

Noventiq announces strong results for H1 FY2022, including 44% constant currency turnover growth, and 67% gross profit growth.

29 November 2022, London, UK - Noventiq [Softline Holding PLC / SFTL, US83407L2079] (Noventiq, the Group, or the Company), the Cyprus registered global digital transformation and cybersecurity solutions and services provider headquartered in London and operating in almost 60 countries, announces unaudited key operating highlights for the second quarter and first half of FY2022.

Q2 AND H1 2022 BUSINESS HIGHLIGHTS

- Q2 2022 turnover was \$320.4M, an increase of 35% in USD, and 48% in constant currency. For the 6 months to 30 September 2022 turnover was \$691M, an increase of 32% in USD, and 44% in constant currency.
- Q2 2022 gross profit was \$49.9M, an increase of 66% in USD, and 77% in constant currency. For the 6 months to 30 September 2022 gross profit was \$95.8M, an increase of 58% in USD, and 67% in constant currency.
- Broad based geographic growth, with strong double-digit growth in all 4 regions, including strength in India, with \$315M turnover in H1, and growth of 43% in constant currency.
- Services turnover growth in USD of 105% in Q2, driving 63% share of gross profit.
- Hardware turnover grew 217% year-over-year in Q2.
- Recurring turnover was 73% in H1, up from 60% in H1 last year.
- Successful completion of demerger of Russian business.
- Rebranded to Noventiq, a strong business with more than 25 years of IT experience, and a strong track record of growth.
- Destination for talent, with c. 3,900 people, up 54% year-over-year overall, and up 76% in Services.
- Enhancing Microsoft capabilities and expanding in existing and new geographies.
- Investment in growth innovation with key vendors including AWS, Apple, Google.
- Continued investment and execution of M&A strategy with 4 transactions announced in FY2022 enhancing skills, capabilities and geographic presence.
- Expanded geographic footprint, establishing presence in 4 new countries in Q2 in the Middle East and Asia.
- Accelerating the business to multi-cloud > Services > multi-vendor > cybersecurity > digital transformation.

Sergey Chernovolenko, Global CEO at Noventiq, said:

"I would like to thank our nearly 4,000 talented professionals at Noventiq for their relentless focus on driving value for our customers. I am proud that we have delivered on the commitments we made 90 days ago. We have delivered tremendous turnover growth in Q2 of 48% in constant currency which was well above our business outlook. I am particularly pleased with the broad-based strength in the business, with all four regions delivering strong double-digit turnover growth. Gross profit growth of 77% was also incredibly

strong, well ahead of turnover growth, and significantly above our guidance. At the same time, we have been investing and transforming our business at unprecedented pace and scale. We have not let anything distract us from our key strategic priorities, and we are better positioned than ever before to continue delivering on our strategy for long term profitable growth.”

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

“We have very successfully navigated significant change in the business throughout this year in the context of a complex market dynamic. In October, we completed the sale of the Russian business, and we have moved forward to a new era under the brand of Noventiq. The brand reflects changes in the technology industry over the last 20 years. Enterprises and organisations around the world require purposeful and intelligent innovation on demand to improve their business outcomes. Noventiq is a strong independent company which comes from the heritage and experience of more than 25 years of deep technology experience. It has a solid foundation and a well-established strong track record of growth driven by a highly experienced management team. The company is growing rapidly, at scale, and operating nearly 60 countries. We have the right recipe for growth, as we continue to leverage global relationships to deliver local outcomes for our customers all around the world.”

Key Financials

	H1 2022*	H1 2021	%	Q2 2022	Q2 2021	%
Turnover (\$ '000)	691 089	522 542	32%	320 361	237 940	35%
Recurring turnover %	73%	60%		66%	61%	

Turnover by business line (\$ '000)

	H1 2022*	H1 2021	%	Q2 2022	Q2 2021	%
Software & Cloud	596 418	478 549	25%	264 646	214 959	23%
IT Services	61 344	30 465	101%	31 315	15 281	105%
Hardware	33 327	13 528	146%	24 400	7 701	217%

	H1 2022*	H1 2021	%	Q2 2022	Q2 2021	%
Gross profit (\$ '000)	95 801	60 760	58%	49 978	30 113	66%

Gross profit by business line (\$'000)

	H1 2022*	H1 2021	%	Q2 2022	Q2 2021	%
Software & Cloud	36 074	34 759	4%	17 815	13 820	29%
IT Services	51 718	24 034	115%	26 141	15 246	71%
Hardware	8 009	1 967	307%	6 022	1 046	475%

Turnover by region (\$ '000)

	H1 2022*	H1 2021	%	Q2 2022	Q2 2021	%
APAC	379 095	285 722	33%	169 155	123 375	37%
EMEA	102 324	74 875	37%	43 197	40 304	7%
RoE**	84 419	62 434	35%	51 924	35 359	47%
LATAM	125 251	99 511	26%	56 085	38 902	44%

Reported growth

*6 Months ended 30 September 2022

**Rest of Eurasia

BUSINESS REVIEW

Services – Services remains a segment with a highest growth rate. Q2'22 turnover grew 105% to \$31.3m. Services continues as the most profitable segment with gross profit margin of 83%. Services represents 10% of Group turnover, and contributes 52% 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 Q2'22.

