



Digital Transformation.  
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# FY2022 Q1 Trading Update

August 16, 2022

# Disclaimer

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The financial results set out in this release are unaudited and are subject to change following completion of Softline's audit. The "constant currency" metric excludes the effect of foreign currency exchange rate fluctuations by translating the current period revenues into U.S. dollars at the weighted average exchange rates of the prior period of comparison.

This document may constitute or include forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as "plans", "targets", "aims", "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" and similar expressions. These forward-looking statements reflect, at the time made, the Company's beliefs, intentions and current targets/aims concerning, among other things, the Company's or the Group's results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company's or the Group's markets; the impact of regulatory initiatives; and the strength of the Company's or any other member of the Group's competitors. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The forward-looking statements in this document are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Company's records (and those of other members of the Group) and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Forward-looking statements are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors could cause the actual outcomes and the results of operations, financial condition and liquidity of the Company and other members of the Group or the industry to differ materially from those results expressed or implied in this document by such forward-looking statements. No representation or warranty is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved. Undue influence should not be given to, and no reliance should be placed on, any forward-looking statement. No statement in this document is intended to be nor may be construed as a profit forecast.

# Creating two leading companies, protecting the interests of our stakeholders

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## Shareholders



- Ensuring a **path to a rational valuation** of both companies
- Reflecting **strong profitable growth** and companies' fundamental values
- **Committed** to protecting the **interests of our shareholders**, wherever they are located

## Employees



- Enabling our people to **benefit from Long-Term Employee Partnership Programmes**
- Continuing to **attract and retain talented professionals**
- Supporting our **owner-operator culture**

## Vendors



- Better positioning to **execute go-to-market strategies**
- **Enhancing** relationships with **existing vendors**, and **expansion with new relationships**
- Addressing **growth opportunities for** all leading regional and global **vendor-partners**

## Customers



- **Accelerating the provision** of digital transformation and cyber security solutions and services **to existing and new customers**
- Further investment in **more effective customer relationships** thanks to platforms and more efficient sales engine.

Both new companies are in the better position to accelerate their growth in line with the market of their respective markets

We know we can

# Strong gross profit growth in Q1 driven by Softline International, and Services

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## Key achievements

|  |   |
|--|---|
| Profitable growth                          | Strong <b>Gross Profit growth of 25%</b> year over year.  |
| Strategic growth and diversity of business | Very strong demand across geographies with constant currency <b>turnover growth of 44%</b> in Softline International, which now represents <b>more than 50%</b> of total turnover     |
| Continuing strategic pivot with Services   | <b>137% Services gross profit growth</b> , from <b>turnover growth of 81%</b>   |
| M&A Success                                | Accelerating geographic expansion, skills and capabilities... with <b>Seven Seas Technology</b>   |
| Best destination for talent                | More than doubling Group's Services capability in the last 12 months... including an addition to the team of <b>2,500 software engineers</b> . Industry leading <b>LTEPP</b> program. |
| Recognition                                | A visionary in the <b>2022 Gartner Magic Quadrant</b> for SAM Managed Services as well as <b>Partner of the Year</b> Awards with Microsoft in several key geographies                 |

