Half-Year Report
2023

software one

Redefining
the future of software
& cloud solutions

Half-Year Report 2023

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Cautionary statement regarding forward-looking and non-IFRS information

This document 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 document. 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 document 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.

Information for shareholders

Share Information

Listing
SIX Swiss Exchange (International Reporting Standard)

Ticker
SWON

Swiss security number
49.645.150

ISIN
CH0496451508

Shares issued
158,581,460 registered shares

Nominal value
CHF 0.01 per share

Corporate Calendar

15 November 2023
Q3 Trading update

General information

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Overview

SoftwareOne is a leading global software and cloud solutions provider that is redefining how organisations build, buy, and manage everything in the cloud. We develop and deliver the technology solutions that modernise our clients' applications and software in the cloud, while enabling these purchases and optimising their investments over time.

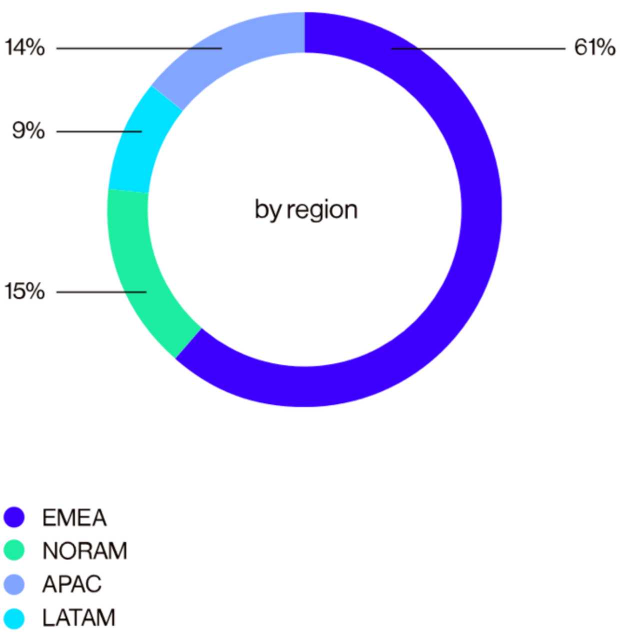
With more than 9,250 employees across 90 countries, SoftwareOne has one of the broadest footprints in the industry. Our operating model is built to leverage our global scale with centrally-delivered 24/7 customer service, while maintaining strong client relationships as a result of our local presence. We serve approximately 65,000 clients worldwide[1], including large enterprises, small and medium-sized enterprises (SMEs) and public sector organisations, across a range of end-markets.

1) Based on unique customer billing codes

Diversified across regions and clients

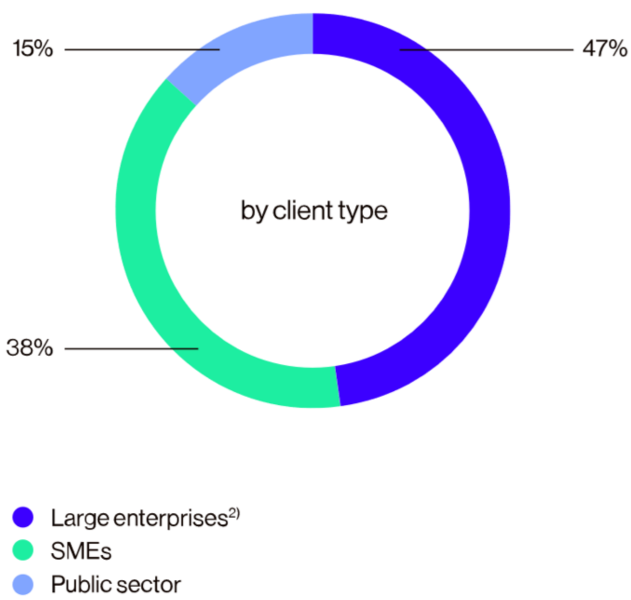
Revenue by region

H1 2023



Revenue by client type [1]

H1 2023

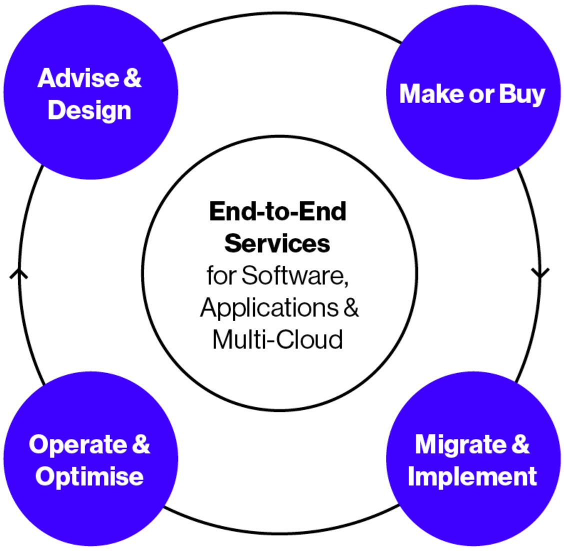


1) Based on customer FTE information sourced from Dun & Bradstreet's D-U-N-S database; Customer size determined at the group (not subsidiary) level
2) Defined as having more than 3,000 FTEs

We offer our clients an end-to-end value proposition to help them navigate complex options and implement the best IT solutions for their needs. Taking a vendor-agnostic approach, we support clients with defining their technology strategy, followed by either cloud-native application development (build) or software sourcing (buy). We also help clients efficiently migrate applications and critical workloads to their chosen cloud destination. Finally, we manage and optimise their IT estate to ensure complete transparency, manage risk and control costs.

In this way, we empower our clients to defend their business models, transform and position themselves as leaders through enhanced customer and employee experiences, improved agility, and increased resilience.

Unique end-to-end client value proposition



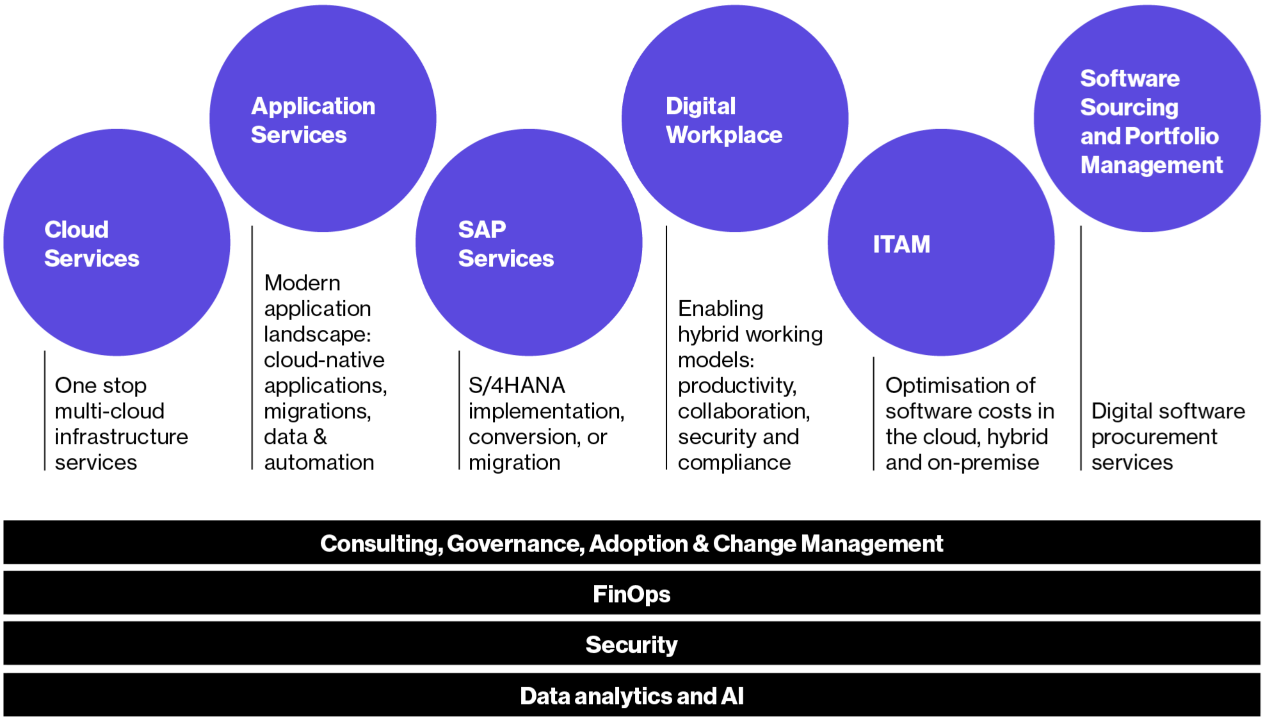
Our integrated suite of solutions is organised into two highly synergistic business lines: Software & Cloud Marketplace and Software & Cloud Services.

Software & Cloud Marketplace: we offer fast and expertise-led access to a comprehensive software and cloud catalogue, drawing on relationships with more than 7,500 vendors. Our catalogue includes best-performing hyperscalers such as Microsoft Azure, Amazon Web Services (AWS) and Google Cloud Platform (GCP). We also offer leading software brands such as Adobe, Citrix, Oracle, Red Hat, VMware, Sophos, Splunk and Veeam.

