ANNUAL REPORT 2021

EMPOWERING COMPANIES
TO TRANSFORM

ANNUAL REPORT 2021

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Letter to Shareholders

Dear Shareholders,

As the horrifying conflict in Ukraine unfolds and the COVID-19 pandemic continues to play a critical role in many people's lives, the world has found itself in a highly challenging and uncertain environment. At SoftwareONE, ensuring the health and safety of our employees, customers, partners and other stakeholders continues to be our first priority.

Despite the complex circumstances, our mission continued to guide us in 2021 – to drive digital transformation for our customers. With the customer at the center, we strived to meet even more of their changing needs by continuing to invest in our portfolio of next-generation solutions and services.

Consequently, our Solutions & Services business line achieved gross profit in excess of CHF300 million in 2021. We are also proud to be managing 6.9 million users in the cloud, up from 1.7 million at the time of our IPO in late 2019. Leveraging our Software & Cloud platform, we are now uniquely positioned to go to the next level with our existing 65,000 customers and gain wallet share by serving their end-to-end digital transformation journeys, powered by our proprietary platform PyraCloud.

Highly attractive industry fundamentals
As a growth-oriented technology company, we are excited about the overall market opportunity ahead of us. We operate in the CHF634 billion software & public cloud market, which, according to industry experts, is growing at 14% CAGR up to 2025, while our addressable services market is growing at over 30%.

Against this backdrop, organizations continue to face substantial painpoints in terms of complexity and rapidly rising costs as they deploy technology to defend and transform their business models. In order to be their first choice trusted advisor, it is vital that we stay tuned to their changing needs and preferences and respond with new, innovative services offerings. We believe that initiatives such as Marketplace, Digital Supply Chain and our five strategic growth areas − SAP on Cloud, Application Services, Hyperscaler Factory, FinOps and Industry verticals – capitalize on important customer needs and trends, while leveraging our organizational strengths.

Continued investments in accelerated growth
With regards to our financial performance in 2021, we are pleased to report group gross profit growth of 17.6% YoY in constant currency. This was driven by a recovery of our Software & Cloud business line, with improved momentum across the hyperscalers and ISVs, compared to 2020 which was impacted by COVID-19. Meanwhile, Solutions & Services reported gross profit growth of 53.5% YoY in constant currency, including the impact of the InterGrupo acquisition, as our portfolio continued to resonate well with customers. At the Adjusted EBITDA level, we reported a margin of 25.7%, reflecting continued investments in accelerated growth and strategic M&A. While strategic M&A remains a priority to position SoftwareONE for long-term sustainable growth, acquisitions completed during the year had a dilutive margin impact on our overall financial performance. However, we have a strong track record in scaling up acquired businesses rapidly as we drive cross-selling, optimize the delivery model and deliver synergies on the back-end.

Furthermore, it is also clear that accelerated growth has brought challenges in the form of organizational complexity and a greater need for operational excellence. In response, we launched 'Transformance' in order to ensure that capabilities match evolving business requirements and to maintain a lean and agile organization.

Meanwhile, cash flow generation remained robust in 2021, thereby supporting a continued strong balance sheet. At the upcoming AGM on 5 May, the Board of Directors will propose to shareholders a dividend of CHF0.33 per share for the financial year 2021, in line with our dividend policy of 30-50%.

Expanding hyperscaler partnerships
One of SoftwareONE's key differentiating factors is our unrivalled marketplace, underpinned by deep vendor relationships, particularly with the leading hyperscalers. In March 2021, SoftwareONE announced a strategic agreement with Microsoft to accelerate growth for Application Services and SAP on Azure globally. This was followed by yet another ground-breaking collaboration agreement with AWS announced in early 2022 to accelerate the adoption of their solutions and services. Along with key recent acquisitions such as Predica and HeleCloud, we are now well-equipped to offer independent advice to customers on their multi-cloud strategies.

Investing in our people
At SoftwareONE we are passionate about our people. As we continue to grow, a key focus area is investing in talent and bringing in the right competencies at all levels. Our SoftwareONE Academy is an important cornerstone of our people strategy, aiming to bridge the gap between education and the workplace by providing talented people from all walks of life with educational programs, internships and employment across the globe. During 2021, we trained around 150 people in Application Services, Managed Services and SAP in the Cloud across Brazil, the Philippines, Germany, India, Spain and the US. In 2022, we already have more than 400 people enrolled in many more countries.

At the Board of Directors level, Isabelle Romy and Adam Warby joined as new independent members in 2021, already making significant contributions as members of the Audit Committee (AC) and Nomination and Compensation Committee (NCC), respectively. At the Executive Board level, Bernd Schlotter joined as President of Services, bringing long-standing experience in the technology industry with a focus on service delivery. Later in the year, we announced the retirement of Hans Grüter, our CFO since 2014. We are deeply grateful for the valuable contribution that Hans made to SoftwareONE over the years, bringing the company to where it is today. Simultaneously, we also welcomed Rodolfo Savitzky, a seasoned CFO with over 35 years of experience in international listed companies, who joined us on 1 January 2022.

Overall, our organization grew to around 8,700 employees in 2021 and we are grateful for their dedication to providing world-class customer experience. We are also pleased to see that employee engagement – the level of connection that they feel towards their work, teams and organization – remains high at 88% in our most recent employee survey, which is an important signal for our future success.

Our core values and sustainability

In line with our seven core values, corporate responsibility and sustainability also remain close to our hearts. We are conscious of the opportunity we have to drive more sustainable outcomes via technology for our customers, as well as the potential to further embed sustainability in our operations and value chain. In 2021, we embarked on a formal sustainability journey or Environment, Social and Governance (ESG) Program, in order to define an overall strategy and priorities, with the full support and direction of the Board of Directors. We look forward to reporting back to you on our progress.

Outlook for 2022 and the mid-term

Looking ahead to 2022, SoftwareONE expects a continued strong market environment and demand growth as organizations pursue cloud-first digital transformation. Consequently, SoftwareONE's guidance for 2022 is as follows, assuming no material deterioration in the economic environment, particularly in the context of the conflict in Ukraine:

- 'Mid-teens' gross profit growth for the group in constant currency (ccy);
- Adjusted EBITDA margin above 25%;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

SoftwareONE's mid-term guidance corresponds to 'mid-teens' gross profit growth on average per annum in ccy, with an Adjusted EBITDA margin of above 25% in any given year and a dividend pay-out ratio of 30-50% of adjusted profit for the year.

On behalf of the Board of Directors and Executive Board, we would like to thank our employees for going 'above and beyond' our expectations, our customers and partners for their loyalty and you, our shareholders, for your trust and continued support.

Yours sincerely,

Daniel von Stockar
Chairman of the Board of Directors

Dieter Schlosser
Chief Executive Officer

Cautionary statement regarding forward-looking and non-IFRS information

Forward-looking statements

This presentation 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 presentation. SoftwareONE assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Non-IFRS measures

Certain financial data included in this presentation 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.

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THE SOFTWAREONE STORY

2021 Facts and Figures

SoftwareONE is a leading global provider of end-to-end software and cloud technology solutions, headquartered in Switzerland. SoftwareONE's shares (SWON) are listed on the SIX Swiss Exchange.

CHF855m
+17.6%[1]
Group gross profit

+53.5%[1]
Solutions & Services Gross profit growth

CHF219m
Adj. EBITDA (Margin 25.7%)

CHF158m
Cash flow from operations

8,710
Employees

90
Countries

6
Acquisitions completed

6.9m
Managed cloud users supported

PyraCloud

~84%
Activated customers

+74% YoY
monthly active users

New Executive Board appointments:

Rodolfo Savitzky
(CFO)

Bernd Schlotter
(President of Services)

Launch of ESG journey

Ongoing definition of ambitions & strategic objectives

(1) YoY growth in constant currency, including InterGrupo

2021 Highlights

January

2021 started with the announcement of the acquisition of Intelligence Partner, a leading Google Cloud services company serving the Spanish, Brazilian and Middle Eastern markets and Optimum Consulting, an SAP-certified technology consulting firm in the US.

March

SoftwareONE announced a strategic agreement with Microsoft for application services and SAP on Azure to accelerate growth globally.

SoftwareONE announced the acquisition of ITPC, an SAP specialist to further expand and strengthen the group's capabilities in SAP on Cloud, one of the group's strategic growth areas.

April

SoftwareONE announced a collaboration with Microsoft Tech for Social Impact to accelerate the digital transformation of Non-profit Organizations (NPOs) globally.

May

SoftwareONE strengthened its Executive Board with the appointment of Bernd Schlotter, President of Services.

SoftwareONE welcomed two new members to the Board of Directors, Isabelle Romy and Adam Warby.

SoftwareONE announced the acquisition of a controlling stake in SynchroNet, a leading cloud specialist for AWS digital workplace solutions and joined the AWS Migration Acceleration Program (MAP) for SAP to further expand its strategic capabilities around SAP on Cloud.

July

SoftwareONE strengthened its global SAP Services practice by announcing the acquisition of ITST, a Brazilian SAP consulting and cloud migration company, and SE16N, a leading SAP cloud technology expert in Eastern Europe.

August

SoftwareONE announced the appointment of Rodolfo J. Savitzky as new Group Chief Financial Officer starting on 1 January 2022, succeeding Hans Grüter who retired at the end of 2021

September

SoftwareONE announced the expansion of its AWS capabilities in the EMEA region with the acquisition of HeleCloud, a UK-headquartered, cloud-native Amazon Web Services (AWS) Premier Consulting Partner.

SoftwareONE continued to grow its SAP Services practice by announcing the acquisition of Centiq, a leading UK-based certified SAP Services Partner, an SAP Gold Service Partner and holder of the Advanced Specialization designation for SAP on Azure .

October

At its first Capital Markets Day, SoftwareONE shared in-depth insights into its strategy, business lines and financial performance with investors, analysts and financial media.

January 2022

SoftwareONE and AWS entered into a multi-year strategic collaboration agreement to provide customers globally with a variety of AWS solutions and services to support their cloud migration and modernization efforts.

SoftwareONE acquired Predica, a European leader in Azure cloud transformation and Satzmedia, an Application Services specialist in e-Commerce and CMS solutions in Germany.

Overview

Founded in 2000 by Daniel von Stockar and Patrick Winter († 2018) and headquartered in Switzerland, SoftwareONE is a leading global provider of end-to-end software and cloud technology solutions. With an IP and technology-driven services portfolio, the company enables around 65,000 business customers to holistically develop and implement their commercial, technology and digital transformation strategies. This is achieved by modernizing applications and migrating critical workloads to public clouds, while simultaneously managing and optimizing the related software and cloud assets and licensing.

With more than 8,700 employees across 90 countries, SoftwareONE has one of the broadest global footprints in its industry. The company's operating model is built to leverage its global scale with centrally-delivered 24/7 customer service in 13 languages, while maintaining customer focus as a result of its local presence and ability to transact in more than 150 countries.

The group estimates that large enterprises with more than 3,000 FTEs accounted for 28% of the gross profit of SoftwareONE in 2021, while SMEs with less than 3,000 FTEs accounted for 72%.

SoftwareONE's integrated suite of solutions is organized into two highly synergistic business lines: Software & Cloud and Solutions & Services, which accounted for 62% and 38% of gross profit, respectively, in 2021.

- **Software & Cloud**: SoftwareONE offers its customers access to a comprehensive software and cloud portfolio, drawing on relationships with more than 7,500 vendors. In particular, SoftwareONE has a long-standing relationship with Microsoft, which dates back more than 30 years and estimates that, today, it is Microsoft's largest channel partner and Azure's largest partner globally. The company's catalogue also includes other best-performing hyperscalers such as Amazon Web Services (AWS) and Google Cloud Platform (GCP), with which it has the most advanced certifications, as well as leading software vendors such as Adobe, Citrix, Oracle, Red Hat, VMware, Sophos, Splunk and Veeam;
- **Solutions & Services**: SoftwareONE has an integrated and cloud-native solutions and services portfolio spanning Cloud Cost Management (FinOps), IT Asset Management and Digital Supply Chain to Application Services, SAP on Cloud, Future Workplace and Cloud Services for Azure, AWS and GCP. SoftwareONE is uniquely positioned to support its customers across their entire software application estates by providing end-to-end professional and managed services from Design, Develop, Buy, Modernize, Migrate to Operate.

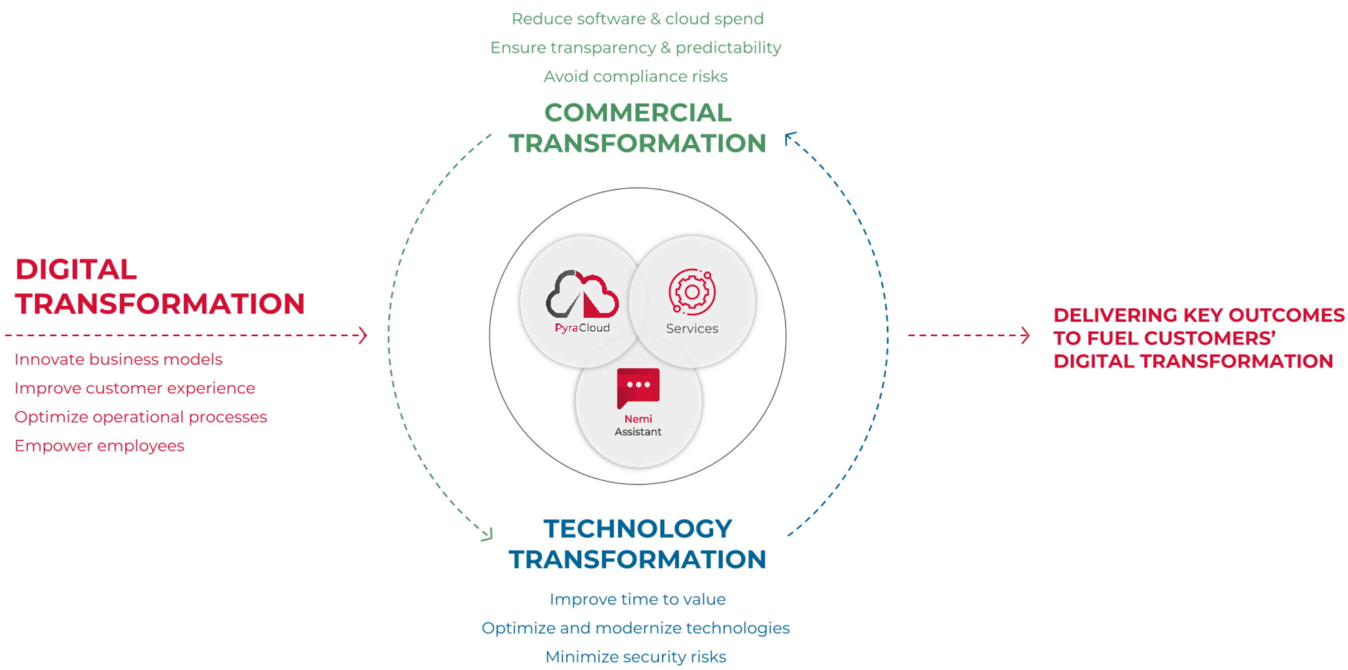
SoftwareONE: Empowering companies to transform

The COVID-19 pandemic highlighted the benefits of a cloud-enabled technology landscape and accelerated organizations' digital ambitions. However, while purchasing new technology to drive agility and growth, organizations are often confronted with increasing costs and complexity.

In order to address these challenges and achieve positive business outcomes for customers, SoftwareONE has established a comprehensive offering based on three categories – Commercial, Technology and Digital Transformation – covering customers' entire digital journeys:

- **Commercial Transformation**: As technology becomes more complex and organizations face increasing spend, they require transparency in their software and cloud estates and the ability to manage and optimize costs efficiently. SoftwareONE helps customers by providing a marketplace and Digital Supply Chain, as well as a market-leading range of software lifecycle management (SLM) services, e.g. diagnostics and FinOps;
- **Technology Transformation**: SoftwareONE helps customers transform their business by adopting the latest cloud-ready technology to build scalable operating models, enabled with management, governance and security to support the migration of applications to a cloud environment;
- **Digital Transformation**: The combination of Commercial and Technology Transformation described above, together with sector expertise, provides the foundation for customers' Digital Transformation. With a keen focus on improving customer and employee experience, innovation of business models and optimization of operational processes, SoftwareONE helps its customers transform and position themselves as leaders in their sectors.

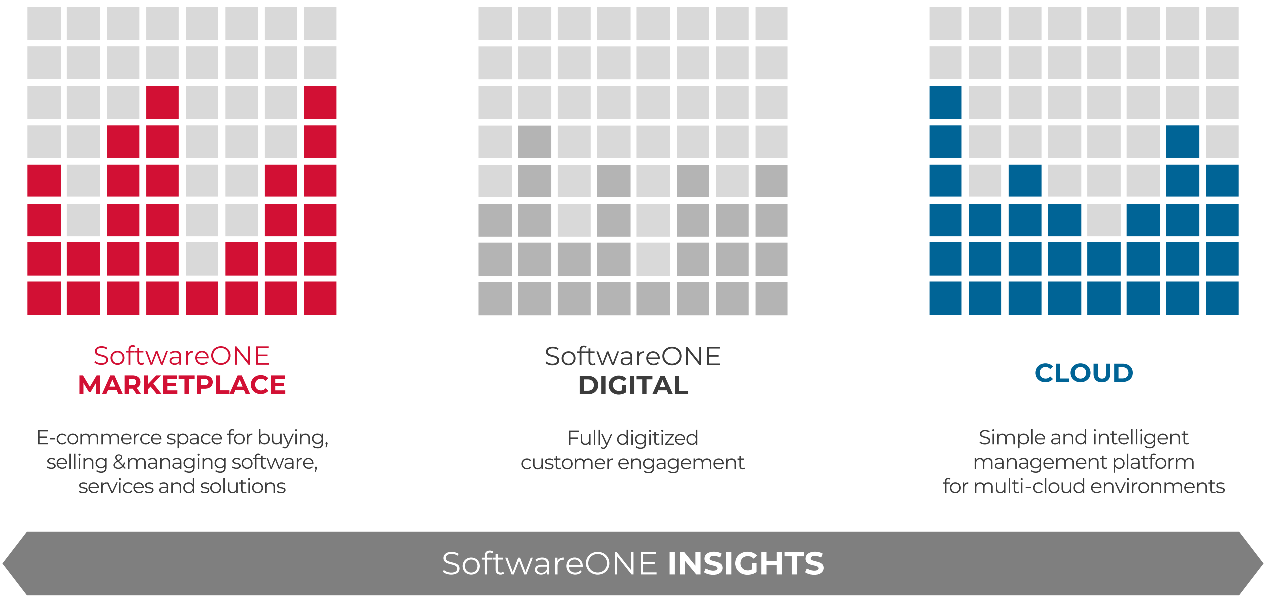
Empowering customers' digital transformation journeys



PyraCloud – SoftwareONE's digital platform: Marketplace, Digital and Cloud

SoftwareONE's offerings are connected by PyraCloud, a proprietary digital hub that allows customers to efficiently transact, manage and optimize their entire spend using a data-driven, actionable platform. It is based on three pillars – Marketplace, Digital and Cloud – with the cloud management platform becoming increasingly relevant as a 'single pane of glass' as customers seek to address the complexity arising from multi-cloud environments and optimize spend across public clouds. PyraCloud is powered by insights, or data derived from past purchasing behavior, and peer benchmarking to support self-service and intelligent decision-making by customers.

PyraCloud - SoftwareONE's proprietary platform



Driving growth and a technology-driven sustainable future

SoftwareONE's growth strategy is centered on growing and digitizing its Software & Cloud business line, while profitably scaling out its next-generation Solutions & Services business line in order to drive recurring customer relationships and revenues. To that end, the company continues to invest in its strategic growth areas by growing the relevant practices both organically and through bolt-on acquisitions.

While executing on its growth strategy, corporate responsibility and sustainability remain at the heart of SoftwareONE's business, in line with its seven core values – Humble, Customer Focus, Employee Satisfaction, Speed, Passion, Integrity and Discipline. The company recognizes the opportunity to drive more sustainable outcomes for customers through innovative cloud-based solutions that significantly reduce emissions and environmental impact. With the launch of a new, globally-focused ESG Program in 2021, SoftwareONE aims to play an even greater part in positively impacting society, both through its own operations and value chain and by helping customers become more sustainable.

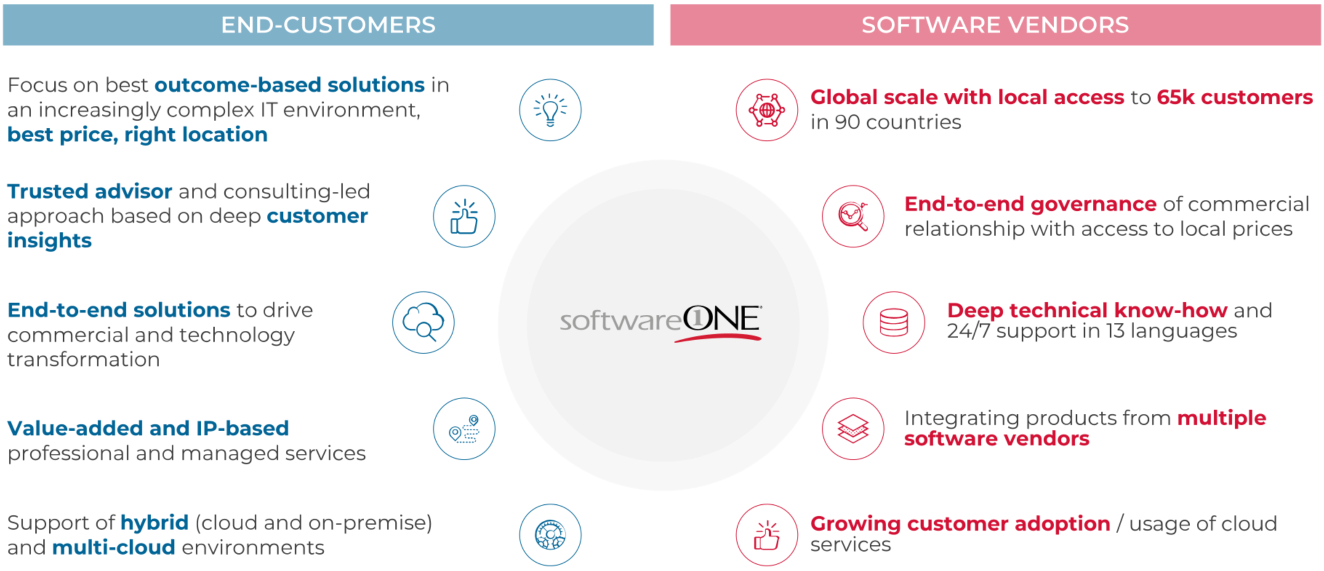
Industry Environment

Despite the continued impact of the COVID-19 pandemic throughout 2021, the operating environment and outlook for the global software and cloud and IT services markets remained attractive. In fact, as a direct consequence of the pandemic, organizations continued to increase IT spend and prioritize digital transformation strategies, enabled by cloud-based solutions and services.

However, along with the increased strategic importance placed on technology, organizations often struggle with the rising costs and complexity associated with procurement, cloud migration journeys and the emergence of hybrid and multi-cloud environments. As a consequence, organizations increasingly look to experts, such as SoftwareONE, as they lack the internal resources to address these challenges themselves.

Meanwhile, vendors require partners to help them access a dispersed audience of SME customers, support them in adopting their purchased technology, consuming cloud resources and renewing subscriptions with the ongoing shift from on-premise to Saas and public cloud. As a global software and cloud-only platform with strong IP-driven offerings, SoftwareONE is able to provide solutions to these challenges, making it a partner of choice for vendors of all sizes.

Well-positioned to deliver both customer and vendor value



The global software and public cloud market

According to Gartner, the global software and public cloud[1] market was valued at USD634 billion in 2020 and is expected to grow at a CAGR of 14% up to 2025, with consistent growth across all major geographies.

At SoftwareONE, gross profit from Software & Cloud grew 3.0% YoY ccy to CHF533.6 million in 2021, compared to CHF519.5 million during the prior year period, driven by a recovery across the key hyperscalers (Microsoft, AWS, GCP) and ISVs. Gross profit growth in H2 2021 corresponded to 8.8% YoY ccy.

In terms of Microsoft gross billings, which amounted to CHF14.7 billion in 2021, SoftwareONE's business developed in line with the overall Microsoft market, with positive momentum across all customer segments. However, as SoftwareONE continues to shift customers from multi-year agreements towards pay-as-you-go subscriptions, e.g. XSimple bundles, this had a temporary negative impact on gross profit in Software & Cloud. Pay-as-you-go involves a lower upfront payment, but significantly increases the life-time customer gross profit through a combination of increased recurring revenue and incremental services, primarily recognized in Solutions & Services.

Looking ahead, SoftwareONE remains well-positioned to either grow in line with or even outperform the software and cloud market, with steady growth expected across the hyperscalers and ISVs. In addition to leveraging its existing portfolio of more than 7,500 vendors, the company plans to continue to invest in PyraCloud, with the launch of Marketplace in 2022, as well as its Digital Supply Chain offering. Both seek to capitalize on the trends of customers wanting to either self-service or outsource their tail-end software spend.

[1] Defined as Infrastructure as a Service (Iaas) spend

The global IT and Iaas-related services market

In 2020, IDC estimated the value of the global IT services market at USD1.1 trillion. SoftwareONE's addressable market is focused on the high-growth segments of this sector, in particular Iaas-related services which are driven by growth in the public cloud market. In 2020, the Iaas-related services market was valued by IDC at US$64 billion, with expected growth of 32% CAGR up to 2025.

With SoftwareONE's portfolio resonating well with customers, the company achieved growth in gross profit of 53.5% YoY ccy in 2021, including the impact of the acquisition of InterGrupo.

SoftwareONE continues to invest in capabilities to scale out its next-generation Solutions & Services business and capitalize on market opportunity to further address customer painpoints along their digital journeys to the cloud. The company will leverage PyraCloud, industrialization, automation and the optimization of its delivery model to drive profitable growth.

SoftwareONE believes that its integrated and IP-enabled offering across its business lines positions the company well to drive share of wallet with existing customers, while increasing the proportion of recurring revenues.

Vision 2022

SoftwareONE operates with four-year vision cycles that define its strategic priorities and major investments. 2018 marked the end of a vision cycle focused on its strategic repositioning as an end-to-end technology solutions provider. Over the course of Vision 2018, SoftwareONE was able to significantly diversify the mix of software vendors in its Software & Cloud business, as well as build up a Solutions & Services business, supported by a scalable global portfolio with a strong focus on recurring, managed services.

SoftwareONE's Vision 2022 is to enable its customers to embark on digital transformation journeys and empower them to utilize technology to support and drive their business outcomes. In order to achieve Vision 2022, the group will focus and invest across three core pillars: 'People', 'Portfolio' and 'Provoke'.

People

SoftwareONE believes that people are its greatest asset and aspires to create a culture and an environment to attract and retain talent. As SoftwareONE continues to grow and transform, it believes that maintaining its unique culture and focus on people are critical to its future success and ability to achieve its strategic objectives. The group's people strategy is centered around the following three elements:

– **Impact on business**: Investing in people's professional development to expand their roles and enable them to grow through global assignments, new experiences and other projects;
– **Impact on self**: Recognizing individual passions, motivating or supporting people to step outside their comfort zones and enabling opportunities to learn outside their current area of expertise, learn languages and experience new cultures;
– **Impact on society**: Being an engaged global citizen who gives back to local communities and global causes.

Portfolio

SoftwareONE strives to constantly innovate to evolve and adapt its portfolio of solutions and services to support its customers' businesses and help them drive their digital transformation journeys.

Provoke

SoftwareONE aspires to push boundaries and explore new ways of applying digital transformation to its customers' needs. The group believes its unique culture will allow it to disrupt both its business and the market.