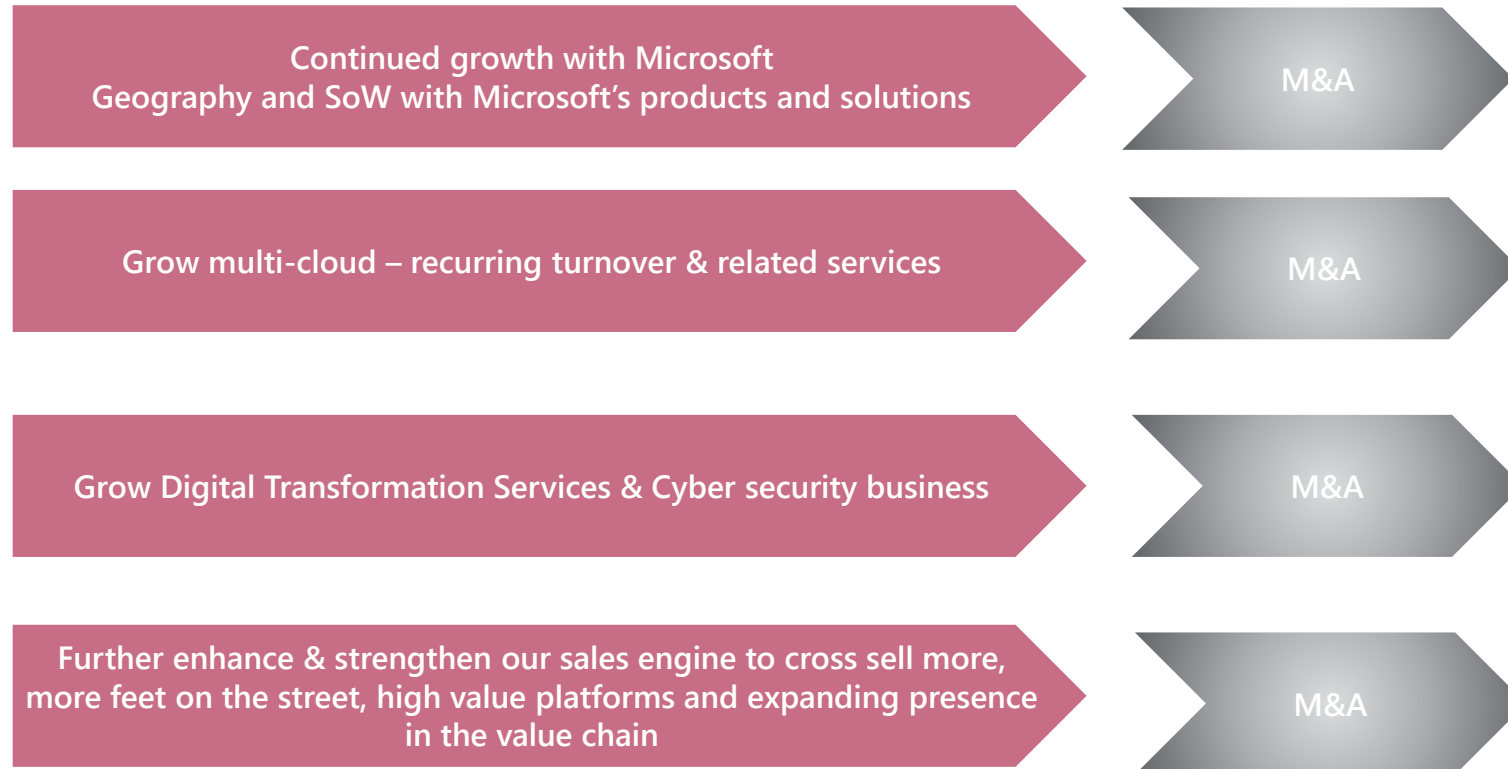
We know we can

# Softline Global

## The international business, Bigger... Faster...

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### Dream 2.0



**Global leader & innovator in DX solutions, platforms and services**

Channelling **talent from emerging markets** to where the demand is

Known for employee-company partnerships with **several thousands employees**

Operating in **100** countries

**Platform for consolidation** of the sector

Sector leader in **ESG & Compliance**

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# Russian business transformation

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## Key strategy directions for 2022

- Support of the existing installed base
- Adaptation and transformation of existing IT solutions
- Accelerated introduction of local vendors solution and migration
- Addition and development of new solutions

Vendors and partners solutions

Own products and services

## Key strategy directions for 2022

- Own Softline cloud
- Own Softline platforms
- Own Softline products
- Own hardware solutions
- Own cybersecurity products and services



softline®



**1000+** local vendors and vendors available in Russia



**1500+** software engineers to serve Russian clients

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# Extracting value from M&A portfolio. Seven Seas Technology becoming part of Softline family

