profit from Solutions &amp; Services</b>	<b>146.7</b>	<b>195.2</b>	<b>146.7</b>	<b>195.2</b>	<b>36.5%</b>
<b>Total gross profit</b>	<b>414.4</b>	<b>469.9</b>	<b>414.4</b>	<b>469.9</b>	<b>16.0%</b>
Personnel expenses	(284.4)	(341.9)	(270.6)	(311.2)	18.0%
Other operating expenses	(44.4)	(96.6)	(40.6)	(55.3)	39.2%
Other operating income	7.0	14.4	5.9	14.4	146.3%
<b>Total operating expenses</b>	<b>(321.8)</b>	<b>(424.1)</b>	<b>(305.3)</b>	<b>(352.0)</b>	<b>18.4%</b>
<b>EBITDA</b>	<b>92.5</b>	<b>45.8</b>	<b>109.1</b>	<b>117.9</b>	<b>9.3%</b>
<b>EBIT</b>	<b>65.3</b>	<b>17.4</b>	<b>81.9</b>	<b>89.5</b>	-
<b>Profit for the period</b>	<b>38.3</b>	<b>(60.4)</b>	<b>54.3</b>	<b>63.9</b>	-
<b>EBITDA margin (%)</b>	<b>22.3%</b>	<b>9.8%</b>	<b>26.3%</b>	<b>25.1%</b>	-
<b>EPS (diluted)</b>	<b>0.25</b>	<b>(0.39)</b>	<b>0.35</b>	<b>0.41</b>	-

(1) Includes adjustments for share-based compensation, IPO, M&A & integration-related expenses, Transformance expenses, Russia-related loss, depreciation of the shareholding in Crayon and related tax impact of adjustments; For a definition of Alternative Performance Measures used in this presentation, please see the Half-year report (page 12)

(2) In constant currency; Current period translated at average exchange rate of prior-year period, based on management accounts

# BALANCE SHEET

CHFm, as per 31 December	IFRS reported	
	H1 2021	H1 2022
Cash and cash equivalents	276.3	169.6
Trade receivables	1,934.8	2,316.0
Income tax receivables	11.8	13.8
Other receivables	82.8	113.4
Derivative financial instruments	4.1	10.9
Prepayments and contract assets	130.4	103.8
Financial assets	150.1	83.2
<b>Current assets</b>	<b>2,590.3</b>	<b>2,810.8</b>
Tangible assets	32.6	32.1
Intangible assets	520.9	625.3
Right-of-use assets	39.6	33.3
Investment in joint ventures and associated companies	-	1.2
Other receivables	63.5	165.1
Financial assets	-	-
Derivative financial instruments	0.8	0.9
Deferred tax assets	29.4	31.1
<b>Non-current assets</b>	<b>686.8</b>	<b>888.9</b>
<b>TOTAL ASSETS</b>	<b>3,277.1</b>	<b>3,699.7</b>

CHFm, as per 31 December	IFRS reported	
	H1 2021	H1 2022
Trade payables	1,865.5	2,018.3
Other payables	192.6	197.2
Accrued expenses and contract liabilities	149.3	174.7
Derivative financial instruments	1.6	7.9
Income tax liabilities	39.5	23.7
Provisions	6.8	29.3
Bank overdrafts	4.3	4.3
Other financial liabilities	62.4	269.5
<b>Current liabilities</b>	<b>2,322.0</b>	<b>2,724.9</b>
Derivative financial instruments	0.2	0.7
Provisions	15.2	16.4
Financial liabilities	37.7	34.2
Other payables	59.1	144.8
Deferred tax liabilities	26.5	24.4
Defined benefit liabilities	15.6	7.1
<b>Non-current liabilities</b>	<b>154.4</b>	<b>227.5</b>
<b>TOTAL LIABILITIES</b>	<b>2,476.4</b>	<b>2,952.4</b>
<b>TOTAL EQUITY</b>	<b>800.7</b>	<b>747.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,277.1</b>	<b>3,699.7</b>

# CASH FLOW STATEMENT

CHFm	IFRS reported	
	H1 2021	H1 2022
<b>Profit for the period</b>	<b>38.3</b>	<b>(60.4)</b>
Depreciation, amortization & impairment	27.2	28.4
Total finance result, net	9.6	63.0
Share of result of JVs and associated companies	-	0.1
Tax expenses	17.4	14.8
Other non-cash items	(7.1)	41.8
Change in trade receivables	(218.8)	(466.3)
Change in other receivables, prepayments and contract assets	(56.2)	(123.6)
Change in trade and other payables	145.7	230.6
Change in accrued expenses and contract liabilities	21.5	(7.2)
Changes in provisions	3.4	4.0
Income taxes paid	(13.5)	(17.5)
<b>Net cash generated from/(used in) operating activities</b>	<b>(32.4)</b>	<b>(292.3)</b>
Purchases of tangible and intangible assets	(14.3)	(22.6)
Proceeds from sale of tangible and intangible assets	0.2	0.1
Proceeds from sale of financial assets	-	68.1
Loan repayments received	0.1	-
Interest received	0.3	0.8
Acquisition of business (net of cash)	(34.8)	(76.9)
Acquisition of investment in joint ventures	-	-
Sale of subsidiary (net of cash disposed)	-	(3.8)
<b>Net cash from/(used) in investing activities</b>	<b>(48.5)</b>	<b>(34.2)</b>