Strategy

SoftwareONE's strong track record of profitable growth is attributable to the successful execution of a business strategy focused on growing and digitizing its Software & Cloud business, cross-selling and up-selling services, expanding its portfolio to serve its customers' digital journeys and scaling its global-local operating model. The company continues to supplement its organic growth with a strategic M&A program.

Grow and digitize Software & Cloud

SoftwareONE intends to continue growing and digitizing its Software & Cloud business line by acquiring new customers and, in particular, leveraging its existing large and diversified customer base of around 65,000 customers worldwide. This customer base continues to provide significant additional gross profit potential through contract renewals, volume and feature upgrades and growing SaaS and cloud adoption.

Additionally, SoftwareONE aims to enable self-service by its customers via Marketplace and offer Digital Supply Chain solutions to larger enterprises who seek to outsource the procurement of their tail-end software and cloud spend. Both motions are powered by PyraCloud, which continues to gain ground in terms of customer usage.

At the end of 2021, over 80% of SoftwareONE's customers were activated on PyraCloud and monthly usage grew 74% YoY compared to 2020. The company's ambition is to continue increasing the levels of customer activation and usage in the coming years.

Cross-sell and up-sell Solutions & Services

SoftwareONE continues to cross-sell and up-sell services to its customers. In particular, it continues to leverage its large Software & Cloud-only customer base to increase the number of customers who purchase both software and services, thereby driving share of wallet.

The company estimates that customers who purchase from both its Software & Cloud and its Solutions & Services business lines generate 8.9x the amount of gross profit than Software & Cloud-only customers and that they accounted for approximately 71% of gross profit in 2021. The corresponding metrics for the prior year period were 7.9x and 63%.

The XSimple offering, which is based on Microsoft 365 or Azure, is a key example of successful cross-selling. SoftwareONE's XSimple offering grew >80% YoY in gross profit in 2021 compared to the prior year period.

Expand portfolio to serve customers' digital journey

SoftwareONE continues to expand its cloud-only and IP-enabled Solutions & Services portfolio to further enhance its ability to comprehensively serve customers' digital journeys and drive the proportion of recurring revenue. More specifically, it continues to invest in the following five strategic growth areas:

SAP on Cloud
Companies with SAP-based ERP solutions are facing pressure to move these critical workloads to the cloud in order to ensure successful business continuity and differentiation. These critical workloads often represent some of the largest instances of business environments to be moved to and managed in the cloud, inherently encompassing a massive cloud and significant new software licensing spend.

SoftwareONE continues to further deepen its offerings in SAP cloud migration and next generation S/4HANA solutions, focusing on technology advisory, strategy and enablement of managed platform services. In addition, SoftwareONE helps customers create visibility and extract data intelligence through its monitoring solution service PowerConnect.

Application Services

An increased focus on innovation is pushing customers to modernize existing applications and create new ones. SoftwareONE intends to continue expanding its capabilities globally, with a two-fold approach:

- **Cloud-native application development**: Building out customized cloud-native technologies and applications from scratch and ensuring these are managed and run efficiently in the cloud;
- **Application modernization**: Migrating existing applications to the cloud, optimizing them to efficiently leverage cloud technology on an ongoing basis.

Hyperscaler Factory / Cloud Services

SoftwareONE intends to expand its end-to-end capabilities on Microsoft Azure, AWS and GCP with its hyperscaler factory, which offers solid expertise in multi-cloud solutions, managed cloud compute optimization around costs and technology and real-time management, monitoring and automation with PyraCloud.

FinOps

While migrating to the cloud may offer several advantages in terms of scalability and agility, it is often also associated with rising variable and opaque spend. For example, Flexera estimates that more than 30% of cloud spend is wasted.[1]

At SoftwareONE, a team of 700 dedicated professionals, in combination with its FinOps–certified platform PyraCloud, provides customers with the transparency, predictability and governance needed for effective cloud financial management.

In 2021, Gartner named SoftwareONE a leader in their ‘Magic Quadrant for Software Asset Management (SAM) Managed Services’. According to Gartner, SoftwareONE has the highest total SAM–managed services revenue and client volume, making it a global market leader in SAM and SLM. SoftwareONE was also certified as the only FinOps Service Provider and Platform during the year.

[1] Flexera State of the Cloud Report (2021)

Industry Verticals

After successfully partnering with leaders in the construction, education and not-for-profit sectors, SoftwareONE intends to make further strategic investments in other industries which would benefit from higher technology adoption.

Scale global-local operating model for continued profitable growth

SoftwareONE has one of the broadest geographic footprints in the industry with local sales and service delivery capabilities, from which it serves its large customer base.

SoftwareONE plans to further leverage its lean and scalable global-local operating model to continue driving profitable growth. To this end, it intends to expand its regional service delivery centers to optimize resource utilization and talent acquisition across the organization. In addition, the group intends to continue driving the standardization, digitization and automation of processes across its global operations. To enhance customer experience, it also has plans to up-skill resources at its three global service delivery centers in Delhi, Mexico City and Leipzig.

As a result of its scalable operating model, SoftwareONE expects to benefit from scale economies and operating leverage as it continues to grow its Solutions & Services business line.

Global and local operating model to drive customer engagement and profitable growth

Pursue M&A opportunities

SoftwareONE has a strong track record of supplementing organic growth with M&A and intends to continue pursuing acquisition opportunities to acquire capabilities, talent and IP. Since its IPO in late 2019, it has completed 13 acquisitions focused on scale, geographic reach and capabilities. During 2021, SoftwareONE announced eight acquisitions, including HeleCloud, SynchroNet and Intelligence Partner in the AWS and GCP ecosystems, as well as a number of SAP services providers, including Centiq, SE16N, ITST, ITPC and Optimum to build out its 40-country presence and delivery capabilities.

Leveraging this experience, SoftwareONE has developed an effective model which allows entrepreneurs to continue building their businesses as part of the SoftwareONE group, while capturing integration and synergies on the back-end within a short period of time post-acquisition.

Sustainability

SoftwareONE's seven core values – Humble, Customer Focus, Employee Satisfaction, Speed, Passion, Integrity and Discipline – and desire to promote sustainability remain at the heart of the company's business, as shown by its current and historical focus on corporate responsibility. SoftwareONE recognizes that its actions and intentions have the power to drive more sustainable outcomes for its customers by providing innovative solutions that can significantly reduce emissions and environmental impact.

With the launch of a global Environmental, Social and Governance (ESG) Program in 2021, SoftwareONE aims to play an even greater part in positively impacting society, both by reimagining SoftwareONE's own internal approach and by helping customers become more sustainable.

Launch of ESG Program

The over-arching goal of the ESG Program is to expand SoftwareONE's existing Corporate Social Responsibility (CSR) measures into a global ESG ambition. This involves defining a number of initiatives with the aim of truly maximizing their global reach, while embracing the enthusiasm of local communities and teams.

To this end, the Board of Directors assembled an ad hoc ESG Committee in 2021 to embed the ESG Program into SoftwareONE's business strategy. The Committee is chaired by Isabelle Romy and includes Daniel von Stockar and René Gilli, both founding shareholders of SoftwareONE. Driving the agenda and setting the pace of the ESG Committee is the ESG Steering Committee, chaired by the CEO with feedback and support from various internal working groups. To help form the ESG ambition, SoftwareONE hired an ESG consultancy (AdvantiKA) and reached out to various stakeholders to understand their views and aspirations for a more sustainable future for SoftwareONE. This dialogue included leadership interviews, employee and investor surveys, customer interviews, analysis of ESG expectations in customer tenders and ESG workshops with employees.

To date, SoftwareONE has identified numerous sustainability areas that are relevant and of interest to its stakeholders and is defining its overall ambition, including specific metrics and targets. In parallel to this journey, SoftwareONE continues to invest resources and efforts into various initiatives that promote a more sustainable future and give back to local communities worldwide.

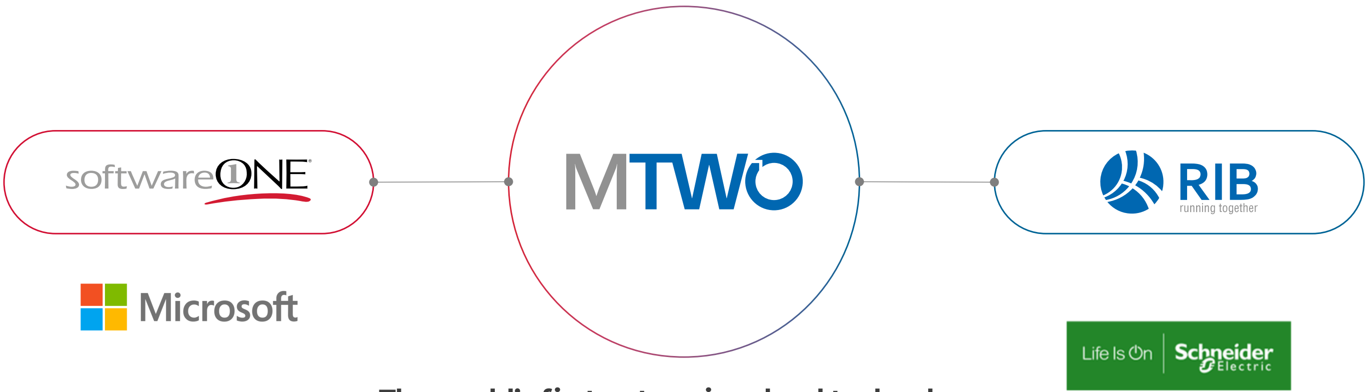
Spotlight stories

In 2021, SoftwareONE saw success stories from several areas within the company and took steps to enhance and develop global sustainability-related programs.

MTWO

Through its engagement with MTWO[1], SoftwareONE provides a solution tailored to the construction industry which helps customers track CO2 emissions and efficiently organize and source work and materials to minimize the impact on the environment.

In 2021, the CO2 emissions from the AEC (Architecture, Engineering and Construction) industry is expected to represent 38% of global energy-related CO2 emissions, according to Global ABC, 2019: Buildings Global Status Report 2020. In addition, 75% of the infrastructure needed by 2050 to house the expected nine billion people on the planet does not exist today. With these statistics in mind, SoftwareONE is passionate about its partnership with Schneider Electric, RIB Software and Microsoft, which involves scaling the world-leading RIB MTWO cloud solution worldwide.



The world's first enterprise cloud technology based on 5D BIM* with AI integration

> 50 Years Industry Experience
> 600,000 Users world-wide

(1) 5D BIM = 3D + Time + Cost Building Information Model

The Academy

The SoftwareONE Academy was launched across six countries in 2021, with ten more planned for 2022. The goals of the Academy include:

- Offering a global curriculum and training around industry-standard technical competencies and SoftwareONE services;
- Identifying and nurturing grassroot-level talent globally and providing both education and career opportunities for employees;
- Improving the outlook for young people, career changers and those from non-traditional educational backgrounds, while encouraging more female representation in the IT sector;
- Giving back to communities in the form of digital skills and technical education in partnership with local governments and institutions.

Through its network of NGOs, universities, community colleges, educational charities, professional and government bodies, SoftwareONE is able to reach communities that otherwise offer few opportunities to young talent and, in doing so, can make a positive and lasting impact. SoftwareONE continues to build on these partnerships to source and develop grassroots and diverse talent from local communities. So far, the Academy is active in six countries and is a new member of the European Union's Pact for Skills consortium. The company's ambitions do not end here, with many more countries and students in the pipeline for 2022 and beyond.

One Tree Planted

By the end of 2021, a tree planted for every new Academy student and new employee at SoftwareONE resulted in over 2,000 trees planted, supporting biodiversity and reforestation projects across all five continents. The project took place in the Chippewa National Forest (North America), Atlantic Forest (Brazil), Amhara region (Ethiopia), Harghita Forest (Romania), Fruit Trees Haryana and Rajasthan (India) and also includes part of the Australian Bushfire Recovery Project.

ONEImpact

The SoftwareONE ONEImpact program offers digitalization and transformation solutions to enable its ~5,000 non-profit customers to adapt to an increasingly digital world.

With SoftwareONE's expertise in building and managing a modern IT strategy, the company can help create the technological infrastructure required to enable organizations to drive their missions forward. The right planning can help non-profits reach more people, achieve increased funding with access to more potential donors and generate innovative ideas by embracing the digital community.

In 2021, SoftwareONE announced a collaboration with Microsoft Tech for Social Impact to make it easier for non-profits to access Microsoft enterprise-grade technology at low or no-entry costs, while offering a wide variety of services, advice and support to non-profit IT teams who are typically understaffed and overstretched.

DACH carbon ambition

SoftwareONE's largest region, DACH, aims to become carbon neutral by the end of 2022. The team has taken steps towards this goal by using software from Planetly to track and reduce the CO2 footprint both at home and in the workplace. Even though SoftwareONE is not classified as a top CO2 emitter, SoftwareONE contributes to climate change in many ways, via commuting, business travel, heating or air conditioning in offices, catering or marketing. In 2021, the team focused on data gathering and tracking of their emissions. SoftwareONE is also looking to expand this initiative to the global level.

Global Green Quarter

Launched in 2019, the environmentally-driven initiative Green Week continues to promote themes and activities to lower employees' impact on the environment and raise awareness of how to live more sustainably. During 2021, this successful initiative resulted in significant changes in the way in which the UK and Nordic teams manage their office recycling programs. It also included a global employee recognition campaign for SoftwareONE employees to make a donation to Ocean Cleanup and Conservation International programs.

Corporate ethics

SoftwareONE maintains its commitment to tightening policies with the aim of operating its business ethically and responsibly. In addition to observing all laws, regulations and standards in all of the countries in which the group operates, SoftwareONE is guided by its Code of Conduct for Board Members and Employees and demands that its partners respect the Code of Conduct for Business Partners. Both the Code of Conduct for Board Members and Employees, as well as the Code of Conduct for Business Partners were refreshed in 2021.

Code of Conduct

Apart from ensuring a tighter alignment with the seven core values, the new version of the Code of Conduct was given a style refresh and a lighter tone in 2021, making it more reader-friendly, including a message from the CEO to reinforce the tone from the top. (link). The revised Code seeks to be an interactive document and a useful resource by embedding hyperlinks and references to online documents posted on the internet/intranet.

Among other topics, the Code addresses the company's position on labor standards, discrimination and harassment and corruption. In light of the ESG Program, the Code has been expanded to provide context to the company's care for the environment. It also provides details on the protection of intellectual property and the ban on trading on inside information.

SoftwareONE employees are required to complete mandatory online training on the Code of Conduct on a regular basis, which is deployed in different formats and includes metrics tracking completion.

Code of Conduct for SoftwareONE business partners

SoftwareONE requires its business partners, including suppliers, distributors, contractors and others entering into a contractual relationship with SoftwareONE, to adhere to applicable laws and regulations, as well as to SoftwareONE's values and standards. The revised Code of Conduct for Partners provides more stringent requirements on partners, reflecting the new demands imposed by supply chain laws in various jurisdictions worldwide that focus on child labor, modern slavery and the environment. SoftwareONE requires its partners to commit to sustainable ambitions, to add control mechanisms, to maintain accurate record keeping, to ban making false statements and to provide grievance mechanisms that allow their own employees to report violations. The revised Code of Conduct for Partners was also rebranded to make it more visually appealing and was rolled out at the beginning of 2022.

Labor standards

SoftwareONE supports and respects the protection of internationally proclaimed human rights and ensures that it is not complicit in any human rights abuses. SoftwareONE will only hire people of above the minimum legal age for employment and demands that its partners be equally committed to this standard. The company provides all employees with a safe work environment that respects their health and wellbeing. As far as any relevant laws allow, all employees are free to form and to join or not join trade unions or similar external representative organizations and to bargain collectively. SoftwareONE is subject to collective bargaining agreements or similar labor contracts in Brazil and Mexico. In certain other jurisdictions, including Spain, Austria, Italy and the Netherlands, a workers' council is in place. Forced, bonded or compulsory labor is not tolerated and employees are free to leave their employment after reasonable notice as required by national law or contract.

Discrimination and harassment

SoftwareONE is an equal opportunities employer and is committed to complying with all applicable laws and regulations relating to equal employment opportunity, non-discrimination and similar employee-related matters. Using iCIMS (Internet Collaborative Information Management Systems) as the recruitment software provider, SoftwareONE ensures that resumes are made anonymous before they are screened by hiring managers in order to delete data that could evoke unconscious bias. This process is aimed at generating a more diverse pool of candidates as SoftwareONE seeks to become a more inclusive employer. The company employs this technology to empower people to achieve more and to make the workplace more inclusive.

In partnership with PowerToFly, SoftwareONE was able to generate interest in open positions through virtual career fairs, targeted events and dedicated sourcing and branding in 2021. PowerToFly is a leading technology sector portal for female talent and worked with SoftwareONE to introduce a dedicated landing page to advertise job openings and proactively source female talent. Its blog posts showcase female talent and promote virtual career fairs throughout the year. These measures aim to attract a wider range of female candidates with different skill sets.

SoftwareONE operates a zero-tolerance policy on harassment and discrimination of any kind. This includes, but is not limited to, physical or verbal abuse, physical or sexual harassment (in any form, including the distribution of sexual material), any other unlawful harassment or any threats or other forms of intimidation. All kinds of discrimination based on partiality or prejudice are prohibited, including discrimination based on race, sex, color, ethnicity, sexual orientation, disability, age, marital status, parental status, pregnancy, religion, political opinion, nationality, social status and any other characteristic protected by local law as applicable.

Integrity / Whistleblowing Line by EQS

SoftwareONE continues to operate an externally managed alternative channel to disclose improper or unlawful misconduct as called out in SoftwareONE's Code of Conduct. Since 2020, the SoftwareONE Integrity Line, run by EQS, is available 24/7 for all employees under the following link.

Conflicts of interest

Employees and other representatives of SoftwareONE must avoid conflicts of interest, along with legal and ethical considerations. Any conflict of interest with the company must first be disclosed internally, to allow for appropriate action to be taken in order to avoid challenging situations or allegations of impropriety. To this end, SoftwareONE is digitizing its approach with a central globalized disclosure database.

Anti-corruption, ethical business conduct

SoftwareONE tolerates no form of extortion or bribery, including improper offers for payments or entertainment to or from employees or organizations. It forbids bribery of office holders, clients, business partners, suppliers or any other person, accepting improper payments from such persons or inciting these persons to such behavior in order to achieve unfair advantages.

SoftwareONE stipulates that any payment, benefit, gift or contribution received by its employees from any current or prospective customer, supplier, business partner or a related third party must not only comply with the applicable laws but must also be consistent with ethical business and local cultural practices and must not be intended to improperly influence business decisions. Equally, any payment in kind, benefit, gift or contribution made by SoftwareONE personnel to any current or prospective customer, supplier, business partner or a related third party must comply with the applicable laws, be consistent with ethical business and local cultural practices and must not be intended to improperly influence business decisions. SoftwareONE will fully support all employees who may face losing a deal or an opportunity in order to avoid paying a bribe.

SoftwareONE is committed to complying with all applicable competition and antitrust laws and regulations. It also strives to comply with all applicable export control regulations to prevent the proliferation of software and/or technology that can be used for military purposes. Furthermore, the group is committed to being a responsible corporate citizen and a good neighbor. This means it is aware of and respects the traditions, business customs, social norms and expectations of host countries and makes every effort to pursue the right course of action.

Quality certifications

SoftwareONE is certified to international standards on systems management, including ISO 9001:2015 on quality management systems, ISO 14001:2015 on environmental management systems, ISO 27001:2013 on information security management and ISO/IEC 27017:2015 on information security controls for cloud services. SoftwareONE Brazil is ISO 37001:2016 certified.

A SOC2 Type II report examining the design and operating effectiveness of SoftwareONE's Cyber Security Practice was completed in 2021.

SoftwareONE is also pleased to announce that for a seventh year in a row we have been honored by an EcoVadis award. SoftwareONE has been recognized with the Bronze EcoVadis award, with an overall score within the top 28% of companies in the Computer programming, consultancy and related activities industry and with a sustainability procurement score in the top 20%. With this SoftwareONE's Corporate Social Responsibility program is recognized as a supplier of choice for its customers to feel safe in the knowledge that SoftwareONE is committed to its long term environmental and social goals.

Privacy and data protection

SoftwareONE employees must comply with all applicable data protection and privacy laws. As the business transitions towards a services and solutions-driven portfolio, the laws and regulations governing the protection of personally identifiable information are increasingly impacting the business. To ensure that personal data is obtained properly, kept securely and only used for those business purposes for which it was obtained in the first place, SoftwareONE's IT policies, namely the IT end-user policy and Data Protection Policies, guide the company in compliance at all times. The main data protection regulation which govern the group's operations is the European Union's Regulation (EU) 2016/679 (General Data Protection Regulation or GDPR). However, other data privacy regulations of different countries/regions also need to be observed, for example the legislation of California/USA (California Consumer Privacy Act – CCPA), Brazil (Lei Geral de Proteção de Dados – LGPD), UK (UK-GDPR) or Switzerland (Datenschutzgesetz – DSG). All these regulations provide frameworks containing the principles for legitimate data processing in the respective country/area. SoftwareONE continues to incur costs of implementing various measures throughout its operations (including training employees, documentation and monitoring duties and adjustments of processes) as a result of applying these laws.

People

Core values

SoftwareONE's business success is driven by a highly qualified, motivated and empowered global workforce that embodies its results-focused and customer-oriented culture, as well as its core values **Humble**, **Customer Focus**, **Employee Satisfaction**, **Speed, Passion**, **Integrity**, **Discipline**.

Video

Humble	Customer Focus	Employee Satisfaction	Speed	Passion	Integrity	Discipline
We constantly look to improve and never forget the importance of our customers and colleagues.	We exceed expectations through great discipline and ensure a world class customer experience.	Our greatest asset. We love and support our colleagues and operate without hierarchy.	Fast is better than slow but we will not compromise on quality.	We strive for excellence, go the extra mile and have fun in what we do.	We are consistent, honest and fair and always do what is right.	In everything we do. We accept responsibility and deliver on all of our commitments.

Our people

Overall, SoftwareONE employed 8,711 FTEs as at 31 December 2021.

The tables below provides an overview of the number of FTEs employed by SoftwareONE, broken down by region and other metrics, in the last five years:

As at 31 December	2017	2018	2019	2020	2021
Geographic region					
EMEA	875	910	2,793	3,155	3,632
APAC	1,007	1,121	1,487	1,753	2,012
LATAM	419	481	756	853	2,579
NORAM	362	350	406	457	488
Total	**2,663**	**2,862**	**5,442**	**6,219**	**8,710**

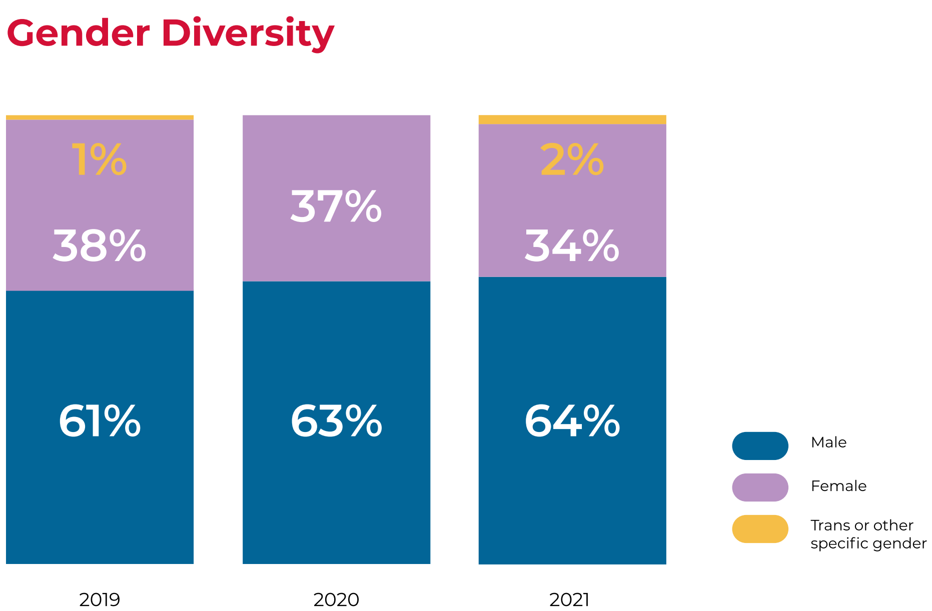
	2021
Average tenure of employees	4.3 years
Average age	37 years
Part-time employees	4 %

Diversity, equity and inclusion

The company strives to foster an equal and inclusive culture, and a workplace that allow individuals to be the best versions of themselves. In 2021, SoftwareONE held its first Equity & Inclusion survey to establish a baseline and determine where SoftwareONE stands in terms of being an inclusive employer, regardless of gender, ethnicity, sexuality, disability and religion. Each region created a plan to take targeted actions and will measure progress.

The company made 'Choose to Challenge' the motto on International Women's Day, focusing not just on gender, but on equality and inclusion in general. SoftwareONE encouraged employees to shine the spotlight on the engaged, brave and smart people in their lives (video).

In terms of gender distribution, SoftwareONE's employee population comprised 65% males, 34% females and 2% trans or other specific gender denominations as at 31 December 2021. As an equal opportunities employer, SoftwareONE's workforce consists of people of 82 different nationalities, speaking 32 languages and representing all of the major religious groups.

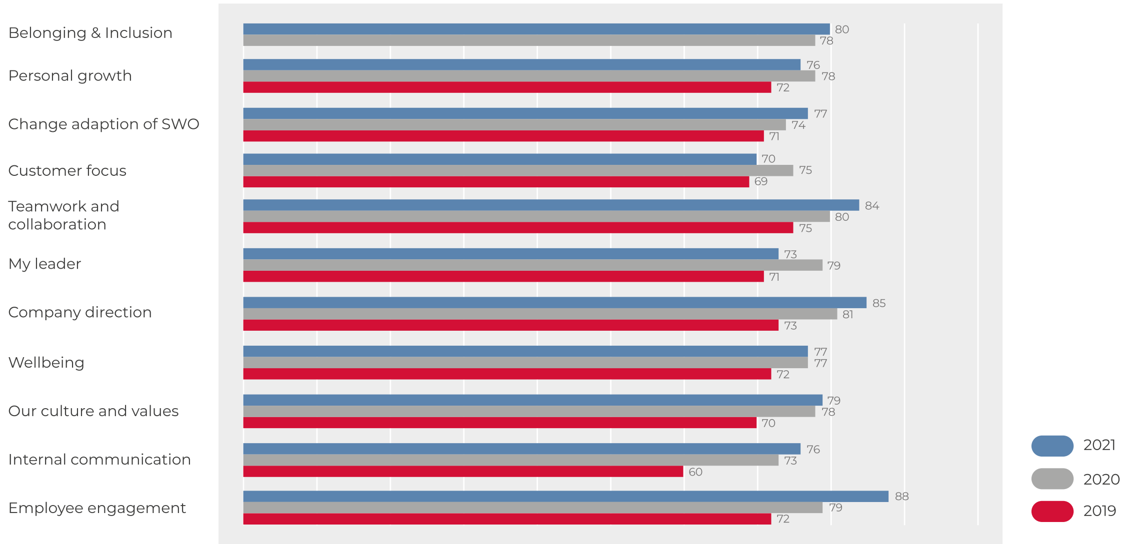


Employee satisfaction

SoftwareONE knows that happy people perform better. To gauge employee satisfaction, SoftwareONE conducts an annual employee engagement survey designed to measure and improve engagement, satisfaction and performance. The feedback and ideas received from employees through this survey are a fundamental part of SoftwareONE's culture and are essential to shaping the direction of SoftwareONE. The 2021 employee engagement survey had an 81% response rate, a testament to SoftwareONE's belief that people want to be heard and provide their feedback. While all the questions in the survey help to understand what is going well and where the company can improve, one specific question was targeted to provide a comprehensive look at employee engagement. 88% of employees provided a favorable response to this question, representing an increase from 2020 (72%) and 2019 (83%), confirming that employees are engaged and happy to be working at SoftwareONE.