Our long-standing relationship with Microsoft dates back 30 years. We estimate that today, we are Microsoft's largest channel partner and Azure's largest partner globally.

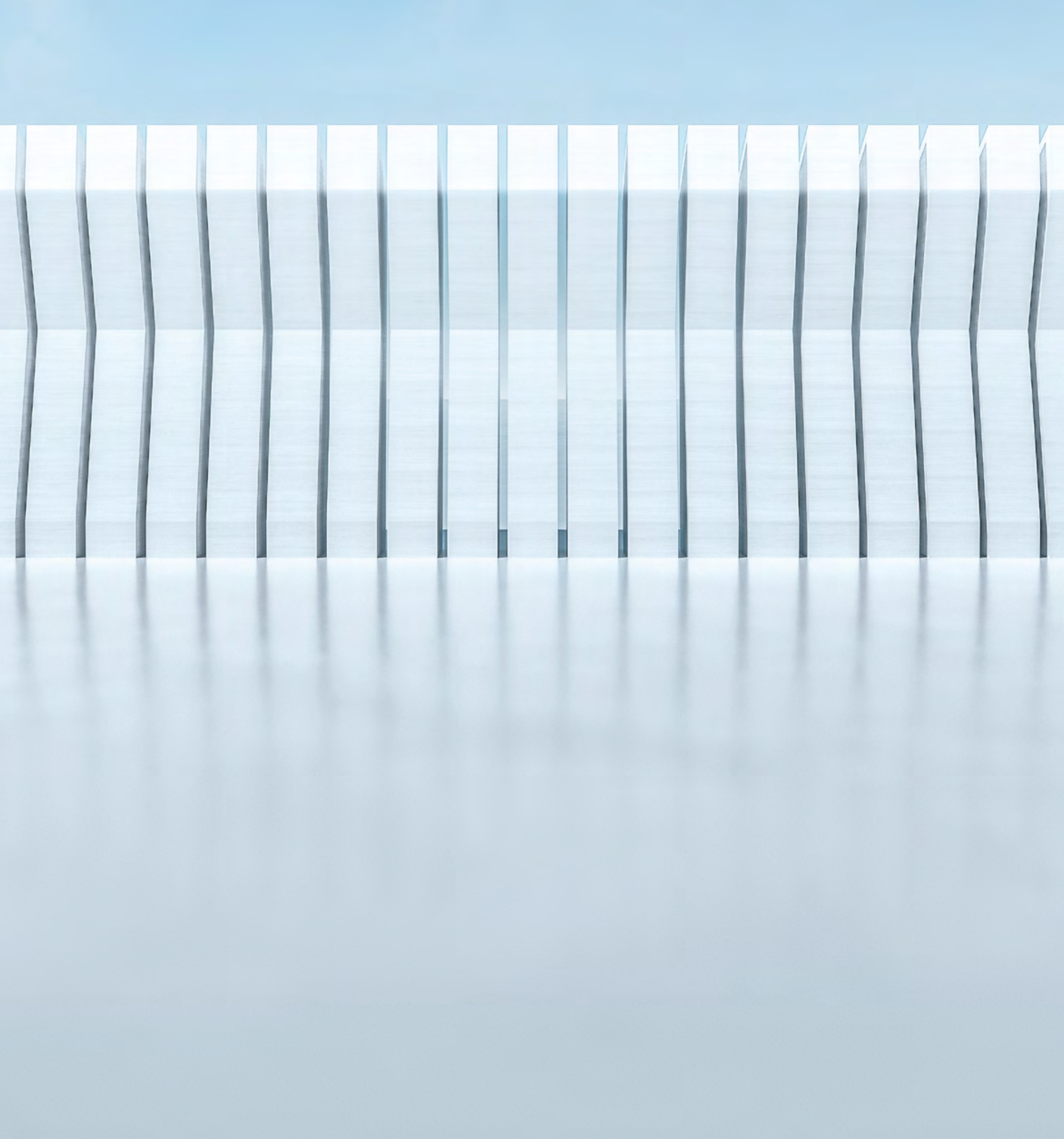
Software & Cloud Services: offers end-to-end cloud-native Services and digital solutions including cloud infrastructure services, cloud-native application development and application modernisation, SAP services, digital workplace, IT asset management, and software sourcing services. FinOps (cloud financial management), where we have a seat on the governing board of the FinOps Foundation, and security are fully embedded in everything we do.

Cloud-native capabilities covering entire digital transformation journeys



As a certified FinOps Service Provider, SoftwareOne currently has a growing team of approximately 200 FinOps Certified Practitioners, who work agnostically with a range of FinOps-certified platforms, helping clients achieve the transparency and governance needed to tackle rising variable and opaque cloud spend.

Financial review



Introduction

The financial results of SoftwareOne are reported in accordance with International Financial Reporting Standards (IFRS).

In addition, the company presents an adjusted profit and loss statement, which excludes items and related tax impacts that are not indicative of the underlying performance of the business nor its future growth potential. This set of data reflects the company's internal approach to analysing the results.

At the end of this section, SoftwareOne provides a reconciliation from IFRS reported to adjusted profit, an overview of adjustments made and definitions of non-IFRS financial measures.

As a result of the implementation of the IFRS IC agenda decision on IFRS 15, with further contracts identified which should have been accounted for on an agent basis, the prior year’s figures have been restated. For more details, refer to Note 2 of the interim condensed consolidated financial statements.

Results review

Key figures - Group

CHFm	H1 2023	H1 2022	% Δ	% Δ (CCY)	Q2 2023	Q2 2022	% Δ	% Δ (CCY)
Software & Cloud Marketplace	276.6	274.7	0.7%	5.5%	151.0	152.8	–1.2%	4.7%
Software & Cloud Services[1]	230.2	217.6	5.8%	12.4%	116.4	116.2	0.1%	7.7%
Total revenue	**506.8**	**492.3**	**2.9%**	**8.5%**	**267.4**	**269.0**	**–0.6%**	**6.0%**
Delivery costs	–178.2	–177.4	0.4%	6.8%	–86.8	–90.6	–4.2%	2.8%
Contribution margin	**328.6**	**314.9**	**4.4%**	**9.5%**	**180.6**	**178.4**	**1.2%**	**7.6%**
SG&A	–216.9	–197.0	10.1%	16.2%	–108.6	–102.6	5.8%	13.6%
Adj. EBITDA	**111.7**	**117.9**	**–5.3%**	**–1.7%**	**72.1**	**75.8**	**–5.0%**	**–0.5%**
Adj. EBITDA margin (% revenue)	22.0%	23.9%	-1.9pp	–	27.0%	28.2%	-1.2pp	–
Adj. EPS (diluted)	**0.33**	**0.41**	**–20.5%**	**–**	**–**	**–**	**–**	**–**
IFRS reported								
Net cash from operating activities	–286.4	–292.3	–2.0%	–	–	–	–	–
Net debt/(cash)[2]	71.6	5.2	–	–	–	–	–	–
Net working capital (after factoring) at period-end	**176.8**	**155.9**	**–**	**–**	**–**	**–**	**–**	**–**
Headcount (end of period)	**9,257**	**8,890**	**4.1%**	**–**	**–**	**–**	**–**	**–**

1) Q2 2022 and H1 2022 revenue for Software & Cloud Services restated as a result of implementation of the IFRS IC agenda decision on IFRS 15, with further contracts identified which should have been accounted for on an agent basis
2) Based on new net debt/(cash) definition equal to bank overdrafts plus other current and non-current financial liabilities less cash and cash equivalents and financial assets (ie. Crayon shareholding)

Group revenue grew 2.9% YoY and 8.5% YoY in reported and constant currency (ccy), respectively, to CHF 506.8 million in H1 2023, compared to CHF 492.3 million in the prior year period.

The strengthening of the CHF versus several major currencies, including the EUR, USD and GBP led to a negative FX translation impact of over five percentage points on revenue.

Solid growth in key markets

By region, EMEA delivered a solid half-year, with revenue up 8.3% YoY ccy to CHF 307.1 million, driven by continued strong purchasing by large enterprises particularly in DACH and good momentum in the core service lines.

NORAM grew revenue by 3.7% YoY ccy to CHF 75.8 million in H1 2023, on the back of more cautious spending by clients. Revenue growth of 9.1% YoY ccy in Q2 was driven by an acceleration in the Microsoft business as customers transitioned to the New Commerce Experience (NCE) model.

APAC sustained strong revenue growth, up 23.4% YoY ccy to CHF 72.3 million in H1 2023, driven by excellent results across the region in both business lines.

Revenue in LATAM decreased by 0.2% YoY ccy to CHF 47.7 million in H1 2023 driven by weak Q2 2023 results in Brazil and Mexico.

Revenue by region

CHFm	H1 2023	H1 2022	% Δ (CCY)	Q2 2023	Q2 2022	% Δ (CCY)
EMEA	307.1	297.4	8.3%	157.8	158.3	4.8%
NORAM	75.8	76.0	3.7%	43.2	42.3	9.1%
LATAM	47.7	52.4	–0.2%	22.9	28.4	–9.2%
APAC	72.3	63.4	23.4%	41.0	36.9	23.5%

Continued growth momentum across business lines

Software & Cloud Marketplace

Revenue in Software & Cloud Marketplace grew 5.5% YoY ccy to CHF 276.6 million in H1 2023, compared to CHF 274.7 million in the prior year period.