Hardware - Hardware grew 217% year-over-year in Q2'22. Growth in all regions, and includes a mix of both organic and inorganic growth.

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

Profitability

Gross Profit in Q2'22 was \$49.9M, up 66% year over year. Growth was particularly strong in the Hardware business (+475% YoY) and Services business with 71% year-over-year. Gross Profit margin, turnover based, was 15.6% compared to 12.7% for Q2 last year, partly driven by the contribution of the Services business.

For Q2'22, adjusted EBITDA was \$4.4M. Adjusted EBITDA margin, Gross Profit based, was 8.7%. 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](#).

Balance sheet and liquidity

As of the reporting date operational Net debt was negative (cash>debt).

The Cash position as at 30 Sept 2022 was \$221.6m.

Net WC at 30.09.22 was \$55.8m. This is due to the seasonality of the business.

M&A

Noventiq's M&A strategy underpins the 3-dimensional growth strategy, and the company has been active over the past few years with a specific focus on key strategic objectives. Of the notable transactions this year, Noventiq announced two deals in the first half of financial year 2022. Both acquisitions will help the company to strengthen Noventiq's positioning in the Middle East region and beyond:

- **Seven Seas Technology (June 2022):** Noventiq significantly bolstered its Middle East presence through the acquisition of Seven Seas Technology, which is a leading system integrator and Information and Communications Technology (ICT) solution provider in the UAE. In partnership with major technology vendors such as Microsoft, HPE and Cisco the company provides medium and large enterprises with collaborative, multi-cloud strategies. SST has 15 Gold competencies with Microsoft, as well as several advanced specialisations. SST's 300+ ICT trained and certified professionals serve large and medium businesses across a number of sectors including civil aviation, government, oil & gas, banking & finance, hospitality, healthcare, education and retail.
- **Makronet (Sept 2022):** The acquisition of the leading Turkish Microsoft Cloud Solution Provider (CSP) partner by Noventiq represents a significant addition to Softline's business in Turkey and the MEA region. It contributes to two dimensions of Noventiq's three-dimensional growth strategy: geographical expansion, and strengthening sales channel capabilities with Makronet's own unique platform MyAdmin, which is globally awarded by Microsoft. This solution, which simplifies and optimises customers' management and operations of CSP assets, complements Noventiq's own ActivePlatform to further digitally transform customers' ecosystems. In addition to Microsoft's cloud solutions, they also offer Software Asset Management (SAM) services and General Data Protection Regulation (GDPR) security services and managed services. Makronet has almost 1,000 cloud customers in Turkey.

During the second half (H2) of FY2022, the company signed agreements to acquire Saga Group in Serbia and also Value Point Systems in India.

- **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". Once the transaction is completed, 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 –, which is one of the industry's leading SOC's in India.
- **Saga Group (November 2022):** Noventiq has 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. This transaction will also help 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 sophisticated IP platforms are, *Weaver*, a sophisticated AI chatbot; and *Selecta*, a next generation AI-powered CRM platform – these two platforms are created and owned by Intellya, another of Saga Group's subsidiaries

Noventiq's management team continues to be pleased with the M&A opportunities in the market, and the strength of the pipeline of deals currently in progress.

Microsoft

Noventiq is one of 10 globally managed Microsoft's partners 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 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.

Noventiq continues to benefit from very strong vendor relationships, and this quarter, Microsoft recognised Noventiq Vietnam and Noventiq Cambodia with the Partner of the Year Award, for excellence in innovation and implementation of Microsoft's solutions.

Embee, a company acquired by Softline in January 2020, was also recognised with the Microsoft India Area Award 2022 – MWP Partner of the Year. This acknowledgement emphasised Noventiq's leading position in the market, and comes after Softline India was recognised by Microsoft as the leading Cloud Solution Provider (CSP) in India early this year.

Business Outlook

Based on the sale of the Russian business and the visibility across the Noventiq regions, the company is now able to reinstate its business outlook for the full year 2022.

Noventiq expects to deliver turnover growth of at least 28% in reported currency in FY22, or at least 39% in constant currency based on FX rates at the end of H1. This would represent nearly \$350M of new turnover. 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 is managing the business responsibly, and based on what it sees today, it does see a path to potential upside.