Details of the 2021 survey results and a comparison with 2020 and 2019, where available and applicable, can be found in the following graph. The percentage shown is the favorable score, being the percentage of people who answered the question on a five point scale with ‘agree’ or ‘ totally agree’.

Employee engagement survey



Wellbeing initiative

The health and wellbeing of SoftwareONE employees is of the highest importance to the company which, for years, has offered flexible working hours to promote personal well-being and an optimal work-life balance. Depending on the country and local COVID-19 restrictions, employees were able to return to the office for a couple days a week during 2021 in order to bring teams together again. Furthermore, SoftwareONE provided leaders with resources and tools to create a healthy workplace and help identify and assist employees who were experiencing mental health challenges during the pandemic.

President’s Club

SoftwareONE President’s Club is an employee recognition event held in a different location every year to celebrate outstanding employee contributions and give staff the possibility to spend time with members of the Board of Directors, the Executive Board and the extended leadership team. Due to the pandemic, the event was postponed to 2022.

ONE Experience – community building

The ONE Experience program focuses on finding ways to bring the global SoftwareONE family together through shared experiences and activities. In 2021, the program included a ‘Happy from Home’ campaign, providing employees with advice on how to take regular breaks, create a healthy home office environment and achieve work-life balance.

Focusing on the theme of Intercultural Communication, the company encourages employees to understand and respect each other’s cultures and customs. It shares information on intercultural communication and values and provides resources, guides and videos on a selection of countries. In addition, the ‘Culture Days’ initiative celebrates the incredibly diverse and brilliant cultures that make up SoftwareONE, with one day per quarter dedicated to a specific SoftwareONE country, showcasing the culture, food, history, language and other fun facts. The festivities can include office decorations, local food tastings and activities such as trivia games.

Giving back to society

Striving to be a good corporate citizen reflects SoftwareONE’s core values. The company encourages and supports acts of charity whenever possible and necessary. In 2021, a total of USD18,093 collected through the employee recognition program was donated to the WHO COVID-19 Solidarity Response Fund, Doctors Without Borders, Ocean Cleanup, One Tree Planted and Conservation International programs. SoftwareONE donated USD10,000 to the United for Waukesha Community Fund in the wake of the Waukesha Holiday Parade to support the needs of the families impacted.

Furthermore, employees in the Netherlands donated laptops to a library, where they are offered on loan to children, adults and senior citizens. Employees collected money with a step challenge for the Dutch Brain Foundation (Hersenstichting) and a donation was made to a charity that helps disabled people in Sri Lanka. In the UK, various events were organized to collect money for The Marston Cancer Trust. In Spain, employees collected computers and game consoles and donated them to a charity supporting children receiving chemotherapy, as well as supporting a food bank. Australia contributed financially and held a Virtual Fundraiser Morning Tea to raise money for the Carson Street School, a school for children with special needs. In Mexico, employees collected money for children from underprivileged backgrounds.

Some initiatives have been shared in videos:

– SoftwareONE Mexico;
– SoftwareONE Netherlands;
– SoftwareONE Brazil;
– SoftwareONE Australia.

Harmony Day

SoftwareONE encourages employees to invest time in volunteering activities in addition to their day-to-day work by providing paid time off through Harmony Day. SoftwareONE complements each employee's volunteering activity with a USD75 donation to the charity, cause or non-profit organization where the work is performed. Unfortunately, many volunteering options remain closed due to the COVID-19 pandemic in 2021.

Learning & development

SoftwareONE believes in unlocking the potential of every employee to help them realize their growth and career ambitions. During 2021, SoftwareONE built a leadership framework articulating what an inspiring SoftwareONE leader looks like, including required skills and conduct. Focus was placed on developing coaching as a core transformational skill. The company also partnered with Harvard Business School to demonstrate the impact of skillful conversations.

Providing on-demand learning continues as SoftwareONE focuses more on the topic of sustainable high performance at the individual, team and organizational levels. With a global survey, SoftwareONE identified the asks and needs of its employees. To provide clarity on sales roles requirements and to align learning paths, SoftwareONE developed the NextGen Sales roles in the new career architecture platform. This new platform offers further user insights into career opportunities and organizational insights on talent data.

Talent acquisition

To find the right talent, SoftwareONE continues to raise awareness around the company's diverse employee base and promotes its culture with branding campaigns, including employee video testimonials. In collaboration with a recruitment software provider, the company rebranded its search page in 2021 to make the job search process as easy as possible for candidates and improve the overall experience. Furthermore, having established strong reporting of talent acquisition data, SoftwareONE is today able to identify trends and learnings to drive better outcomes for attracting the right talent.

ANNUAL REPORT 2021

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 analyzing the results.

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

Results review

Gross profit at the group level increased by 17.6% YoY ccy to CHF855.1 million in 2021, compared to CHF729.6 million in 2020. Excluding the InterGrupo acquisition, gross profit growth corresponded to 14.3% YoY ccy during the year.

Key figures

in CHF million (unless otherwise indicated)	2021	2020	% change at CCY	H2 2021	H2 2020	% change at CCY
Adjusted						
Gross profit from Software & Cloud	533.6	519.5	3.0%	266.0	244.9	8.8%
Gross profit from Solutions & Services	321.4	210.1	53.5%	174.7	114.0	53.5%
Gross profit	**855.1**	**729.6**	**17.6%**	**440.7**	**358.8**	**23.0%**
Operating expenses	–635.7	–506.5	25.8%	-330.4	-255.8	29.0%
EBITDA	**219.4**	**223.1**	**–1.0%**	**110.3**	**103.1**	**8.2%**
EBITDA margin	**25.7%**	**30.6%**	**–**	**25.0%**	**28.7%**	**–**
EPS (diluted)	0.71	0.81	–	–	–	–
IFRS reported						
Net cash generated from/(used in) operating activities	158.0	276.3	–	190.4	69.5	–
Net debt / (net cash)	–547.4	–496.5	–	–547.4	–496.5	–
Net working capital (after factoring) at period-end	–204.2	–169.6	–	–204.2	–169.6	–
Headcount (in FTE, end of period)	**8,710**	**6,219**	**–**	**8,710**	**6,219**	**–**

Performance by business

Software & Cloud

Gross profit from Software & Cloud grew 3.0% YoY ccy to CHF533.6 million in 2021, compared to CHF519.5 million during the prior year period. This was driven by a recovery across the key hyperscalers (Microsoft, AWS, Google) and ISVs during the year, as shown by the acceleration of gross profit to 8.8% YoY ccy in H2 2021.

In terms of Microsoft gross billings, which amounted to USD14.7 billion in 2021, SoftwareONE's business developed in line with the overall Microsoft market, with positive momentum across all customer segments. Microsoft Cloud billings demonstrated double-digit growth, comprising 73% of total Microsoft volume in 2021, compared to 67% in 2020. SoftwareONE continues to transition customers from commitment buying to pay-as-you-go. This involves a lower upfront payment, which temporarily impacts Software & Cloud revenue growth, but significantly increases the life-time customer gross profit through a combination of increased recurring revenue and incremental services, primarily recognized in Solutions & Services.

Solutions & Services

Solutions & Services achieved strong gross profit growth of 53.5% YoY ccy to CHF321.4 million in 2021, up from CHF210.1 million during the prior year period. Excluding InterGrupo, gross profit growth in Solutions & Services was 42.4% YoY ccy in 2021. Solutions & Services represented 38% of group gross profit in 2021, up from 29% in 2020, reflecting the company's strategic focus on cross and up-selling services and portfolio expansion to serve customer journeys end-to-end.

The strong performance in Solutions & Services was broad-based across SoftwareONE's service lines[1], customers and geographies.

In Cloud Services, XSimple bundles (e.g. 365Simple, AzureSimple and Simple for AWS), which are highly standardized managed solutions for SMEs, demonstrated excellent growth with gross profit up >80% YoY in 2021. By 31 December 2021, SoftwareONE supported 6.9 million users 24/7 in 13 languages in the cloud, up from 5.4 million as at 30 June 2021. With acquisitions such as Predica, HeleCloud and Intelligence Partner, SoftwareONE continues to expand its offering across Azure, AWS and GCP to support customers in their public cloud journeys.

[1] Includes ITAM, Future Workplace, Digital Supply Chain, Application Services, SAP on Cloud, Cloud Services/Hyperscaler Factory and FinOps

Performance by geography

Regional performance varied primarily reflecting the portfolio mix of each region. In NORAM and APAC, where Solutions & Services represent over 40% of total gross profit, growth was very strong and corresponded to 22.5% and 31.1% YoY, respectively in 2021. Both NORAM and APAC also saw strong recoveries in Software & Cloud on the back of strong results in the Microsoft business.

EMEA delivered a solid performance with gross profit up 9.1% YoY in 2021, impacted by the transition to pay-as-you-go in the Microsoft business, while the remainder of Software & Cloud and Solutions & Services delivered strong growth.

LATAM grew 74.1% YoY in gross profit in 2021 as a result of the InterGrupo acquisition.

Continued investments in accelerated growth

Total adjusted operating expenses increased by 25.8% YoY ccy to CHF635.7 million in 2021, up from CHF506.5 million during the prior year period.

The development of SoftwareONE's cost base reflected higher personnel costs as a result of investments in sales & marketing and delivery capabilities to support the company's continued growth, as well as incremental operating expenses of acquired companies.

SoftwareONE launched an optimization program 'Transformance' late in H2 2021. While the company continues to invest in developing talent and building capabilities to drive accelerated growth, the need for operational excellence has also increased. 'Transformance' aims to ensure that capabilities in sales and operations match evolving business requirements, along with a focus on maintaining a lean and agile organization. The program only had a minimal positive impact in 2021 due to the timing of its implementation, with one-off costs of CHF9.3 million.

Adjusted EBITDA for 2021 was CHF219.4 million, declining 1.0% YoY ccy compared to the prior year period. This corresponds to an Adjusted EBITDA margin of 25.7% in 2021, below guidance of "approximately 30%", reflecting investments and strategic acquisitions in line with the company's growth strategy. Excluding the dilutive margin impact of acquisitions completed in 2021[1], the Adjusted EBITDA margin was 26.8%.

Adjusted profit for the period was CHF110.0 million in 2021, representing a decrease of 12.5% YoY in reported currency, compared to CHF125.7 in the prior year period.

IFRS reported profit for the period decreased 32.1% YoY in reported currency to CHF120.1 million in 2021, compared to CHF176.8 in the prior year period, mainly reflecting the impact of M&A, integration, earn-out and 'Transformance'-related expenses. This result includes an appreciation of CHF63.4 million in 2021 in SoftwareONE's shareholding in Norwegian listed company Crayon.

[1] Refers to Centiq, HeleCloud, SE16N, ITST, SynchroNet, ITPC and InterGrupo (consolidated from November 2020 and completed in early 2021)

Strong cash generation and unlevered balance sheet

Net cash generated from operating activities[1] amounted to CHF158.0 million in 2021 representing a strong cash conversion of 72% from Adjusted EBITDA. Despite the accelerated growth, net working capital improved by CHF26.6 million in 2021 as it continued to be managed very tightly with broadly flat 59 days sales outstanding (DSOs), compared to 60 in the prior year period, and increased 86 days payable outstanding (DPOs), compared to 83 in the prior year period. The net working capital improvement was lower than in the prior year, impacting the level of net cash generated from operating activities which was down by CHF118.2 million compared to 2020.

Capital expenditure totaled CHF33.3 million in 2021, mainly relating to investments in the PyraCloud platform and other intangible assets generated internally, compared to CHF22.8 million in the prior year period. Cash outflow relating to acquisitions of businesses amounted to CHF114.0 million in 2021.

Net cash position was CHF547.4 million as at 31 December 2021 compared to CHF496.5 million one year earlier.

[1] Includes earn-outs relating to prior acquisitions

FY2022 outlook and mid-term guidance

SoftwareONE expects a continued strong market environment and demand growth as organizations pursue cloud-first digital transformation.

Given strong momentum demonstrated in 2021, SoftwareONE's guidance for 2022 is as follows, assuming no material deterioration in the economic environment, particularly in the context of the conflict in Ukraine:

- 'Mid-teens' gross profit growth for the group in ccy;
- Adjusted EBITDA margin above 25%;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

SoftwareONE's mid-term guidance is as follows:

- 'Mid-teens' gross profit growth for the group on average per annum in ccy;
- Adjusted EBITDA margin above 25% in any given year;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

Alternative Performance Measures

SoftwareONE has defined a set of non-IFRS financial measures, which reflect the company's internal approach to analyzing its performance and are also disclosed externally. These measures provide key decision makers at SoftwareONE with the necessary guidance to manage the company and make investment decisions, while also serving as benchmarks to determine whether the company is making progress in executing its strategy. 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 companies in the same industry.

Reconciliation from IFRS reported to adjusted profit and loss statement

Results overview

Link to full overview of SoftwareONE's consolidated financial statements

Reported and adjusted profit and loss statement

	IFRS reported		Adjustments		Adjusted		% Δ	% Δ at CCY[1]
in CHF million (unless otherwise indicated)	2021	2020	2021	2020	2021	2020		
Revenue from Software & Cloud[1]	533.6	519.5	–	–	533.6	519.5	2.7%	3.0%
Cost of software purchased	–	–	–	–	–	–	–	
Gross profit from Software & Cloud	**533.6**	**519.5**	**–**	**–**	**533.6**	**519.5**	**2.7%**	**3.0%**
Revenue from Solutions & Services	430.7	312.9	–	–	430.7	312.9	37.6%	38.1%
Third-party service delivery costs	–109.3	–102.8	–	–	–109.3	–102.8	6.3%	
Gross profit from Solutions & Services	**321.4**	**210.1**	**–**	**–**	**321.4**	**210.1**	**53.0%**	**53.5%**
Gross profit total	**855.1**	**729.6**	**–**	**–**	**855.1**	**729.6**	**17.2%**	**17.6%**
Personnel expenses	–608.8	–470.0	50.1	31.1	–558.8	–438.9	27.3%	27.6%
Other operating expenses	–103.8	–86.6	10.1	6.2	–93.7	–80.4	16.5%	16.6%
Other operating income	17.7	15.0	–1.0	–2	16.8	12.8	31.1%	31.2%
Operating expenses	**–694.9**	**–541.6**	**59.2**	**35.1**	**–635.7**	**–506.5**	**25.5%**	**25.8%**
EBITDA	**160.2**	**188.0**	**59.2**	**35.1**	**219.4**	**223.1**	**–1.7%**	**–1.0%**
Depreciation, amortization and impairment[2]	–55.3	–55.2	–	–	–55.3	–55.2	0.3%	
EBIT	**104.8**	**132.8**	**59.2**	**35.1**	**164.1**	**167.9**	**–2.3%**	
Finance income	71.1	101.4	–63.4	–83.0	7.7	18.4	–58.2%	
Finance costs	–10.5	–11.0	–	–	–10.5	–11.0	–4.1%	
Foreign exchange difference, net	–11.1	–10.1	–	–	–11.1	–10.1	9.1%	
Share of result of joint ventures and associates	–	1	–	–	0	1	–	
Net financial items	**49.4**	**81.0**	**–63.4**	**–83.0**	**–14.0**	**–2.0**	**588.6%**	
Earnings before tax	**154.3**	**213.8**	**–4.2**	**–47.9**	**150.1**	**165.9**	**–9.5%**	
Income tax expense	–34.2	–37.0	–5.9	–3.1	–40.1	–40.2	–0.2%	
Profit for the period	**120.1**	**176.8**	**–10.1**	**–51.0**	**110.0**	**125.7**	**–12.5%**	
EBITDA margin (%)	**18.7%**	**25.8%**			**25.7%**	**30.6%**	**4.9 pp**	
EPS (diluted)	**0.77**	**1.14**			**0.71**	**0.81**	**–12.8%**	

1) Revenue from Software & Cloud presented net of cost of software purchases in line with tentative decision by IFRS IC with regards to revenue recognition under IFRS 15; 2020 restated in line with 2021
2) Includes PPA amortization (including impairments, if applicable) of CHF14.4 million and CHF16.8 million in 2021 and 2020, respectively

Adjustments

in CHF million	2021	2020
IFRS reported profit for the period	**120.1**	**176.8**
Share-based compensation	13.2	24.2
"Transformance" expenses	9.3	–
IPO, integration and M&A and earn-out expenses	36.7	10.9
Total operating expense adjustments	**59.2**	**35.1**
Depreciation / (appreciation) of Crayon shareholding	**–63.4**	**–83.0**
Tax impact of adjustments	**–5.9**	**–3.1**
Adjusted profit for the period	**110.0**	**125.7**

Source: Management view

Other adjustments
Other adjustments include the following items:

- Including management equity plan expenses in connection with the IPO; these are fully funded by major shareholders with no equity impact and free share grants to employees;
- Costs relating to integrating acquired companies;
- M&A-related third-party costs and earn-out expenses;
- Depreciation / (appreciation) of Crayon shareholding;
- Tax impact on adjustments.

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

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

Gross profit from sale of software equals revenue from the sale of software less cost of software purchased. **Gross profit from solutions and services** is calculated as revenue from solutions and services less third-party service delivery costs. Gross profit is a useful measure for managing and monitoring SoftwareONE's business, as well as for incentivizing the sales force and leaders.

Adjusted EBITDA is defined as the underlying earnings before net financial items, tax, depreciation and amortization, adjusted for items affecting comparability in operating expenses (see other adjustments).

Adjusted EBITDA margin is defined as adjusted EBITDA divided by gross profit.

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

Growth in constant currency: The change between two periods is presented on a constant currency basis for comparability purposes and to assess the group's underlying performance. Current 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 cash)/net debt comprises the group's cash and cash equivalents, short-term financial assets and long-term other receivables less bank overdrafts, contingent consideration liabilities, lease liabilities, other current and non-current financial liabilities and any open payments related to the management equity plan.

Net working capital is defined as the group's trade receivables, other receivables, prepayments and contract assets minus trade payables, other payables and accrued expenses and contract liabilities (excluding any open payments related to the management equity plan).

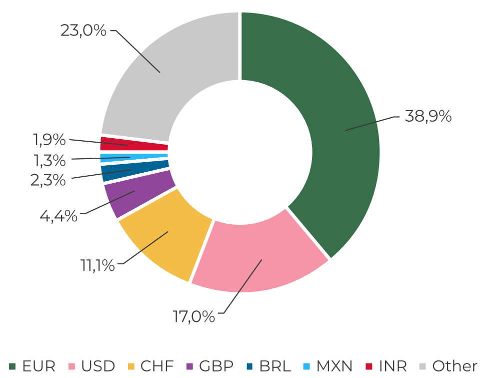
Free cash flow is defined as the group net cash generated from/(used in) operating activities, minus cash from/(used in) investing activities, plus cash from/(used in) acquisitions of businesses (net of cash balance).

Exchange rates

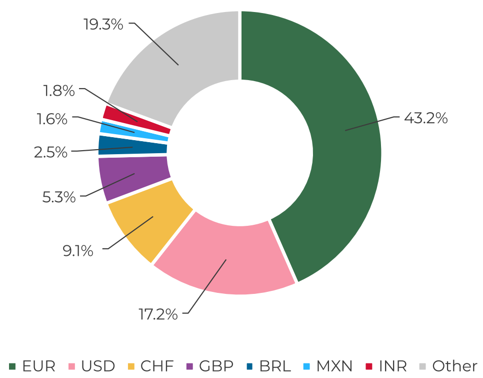
The table below shows the development of the Swiss franc, SoftwareONE's reporting currency, against major local currencies. In addition, the charts provide an overview of the currency breakdowns, including currencies which had the biggest impact on gross profit and operating expenses during 2021. Related calculations are based on underlying management accounts and may slightly differ from exchange rates shown in the Consolidated financial statements.

CHF to LCY	2021	2020	% change
EUR	0.93	0.93	–0.8%
USD	1.09	1.07	2.4%
CHF	1.00	1.00	0.0%
GBP	0.80	0.83	–4.6%
BRL	5.87	5.40	8.8%
MXN	22.20	22.97	–3.3%
INR	80.86	79.30	2.0%

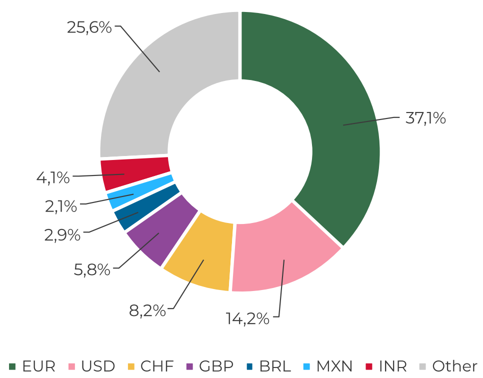
Gross profit FY 2021



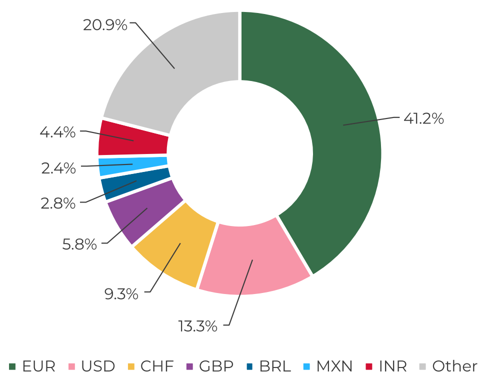
Gross profit FY 2020



Operating expenses FY 2021



Operating expenses FY 2020



ANNUAL REPORT 2021

CORPORATE GOVERNANCE REPORT

Introduction

The corporate governance framework of SoftwareONE Holding AG and SoftwareONE group (collectively, SoftwareONE) is closely aligned with SoftwareONE's business strategy and follows the rules contained in the Directive Corporate Governance (DCG) of the SIX Swiss Exchange, the Swiss Code of Best Practice for Corporate Governance of économie suisse (Swiss Code) and current market practices that go beyond the scope of the DCG and the Swiss Code of Obligations.

The Board of Directors (BoD) is responsible for the ultimate direction of the company and overall oversight, while the Executive Board (EB) is responsible for managing operations. SoftwareONE's corporate governance principles and procedures are defined as follows:

- SoftwareONE's Articles of Incorporation, defining the legal and organizational framework
- SoftwareONE's Organizational Regulations (OrgR), revised on 14 July 2021, defining the governance framework of SoftwareONE and the group, including the responsibilities and authorities of the BoD, Chairman, Vice-Chairman, Lead Independent Director (LID), Board committees, the CEO and other individual EB members, as well as relevant reporting procedures. The role of Vice-Chairman and Lead Independent Director can be combined and be performed by the same Board Member.
- SoftwareONE's charters of the Board committees on audit and on nomination and compensation, outline the duties and responsibilities of each of these committees.
- SoftwareONE's codes of conduct (CoCs), both revised in November 2021, outline the compliance framework and set out the basic ethical and legal principles and policies the company applies globally for employees and Board members as well as for business partners. Reinforcing the effectiveness of the CoCs is the group-wide integrity line (softwareone.integrityline.org) that provides a reporting channel for suspected wrongdoings.

Group Structure and Shareholders

Operational group structure of SoftwareONE Holding AG

The operating business of SoftwareONE is conducted through SoftwareONE Holding AG's subsidiaries (operating legal entities). Detailed information on group companies is provided in Note 30 to the group financial statements. SoftwareONE Holding AG, the group's ultimate parent company, is incorporated and domiciled in Switzerland with registered offices at Riedenmatt 4, 6370 Stans. The company is listed on the SIX Swiss Exchange under the ticker symbol 'SWON' (Swiss security number: 49645150, International Security Identification Number 'ISIN': CH0496451508) and reports in accordance with the International Financial Reporting Standard (IFRS).

The holding is organized along a two-tier structure with the BoD setting the strategic direction of SoftwareONE, appointing and overseeing key executives, approving major transactions and investments and ensuring proper financial reporting and controls. The structure of the BoD and the EB is discussed in more detail in sections Board of Directors and Executive Board. The operational management is delegated to the EB, which was expanded in 2021 to five members, the CEO, CFO, COO, President of Sales and President of Services. The group is organized along the two business lines Software & Cloud and Solutions & Services.

Shareholders

The disclosure notifications of significant shareholders and groups of shareholders holding 3% or more of the voting rights as at 31 December 2021:

Shareholder/group of shareholders	Shares held	% of voting rights
Dr. Daniel Marc von Stockar- Scherer-Castell, Hergiswil, Switzerland[1]	17,505,107	11.05 %
B. Curti Holding AG[1,2]	16,031,853	10.10 %
René Rudolf Gilli, Emmetten, Switzerland[1]	12,449,637	7.85 %
Pictet Asset Management SA[3]	5,154,610	3.25 %
UBS Fund Management[4]	4,806,309	3.00 %

1) Messrs Curti, von Stockar-Scherer-Castell and Gilli have entered into a shareholder agreement and form a group for purposes of Swiss disclosure rules and regulations, controlling 29 % of voting rights (prior year: 28.95 %). The representative of this group of shareholders is Dr. Beat Curti, Erlenbach, Switzerland.
2) B. Curti Holding AG, Sarnen, Switzerland, is the direct shareholder of the shares which are indirectly controlled by Dr. Beat Alex Curti, Erlenbach, Switzerland.
3) Based on the disclosure notification published on 2 November 2019.
4) Based on the disclosure notification published on 25 June 2020.

Individual notifications that were published during the year under review are available on the SIX Exchange Regulation webpage. Between 31 December 2021 and the publication of this report, the company has not issued any new notification and no disclosure has been made in accordance with the requirements of the Financial Market Infrastructure Act (FMIA).

Cross-shareholdings

As at the date of publication of this Annual Report, the company is not aware of cross-shareholdings exceeding 5% of the capital or voting rights.

Capital Structure

Issued capital

The share capital of SoftwareONE Holding AG, registered in the commercial register of the canton of Nidwalden as at 31 December 2021, amounted to CHF1,585,814.60, divided into 158,581,460 fully paid-in registered shares with a nominal value of CHF0.01 each.

As at 31 December 2021, SoftwareONE held 3,724,465 shares (corresponding to 2.35% of the company's total share capital) in treasury. The market capitalization of SoftwareONE as at 31 December 2021 amounted to CHF3.13 billion.

Each share carries one vote at the general meetings of SoftwareONE. The shares rank pari passu with each other in all respects, including entitlement to dividends, to a share in the liquidation proceeds in case of liquidation of the company and to pre-emptive rights.

An overview of SoftwareONE's share price information can be found here.

Authorized and conditional capital

As at 31 December 2021 and in the prior three years, the company has no authorized share capital or conditional share capital.

Changes in capital

Date	Nominal share capital	Registered shares	Event
10 October 2019	CHF 1,585,814.60	158,581,460	Share split 1:10
31 January 2019	CHF 1,585,814.60	15,858,146	Capital increase: CHF 231,528.90 (contribution in kind of Comparex)
17 November 2015	CHF 1,354,285.70	13,542,857	Capital increase: CHF 169,285.70
28 June 2013	CHF 1,185,000.00	11,850,000	Incorporation

SoftwareONE was incorporated and registered in the commercial register of the canton of Nidwalden on 28 June 2013, with a share capital of CHF 1,185,000.00, divided into 11,850,000 registered shares with a nominal value of CHF 0.10 each. The company's initial share capital was paid up by way (i) of a contribution in kind of 1,184,950 registered shares with a nominal value of CHF 1.00 each in SoftwareONE AG and (ii) by way of a cash contribution of CHF4,430.40.

On 17 November 2015, SoftwareONE's share capital was increased by CHF 169,285.70 to CHF 1,354,285.70 by issuing 1,692,857 registered shares with a nominal value of CHF0.10 each. On 31 January 2019, SoftwareONE's share capital was increased by CHF231,528.90 to CHF1,585,814.60 by issuing 2,315,289 registered shares with a nominal value of CHF 0.10 each against contribution in kind of all registered shares of COMPAREX AG ('COMPAREX').

