



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

## **SoftwareONE delivers 18% YoY gross profit growth in 2021, on the back of 23% YoY growth in H2 2021, with continued investments in accelerated growth**

Stans, Switzerland | 3 March 2022 – **SoftwareONE Holding AG, a leading global provider of end-to-end software and cloud technology solutions, today announced its 2021 results. At the group level, gross profit grew by 17.6% YoY ccy in 2021, with an acceleration to 23.0% YoY ccy in H2 2021. Solutions & Services maintained its strong growth trajectory while Software & Cloud demonstrated a solid recovery. SoftwareONE expects ‘mid-teens’ gross profit growth in 2022 and for the mid-term, driven by expansion of its market-leading position in Software & Cloud and further investments in next generation Solutions & Services.**

- Gross profit in Solutions & Services grew by 53.5% YoY ccy to CHF321.4 million as the portfolio continued to resonate well with customers
- Gross profit in Software & Cloud grew by 3.0% YoY ccy to CHF533.6 million, accelerating to 8.8% YoY ccy in H2 2021, driven by improved momentum across the hyperscalers and ISVs
- Adjusted EBITDA was CHF219.4 million, with a margin of 25.7%, reflecting continued investments in accelerated growth and strategic M&A
- Six acquisitions in 2021 focused on expanding Cloud Services and SAP on Cloud practices; acquisitions of Predica and Satzmedia announced in early 2022
- Cash generation remained robust, with operating cash flow corresponding to CHF158.0 million, including continued improvements in working capital compared to prior year
- Key changes to the Executive Board, with Rodolfo Savitzky joining as CFO on 1 January 2022 and Bernd Schlotter as President of Services in August 2021
- Outlook for FY2022: Gross profit growth in ‘mid-teens’ and Adjusted EBITDA margin above 25%; unchanged dividend policy of 30-50% of Adjusted profit for the year
- Dividend of CHF0.33 per share proposed for 2021, representing an increase of 10% YoY

**Dieter Schlosser, CEO of SoftwareONE** said, “I am pleased by our performance in 2021, in particular the tremendous growth momentum in the second half of the year. While we are aware that margins fell below expectations, we believe the strategic investments underpin our strong growth and support long-term shareholder value.

As organizations continue to embrace the cloud, the demand for services is expected to grow significantly. In order to capitalize on this market opportunity, we have continued to invest in talent and capabilities. With our two synergistic business lines now at scale, we can better serve

our customers' entire transformation journeys, gain wallet share and be their trusted advisor – today and in the future.

We enter 2022 with full confidence and proof-points in our growth strategy and remain focused on execution. Based on initiatives such as Marketplace and Digital Supply Chain, our strategic growth areas<sup>1</sup>, as well as 'Transformance', we have the right building blocks in place to drive recurring revenues and long-term profitable growth."

**Rodolfo Savitzky, CFO of SoftwareONE** added, "Looking ahead, our clear priority is to continue to invest in growth and to fund these investments by leveraging scale and productivity. We commit to an Adjusted EBITDA margin of above 25% for 2022 and the mid-term."

## Key figures

CHFm (unless otherwise indicated)	2021	2020	% Δ at CCY	H2 2021	H2 2020	% Δ at CCY
<b>Adjusted</b>						
Gross profit from Software & Cloud	533.6	519.5	3.0%	266.0	244.9	8.8%
Gross profit from Solutions & Services	321.4	210.1	53.5%	174.7	114.0	53.5%
<b>Gross profit</b>	<b>855.1</b>	<b>729.6</b>	<b>17.6%</b>	<b>440.7</b>	<b>358.8</b>	<b>23.0%</b>
Operating expenses	(635.7)	(506.5)	25.8%	(330.4)	(255.8)	29.0%
<b>EBITDA</b>	<b>219.4</b>	<b>223.1</b>	<b>(1.0)%</b>	<b>110.3</b>	<b>103.1</b>	<b>8.2%</b>
EBITDA margin (%)	25.7%	30.6%	-	25.0%	28.7%	-
<b>EPS (diluted)</b>	<b>0.71</b>	<b>0.81</b>	-	-	-	-
<b>IFRS reported</b>						
Net cash generated from/(used in) operating activities	158.0	276.3	-	190.4	69.5	-
Net debt/(cash)	(547.4)	(496.5)	-	(547.4)	(496.5)	-
Net working capital (after factoring) at period-end	(204.2)	(169.6)	-	(204.2)	(169.6)	-
<b>Headcount (in FTEs at year-end)</b>	<b>8,710</b>	<b>6,219</b>	-	<b>8,710</b>	<b>6,219</b>	-