Gross billings in the Microsoft business amounted to USD 10.6 billion in H1 2023, up 12% compared to H1 2022. Revenue growth accelerated in Q2 2023 driven by the shift from legacy CSP to the New Commerce Experience (NCE) model, as a result of price increases and a more favourable incentive structure.

Following a strong performance in Q1 2023, revenue growth in other ISVs slowed in Q2 2023 against a strong comparable in the prior year period.

Contribution margin grew to CHF 238.9 million in H1 2023, with the margin remaining stable at 86.4% of revenue.

Adjusted EBITDA declined by 9.2% YoY ccy to CHF 127.5 million in H1 2023, compared to CHF 146.2 million in the prior year period, driven by increased SG&A and a reallocation of sales specialists from Software & Cloud Services, as part of the operational excellence programme.

Key figures – Software & Cloud Marketplace

CHFm	H1 2023	H1 2022	% Δ (CCY)	Q2 2023	Q2 2022	% Δ (CCY)
Revenue	**276.6**	**274.7**	**5.5%**	**151.0**	**152.8**	**4.7%**
Contribution margin	**238.9**	**237.2**	**5.5%**	**132.3**	**135.3**	**3.7%**
Contribution margin (% of revenue)	86.4%	86.4%	–	87.6%	88.6%	–
Adj. EBITDA	**127.5**	**146.2**	**–9.2%**	**74.1**	**87.4**	**–10.7%**
EBITDA margin (% of revenue)	46.1%	53.2%	–	49.1%	57.2%	–

Software & Cloud Services

Software & Cloud Services delivered revenue growth of 12.4% YoY ccy to CHF 230.2 million in H1 2023, up from CHF 217.6 million in the prior year period, driven by ~20% YoY ccy revenue growth in core service lines Cloud Services, Application Services and SAP Services, partially offset by an acceleration in the phasing out of legacy services.

Focus on cross-selling continued with 71% of LTM (to 30 June 2023) revenue generated by c. 15.6k clients purchasing both software and services, up from 14.8k a year ago.

Revenue in xSimples[3] was up 22% YoY ccy in H1 2023, with 8.4 million users in the cloud as at 30 June 2023, up from 7.7 million one year ago.

Contribution margin increased to CHF 89.7 million in H1 2023, driving the margin to 39.0% of revenue, up from 35.7% in the prior year period driven by strong progress in optimising the delivery network.

Adjusted EBITDA was CHF 7.1 million in H1 2023, compared to CHF 2.3 million in the prior year period. The margin improved to 3.1% compared to 1.0% in the prior year period, driven by a strong contribution margin and operating leverage as the business continues to scale.

3) Including AzureSimple, 365 Simple and AWS

Key figures – Software & Cloud Services

CHFm	H1 2023	H1 2022	% Δ (CCY)	Q2 2023	Q2 2022	% Δ (CCY)
Revenue	**230.2**	**217.6**	**12.4%**	**116.4**	**116.2**	**7.7%**
Contribution margin	**89.7**	**77.7**	**21.9%**	**48.3**	**43.1**	**19.7%**
Contribution margin (% of revenue)	39.0%	35.7%	–	41.5%	37.1%	–
Adj. EBITDA	**7.1**	**2.3**	**217.6%**	**4.8**	**5.9**	**–14.1%**
EBITDA margin (% of revenue)	3.1%	1.0%	–	4.1%	5.1%	–

Focus on profitable growth

Adjusted EBITDA for H1 2023 was CHF 111.7 million, decreasing 1.7% YoY ccy, while the adjusted EBITDA margin was down by 1.9pp YoY, reflecting an improved contribution margin offset by a normalisation of marketing and travel costs post-Covid and co-marketing investments in the prior year period.

Adjusted profit for the period was CHF 50.1 million in H1 2023, representing a decrease of (21.6)% YoY in reported currency, compared to CHF 63.9 million in the prior year period.

IFRS reported profit for the period increased to CHF 33.8 million in H1 2023, compared to CHF (63.3) million in the prior year period. The improvement in H1 2023 was primarily driven by lower expenses relating to integration and M&A, as well as the impact from the exit from Russia and the financial loss relating to the company's shareholding in Crayon, both of which impacted the prior year period.

For a reconciliation of IFRS reported profit to adjusted profit for the year, see Alternative Performance Measures.

Delivering on operational excellence

In early 2023, SoftwareOne began implementation of the operational excellence programme across three pillars – commercial effectiveness, efficient service delivery and right-sized support functions to improve efficiency and accelerate sales growth. Cost savings are expected to reach CHF 15 million in 2023 and CHF 50 million on an annualised basis from 2024 onwards, with up to 50% being re-invested into strategic growth areas.

In the first half of 2023, the company achieved cost savings of CHF 8 million, driven by re-balancing of sales resources and launch of AI-driven cross-selling initiatives, optimisation of the services delivery network and transitioning Finance and HR resources to shared service centres.

The full restructuring charge for 2023 is expected to be approximately CHF 25 million, of which CHF 12.5 million was recognised in H1 2023.

Strong liquidity and solid balance sheet

Net working capital (after factoring) increased by CHF 20.9 million to CHF 176.8 million, compared to CHF 155.9 million in the prior year. Net cash from operating activities was CHF (286.4) million in H1 2023, broadly in line with the prior year period.

Capital expenditure totalled CHF 26.7 million, including investments in the SoftwareOne Client Portal (previously Goatpath / PyraCloud), compared to CHF 22.6 million in the prior year period.

Based on a new, more stringent definition of net debt/(cash)[4] to align with best practice, the net debt position was CHF 71.6 million as at 30 June 2023, compared to CHF 5.2 million as at 30 June 2022. According to the old definition, the net debt/(cash) position was CHF (56.5) million and CHF (109.8) million, respectively.

4) Equal to bank overdrafts plus other current and non-current financial liabilities less cash and cash equivalents and financial assets (ie. Crayon shareholding)

Outlook for 2023 and mid-term guidance

Based on its half-year performance, SoftwareOne reiterates its 2023 full-year guidance, assuming no material deterioration in the macroeconomic environment:

- Double-digit revenue growth for the group in constant currency;
- Adjusted EBITDA margin of 24-25% of revenue;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

First ESG report published

SoftwareOne today published its first Environmental, Social and Governance (ESG) report, including targets to further reduce the company's environmental impact, enhance social inclusivity and diversity, and further strengthen its overall governance practices.

The targets include achieving net zero for Scope 1 & 2 emissions by 2030, primarily reducing the carbon footprint that SoftwareOne is responsible for and investing in impact projects for the remaining emissions. In addition, SoftwareOne will help clients reduce their carbon footprint via the company's Cloud Sustainability practice.

For further details, please see the complete 2022 ESG report available here.

CEO update

Building on progress made with the operational excellence programme, *'Ignite, Focus, Accelerate'* will sharpen execution of the existing strategy to deliver enhanced performance:

- **Ignite**: SoftwareOne will leverage its leading market position as a global provider of software & cloud solutions to ignite client and vendor relationships. As a trusted advisor to 65k clients, the company will work together with the ecosystem to capitalise on the opportunity to help customers move to the cloud and embrace Generative AI to drive innovation, while keeping cloud costs under control.

- **Focus**: SoftwareOne will seek to drive the global roll-out of Copilot, which represents a USD 100 million revenue opportunity to help clients re-imagine employee productivity, and leverage the potential with other ISV partners. In general, sales excellence and execution will be in focus, including the implementation of growth initiatives. Bolt-on M&A will remain a key part of the company's strategy.

- **Accelerate**: SoftwareOne will further develop its Generative AI offering and pivot as required to accelerate growth. In addition, the company will execute on its Client Portal roadmap to capitalise on the digital opportunity. Finally, SoftwareOne will build on its people & culture strategy to attract and retain talent.

Alternative Performance Measures

SoftwareOne has defined a set of non-IFRS, or alternative, financial measures, which reflect the company's internal approach to analysing its performance and which are also disclosed externally. These measures allow key decision makers at SoftwareOne to manage the company and make investment decisions. The company believes that such measures are also frequently used by external stakeholders such as sell-side research analysts, investors, and other interested parties to evaluate peers in the same industry.