On 10 October 2019, SoftwareONE's Extraordinary General Meeting of shareholders (EGM) resolved to split one existing registered share with a nominal value of CHF0.10 each into 10 registered shares with a nominal value of CHF 0.01 each. Thus, as at 11 October 2019 (date of registration of the split of the ordinary share capital in the commercial register of the canton of Nidwalden), SoftwareONE had a nominal share capital of CHF1,585,814.60, divided into 158,581,460 fully paid-in registered shares with a nominal value of CHF0.01 each.

Duty to make an offer

Prior to SoftwareONE's listing on the SIX Swiss Exchange in October 2019, its shareholders decided to increase the mandatory offer threshold to make a public takeover offer pursuant to Art. 135 FMIA by way of an opting-up clause in its AoI from the standard 33⅓% to the level of 49% of the voting rights.

The opting-up provision is the result of the particular shareholder structure of SoftwareONE at the time of the IPO. It is intended to grant the company sufficient flexibility in its initial phase as a public company and shall limit the risk of unintentionally triggering a mandatory bid offer by the founding shareholders because of a corporate transaction.

Participation and dividend-right certificates

As at 31 December 2021, SoftwareONE has issued neither participation certificates nor profit sharing certificates.

Limitations on convertible bonds and options

As at 31 December 2021, neither SoftwareONE nor any of its subsidiaries have issued any bonds, convertible bonds, similar debt instruments or option rights that are convertible into equity securities of the company.

Board of Directors

Composition of the Board of Directors

The Nomination and Compensation Committee (NCC) strives to achieve a BoD composition with appropriate professional backgrounds and experience as well as diversity among the members of the BoD, including gender diversity and excluding age or tenure limitations.

During the reporting period, the following members formed part of the BoD. As at 31 December 2021, the BoD consisted of nine members:

Name	Nationality	Born	First elected	Significant shareholder	Education	Background
Daniel von Stockar Chairman	Swiss	1961	2013	Yes	Economics	Entrepreneur, Founder SoftwareONE
Peter Kurer Lead Independent Director	Swiss	1949	2013	No	Law	Former Chairman of Sunrise and UBS
René Gilli	Swiss	1958	2013	Yes	Economics and information technology	Founder SoftwareONE
Jean-Pierre Saad	Belgian	1980	2015	No	Engineering, computer and communications	Technology and telecom investments, KKR
Marie-Pierre Rogers	Spanish	1960	2019	No	Business	Leader Board Practice, Spencer Stuart Switzerland
Timo Ihamuotila	Finnish	1966	2019	No	Economics and finance	CFO, ABB Ltd
José Alberto Duarte	Portuguese	1968	2019	No	Accounting, management, marketing	CEO, Infovista
Isabelle Romy	Swiss	1965	2021[1)]	No	Law	Attorney, University Professor
Adam Warby	United Kingdom	1960	2021[1)]	No	Mechanical engineering	Founder and CEO, Avanade

1) These BoD members were elected by the EGM held on 20 May 2021.

Individual Board members

Daniel von Stockar
(founding shareholder)

Role
(non-executive)
Chairman of the Board of Directors and member of the Nomination and Compensation Committee and member of the ad hoc ESG Committee

First elected
2013

Nationality
Swiss

Professional experience and external appointments
Owner and Chairman of the Board of Directors of von Stockar Immobilien AG and Chairman of the Board of Directors of Pro Domi AG.

Education
Master's degree in economics from the University of Zurich in 1990, and doctorate in 1995.

René Gilli
(founding shareholder)

Role
(non-executive)
Member of the Board of Directors and member of the ad hoc ESG Committee

First elected
2013

Nationality
Swiss

Professional experience and external appointments
Currently Chairman of the Board of Directors of Alivant AG.

Education
Degree in economics and information technology from the Lucerne University of Applied Sciences and Art.

Peter Kurer

Role
(non-executive)
Lead Independent Director and member of the Nomination and Compensation Committee

First elected
2013

Nationality
Swiss

Professional experience and external appointments
From 1991 to 2001, Partner at Homburger, Zurich, Switzerland. From 2001 to 2008, General Counsel and member of the group Executive Board of UBS AG, Zurich, Switzerland, and from 2008 to 2009, Non-Executive Chairman of the Board of Directors of UBS AG, Zurich, Switzerland. Chairman of the Board of Directors of Swiss listed Sunrise Communications Group AG from 2016 to 2020. Currently non-executive Partner of BLR & Partners AG, Thalwil, Switzerland and non-executive Chairman of the Board of Directors of Kein&Aber AG, Zurich, Switzerland.

From 2010 to 2019, Chairman of the Advisory Board (which is not a supreme governing body) of Spencer Stuart & Associates B.V., Zurich Branch, Switzerland. Since 2012, member of the Swiss Advisory Board (also not a supreme governing body) of Accenture AG, Zurich, Switzerland.

Education
Law degree (lic. iur.) from the University of Zurich, a PhD in Law (Dr. iur.) from the University of Zurich and a Master of Laws (LLM) from the University of Chicago.

Jean-Pierre Saad

Role
(non-executive)
Member of the Audit Committee

First elected
2015

Currently, a Partner at KKR and member of European Private Equity platform at KKR where he leads the TMT activities. He is a member of the European Private Equity Investment Committee, Portfolio Management Committee and KKR's Tech Growth Equity Investment Committee. Currently member of the Board of Directors of Cegid, Devoteam, Masmovil and Exact.

Previously a member of the Board of Directors of United Group B.V. and NXP Semiconductors N.V. Prior to joining KKR in 2008, he worked in the TMT team at Lehman Brothers in London.

Education
Grande Ecole degree from HEC Paris and an Engineering degree with high distinction in Computer and Communications from the American University of Beirut.

Marie-Pierre Rogers

Role
(non-executive)
Chairwoman of the Nomination and Compensation Committee

First elected
2019

Nationality
Spanish

Professional experience and external appointments
Previously, executive career in Supply Chain and Transportation with DHL, FedEx and IATA, as well as in Technology at Citibank and CEO and Member of the Board of CPGMarket.com from 2000 to 2006. Member of the Board La Virgen from 2014 to 2017.

Currently leading Spencer Stuart's Board Practice in Switzerland and a member of the firm's global Industrial and Technology, Media & Telecommunications practices. She focuses on non-executive and C-level roles in the technology and industrial spaces.

Education
MBA from the University of Chicago Booth School of Business.

Timo Ihamuotila

Role
(non-executive)
Chairman of the Audit Committee

First elected
2019

Nationality
Finnish

Professional experience and external appointments
Held various positions at Nokia Corporation and worked for Citibank plc. From April 2013 to April 2017, Member of the Board of Uponor Corporation and Chairman of the Audit Committee of Uponor Corporation. From 2011 to 2015, Member of the Board of the Finland Chamber of Commerce.

Currently serving as Chief Financial Officer and Member of the Group Executive Committee of ABB Ltd, Switzerland.

Education
Master of Science in economics and a licentiate of science in finance from the Helsinki School of Economics.

José Alberto Duarte

Role
(non-executive)
Member of the Audit Committee

First elected
2019

Nationality
Portuguese

Professional experience and external appointments
Extensive background in leading publicly listed and privately held global technology companies with a particular focus on high growth and transformation. Started his career at Unilever Portugal and Accenture (previously Andersen Consulting). Worked at SAP for approximately 20 years, holding various positions within the SAP organization. CEO of Infinitas Learning and CEO of Unit4. From January 2015 to August 2017, non-executive director positions at Bureau Van Dijk and from December 2012 to June 2017, at TechEdge. From October 2016 to January 2019, active Non-Executive Director at Infovista. From January 2019 to June 2021, Non-Executive Director at Gelato.

Since January 2019, Chief Executive Officer of Infovista and Chairman of the Advisory Board of ProAlpha. Since October 2019, Non-Executive Director of Expereo.

Education
Degree in accounting and management from the Instituto Superior de Contabilidade e Administração de Lisboa and post-graduate education in global leadership at INSEAD and sales and marketing at ISTE.

Adam Warby

Role
(non-executive)
Member of the Nomination and Compensation Committee

First elected
2021

Nationality
United Kingdom

Professional experience and external appointments
Previously CEO and founding member of Avanade, Inc. from 2008 to 2019. Various management roles at Microsoft, the most recent as General Manager Midwest in the US, from 1991 to 2000.

Currently Chairman of Junior Achievement Europe, Chairman of Heidrick & Struggles International, Inc., member of the Board of SimCorp A/S as well as senior technology advisor to KKR.

Education
Bachelor of Science in Mechanical Engineering from Imperial College London.

Isabelle Romy

Role
(non-executive)
Member of the Audit Committee and Chairwoman of the ad hoc Board ESG Committee

First elected
2021

Nationality
Swiss

Professional experience and external appointments
Previously Partner at two large law firms in Zurich, Member of the Board of Directors of UBS Group AG and of UBS AG (member of the audit committee and of the GNC) from 2012 to 2020, member of the ethical commission at the EPFL from 1999 until 2007, deputy judge at the Swiss Federal Supreme Court from 2003 to 2008 and member of the Swiss Committee for UNICEF from 2015 to 2020.

Currently Partner at Kellerhals Carrard, Vice-Chairperson of the Sanction Commission of SIX Swiss Exchange and Chairperson of the Board of Central Real Estate Holding Ltd. and Rhystadt Ltd.

Education
Law degree (lic. iur) from the University of Lausanne, PhD in Law (Dr. iur) from the University of Lausanne, Switzerland and Professor of the University of Fribourg and the EPFL, Switzerland. Admitted to the Zurich and Swiss Bar Association.

Compensation of the Board of Directors

The shareholders' meeting shall approve annually and separately the proposals of the BoD in relation to the maximum aggregate compensation of the BoD for the period until the next ordinary shareholders' meeting. The compensation of the members of the BoD consists of an annual base fee and an additional compensation awarded for duties pursued in BoD committees as Chairpersons or ordinary members. In line with Art. 18 of SoftwareONE's AoI and to ensure the independence of the members of the BoD in executing their supervision duties, the compensation of the members of the BoD is in the form of a fixed amount (that is, no performance-related variable compensation component in place). Moreover, based on peer group and benchmarking as mentioned in the compensation report, it is in accordance with best market practice standards.

Effective from the 2020 AGM, the BoD's total compensation is paid out 60% in cash and 40% in SoftwareONE shares. The shares allocated as part of the members of the BoD's total compensation are blocked for a period of three years. Through the introduction of a share element, the long-term focus of the BoD in performing its duties is further strengthened and the interest further aligned with that of SoftwareONE's shareholders. More details on compensation and post-employment benefits of the BoD can be found in the compensation report.

The members of the BoD may only be granted loans and credits up to a maximum amount of CHF 1,000,000, at market-based conditions and in compliance with the applicable rules of abstention.

Rules in the articles of association regarding compensation

Reference is made to the AoI and the compensation report regarding the additional amount for the compensation of members of the EB appointed after the vote of the AGM on compensation as well as to loans, credits and pension benefits of Board members and members of the EB, which follow the rules in the articles of association concerning the principles on performance-related compensation and on the allocation of equity securities, conversion and option rights.

Duties and responsibilities of the Board of Directors

The legal foundation of the BoD's responsibilities is provided by Art. 716a of the Swiss Code of Obligations.

The BoD has a supervisory role and takes strategy, finance and personnel decisions in accordance with the law, the AoI and the OrgR. It also supports, advises and encourages management. The overall guiding principle for the BoD is full accountability to all shareholders and stakeholders of SoftwareONE and a style marked by a culture of openness and mutual respect.

The BoD meets at least six times per year (four quarterly report meetings, a strategy off-site, and a medium-term planning and budgeting meeting) and meetings are held in person but can also be held via telephone or video conference or by means of other electronic media. Owing to the COVID-19 situation, of the six ordinary BoD meetings that were held in 2021, all but the one on 15 September were held by video conference. The strategy meeting includes cultural aspects, including how to drive cultural change to foster overall good corporate governance. Further focus is placed on company performance and integrity as well as on how to accelerate integration in relation to external growth such as mergers and acquisitions. In addition, a call with the BoD members is held to approve the motions of the Audit Committee (AC) for the year-end reporting. Extraordinary meetings are held if and when urgent decisions are required.

Environmental, Social & Corporate Governance (ESG)

To realize the ambitions harbored by the BoD for a sustainable future of SoftwareONE, the BoD launched an ESG initiative in 2021 which is ongoing and which requires the creation of a structure to ensure that the voices within the company are heard and considered. To assist the BoD with preparation work and the channeling of information, the BoD created an ad hoc ESG Committee that is chaired by Isabelle Romy, who is uniquely suited to guide the project. The ad hoc ESG Committee has mandated the CEO to drive this initiative, relying considerably on his passion and deep-rooted commitment to the cause. With the support of an ESG Steering Group consisting of the EB, the Chief Human Resources Officer, the Chief Marketing Officer and flanked by several working groups comprising employees who have exposure to or who are already heavily involved in sustainable projects, the CEO is managing the sustainability journey for the company. The details are further contained in the Sustainability Section of the Annual Report.

In parallel to the ESG journey, SoftwareONE continues to invest in its Academy, through ONE Impact and with a range of initiatives, such as ONE Tree Planted, Harmony Day and various local community support schemes. SoftwareONE is proud to support these causes with the passion and backing of its employees.

Interaction with shareholders and stakeholders

A key mandate of the BoD is to build and maintain an ongoing dialogue with its shareholders and other stakeholders. Engagement discussions with investors and proxy advisors outside financial and strategy matters such as governance, compensation and corporate social responsibility are steered by the Chairperson of the BoD, supported by the Lead Independent Director and the Chairperson of the Nomination and Compensation Committee.

Specific Board activities during the reporting period

During the 2021 financial year, six ordinary meetings of the BoD were held, with an average length of 6.5 hours. The average attendance at BoD meetings in 2021 was 100% (for individual attendances, see section Availability and External mandates below).

In addition to the regular meeting agenda items, in 2021 the BoD specifically focused on topics such as:

- Strategy review and implementation, in particular concerning specific growth areas, industry verticals and M&A;
- The InterGrupo integration;
- Aligning with the Microsoft roadmap;
- Driving the services portfolio;
- Customer trends, structural industry changes, new technologies and innovation;
- Global talent management and succession planning, including in relation to the EB and the BoD;
- BoD assessment;
- Navigating the challenges of the global pandemic;
- Reviewing ESG strategies and projects;
- Audit Committee and Nomination and Compensation Committee matters.

Board of Directors' internal organization

The BoD has delegated certain responsibilities, including the preparation and execution of resolutions, to two committees. In addition, to ensure that it is part of the dialogue on ambitions and is able to lend full support, the BoD has introduced an ad hoc ESG Committee. The responsibility for the duties and powers assigned to these committees is retained by the BoD.

The BoD has established the following two standing committees:

- Audit Committee (AC);
- Nomination and Compensation Committee (NCC).

Each standing committee consists of an independent Chairperson and at least two other members of the BoD. The NCC consists of four members which are elected annually by the General Meeting of shareholders. The duties and authorities of the committees are set forth in the Audit Committee Charter and the Nomination and Compensation Committee Charter, respectively, as well as in SoftwareONE's OrgR. The committees' operating principles are aligned with and complementary to those applicable for the overall BoD.

BoD committees are structured non-redundantly and working topics are clearly assigned and handled by only one committee. The BoD Chairperson coordinates committee work in case of potential overlaps. All materials used in BoD committee meetings are made available to all BoD members, who are invited to contact the committee Chairperson, the BoD Chairperson or the CEO with any clarifying questions (exceptions may apply to materials of the NCC).

There are no overlaps of directors between the two committees and both committees are chaired by an independent member of the BoD.

The BoD has established the additional key positions of Vice-Chairperson and Lead Independent Director, whose duties and competencies are described in the sections Vice-Chairperson of the Board of Directors and Lead Independent Director of the OrgR. The functions of the Vice-Chairperson and the Lead Independent Director can be combined and be performed by the same BoD Member. The Vice-Chairperson or Independent Lead Director will chair the Board and any general meeting in the absence of the Chairperson.

Chairperson of the Board of Directors

The Chairperson is entrusted with leading and managing the BoD and is responsible for establishing an appropriate structure and governance system that enables the BoD to render its duties efficiently and in the best interests of the company. The Chairperson encourages alternative views and constructive dissent, leveraging individual insights of BoD members while keeping the focus on the agenda topics and driving aligned decision-making.

The Chairperson further represents the opinions and views of the BoD towards SoftwareONE's internal and external stakeholders. In exercising these duties, the Chairperson is guided by SoftwareONE's conflict of interest policies and, if needed, will be supported by the Lead Independent Director.

In cooperation with the CEO, the Chairperson ensures that the information flows on all aspects of the company which are relevant for the meeting preparation, deliberations and decision-making are made available to all members of the BoD. In case of an emergency, when immediate action is required to safeguard the interests of the company, and where a regular BoD resolution cannot be reasonably passed in due time, the Chairperson, has the power, together with the CEO or any other appropriate member of the BoD or the EB, to make all decisions and actions which otherwise would be reserved for the BoD. If the Chairperson is absent, this entitlement falls to the Vice-Chairperson or the Lead Independent Director. The Chairperson shall promptly inform all members of the BoD of such decisions and actions and they shall be confirmed and properly recorded in the minutes at the next meeting of the BoD.

The power and duties of the BoD Chairperson are set out in Section 3.8 of the OrgR.

Vice-Chairperson of the Board of Directors

The OrgR revised in 2021 stipulates that the role of the Lead Independent Director (LID) and that of the Vice-Chairperson can be combined and performed by the same BoD Member. Throughout 2021, the LID assumed the role of the Vice-Chairperson.

If the Chairperson is temporarily unable or unavailable to exercise the function, the LID either assumes the Chairperson's duties him or herself or delegates them within the BoD or to suitable company representatives.

Lead Independent Director

The BoD assigns such powers and duties to the Lead Independent Director (LID) as it deems necessary (see Section 3.10 of the OrgR).

The LID has the right and duty to call meetings of the independent BoD members if they deem it necessary, but in particular, when the independent decision-making process seems to be compromised. The LID further acts as the point of contact for BoD members and investors if they have concerns with respect to the independent decision-making process.

The BoD further provides the independent BoD members under the lead of the LID with financial resources to mandate external advice if this is deemed necessary by the LID to foster independent decision-making of the BoD.

Moreover, the LID supports the Chairperson in governance and strategy-related investor engagements. At the request of shareholders, the LID would conduct these engagements without the Chairperson.

Availability and statutory provisions regarding external mandates

SoftwareONE's AoI provide that the company's BoD is composed of at least three and not more than 12 members, including the Chairperson of the BoD.

No member of the BoD may hold more than four additional mandates in listed companies and more than six mandates in non-listed companies.

Mandates within the meaning of this provision shall mean mandates in the supreme managing or administrative body of a legal entity, which is required to be entered in the commercial register or a corresponding register abroad. Mandates in different legal entities under common control or owned by the same beneficial owner shall be deemed to constitute a single mandate.

The following mandates are not subject to these limitations:

1) Mandates in companies which are controlled by the company or which control the company;
2) Mandates held at the request of the company or companies controlled by it. No member of the BoD or of the EB may hold more than 10 such mandates;
3) Mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the BoD or of the EB may hold more than six such mandates.

All members of the BoD remained within the statutory maximum numbers of outside mandates in listed and non-listed companies and organizations. The following table shows the availability and outside mandates of the members of the BoD:

Name	Board meetings	Audit Committee meetings	Nomination and Compensation Committee meetings	External mandates (listed|non-listed) 1)	
Daniel von Stockar	6/6		6 / 6	0	2
Peter Kurer	6/6		6 / 6	0	1
René Gilli	6/6			0	1
Jean-Pierre Saad	6/6	4/4		0	5
Marie-Pierre Rogers	6/6		6/6	0	0
Timo Ihamuotila	6/6	4/4		1	0
José Alberto Duarte	6/6	4/4		1	2
Isabelle Romy	6/6 2)	4/4 2)		0	1
Adam Warby	6/6 2)		5/6 2)	1	2
Average meeting length	**6:30h**	**2:30h**	**2:30h**		

1) Maximum number allowed in listed companies is four, and is six for non-listed companies.
2) Attendance as a guest in the meetings that preceded the election at the AGM

Board of Directors' independence assessment

The BoD generally defines the independence of its members within the meaning of the provisions of the Swiss Code. Accordingly, all non-executive members of the BoD who have never been a member of the EB (of the company or any direct or indirect subsidiary of the company), or who were members thereof more than three years ago, and who have no or comparatively minor business relations with the company (or any direct or indirect subsidiary of the company), are considered independent. Consequently, all members of the BoD are non-executive and considered independent according to the Swiss Code.

The BoD is committed to ensuring an independent decision-making process and is aware that BoD members representing large shareholders, even if they are the company's founders who continue to contribute to its prosperous development, may be considered non-independent. Consequently, the BoD appointed a Lead Independent Director with far-reaching competencies as well as independent Chairpersons to the Nomination and Compensation Committee and the Audit Committee. Through their casting votes, these two Chairpersons ensure the independent decision-making of both committees.

Independent decision-making/conflict management

The CEO, CFO and, as directed by the CEO, other EB members are required to attend meetings of the BoD to provide detailed information on the current state of the business and offer their views on strategic questions. EB members have no voting rights and will leave the room in case discussions and/or decisions concern the EB or their own position. A private meeting with BoD members will only be held before or at the end of each Board meeting.

In 2021, the CEO, CFO and other EB members participated in all six of the six meetings of the BoD. The CEO informs the members of the BoD in a monthly letter about SoftwareONE's business performance and about material events affecting the company. During BoD meetings, each director may request and receive information from other directors, the CEO, the EB and other persons present on all affairs relating to SoftwareONE or its subsidiaries.

In each regular BoD meeting, the Chairpersons of the AC, the NCC and most recently the Chairperson ad hoc ESG Committee will provide the BoD with an update of the committees' work.

In case information or, to the extent where it is necessary to perform their duties, examination of the business records is requested by a member of the BoD outside of a meeting, such a request must be addressed to the Secretary of the BoD and be approved by the Chairperson of the BoD. If the request concerns a potential conflict of interest for the Chairperson, it shall be addressed to the BoD for decision.

The BoD has the power to mandate external advisors if an outside view is deemed necessary for an independent decision-making of the BoD. Third parties (for example legal counsels, auditors or financial and other advisors) are admitted to BoD meetings on an exceptional basis if proposed by a BoD member or by the CEO and approved by the Chairperson. In 2021, the BoD invited external experts to two of its meetings, the AC to four of its meetings and the NCC to three of its meetings.

The agenda-setting for the BoD annual cycle and for individual meetings is the remit of the Chairperson. In case the Chairperson is considered non-independent, the agenda-setting will be conducted together with the Lead Independent Director, who must approve the set agenda. Meeting minutes reflect the deliberations and decisions taken by the BoD including, if requested, dissenting opinions of and votes cast by members of the BoD. The Board secretary will make available to the members of the BoD a copy of the minutes once they have been signed. Members of the BoD may examine the minutes of any meeting at any time.

Audit Committee

Key responsibilities and duties

The AC is composed of at least three members of the BoD. As at 31 December 2021, the AC was composed of four members. The members of the AC and the Chairperson are appointed annually by the BoD, which aims to appoint non-executive and independent (within the meaning of the Swiss Code) members of the BoD. The Chairperson of the AC must be an independent BoD member other than the Chairperson of the BoD. The members, including the Chairperson of the AC, should be experienced in financial and accounting matters. The term of office of the AC members ends at the closing of the next Annual General Meeting. Re-appointments are possible. The AC meets whenever required by the business, and at least four times per year.

The AC supports the BoD in the fulfilment of its duties as per Art. 716a CO in the areas of financial controls (supervision of internal and external auditing, monitoring of financial reporting), supervision of persons entrusted with the management of the group (assessing the effectiveness of internal and external control systems), risk management processes and oversight of key non-financial processes (corporate social responsibility and compliance). Its duties and responsibilities are set out in the AC Charter.

Audit Committee activities in the reporting period

In 2021, the AC held four meetings by video conference, taking place in March, June, August and December, with an average duration of 2:30h. The committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the AC:

- Discussed the coverage of the group audit;
- Evaluated the liquidity reserves;
- Discussed the impact of COVID-19 on liquidity and the business portfolio;
- Reviewed the risk map and internal and external audit plans;
- Reviewed the draft 2020 annual report and the draft 2021 half year report;
- Reviewed internal policies, including the treasury policy.

The AC sets the audit plan for a period of several years as well as the scope of the internal and external audits and approves the guidelines for the work of the Internal Audit department as well as for the company's compliance and supply chain organization. It reviews and approves the internal and external audit plans, changes to the plans, activities, scope and budget as well as accounting policies. The AC approves both the fees for the external auditors as well as the salary of the Head of Internal Audit. The AC challenges the appropriateness of risk-based estimates and judgements as well as the methods used to account for unusual transactions. Furthermore, the AC defines the organizational structure of the Internal Audit function and sets and reviews the qualifications of the Internal Audit organization as deemed appropriate. The AC may hold meetings with representatives of the internal and external auditors without the presence of management. Such meetings must take place at least once per year with the external auditor. In 2021, the AC held one meeting with the internal auditors and four meetings with the external auditors.

Furthermore, it is the AC's responsibility to assess the performance of the internal and external auditors as well as their cooperation with one another.

In consultation with management and the external and internal auditors, the AC discusses the integrity of SoftwareONE's financial reporting processes, management controls, compliance management and the functionality of internal controls, reviews significant financial risk exposures and the steps taken by management to monitor, control and report such exposures.

The Head of Internal Audit and the Group General Counsel have a direct reporting line to the AC in case of significant compliance issues with the potential for major financial or reputational damage, including issues concerning management. The AC has direct access to the Internal Audit department and may obtain all information required by it within the group as well as question the employees concerned. The AC will ensure that it receives regular information from both the internal and the external auditors. The AC has the overriding supervision of internal and external auditing.

Interactions with the Executive Board

The AC regularly invites the CEO, the CFO and other members of the EB or, subject to prior notification of the responsible member of the EB, members of the company's management or other key employees to its meetings, as deemed desirable or appropriate. Furthermore, upon invitation by the AC Chairperson or, in their absence, the member of the AC calling a meeting, other executive officers/employees of the company or its subsidiaries shall also participate in meetings of the AC on a consultative basis. Third parties may also be invited to participate in meetings of the AC on a consultative basis. In 2021, SoftwareONE's CFO participated in all four AC meetings.

Risk management

The BoD is responsible for overseeing SoftwareONE's risk management and internal control systems for which the BoD has mandated the AC. The AC monitors the strategic risk management processes and reviews the risk management framework against the company's risk management strategy, providing recommendations and appropriate mitigations. It further assesses the robustness of the company's risk management policies and processes related to the risk management strategy. These systems provide appropriate security against significant inaccuracies and material losses.

Based on its risk management oversight activities, the AC makes proposals to the BoD regarding the company's corporate governance, compliance and corporate responsibility framework and assesses the effectiveness of the internal control system related to key financial processes, forms a view on the situation concerning compliance with applicable standards and guidelines, and develops these further.

Embedded throughout the business, the group risk management function ensures an integrated approach to managing current and emerging threats. Risk management plays a key role in business strategy and planning discussions. At SoftwareONE, the group risk management function falls within the responsibility of the CFO.

Strategic risk management has identified key areas of strategic risks that are constantly monitored by group risk management and the AC. The following key strategic risk categories have been identified:

Strategic business risks, eg:
- Economic crisis;
- Significance losses of the value chain in software & cloud;
- Slow innovation;
- Unsuccessful new service models;
- Slow multivendor model adoption.

Operational risks, eg:
- IT security;
- IT applications;
- Employee "fatigue" due to COVID19;
- Operational excellence issues (scalable and efficient business model).

Financial risks, eg:
- Unhedged market risk;
- Accounts receivable risk;
- Currency fluctuation risk;
- Transfer pricing;
- Tax risks;
- Performance measurement and controlling.

