



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

SoftwareOne delivers solid results in H1 2024, with implementation of Vision 2026 on track

Stans, Switzerland | 21 August 2024 – **SoftwareOne Holding AG, a leading global software and cloud solutions provider, today announced its H1 2024 results.**

- Group revenue up 7.0% YoY in constant currency (ccy) and 4.6% reported currency to CHF 529.9 million in H1 2024
- Adjusted EBITDA up 11.3% YoY ccy to CHF 121.9 million, with margin up 1.0 percentage points to 23.0% reflecting operational excellence
- Execution of Vision 2026 well on track, with a focus on strategic growth priorities, sharpening execution and margin expansion
- Implementation of transformed GTM model completed in key markets, including DACH and NORAM, driving improved sales productivity
- Increase in Copilot 365 users to over 600,000 at 30 June 2024, with 240 new services engagements in Q2 2024
- Completion of operational excellence programme launched in early 2023, with CHF 76 million of savings compared to CHF 70 million target, of which CHF 7 million were reinvested in growth initiatives
- Board of Directors' update: indications of interest received for a potential going-private transaction, with discussions ongoing
- Full-year revenue guidance revised to 7-9% ccy (*previously 8-10% ccy*), with unchanged adjusted EBITDA margin target of 24.5-25.5%

Brian Duffy, CEO of SoftwareOne said, "We delivered solid H1 2024 results against continued uncertainty in the economic environment thanks to our relentless focus on our clients' needs and improved execution across all areas of the company.

Our '*Vision 2026 – a new chapter of growth*' programme is progressing according to plan. The transformed GTM model was successfully implemented across key markets, with new sales hubs set to capture share in the under-served SME segment in a scalable way. Marketplace Portal also continued to gain traction with clients and vendors to support our digital sales motion. During the second quarter, we supported clients with the adoption of Copilot 365, developing use cases to drive material productivity improvements. Finally, we strengthened our global alliance organisation with key hires to further deepen prioritised partnerships, particularly among the hyperscalers."

Rodolfo Savitzky, CFO of SoftwareOne added, "Our performance in Q2 2024 was in line with our expectations. We continued to deliver on profitability improvements and closed our operational excellence programme launched in early 2023. With the implementation of our GTM transformation on track, we anticipate a positive impact on growth in H2 2024. However, as a result of continued macroeconomic uncertainty impacting clients' purchasing behaviour in DACH and the impact of the change of government on our Application Services business in Colombia, we now expect revenue growth of 7-9% ccy. We confirm our adjusted EBITDA margin target of 24.5-25.5%."

Key figures – Group

CHFm	H1 2024	H1 2023	% Δ	% Δ (CCY)	Q2 2024	Q2 2023	% Δ	% Δ (CCY)
Software & Cloud Marketplace	285.8	276.6	3.3%	6.1%	160.2	151.0	6.1%	7.4%
Software & Cloud Services	244.2	230.2	6.0%	8.1%	122.8	116.4	5.5%	5.8%
Total revenue	529.9	506.8	4.6%	7.0%	283.0	267.4	5.8%	6.7%
Delivery costs	(170.7)	(178.2)	(4.2)%	(2.9)%	(83.0)	(86.8)	(4.3)%	(4.8)%
Contribution margin	359.3	328.6	9.3%	12.4%	200.0	180.6	10.7%	12.2%
SG&A	(237.4)	(216.9)	9.4%	13.0%	(123.5)	(108.6)	13.7%	15.6%
Adj. EBITDA	121.9	111.7	9.1%	11.3%	76.5	72.1	6.1%	7.2%
<i>Adj. EBITDA margin (% revenue)</i>	<i>23.0%</i>	<i>22.0%</i>	<i>1.0pp</i>	-	<i>27.0%</i>	<i>27.0%</i>	<i>0.0pp</i>	-
Adj. EPS (diluted)	0.27	0.32	(16.0)%	-	-	-	-	-
IFRS reported								
Net cash from operating activities	(295.3)	(286.4)	3.1%	-	-	-	-	-
Net debt/(cash)	208.7	71.6	-	-	-	-	-	-
Net working capital (after factoring)	182.6	176.8	-	-	-	-	-	-
Headcount (FTEs at end of period)	9,327	9,257	0.8%	-	-	-	-	-

Group revenue grew 7.0% YoY ccy and 4.6% reported currency to CHF 529.9 million in H1 2024, compared to CHF 506.8 million in the prior year period.

