

Noventiq announces strong results for Q3 FY2022, including 45% turnover growth and 75% gross profit growth

28 February 2023, London, UK - Noventiq (LSE:SFTL), the global digital transformation and cybersecurity solutions and services provider, announces unaudited key operating highlights for the third quarter of FY2022.

Q3 FY2022 BUSINESS HIGHLIGHTS

- Q3 2022 turnover was \$398.8M, an increase of 45% in USD, and 57% in constant currency. For the 9 months to 31 December 2022 turnover was \$1,089.9M, an increase of 37% in USD, and 49% in constant currency. Q3 YTD FY2022 turnover was close to the level of turnover delivered for the whole of the prior year FY2021
- Q3 2022 gross profit was \$71.4M, an increase of 75% in USD, and 82% in constant currency. For the 9 months to 31 December 2022 gross profit was \$167.2M, an increase of 65% in USD, and 73% in constant currency
- Broad based geographic growth, with double-digit growth in all 4 regions, including strength in India
- Services turnover growth in USD of 197% in Q3, driving 54% share of gross profit Q3 YTD
- Hardware turnover in Q3 grew 376% year-over-year
- Recurring turnover was 69% Q3 YTD, up from 57% Q3 YTD last year
- Destination for talent, with nearly 5,900 people, up 127% year-over-year overall, and up 177% in Services. In line with the company's equality and diversity commitment, with Noventiq organic operations in emerging markets showing 144% growth in women hiring compared to FY2021
- Enhancing Microsoft capabilities and expanding in existing and new geographies
- Investment in growth based on capabilities related to key vendors including AWS, Apple, Google
- Continued investment and execution of M&A strategy with 3 transactions announced in Q3, and 7 transactions signed in FY2022 enhancing skills, capabilities and geographic presence
- Expanded geographic footprint, establishing presence in 8 new countries YTD

Sergey Chernovolenko, Global CEO at Noventiq, said:

"I would like to thank our 5,900 talented professionals at Noventiq for their continued dedication and focus on delivering for our customers. I am very pleased with the strong business results again this quarter, and the fact that we are increasing all elements of our business outlook for FY2022. I feel good about how we are positioned and how we have delivered on our strategy, while also continuing to invest and transform our business for long term profitable growth. I am proud to have overseen the important corporate actions we have taken since the completion of our strategic review last July. We successfully navigated a complicated process of demerger, safeguarding and strengthening the Noventiq business. I now look forward to supporting Herve in his new role, as I focus on the continuation of our business growth trajectory as President and COO of Noventiq."

Jacques Guers, Chairman of the Board of Directors at Noventiq, noted:

“We have been engaged in a process of evaluating long-term options with the aim to ensure greater value, certainty, and liquidity to shareholders. Over the past few weeks, we have made a number of important announcements, representing significant developments for our company, and being substantial steps towards our objective to realise the true fundamental value of Noventiq for all of our stakeholders. The leadership changes we have announced today will also reflect a seamless transition towards this objective. I want to thank Sergey for his incredible leadership during a pivotal moment of our history, and I am thrilled that we will continue to benefit from his deep experience as we move forward. Hervé brings decades of international experience in U.S. publicly traded corporations, and with his deep expertise, energy and ambition, I am very pleased to see him lead this next stage of our transformation.”

Hervé Tessler, President & COO at Noventiq, noted:

“I am honoured to have been selected to lead the company at such a crucial time. We have a strong foundation for growth, and the right recipe for success. I have worked closely with Sergey and the team since I joined the company nearly a year ago, to accelerate our growth trajectory, and to ensure we are well placed to capitalise on the vast opportunities ahead of us. I am very much looking forward to working with our talented leadership team to deliver on the next phase of our incredible growth story.”