Legal and compliance risks, eg:
- Non-conformity, illegal acts, internal or external fraud;
- Reputational risk;

– Professional liabilities with service business;
– Non-compliance with laws and regulations, including stock market regulations;
– Internal or external fraud.

Risk management is carried out by line management, controlled by the CFO under policies approved by the BoD and is reviewed and supervised by the AC. Strategic risks are identified, evaluated and managed in close co-operation with the group's operating units. The BoD provides written principles for overall strategic risk management, as well as written policies covering specific areas within the risk categories.

IT security, including cyber and data security, is a key risk factor. The company's risk management system covers the processes of the entire application management of all local and global IT systems, and ensures a regular monitoring as well as update of its IT systems and processes to ensure reliability, business continuity and performance.

SoftwareONE is certified to international standards on systems management, including ISO 9001:2008 on quality management systems, ISO 14001:2015 on environmental management systems and ISO 27001:2005 on information security management.

Quality audits are an integral part of SoftwareONE's quality management system and cover the control of the established processes to fulfill all required regulatory industry standards.

The AC periodically monitors the risk assessment of SoftwareONE and assesses the proposed risk mitigation measures proposed by the EB on a semi-annual basis.

Audit of non-financial topics and corporate social responsibility

A key non-financial risk for SoftwareONE concerns reputation with respect to its IT security. Therefore, the assessment of the related processes and reviews are an important ongoing task for Internal Audit. To ensure that the appropriate specialists in Internal Audit are able to conduct their assessments according to the highest and most recent industry standards, SoftwareONE is dedicated to providing relevant training and resources needed by Internal Audit.

SoftwareONE's BoD is committed to a sustainable future, and a material component of an ESG program is the setting of goals and measuring their progress. As part of the ESG journey, SoftwareONE is defining new targets, which it will validate against recognized reporting standards in order to increase transparency and provide consistent reporting.

External audit

a. Mandate external audit

The AC supports the BoD in the nomination of the external auditors to be proposed to the Annual General Meeting for election or re-election. It assesses annually the external auditor's qualifications, effectiveness, past performance and independence, in particular related to any further consulting mandates. In connection with the appointment of the external auditor, the AC further approves the audit program, the annual fees and annually reviews the fee budget and actual audit fees incurred.

b. External auditor

Since its incorporation in 2013, SoftwareONE's statutory external auditors have been Ernst & Young AG (CHE- 491.907.686) ('EY'), Maagplatz 1, 8005 Zurich, Switzerland. The current auditor in charge is Mr Kaspar Streiff, who has been the lead auditor since 2016. In line with the Swiss Code of Obligations and to foster external auditor independence, the lead auditor is replaced every seven years.

The external auditor is elected (or re-elected, as the case may be) at each Annual General Meeting of shareholders for a term of office until the completion of the following Annual General Meeting. Due to replacement requirements, and if re-elected, Mr Streiff would be replaced after the completion of the term of office of 2022.

c. Auditing fees and additional fees

Auditing fees	CHF 1,735,000	83 %
Additional fees (total)	CHF 366,000	17 %
– Tax	CHF 284,000	
– Transaction services	CHF 82,000	
Total fees	**CHF 2,101,000**	**100 %**

d. Information instruments pertaining to the external audit

Responsibilities of the external auditor

The external auditor is independent and accountable to the AC, the BoD and ultimately to the shareholders.

Cooperation and flow of information between the auditor and the Audit Committee

The AC liaises closely with the external auditor. In general, the lead auditor participates in the AC meetings as an advisor. In 2021, the external auditors participated in all four meetings of the AC (all conducted via video conferencing). The external auditor provides the AC with regular updates on the audit work, open audit issues and the processing thereof, all audit-related issues as well as with reports on topics requested by the AC. The external auditor has a direct reporting line to the AC and may escalate potential audit issues directly to the Chairperson of the AC. At least once a year, the AC meets the external auditor without management being present.

The AC, together with the BoD, reviews and approves in advance the planned audit services as well as a cap on additional non-audit services provided by the external auditor. It discusses the results of annual audits with the external auditor, including reports on the financial statements, necessary changes to the audit plans and critical accounting issues. It also establishes guidelines for the internal and external audit with the goal of an optimal complementarity of all audit work as important pillars of the various lines of defense.

The external auditor shares with the AC its findings on the adequacy of the financial reporting process and the efficacy of the internal controls. It informs the AC about any differences of opinion between the external auditor and management encountered during the audits, or in connection with the preparation of the financial statements, findings regarding a potential malfunctioning of internal controls or differing views between the external and the internal auditor.

Evaluation of the external auditor

The AC is responsible for recommending an audit firm to the BoD for election at the Annual General Meeting of shareholders. In Switzerland, there is no general legal requirement providing for a periodic mandatory rotation of the external auditor company, but the lead audit person must change every seven years. In order to be able to recommend an audit firm for election by the shareholders and in line with good corporate governance, the AC thoroughly evaluates the credentials of the current external auditor annually and presents its findings to the BoD. EY has a proven record of professionalism and efficiency and fully meets the high standards of SoftwareONE.

Furthermore the AC annually evaluates the performance of the external auditor.

Qualifications

At least once a year, the AC discusses with the external auditor any material issues, inquiries or investigations raised by governmental or professional authorities and steps taken to deal with any such issues.

Independence

At least once per year, the external auditor provides a formal written statement delineating all relationships with the company that might affect its independence. Any disclosed relationships or services that might interfere with the external auditor's objectivity and independence are reviewed by the AC, which then recommends appropriate action to be taken by the BoD.

Performance

This assessment measures the external auditor's performance against a number of criteria, including understanding of SoftwareONE's business; technical knowledge and expertise; comprehensiveness of the audit plans; quality of the working relationship with management and clarity of communication. It is compiled from input of key people involved in the financial reporting process and the observations of the AC members.

Nomination and Compensation Committee

Key responsibilities and duties

As at 31 December 2021, the NCC was composed of four members. The members of the NCC are each elected annually and individually at the shareholders' meeting. Their term of office ends at the closing of the next ordinary shareholders' meeting and re-election is possible. The Chairperson of the NCC is appointed by the BoD. Against the backdrop of the particular shareholder structure and in deviation from the Swiss Code, the proposed Chairperson of the NCC shall in any case be an independent member of the BoD. At least one other member shall be an independent director ensuring an independent majority (with the casting vote of the Chairperson).

If there are vacancies in the NCC, the BoD may appoint substitute members from among its members for a term of office extending until the closing of the next ordinary shareholders' meeting. The NCC meets whenever required by business, and at least three times per year.

The NCC has the powers and duties of the compensation committee as provided by Swiss law and in particular, the Ordinance against Excessive Compensation in Public Companies, as well as the powers and duties as provided in Art. 15 para. 5 of the AoI and the NCC Charter. The overall responsibility for the duties and powers assigned to the NCC shall remain with the BoD. The NCC shall regularly report to the BoD on its activities and submit the necessary proposals. Details of the compensation policies and principles can be found in the Compensation Report 2021.

Nomination and Compensation Committee activities in the reporting period

The NCC held six meetings in 2021, all six by video conference. The average duration of these calls was 2:30h. The committee focused on a number of key areas, including:

- Providing guidance on composition and succession planning of the BoD and the EB;
- A compensation framework including compensation levels and benchmark analysis for the EB and BoD;
- Preparing compensation decisions, including the setting of short-term incentive and long-term incentive targets, short-term incentive pay-outs, long-term incentive grants and salaries for EB members.

The NCC's work on compensation-related matters is described in detail in the SoftwareONE Compensation Report.

Interactions of the committee

The NCC shall regularly invite the CEO and may invite other members of the EB or, subject to prior notification of the responsible member of the EB, members of the company's management to its meetings, as it deems desirable and appropriate to responsibly fulfill its tasks.

The CEO or other members of the EB may not be present when the NCC reviews the compensation or other aspects of the employment of the relevant person. The Chairperson of the BoD or the NCC Chairperson is not present when the NCC reviews their compensation. In 2021, the CEO participated in all six meetings of the NCC. The NCC regularly consults the Chief Human Resources Officer to develop and recommend appropriate actions to the BoD.

In the process of evaluating SoftwareONE's performance against the pre-determined compensation-relevant performance metrics, the NCC generally interacts annually with the Chairperson of the AC to obtain the information on the relevant metrics.

In developing the compensation system for the 2022 financial year, the NCC worked together with external service providers HCM Hostettler & Company (HCM) for the compensation system and Willis Towers Watson (WTW) for a benchmarking review. This was HCM's only business relationship and mandate with SoftwareONE. WTW is a trading customer in the ordinary course of business of SoftwareONE.

Board of Directors renewal and succession

The BoD has to deliver its duties as a mutual decision-making body. Accordingly, the BoD must work as an efficient, effective and aligned team. Succession planning and an active renewal process for the BoD is very relevant to the company. The requirements that prospective BoD candidates must meet in terms of knowledge and experience in various key areas and the industry are constantly changing and subject to increasingly higher demands.

The NCC regularly analyzes the BoD's composition to confirm that its members' qualifications, skills and experience correspond to the BoD's needs, subject to an adequate Board size and well-balanced composition. A majority of the BoD members should be independent according to the criteria laid out in the section entitled "Board of Directors' independence assessment". Directors also need to show significant commitment, integrity and competence in intercultural communication. With regard to its succession planning, the BoD aims to safeguard the stability of its composition while also renewing the BoD in a sensible way.

In line with the required skills and experience as detailed in the section "Board of Directors' skill and experience assessment", the NCC has developed a strategy to gradually, develop the BoD composition to become more independent and proportionately reflect shareholdings.

Board of Directors' skill and experience assessment

To support the Board with its renewal and succession activities, the NCC established a skills and experience assessment that it conducts annually. The following competencies are considered the most relevant for SoftwareONE's Board:

- Experience in the technology, IT, and procurement industries;
- Finance, audit, accounting;
- Capital markets transactions;
- CEO and other executive leadership (CFO, CRO or COO) experience in a publicly listed or non-public company;
- Leadership experience as Chairperson of a Board of Directors or Board of Directors' committee in a publicly listed or non-public company;
- Human resources management, including compensation;
- Leading business operations in a global and rapidly growing business;
- Governance, legal and compliance;
- Risk management.

The NCC reviews these competencies to confirm that the BoD continues to possess the most relevant experience and expertise to perform its duties, ensuring that the leadership of SoftwareONE has the relevant proficiency required for active involvement and supervision of an international listed company and applies these as a guideline when nominating new members.

The NCC updated its strategic skills matrix that focuses on aspects such as Board size, diversity, independence, nationality, committee representation and future skills needed to better understand the priorities for future Board recruitments. In terms of nationality, the Board agreed to preserve a good balance of 'Swissness', while seeking to move away from being chiefly Western European.

The **strategic skills matrix** reflecting the BoD composition as of December 2021 is as follows:

CURRENT BOARD COMPOSITION

BOARD MEMBERS		Nationality	CEO	Finance & Risk	M&A	HR	Technology	Innovation	Business Scalability	IT/Managed Services	Governance & Compliance
Daniel von Stockar (M, 60)	Chairman & Co-Founder, Member NCC	CHE	●		●		●		●		
René Gilli (M, 63)	Founding Shareholder, Member	CHE	●				●	●	●		
Peter Kurer (M, 72)	Lead Independent Director, Member NCC	CHE		●	●	●	●				●
Timo Ihamuotila (M, 55)	Independent, Chair AC	FIN		●	●		●				
Marie-Pierre Rogers (F, 61)	Independent, Chair NCC	ESP	●			●	●				
José Duarte (M, 54)	Independent, Member AC	PRT	●		●		●		●	●	
Jean-Pierre Saad (M, 41)	Member AC	BEL		●	●		●				
Adam Warby (M, 61)	Independent, Member NCC	GBR	●		●		●	●	●	●	
Isabelle Romy (F, 57)	Independent, Member AC	CHE		●			●				●

Board of Directors' performance assessment

The BoD, in collaboration with the NCC, will carry out a regular evaluation of the BoD's and the BoD committees' performance as well as the work of the Chairperson. To this extent, the BoD is committed to an open, transparent and critical boardroom culture, which forms the basis for this annual review of its own performance and effectiveness.

The assessment is intended to review the BoD's as well as the committees' composition, organization and processes, the BoD's responsibilities governed by the OrgR and the committee charters. The committees shall further assess their accomplishments and evaluate their achievements subject to predetermined goals. The outcome of the evaluation will feed into the BoD's succession planning as described in the section "Board of Directors' skill and experience assessment".

Under the lead of the LID, a self-assessment of the BoD was performed towards the end of the reporting period. The LID's report was circulated in the BoD and a review was completed in early 2022.

Board of Directors' training and education

Education is an important priority for SoftwareONE's BoD. Newly elected BoD members attend an onboarding program tailored to their functions to gain a sound understanding of SoftwareONE's organization, business, culture and its environment. In addition to this induction program for new members, refresher programs are given to all Board members, updating and enhancing their knowledge of emerging business trends and risks, which is further intended to contribute to building a strong and effective culture in the BoD, as this is an important pillar of BoD effectiveness.

Interaction of the Board of Directors with the Executive Board

In accordance with Art. 16 of the AoI and Art. 11.2 of the OrgR, the BoD has delegated the operational management of SoftwareONE and the group based on the OrgR entirely to the EB, within the limits permitted by and subject to the powers and duties remaining with the BoD pursuant to the OrgR.

The EB supports the BoD in fulfilling its duties and prepares proposals for consideration and decision-making by the BoD. These proposals are related to the following key group responsibilities: long-term strategy, business plan resilience, organizational structure, accounting principles, finance, capital markets, risk management including insurance, HR matters, corporate social responsibility, share capital and financing in general as well as for important strategic transactions. BoD resolutions shall result in appropriate feedback and unambiguous instructions to the CEO and other members of management.

The BoD supervises and monitors the performance of the EB through reporting and controlling processes. The CEO and other EB members regularly provide reports and updates to the BoD. These include information on key performance indicators and other relevant financial data, current and forward-looking risks and on developments in important markets, the industry and material events. The Chairperson of the BoD regularly meets with the CEO and other EB members outside of regular BoD meetings and individual BoD members will meet individual EB members with whom they are paired under a structured mentoring program. SoftwareONE has an information and financial reporting system. The annual targets are reviewed by the EB in detail and are approved by the BoD. SoftwareONE has adopted and implemented a formal approach to risk management and control, described in more detail in the section Audit Committee.

The BoD remains entitled to resolve any matters which are not delegated to or reserved for the Annual General Meeting of shareholders or another executive body of the company by law, the AoI or the OrgR. Furthermore, the BoD may, at any time on a case-by-case basis or according to a general reservation of powers provided in the OrgR, intervene in the tasks and powers of a subordinate EB and resolve the relevant matter itself.

Executive Board

Composition of the Executive Board

The CEO and the other members of the EB are appointed and dismissed by the BoD. The BoD is supported by the NCC, which prepares all relevant decisions of the BoD in relation to the nomination of the CEO and the other members of the EB and submits proposals and recommendations to the BoD.

As at 31 December 2021, the EB was composed as follows:

Dieter Schlosser

Role
Chief Executive Officer

Joined SoftwareONE in
2012

Nationality
German

Professional experience and external appointments
Previously held several positions in the IT departments of large companies in the oil and gas, mining, automotive and pharmaceutical sectors.

Joined SoftwareONE in 2012 as Chief Operating Officer.

No external appointments.

Education
Degree in business management from Württembergische Verwaltungs- und Wirtschafts-Akademie e.V.

Hans Grüter

Role
Chief Financial Officer

Joined SoftwareONE in
2014

Nationality
Swiss

Professional experience and external appointments
Previously Chief Financial Officer at COLTENE Holding AG.

Currently also Member of the Board of Directors of Continos AG.

Education
Degree from Wharton School, University of Pennsylvania (2001) and a PhD in Business Administration from the University of Zurich (1990).

Alex Alexandrov

Role
Chief Operating Officer, M&A and Strategy

Joined SoftwareONE in
2017

Nationality
American

Professional experience and external appointments
Previously a managing director at the private equity firm Thomas H. Lee Partners, where he was responsible for new investments and existing portfolios in the area of technology-enabled services.

Also, previously member of the Board of Directors of System One and System Maintenance Services. Member of the Board of Directors of CompuCom Systems, whose software business SoftwareONE acquired in 2015, until December 2016.

Since 2020, member of the Executive Advisory Board of CoveHill Partners.

Education
Graduated from the University of Texas at Austin with a bachelor's degree in economics (with high honors) and a Bachelor of Business Administration in finance (with honors), MBA from Harvard Business School.

Neil Lomax

Role
President of Sales

Joined SoftwareONE in
2008

Nationality
British

Professional experience and external appointments
Previously President of North America and a member of the group's Executive Board for worldwide sales strategy.

Joined SoftwareONE in 2008 and held several positions in the areas of sales and business development.

No external appointments.

Education
Cambridge Judge Business School with an executive education degree in business models for transformative & competitive advantage.

Bernd Schlotter

Role
President of Services

Joined SoftwareONE in
2021

Nationality
American

Professional experience and external appointments
Previously held various leadership positions in technology, IT services and consulting companies in the United States and Europe. Most recently served as Managing Director and Senior Partner at Boston Consulting Group's (BCG) Silicon Valley Office & Digital Center supporting clients in digital transformation from strategy to execution.

No external appointments.

Education
Graduated from the University of Stuttgart with a degree in Mechanical Engineering ("Diplom-Ingenieur") and an MBA from the University of California at Berkeley.

The following table provides an overview of SoftwareONE's EB:

Name	Nationality	Born	Function	Appointment	Education	External mandates (listed|non-listed)	
Dieter Schlosser	German	1966	Chief Executive Officer	2019	Business management	0	0
Hans Grüter	Swiss	1959	Chief Financial Officer	2014	PhD in business management	0	1
Alex Alexandrov	American	1979	Chief Operating Officer, M&A and Strategy	2017	Economics, finance, MBA	0	1
Neil Lomax	British	1979	President of Sales	2019	Business administration	0	0
Bernd Schlotter	American	1964	President of Services	2021	Mechanical Engineering, MBA	0	0

Management changes

The EB was expanded to five members with the addition of Bernd Schlotter.

Bernd Schlotter, who brings extensive experience in technology infrastructure, software, IT services and consulting, joined the company in August 2021 as President of Services to accelerate the Company's transformation into a provider of IP-based services and solutions at scale in combination with a strong and recurring software and cloud business.

Hans Grüter, who held the position of CFO and member of the Executive Board since February 2014, retired from his operational responsibilities at the end of 2021 but remains with the company during the early part of 2022 to ensure a seamless transition and hand-over to the new CFO, Rodolfo J. Savitzky.

Compensation of the Executive Board

The shareholders' meeting shall approve annually and separately the proposals of the BoD in relation to the maximum aggregate compensation of the EB for the next business year. More details on compensation and post-employment benefits of the EB can be found in the compensation report.

The members of the EB may only be granted loans and credits up to a maximum amount of CHF 1,000,000, at market-based conditions and in compliance with the applicable rules of abstention.

Responsibilities

The BoD has delegated the operational management of the company entirely to the CEO within the limits permitted by law and subject to the powers and duties remaining with the BoD pursuant to the OrgR.

Within the operational management delegated to the CEO pursuant to OrgR, the CEO is responsible for SoftwareONE's daily business operations and represents the company in these matters, all in accordance with the law, the AoI, the OrgR as well as the strategies, policies and guidelines set by the BoD. The CEO is responsible for the implementation of BoD resolutions and the supervision of all management levels at the company. The CEO acts as the head of the EB.

Within the EB, the CEO is the primary point of contact for the Chairperson and the other members of the BoD. The CEO represents and coordinates the positions of the EB vis-à-vis the BoD. In case of matters requiring approval by the BoD as a matter of law, the AoI or the OrgR, the CEO submits corresponding proposals to the BoD. The CEO provides information to the other members of the EB concerning the resolutions and suggestions of the BoD. The CEO ensures that resolutions are implemented and that suggestions are taken into account. The CEO represents the group, both internally and externally.

Statutory provisions regarding external mandates

According to Art. 21 of the AoI, no member of the EB may hold more than one mandate in a listed company and more than three mandates in non-listed companies. For a description of how SoftwareONE defines mandates and for transitional provisions of newly appointed EB members, please refer to the section Availability and statutory provisions regarding external mandates above.

Any mandate of a member of the EB in a legal entity outside of SoftwareONE shall be subject to prior approval by the BoD, or the NCC, where delegated.

All members of the EB remained within the statutory maximum number of outside mandates in listed and non-listed companies and organizations.

Management contracts

As at 31 December 2021, the company has not entered into any management contracts with third parties.

Shareholders’ Participation Rights

Annual General Meeting participation and voting rights restrictions

At the shareholders’ meeting, each share registered in the share register of SoftwareONE shall be entitled to one vote. For information on nominee registration, see section Transferability, share register, nominee registration and registration limitations.

Shareholders may represent their shares at the shareholders’ meeting themselves or be represented by (i) a third person who does not need to be a shareholder by means of written proxy or (ii) by the independent proxy.

The BoD determines the requirements for proxies and instructions in accordance with the laws and regulations and may establish corresponding rules, which are discussed in this section.

Independent proxy

According to Art. 10 of the AoI, the shareholders’ meeting annually elects an independent proxy. The independent proxy’s term of office begins on the day of election and ends at the end of the following ordinary shareholders’ meeting. Re-election is possible. If SoftwareONE does not have an independent proxy, the BoD shall appoint the independent proxy for the next shareholders’ meeting.

Pursuant to the Ordinance against Excessive Compensation in listed companies and SoftwareONE’s AoI, the Annual General Meeting of shareholders elects the independent proxy for a term ending at the conclusion of the next annual shareholders’ meeting. Re-election is possible.

At SoftwareONE’s AGM of shareholders held on 20 May 2021, Anwaltskanzlei Keller KLG, Zurich, Switzerland, was re-elected as the independent proxy for the term ending at the conclusion of the Annual General Meeting 2022.

Quorums required by the Articles of Incorporation

Except where the law or the AoI provide otherwise, the shareholders' meeting passes its resolutions and conducts elections by the absolute majority of the votes cast, excluding any abstentions, blank or invalid votes (see Art. 11 of the AoI).

A resolution of the shareholders’ meeting passed by at least two thirds of the votes represented at the meeting and the absolute majority of the nominal values of the shares represented at the meeting is required for:

(i) All resolutions according to Art. 704 of the Swiss Code of Obligations;

(ii) Resolutions regarding the release or cancellation of transfer restrictions of registered shares;

The Chairperson of the shareholders’ meeting determines the voting procedure.

Convocation of the Annual General Meeting of shareholders

The notice of the shareholders’ meetings shall be given by publication in the Swiss Official Gazette of Commerce (SOCG) at least 20 calendar days before the date of the meeting. The notice may also be sent by mail or e-mail to the shareholders, usufructuaries and nominees registered in the share register. The notice shall be issued by the BoD, or, if necessary, by the auditors.

The convocation notice shall include the agenda items and the proposals of the BoD as well as of the shareholders who have requested the convocation of a shareholders' meeting or who have requested that a specific item be put on the agenda.

The Annual General Meeting of shareholders for the financial year 2021 was conducted without audience based on Art. 6a of the Swiss Federal Government’s ordinances on measures to fight COVID-19. Shareholders could exercise their rights exclusively through the independent proxy and personal attendance was not permitted.

Inclusion of items on the agenda

One or several shareholders that represent at least 3% of the share capital may also request to convene a shareholders’ meeting. In this case, the BoD has to convene the meeting within 30 days. Shareholders representing at least 1% of the share capital may request items to be put on the agenda, provided the request is made at least 45 calendar days prior to the general meeting concerned. Convocation requests and requests for inclusion of agenda items need to be submitted to the BoD in written form, indicating the agenda items and proposals (see Art. 8 of the AoI).

No resolutions may be passed on motions concerning agenda items that have not been duly announced, except for motions to convene an extraordinary shareholders’ meeting, to initiate a special audit or to elect auditors upon a shareholders’ request.

No prior notice is required to submit motions relating to items already on the agenda and to discuss matters on which no resolution is to be taken.

Entries in the share register

In the invitation to the shareholders' meeting, the BoD shall announce the record date for registration in the share register that is relevant with respect to the right to attend and vote (see Art. 5 of the AoI).

Transferability, share register, nominee registration and registration limitations

SoftwareONE maintains a share register in which the owners, usufructuaries and nominees of registered shares are registered with name, address and nationality (or in case of legal entities, the registered office). In relation to the company, only those shareholders, usufructuaries or nominees registered in the share register are recognized as shareholders, usufructuaries or nominees. The company only recognizes one proxy per share.

Acquirers of shares, upon request and presentation of evidence of the transfer or establishment of the usufruct, are registered as shareholders with voting rights in the share register if they explicitly declare to hold the shares in their own name and for their own account.

Persons who do not expressly declare in the registration application that they hold the shares for their own account (nominees) shall, without further ado, be entered into the share register with voting rights up to a maximum of 3% of the total share capital outstanding. Above this threshold, nominees shall be registered as shareholders with voting rights, provided the respective nominees disclose the names, addresses, nationalities and shareholdings of the persons for which they hold 1% or more of the total share capital outstanding, provided the there is compliance with notification duties pursuant to the FMIA, as amended.

The BoD is authorized to conclude agreements with nominees on their duties of notification and to grant exemptions from the regulation described in the paragraph above in individual cases.

SoftwareONE has the right to delete entries in the share register retroactively as of the date of the entry, if the registration has been made on the basis of false information. It may give the relevant shareholder or nominee the opportunity to be heard in advance. The relevant shareholder or nominee is to be informed about the deletion without delay.

The BoD shall implement the necessary directions for maintaining the share register and it may issue corresponding regulations or guidelines. The BoD may delegate such tasks.

No exceptions were granted with respect to entry in the share register and no entries in the share register were deleted retroactively in the year under review.

Changes of Control and Defense Measures

Unvested deferred compensation may vest and employee participation plan rules may be amended upon a change of control of SoftwareONE, that is, if a new external shareholder acquires a major stake in SoftwareONE.

In accordance with Swiss law, the mandates and employment contracts of the members of the BoD and of the EB do not contain any provisions such as severance payments, notice periods of more than 12 months or additional pension fund contributions that would benefit them in a change of control situation.

The BoD or, to the extent it is delegated, the NCC, shall determine granting, vesting, exercising and/or forfeiting conditions. They may provide for a continuation, acceleration or removal of vesting and/or exercising conditions, for payment or granting of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events, such as a change of control or termination of an employment or mandate agreement. The company may source the required shares from treasury shares, purchases on the market or by using authorized or conditional share capital.

Black-out Periods

The SoftwareONE Internal Regulations against Insider Trading, which are published on the company's intranet, apply to all "Affected Persons" and "Insiders". The term "Affected Persons" includes the following:

– members of the Board of Directors;
– members of the Executive Board;
– assistants of members of the Board of Directors or the Executive management Team;
– other key employees;
– members of all management levels at the Company or any subsidiary of the company;
– local controllers of all Group Companies;
– accounting, finance and controlling of the Group;
– employees of Group Companies involved in projects dealing with assignments that may lead to price sensitive information; and
– external consultants.

"Insiders" are defined as all persons in possession of Insider Information, this being any confidential information which, if made public, would possibly have a significant effect on the price of the company's shares, any other securities, derivatives or other financial instruments derived from such securities that are admitted for trading on a trading venue in Switzerland. The General Counsel maintains a list containing the names, dates of birth and addresses of all Insiders, as well as the date on which the relevant Insider became an Insider.

Information is considered and remains "non-public" Insider Information until released to the public by the company in compliance with applicable laws and regulations and the listing rules of the SIX Swiss Exchange (the "Listing Rules"), and until the market has had enough time to absorb and evaluate the information. The SoftwareONE Internal Regulations against Insider Trading specify that any person having knowledge of material information may not attempt to "beat the market" by trading simultaneously with or shortly after the official release of such information. The regulations set out that information is deemed absorbed and evaluated by the market by the time of close of markets on trading day after the information has been publicly released (cooling-off period).