Results overview

Go to full overview of SoftwareOne's interim condensed consolidated financial statements

Reported and adjusted profit and loss statement

	IFRS reported		Adjusted			
CHFm	H1 2023	H1 2022	H1 2023	H1 2022	% Δ	% Δ (CCY)
Revenue from Software & Cloud Marketplace	**276.1**	**270.6**	**276.6**	**274.7**	**0.7%**	**5.5%**
Revenue from Software & Cloud Services	**230.2**	**217.6**	**230.2**	**217.6**	**5.8%**	**12.4%**
Total revenue	**506.4**	**488.2**	**506.8**	**492.3**	**2.9%**	**8.5%**
Delivery costs	–	–	–178.2	–177.4	0.4%	6.8%
Contribution margin	**–**	**–**	**328.6**	**314.9**	**4.4%**	**9.5%**
SG&A	–	–	–216.9	–197.0	10.1%	16.2%
EBITDA	**91.4**	**42.0**	**111.7**	**117.9**	**–5.3%**	**–1.7%**
Depreciation, amortization and impairment[1]	–32.4	–28.4	–32.4	–28.4	14.1%	–
EBIT	**58.9**	**13.5**	**79.3**	**89.5**	**–11.4%**	**–**
Net financial items	–5.9	–63.1	–9.1	–4.5	102.0%	–
Earnings before tax	**53.1**	**–49.6**	**70.2**	**85.0**	**–17.4%**	**–**
Income tax expense	–19.3	–13.8	-20.1	–21.1	–4.6%	–
Profit for the period	**33.8**	**–63.3**	**50.1**	**63.9**	**–21.6%**	**–**
EBITDA margin (% of revenue)	**18.0%**	**8.6%**	**22.0%**	**23.9%**	**-1.9pp**	**–**
EPS (diluted)	**0.22**	**–0.41**	**0.33**	**0.41**	**–20.5%**	**–**

1) Includes PPA amortisation (including impairments, if applicable) of CHF 7.4 million and CHF 7.1 million in H1 2023 and H1 2022, respectively

Reconciliation - IFRS reported to adjusted profit

CHFm	H1 2023	H1 2022
IFRS reported profit for the period	**33.8**	**–63.3**
Impact of change in revenue recognition of Microsoft Enterprise Agreements	0.4	3.9
Share-based compensation	–	3.5
Integration, M&A and earn-out expenses	7.8	24.4
Restructuring expenses	12.5	8.4
Russia-related loss	–0.4	35.8
Total operating expense adjustments	**20.3**	**75.9**
Depreciation / (appreciation) of Crayon shareholding	**–3.2**	**58.6**
Tax impact on adjustments	**–0.8**	**–7.3**
Adjusted profit for the period	**50.1**	**63.9**

Source: Management view

Non-IFRS financial measures and group key performance indicators (KPIs)

The group presents non-IFRS financial measures used by management to monitor the company's performance, which may be helpful for external stakeholders in evaluating SoftwareOne's financial results compared to industry peers. They include the following:

Adjusted EBITDA is defined as the underlying earnings before net financial items, tax, depreciation and amortisation, adjusted for items affecting comparability in operating expenses.

Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.

Adjusted profit for the period is defined as the (loss)/profit for the period, adjusted for items affecting comparability in operating expenses and net finance income/(expenses) as well as the related tax impact.

Contribution margin is defined as total revenue net of third-party service delivery costs and directly attributable internal delivery costs.

Free cash flow is defined as the group net cash generated from/(used in) operating activities, plus net cash from/(used in) investing activities, minus net cash from acquisition of businesses (net of cash acquired), sale of subsidiary (net of cash disposed) and proceeds from sale of financial assets.

Growth at constant currencies is defined as the change between two periods presented on a constant currency basis for comparability purposes and to assess the group's underlying performance. Period profit and loss figures are translated from the subsidiaries' respective local currencies into Swiss francs at the applicable average exchange rate of the prior year period. This calculation is based on the underlying management accounts.

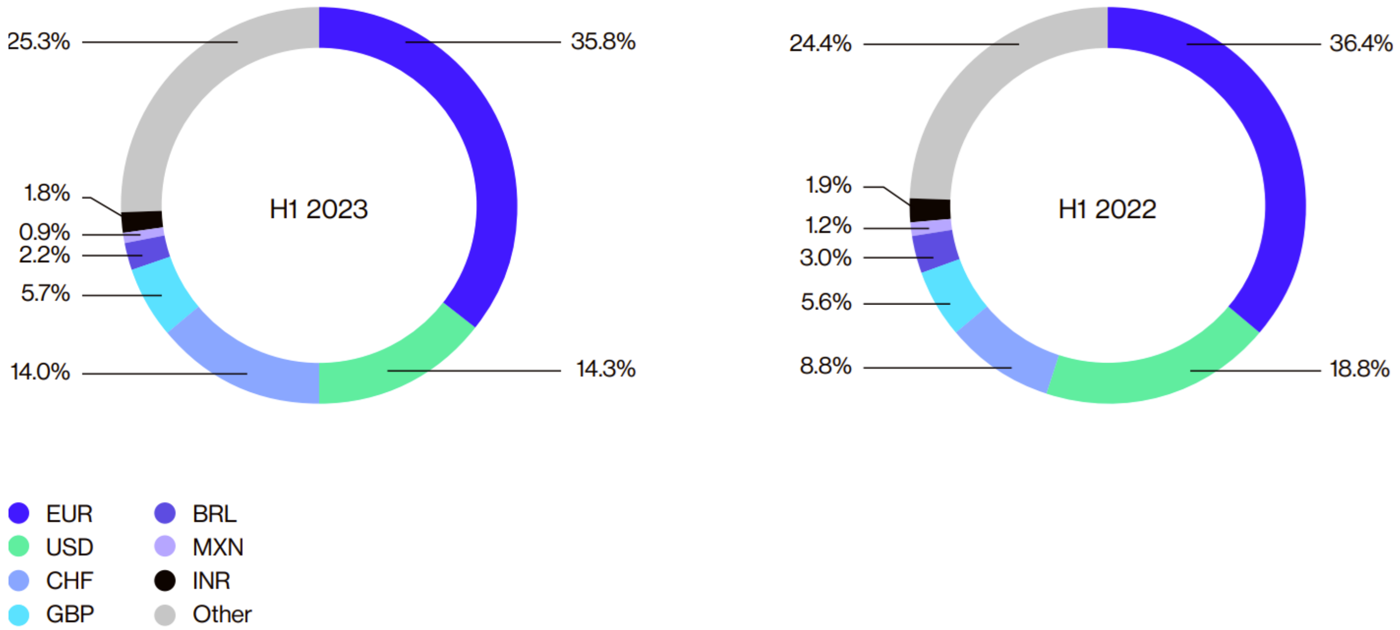
Net debt / (cash) comprises group bank overdrafts, other current and non-current financial liabilities less cash and cash equivalents and current financial assets.

Net working capital is defined as the group's trade receivables, current other receivables, prepayments and contract assets minus trade payables, current other payables and accrued expenses and contract liabilities.

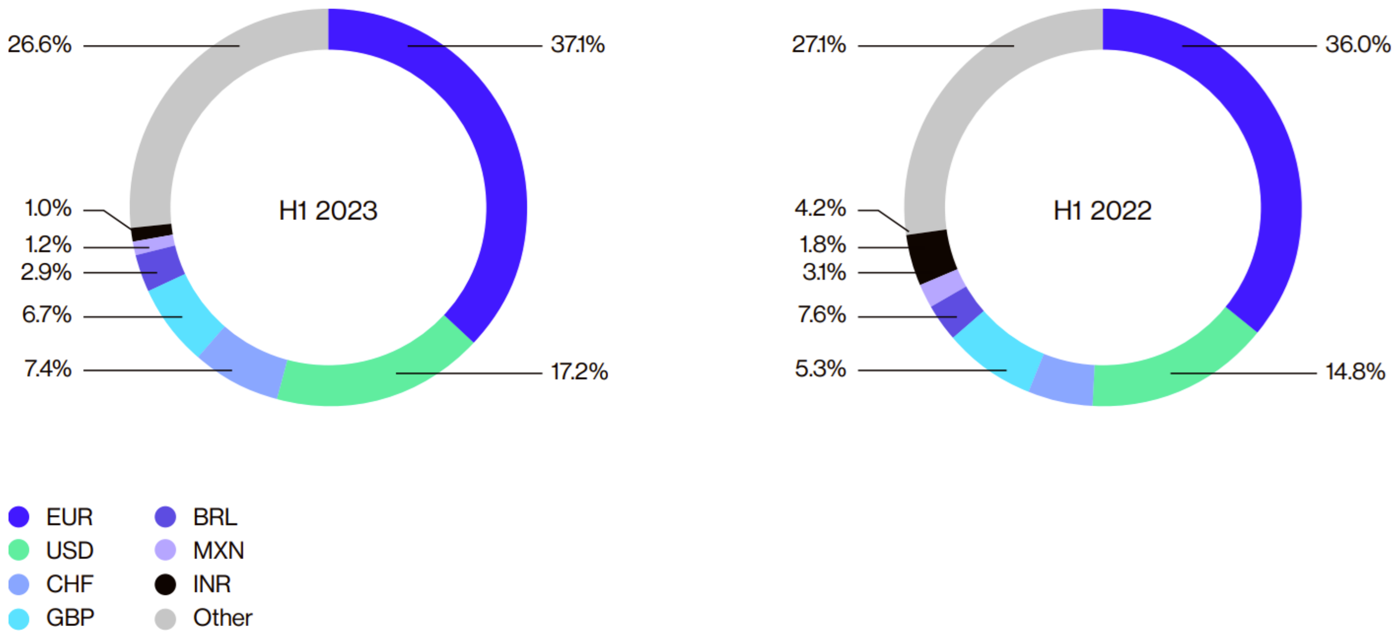
Exchange rates

The table below shows the development of the Swiss franc, SoftwareOne's reporting currency. In addition, the charts provide an overview of the currency breakdowns, including currencies which had the biggest impact on revenue and operating expenses. Related calculations are based on underlying management accounts and may slightly differ from exchange rates shown in the interim condensed consolidated financial statements.