Key financials

	Q3 YTD 2022*	Q3 YTD 2021	%	Q3 2022	Q3 2021	%
Turnover (\$ '000)	1 089 875	796 964	37%	398 786	274 423	45%
Recurring turnover %	69%	57%		62%	50%	

Turnover by business line (\$ '000)

	Q3 YTD 2022*	Q3 YTD 2021	%	Q3 2022	Q3 2021	%
Software & Cloud	900 595	725 888	24%	304 177	247 339	23%
IT Services	118 345	49 651	138%	57 001	19 186	197%
Hardware	70 936	21 425	231%	37 608	7 898	376%

	Q3 YTD 2022*	Q3 YTD 2021	%	Q3 2022	Q3 2021	%
Gross profit (\$ '000)	167 218	101 573	65%	71 417	40 813	75%

Gross profit by business line (\$'000)

	Q3 YTD 2022*	Q3 YTD 2021	%	Q3 2022	Q3 2021	%
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Software & Cloud	63 635	57 229	11%	27 561	22 470	23%
IT Services	91 056	40 942	122%	39 339	16 908	133%
Hardware	12 527	3 402	268%	4 518	1 435	215%

Turnover by region (\$ '000)

	Q3 YTD 2022*	Q3 YTD 2021	%	Q3 2022	Q3 2021	%
APAC	537 254	395 596	36%	158 159	109 874	44%
EMEA	253 196	138 511	83%	128 038	63 636	101%
RoE**	121 003	115 310	5%	59 418	52 877	12%
LATAM	178 423	147 547	21%	53 172	48 036	11%

Reported growth

*9 Months ended 31 December 2022

**Rest of Eurasia

BUSINESS REVIEW

Services – Services remains a segment with a very strong rate of growth. Q3'22 turnover grew 197% year over year to \$57m. Services now represents 11% of Group turnover, and contributes 54% of total Gross Profit. Services growth reflects the impact of acquisitions, as well as strong organic growth.

Software & Cloud – Turnover from Software & Cloud increased by 23% in Q3'22.

Hardware - Hardware grew 376% year-over-year in Q3'22 including a mix of organic and inorganic growth.

Geographic Turnover – Double-digit growth in all regions, both organically and due to recent acquisitions.

Profitability

Gross Profit in Q3 FY2022 was \$71.4M, up 75% year over year. Gross Profit margin, turnover based, was 17.9% compared to 14.9% for Q3 last year, partly driven by the contribution of the Services business.

For Q3 2022, adjusted EBITDA was \$12.8M. Adjusted EBITDA margin, Gross Profit based, was 17.9%. Adj. EBITDA reflects the significant investments the company is making for future growth. These investments include people, motivation and retention, continued company diversification into Services, corporate governance, systems such as CRM, ERP and digital platforms.

Other selected financial events

Further to the announcement on the 7th October 2022 of the sale of its Russian business: [EGM Sale of Russian business](#), the company completed the transaction on the 20th October: [Sale confirmation](#). At the general meeting held on the 25th October 2022, shareholders approved the bonus issuance in relation to the transaction: [GM Result 25 Oct 2022](#).

Further to the announcement on 24th January 2023 of its intention to re-domicile the company from Cyprus to the Cayman Islands: [Re-domiciliation](#), shareholders approved all resolutions in relation to the transaction at the general meeting held on the 15th February 2023: [GM Result 15 Feb 2023](#).

On 9th February 2023, Noventiq and Corner Growth Acquisition Corp. signed a Letter of Intent for a Business Combination: [Letter of Intent](#)

Leadership update

Following the completion of its strategic review in July 2022, under Sergey Chernovolenko's leadership as CEO, the company successfully navigated a complicated process of demerger, safeguarding and strengthening the Noventiq business, while achieving strong business results. The company continued to evaluate options designed to ensure that the significant fundamental value of Noventiq is properly reflected by the market. As a result, in February 2023 the company signed a letter of intent to proceed with a potential business combination with Corner Growth Acquisition Corp. to maximise and leverage significant opportunities within the U.S. investment market.