## Performance by business line

Gross profit at the group level increased by 17.6% YoY ccy to CHF855.1 million in 2021, compared to CHF729.6 million in 2020. Excluding the InterGrupo acquisition, gross profit growth corresponded to 14.3% YoY ccy during the year.

### Software & Cloud

Gross profit from Software & Cloud grew 3.0% YoY ccy to CHF533.6 million in 2021, compared to CHF519.5 million during the prior year period. This was driven by a recovery across the key hyperscalers (Microsoft, AWS, Google) and ISVs during the year, as shown by the acceleration of gross profit to 8.8% YoY ccy in H2 2021.

In terms of Microsoft gross billings, which amounted to USD14.7 billion in 2021, SoftwareONE's business developed in line with the overall Microsoft market, with positive momentum across all

<sup>1</sup> Includes Application Services, SAP on Cloud, Cloud Services/Hyperscaler Factory, FinOps and Industry Vertical Solutions

customer segments. Microsoft Cloud billings demonstrated double-digit growth, comprising 73% of total Microsoft volume in 2021, compared to 67% in 2020. SoftwareONE continues to transition customers from commitment buying to pay-as-you-go. This involves a lower upfront payment, which temporarily impacts Software & Cloud revenue growth, but significantly increases the lifetime customer gross profit through a combination of increased recurring revenue and incremental services, primarily recognized in Solutions & Services.

### *Solutions & Services*

Solutions & Services achieved strong gross profit growth of 53.5% YoY ccy to CHF321.4 million in 2021, up from CHF210.1 million during the prior year period. Excluding InterGrupo, gross profit growth in Solutions & Services was 42.4% YoY ccy in 2021. Solutions & Services represented 38% of group gross profit in 2021, up from 29% in 2020, reflecting the company's strategic focus on cross and up-selling services and portfolio expansion to serve customer journeys end-to-end.

The strong performance in Solutions & Services was broad-based across SoftwareONE's service lines<sup>1</sup>, customers and geographies.

In Cloud Services, XSimple bundles (e.g. 365Simple, AzureSimple and Simple for AWS), which are highly standardized managed solutions for SMEs, demonstrated excellent growth with gross profit up >80% YoY in 2021. By 31 December 2021, SoftwareONE supported 6.9 million users 24/7 in 13 languages in the cloud, up from 5.4 million as at 30 June 2021. With acquisitions such as Predica, HeleCloud and Intelligence Partner, SoftwareONE continues to expand its offering across Azure, AWS and GCP to support customers in their public cloud journeys.

### **Performance by geography**

Regional performance varied primarily reflecting the portfolio mix of each region. In NORAM and APAC, where Solutions & Services represent over 40% of total gross profit, growth was very strong and corresponded to 22.5% and 31.1% YoY, respectively in 2021. Both NORAM and APAC also saw strong recoveries in Software & Cloud on the back of strong results in the Microsoft business.

EMEA delivered a solid performance with gross profit up 9.1% YoY in 2021, impacted by the transition to pay-as-you-go in the Microsoft business, while the remainder of Software & Cloud and Solutions & Services delivered strong growth.

LATAM grew 74.1% YoY in gross profit in 2021 as a result of the InterGrupo acquisition.

### **Continued investments in accelerated growth**

Total adjusted operating expenses increased by 25.8% YoY ccy to CHF635.7 million in 2021, up from CHF506.5 million during the prior year period.

The development of SoftwareONE's cost base reflected higher personnel costs as a result of investments in sales & marketing and delivery capabilities to support the company's continued growth, as well as incremental operating expenses of acquired companies.