Revenue



Operating expenses



Consolidated financial statements

Interim condensed consolidated income statement

For the six months ended 30 June

in CHF 1,000	Note	2023	2022
Revenue from Software & Cloud Marketplace[1]	5	276,115	270,613
Revenue from Software & Cloud Services[1]	5	230,248	217,622
Total revenue[1]		**506,363**	**488,235**
Third-party service delivery costs[1]		–18,614	–22,384
Personnel expenses[1]		–325,629	–341,746
Other operating expenses		–78,058	–96,568
Other operating income		7,302	14,420
Earnings before net financial items, taxes, depreciation and amortisation[1]		**91,364**	**41,957**
Depreciation and amortisation		–32,447	–28,447
Earnings before net financial items and taxes[1]		**58,917**	**13,510**
Finance income	4	4,518	2,936
Finance costs	4	–9,004	–63,429
Foreign exchange differences, net		–1,329	–2,486
Share of result of associated companies		–46	–88
Earnings before income tax[1]		**53,056**	**–49,557**
Income tax expense[1]		–19,286	–13,757
Profit/(Loss) for the period[1]		**33,770**	**–63,314**
Profit/(Loss) attributable to:			
– Owners of the parent[1]		33,805	–63,289
– Non-controlling interest		–35	–25
Earnings per share in CHF			
– Basic	7	0.22	–0.41
– Diluted	7	0.22	–0.41

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June in CHF 1,000	Note	2023	2022
Profit/(Loss) for the period[1]		**33,770**	**–63,314**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations		964	7,450
Taxes		–144	–1,077
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustments		–823	–12,187
Cash flow hedges		–1,456	349
Taxes		226	–28
Total other comprehensive income for the period		**–1,233**	**–5,493**
Total comprehensive income for the period[1]		**32,537**	**–68,807**
Total comprehensive income attributable to:			
– Owners of the parent[1]		32,565	–68,911
– Non-controlling interest		–28	104

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

Interim condensed consolidated balance sheet

As of in CHF 1,000	Note	30 June 2023	31 Dec 2022
Assets			
Cash and cash equivalents		223,248	325,791
Trade receivables		2,636,949	1,944,969
Income tax receivables		20,450	15,294
Other receivables		100,136	76,638
Derivative financial instruments	4	2,792	3,769
Prepayments and contract assets		147,479	125,626
Financial assets	4	54,875	59,190
Current assets		**3,185,929**	**2,551,277**
Tangible assets		30,962	31,062
Intangible assets	3	624,485	613,178
Right-of-use assets		29,216	31,987
Investment in associated companies		–	1,057
Other receivables		167,209	191,762
Derivative financial instruments	4	78	279
Deferred tax assets		29,398	28,475
Non-current assets		**881,348**	**897,800**
TOTAL ASSETS		**4,067,277**	**3,449,077**

As of in CHF 1,000	Note	30 June 2023	31 Dec 2022
Liabilities and shareholders' equity			
Trade payables		2,332,366	1,915,936
Other payables		198,181	212,156
Accrued expenses and contract liabilities		177,214	177,468
Derivative financial instruments	4	4,656	5,515
Income tax liabilities		30,527	30,368
Provisions		30,693	33,317
Financial liabilities		328,205	43,177
Current liabilities		**3,101,842**	**2,417,937**
Derivative financial instruments	4	811	803
Provisions		11,951	19,712
Financial liabilities		60,585	72,375
Other payables		142,774	168,888
Deferred tax liabilities		22,935	23,686
Defined benefit liabilities		7,358	6,680
Non-current liabilities		**246,414**	**292,144**
TOTAL LIABILITIES		**3,348,256**	**2,710,081**
Share capital		1,586	1,586
Share premium		122,652	176,363
Treasury shares		–9,124	–8,096
Retained earnings		714,817	677,965
Hedging reserve		–1,358	–128
Currency translation adjustments		–109,531	–108,701
Equity attributable to owners of the parent		**719,042**	**738,989**
Non-controlling interest		–21	7
TOTAL EQUITY		**719,021**	**738,996**
TOTAL LIABILITIES AND EQUITY		**4,067,277**	**3,449,077**

Interim condensed consolidated statement of cash flows

For the six months ended 30 June

in CHF 1,000	Note	2023	2022
Profit/(Loss) for the period[1)]		**33,770**	**–63,314**
Adjustments for:			
Depreciation and amortisation		32,447	28,447
Total finance result, net		5,815	62,979
Share of result of associated companies		46	88
Income tax expense[1)]		19,286	13,757
Other non-cash items		–10,084	41,790
Change in trade receivables		–694,432	–466,311
Change in other receivables, prepayments and contract assets[1)]		–20,560	–119,530
Change in trade and other payables		376,113	230,633
Change in accrued expenses and contract liabilities[1)]		–256	–7,376
Change in provisions		–10,384	4,023
Income taxes paid		–18,124	–17,505
Net cash generated from/(used in) operating activities		**–286,363**	**–292,319**
Purchases of tangible and intangible assets		–26,671	–22,554
Proceeds from sale of tangible and intangible assets		43	119
Proceeds from sale of financial assets		–	68,101
Loan repayments received		719	–
Interest received		743	796
Acquisition of businesses (net of cash acquired)	3	–5,906	–76,904
Sale of subsidiaries (net of cash disposed)		–	–3,793
Net cash from/(used) in investing activities		**–31,072**	**–34,235**
Proceeds from financial liabilities		2,906,705	1,425,389
Repayments of financial liabilities		–2,623,821	–1,222,786
Payment of contingent consideration liabilities	4	–2,234	–334
Repurchase of treasury shares under share buyback	6	–3,101	–
Proceeds from sale of treasury shares		982	–
Interest paid		–7,056	–4,271
Dividends paid to owners of the parent	8	–54,315	–51,109
Net cash from/(used in) financing activities		**217,160**	**146,889**
Net (decrease)/increase in cash and cash equivalents		**–100,275**	**–179,665**
Cash and cash equivalents at beginning of period		325,791	350,352
Net foreign exchange difference on cash and cash equivalents		–2,268	–1,100
Cash and cash equivalents at end of period		**223,248**	**169,587**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June

in CHF 1,000	Equity attributable to owners of SoftwareOne Holding AG								
	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjustments	Total	Non-controlling interest	Total equity
Balance as of 1 January 2022	**1,586**	**227,472**	**–9,217**	**718,525**	**1,251**	**–70,040**	**869,577**	**162**	**869,739**
Loss for the period[1]				–63,289			–63,289	–25	–63,314
Other comprehensive income for the period				6,373	321	–12,316	–5,622	129	–5,493
Total comprehensive income for the period[1]				**–56,916**	**321**	**–12,316**	**–68,911**	**104**	**–68,807**
Transactions in treasury shares			104	–104			–		–
Dividends paid		–51,109					–51,109		–51,109
Share-based payments				6,951			6,951		6,951
Balance as of 30 June 2022[1]	**1,586**	**176,363**	**–9,113**	**668,456**	**1,572**	**–82,356**	**756,508**	**266**	**756,774**
Balance as of 1 January 2023	**1,586**	**176,363**	**–8,096**	**677,965**	**–128**	**–108,701**	**738,989**	**7**	**738,996**
Profit for the period				33,805			33,805	–35	33,770
Other comprehensive income for the period				820	–1,230	–830	–1,240	7	–1,233
Total comprehensive income for the period				**34,625**	**–1,230**	**–830**	**32,565**	**–28**	**32,537**
Transactions in treasury shares[2]		604	–1,028	–2,044			–2,468		–2,468
Dividends paid		–54,315					–54,315		–54,315
Share-based payments				4,271			4,271		4,271
Balance as of 30 June 2023	**1,586**	**122,652**	**–9,124**	**714,817**	**–1,358**	**–109,531**	**719,042**	**–21**	**719,021**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.
2) Transactions in treasury shares include repurchases under share buyback programme. Shares in an amount of TCHF 3,449 were repurchased as of 30 June 2023.

Notes to the interim condensed consolidated financial statements

1 General information

SoftwareOne Holding AG ('the company') and its subsidiaries (together 'the group' or 'SoftwareOne') is a leading software and cloud service provider. It develops and delivers the technology solutions that modernise applications and software in the cloud, while enabling those purchases and optimising those investments over time.

The company is incorporated and domiciled in Stans, Switzerland. The address of its registered office is Riedenmatt 4, 6370 Stans. SoftwareOne Holding AG is traded on the SIX Swiss Exchange. The shares trade under the ticker symbol 'SWON'.

These interim condensed consolidated financial statements for the six months ended 30 June 2023 were authorised for issue by the Board of Directors on 23 August 2023.