Insiders are prohibited from exploiting Insider Information and must at all times abstain from:

– trading in the Securities, that is the shares of the company, the shares of any listed Group Company and/or other traded securities to which the Insider Information relates. Trading comprises to sell or buy directly or indirectly or in concert with third parties or otherwise buy or dispose of or enter into any transaction (including any kind of equity linked or derivative transactions) having an economic effect similar to that of a sale or a purchase of Securities or other traded securities;
– encouraging or recommending to any other person, including family members, trustees and consultants to trade in the Securities or other traded securities.

Insider Information will not be disclosed to any third party, except parties who require such information to carry out their contractual or statutory duties and who are bound by confidentiality agreements (e.g. third party advisors), as well as parties for whom the disclosure of Insider Information is a prerequisite for the entry into a contract (e.g. due diligence access in the context of a merger or acquisition), in which case such a party must enter into a confidentiality commitment, be informed of the potential price-sensitivity and cautioned not to exploit the information and provided that the company maintains a record of the information that has been disclosed.

As per the SoftwareONE Internal Regulations against Insider Trading neither the company nor any Affected Persons may deal in any Securities for their own account or the account of a related person, including an investment body, during the General Black-out Periods, regardless of whether the company or Affected Person is in possession of Insider Information.

The General Black-out Periods are:

– from December 31 until the lapse of one SIX trading day following the public release of the company's annual results;
– from June 30 until the lapse of one SIX trading day following the public release of the company's semi-annual results.

Affected Persons not involved in the preparation of the financial results or without access to the information are not subject to the General Black-out Periods.

Information Policy

SoftwareONE releases its annual financial results in the form of an Annual Report. Its Annual Report is published in electronic form within three months of the 31 December balance sheet date. In addition, results for the first half of each financial year are released in electronic form within three months of the 30 June balance sheet date. SoftwareONE's Annual Report and half-year results will be announced via media releases and media and investor conferences in person, via video conference or telephone.

Information and documents pertaining to media releases, media conferences, investor updates and presentations at analyst and investor presentation conferences can be downloaded from the company's website at https://www.softwareone.com or obtained from the company upon request at SoftwareONE Holding AG, Investor Relations, Bahnhofplatz 1d, 8304 Wallisellen, Switzerland (telephone number: +41 (0) 44 832 41 37 email: investor.relations@softwareone.com).

- Email distribution list (push system);
- Ad hoc messages (pull system);
- Financial Reports;
- Corporate Calendar.

ANNUAL REPORT 2021

COMPENSATION REPORT

Letter to Shareholders

Dear Shareholders,

I am pleased to present SoftwareONE's 2021 Compensation Report on behalf of the Nomination and Compensation Committee (NCC) and the Board of Directors (BoD). Our 2021 Compensation Report outlines SoftwareONE's overall compensation policy, principles and compensation framework. It discloses the compensation awarded to members of both the BoD and the Executive Board (EB) throughout the 2021 financial year. It is compiled in accordance with the Ordinance against Excessive Compensation (OaEC) applicable to listed Swiss companies, the Directive on Information related to Corporate Governance of SIX Swiss Exchange, as well as the Swiss Code of Best Practice.

This second full financial year as a public company was characterized by the continuous development and refinement of our compensation framework. As in the previous year, the overall goal was to continue to focus on long-term value creation by aligning the interests of the EB with SoftwareONE's shareholders, as well as by recognizing and retaining talent in the highly competitive global technology market.

In the course of 2021, and in line with Swiss market best practices, we maintained our commitment to having a substantial part of the BoD remuneration (40%) paid in the form of shares. An additional benchmark conducted during 2021 showed that the compensation of the members of the BoD is in line with general market practice, both in terms of level and structure, and resulted in no changes.

For the EB, we believe our established pay-for-performance compensation framework still fits the purpose to motivate our EB members to create value for SoftwareONE and its shareholders. Nevertheless, as a result of our continuous review of market best practices and feedback obtained from shareholders, as of 2021, we introduced ownership requirements for the EB members. Furthermore, we have also implemented a clawback provision to protect the interests of both the shareholders and the company, which allows for a partial or full recovery of equity allocated to EB members under the Long-Term Incentive (LTI) plan.

Finally, our Short-Term Incentive (STI) plan has evolved with the synergies target metric replaced by the company's EBITDA margin with the aim of further strengthening management efforts to achieve operational excellence and proactive cost management. In addition, we have introduced an ESG (Environmental, Social and Governance) related metric in the company's compensation framework, now part of the individual goals which have been incremented to 15%. During 2021, the NCC further elaborated on this compensation element to ensure a proper fit to the corporate culture, goals and strategic ambitions of SoftwareONE in an ongoing volatile environment. Details of this are further outlined in the Outlook section.

The NCC will continue to undertake regular assessments, reviews and amendments to the compensation framework, to ensure SoftwareONE attracts the right talent and to align the interests of different stakeholders and maintain a high-performance culture.

2022 Annual General Meeting

In line with the OaEC and our Articles of Incorporation, we will ask our shareholders to cast a prospective and binding vote on the maximum aggregate amount of compensation for the BoD for their term of office from the 2022 AGM to the 2023 AGM and for EB members for the financial year 2023. In addition, we will ask our shareholders to endorse this 2021 Compensation Report in a consultative vote.

We look forward to receiving your support at the forthcoming AGM and thank you for your ongoing trust in SoftwareONE.

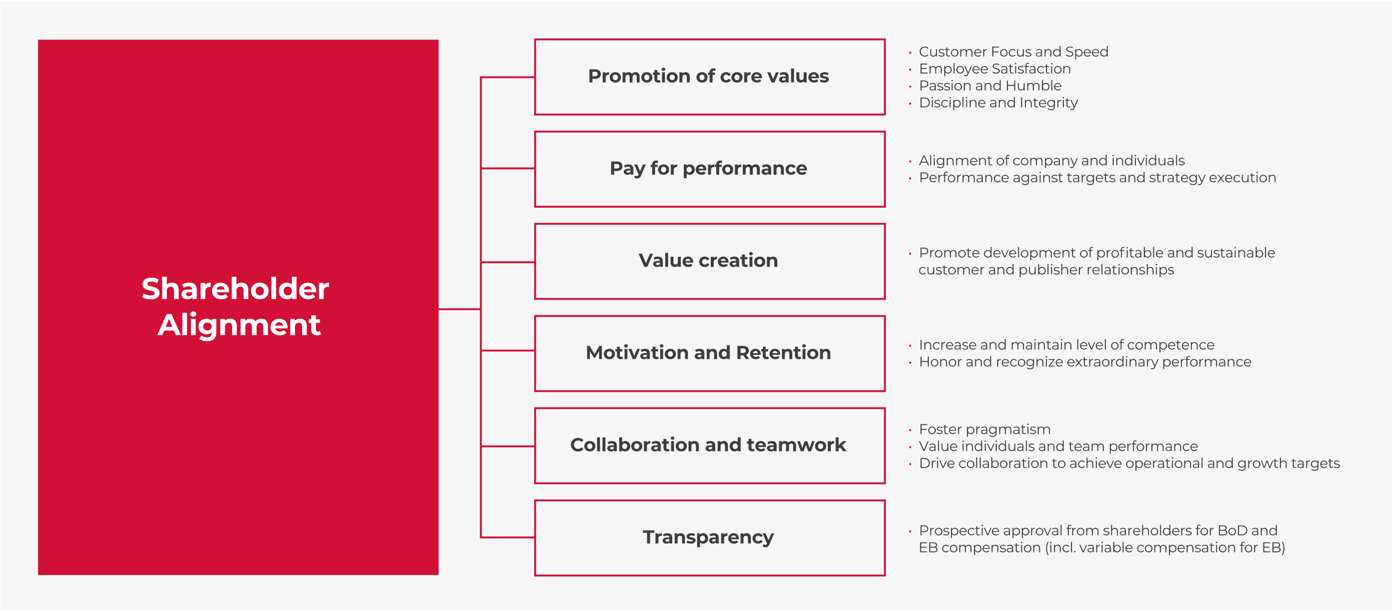
Sincerely,

Marie-Pierre Rogers
Chair of the Nomination and Compensation Committee

Compensation Policy and Principles

Our compensation policy focuses on aligning the interests of our senior leaders with those of our shareholders as well as on attracting, motivating and retaining the best talent in a highly competitive global environment. Consequently, the compensation principles applied across SoftwareONE are geared towards the following:

Compensation policy and principles



In order to assess SoftwareONE's positioning in the market and overall competitiveness, the NCC generally conducts market benchmarks every second year with regard to the compensation structure and level for both the BoD and the EB. The peer selection process is based on the company services and products, geographical presence, size and scope. Additional details on the selected peer companies are given in the respective paragraphs regarding the BoD and the EB compensation.

Compensation Governance

The compensation governance at SoftwareONE comprises three key bodies: the NCC which advises the BoD in terms of compensation-related matters, the BoD which ultimately approves the compensation-related matters and the shareholders of SoftwareONE who vote on total compensation and the compensation report at the AGM.

The Articles of Incorporation, the Organizational Regulations and the NCC Charter outline and define the roles and responsibilities of these bodies. The Articles of Incorporation of SoftwareONE contain compensation governance provisions regarding:

- Approval (binding and prospective) of compensation by the shareholders at the AGM, Art. 7 and 19
- Powers and duties of the NCC, Art. 15
- General principles of compensation, Art. 18
- Additional amount for the EB, Art. 20

The general division of duties, responsibilities and powers between these three key bodies of the compensation governance (NCC, BoD and AGM) are presented in the table below, in line with Art. 7 and Art. 19 of the Articles of Incorporation.

	CEO	NCC	BoD	AGM
Election of NCC members				A
Compensation strategy and guidelines		P	A	
Compensation principles (Articles of Incorporation)		P	A (subject to AGM approval)	A (binding vote, in case of changes)
Key terms of compensation frameworks for the BoD and EB		P	A	
Total compensation for the BoD		P	A (subject to AGM approval)	A (binding vote)
Total compensation for the EB		P	A (subject to AGM approval)	A (binding vote)
Individual total compensation for the CEO		P	A	
Individual total compensation for the other members of the EB	P	R	A	
Employment and termination agreements for the CEO		P	A	
Employment and termination agreements for other members of the EB	P	R	A	
Compensation Report		P	A	A (consultative)

A: Approve
P: Propose
R: Review

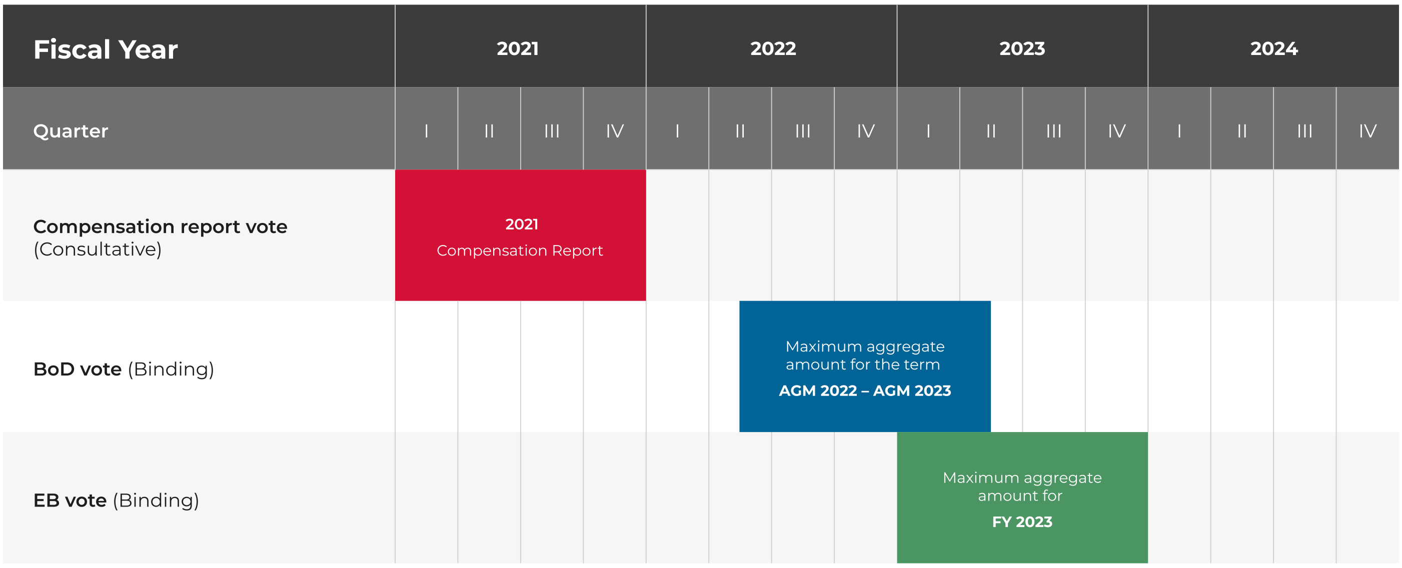
Role of the shareholders at the AGM

The BoD submits three separate compensation-related resolutions for shareholder approval at the AGM (Art. 7 and Art. 19):

- Vote I: Consultative vote for the Compensation Report of the preceding financial year
- Vote II: Binding vote on the maximum aggregate amount of compensation of the BoD for the term of office from the current to the next AGM
- Vote III: Binding vote on the maximum aggregate amount of compensation of the EB for the following financial year

The graph below illustrates these compensation-related resolutions for shareholder approval at the 2022 AGM and also illustrates their impact on the respective financial year:

OVERVIEW OF SAY-ON-PAY VOTES AT AGM 2022



Role and activities of Nomination and Compensation Committee

The NCC is composed of at least three members of the BoD (Art. 15) who are elected individually at the AGM by the shareholders on an annual basis pursuant to Swiss law and SoftwareONE's Articles of Incorporation. The NCC has the duties of supervision and governance of SoftwareONE's compensation frameworks and philosophy, compensation of the EB as well as the performance evaluation of EB members. The NCC regularly invites the CEO and may invite other members of the Executive Board or, subject to prior notification of the responsible member of the EB, members of the company's management to its meetings as it deems desirable or appropriate. However, the CEO or other members of the EB may not be present when the NCC reviews the compensation or other aspects of the employment of the respective person. The Chair of the Board or the Chair of the NCC may not be present when the NCC reviews the compensation of the respective person. The Chair of the NCC ensures that the BoD is kept informed in a timely and adequate manner during the term of office with regard to the NCC's area of responsibility. Please refer to the Corporate Governance report section for further details on NCC composition, duties and election. The Chair of the NCC convenes NCC meetings as often as required by SoftwareONE's business, but at least three times a year. During 2021, the NCC held six meetings covering the following agenda items as illustrated in the table below:

	Agenda item during 2021	January	March	April	June	September	October
Compensation governance and policy	Preparation of AGM invitation including maximum amount of compensation for the BoD and EB		x				
	Review BoD composition and succession framework and assessment of BoD	x			x	x	
	Review EB composition and succession framework			x	x		x
BoD compensation framework	Review of BoD compensation levels and framework, including benchmarking analysis					x	
EB compensation framework	Review of EB compensation levels and framework, including benchmarking analysis					x	x
	Review of STI performance and payouts for FY 2020 and target setting for FY 2021 for the EB	x	x				
	Target setting for LTI grant in FY 2021 for the EB		x				
	Review of STI framework						x
Communication	2020 Compensation and Governance Report	x	x				
	Analysis of compensation voting results at the AGM and review of proxy advisor reports				x		

Board of Directors Compensation

Elements of compensation

The compensation of the members of the BoD consists of an annual base fee and an additional compensation awarded for duties carried out in BoD committees as chairpersons or ordinary members. In line with Art. 18 of SoftwareONE's Articles of Incorporation and to ensure the independence of the members of the BoD in executing their supervision duties, the compensation of the members of the BoD is paid out 60% in cash and 40% in SoftwareONE shares. The shares allocated as part of the members of the BoD's total compensation are blocked for a period of three years. Through the introduction of a share element in 2020, the long-term focus of the BoD in performing its duties is further strengthened and the interest further aligned with that of SoftwareONE's shareholders.

The following table illustrates the annual base fees for the BoD memberships and the additional compensation for duties in committees. It remained unchanged for 2021:

		Annual committee fees			
		Audit Committee		Nomination and Compensation Committee	
Annual base fee for BoD membership for non-executive Directors in CHF		Chairperson	Member	Chairperson	Member
Chairperson	400,000	Not entitled			
Lead Independent Director	150,000	40,000	20,000	40,000	20,000
Ordinary member	120,000	40,000	20,000	40,000	20,000

In line with best market practice standards, the members of the BoD do not receive lump-sum expenses but will be reimbursed for expenses at cost. There are no pension contribution payments made to any member of the BoD.

Peer group and benchmarking

To assess the competitiveness of the BoD compensation for non-executive BoD members in Switzerland, a benchmarking analysis was again conducted in 2021 by Willis Towers Watson (WTW) targeting compensation levels as well as compensation structure and pay instruments. The selected peer group considers the closest 23 companies in terms of size as well as global reach within the main Swiss Indices (SMI and SMIM), allowing for an adequate and representative comparison. The peer group consists of the following companies: Alcon, Arzyta, Bâloise, Barry Callebaut, BB Biotech, Bucher Industries, DKSH, Dormakaba, EMS-Chemie, Flughafen Zürich, Georg Fischer, Givaudan, Helvetia, Logitech, OC Oerlikon, Partners Group, Schindler, Sika, Straumann, Sulzer, Swisscom, Temenos and VAT.

The benchmarking exercise showed that the compensation of the members of the Board of Directors is in line with general market practice, both in terms of level and structure whereas some individual elements were below the peer group median. It was concluded that the current levels of compensation are still suitable for the time being and no changes were made.

Compensation awarded to the Board of Directors in 2021

The following table outlines the total compensation awarded to the BoD in 2021. After the 2020 AGM, the adjusted framework came into effect, whereby annual fees are paid 60% in cash and 40% in equity.

Members of the BoD in CHF	Board	Audit Committee	NCC	Settled in cash	Settled in shares [7]	Social security contributions [8]	Total compensation FY 2021	Total compensation FY 2020 [9]
Daniel von Stockar[1]	Chairperson		Member	240,000	160,000	28,633	428,633	497,662
Peter Kurer	Lead Independent Director		Member	102,000	68,000	9,835	179,835	209,379
José Alberto Duarte	Member	Member		84,000	56,000	–	140,000	160,704
René Gilli	Member			72,000	48,000	8,997	128,997	151,055
Timo Ihamuotila	Member	Chairperson		96,000	64,000	11,987	171,987	197,477
Marie-Pierre Rogers	Member		Chairperson	96,000	64,000	11,987	171,987	197,477
Jean-Pierre Saad	Member	Member		84,000	56,000	–	140,000	172,885
Adam Warby[2]	Member		Member	49,000	32,667	5,547	87,214	–
Isabelle Romy[2]	Member	Member		49,000	32,667	5,547	87,214	–
Beat Curti[3]				–	–	–	–	116,946
Andreas Fleischmann[4]				–	–	–	–	59,836
Johannes Huth[5]				–	–	–	–	70,928
Marina Nielsen[6]				–	–	–	–	50,643
Total				**872,000**	**581,334**	**82,533**	**1,535,867**	**1,884,992**

1) Includes compensation for Chairperson of the BoD only. No additional fees paid for the role as member of the NCC.
2) Adam Warby and Isabelle Romy started in the BoD effective 20 May 2021.
3) B. Curti retired from the BoD effective 8 October 2020, no shares awarded in 2020.
4) A. Fleischmann retired from the BoD effective 30 June 2020, no shares awarded in 2020.
5) J. Huth retired from the BoD effective 19 June 2020, no shares awarded in 2020.
6) M. Nielsen was not standing for re-election for the BoD effective 14 May 2020 (2020 AGM), no shares awarded in 2020.
7) Represents gross amounts settled in blocked shares prior to any deductions such as employee social security and income withholding tax for the fiscal year 2021. The number of blocked shares is determined by dividing each BoD member's individual share compensation amount (40 % of annual fee) for one term of office by the closing price of SoftwareONE's share price on the allocation date rounded down. Residual amounts are paid in cash.
8) Employer-paid social security contributions.
9) Amounts are slightly higher than in a regular year since the BoD compensation system was changed from a cash only to a cash and share system following the 2020 AGM.

During 2021, prior to their election to the BoD at the 2021 Annual General Meeting, Isabelle Romy and Adam Warby attended Board meetings and participated in Board discussions in an advisory capacity. For this previous engagement they each received a consulting fee of CHF28,000.

At the 2020 AGM, shareholders approved a maximum aggregate compensation amount of CHF1.9 million for the BoD for the compensation period from 2020 AGM to the 2021 AGM. For this period the effective compensation amounted to CHF1.5 million and is thus within the approved limits.

At the 2021 AGM, shareholders approved a maximum aggregate compensation amount of CHF1.8 million for the BoD for the compensation period from the 2021 AGM to the 2022 AGM. As this compensation period is not yet complete, a conclusive assessment will be provided in the Compensation Report 2022.

Share ownership

The table below shows the shareholdings of the BoD as of 31 December 2021, including information for the 2020 financial year. This table includes available shares and blocked shares in connection with BoD compensation.

Members of the BoD	Number of directly held shares [1]		Total shareholdings as of 31 December 2021	Total shareholdings as of 31 December 2020
	Available shares	Blocked shares [2]		
Daniel von Stockar	17,489,874	15,233	17,505,107	17,498,012
Peter Kurer	279,630	6,473	286,103	283,088
José Alberto Duarte	–	5,331	5,331	2,848
René Gilli	12,445,068	4,569	12,449,637	12,447,509
Timo Ihamuotila	20,000	6,093	26,093	13,255
Marie-Pierre Rogers	15,745	6,093	21,838	19,000
Jean-Pierre Saad[3]	–	5,331	5,331	2,848
Adam Warby	4,000	2,483	6,483	–
Isabelle Romy	–	2,483	2,483	–
Beat Curti[4]	–	–	–	16,031,853
Total	**30,254,317**	**54,089**	**30,308,406**	**46,298,413**

1) Ordinary registered shares of SoftwareONE.
2) At grant, a restriction period of three years is applied.
3) Representatives of the share ownership in SoftwareONE of Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg, which is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA.
4) B. Curti retired from the BoD effective 8 October 2020. Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE.

Executive Board Compensation

Elements of compensation

The following section outlines SoftwareONE's compensation framework for 2021. It was amended after extensive review by the NCC and its external advisors following the IPO in 2019 and further refined during the years thereafter. We are convinced that a continuous review of this framework by the NCC enables a proper fit to the corporate culture, goals and strategic ambitions of SoftwareONE in an ongoing volatile environment.

As of 2020, the compensation framework for members of the EB consists of fixed and variable compensation elements. The fixed compensation element comprises a base salary as well as pension and other benefits (e.g. car allowances). The variable compensation element consists of an STI and an LTI plan. The variable compensation elements are mainly dependent on performance achievements which include financial performance and market-related performance. In addition, and to a lesser extent, ESG goals and individual objectives are also part of the Short-Term Incentive plan. The EB compensation elements are summarized in the following table:

	Fixed compensation elements		Variable compensation elements	
ELEMENTS OF COMPENSATION	Base salary	Pension and other benefits	Short-Term Incentive plan	Long-Term Incentive plan
Purpose	Attract, retain and reward the roles and responsibilities of respective functions	Participation in pension, insurance care plans and additional benefits in line with local market practice	Motivation and reward for annual objective achievements (company and individual goals)	Participation in the long-term success of SWO and alignment with shareholder interests
Performance period	–	–	One year	Three years
Performance measures	–	–	EBITDA, EBITDA margin, ESG and individual goals	Gross profit and relative total shareholder return (TSR)
Payout range	–	–	0 to 150 % of target STI	0.0 to 2.0 times number of granted performance share units (PSUs)
Payment	Cash	Contributions to pension and insurance plans Other benefits paid out in cash	Cash	Shares

Fixed compensation elements

Base salary

The base salary for members of the EB is typically paid in cash on a monthly basis unless local laws require otherwise. The base salary amount is defined according to market practice and the responsibility, experience and achievements of each member.

Pension and other benefits

Pension benefits are provided through SoftwareONE's regular pension plan. As the EB members reside in different international locations, some EB members are employed under a foreign employment contract and receive benefits in line with current local market practice. In addition to pension coverage, other benefits such as health care plans, insurance, car allowances or equivalent contributions are also covered. These allowances are paid together with the EB members' base salary and are in line with the company policy in the local jurisdiction.

Further, pursuant to Article 20 of the Articles of Incorporation, new members joining the EB may receive compensation for the loss of their remuneration or for financial disadvantages incurred as a result of changing their jobs. If applicable, such lost compensation is replaced on a like-for-like basis (i.e. no increase in replacement value) and reported in the compensation table for the relevant reporting period under "Other benefits".

Variable compensation elements

Short-Term Incentive plan

The STI compensation elements of the EB reward the overall company performance and the EB members' individual performance in line with the compensation principle of pay-for-performance. The plan is determined by the achievement of three performance metrics; two metrics are financial measures and one can be a mix of financial and non-financial metrics.

The table below illustrates the details on the STI performance metrics in terms of definition, weighting, and payout range for the CEO and the other EB members:

STI performance metrics	EBITDA	EBITDA margin	Individual goals
Definition	SoftwareONE's adjusted EBITDA [1]	SoftwareONE's adjusted EBITDA [1] margin	Individual targets for the respective financial year incl. ESG targets
Weighting	55%	30%	15%
Payout range		0–150%	

1) 'Adjusted EBITDA' is defined as the underlying like-for-like earnings before interests, tax, depreciation and amortization including one-time specific adjustments in operating expenses.

At the beginning of the one-year performance period, the NCC proposes and the BoD approves the minimum, target and maximum achievement for the respective performance metrics. The required achievement levels for the financial performance metrics are derived from the company's strategic business plan and aligned with a robust budget for the respective year. The individual goals and the relevant ambition levels are defined for each EB member individually and in accordance with the expectation of their performance according to their role and responsibilities. At the end of the performance period, the NCC proposes and the BoD approves the financial performance achievements against the original set targets. In terms of achievement of individual goals, the CEO proposes, the NCC reviews and the BoD approves the outcome for EB members, while the individual performance of the CEO is proposed by the NCC and approved by the BoD. Under specific circumstances, the BoD may apply discretion in the recommendation of the NCC when determining the final STI payout. For performance below or at the minimum, 0% is paid out, whereby on-target performance is awarded with a 100% payout. In case of overperformance, up to 150% can be achieved. The payout of the STI is made entirely in cash.

Long-Term Incentive plan

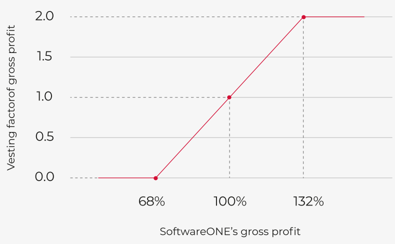
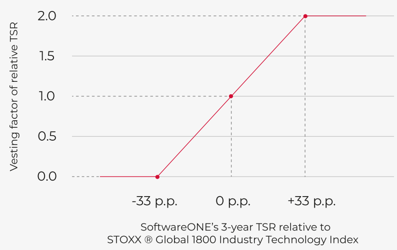
SoftwareONE's compensation framework is completed by an equity-based element which was introduced in 2020. It offers executives and selected senior managers the opportunity to participate in the long-term success of the group. The goal of this plan is to provide eligible participants with attractive, market-aligned rewards to strengthen management's interest alignment with those of shareholders, and to encourage sustainable long-term value creation for shareholders and the company.