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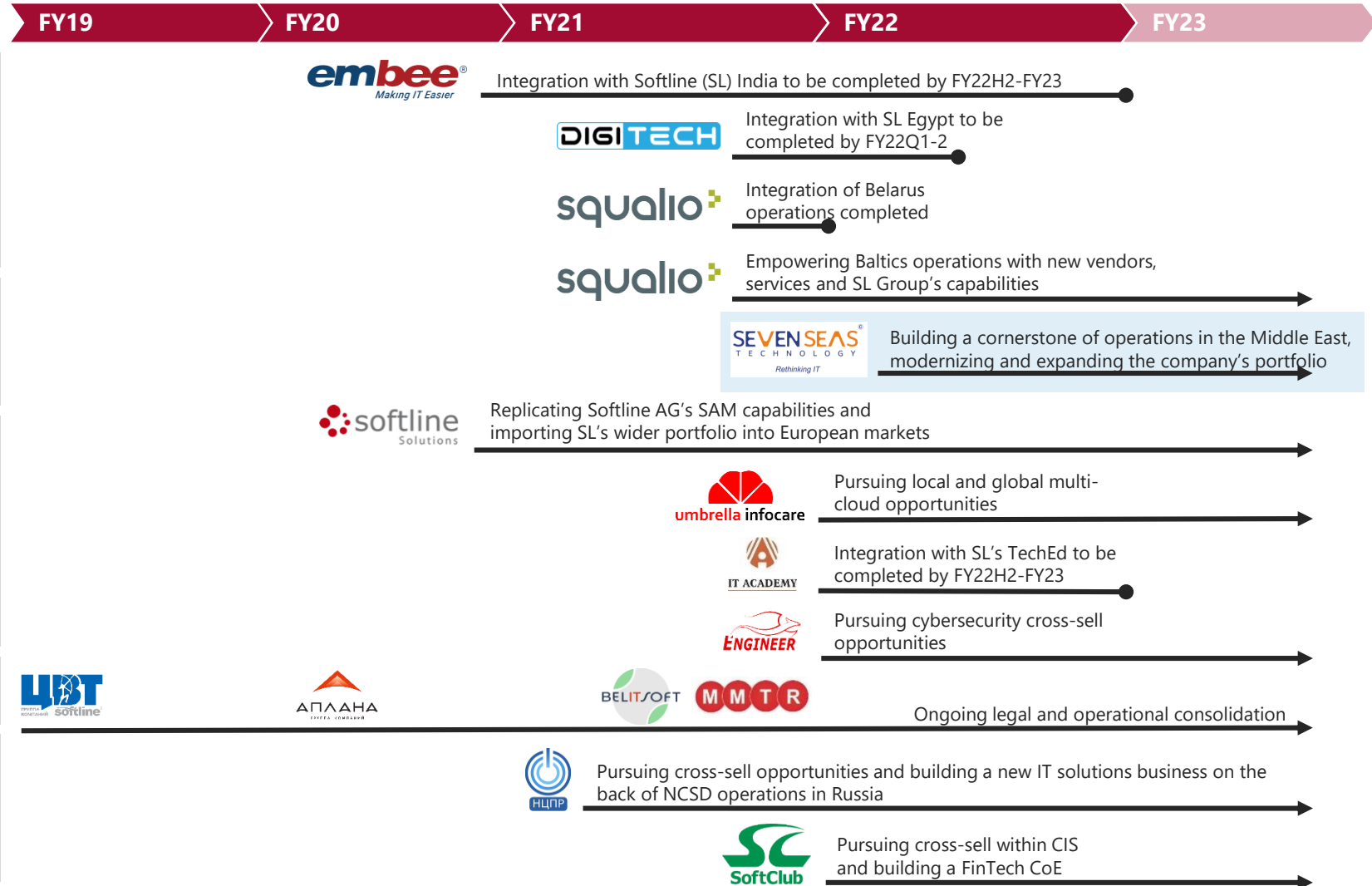
Geographic Expansion



Portfolio Expansion



Sales Channel Expansion



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# Recognition

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A visionary in the 2022 Gartner Magic Quadrant for SAM Managed Services

Embee recognised with the Microsoft India Area Award 2022 – MWP Partner of the Year

Softline Vietnam and Softline Cambodia recognised Microsoft the Partner of the Year Award

Softline India was recognised by Microsoft as the leading Cloud Solution Provider (CSP) in India

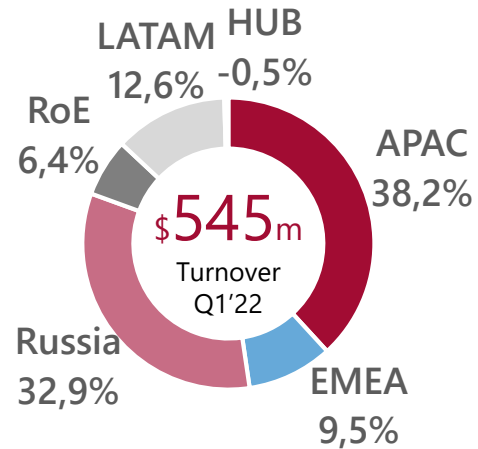


# Q1 Turnover and Gross Profit highlights

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Diversified Turnover & Gross Profit split (Reported)