As it relates to Gross Profit overall for FY22, the company expects gross profit margin in the range of 13 to 14%, and is targeting the upper end of the range.

Noventiq expects to deliver adjusted EBITDA margin on gross profit of close to double digits in FY22. This includes the impact of the very significant investments the company has been making this year. Including the impact of M&A proforma, and additional IPO organic investments, which are starting to fuel the top line, the adjusted EBITDA margin on gross profit is expected in the high-teens.

The company believes this is a significant achievement for the business given the macro environment dynamics related to the geopolitical situation.

Noventiq remains focused on delivering on Q3 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 \$1,155,753, and gross profit of \$146,461.

Other selected events

Since the 20th of October 2022 the company operates under the brand name of Noventiq: [Noventiq RNS](#).

Financial tables

Softline Holding Limited – Consolidated statement of profit and loss and other comprehensive income - IFRS

kUSD to 30 September	6m FY2022	6m FY2021
Continuing operations		
Turnover	691,089	522,542
Revenue	635,881	468,629
Cost of sales	(540,080)	(407,870)
Gross profit	95,801	60,759
Selling and Distribution	(74,025)	(41,061)
General and Administrative	(21,121)	(12,752)
Other income / (expenses)	72	(138)
Operating profit	727	6,808
Foreign exchange loss	(5,384)	(545)
Change in fair value of financial instruments, net	-	-

kUSD to 30 September	6m FY2022	6m FY2021
Finance income	1,692	452
Finance expenses	(6,709)	(3,582)
Profit / (loss) before tax	(9,674)	3,133
Income tax expense	(696)	(345)
Net profit / (loss) for the year	(10,370)	2,788
<i>Discontinued operations</i>		
Profit after tax for the year from Discontinued operations	2,570	955
Translation difference	(29,154)	(5,866)
Other comprehensive income / (loss)	(19,973)	9,783
<i>Discontinued operations</i>		
Total comprehensive loss from Discontinued operations	(11,548)	(3,472)
Total comprehensive income / (loss)	(68,475)	4,188

The results of Disposal Group:

kUSD to 30 September	6m FY2022 Discontinued operations	6m FY2021 Discontinued operations
Turnover	422,163	453,934
Revenue	323,532	399,755
Cost of sales	(245,646)	(331,625)
Gross profit	77,886	68,130
Selling and Distribution	(80,146)	(49,324)
General and Administrative	(17,334)	(10,154)
Other income / (expenses)	20,413	(209)
Operating profit	819	8,443
Foreign exchange income / (loss)	6,435	(821)
Change in fair value of financial instruments, net	94	-

kUSD to 30 September	6m FY2022 Discontinued operations	6m FY2021 Discontinued operations
Finance income	2,082	572
Finance expenses	(7,307)	(6,295)
Profit before tax	2,123	1,899
Income tax expense	447	(944)
Net profit for the year	2,570	955

Softline Holding Limited – Consolidated statement of financial position – IFRS

kUSD	unaudited	unaudited
Group	30 September 2022	30 September 2021
Goodwill	122,943	75,685
Deffered tax assets	7,914	9,492
Intangibles	47,272	57,215
Equipment, net	6,086	11,714
Lease assets rights	4,450	12,044
Long term loans issued	7,183	3,039
Other non-current assets	17,397	97,945
Non-current assets	213,245	267,134
Advances issued	5,082	18,497
Other current assets	16,200	9,252
Income tax receivable	5,356	7,210
Inventory, net	13,696	37,016
Other receivables	41,186	44,173
Trade receivables, net	209,122	248,104
Loans issued	1,154	5,920
Cash and cash equivalents	221,625	57,646
Assets held for sale	462,550	
Current assets	975,971	427,818
TOTAL ASSETS	1,189,216	694,952

kUSD	unaudited	unaudited
Group	30 September 2022	30 September 2021
Share capital	44	30
Retained earnings	65,474	14,678
Owner's contribution	14,259	14,260
Other components of equity	383,948	(868)
Treasury shares	(7,198)	-
Other comprehensive income	(98,701)	37,296
Total equity and assets attributable to owners	357,826	65,396
Non-controlling interest	(6,940)	(6,342)
Total equity	350,886	59,054
Deferred Tax liabilities	3,795	3,637

kUSD	unaudited	unaudited
Group	30 September 2022	30 September 2021
Long-term contingent liabilities	25,938	6,767
Long-term deferred payments for acquisitions	9,285	9,241
Long-term tax payable	786	920
Long-term borrowings – third parties	9,554	88,239
Long-term obligations under finance leases	2,724	9,860
Other long term creditors	5,813	801
Non-current liabilities	57,895	119,465
Short-term contingent liabilities	20,616	5,098
Short-term deferred payments for acquisitions	18,525	15,736
Advances from customers	17,837	43,518
Income tax payable	2,509	3,494
Other payables	56,359	49,529
Trade payables, including	167,643	225,996
Short-term obligations under finance leases	2,925	4,923
Short-term borrowings – third parties	47,414	168,139
Liabilities directly associated with the assets held for sale	446,607	-
Current liabilities	780,435	516,433
TOTAL EQUITY AND LIABILITIES	1,189,216	694,952