At the beginning of each three-year performance period (i.e. at grant date), eligible participants are granted an individual number of performance share units (PSUs) derived by dividing the individual LTI award (in CHF) by the fair value at grant (in CHF). After the conclusion of the three-year performance period, the PSUs vest as follows:

The vesting multiple depends on the performance achievement of each metric – gross profit and relative total shareholder return (TSR). The vesting range lies between 0.0 and 2.0 times the PSUs granted at the outset. While low performance in one performance metric can be balanced by a higher performance in the other metric, the combined vesting multiple can never exceed 2.0. On the contrary, if performance of both metrics remains below the respective minimum performance thresholds, the resulting combined vesting multiple would be 0.0 and consequently no PSUs would vest.

LTI performance metrics	Gross profit	Relative total shareholder return
Description	SoftwareONE's gross profit as disclosed in the financial report	Total shareholder return (TSR) measured relative to the STOXX ® Global 1800 Industry Technology Index
Weighting	75%	25%
Performance period	Second full financial year after the year in which the grant date occurs	Three consecutive years starting at grant date
Vesting range	0.0–2.0 times number of PSUs granted	

At the beginning of each performance period, the BoD determines the minimum, target and cap for each LTI performance metric upon the NCCs recommendation. In 2021, the NCC discussed different minimum, target and cap achievement level alternatives for each performance metric and submitted a recommendation to the BoD, who ultimately approved the respective vesting curves for the LTI grant in 2021. We deem absolute targets for the gross profit metric, commercially sensitive and confidential strategic information and hence disclose these on a relative basis to avoid unfair competitive disadvantage for SoftwareONE. The following illustration outlines the minimum, target and cap for the respective metrics:

			PERFORMANCE METRIC	
			Gross profit	relative TSR
VESTING CURVES				
PAYOUT FACTOR	Minimum	0.0	68% of target as set by the BoD	-33 p.p. of index as set by the BoD
	Performance target	1.0	100% of target as set by the BoD	0 p.p. as set by the BoD
	Cap	2.0	132% of target as set by the BoD	+33 p.p. of index as set by the BoD
DESCRIPTION			The vesting factor of the gross profit depends on the achievement of SoftwareONE's gross profit during the second full financial year (ie 2023) after the year in which the grant date occurs. The vesting factor is determined on a straight-line basis between 0.0 and 2.0 and rounded off to two decimal places.	The rTSR is expressed in percentage points (p.p.) and calculated as simple (positive or negative) difference between the TSR of the SoftwareONE and the TSR of the STOXX® Global 1800 Industry Technology index. The rTSR vesting factor is determined on a straight-line basis between 0.0 and 2.0 and rounded off to two decimal places.

The overall vesting factor is the sum of the weighted vesting factor metrics and determined at the end of the three-year performance period. The NCC proposes and the BoD approves the performance achievement of each metric against the targets originally set as well as the overall vesting factor. Other circumstances under which no PSUs vest can include various forfeiture clauses relating to termination of employment during the performance period of the LTI.

As of 2021, we have further implemented a claw back provision to protect the interests of the shareholders and the company, which allows for a partial or full recovery of equity allocated to EB members under the Long-Term Incentive plan. This provision applies in specific situations which may cause damage to the group or otherwise negatively affect the legitimate interests of SoftwareONE.

Peer group and benchmarking

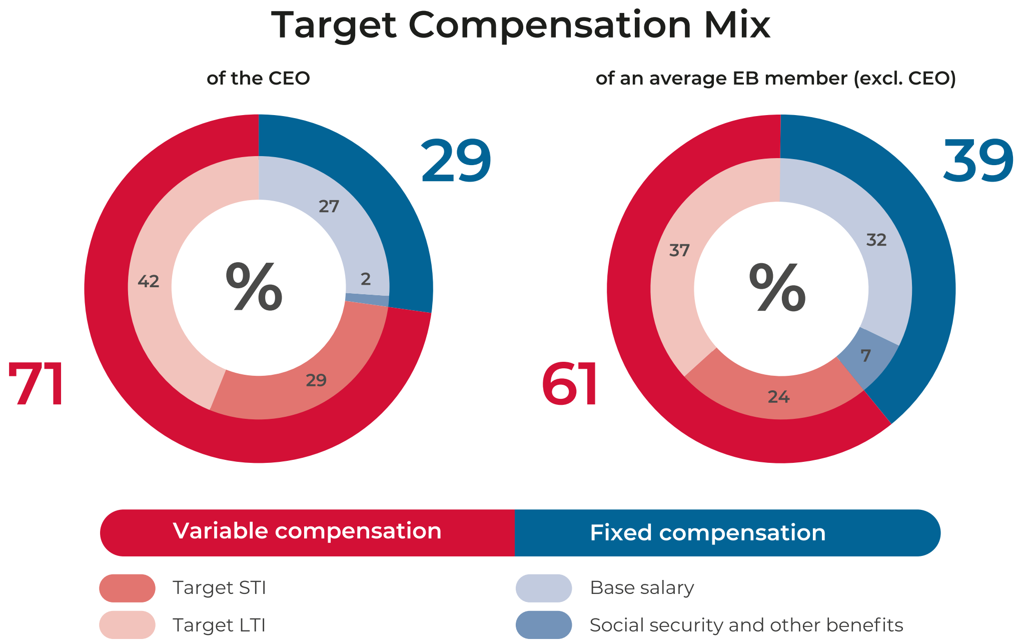
Information on peer company compensation is an important point of reference in order to assess the market competitiveness of the compensation awarded to members of the EB. The NCC believes that benchmarking against a consistent and relevant set of peer companies that are similar to SoftwareONE in scope, products and services offered and geographical presence, enables the company to set pay levels towards the middle of the respective market range. This reinforces the talent attraction, motivation and retention efforts needed to support the company's long-term success.

In this regard, the NCC adopted a comprehensive approach to the peer group construction in March 2020, which led to the compilation of two complementary peer groups: the Swiss Market Index Mid (SMIM) and a peer group of selected European technology companies. The blend of the selected peer companies provides a good balance between the industries and geographies from which key talents are sourced. The following companies were included in the analysis: Alcon, Arzyta, Bâloise, Barry Callebaut, BB Biotech, Bucher Industries, DKSH, Dormakaba, EMS-Chemie, Flughafen Zürich, Georg Fischer, Givaudan, Helvetia, Logitech, OC Oerlikon, Partners Group, Schindler, Sika, Straumann, Sulzer, Swisscom, Temenos, VAT, Accenture, Adyen, Amadeus IT Group, ATOS, Bechtle, Cancom SE, Capgemini, Computacenter, Dassault Systems, Indra Sistemas, Micro Focus, Nemetschek, SAGE, Softcat, Software Aktiengesellschaft and Sopra Steria. When setting the EB's pay levels, the NCC targeted the middle of the respective market ranges.

These constructed peer groups – compiled together with Willis Towers Watson - provide one of the references for a periodic review of EB member compensation in terms of both level and structure.

Compensation mix

In 2021, the total target compensation of the CEO was split into around 71% variable compensation and 29% fixed compensation. Of the 71% variable target compensation portion, 29% consisted of the target STI and 42% of the target LTI portion. For other EB members excluding the CEO, the fixed compensation was on average 39% (29% - 44%) and the variable compensation 61% (56% - 71%). 24% (19% - 27%) of the variable target compensation consisted of the target STI and 37% (31% - 52%) consisted of the target LTI.



Compensation awarded to the EB in 2021

The following table outlines details concerning the compensation awarded to the CEO as the highest paid member of the EB and to the other EB members from 1 January to 31 December 2021. The total compensation awarded in 2020 is also listed.

	Fixed compensation			Variable compensation			
in CHF	Base salary	Social security contributions	Other benefits [3]	Realized STI	Awarded LTI grant value [4]	Total compensation FY 2021 [5]	Total compensation FY 2020
Dieter Schlosser, CEO[1]	763,587	30,181	8,152	209,918	1,162,501	2,174,339	2,440,668
Aggregate amount of EB members excluding CEO[2]	1,865,403	329,853	22,148	559,323	2,061,686	4,838,413	3,971,259
Total	**2,628,990**	**360,034**	**30,300**	**769,241**	**3,224,187**	**7,012,752**	**6,411,927**

1) The CEO is compensated in SGD (average exchange rate in 2021 of CHF 1 to SGD 1.472 applied).
2) Please note that of the four remaining EB members, two are compensated in USD (average exchange rate in 2021 of CHF 1 to USD 1.094 applied) and the two other EB members in CHF.
3) Other benefits comprise payments related to additional insurances, car allowance and further benefits granted.
4) The second LTI grant took place in 2021. For details regarding the grant logic and the calculation of the fair value at grant date refer to the financial notes.
5) Numbers for 2021 are for five EB members after July 2021 whilst those for 2020 relate to four EB members.

Approved versus total compensation awarded to the EB

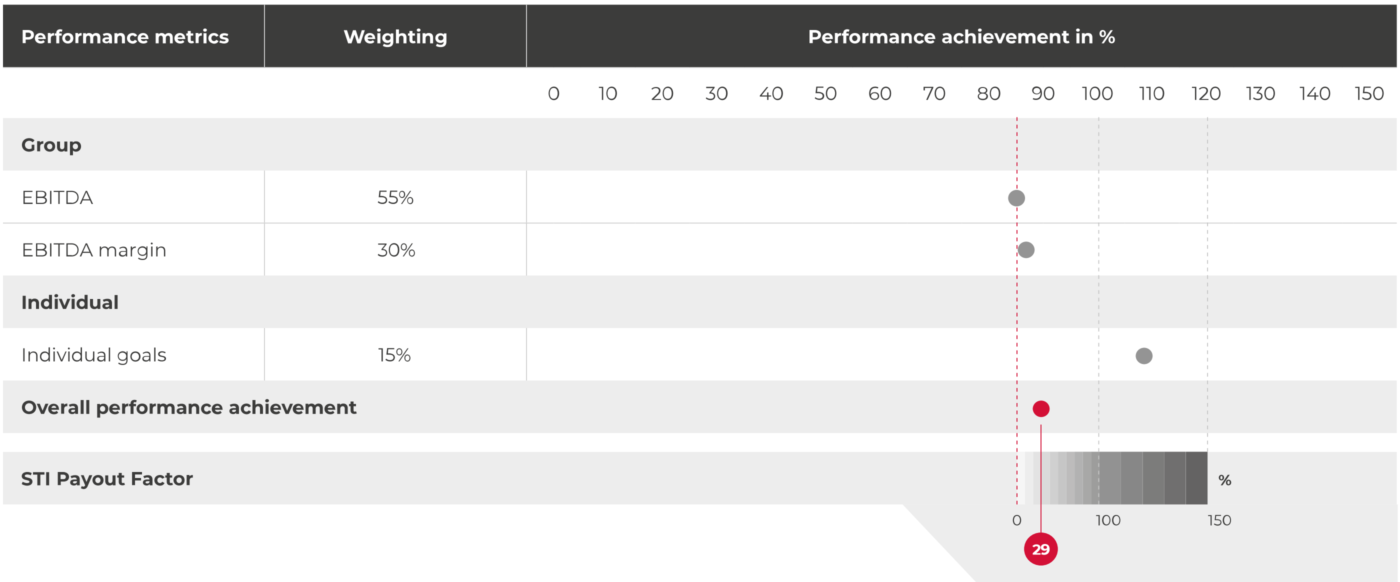
The total compensation for the EB for 2021 of CHF 7 million (including social security contributions) is below the total maximum aggregate compensation amount of CHF 12 million, which was approved by the AGM on 14 May 2020.

Outcome of the 2021 STI performance achievement

For 2021, the STI performance metrics consisted of the following three: EBITDA, EBITDA margin and individual goals. In the context of our continuous assessment of the compensation framework, the robustness of the link between performance achievement in % and STI payout factor is reviewed annually and adapted if necessary to better reflect a changing business environment and to avoid excessive risk taking.

While the EBITDA and EBITDA margin performance achievement was below the target level, the individual performance goals achievements were slightly above target, as illustrated below. The overall performance achievement by all EB members (including the CEO) resulted in a final STI payout factor of 25% for the CEO and 27% - 33% for other full year EB members.

For one member of the EB who joined in July 2021, the STI performance achievement covers pro rata the time period since joining SoftwareONE and, in light of the short tenure, is an abbreviated assessment focusing on individual goals.



Outcome of the LTI performance achievement going forward

The first vesting under the current LTI will occur in 2023. Respectively, information regarding the LTI performance achievements and vesting factors will be provided in the Compensation Report 2023 as such information is not available prior to the actual 2023 vesting date.

Share ownership

In 2021, we introduced ownership requirements for the EB members with a five-year build-up period. The minimum shareholding requirement level has been set at 300% and 200% of base salary respectively for the CEO and EB members. We are pleased to report that all EB members present throughout the whole of 2021 have already met their build-up commitment.

The table below shows the shareholdings of each EB member as of 31 December 2021, considering the number of directly held shares and restricted shares. The total shareholdings as of 31 December 2020 are also listed:

	Number of directly held shares			
EB members	Vested shares [1]	Blocked shares [2]	Total shareholdings as at 31 December 2021	Total shareholdings as at 31 December 2020
Dieter Schlosser	714,822	143,966	858,788	858,788
Hans Grüter	292,988	143,966	436,954	436,954
Alex Alexandrov	806,026	176,797	982,823	915,623
Neil Lomax	728,982	143,966	872,948	781,183
Bernd Schlotter	–	–	–	–
Total	**2,542,818**	**608,695**	**3,151,513**	**2,992,548**

1) Also includes shares individually purchased under the ESP.
2) Consisting of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.

Further compensation information

Employment agreements

All members of the EB have employment contract agreements with a six-month notice period, which are governed by the applicable laws. They are not entitled to severance payments.

Their employment agreements also prohibit the EB members from competing against SoftwareONE for a period of up to 12 months after termination of their employment contract. For the specified non-competitive period, SoftwareONE agrees to pay a compensation to the EB member for their compliance with this non-competitive undertaking to an amount equal to 80% of their last base salary (excluding any ancillary benefits and subject to deduction of any social security and further deductions). This is payable in arrears in monthly installments, for as long as the EB member complies with the non-competitive agreement. However, SoftwareONE may at any time up to two months prior to the last day of employment, waive compliance with the non-competitive agreement whereupon such payments will no longer be due.

In case of a change of control, the LTI plan will terminate with effect from the date of the change of control unless otherwise decided at the discretion of the BoD.

Payments to current or former members of the Executive Board

In relation to 2021, no payments other than those set out in the compensation table for EB members were made to current or former EB members or 'closely related persons'.

Loans to members of the Executive Board

Article 23 of SoftwareONE's Articles of Incorporation allow for loans and credits of up to CHF 1,000,000 at market-based conditions to be granted to EB members. In 2021, no loans or credits were made to EB members.

Outlook 2022

In line with ensuring a continuous fit of the compensation framework to the corporate culture, goals and strategic ambitions of SoftwareONE, the NCC further elaborated individual compensation elements during the course of 2021. The areas of focus were performance metrics, their relative weight and the way performance achievements are translated into the STI payout factor. Going forward, performance will be measured based on gross profit, EBITDA margin and strategic goals (newly weighted at 30%), including ESG objectives. The objective is to emphasize the relevance of growth combined with cost awareness as well as SoftwareONE's future business evolution, while reinforcing its commitment to ESG.

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 2 March 2022

Report of the statutory auditor on the compensation report

We have audited the compensation report of SoftwareONE Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections "Board of Directors compensation" on pages 67 to 68 and "Executive Board compensation" on pages 72 to 73 of the compensation report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility
Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report for the year ended 31 December 2021 of SoftwareONE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

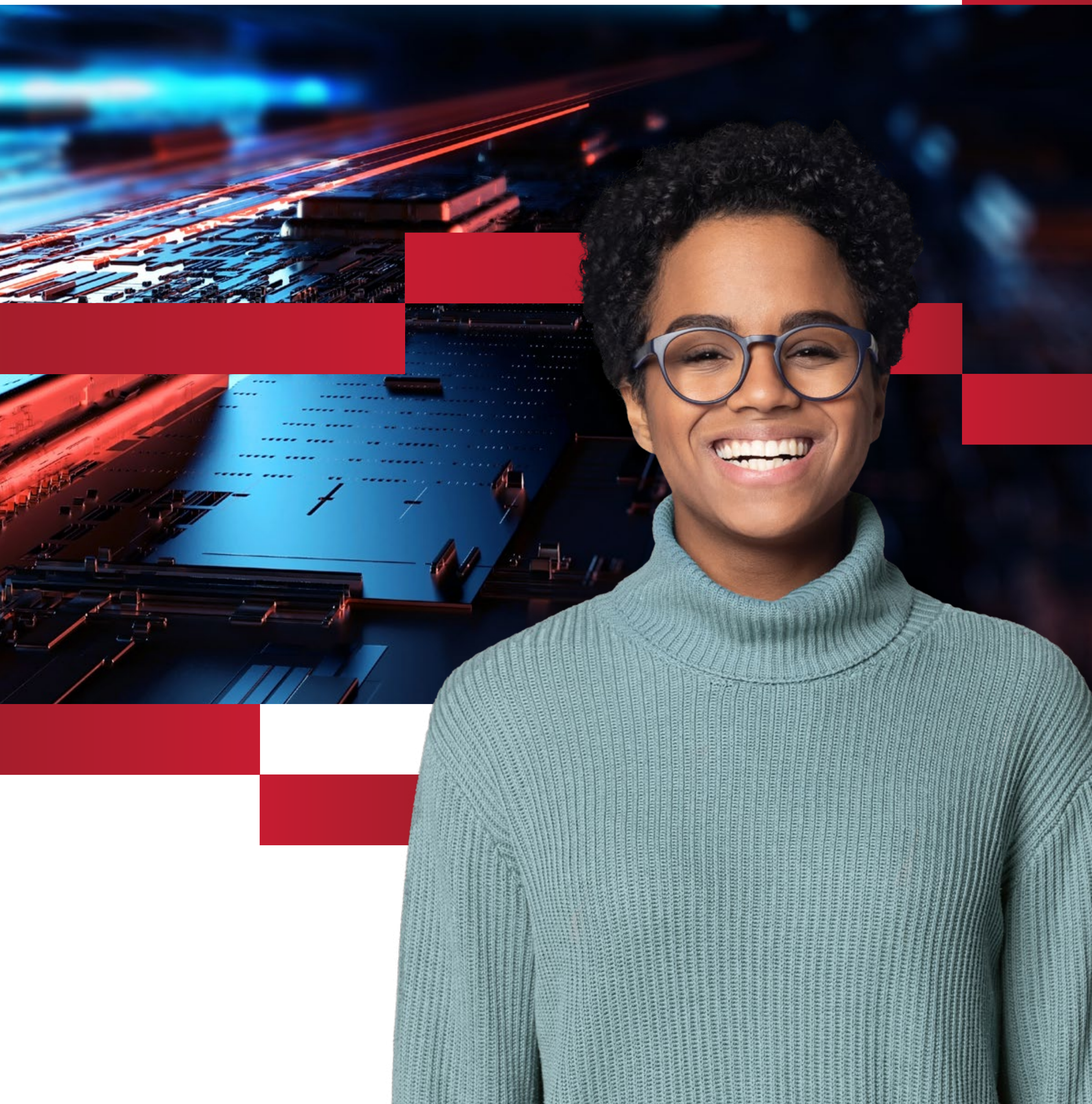
Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Max Lienhard
Licensed audit expert

ANNUAL REPORT 2021

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Income Statement

For the period ended 31 December

in CHF 1,000	Note	2021	2020
Revenue from Software & Cloud[1]	6	533,629	519,477
Revenue from Solutions & Services	6	430,724	312,923
Total revenue[1]		**964,353**	**832,400**
Third-party service delivery costs		–109,281	–102,780
Personnel expenses	7	–608,806	–469,970
Other operating expenses	8	–103,828	–86,636
Other operating income		17,741	14,962
Earnings before net financial items, taxes, depreciation and amortization		**160,179**	**187,976**
Depreciation, amortization and impairment	15, 16, 21	–55,341	–55,162
Earnings before net financial items and taxes		**104,838**	**132,814**
Finance income	9	71,050	101,368
Finance costs	9	–10,546	–10,994
Foreign exchange differences, net	9	–11,077	–10,149
Share of result of joint ventures and associated companies	17	–	764
Earnings before income tax		**154,265**	**213,803**
Income tax expense	10	–34,199	–37,042
Profit for the period		**120,066**	**176,761**
Profit attributable to:			
– Owners of the parent		120,053	176,836
– Non-controlling interest		13	–75
Earnings per share in CHF			
– Basic	23	0.78	1.14
– Diluted	23	0.77	1.14

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

Consolidated Statement of Comprehensive Income

For the period ended 31 December in CHF 1,000	Note	2021	2020
Profit for the period		**120,066**	**176,761**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations	20	11,383	–2,816
Taxes		–1,670	555
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustment		–20,853	–27,867
Cash flow hedges	14	1,564	–971
Taxes		–272	150
Total other comprehensive income for the period		**–9,848**	**–30,949**
Total comprehensive income for the period		**110,218**	**145,812**
Total comprehensive income attributable to:			
– Owners of the parent		110,127	145,927
– Non-controlling interest		91	–115

Consolidated Balance Sheet

As at 31 December in CHF 1,000	Note	2021	2020
Assets			
Cash and cash equivalents	11	350,352	434,941
Trade receivables	12	1,861,168	1,714,158
Income tax receivables	10	10,742	12,365
Other receivables	13	93,756	64,257
Derivative financial instruments	14	5,542	3,354
Prepayments and contract assets	13	81,532	87,172
Financial assets	4.3	209,108	143,374
Current assets		**2,612,200**	**2,459,621**
Tangible assets	15	32,868	32,022
Intangible assets	16	576,868	502,661
Right-of-use assets	21	36,867	40,706
Investment in associated companies		1,222	–
Other receivables	13	87,446	67,603
Derivative financial instruments	14	928	523
Deferred tax assets	10	32,420	24,094
Non-current assets		**768,619**	**667,609**
TOTAL ASSETS		**3,380,819**	**3,127,230**

As at 31 December in CHF 1,000	Note	2021	2020
Liabilities and shareholders' equity			
Trade payables	17	1,848,712	1,685,263
Other payables	17	233,170	221,250
Accrued expenses and contract liabilities	17	158,744	128,636
Derivative financial instruments	14	5,441	6,505
Income tax liabilities	10	26,568	33,592
Provisions	18	24,084	4,114
Bank overdrafts	19	1,170	9,605
Other financial liabilities	19	64,791	48,687
Current liabilities		**2,362,680**	**2,137,652**
Derivative financial instruments	14	678	713
Provisions	18	18,003	12,837
Financial liabilities	19	33,580	87,334
Other payables	17	70,206	61,648
Deferred tax liabilities	10	24,893	28,821
Defined benefit liabilities	20	13,361	21,703
Non-current liabilities		**160,721**	**213,056**
TOTAL LIABILITIES		**2,523,401**	**2,350,708**
Share capital	22	1,586	1,586
Share premium		227,472	273,868
Treasury shares	22	–9,217	–10,650
Retained earnings		706,204	560,797
Hedging reserve		1,251	–41
Currency translation adjustments		–70,040	–49,109
Equity attributable to owners of the parent		**857,256**	**776,451**
Non-controlling interest		162	71
TOTAL EQUITY		**857,418**	**776,522**
TOTAL LIABILITIES AND EQUITY		**3,380,819**	**3,127,230**

Consolidated Statement of Cash Flows

For the period ended 31 December in CHF 1,000	Note	2021	2020
Profit for the period		**120,066**	**176,761**
Adjustments for:			
Depreciation, amortization and impairment	15, 16, 21	55,341	55,162
Total finance result, net	9	–49,427	–80,225
Share of result of joint ventures and associated companies		–	–764
Tax expense		34,199	37,042
Other non-cash items		–26,324	27,510
Change in trade receivables		–143,972	126,083
Change in other receivables, prepayments and contract assets		–40,448	–6,317
Change in trade and other payables		187,890	97,903
Change in accrued expenses and contract liabilities		23,085	–117,493
Changes in provisions		23,082	–4,990
Income taxes paid		–25,445	–34,403
Net cash generated from/(used in) operating activities		**158,047**	**276,269**
Purchases of tangible and intangible assets	15, 16	–33,283	–22,822
Proceeds from sale of tangible and intangible assets		228	760
Purchases of financial assets		–	–2,959
Loans granted		–	–374
Loan repayments received		1,104	3,386
Interest received		1,016	3,297
Acquisition of businesses (net of cash)	3	–112,737	–45,512
Acquisition of investment in associates		–1,226	–
Net cash from/(used) in investing activities		**–144,898**	**–64,224**
Proceeds from financial liabilities	19	3,664,595	659,700
Repayments of financial liabilities	19	–3,704,883	–694,397
Payment of contingent consideration liabilities	19	–1,895	–2,824
Interest paid		–6,351	–9,219
Dividends paid to owners of the parent	24	–46,396	–32,460
Net cash from/(used in) financing activities		**–94,930**	**–79,200**
Net (decrease)/increase in cash and cash equivalents		**–81,781**	**132,845**
Cash and cash equivalents at beginning of period		434,941	313,490
Net foreign exchange difference on cash and cash equivalents		–2,808	–11,394
Cash and cash equivalents at end of period		**350,352**	**434,941**

Consolidated Statement of Changes in Equity

For the period ended 31 December

in CHF 1,000	Equity attributable to owner of SoftwareONE Holding AG								
	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjustments	Total	Non-controlling interest	Total equity
As at 1 January 2020	**1,586**	**306,330**	**–12,024**	**361,340**	**780**	**–21,282**	**636,730**	**186**	**636,916**
Profit for the period				176,836			176,836	–75	176,761
Other comprehensive income for the period				–2,261	–821	–27,827	–30,909	–40	–30,949
Total comprehensive income for the period				**174,575**	**–821**	**–27,827**	**145,927**	**–115**	**145,812**
Transactions in treasury shares		–2	1,374	–1,374			–2		–2
Dividends paid		–32,460					–32,460		–32,460
Share-based payment				26,256			26,256		26,256
As at 31 December 2020	**1,586**	**273,868**	**–10,650**	**560,797**	**–41**	**–49,109**	**776,451**	**71**	**776,522**
Profit for the period				120,053			120,053	13	120,066
Other comprehensive income for the period				9,713	1,292	–20,931	–9,926	78	–9,848
Total comprehensive income for the period				**129,766**	**1,292**	**–20,931**	**110,127**	**91**	**110,218**
Transactions in treasury shares			1,433	–1,615			–182		–182
Dividends paid		–46,396					–46,396		–46,396
Share-based payment				17,256			17,256		17,256
As at 31 December 2021	**1,586**	**227,472**	**–9,217**	**706,204**	**1,251**	**–70,040**	**857,256**	**162**	**857,418**

Notes to the Consolidated Financial Statements

1 General information

SoftwareONE Holding AG ('the company') and its subsidiaries (together 'the group' or 'SoftwareONE') is a leading global provider of end-to-end software and cloud technology solutions. With capabilities across the entire value chain, it helps companies design and implement their technology strategy, buy the right software and cloud solutions at the right price and manage and optimize their software estate.

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'.

The consolidated financial statements of SoftwareONE are presented in Swiss francs (CHF). Unless otherwise stated, all amounts are stated in thousands of Swiss francs (TCHF). All figures shown are rounded in accordance with standard business rounding principles.

These consolidated financial statements were authorized for issue by the Board of Directors on 2 March 2022 and are subject to approval by the Annual General Meeting to be held on 5 May 2022.

