



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

SoftwareONE delivers continued strong growth with adj. EBITDA margin above 25% in H1 2022 and reiterates full-year guidance

Stans, Switzerland | 25 August 2022 – **SoftwareONE Holding AG, a leading global provider of end-to-end software and cloud technology solutions, today announced its H1 2022 results.**

- At the group level, gross profit grew 16.0% YoY ccy to CHF469.9 million in H1 2022, with growth at 17.2% YoY ccy in Q2 2022
- Software & Cloud delivered gross profit growth of 4.7% YoY ccy in H1 2022 on the back of strong momentum across the hyperscaler practices and ISV portfolio, with growth in Q2 2022 of 7.9% YoY ccy
- Solutions & Services continued its strong growth trajectory with gross profit growth of 36.5% YoY ccy in H1 2022, driven by XSimple and Cloud Services, as well as strategic acquisitions
- Double-digit gross profit growth across all regions driven by global trend of digital transformation and migration to the cloud
- Adjusted EBITDA of CHF117.9 million with a margin of 25.1% in H1 2022, reflecting focus on operational excellence and continued cost control measures
- Reporting by business line demonstrates EBITDA margins in Software & Cloud at high end of sector and strong progression in Solutions & Services to break-even as it continues to scale rapidly
- Net cash generated from operating activities impacted by increase in net working capital due to timing of vendor payments; net working capital is expected to normalize in H2 2022
- Outlook for full-year 2022 reiterated on the back of continued strong demand environment

Dieter Schlosser, CEO of SoftwareONE said, “Our performance in H1 2022 puts us fully on track to meeting our FY2022 targets. This is the fourth consecutive quarter of over mid-teens growth, which is a testament to our strategy and resilient ‘glocal’ business model. Against a backdrop of macroeconomic uncertainties, organizations around the world continue to prioritize digital transformation to innovate, drive growth and tackle cost challenges – our offering and capabilities are ideally suited to support them on their journeys.”

Rodolfo Savitzky, CFO of SoftwareONE added, “In parallel to capturing market opportunity by continuing to invest in strategic areas, we remain focused on operational excellence to drive profitable growth. To that end, we have initiated a new efficiency program to identify opportunities to further streamline and optimize our commercial and delivery functions and reduce our overall cost position. Full implementation is planned for 2023.”

Key figures – Group

CHFm	H1 2022	H1 2021	% Δ (CCY)	Q2 2022	Q2 2021	% Δ (CCY)
Adjusted						
Revenue from Software & Cloud	274.7	267.6	4.7%	152.8	144.2	7.9%
Revenue from Solutions & Services	240.0	188.5	30.7%	124.2	98.3	29.0%
Revenue	514.6	456.2	15.4%	277.0	242.4	16.4%
Gross profit from Software & Cloud	274.7	267.6	4.7%	152.8	144.2	7.9%
Gross profit from Solutions & Services	195.2	146.7	36.5%	104.2	79.3	34.1%
Gross profit	469.9	414.4	16.0%	257.0	223.4	17.2%
Operating expenses	(352.0)	(305.3)	18.4%	(181.2)	(155.6)	18.9%
EBITDA	117.9	109.1	9.3%	75.8	67.8	13.0%
EBITDA margin (% gross profit)	25.1%	26.3%	-	29.5%	30.4%	-
EPS (diluted)	0.41	0.35	-	-	-	-
IFRS reported						
Net cash generated from/(used in) operating activities	(292.3)	(32.4)	-	-	-	-
Net debt/(cash)	(109.8)	(385.5)	-	-	-	-
Net working capital (after factoring) at period-end	143.1	(59.4)	-	-	-	-
Headcount (in FTEs at year-end)	8,890	8,269	-	-	-	-

In a strong demand environment, revenue at the group level grew 15.4% YoY and 12.8% YoY in constant currency (ccy) and reported currency, respectively, to CHF514.6 million in H1 2022, compared to CHF456.2 million in the prior year period.

Gross profit increased by 16.0% YoY ccy to CHF469.9 million in H1 2022, compared to CHF414.4 million in H1 2021, with growth of 17.2% YoY ccy in Q2 2022.

The negative FX translation impact was due to the strengthening of the CHF versus the EUR, partially offset by some weakness against the USD.

Double-digit growth across regions

All regions reported double-digit gross profit growth in constant currency in H1 2022, supported by the global trend towards digital transformation and the cloud.

EMEA delivered a strong performance with gross profit up 14.2% YoY ccy in H1 2022, while NORAM grew 18.0% YoY ccy on the back of strong results in Microsoft. APAC posted gross profit growth of 17.4% YoY ccy, demonstrating strength across both business lines and particularly in markets such as China, Australia and Singapore. LATAM was up 13.7% YoY ccy driven by strong performances in Brazil and Colombia.

Growth momentum in Q2 2022 carried on after a strong first quarter, with a slight sequential acceleration across all regions.