Breakdown by geography



Growth 3m'22 over 3m'21

|        | Reported |
|--------|----------|
| Russia | -23%     |
| APAC   | 29%      |
| LATAM  | 14%      |
| RoE    | 20%      |
| EMEA   | 149%     |

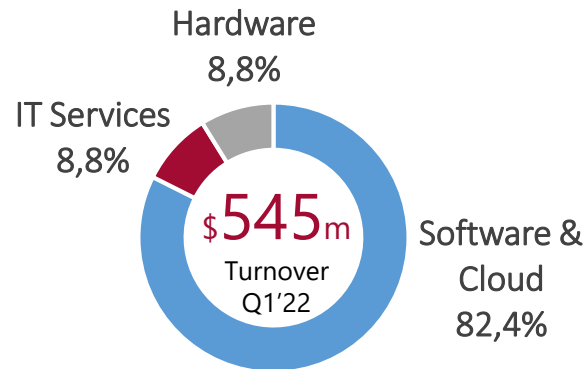
## Q1'22 Highlights

44% YoY growth rate for international business in constant currency

Double digit turnover growth in services and hardware

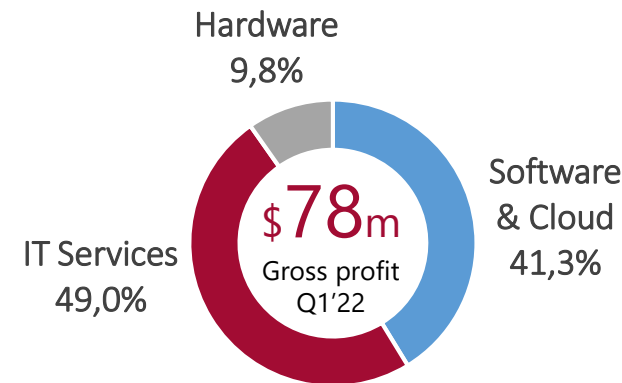
Services represents 9% of Turnover, and accounts for a **growing proportion of Gross profit in Q1'22 at 49%** of total Gross Profit, up from 26% in Q1'21.

Breakdown by product



Growth 3m'22 over 3m'21

|                  | Reported |
|------------------|----------|
| Software & Cloud | 1%       |
| Hardware         | 42%      |
| Services         | 81%      |



Growth 3m'22 over 3m'21

|                  | Reported |
|------------------|----------|
| Software & Cloud | -24%     |
| Hardware         | 123%     |
| Services         | 137%     |

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# Q2 FY2022 Business Outlook

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Turnover growth

**at least 15%**

For Q2 FY 2022 (ending 30.09.2022)

Turnover growth

**Global: at least 30%**

**Russia: flattish**

YoY growth in Q2 2022 (ending 30.09.2022)

Gross profit growth

**at least 20%**

YoY growth in Q2 2022 (ending 30.09.2022)

The logo features the word "softline" in a bold, lowercase, sans-serif font. A white swoosh underline is positioned above the letters "o", "f", and "t". A registered trademark symbol (®) is located at the top right of the word. The logo is centered on a background that includes a faint, stylized globe and a network of blue lines and dots on the right side.

**softline®**

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# Q1'22 detailed financial results (vs. Q1'21)