Hervé Tessler will lead the project to complete the business combination, and will become Chief Executive Officer of Noventiq with immediate effect. Hervé will also join the Noventiq board of directors. As a global senior executive with decades of international experience in US publicly traded corporations, Hervé brings a wealth of experience to this role in building diverse, high-performing teams across multiple geographies and functions. Hervé is well-versed in driving results and leading initiatives on a global scale to transform international operations and company-wide functions.

Sergey Chernovolenko, who successfully navigated the company to next level of its development, will step down from the role of CEO and will focus on the continuation of the business growth trajectory and company development as President and COO of the company. Sergey will continue as a member of the board of directors, and will support Hervé in his new role, as the company delivers a seamless transition.

Balance sheet and liquidity

The Cash position as at 31 December 2022 was \$191.2m.

M&A

Noventiq's M&A strategy augments the 3-dimensional growth strategy, and the company has been active over the past few years with a specific focus on key strategic objectives.

In the third quarter of 2022, Noventiq announced three acquisitions. All of them will strengthen Noventiq's positioning as a leader in digital transformation and cybersecurity, and will also help the company to grow in different capabilities and expand to new territories in India, the Eastern European regions, and beyond:

- **Value Point Systems (October 2022):** Value Point Systems (VPS) is an Indian digital infrastructure and cybersecurity solutions & services with more than 1,200 employees, and over 2,000 local customers. This acquisition accurately represents Noventiq's strategy and vision for this market: "Investing in India, for India". Noventiq will strengthen its global cybersecurity proposition with the skills of VPS' Security Operation Centre (SOC) – including the cybersecurity integration capabilities and a sophisticated cybersecurity consultancy offering. VPS' SOC is one of the industry's leading SOCs in India.
- **Saga Group (November 2022):** Noventiq signed an agreement to acquire the majority of Serbian software and digital solutions leader Saga Group, bringing 400 people to Noventiq's team. Saga Group, which has operations in more than 25 countries, will contribute to Noventiq's growth in Central and Eastern Europe strengthening Noventiq's position in markets such as Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia. This transaction also helps Noventiq to reinforce its global portfolio as Saga Group is an advanced partner of Oracle and Cisco, as well as Microsoft, DELL, Hewlett Packard Enterprise, Juniper, VMWare, and others. Saga Group has built an impressive portfolio of proprietary digital products, including its own IP for digital banking,

Fintense – created by Saga’s subsidiary NF Innova –, which is an omnichannel digital banking platform. Saga’s other own solutions are, *Weaver*, a sophisticated AI smart assistant; and *Selecta*, a next generation AI-powered CRM platform – these two platforms are created and owned by Intellya, another of Saga Group’s subsidiaries. The deal to close the acquisition of Saga Group and its subsidiaries was announced on February 2023.

- **G7 CR Technologies (December 2022):** Headquartered in Bengaluru, G7 CR Technologies is considered India's leading Managed Services Provider for Azure-based cloud solutions offering services from advisory to migration, implementation, security and optimization, among others. G7 CR is also a significant player in the market for Microsoft products. This means that Noventiq will strengthen its capability for delivering services for Microsoft Azure migrations and support. through the acquisition of G7 CR Technologies. Microsoft's Azure business is historically growing globally at 40-60% every year. This transaction represents the fourth acquisition of Noventiq in India, and the second acquisition in this market in the third quarter of 2022, which once again highlights the company's goal on continuing to invest in India, for India.

During the current fourth quarter (Q4) of FY2022, the company has closed the acquisitions with DigiTech, Seven Seas Technology, and Saga Group.

Microsoft

Noventiq is a globally managed Microsoft’s partner and has been further progressing this cooperation. Noventiq sees very significant potential to partner with Microsoft and scale in many more markets around the world. Noventiq works closely with Microsoft across multiple customer segments ranging from SMBs to large organizations across private and public sectors. Noventiq, and formerly Softline, has collaborated with Microsoft for more than 25 years and is continuing to expand its services footprint with Microsoft solutions. Noventiq is now a Licensing Solutions Provider and Cloud Solutions Provider in more than 35 countries. The company is a member of the prestigious Microsoft Intelligent Security Association, a Microsoft Azure Expert Managed Services Provider, with twelve Advanced Specializations by Microsoft, and maintains 5 out of 6 Microsoft solutions partner designations. In 2022, Noventiq has received a number of Partner of the Year awards.