2 Basis of preparation and changes to the group's accounting policies

Basis of presentation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as of 31 December 2022 approved by the Board of Directors on 30 March 2023.

New standards, interpretations and amendments adopted by the group

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the group's consolidated financial statements as of and for the year ended 31 December 2022 except for changes effective from 1 January 2023 and the change in presentation of revenue disclosed further below.

As of 1 January 2023, the following amendments to the International Financial Reporting Standards (IFRS) entered into force:

- IAS 1: Presentation of Financial Statements: Disclosure of Accounting Policies
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 12: Income Taxes: International Tax Reform — Pillar Two Model Rules

With regard to the implementation of the Pillar Two Model Rules, SoftwareOne has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. All other mentioned amendments do not have a significant impact on the group. SoftwareOne has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Change in accounting policies and correction of errors

The comparative information for the six months ended 30 June 2022 presented in these interim condensed consolidated financial statements has been amended to reflect the changes in accounting policies related to the agenda decision of the IFRS Interpretations Committee (IFRS IC) on 'Principal versus Agent: Software Reseller (IFRS 15)' as disclosed in the Annual Report 2022 under the heading 'Change in accounting policies'.

In the second half of 2022, SoftwareOne identified an impact on the accounting for multi-year licensing contracts with annual billing of the corresponding fee in which the end customer has the right to change the software reseller during the contract term and recognises revenue upfront for the entire term when the contract is signed. For the comparative period of six months ending 30 June 2022, the adjustment resulted in a reduction in revenue from Software & Cloud Marketplace of TCHF 4,076, in personnel expenses of TCHF 187 and in income tax expenses of TCHF 1,011. This results in a total effect of TCHF –3,889 on earnings before income tax and an effect of TCHF –2,878 on loss for the period, refer to the table below. Basic earnings per share and diluted earnings per share decreased by CHF 0.02. The comparative figures in the interim condensed consolidated statement of cash flows were adjusted for profit/(loss) for the period of TCHF –2,878, income tax expense of TCHF –1,011, change in other receivables, prepayments and contract assets of TCHF 4,076 and change in accrued expenses and contract liabilities of TCHF –187. In addition, SoftwareOne also concluded that it acts as an agent for external tooling costs, i.e., on-premise software used for software asset management solutions. For the comparative period of six months ending 30 June 2022, the adjustment resulted in a reduction of revenue from Software & Cloud Services of TCHF 11,232 and a reduction of third-party service delivery costs of TCHF 11,232.

In the first half of 2023, SoftwareOne identified a further type of service contracts in Software & Cloud Services which should have been accounted for as agent on a net basis. For the comparative period of six months ending 30 June 2022, the correction of this error resulted in a reduction of revenue from Software & Cloud Services of

TCHF 11,102 and a reduction of third-party service delivery costs of TCHF 11,102. For the entire year 2022, the correction of this error leads to a reduction in revenue from Software & Cloud Services of TCHF 23,735 and to a reduction in third-party service delivery costs of TCHF 23,735.

The result of the change in accounting policies and the correction of error within the interim condensed consolidated income statement for the comparative period of six months ending 30 June 2022 is shown in the following table:

For the six months ended 30 June in CHF 1,000	2022 reported	Change in accounting policies	Correction of error	2022 adjusted
Revenue from Software & Cloud Marketplace	274,689	–4,076	–	270,613
Revenue from Software & Cloud Services	239,956	–11,232	–11,102	217,622
Total revenue	**514,645**	**–15,308**	**–11,102**	**488,235**
Third-party service delivery costs	–44,718	11,232	11,102	–22,384
Personnel expenses	–341,933	187	–	–341,746
Earnings before net financial items, taxes, depreciation and amortisation	**45,846**	**–3,889**	**–**	**41,957**
Earnings before net financial items and taxes	**17,399**	**–3,889**	**–**	**13,510**
Earnings before income tax	**–45,668**	**–3,889**	**–**	**–49,557**
Income tax expense	–14,768	1,011	–	–13,757
Loss for the period	**–60,436**	**–2,878**	**–**	**–63,314**

Foreign currency translation

The following exchange rates were used:

		Six-month period ended 30 June 2023		Six-month period ended 30 June 2022		31 Dec 2022
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate	Closing rate
Euro	EUR	1.01	1.02	0.97	0.99	1.02
US dollar	USD	1.10	1.12	1.06	1.05	1.08
British pound	GBP	0.89	0.88	0.82	0.86	0.90
Brazilian real	BRL	5.56	5.40	5.36	5.52	5.63
Mexican peso	MXN	19.95	19.09	21.47	21.13	20.99
Indian rupee	INR	90.12	91.63	80.74	83.09	89.69
Swedish krone	SEK	11.49	12.08	10.14	10.68	11.34
Polish zloty	PLN	4.69	4.54	4.49	4.69	4.77

Seasonality of operations

The results of SoftwareOne group are subject to significant seasonality effects. Total revenue peaks towards the end of the second quarter as a result of year-end campaigns by Microsoft, our most important software vendor, whose fiscal year ends on 30 June, and towards the end of the fourth quarter of the financial year, driven by the IT budget cycle of many of our customers.

3 Changes in the scope of consolidation

Acquisitions in 2023

On 25 May 2023, SoftwareOne acquired the remaining 80% of AppScore Technology Ltd, UK, following its initial investment of 20% in 2021. The consideration of the 80% ownership interests was paid to an amount of TCHF 2,238 in cash. The carrying amount of previously held interest in an associated company amounted to TCHF 1,004 immediately before the acquisition date. The fair value remeasurement of previously held equity interest resulted in a fair value loss of TCHF 445. Thus, the total purchase consideration amounted to TCHF 2,797.

As a part of the purchase price agreement, a contingent consideration arrangement was agreed that could result in additional cash payments to the previous shareholders. The earn-out amount in the maximum of TCHF 3,480 is related to a continuing employment of the selling shareholders and is recognised as a personnel expense over the service period of four years and thus not part of the purchase price. The calculation depends on the retention of three key employees, which is reduced proportionately in the event of termination, and to a partial amount of TCHF 2,020 additionally on active users of the acquired software and revenue growth.

No significant goodwill resulted from the purchase price allocation. The purchase price allocation is still provisional as at 30 June 2023.

For the six months ended 30 June 2023, payments of contingent considerations of TCHF 3,836 were made for acquisitions of prior periods.

4 Financial instruments and fair values

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to 12 months, as well as other current financial assets and liabilities represent a reasonable approximation of their fair values, due to the short-term maturities of these instruments.

The fair value of financial assets (equity instruments) is based on observable price quotations at the reporting date. The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts is based on forward exchange rates. Currency options are valued based on option pricing models using observable input data.

Financial instruments carried at fair value are analysed by valuation method. The fair value hierarchy has been defined as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices for identical assets or liabilities at the balance sheet date.

Level 2: The fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3: The fair value measurements are those derived from valuation techniques using significant inputs for the asset or liability that are not based on observable market data.

There have been no transfers between the different hierarchy levels between 1 January 2023 and 30 June 2023, nor between 1 January 2022 and 30 June 2022.

The following table discloses financial assets and liabilities measured at fair value:

As of 30 June 2023

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Fair value through profit or loss	2,329	Level 2
Derivative financial instruments	Designated as cash flow hedge	541	Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	54,712	Level 1
Total financial assets		**57,582**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	8,654	Level 3
Derivative financial instruments	Fair value through profit or loss	3,332	Level 2
Derivative financial instruments	Designated as cash flow hedge	2,134	Level 2
Total financial liabilities		**14,120**	

As of 31 December 2022 in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Fair value through profit or loss	1,804	Level 2
Derivative financial instruments	Designated as cash flow hedge	2,244	Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	58,415	Level 1
Total financial assets		**62,463**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	15,030	Level 3
Derivative financial instruments	Fair value through profit or loss	3,576	Level 2
Derivative financial instruments	Designated as cash flow hedge	2,742	Level 2
Total financial liabilities		**21,348**	

Financial assets consist of an investment in listed equity instruments. For a part of these listed equity instruments, the group entered into a total return swap agreement in 2022, in which it sold shares but remains exposed to the price risk related to these shares. Therefore, refer to section 4.1 Financial risk factors in the Annual Report 2022. In the period to 30 June 2023, the group recognised a fair value gain of TCHF 1,644 in finance income (comparative period: fair value loss of TCHF 57,155).

The change in carrying values associated with ‘Level 3’ contingent consideration liabilities from 31 December 2022 to 30 June 2023 is set forth below:

in CHF 1,000	2023
At 1 January	15,030
Settlement in cash	–5,242
Fair value adjustment	–1,064
Currency translation adjustments	–70
As of 30 June	**8,654**

1) Payments of TCHF 3,836 are presented in cashflow from investing activities.

The most significant contingent consideration liabilities relate to the acquisition of the customer base of CompuCom and the acquisitions of Intelligence Partner and Predica.