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| Group P&L kUSD                             | Q1'22 Actual   | Q1'21 Actual   | Q1'22 vs Q1'21  |                  | Q1'22 (constant currency) | Q1'22 (constant currency) vs Q1'21 |                  |
|--|----------------|----------------|-----------------|------------------|---------------------------|------------------------------------|------------------|
|  |                |                | kUSD            | %                |                           | kUSD                               | %                |
|  |                |                | <b>Turnover</b> | <b>544 843</b>   |                           | <b>503 169</b>                     | <b>41 675</b>    |
| <b>Gross profit</b>                        | <b>78 164</b>  | <b>62 296</b>  | <b>15 869</b>   | <b>25%</b>       | <b>77 593</b>             | <b>15 297</b>                      | <b>25%</b>       |
| <i>Gross profit, %</i>                     | <i>14,35%</i>  | <i>12,38%</i>  |                 |                  | <i>14,02%</i>             |                                    |                  |
| <b>OPEX<sup>1</sup></b>                    | <b>-77 575</b> | <b>-51 009</b> | <b>-26 566</b>  | <b>52%</b>       | <b>-75 411</b>            | <b>-24 402</b>                     | <b>48%</b>       |
| <b>Operating profit<sup>1</sup></b>        | <b>589</b>     | <b>11 287</b>  | <b>-10 698</b>  | <b>-95%</b>      | <b>2 182</b>              | <b>-9 105</b>                      | <b>-81%</b>      |
| <b>Net profit</b>                          | <b>-6 295</b>  | <b>1 346</b>   | <b>-7 641</b>   | <b>&lt;-100%</b> | <b>-5 624</b>             | <b>-6 970</b>                      | <b>&lt;-100%</b> |
| <i>Net profit after tax margin, %</i>      | <i>-1,16%</i>  | <i>0,27%</i>   |                 |                  | <i>-1,02%</i>             |                                    |                  |
| <i>Net profit after tax margin (GP), %</i> | <i>-8,05%</i>  | <i>2,16%</i>   |                 |                  | <i>-7,25%</i>             |                                    |                  |
| <b>EBITDA adj</b>                          | <b>3 004</b>   | <b>12 746</b>  | <b>-9 742</b>   | <b>-76%</b>      | <b>4 387</b>              | <b>-8 359</b>                      | <b>-66%</b>      |
| <i>EBITDA adj margin, %</i>                | <i>0,55%</i>   | <i>2,53%</i>   |                 |                  | <i>0,79%</i>              |                                    |                  |
| <i>EBITDA adj margin (GP), %</i>           | <i>3,84%</i>   | <i>20,46%</i>  |                 |                  | <i>5,65%</i>              |                                    |                  |
| <b>EBITDA adj LTM</b>                      | <b>57 565</b>  | <b>55 129</b>  | <b>2 435</b>    | <b>4,4%</b>      |                           |                                    |                  |
| <i>EBITDA adj LTM margin, %</i>            | <i>2,57%</i>   | <i>2,93%</i>   |                 |                  |                           |                                    |                  |
| <i>EBITDA adj LTM margin (GP), %</i>       | <i>17,87%</i>  | <i>22,99%</i>  |                 |                  |                           |                                    |                  |

<sup>1</sup> exc. depreciation and amortization and Other expenses/income

| Turnover by product, kUSD | Q1'22 Actual | Q1'21 Actual | Q1'22 vs Q1'21 |     |
|---------------------------|--------------|--------------|----------------|-----|
|                           |              |              | kUSD           | %   |
| Software&Cloud            | 448 993      | 442 837      | 6 157          | 1%  |
| Services                  | 47 711       | 26 355       | 21 357         | 81% |
| Hardware                  | 48 139       | 33 977       | 14 161         | 42% |

Recurring turnover:  
Q1'22 – 70% (382 kUSD)  
Q1'21 – 60% (301 kUSD)

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# Passionate about and Committed to High ESG Standards with a Bias for Action

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## Environmental

Our **Environmental Policy** purpose is to ensure environmentally sound and sustainable development of the company in the short and long-term and to minimise negative impact on the environment

- » Adherence to **environmental compliance**
- » **ISO14001 Environmental Management certified** until end of 2022
- » **Waste management processes** implemented in major offices
- » **Electronic document management** enforced throughout the organisation
- » **Introducing a supplier code of conduct** focused on Environmental and CSR credentials

## Social

Our **Corporate Ethics and Compliance Code** reflects a longstanding dedication to the preservation of basic rights and human dignity in our workplace and beyond

- » **Diversity, inclusion and human rights** are key focus points
- » Awarded the **Microsoft Community Response Award** in Russia for 2021

### Acting where there is a need



**India**

Supporting the **Ayang Trust** to set up a community library and with **Myna Mahila Foundation** to help provide hygiene kits



**Russia**

“**Taste of Life – Connection of Generations**” project, aimed at helping elderly people develop their internet skills



**LATAM**

“**Helping to get another chance**” on-going internship program for refugees and disabled people

## Governance

- » **One of the most advanced governance frameworks** in the sector in the emerging markets
- » Approach to corporate governance **complies with all applicable laws, rules, regulations and policies**
- » Corporate Ethics and Compliance Code underpinned by **full suite of corporate policies**
- » **3 INEDs** out of 6 Board Directors
- » Corporate governance **updated concurrently with IPO in line with industry standards**

### Committees created post-IPO

Audit & Risk Committee

Nomination & Remuneration Committee

Disclosure Committee