Softline Holding Limited – Net assets of Disposal Group – IFRS

kUSD	unaudited
The major classes of assets and liabilities of Disposal Group	30 September 2022
Goodwill and other intangibles	64,320
Equipment, net	10,479
Lease assets rights	15,249
Other non-current assets	30,940
Advances issued and other current assets	97,001
Software licenses and other inventory	42,544
Trade receivables, net	120,382
Cash and cash equivalents	81,635
Assets held for sale	462,550
Other long term creditors	9,795
Liabilities for acquisitions	10,809
Advances received from customers	63,260
Other payables	46,301
Borrowings	184,150
Trade accounts payable	132,292
Liabilities directly associated with assets held for sale	446,607
Net assets directly associated with Disposal Group	15,943

Softline Holding Limited – Consolidated statement of cash flow – IFRS

kUSD	6m2022	6m2021
Profit before income tax from continuing operations	(9,674)	5,032
Adjustments to reconcile net profit to net cash flows:		
Depreciation and amortization	5,554	9,778
Finance expenses, net	5,017	8,508
Foreign exchange loss	5,385	1,367
Other non-cash transactions	1,968	401
Operating profit before working capital changes	8,250	25,086
Working capital adjustments:		
(Increase) / Decrease in software licenses and other inventory	5,451	(11,670)
(Increase) / Decrease in advances issued, trade and other receivables	(40,454)	(56,858)
Increase / (Decrease) in contract liabilities, trade and other payables	(37,255)	(16,056)
Cash generated from / (used in) operations related to continuing operations	(64,008)	(59,498)
Income tax paid	(168)	(975)
Net cash generated from / (used in) operating activities related to continuing operations	(64,176)	(60,473)
Cash flows from investing activities		
Purchase and development of non-current assets	(4,181)	(13,609)
Acquisition and disposal of subsidiaries	(47,429)	(27,536)
Treasury shares buy-back	(4,420)	-
Sale of Crayon shares	42,268	35,650
Loans issued and collected, net	522	(4,930)
Net cash generated from / (used in) investing activities related to continuing operations	(13,240)	(10,425)
Cash flows from financing activities		
Overdrafts and borrowings received and repaid, net	18,601	44,236
Redemption of shares	-	(2,476)
Dividends paid	(619)	-
Net cash generated from / (used in) financing activities related to continuing operations	17,982	41,760
Foreign exchange difference	(4,146)	(2,831)
Net increase/(decrease) in cash and cash equivalents related to continuing operations	(63,580)	(31,969)
Cash in banks and on hand at the beginning of the period related to continuing operations	285,205	89,615
Cash in banks and on hand at the end of the period related to continuing operations	221,625	57,646
Cash in banks and on hand at the beginning of the period related to discontinued operations	48,844	-
Net cash generated from / (used in) operating activities related to discontinued operations	(1,942)	-
Net cash generated from / (used in) investing activities related to discontinued operations	(2,100)	-

Net cash generated from / (used in) financing activities related to discontinued operations	30,124	-
Foreign exchange difference	6,709	-
Cash in banks and on hand at the end of the period related to discontinued operations	81,635	-

Tables updated for discontinued operations

Additional Information

Noventiq's related supporting materials can be accessed in the Investor Relations section of [Noventiq.com](https://noventiq.com)

Results conference call

An investor, analyst and media webcast will be held on 29th November 2022 at 8:00am UK time. Noventiq will announce key operating highlights for Q2, H1 of financial year ending 31 March 2023.

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

[Noventiq - FY2022 H1 Trading Update](#)

About Noventiq

Noventiq is the new brand name of Softline Holding plc, one of the fastest growing players in the sector. It is a leading global solutions and services provider in digital transformation and cybersecurity, headquartered in London. Under this brand, the company enables, facilitates and accelerates the digital transformation of its customers' businesses, connecting over 75,000 organisations from all industries with hundreds of best-in-class IT vendors, and delivering its own services and solutions.

The company delivered turnover of approximately US\$1.1 billion in the fiscal year of 2021. It is listed on the London Stock Exchange following successful IPO in October 2021.

The company's c. 3,900 employees, work in almost 60 countries throughout Asia, Latin America, Eastern Europe, Middle East 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 Q2 & H1 FY2022, Q2 & H1 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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