CompuCom (fair value as of 30 June 2023: TCHF 2,721; 31 December 2022: TCHF 3,438)

The purchase price for the customer base of CompuCom acquired in 2015 is fully based on variable payments that depend on the future revenues generated from those customers over a period of 10 years. The most significant unobservable input used to determine the fair value of the CompuCom contingent consideration is the cash flow forecast, which is mainly based on future gross profit. The development of the future gross profit and the contingent consideration is linear. Thus, a change of +/– 10% in gross profit development leads to a change of cash outflow by +/– 10%.

Intelligence Partner (fair value as of 30 June 2023: TCHF 1,028; 31 December 2022: TCHF 2,065)

The contingent consideration liability of Intelligence Partner depends on the future EBITDA over this year and an additional catch-up year if necessary. An amount of TCHF 1,128 was paid in 2023. The development of the future EBITDAs and the contingent consideration is not linear and capped for the remaining amount at a maximum of TEUR 1,050.

Predica (fair value as of 30 June 2023: TCHF 4,742; 31 December 2022: TCHF 8,750)

The contingent consideration liability of Predica depends on certain KPIs of the years 2023 to 2024 and the retention of three key employees. An early termination of one key employee resulted in a fair value gain of TCHF 1,300 for the six months ended 30 June 2023. An amount of TCHF 2,708 was paid in 2023. The remaining contingent consideration is capped at a maximum of TCHF 4,742. A partial amount of TCHF 3,338 is exclusively related to the retention of the two key employees. The calculation for the performance years 2023 and 2024 is primarily based on chargeability of delivery resources and new customers and amounts to a maximum of TCHF 1,404.

5 Revenue

SoftwareOne generates its revenue from Software & Cloud Marketplace by arranging software license agreements between software providers and end customers and managing cloud subscriptions for them (point in time). Revenue from Software & Cloud Services is generated by providing services to customers (over time), the sale of on-premise software only used to provide software asset management solutions and the resale or sale of self-developed on-premise software (point in time).

In the Software & Cloud Marketplace business a distinction is made between two types of software selling arrangements. In the direct business, the group's obligation is only to arrange for another entity to provide the software license to the end customer and therefore receives an agency commission from the software provider. In the indirect business, the group is party to a contractual relationship between the software provider and the end customer. SoftwareOne provides pre-sales consulting services to end customers, but is not primarily responsible for fulfilling the promise to provide the software or cloud solution. SoftwareOne invoices the end customer and receives the considerations from the end customer. In addition, SoftwareOne is compensated by the software provider to place orders and manage customer purchases on behalf of the end customer. SoftwareOne acts as an agent in both types of software selling arrangements and, hence, recognises revenue in the net amount, i.e. the agency fee or the difference between the consideration received from the end customer and cost of software purchased.

For management purposes, SoftwareOne is organised by geographical areas. The below breakdown of revenue follows the regional clusters by the group's operating segments, refer to Note 11 Segment reporting.

Revenue is broken down as follows:

For the six months ended 30 June 2023

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud Marketplace	183,037	32,351	14,965	45,762	276,115
Revenue from Software & Cloud Services	131,288	38,655	30,322	29,983	230,248
Total revenue	**314,325**	**71,006**	**45,287**	**75,745**	**506,363**

For the six months ended 30 June 2022

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud Marketplace[1]	180,497	36,648	17,309	36,159	270,613
Revenue from Software & Cloud Services[1]	117,334	36,626	33,541	30,121	217,622
Total revenue[1]	**297,831**	**73,274**	**50,850**	**66,280**	**488,235**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

SoftwareOne distinguishes between indirect and direct business when generating revenue from Software & Cloud Marketplace:

in CHF 1,000	2023	2022
Revenue from Software & Cloud Marketplace		
– indirect business[1]	207,030	213,935
– direct business	69,085	56,678
Total revenue from Software & Cloud Marketplace[1]	**276,115**	**270,613**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

6 Share capital and treasury shares

In May 2023, SoftwareOne had introduced a share buyback programme. The programme has a volume of up to CHF 70 million, started on 22 May 2023, and shall be concluded by May 2026, at the latest. The shares are repurchased for the purpose of a capital reduction, subject to approval by future Annual General Shareholders' Meetings.

As of 30 June 2023, SoftwareOne Holding AG had acquired 229,877 company shares for a purchase price of TCHF 3,449.

7 Earnings per share

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

For the six months ended 30 June

in CHF 1,000	2023	2022
Profit/(Loss) for the period attributable to owners of the parent[1]	33,805	–63,289

Number of shares	2023	2022
Weighted average number of ordinary shares	155,161,241	154,866,695
Adjustment for share-based payment plans	630,010	–
Weighted average number of shares used to calculate diluted earnings per share	155,791,251	154,866,695
Basic earnings per share in CHF[1]	**0.22**	**–0.41**
Diluted earnings per share in CHF[1]	**0.22**	**–0.41**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

8 Dividends

The dividend approved in 2023 was TCHF 54,315 or CHF 0.35 per share (excluding treasury shares; prior year TCHF 51,109, or CHF 0.33 per share). The dividend was paid out of the capital contribution reserve of SoftwareOne Holding AG and thus deducted from share premium in these interim condensed consolidated financial statements.

9 Employee share plan and share-based payment

In the first half of 2023, SoftwareOne granted new awards under the Long-term Incentive Plan ('LTIP23'). In addition, arrangements that were launched in previous years, the Employee Share Purchase Plan and the Long-term Incentive Plan ('LTIP21' and 'LTIP22') still exist.

SoftwareOne recognised total share-based payment expenses of TCHF 4,334 for the six months ended 30 June 2023 (comparative period: TCHF 7,117). The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

For the six months ended 30 June 2023

in CHF 1,000	Share-based Payment Plan	Management Equity Plan (MEP)	Free Share Grant	Employee Share Purchase Plan (ESPP)	Long-term Incentive Plan (LTIP)	Board of Directors fees paid in shares	TOTAL
Programme granted in	2015	2019	2020	2020	2021/2022/ 2023	2023	
Expenses recognised in income statement	expired	expired	expired	240	3,804	290	4,334
Thereof expenses related to key management	–	–	–	–	953	290	1,243

For the six months ended 30 June 2022

in CHF 1,000	Share-based Payment Plan	Management Equity Plan (MEP)	Free Share Grant	Employee Share Purchase Plan (ESPP)	Long-term Incentive Plan (LTIP)	Board of Directors fees paid in shares	TOTAL
Programme granted in	2015	2019	2020	2020	2020/2021/ 2022	2022	
Expenses recognised in income statement	20	2,707	751	435	2,898	306	7,117
Thereof expenses related to key management	–	1,822	–	–	1,250	306	3,378

SoftwareOne has recognised an increase in equity in the balance sheet of TCHF 4,271 for share-based payment (comparative period: TCHF 6,951). The difference in share-based payments recorded in the interim condensed consolidated income statement compared to the related expenses recognised in equity is due to foreign exchange gains of TCHF 63 (comparative period: TCHF 166).

Long-term Incentive Plan

The LTIP23 grants the Executive Board, the Executive Leadership Team and selected key employees so-called performance share unit (PSU) subscription rights.

The number of PSUs granted is determined by dividing the individual LTIP grant on the grant date by the fair value of one PSU, rounding up to the next whole PSU. Each PSU subscription right securitises a right to receive shares depending on the development of the underlying vesting factor. The vesting factor depends 40% on revenue growth, 40% EBITDA margin and 20% on relative total shareholder return (rTSR). In all variables, the target factor is 1.00, while the minimum factor is 0.0 and the maximum factor is 2.0. The revenue growth vesting factor depends on SoftwareOne's average revenue growth over three years. The EBITDA margin vesting factor depends on SoftwareOne's average EBITDA margin over three years. Both are determined on a straight-line basis between the target ranges. The relative rTSR vesting factor depends on the TSR of the company and the TSR of the STOXX ® Global 1800 Industry Technology Index. A relative TSR of <= –33% leads to a vesting factor of 0 and a TSR of >= 33% to a vesting factor of 2.0. The rTSR vesting factor distributes linearly between the target ranges. The award cycle (service period) is three years from the contractual grant date.

The PSUs granted under the LTIP23 were classified as an equity-settled share-based payment according to IFRS 2. The LTIP23 is valued using a Monte Carlo simulation.

In 2023, 1,176,844 PSUs were granted at a fair value of CHF 11.41 per share. The term of the PSUs starts on 17 May 2023 (valuation date) and ends on 16 May 2026 (end of the vesting period).

10 Contingencies

As an internationally operating group, SoftwareOne is exposed to contingencies in respect of legal and tax claims in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

There are no significant changes for the contingent liabilities disclosed in Note 26 Contingencies of the Consolidated Financial Statements 2022.

11 Segment reporting

For management purposes, the group is organised by geographical areas. The following regional clusters are the group's operating segments:

- **EMEA** (Europe, including Mauritius and South Africa)
- **NORAM** (USA, Canada)
- **LATAM** (Latin America)
- **APAC** (Asia Pacific, including Dubai and Qatar)

No operating segments have been aggregated to reportable segments.

The CEO is the Chief Operating Decision Maker ('CODM'). He assesses each of the reported segments separately for the purpose of evaluating performance and allocating resources. Contribution margin and EBITDA are the key performance indicators used for internal management and monitoring purposes of the group and are reported as segment results. The group allocates revenue and expenses to regions based on the customer's headquarter domicile since the region is responsible for the global client relationship. There are no intersegment revenues. Different average exchange rates are used in management reporting than for group consolidation purposes.