Continued growth momentum across business lines

Software & Cloud

Revenue and gross profit from Software & Cloud grew 4.7% YoY ccy to CHF274.7 million in H1 2022, compared to CHF267.6 million in the prior year period. While gross profit in Q1 2022 grew

1.1% YoY ccy in the context of a strong comparative quarter due to an exceptional vendor payment in Q1 2021, growth in Q2 2022 was 7.9% YoY ccy on the back of continued strong momentum across the hyperscaler practices and ISV portfolio.

With regards to Microsoft, gross billings amounted to USD9.6 billion in H1 2022, growing in line with the overall Microsoft market. Momentum was positive across all customer segments, although public SMEs showed lower growth in Q2 2022. Microsoft Cloud billings demonstrated double-digit growth, comprising 77% of total Microsoft volume in H1 2022, compared to 73% for FY2021.

Adjusted EBITDA for Software & Cloud grew 4.0% YoY ccy to CHF145.0 million in H1 2022, compared to CHF141.2 million in the prior year period. The adjusted EBITDA margin in H1 2022 was 52.8%, broadly stable compared to last year.

Key figures – Software & Cloud

CHFm	H1 2022	H1 2021	% Δ (CCY)	Q2 2022	Q2 2021	% Δ (CCY)
Adjusted						
Revenue	274.7	267.6	4.7%	152.8	144.2	7.9%
Gross profit	274.7	267.6	4.7%	152.8	144.2	7.9%
EBITDA	145.0	141.2	4.0%	85.9	80.7	7.7%
Adjusted EBITDA margin (% of gross profit)	52.8%	52.7%	-	56.3%	56.0%	-

Solutions & Services

Solutions & Services achieved revenue growth of 30.7% YoY ccy to CHF240.0 million in H1 2022, up from CHF188.5 million in the prior year period. Given a limited increase in third-party delivery costs, gross profit grew 36.5% YoY ccy to CHF195.2 million in H1 2022, up from CHF146.7 million during the prior year period. Momentum in Q2 2022 remained broadly in line with Q1 2022, with growth of 34.1% YoY ccy.

Focus on cross-selling to support complete customer journeys continued with 73% of LTM (to 30 June 2022) gross profit generated by c. 16.4k customers purchasing both software and services, up from 67% a year ago.

Key growth drivers continued to be XSimplex – standardized managed solutions for SMEs – and Cloud Services (Azure), as well as the acquisition of Predica. Gross profit in XSimplex was up >70% YoY in H1 2022. By 30 June 2022, SoftwareONE supported 7.7 million users 24/7 in 13 languages in the cloud, up from 6.9 million as at 31 December 2021.

Adjusted EBITDA for Solutions & Services was CHF3.4 million in H1 2022, compared to CHF(6.7) million in the prior year period, driven by operating leverage as the business continued to scale rapidly.

Key figures – Solutions & Services

CHFm	H1 2022	H1 2021	% Δ (CCY)	Q2 2022	Q2 2021	% Δ (CCY)
Adjusted						
Revenue	240.0	188.5	30.7%	124.2	98.3	29.0%
Gross profit	195.2	146.7	36.5%	104.2	79.3	34.1%
EBITDA	3.4	(6.7)	NM	7.4	(2.2)	NM
Adjusted EBITDA margin (% of gross profit)	1.8%	(4.6)%	-	7.1%	(2.8)%	-

Focus on operational excellence to drive profitable growth

Adjusted total operating expenses in H1 2022 were CHF352.0 million, increasing 18.4% YoY ccy compared to the prior year period. The higher personnel costs were a result of investments in sales & marketing and delivery capabilities to drive growth, particularly in Solutions & Services. The increase in adjusted total operating expenses in Q2 2022 compared to Q1 2022 was limited.

Adjusted EBITDA for H1 2022 was CHF117.9 million, increasing 9.3% YoY ccy compared to CHF109.1 million in the prior year period. The adjusted EBITDA margin was 25.1%, remaining sequentially flat compared to H2 2021 driven by a focus on cost control and completion of 'Transformance'.

Adjusted profit for the period was CHF63.9 million in H1 2022, representing an increase of 17.6% YoY in reported currency, compared to CHF54.3 million in the prior year period.

IFRS reported profit for the period decreased to CHF(60.4) million in H1 2022, compared to CHF38.3 million in the prior year period, reflecting a mainly non-cash loss related to the sale of the Russian operations and a fair value loss on shares in Norwegian listed company Crayon (partially realized due to sell-down in April 2022), as well as the impact of M&A and integration-related expenses and 'Transformance'.

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

Strong liquidity and unlevered balance sheet

Net working capital increased in H1 2022, translating into a CHF366.5 million reduction in net cash generated from operating activities. This development was due to timing of vendor payments in H1 2022. Importantly, vendor payment terms and customer collection terms remain unchanged.

Capital expenditure totaled CHF22.6 million, mainly relating to investments in Goatpath/PyraCloud, compared to CHF14.3 million in the prior year period.

