



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

SoftwareONE delivers continued strong growth in Q3 2022 and announces CHF70 million share buyback program

Stans, Switzerland | 23 November 2022 – **SoftwareONE Holding AG**, a leading global provider of end-to-end software and cloud technology solutions, today provided a trading update related to its Q3 2022 results.

- Gross profit at the group level grew 17.0% YoY ccy to CHF215.6 million in Q3 2022
- Solutions & Services reported gross profit growth of 25.3% YoY ccy, driven by XSimple, Cloud Services and Application Services
- Software & Cloud demonstrated strong momentum as gross profit grew 11.0% YoY ccy, with strength across the company's hyperscaler practices and ISV portfolio
- Adjusted EBITDA margin of 20.8% in Q3 2022 was up 2.7pp YoY, driven by continued cost discipline
- Share buyback program of up to CHF70 million to start in early Q1 2023
- Guidance for full-year 2022 reiterated on the back of a robust outlook and continued focus on driving operational efficiencies

Dieter Schlosser, CEO of SoftwareONE said, "We delivered yet another quarter of over mid-teens growth in Q3 2022. This demonstrates both the resilience of SoftwareONE's business model and our customers' commitment to investing in digital transformation despite increasingly difficult macroeconomic conditions. As their trusted advisor, our priority remains helping them reap the full benefits of moving to the cloud, ranging from flexibility and productivity gains to growth and innovation."

Rodolfo Savitzky, CFO of SoftwareONE added, "While continuing to invest in growth, we remain focused on operational excellence and cost discipline. I am pleased with the progress made on our new efficiency program so far and look forward to its further deployment in 2023."

Summary key figures

CHFm	Q3 2022	Q3 2021	% Δ (Rep)	% Δ (CCY)	9M 2022	9M 2021	% Δ (Rep)	% Δ (CCY)
Revenue	235.2	209.1	12.5%	18.2%	749.9	665.3	12.7%	16.4%
Gross profit from Solutions & Services	96.2	81.3	18.4%	25.3%	291.5	228.0	27.8%	32.5%
Gross profit from Software & Cloud	119.4	112.3	6.3%	11.0%	394.1	379.9	3.7%	6.6%
Gross profit	215.6	193.6	11.4%	17.0%	685.5	607.9	12.8%	16.3%
Adjusted operating expenses	(170.7)	(158.4)	7.8%	13.9%	(522.8)	(463.7)	12.7%	16.8%
Adjusted EBITDA	44.9	35.1	27.7%	30.5%	162.8	144.2	12.9%	14.4%
Adjusted EBITDA margin (%)	20.8%	18.2%	+2.7pp	-	23.7%	23.7%	0.0pp	-

In Q3 2022, revenue at the group level grew 18.2% YoY and 12.5% YoY in constant currency (ccy) and reported terms, respectively, to CHF235.2 million. Gross profit increased by 17.0% YoY ccy to CHF215.6 million.

Growth was broad-based across the regions, with NORAM and LATAM continuing to deliver double-digit gross profit growth at 12.3% and 13.9% YoY ccy, respectively, driven by good results in Microsoft. EMEA grew 20.4% led by services, including the acquisition of Predica. APAC was up 9.0% YoY ccy due to a strong quarter last year.

Strong growth across both business lines

Solutions & Services achieved gross profit growth of 25.3% YoY ccy to CHF96.2 million driven by XSimplex, Cloud Services and Application Services, supported by strategic acquisitions. Gross profit in Software & Cloud grew by 11.0% YoY ccy to CHF119.4 million, with strength across the hyperscaler practices and ISV portfolio.

Adjusted EBITDA in Solutions & Services was CHF2.0 million in Q3 2022, with the margin improving to 2.1% compared to (3.7)% in the prior year period. For Software & Cloud, Adjusted EBITDA grew 14.0% YoY ccy to CHF57.5 million, while profitability remained at a sector-leading level at 48.2% for the quarter, up 2.1pp YoY.