The strengthening of the CHF versus in particular the Euro, US dollar, Japanese yen and Turkish lira led to a negative FX translation impact of 2.4 percentage points on group revenue. The significant appreciation of the Colombian peso had a positive translation impact of 2.1 percentage points on revenue for LATAM in H1 2024.

Solid growth in key markets

Revenue by region¹

CHFm	H1 2024	H1 2023	% Δ (CCY)	Q2 2024	Q2 2023	% Δ (CCY)
DACH	156.6	154.3	3.2%	81.8	77.5	6.1%
Rest of EMEA	154.4	152.9	4.3%	82.1	80.8	3.2%
NORAM	85.1	75.8	15.3%	46.0	43.2	7.2%
LATAM	53.6	47.7	10.1%	28.8	24.6	15.3%
APAC	76.5	72.3	10.1%	43.6	41.0	7.7%

By region, DACH grew revenue by 3.2% YoY ccy to CHF 156.6 million in H1 2024, compared to CHF 154.3 million in the prior period, primarily driven by lower results in the Microsoft business. Momentum improved in Q2 2024 driven by other ISVs and services, with key client wins in IT Portfolio Management and SAP Services.

¹ DACH and Rest of EMEA reported separately going forward due to IFRS requirements, following division of operational leadership in early 2024; 2023 includes reallocation of revenue between Group and the regions to align with 2024 reporting, with no change to total revenue

Rest of EMEA was up 4.3% YoY ccy in H1 2024 to CHF 154.4 million, compared to CHF 152.9 million in the prior year period. Growth was supported by strong performance across Southern Europe, particularly within services, and CEE, offsetting softer results in Northern Europe and the UK & Ireland.

NORAM grew revenue by 15.3% YoY ccy to CHF 85.1 million in H1 2024, driven by a number of large client wins, compared to CHF 75.8 in the prior year period.

APAC delivered revenue growth of 10.1% YoY ccy to CHF 76.5 million in H1 2024, compared to CHF 72.3 million in the prior year period, with strong growth in the Microsoft business across the region. Revenue in Q2 2024 was up 7.7% YoY ccy, driven by strength in India, partially offset by China and Australia.

Revenue in LATAM increased by 10.1% YoY ccy to CHF 53.6 million in H1 2024, compared to CHF 47.7 million in the prior year period, as turnaround measures implemented by the new leadership team led to improved results across several markets. Revenue growth in Q2 2024 accelerated to 15.3% YoY ccy, with particular strength in other ISVs in Brazil.

Continued growth momentum across business lines

Software & Cloud Marketplace

Key figures – Software & Cloud Marketplace

CHFm	H1 2024	H1 2023	% Δ (CCY)	Q2 2024	Q2 2023	% Δ (CCY)
Revenue	285.8	276.6	6.1%	160.2	151.0	7.4%
Contribution margin	252.5	238.9	8.6%	144.3	132.3	10.6%
<i>Contribution margin (% of revenue)</i>	<i>88.4%</i>	<i>86.4%</i>	<i>-</i>	<i>90.1%</i>	<i>87.6%</i>	<i>-</i>
Adjusted EBITDA	143.3	135.9	7.9%	85.4	82.5	4.9%
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>50.2%</i>	<i>49.1%</i>	<i>-</i>	<i>53.3%</i>	<i>54.6%</i>	<i>-</i>

Revenue in Software & Cloud Marketplace grew 6.1% YoY ccy to CHF 285.8 million in H1 2024, compared to CHF 276.6 million in the prior year period.

Gross billings in the Microsoft business amounted to USD 11.9 billion in H1 2024, up 8.1% compared to H1 2023. In Q2 2024, billings increased 9.0% YoY to USD 7.6 billion. Revenue growth in Q2 2024 was broadly consistent with Q1 2024.

Revenue growth in other ISVs accelerated to double-digit in Q2 2024, benefitting from initiatives around pricing and renewals, as well as an increased focus on prioritised partners.

Contribution margin grew 8.6% YoY ccy to CHF 252.5 million in H1 2024, compared to CHF 238.9 million in H1 2023, reflecting an increased margin of 88.4%.

Adjusted EBITDA increased by 7.9% YoY ccy to CHF 143.3 million in H1 2024, compared to CHF 135.9 million in the prior year period. The adjusted EBITDA margin improved to 50.2%, compared to 49.1% in the prior year period.