Proceeds from the sale of financial assets, reflecting the sell-down of 4.4 million shares in Crayon in April 2022, were CHF68.1 million. Cash outflow relating to acquisitions of businesses amounted to CHF76.9 million.

Net cash position was CHF109.8 million as at 30 June 2022 compared to CHF385.5 million one year earlier and CHF547.4 million as of 31 December 2021.

Divestment of Russian operations

After suspending a significant part of its business operations in Russia in March, SoftwareONE subsequently divested the business and transitioned its employees to a new owner.

As a consequence, SoftwareONE recorded a mainly non-cash loss in the amount of CHF35.8 million during Q2 2022 due to the deconsolidation of the Russian business and impairment of assets.

Outlook

SoftwareONE continues to expect a strong market environment and demand growth in the second half of the year.

Based on its H1 2022 performance, SoftwareONE reiterates its full-year guidance for 2022, assuming no material deterioration in the macroeconomic environment.

- '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 announced on 19 May 2022, SoftwareONE will implement certain accounting-related changes from 2023 onwards to more accurately reflect the performance by business line.

In that context, SoftwareONE re-assessed the classification of cost of goods sold (COGS) and operating expenses, primarily in the Solutions & Services business line. 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 introduced, reflecting revenue less COGS. There will be no impact at the revenue and EBITDA levels.

Following the implementation of IFRS IC's tentative decision on revenue recognition in 2021, SoftwareONE will also base certain KPIs, including growth and margin, on revenue rather than gross profit, in line with market practice. As a consequence, FY2023 and mid-term guidance will be re-stated accordingly.

RESULTS OVERVIEW

Alternative Performance Measures

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

Profit & loss summary

CHFm	IFRS reported		Adjusted			
	H1 2022	H1 2021	H1 2022	H1 2021	% Δ	% Δ (CCY)
Revenue from Software & Cloud	274.7	267.6	274.7	267.6	2.6%	4.7%
Cost of software purchased	-	-	-	-	-	-
Gross profit from Software & Cloud	274.7	267.6	274.7	267.6	2.6%	4.7%
Revenue from Solutions & Services	240.0	188.5	240.0	188.5	27.3%	30.7%
Third party service delivery costs	(44.7)	(41.8)	(44.7)	(41.8)	7.0%	-
Gross profit from Solutions & Services	195.2	146.7	195.2	146.7	33.1%	36.5%
Gross profit total	469.9	414.4	469.9	414.4	13.4%	16.0%
Operating expenses	(424.1)	(321.8)	(352.0)	(305.3)	15.3%	18.4%
EBITDA	45.8	92.5	117.9	109.1	8.1%	9.3%
Depreciation, amortisation & impairment ¹	(28.4)	(27.2)	(28.4)	(27.2)	4.6%	-
EBIT	17.4	65.3	89.5	81.9	9.2%	-
Net financial items	(63.1)	(9.6)	(4.5)	(8.4)	-	-
Earnings before tax	(45.7)	55.7	85.0	73.5	15.6%	-
Income tax expense	(14.8)	(17.4)	(21.1)	(19.2)	10.0%	-
Profit for the period	(60.4)	38.3	63.9	54.3	17.6%	-
EBITDA margin (% of gross profit)	9.8%	22.3%	25.1%	26.3%	(1.2)pp	-
EPS (diluted)	(0.39)	0.25	0.41	0.35	17.4%	-

Reconciliation – IFRS reported to adjusted profit

CHFm	H1 2022	H1 2021
IFRS reported profit for the period	(60.4)	38.3
Share-based compensation	3.5	7.8
Integration, M&A and earn-out expenses	24.4	8.7
Transformance expenses	8.4	-
Russia-related loss	35.8	-
Total operating expense adjustments	72.1	16.6
Depreciation / (appreciation) of Crayon shareholding	58.6	1.2
Tax impact of adjustments	(6.3)	(1.8)
Adjusted profit for the period	63.9	54.3

Source: Management view

¹ Includes PPA amortization (including impairments, if applicable) of CHF7.1 million and CHF7.1 million in H1 2022 and H1 2021, respectively

H1 2022 RESULTS DOCUMENTS

The H1 2022 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 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, 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 Q3 Trading update	23 November 2022
2022 Full-year results & Annual report	2 March 2023
2022 Annual General Meeting (AGM)	4 May 2023

CONTACT

Sydne Saccone, Media Relations
Tel. +41 44 832 82 53, sydne.saccone@softwareone.com

Anna Engvall, Investor Relations
Tel. +41 44 832 41 37, anna.engvall@softwareone.com

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 on 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).

SoftwareONE Holding AG, Riedenmatt 4, CH-6370 Stans

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.

Certain financial data included in this media release consists of non-IFRS or adjusted financial measures. These non-IFRS or adjusted financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. You are cautioned not to place undue reliance on any non-IFRS or adjusted financial measures and ratios included herein. In addition, certain financial information contained herein has not been audited, confirmed or otherwise covered by a report by independent accountants and, as such, actual data could vary, possibly significantly, from the data set forth herein.