Key figures by business line

CHFm	Q3 2022	Q3 2021	% Δ (CCY)	9M 2022	9M 2021	% Δ (CCY)
Solutions & Services						
Revenue	115.8	96.8	26.5%	355.8	285.3	29.4%
Gross profit	96.2	81.3	25.3%	291.5	228.0	32.5%
Adjusted EBITDA	2.0	(3.0)	NM	5.5	(9.7)	NM
Adjusted EBITDA margin (% of gross profit)	2.1%	(3.7)%	-	1.9%	(4.3)%	-
Software & Cloud						
Revenue	119.4	112.3	11.0%	394.1	379.9	6.6%
Gross profit	119.4	112.3	11.0%	394.1	379.9	6.6%
Adjusted EBITDA	57.5	51.7	14.0%	202.5	192.8	6.6%
Adjusted EBITDA margin (% of gross profit)	48.2%	46.0%	-	51.4%	50.8%	-
Corporate						
Adjusted EBITDA	(14.7)	(13.5)	14.5%	(45.2)	(38.9)	20.5%

Focus on operational excellence to drive profitable growth

Total adjusted operating expenses in Q3 2022 amounted to CHF170.7 million, increasing 13.9% YoY ccy, while remaining broadly constant since Q4 2021 as a result of strong cost control.

Adjusted EBITDA was CHF44.9 million in Q3 2022, increasing 30.5% YoY ccy, while the adjusted EBITDA margin was up by 2.7pp YoY.

Significant progress was made during the quarter on defining targets and deployment measures for the new efficiency program announced at H1 2022 results, with savings targets to be announced in conjunction with FY2022 results in March 2023.

Launch of share buyback program

In view of the company's commitment to optimizing shareholder returns through a balanced capital allocation framework, the Board of Directors has decided to launch a buyback program of up to CHF70 million. Subject to customary regulatory approvals, the program will start in early Q1 2023 and will be executed on a second trading line on the SIX Swiss Exchange. The Board of Directors intends to propose a capital reduction and subsequent cancellation of the bought back shares at future Annual General Meetings.

Guidance for FY2022 and mid-term reiterated

Based on its performance year-to-date and robust outlook, SoftwareONE reiterates its full-year 2022 and mid-term guidance, assuming no material deterioration in the macroeconomic environment.

Full-year 2022 guidance is as follows:

- 'Mid-teens' gross profit growth for the group in ccy;
- Adjusted EBITDA margin above 25%;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

Reporting changes from 2023 onwards

As previously announced, SoftwareONE will implement certain accounting-related changes from 2023 onwards to improve transparency. With the implementation of the changes, COGS will reflect all direct internal and external costs of delivery. Furthermore, a new Alternative Performance Measure called Contribution Margin will be fully introduced, reflecting revenue minus COGS. There will be no impact at the revenue and EBITDA levels.

SoftwareONE will also base certain KPIs, including growth and margin, on revenue rather than gross profit, in line with market practice. In that context FY2023 and mid-term guidance will be re-stated accordingly in conjunction with the presentation of FY2022 results in March 2023.

RESULTS OVERVIEW

Reconciliation – Reported to Adjusted EBITDA

CHFm	Q3 2022	Q3 2021	9M 2022	9M 2021
Reported EBITDA	32.7	22.9	78.5	115.4
Share-based compensation	1.2	3.9	4.6	11.8
Integration, M&A and earn-out expenses	9.9	8.3	34.3	17.1
Transformation expenses	1.1	-	9.6	-
Russia-related loss	-	-	35.8	-
Adjusted EBITDA	44.9	35.1	162.8	144.2

Source: Management view

Q3 2022 DOCUMENTS

The Q3 2022 Trading update documents can be found on SoftwareONE's website in the [Results Center](#).

Please see the 2022 Half-year report (page 12 of the PDF version) for the definitions of [Alternative Performance Measures](#) used in this media release.

CALL FOR INVESTORS, ANALYSTS AND THE MEDIA

A webcast for investors, analysts and the media with Dieter Schlosser, CEO and Rodolfo Savitzky, CFO will be held today at 9.00 CET 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 Center](#).

CORPORATE CALENDAR

2022 Full-year results & Annual report	2 March 2023
2023 Annual General Meeting (AGM)	4 May 2023
Q1 2023 Trading update	17 May 2023

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ABOUT SOFTWAREONE

SoftwareONE is a leading global provider of end-to-end software and cloud technology solutions, headquartered in Switzerland. With an IP and technology-driven services portfolio, it enables companies to holistically develop and implement their commercial, technology and digital transformation strategies. This is achieved by modernizing applications and migrating critical workloads to public clouds, while simultaneously managing and optimizing the related software and cloud assets and licensing. SoftwareONE's offerings are connected by PyraCloud, its proprietary digital platform, which provides customers with data-driven, actionable intelligence. With around 8,900 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](https://www.softwareone.com).

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING AND NON-IFRS INFORMATION

This media release may contain certain forward-looking statements relating to SoftwareONE Holding AG (the 'Company') and each of its subsidiaries and affiliates (jointly referred to as 'SoftwareONE' or the 'group') and its 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.

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