Software & Cloud Services

Key figures – Software & Cloud Services

CHFm	H1 2024	H1 2023	% Δ (CCY)	Q2 2024	Q2 2023	% Δ (CCY)
Revenue	244.2	230.2	8.1%	122.8	116.4	5.8%
Contribution margin	106.8	89.7	22.5%	55.6	48.3	16.9%
<i>Contribution margin (% of revenue)</i>	<i>43.7%</i>	<i>39.0%</i>	<i>-</i>	<i>45.3%</i>	<i>41.5%</i>	<i>-</i>
Adjusted EBITDA	17.8	7.1	148.7%	13.4	4.8	174.5%
<i>Adjusted EBITDA margin (% of revenue)</i>	<i>7.3%</i>	<i>3.1%</i>	<i>-</i>	<i>10.9%</i>	<i>4.1%</i>	<i>-</i>

Software & Cloud Services delivered revenue growth of 8.1% YoY ccy to CHF 244.2 million in H1 2024, up from CHF 230.2 million in the prior year period. Growth was driven by Cloud Services, IT Portfolio Management and SAP Services.

Focus on cross-selling continued with 74% of LTM (to 30 June 2024) revenue generated by c. 16.1k clients purchasing both software and services, up from 15.6k a year ago.

Revenue in xSimples² was up 15% YoY ccy in H1 2024, driven by clients continuing to transition to the CSP model.

Contribution margin increased to CHF 106.8 million in H1 2024, with a margin of 43.7%, up from 39.0% in the prior year period driven by continued optimisation of the delivery network.

Adjusted EBITDA was CHF 17.8 million in H1 2024, compared to CHF 7.1 million in the prior year period. The margin improved to 7.3% compared to 3.1% in the prior year period, driven by a strong contribution margin and operating leverage as the business continues to scale.

Focus on profitable growth

Adjusted EBITDA for H1 2024 was CHF 121.9 million, increasing 11.3% YoY ccy from CHF 111.7 million in the prior year period. The adjusted EBITDA margin was up by 1.0pp YoY, reflecting an improved contribution margin, partially offset by higher SG&A as a result of growth investments.

Adjusted profit for the period was CHF 41.6 million in H1 2024, representing a decrease of 16.9% YoY in reported currency, compared to CHF 50.1 million in the prior year period.

IFRS reported profit for the period was CHF 27.9 million in H1 2024, compared to CHF 33.8 million in the prior year period.

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

Implementation of Vision 2026 well on track

During H1 2024, SoftwareOne progressed various initiatives in support of 'Vision 2026 – a new chapter of growth' to drive accelerated growth, margin expansion and cash generation by pursuing key growth priorities and sharpened execution.

Strategic growth priorities

Following a strong start in Q1 2024, SoftwareOne maintained its momentum in capturing the Copilot 365 market opportunity. The number of Copilot 365 users nearly doubled to over 600,000 at 30 June 2024, with 240 new services engagements in the second quarter.

Sharpened execution

Based on the new client segmentation and coverage model, the transformed GTM model was rolled out to key markets, including NORAM, DACH, UK & Ireland, Mexico, Brazil and India. New sales hubs were opened in Nashville and Barcelona, taking a digital-first approach to capture market share in the under-served SME segment in a scalable, cost-efficient way. Bogotá and São Paulo are also currently opening to serve the Latin American market. The hubs will initially focus on the Microsoft tech stack, before offering a broader portfolio. Meanwhile, client coverage was reorganised to allow account managers to go deeper with clients in the enterprise and corporate segments. As a result of the changes, restructuring expenses of CHF 14.2 million were reported in H1 2024.

Supporting the digital sales motion, the Marketplace Platform continued to gain traction with both vendors and clients in H1 2024. With over 17k clients transacting through the platform, the number of cloud subscriptions increased to 35.9k and LTM gross sales to 30 June 2024 was CHF 825.2 million.

² Including AzureSimple, 365 Simple and AWS

Additionally, a global alliance team was established to manage prioritised partnerships with the hyperscalers and other ISVs, and to drive cross and upsell across the broader portfolio.

Lastly, initiatives to drive pricing excellence and renewals via AI-based risk prediction models were implemented.

Margin expansion

SoftwareOne completed its operational excellence programme in H1 2024, reaching CHF 76 million annualised cost savings compared to its target of CHF 70 million, of which CHF 7 million were reinvested in growth initiatives. Continued margin expansion over the Vision 2026 period is expected to be driven by improved commercial effectiveness with the new GTM model, as well as further delivery model efficiencies and right-sizing of support functions.