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<sup>1</sup> Includes ITAM, Future Workplace, Digital Supply Chain, Application Services, SAP on Cloud, Cloud Services and FinOps

SoftwareONE launched an optimization program 'Transformance' late in H2 2021. While the company continues to invest in developing talent and building capabilities to drive accelerated growth, the need for operational excellence has also increased. 'Transformance' aims to ensure that capabilities in sales and operations match evolving business requirements, along with a focus on maintaining a lean and agile organization. The program only had a minimal positive impact in 2021 due to the timing of its implementation, with one-off costs of CHF9.3 million.

Adjusted EBITDA for 2021 was CHF219.4 million, declining 1.0% YoY ccy compared to the prior year period. This corresponds to an Adjusted EBITDA margin of 25.7% in 2021, below guidance of "approximately 30%", reflecting investments and strategic acquisitions in line with the company's growth strategy. Excluding the dilutive margin impact of acquisitions completed in 2021<sup>1</sup>, the Adjusted EBITDA margin was 26.8%.

Adjusted profit for the period was CHF110.0 million in 2021, representing a decrease of 12.5% YoY in reported currency, compared to CHF125.7 in the prior year period.

IFRS reported profit for the period decreased 32.1% YoY in reported currency to CHF120.1 million in 2021, compared to CHF176.8 in the prior year period, mainly reflecting the impact of M&A, integration, earn-out and 'Transformance'-related expenses. This result includes an appreciation of CHF63.4 million in 2021 in SoftwareONE's shareholding in Norwegian listed company Crayon.

For a reconciliation of IFRS reported profit to adjusted profit for the period, see page 6 of this media release.

### **Strong cash generation and unlevered balance sheet**

Net cash generated from operating activities<sup>2</sup> amounted to CHF158.0 million in 2021 representing a strong cash conversion of 72% from Adjusted EBITDA. Despite the accelerated growth, net working capital improved by CHF26.6 million in 2021 as it continued to be managed very tightly with broadly flat 59 days sales outstanding (DSOs), compared to 60 in the prior year period, and increased 86 days payable outstanding (DPOs), compared to 83 in the prior year period. The net working capital improvement was lower than in the prior year, impacting the level of net cash generated from operating activities which was down by CHF118.2 million compared to 2020.

Capital expenditure totaled CHF33.3 million in 2021, mainly relating to investments in the PyraCloud platform and other intangible assets generated internally, compared to CHF22.8 million in the prior year period. Cash outflow relating to acquisitions of businesses amounted to CHF114.0 million in 2021.

Net cash position was CHF547.4 million as at 31 December 2021 compared to CHF496.5 million one year earlier.

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<sup>1</sup> Refers to Centiq, HeleCloud, SE16N, ITST, SynchroNet, ITPC and InterGrupo (consolidated from November 2020 and completed in early 2021)

<sup>2</sup> Includes earn-outs relating to prior acquisitions

## **FY2022 outlook and mid-term guidance**

SoftwareONE expects a continued strong market environment and demand growth as organizations pursue cloud-first digital transformation.

Given strong momentum demonstrated in 2021, SoftwareONE's guidance for 2022 is as follows, assuming no material deterioration in the economic environment, particularly in the context of the conflict in Ukraine:

- '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.

SoftwareONE's mid-term guidance is as follows:

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

# RESULTS OVERVIEW

## Profit & loss summary

CHFm (unless otherwise indicated)	IFRS reported		Adjusted			
	2021	2020	2021	2020	% Δ	% Δ at CCY
<b>Revenue from Software &amp; Cloud<sup>1</sup></b>	<b>533.6</b>	<b>519.5</b>	<b>533.6</b>	<b>519.5</b>	<b>2.7%</b>	<b>3.0%</b>
Cost of software purchased	-	-	-	-	-	-
<b>Gross profit from Software &amp; Cloud</b>	<b>533.6</b>	<b>519.5</b>	<b>533.6</b>	<b>519.5</b>	<b>2.7%</b>	<b>3.0%</b>
<b>Revenue from Solutions &amp; Services</b>	<b>430.7</b>	<b>312.9</b>	<b>430.7</b>	<b>312.9</b>	<b>37.6%</b>	<b>38.1%</b>
Third party service delivery costs	(109.3)	(102.8)	(109.3)	(102.8)	6.3%	-
<b>Gross profit from Solutions &amp; Services</b>	<b>321.4</b>	<b>210.1</b>	<b>321.4</b>	<b>210.1</b>	<b>53.0%</b>	<b>53.5%</b>
<b>Gross profit total</b>	<b>855.1</b>	<b>729.6</b>	<b>855.1</b>	<b>729.6</b>	<b>17.2%</b>	<b>17.6%</b>
Operating expenses	(694.9)	(541.6)	(635.7)	(506.5)	25.5%	25.8%
<b>EBITDA</b>	<b>160.2</b>	<b>188.0</b>	<b>219.4</b>	<b>223.1</b>	<b>(1.7)%</b>	<b>(1.0)%</b>
Depreciation, amortisation & impairment <sup>2</sup>	(55.3)	(55.2)	(55.3)	(55.2)	0.3%	-
<b>EBIT</b>	<b>104.8</b>	<b>132.8</b>	<b>164.1</b>	<b>167.9</b>	<b>(2.3)%</b>	<b>-</b>
Net financial items	49.4	81.0	(14.0)	(2.0)	-	-
<b>Earnings before tax</b>	<b>154.3</b>	<b>213.8</b>	<b>150.1</b>	<b>165.9</b>	<b>(9.5)%</b>	<b>-</b>
Income tax expense	(34.2)	(37.0)	(40.1)	(40.2)	(0.2)%	-
<b>Profit for the period</b>	<b>120.1</b>	<b>176.8</b>	<b>110.0</b>	<b>125.7</b>	<b>(12.5)%</b>	<b>-</b>
<b>EBITDA margin (%)</b>	<b>18.7%</b>	<b>25.8%</b>	<b>25.7%</b>	<b>30.6%</b>	<b>(4.9) ppt</b>	<b>-</b>
<b>EPS (diluted)</b>	<b>0.77</b>	<b>1.14</b>	<b>0.71</b>	<b>0.81</b>	<b>(12.8)%</b>	<b>-</b>

## Reconciliation – IFRS reported to Adjusted profit

CHFm	2021	2020
<b>IFRS reported profit for the period</b>	<b>120.1</b>	<b>176.8</b>
Share-based compensation	13.2	24.2
IPO, integration and M&A and earn-out expenses	36.7	10.9
'Transformation' expenses	9.3	0.0
<b>Total operating expense adjustments</b>	<b>59.2</b>	<b>35.1</b>
<b>Depreciation / (appreciation) of Crayon shareholding</b>	<b>(63.4)</b>	<b>(83.0)</b>
<b>Tax impact of adjustments</b>	<b>(5.9)</b>	<b>(3.1)</b>
<b>Adjusted profit for the period</b>	<b>110.0</b>	<b>125.7</b>

Source: Management view

## Alternative Performance Measures

Please see the 2021 Annual report (page 31 of the PDF version) for a definition of [Alternative Performance Measures](#) used in this media release.

<sup>1</sup> Revenue from Software & Cloud presented net of cost of software purchases in line with tentative decision by IFRS IC with regards to revenue recognition under IFRS 15; 2020 restated in line with 2021

<sup>2</sup> Includes PPA amortization (including impairments, if applicable) of CHF14.4 million and CHF16.8 million in 2021 and 2020, respectively

## 2021 RESULTS DOCUMENTS

The 2021 results documents can be found on SoftwareONE's website in the [Results Center](#).

## 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](#).

To actively participate in the Q&A session, please join via telephone instead:

Switzerland: +41 445807145

Germany: +49 6922222625

UK: +44 8444819752

US: +1 6467413167

Enter the PIN: 6356286#

Other international numbers are available [here](#). Please join 10-15 minutes before the webcast is due to start.

The webcast will be archived and a digital playback will be available approximately one hour after the event in the [Results Center](#).

## CORPORATE CALENDAR

2021 Annual General Meeting (AGM)	5 May 2022
2022 Half-year results & Half-year report	25 August 2022

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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 8,700 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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