CHFm	IFRS reported	
	H1 2021	H1 2022
Proceeds from financial liabilities	1,340.9	1,425.4
Repayments of financial liabilities	(1,371.2)	(1,222.8)
Payment of contingent consideration liabilities	(0.7)	(0.3)
Interest paid	(4.1)	(4.3)
Dividends paid to owners of the parent	(46.4)	(51.1)
<b>Net cash from/(used in) financing activities</b>	<b>(81.4)</b>	<b>146.9</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(162.2)</b>	<b>(179.7)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>434.9</b>	<b>350.4</b>
Net FX difference on cash and cash equivalents	3.6	(1.1)
<b>Cash and cash equivalents at end of period</b>	<b>276.3</b>	<b>169.6</b>

# WORKING CAPITAL RECONCILIATION

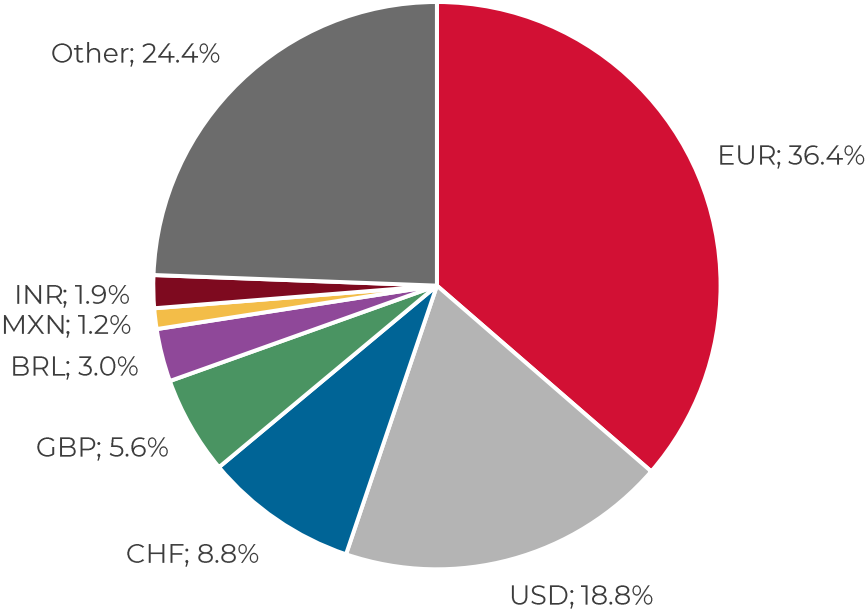
CHFm, as per 31 December	H1 2021	H1 2022
Trade receivables	1,934.8	2,316.0
Other receivables	82.8	113.4
Prepayments and contract assets	130.4	103.8
Trade payables	(1,865.5)	(2,018.3)
Other payables	(192.6)	(197.2)
Accrued expenses and contract liabilities	(149.3)	(174.7)
<b>NWC (after factoring)</b>	<b>(59.4)</b>	<b>143.1</b>
Receivables sold under factoring	124.7	174.6
<b>NWC (before factoring)</b>	<b>65.3</b>	<b>317.7</b>

# NET DEBT RECONCILIATION

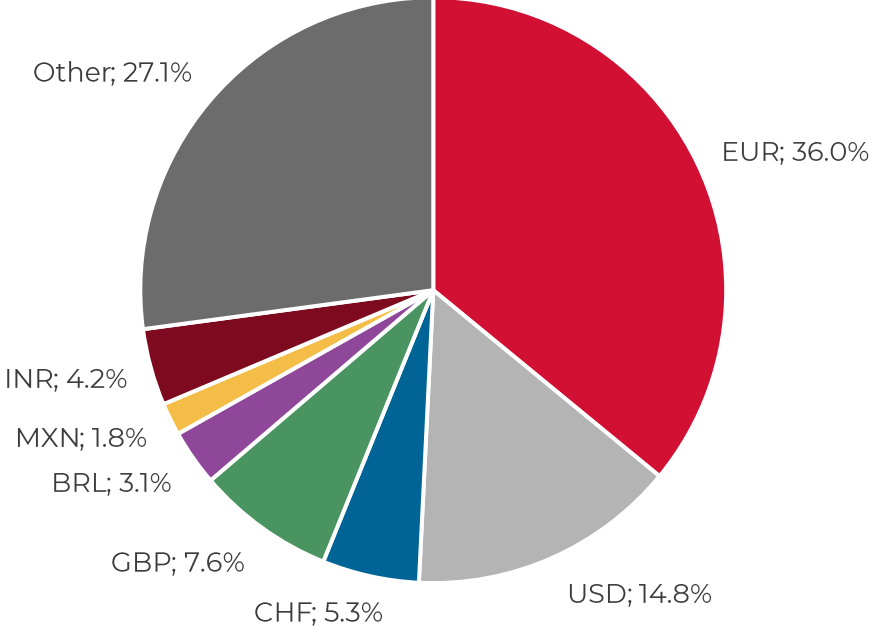
CHFm, as per 31 December	H1 2021	H1 2022
Bank overdrafts	4.3	4.3
Other current financial liabilities	44.6	249.6
Current contingent consideration liabilities	1.8	5.3
Other non-current financial liabilities	5.3	4.1
Non-current contingent consideration liabilities	7.6	10.5
Lease liabilities	40.7	34.2
<b>Total financial liabilities</b>	<b>104.4</b>	<b>308.0</b>
Cash and cash equivalents	(276.3)	(169.6)
Current financial assets	(150.1)	(83.2)
Other non-current receivables	(63.5)	(165.1)
<b>Total financial assets</b>	<b>(489.9)</b>	<b>(417.8)</b>
<b>Net debt/ (cash)</b>	<b>(385.5)</b>	<b>(109.8)</b>

# FX EXPOSURE

### GROSS PROFIT BY CURRENCY<sup>(1)</sup>



### OPERATING EXPENSES BY CURRENCY<sup>(1)</sup>



(1) Based on H1 2022 management accounts