Balance sheet developments

Net working capital³ increased by CHF 5.8 million to CHF 182.6 million, compared to CHF 176.8 million in the prior year. Net cash from operating activities was CHF (295.3) million in H1 2024, compared to CHF (286.4) million in the prior year period.

Capital expenditure totalled CHF 32.7 million, including investments in the SoftwareOne Marketplace Portal, compared to CHF 26.7 million in the prior year period.

The net debt position was CHF 208.7 million as at 30 June 2024, compared to CHF 71.6 million as at 30 June 2023.

Board of Directors' update

As announced in the trading update of 15 May 2024, the Board of Directors has been approached by several parties regarding a potential going-private transaction and has established a Transaction Committee to ensure an orderly follow-up. Indications of interest have been received. Discussions, although challenging given the general business environment, are progressing. The Board will provide further updates if and when required.

Revised revenue guidance for full-year 2024

As a result of continued macroeconomic uncertainty impacting clients' purchasing behaviour, SoftwareOne updates its 2024 full-year guidance as follows:

- Revenue growth of 7-9% (*previously 8-10%*) for the group in constant currency;
- Adjusted EBITDA margin of 24.5-25.5% of revenue (*unchanged*);
- Dividend pay-out ratio of 30-50% of adjusted profit for the year (*unchanged*).

³ After factoring

RESULTS OVERVIEW

Profit & loss summary

CHFm	IFRS reported		Adjusted			
	H1 2024	H1 2023	H1 2024	H1 2023	% Δ	% Δ at CCY
Revenue from Software & Cloud Marketplace	285.0	276.1	285.8	276.6	3.3%	6.1%
Revenue from Software & Cloud Services	244.2	230.2	244.2	230.2	6.0%	8.1%
Total revenue	529.2	506.4	529.9	506.8	4.6%	7.0%
Delivery costs	-	-	(170.7)	(178.2)	(4.2)%	(2.9)%
Contribution margin	-	-	359.8	328.6	9.3%	12.4%
SG&A	-	-	(237.4)	(216.9)	9.4%	13.0%
EBITDA	82.2	91.4	121.9	111.7	9.1%	11.3%
Depreciation, amortisation & impairment ⁴	(36.3)	(32.4)	(36.3)	(32.4)	11.8%	-
EBIT	45.9	58.9	85.6	79.3	8.0%	-
Net financial items	4.3	(5.9)	(16.9)	(9.1)	85.8%	-
Earnings before tax	50.1	53.1	68.7	70.2	(2.1)%	-
Income tax expense	(22.2)	(19.3)	(27.1)	(20.1)	34.9%	-
Profit for the period	27.9	33.8	41.6	50.1	(16.9)%	-
EBITDA margin (% revenue)	15.5%	18.0%	23.0%	22.0%	1.0pp	-
EPS (diluted)	0.18	0.22	0.27	0.32	(16.0)%	-

Reconciliation – IFRS reported to Adjusted profit

CHFm	H1 2024	H1 2023
IFRS reported profit for the period	27.9	33.8
Impact of change in revenue recognition of Microsoft Enterprise Agreements	(0.1)	0.4
Share-based compensation	-	-
Integration expenses, M&A and earn-out expenses	5.2	7.8
Operational excellence restructuring expenses	9.4	12.5
GTM restructuring expenses	14.2	-
Discontinuation of MTWO vertical	4.2	-
Russia related-loss	-	(0.4)
Other non-recurring items	0.7	-
Impact of extraordinary provision for overdue receivables ⁵	6.0	-
Total revenue and operating expense adjustments	39.7	20.3
Depreciation / (appreciation) of Crayon and impact of adjustments on financial result	(21.1)	(3.2)
Tax impact of adjustments	(4.9)	(0.8)
Adjusted profit for the period	41.6	50.1

Source: Management view

⁴ Includes PPA amortisation (including impairments, if applicable) of CHF 7.2 million and CHF 7.4 million in H1 2024 and H1 2023, respectively

⁵ Relates to overdue receivables over 180 days outstanding and under legal dispute, with success rate of collection by SoftwareOne taken down to zero as a conservative measure

H1 2024 RESULTS DOCUMENTS

The H1 2024 results 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

Q3 2023 Trading update

13 November 2024

CONTACT

Anna Engvall, Investor Relations

Tel. +41 44 832 41 37, anna.engvall@softwareone.com

FGS Global, Media Relations

Tel. +41 44 562 14 99, press.softwareone@fgsglobal.com

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

SoftwareOne Holding AG, Riedenmatt 4, CH-6370 Stans

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.