The group's financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

The segment totals are reconciled to the figures reported in the interim condensed consolidated income statement (column 'Total') as follows:

The column 'Group' includes the group cost centres and shared services costs. The column 'FX & Consolidation' eliminates the effect of using differing average foreign exchange rates in the segment reporting and consolidation effects. The column 'Other' includes other reconciling items that are not allocated to the segments and group in internal reporting. They consist of costs affecting comparability in operating expenses such as earn-outs, integration and M&A expenses, restructuring expenses for the operational excellence programme and an adjustment for the upfront recognition of multi-year licensing contracts in which the end customer has the right to change the software reseller during the contract term. Additionally, the column 'Other' includes an adjustment for differences in accounting policies of IFRS 16 that are not reflected in the segments, an allocation of internal delivery costs to transition from the internal to the external reporting structure and, to a limited extent, minor reconciliation items.

In the first half of 2023, the group made a change in presentation for bad debts provisions to align the internal and external reporting structure. In prior year, bad debt provisions were presented in gross profit in internal reporting but in operating expenses in the interim condensed consolidated income statement. The comparative period was restated.

For the six months ended 30 June 2023

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consoli-dation	Other incl. allocation of delivery costs	Total
Total revenue	307,130	75,806	47,718	72,280	502,934	3,843	274	–688	506,363
Delivery costs	–104,608	–22,580	–24,406	–26,647	–178,241	–220	77	178,384	n/a
Contribution margin[1]	**202,522**	**53,226**	**23,312**	**45,633**	**324,693**	**3,623**	**351**	**177,696**	**n/a**
Other operating costs	–92,315	–29,680	–20,703	–24,099	–166,797	–55,755	–1,061	–191,386	–414,999
EBITDA[2]	**110,207**	**23,546**	**2,609**	**21,534**	**157,896**	**–52,132**	**–710**	**–13,690**	**91,364**

1) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
2) EBITDA from additional business lines view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

The most relevant reconciliation items in the column 'Other' break down as follows:

in CHF 1,000	Earn-out expenses	Integration and M&A expenses	Restructuring expenses	IFRS 15 upfront revenue recognition	IFRS 16 leases	Allocation of delivery costs	Remaining	Total Other
Total revenue	–	–	–	–447	–	–	–241	–688
Delivery costs	–	–	–	–	–	178,182	202	178,384
Contribution margin[1)]	**–**	**–**	**–**	**–447**	**–**	**178,182**	**–39**	**177,696**
Other operating costs	–5,268	–2,546	–12,471	21	7,914	–178,182	–854	–191,386
EBITDA[2)]	**–5,268**	**–2,546**	**–12,471**	**–426**	**7,914**	**–**	**–893**	**–13,690**

1) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
2) EBITDA from additional business lines view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

For the six months ended 30 June 2022

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consoli-dation	Other incl. allocation of delivery costs	Total
Total revenue[1)]	297,421	75,973	52,403	63,417	489,214	2,539	754	–4,272	488,235
Delivery costs	–104,032	–23,353	–25,359	–22,042	–174,786	–3,399	546	177,639	n/a
Contribution margin[2)]	**193,389**	**52,620**	**27,044**	**41,375**	**314,428**	**–860**	**1,300**	**173,367**	**n/a**
Other operating costs[1)]	–88,798	–27,974	–17,444	–21,837	–156,053	–45,118	–1,546	–243,561	–446,278
EBITDA[1) 3)]	**104,591**	**24,646**	**9,600**	**19,538**	**158,375**	**–45,978**	**–246**	**–70,194**	**41,957**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.
2) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
3) EBITDA from additional business lines view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

The most relevant reconciliation items in the column 'Other' break down as follows:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration and M&A expenses	Restructuring expenses	One-time expenses Russia & Ukraine[4)]	IFRS 15 upfront revenue recognition	IFRS 16 leases	Allocation of delivery costs	Remaining	Total Other
Total revenue[1)]	–	–	–	–	–	–4,076	–	–	–196	–4,272
Delivery costs	–	–	–	–	–	–	–	177,395	244	177,639
Contribution margin[2)]	**–**	**–**	**–**	**–**	**–**	**–4,076**	**–**	**177,395**	**48**	**173,367**
Other operating costs[1)]	–3,784	–18,697	–5,674	–8,438	–35,792	187	8,154	–177,395	–2,122	–243,561
EBITDA[1) 3)]	**–3,784**	**–18,697**	**–5,674**	**–8,438**	**–35,792**	**–3,889**	**8,154**	**–**	**–2,074**	**–70,194**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.
2) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
3) EBITDA from additional business lines view reconciled to earnings before net financial items, taxes, depreciation and amortisation.
4) One-time expenses Russia & Ukraine include the loss on disposal for the sale of SoftwareOne Russia (TCHF -29,655), additional bad debts in connection with clients in Russia (TCHF -4,540) and further one-time expenses (TCHF -1,597).

Additional information for business lines

SoftwareOne internally also reports EBITDA by business lines to the CODM.

The business line view presents a breakdown of total revenue, directly attributable external and internal delivery costs and indirectly attributable other operating costs such as sales and marketing costs as well as general and admin costs. It discloses contribution margin and EBITDA by business line 'Software & Cloud Marketplace', 'Software & Cloud Services' and 'Corporate' which includes non-operational group costs.

The column 'Adjustments' includes costs affecting comparability in operating expenses and are therefore adjusted in internal reporting and an adjustment for the upfront recognition of multi-year licensing contracts in which the end customer has the right to change the software reseller during the contract term. In contrast to the segment reporting, the IFRS 16 adjustment and minor reconciliation items are allocated to the business lines 'Software & Cloud Marketplace' and 'Software & Cloud Services'.

For the six months ended 30 June 2023

in CHF 1,000	Software & Cloud Marketplace	Software & Cloud Services	Corporate	Total business unit	Adjustments	Allocation of delivery costs	Total
Total revenue	276,562	230,248	–	506,810	–447	–	506,363
Delivery costs	–37,652	–140,530	–	–178,182	–	178,182	n/a
Contribution margin[1]	**238,910**	**89,718**	**–**	**328,628**	**–447**	**178,182**	**n/a**
Other operating costs	–111,439	–82,611	–22,871	–216,921	–19,896	–178,182	–414,999
EBITDA[2]	**127,471**	**7,107**	**–22,871**	**111,707**	**–20,343**	**–**	**91,364**

1) Total revenue net of directly attributable external and internal delivery costs.
2) EBITDA from additional business lines view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

For the six months ended 30 June 2022

in CHF 1,000	Software & Cloud Marketplace	Software & Cloud Services	Corporate	Total business unit	Adjustments	Allocation of delivery costs	Total
Total revenue[1]	274,688	217,623	–	492,311	–4,076	–	488,235
Delivery costs	–37,464	–139,930	–	–177,394	–	177,394	n/a
Contribution margin[1) 2)]	**237,224**	**77,693**	**–**	**314,917**	**–4,076**	**177,394**	**n/a**
Other operating costs[1]	–91,001	–75,428	–30,586	–197,015	–71,869	–177,394	–446,278
EBITDA[1) 3)]	**146,223**	**2,265**	**–30,586**	**117,902**	**–75,945**	**–**	**41,957**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.
2) Total revenue net of directly attributable external and internal delivery costs.
3) EBITDA from additional business lines view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

Additional geographical information

Switzerland, the US, Germany and the Netherlands are the main geographical markets for SoftwareOne and represent approximately 49% (comparative period: 50%) of total revenue. Revenue is reported based on the customer's headquarter domicile:

in CHF 1,000	Germany	US	Switzerland	Netherlands	Other countries	Total
Revenue for the six months ended 30 June 2023	101,345	72,211	43,366	33,475	255,966	506,363
Revenue for the six months ended 30 June 2022[1)]	97,583	71,800	36,971	35,549	246,332	488,235

1) Prior-year figures restated, refer to Note 2 Change in accounting policies and correction of errors.

No transactions with one single external customer exceed 10% of consolidated revenue of the group.

12 Subsequent Events

From the balance sheet date until the interim condensed consolidated financial statements were approved by the Board of Directors on 23 August 2023, the following significant events occurred:

Acquisitions

On 5 July 2023, SoftwareOne acquired 100% of Beniva Consulting Group Inc, Canada, and 100% of Beniva International Ltd, US (together 'Beniva'). Beniva is a leading provider in ServiceNow, Configuration Management Database, IT and Operations Management, Cloud Advisory and Application Services. The acquisition adds deep process automation and service management specialisation to SoftwareOne's existing market-leading IT Asset Management services. An amount of TCHF 18,082 was paid in cash. As part of the purchase agreement, an earn-out arrangement related to the continuing employment of the selling shareholders was agreed that could result in additional cash payments to the previous owners of Beniva.

No disclosures are made in accordance with IFRS 3 due to the recent acquisition dates, as no purchase accounting information was available at the time of publication of this report.