ESG

Noventiq continues to advance and embed ESG principles across its operations, and it continues to be at the forefront of Noventiq’s strategy. The company focuses on creating an environment where people can prosper. Noventiq’s commitment to its teams has been recognized with the certification of *Great Place To Work* in many of its regions. The company has a longstanding dedication to the preservation of basic rights and human dignity in the workplace and beyond, including diversity and inclusion policies which are incredibly important to the company’s leadership team.

As part of its ESG strategy, Noventiq’s purpose is to ensure environmentally sound and sustainable development of the company, and will continue to look for ways to reduce the climate impact of its business. Noventiq also has a resilient framework in place for ethics and compliance in all the markets where they operate. The company will continue to promote diversity across its extended governance structure. The company has implemented a Board governance structure in line with best practice

The company published its ESG statement that can be read here: <https://noventiq.com/about/esg>

Awards

Noventiq was recognised as a 'Visionary' in the 2022 Gartner Magic Quadrant for SAM Managed Services.

Business outlook

Noventiq is increasing all key metrics of its business outlook.

The company now expects to deliver turnover growth of at least 34% in reported currency in FY2022, or at least 45% in constant currency based on FX rates at the end of Q3. This reflects broad based performance from the regions, and would represent approximately \$400M of new turnover, versus 2021. This outlook reflects the continuation of a solid demand environment; however, the company is also conscious of the broader economic and geopolitical uncertainty.

The company now expects gross profit margin above the range of 13 to 14% for FY2022, up from prior guidance of the upper end of the range.

Noventiq now expects to deliver adjusted EBITDA margin on gross profit of low double digits in FY22. This includes the impact of the very significant investments the company has been making this year.

Noventiq remains focused on delivering a strong Q4 and driving continued profitable growth for the full financial year 2022, and will continue to manage the business responsibly while closely monitoring the demand environment.

For the full year FY2021, Noventiq reported turnover of \$1,121,542,000 and gross profit of \$146,461,000.

Additional Information

The Company has been operating under the brand name of Noventiq since October 2022. The change of the company name to "Noventiq Holdings plc" was duly passed at the General Meeting on 15 February 2023.

<https://noventiq.com/news/noventiq-holdings-plc>

Noventiq's related supporting materials can be accessed in the Investor Relations section of Noventiq.com

Results conference call

An investor, analyst and media webcast will be held on 28th February 2023 at 8:00am UK time. Noventiq will announce key operating highlights for Q3 of FY2022 for the twelve months year ending 31 March 2023.

A livestream of the investor call will be available and can be accessed here:

[Noventiq - Q3 FY2022 Trading update](#)

About Noventiq

Noventiq is a leading global solutions and services provider in digital transformation and cybersecurity, headquartered and listed in London. The company enables, facilitates and accelerates digital transformation for its customers' businesses, connecting 75,000+ organisations from all sectors with hundreds of best-in-class IT vendors, alongside its own services and solutions.



Noventiq – led by a highly qualified board of directors including Jacques Guers, Roy Harding, Igor Borovikov, Karl Robb, Marc Kasher, and Sergey Chernovolenko – reported a turnover of US\$ 1.1 billion in the fiscal year of 2021, and is currently one of the fastest growing companies in the sector. Noventiq's 5,900 employees work in 60 countries throughout Asia, Latin America, Eastern Europe and Africa—markets with significant growth potential.

Additional information about the company can be found here: <https://noventiq.com/investor-relations>

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Important Notices

The financial results set out in this release are sourced from the Group's management accounts for Q3/YTD FY2022, Q3/YTD FY2021, and are unaudited. 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.

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