2 Summary of significant accounting policies

SoftwareONE Holding AG's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of presentation

New and amended standards and interpretations

As at 1 January 2021, the following amendments to IFRS entered into force:

- IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16: Interest Rate Benchmark Reform, Phase 2
- IFRS 16: Leases: Leases: COVID-19 Related Rent Concessions beyond 30 June 2021 – early adopted by SoftwareONE

These amendments did not have a significant effect on the group's consolidated financial statements. SoftwareONE has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards and interpretations not yet adopted

The IASB has issued a number of potentially relevant changes to IFRS that will be effective in future accounting periods. New standards that are expected to have only a minor impact on the group and the effective date are listed below:

- IFRS 3: Business Combinations: References to the Conceptual Framework – adoption by 1 January 2022
- IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts, Costs of Fulfilling a Contract – adoption by 1 January 2022
- IAS 16: Property, Plant and Equipment: Proceeds before Intended Use – adoption by 1 January 2022
- Annual Improvements Project 2018-2020: Changes to IFRS 1, IFRS 9, IFRS 16, IAS 41 – adoption by 1 January 2022
- IAS 1: Presentation of Financial Statements: Classifications of Liabilities as Current or Non-Current including Deferral of Effective Date – adoption by 1 January 2023
- IAS 1: Presentation of Financial Statements: Disclosure of Accounting Policies – adoption by 1 January 2023
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates – adoption by 1 January 2023
- IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction – adoption by 1 January 2023

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Change in accounting policies

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified good or service itself (the group is a principal) or to arrange for another party to provide that good or service (the group acts as an agent). Principal vs. agent assessments depend on the specific facts and circumstances and can be very complex and judgmental. As an approved value-added software reseller the group provides consulting services to end customers and advises them on the selection of the suitable end-to-end software or cloud technology solutions (indirect business). In the past SoftwareONE recognized revenue from contracts in this indirect business as a principal on a gross basis as the software license was considered an input into a combined service controlled by the group. Consequently, the transaction price received from the customer was recognized as 'Revenue from Software & Cloud' and the corresponding expense as 'Cost of software purchased'.

In November 2021, the IFRS Interpretations Committee (IFRS IC) discussed a staff paper and subsequently issued a tentative agenda decision in December 2021 on 'Principal versus Agent: Software Reseller (IFRS 15)'. In the fact pattern submitted to the IFRS IC the software reseller provides pre-sales advice under a distribution agreement between the software manufacturer and the reseller to the end customer prior to the end customer purchasing standard software licenses. The IFRS IC clarified that such pre-sales advice is not an implicit promise in a contract with a customer. At the time of entering into a contract with the customer, the reseller has already provided the advice. There is no further advice to be provided by the reseller and the advice already provided will not be transferred to the customer after contract inception. Accordingly, the IFRS IC tentatively concluded that, in the fact pattern described in the request, the promised goods in the reseller's contract with the customer are the standard software licenses. Consequently, the software licenses are the only promised goods in the contract and subject to the assessment whether the software reseller is principal or agent in this transaction.

The IFRS IC has only issued a tentative agenda decision and the wording of a final agenda decision may change as a result of feedback received following due process. The staff's analysis regarding the identification of the specified goods or services was supported by the IFRS IC and confirmed in its tentative agenda decision. In view of these clarifications, management decided to reassess whether the group acts as a principal or an agent for transactions in the indirect business based on a control assessment of the standard software license as the promised goods rather than in combination with an implied promise of providing a service. Management concluded that SoftwareONE does not control the software licenses from the third-party software providers before they are transferred to the customer and therefore acts as an agent for transactions in the indirect business. Consequently, the group has revised its accounting policy for the indirect business. With respect to the direct business there is no change in accounting as these transactions have already been reported on a net basis. For more information on revenue recognition in the indirect and direct business, refer to the revised revenue recognition policy.

SoftwareONE is still assessing whether there are any other potential effects of the clarification by the IFRS IC on its revenue contracts. Given that the IFRS IC has not yet finalized the agenda decision, there may be further changes. In accordance with the IFRS Foundation's Due Process Handbook an entity is allowed sufficient time to implement any necessary changes following an IFRS IC agenda decision.

As an agent, SoftwareONE recognizes revenue in the net amount that the group is entitled to retain in return for its agent services and end customer invoicing to the software provider, ie, the difference between the consideration received from the customer and cost of software purchased.

For further details on the principal vs. agent assessment, please refer to the section 5.2 Significant judgments.

The comparative period 2020, in which SoftwareONE reported revenue from Software & Cloud (indirect business only) as a principal and therefore as a gross amount in the consolidated income statement, is adjusted. The result of the change in accounting policies for the comparative period is shown in the following table:

in CHF 1,000	2020 reported	Adjustment	2020 adjusted
Revenue from Software & Cloud	7,593,332	–7,073,855	519,477
Total revenue	**7,906,255**	**–7,073,855**	**832,400**
Cost of software purchased	–7,073,855	7,073,855	–
Earnings before net financial items, taxes, depreciation and amortization	**187,976**	**–**	**187,976**
Earnings before net financial items and taxes	**132,814**	**–**	**132,814**
Earnings before income tax	**213,803**	**–**	**213,803**
Profit for the period	**176,761**	**–**	**176,761**

Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated in full.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of a business combination is equal to the fair values at the date of acquisition of assets given, liabilities incurred or assumed, and equity instruments issued by SoftwareONE group, in exchange for control over the acquired company. Any difference between the consideration transferred in the business combination and the net fair value of the identifiable assets, liabilities and contingent liabilities so recognized is treated as goodwill. Goodwill is not amortized but is assessed for impairment annually. Contingent considerations to selling shareholders who become employees and for which payments are automatically forfeited if employment terminates, are not part of the consideration transferred and are accounted as remuneration. Acquisition-related costs are expensed. For each business combination, the group recognizes the non-controlling interests in the acquiree at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

If a business combination is achieved in stages (control obtained over an associate or joint venture), the previously held equity interest in an associate or joint venture is remeasured to its acquisition-date fair value and any resulting gain or loss is recognized in the finance result in the income statement.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swiss francs (CHF), which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Monetary assets and liabilities of group companies which are denominated in foreign currencies are translated using closing exchange rates. Exchange rate differences are recorded as income or expense. Non-monetary assets and liabilities are translated at historical exchange rates. Translation differences on non-monetary financial assets and liabilities such as equity securities held at fair value through profit or loss are recognized in the income statement as part of the fair value gain or loss.

Foreign currency translation

When translating foreign currency financial statements into Swiss francs, year-end exchange rates are applied to assets and liabilities, while average rates for the period are applied to income statement accounts. The resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. The resulting exchange differences are recognized in other comprehensive income (OCI).

The following exchange rates were used:

		2021		2020	
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate
Euro	EUR	0.92	0.97	0.93	0.92
US dollar	USD	1.09	1.09	1.07	1.13
British pound	GBP	0.79	0.81	0.83	0.83
Brazilian real	BRL	5.89	6.15	5.42	5.91
Mexican peso	MXN	22.18	22.43	22.73	22.54
Indian rupee	INR	80.85	81.29	78.88	82.92
Norwegian krone	NOK	9.39	9.62	9.99	9.73
Polish zloty	PLN	4.22	4.44	4.15	4.20

Financial assets

Initial recognition and measurement

The group classifies its financial assets at initial recognition in the following categories: subsequently measured at amortized cost, fair value through OCI and fair value through profit or loss. The classification depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus transaction costs in the case of a financial asset not at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is performed at an instrument level.

SoftwareONE's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Financial assets are classified as current if payments are due within one year or less. If not, they are presented as non-current receivables.

Subsequent measurement

For purposes of subsequent measurement, SoftwareONE has financial assets at amortized cost (debt instruments), financial assets at fair value through profit or loss and derivatives designated as hedging instruments.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired.

The group's financial assets at amortized cost comprise trade and other receivables, loans and cash and cash equivalents.

Cash and cash equivalents

The position includes cash on hand, bank accounts and short-term bank deposits with original maturities of three months or less.

Trade receivables

Trade receivables are initially recorded at a transaction price determined in accordance with IFRS 15 less impairments.

Financial assets

The group has listed equity instruments presented as short-term financial assets which are subsequently measured at fair value through profit or loss, as it had not irrevocably elected to classify those at fair value through OCI at initial recognition. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement.

Derecognition

The group derecognizes financial assets when:

– the rights to receive cash flows from the asset have expired; or
– the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Receivables subject to factoring arrangements may be derecognized on sale and these assets are not held to collect contractual cash flows and would be measured at fair value through profit or loss. However, due to their short-term nature, the difference between transaction price and fair value is not considered to be material. Where the factored receivables continue to be recognized in the balance sheet, they are treated as held to collect contractual cash flows and measured at amortized cost.

Impairment of financial assets

The group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include those from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience and SoftwareONE's business knowledge, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derivative financial instruments and hedge accounting

The group reviews the currency exposure regularly and covers its risks in two ways:

– The group hedges the net exposure from foreign currency balance sheet positions with forward contracts. Such contracts, however, are not accounted for using hedge accounting.
– Highly probable future transactions are hedged with forward transactions (sales and purchase). These contracts are designated as cash flow hedges. The transactions are expected to affect profit and loss within the next 36 months. At inception of a hedge

relationship, the group designates and documents the hedge relationship to apply hedge accounting. The hedge relationship includes the hedging instrument, the hedged item and the nature of the risk being hedged. The hedges are expected to be highly effective.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value through profit or loss except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to the income statement when the hedged item affects profit or loss. The ineffective portion is recognized immediately in the income statement.

In case of a positive value, the derivative is recognized as an asset and in case of a negative value, as a liability (classified as non-current when the remaining maturity of the hedged item is more than 12 months and as current when the remaining maturity of the hedged item is less than 12 months).

Tangible assets

Tangible assets are stated at historical cost less depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Repair and maintenance costs are recognized in the income statement for the period in which they are incurred.

Depreciation is calculated using the straight-line method over the expected useful life as follows:

- Land is not depreciated. Buildings: max. 33 years
- Furniture, fittings and equipment: max. 5 years
- Leasehold improvements: max. 10 years or shorter duration lease contract
- Vehicles: max. 5 years
- IT equipment: max. 3 years
- Assets under construction: no depreciation

Intangible assets

Purchased intangible assets such as software and customer relationships are measured at cost less accumulated amortization (applying the straight-line method) and any impairment. The useful life is as follows:

- Software: 3–10 years
- Acquired customer relationships: max. 10 years
- Other intangible assets: 3–10 years

Internally generated intangible assets are capitalized only if the identifiable asset is commercially and technically feasible, can be completed, its costs can be measured reliably and will generate probable future economic benefits. In addition to the internal costs (including all attributable direct costs), total costs also include externally contracted development work. Such capitalized intangibles are recognized at cost less accumulated amortization over a useful life of three to 10 years. In-process capitalized development costs are tested annually for impairment.

Acquired customer relationships are capitalized and amortized over their useful lives. They are assessed for impairment if events or changes in circumstances indicate that their value may be impaired. If the reason for a previously recognized impairment loss no longer applies, the impairment loss is reversed to the recoverable amount.

Impairment test of goodwill and intangibles with indefinite useful life

With regard to impairment testing of goodwill and other intangible assets deemed to have indefinite lives, the group determines the higher of value in use and fair value less costs of disposal of the respective cash generating units to which goodwill and intangibles have been allocated. The calculation of value in use is based on the current budget and business plan approved by the Board of Directors and the expectations regarding the future development of the respective markets, market shares and profitability. The planning period covers five years. Assumptions are made for the subsequent years taking into account macroeconomic trends and historical information adjusted for current developments.

The impairment test is performed at least once a year and additionally when there are indications of impairment in the cash-generating unit. Impairment losses for goodwill are never reversed.

Financial liabilities

Initial recognition and measurement

SoftwareONE classifies financial liabilities at initial recognition as financial liabilities at fair value through profit or loss, financial liabilities subsequently measured at amortized cost or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognized initially at fair value, and in the case of instruments, not subsequently measured at fair value through profit or loss net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, accrued expenses, contingent consideration liabilities and other financial liabilities including bank overdrafts and derivative financial instruments.

Subsequent measurement

Contingent consideration liabilities are subsequently measured at fair value through profit or loss.

Derivatives are subsequently measured at fair value with fair value changes in the income statement, except for the effective portion of cash flow hedges that is initially recognized in other comprehensive income.

All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Trade payables and financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items recognized in OCI or directly in equity. In this case, tax is also recognized in OCI or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Periodically, management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries. They are only recognized to the extent that it is probable that the temporary difference will reverse in the future and there needs to be a sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The group operates various post-employment schemes including both defined benefit and defined contribution pension plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Actuarial gains or losses are recognized in OCI. Service costs are presented in personnel expenses. Interest costs and interest on plan assets are netted in finance costs.

Other employee benefits

Obligations to employees not paid at the balance sheet date, such as bonuses, holiday entitlements or compensations are presented as accrued expenses.

Contingent consideration arrangements related to business acquisitions in which payments are contingent on continued employment and thus compensation for future service are recognized as remuneration and accrued amounts presented as earn-out provisions.

Share-based payments

Certain management members and senior employees participate in equity compensation plans. The fair value of all equity-settled compensation awards granted to employees is determined at the grant date and recorded as an expense over the vesting period. The expense for equity compensation awards is part of personnel expense and a corresponding increase in equity is recorded.

Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect of the time value of money is material, provisions are discounted.

Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded in equity in the period in which they are approved by the parent company's shareholders.

Where the group purchases shares of the company, the consideration paid (including any attributable transaction costs) is deducted from equity as treasury shares. Any consideration received from the sale of own shares is recognized in equity, net of any taxes.

Revenue recognition

Revenue from contracts with customers comprise revenue from the sale of Software & Cloud products as well as the sale of Solutions & Services. Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied either at the 'point in time' or 'over time' as control of the promised good or service is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The normal credit term is 30 to 90 days upon delivery.

Revenue from Software & Cloud

SoftwareONE enters into contracts with end customers to sell Software & Cloud products of several third-party software providers. Below, software is used as a synonym for Software & Cloud. A distinction is made between two types of software selling arrangements:

- Direct business: As a 'software advisor', the group's obligation in these arrangements is only to arrange for another entity to provide the software license to the end customer. Thus, the performance obligation consists of establishing the business relationship between the software provider and the end customer. When the software is provided to the end customer, SoftwareONE is entitled to receive an agency commission from the software provider and recognizes revenue at this point of time. Hence, SoftwareONE acts as an agent and recognizes revenue at the amount that it retains from its agency services.
- Indirect business: As a 'value added reseller', the group provides pre-sales consulting services to end customers and advises them on the selection of the appropriate end-to-end software or cloud technology solution. SoftwareONE is in the contractual relationship between the third-party software provider and the end customer and is commissioned to place orders and manage customer purchases on behalf of the end customer. Even if SoftwareONE provides pre-sales services in connection with the sale of the software licenses to its end customers, the group is not primarily responsible for fulfilling the promise to provide the software or cloud solution. Primary responsibility to provide the products lies with the third-party software provider, while SoftwareONE provides the access to the software license or manages cloud subscriptions. SoftwareONE invoices the end customer and receives the considerations from the end customer. SoftwareONE concluded that it does not control the software from the third-party software providers before they are transferred to the end customer and therefore acts as an agent in these arrangements. Revenue is recognized at the point in time when the access to the software license is transferred to the end customer, generally on delivery of the product key or with signing the contract in the volume license business. The group recognizes revenue in the net amount in the consolidated financial statements, ie, the difference between the consideration received from the end customer and cost of software purchased. For further details on the principal vs. agent assessment, please refer to the section 5.2 Significant judgements.

The group also enters into non-cancellable multi-year licensing contracts with customers. In such contracts, SoftwareONE recognizes revenue at the net amount when it provides access to the software license to the end customer and collects the consideration over the contract duration. As the customer pays in arrears, SoftwareONE is effectively providing financing to the customer. Hence, there are two components in such arrangements: a revenue component (for the notional cash sales price net of the related costs of purchasing the software); and a loan component (for the effect of the deferred payment terms). Interest income on the loan finance component is calculated based on the rate that would be reflected in a separate financing transaction between the group and the end customers at contract inception and is presented under finance income. SoftwareONE uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects at contract inception that the period between the provision access to the software license to the customer and the receipt of the consideration from the end customer will be one year or less.

Revenue from Solutions & Services

SoftwareONE provides a wide range of technology consulting services but also delivers self-developed on-premise software.

Revenue from technology consulting services is generally recognized over time as the customer simultaneously receives and consumes the benefits provided. SoftwareONE uses an input method based on costs incurred to measure progress towards the stage of completion of the service. The group determined that the input method based on costs incurred in relation to total expected costs is the best method in measuring progress of the consulting services because there is a direct relationship between SoftwareONE's effort and the transfer of the service to the customer. In addition, in cases where the group provides standardized services (ie managed services), revenue is recognized pro rata over the term of the contract. Payment is due 30 days after the solutions and services have been performed. As a rule, services are priced separately. If this is not the case, the transaction prices are allocated on the basis of the relative individual selling prices.

Revenue from self-developed on-premise software is recognized at the point in time when control of the license is transferred to the customer. Such contracts and related revenues exist only to a limited extent.

Contract balances

- Contract assets
  A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
- Trade receivables
  A trade receivable represents the group's right to an amount of consideration that is unconditional (in other words only the passage of time is required before payment of the consideration is due).
- Contract liabilities
  A contract liability is the obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the group performs under the contract.

Transaction price of unsatisfied performance obligations

SoftwareONE uses the practical expedient in IFRS 15.121 and does not disclose information about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied when the original expected duration of the underlying contract is one year or less. After applying this practical expedient, the remaining performance obligations to be disclosed 31 December 2021 and 2020 are not material.

Leases

Right-of-use assets

The group recognizes right-of-use assets at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. For leased vehicles, SoftwareONE makes use of the option not to separate lease and non-lease components and ancillary costs are therefore included in the calculation of the entire lease component.

Unless the group is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. The useful life is as follows:

- Buildings: max. 10 years
- Vehicles: max. 5 years
- Other equipment: max. 5 years

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating a lease if the lease term reflects the group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease liabilities are included in the financial liabilities (refer to Note 19 Financial liabilities).

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of other machinery and equipment (these are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (in other words below CHF 5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

3 Change in the scope of consolidation

Acquisitions in 2021

The provisional fair values of the identifiable assets and liabilities as at the date of acquisition were:

in CHF 1,000	Centiq	HeleCloud	Others	Total
Cash and cash equivalents	1,102	754	646	2,502
Trade receivables	2,230	805	2,085	5,120
Other short term assets	826	1,966	461	3,253
Indemnification assets	–	–	506	506
Tangible assets	142	250	121	513
Intangible assets (excluding goodwill)	5,013	1,263	549	6,825
Right-of-use assets	–	–	815	815
Deferred tax assets	4	–	285	289
Other non-current assets	–	6	27	33
Total assets	**9,317**	**5,044**	**5,495**	**19,856**
Trade payables	779	1,297	341	2,417
Other short-term liabilities	506	1,204	536	2,246
Accrued expenses and contract liabilities	2,148	718	834	3,700
Defined benefit liabilities	–	–	480	480
Contingent liabilities	–	–	506	506
Financial liabilities	–	–	1,015	1,015
Deferred tax liabilities	952	398	172	1,522
Net assets acquired at fair value	**4,932**	**1,427**	**1,611**	**7,970**

Acquisition of Centiq

On 29 September 2021, the group acquired 100% of Dino Newco Ltd, UK, with subsidiaries, in particular Centiq Ltd ('Centiq'), in the UK. Centiq is a leading certified SAP services partner, an SAP gold service partner and holder of the advanced specialization designation for SAP on Azure with extensive professional and managed services capabilities, particularly in S/4HANA on Microsoft Azure. The acquisition further strengthens SoftwareONE's fast-growing SAP services practice in Europe and globally with the addition of a team of highly skilled SAP cloud experts.

A contingent consideration arrangement was agreed that could result in additional cash payments to the previous shareholders of Centiq. The earn-out amount is related to a continuing employment of the selling shareholders and is recognized as a personnel expense over the service period of five years and thus not part of the purchase price. For details regarding such earn-out arrangements, refer to Note 18 Provisions.

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Centiq with those of the group. The goodwill is not deductible for income tax purposes. Transaction costs of TCHF 309 are related to this acquisition.

From the date of acquisition, Centiq has contributed TCHF 1,745 of revenue and TCHF -1,402 to the profit for the year.

Acquisition of HeleCloud

On 23 September 2021, SoftwareONE acquired 100% of HeleCloud Ltd, UK ('HeleCloud'), with subsidiaries in the Netherlands and Bulgaria. HeleCloud is a certified and independent Amazon Web Services (AWS) premier consulting partner and an independent AWS-only system integrator, and managed service provider in EMEA. With this acquisition, SoftwareONE expands and strengthens its AWS capabilities in the EMEA region, adding a team of skilled AWS experts with significant project delivery and managed service capabilities.

A contingent consideration arrangement was agreed that could result in additional cash payments to the previous shareholders of HeleCloud. The earn-out amount is related to a continuing employment of the selling shareholders and is recognized as a personnel expense over the service period of three years and thus not part of the purchase price. For details regarding such earn-out arrangements, refer to Note 18 Provisions.

The goodwill recognized is primarily attributed to the workforce and the expected synergies and other benefits from combining the activities of HeleCloud with those of the group. The goodwill is not deductible for income tax purposes. Transaction costs of TCHF 313 are related to this acquisition.

From the date of acquisition, Centiq has contributed TCHF 4,608 of revenue and TCHF -1,089 to the profit for the year.

Other acquisitions

On 13 September 2021, the group acquired the activities and assets of SE16N Sp zoo and SE16 Consulting Sp zoo, Poland ('SE16N'), by way of an asset deal. SE16N is a leading SAP technology service provider and SAP S/4HANA specialist and provides a range of comprehensive SAP cloud services to help customers maximize the value of their SAP investments. The acquisition further strengthens SoftwareONE's fast-growing SAP practice in Europe and globally, adding a team of skilled SAP cloud experts and significant delivery capabilities.

On 14 July 2021, SoftwareONE acquired 100% of ITST Consultoria em Informática Ltda., Brazil ('ITST'), a specialist for professional and managed SAP services, including cloud strategy advisory, architecture assessment, migration and administration. Through this first SAP-related acquisition in Latin America, management expects that ITST will strengthen SoftwareONE's capabilities in this strategic growth stream.

On 29 April 2021, the group acquired a controlling shareholding of 70% in SynchroNet Corp. ('SynchroNet'), an AWS-focused cloud specialist in digital workplace solutions. The acquisition expands SoftwareONE's capabilities in the fast-growing market of cloud-based services for remote working and complements its global AWS services portfolio. SoftwareONE has applied the partial goodwill method. As the fair value of net assets acquired amounts to zero, the initial carrying amount of non-controlling interests is nil.

On 1 March 2021, SoftwareONE acquired 100% of VB Technology Group AG, Switzerland ('ITPC'), with subsidiaries in Switzerland and India. ITPC is an SAP specialist for S/4HANA transformations, public cloud migrations and related managed services offerings, including monitoring, maintenance and support. Continuing the series of quality SAP cloud acquisitions, ITPC further expands and strengthens the group's SAP capabilities, underpinning its strategic importance.

With the acquisition of SE16N and ITST, customer base was acquired. The remaining part of the purchase price relates to the skilled workforce and is allocated to goodwill. The purchase price paid for the acquisition of SynchroNet and ITPC relates mainly to the skilled workforce and, therefore, represents goodwill.

For details regarding contingent consideration arrangements recognized as a personnel expense, refer to Note 18 Provisions.

From the date of acquisition, the other acquired companies contributed TCHF 7,581 to revenue and TCHF 276 to the profit for the year.

If all acquisitions had taken place at the beginning of the year, total revenue of SoftwareONE would have been TCHF 982,894 and net profit for the period would have been TCHF 117,683.

The purchase price allocation for all business combinations is still provisional as at 31 December 2021.

Purchase considerations and goodwill

Details of the purchase considerations recognized at acquisition and the derivation of goodwill are as follows:

in CHF 1,000	Centiq	HeleCloud	Others	Total
Cash paid	35,089	37,786	22,222	95,097
Deferred purchase price	5,013	–	270	5,283
Offsetting of receivables of previous shareholders	–	954	–	954
Total purchase consideration	**40,102**	**38,740**	**22,492**	**101,334**
Less net assets acquired at fair value	4,932	1,427	1,611	7,970
Goodwill	**35,170**	**37,313**	**20,881**	**93,364**

The cash flow on acquisitions

in CHF 1,000	Centiq	HeleCloud	Others	Total
Cash consideration	–35,089	–37,786	–22,222	–95,097
Net cash acquired	1,102	754	646	2,502
Cash consideration for current period acquisitions	**–33,987**	**–37,032**	**–21,576**	**–92,595**
Cash consideration for prior period acquisitions[1)]	–	–	–20,142	–20,142
Net outflow of cash – investing activities	**–33,987**	**–37,032**	**–41,718**	**–112,737**

1) In January 2021, the purchase price for the acquisition of the remaining 60 % of the shares of InterGrupo (TCHF 20,142) was paid.

Acquisitions in 2020

On 9 November 2020, SoftwareONE exercised a call option to acquire the remaining 60% of IG Services SAS, Colombia, following its initial investment of 40% in 2019. In 2021, the group adjusted the purchase accounting. An additional contingent liability was considered in an amount of TCHF 1,593 of which TCHF 1,245 is covered by an indemnity. In addition, a subsequent purchase price adjustment of TCHF -753 was made in 2021. Both adjustments led to a decrease in goodwill of TCHF -405 to TCHF 16,338. There were no other changes in the final fair values of acquired assets and liabilities compared to the provisional amounts disclosed in the Annual Report 2020.

On 31 December 2020, SoftwareONE acquired 100% of Intelligence Partner SL, Spain, with subsidiaries in Brazil and Dubai. On 30 December 2020, the group acquired the activities and assets of Optimum Consulting LLC, an SAP-certified technology consulting company based in the US, by way of an asset deal. On 10 July 2020, SoftwareONE acquired 100% of B-Lay B.V., a leading provider of Software Asset Management advisory and managed services for SAP and Oracle solutions, based in the Netherlands, with subsidiaries in the US and Romania. On 20 May 2020, the group acquired 100% of GorillaStack Pty Ltd, an Australian-based provider of AWS cloud cost management tools. In 2021, the group finalized the purchase accounting and there were no changes in the final fair values of acquired assets and liabilities compared to the provisional amounts disclosed in the Annual Report 2020.

Purchase considerations and goodwill in 2020

in CHF 1,000	InterGrupo	Intelligence Partner	Others[1)]	Total
Cash paid	–	11,938	7,206	19,144
Contingent consideration liabilities	–	3,417	–	3,417
Exercise call option	20,142	–	–	20,142
Carrying amount of previously held equity interest in a joint venture	6,986	–	–	6,986
Fair value remeasurement of previously held equity interest in a joint venture	6,442	–	–	6,442
Total purchase consideration	**33,570**	**15,355**	**7,206**	**56,131**
Less net assets acquired at fair value	16,827	5,215	2,803	24,845
Goodwill	**16,743**	**10,140**	**4,403**	**31,286**

1) Cash paid includes a subsequent purchase price adjustment (TCHF 124) for the acquisition of BNW in 2019.

Cash flows on acquisitions in 2020

in CHF 1,000	InterGrupo	Intelligence Partner	Others	Total
Cash consideration	–	–11,938	–7,082	–19,020
Net cash acquired	3,562	2,596	75	6,233
Cash consideration for current period acquisitions	**3,562**	**–9,342**	**–7,007**	**–12,787**
Cash consideration for prior period acquisitions[1)]	–	–	–32,725	–32,725
Net outflow of cash – investing activities	**3,562**	**–9,342**	**–39,732**	**–45,512**

1) The contingent consideration liability for the acquisition of COMPAREX group in 2019 was paid in January 2020 (TCHF 32,601) and a subsequent purchase price adjustment for BNW (TCHF 124), acquired in 2019, was made.

4 Financial risk management

4.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, equity price risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. The financial derivatives are measured with the aid of standardized mathematical models. The counterparty risk related to those derivatives is considered to be immaterial for the group.

Risk management is carried out by Group Treasury under a policy approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating entities. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Group Treasury has set up a policy to manage its foreign exchange risk. The group hedges its foreign exchange risk exposure of recognized assets and liabilities and future commercial transactions by derivative contracts.

The group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk which, as per group policy, is not hedged. These differences are recognized in other comprehensive income and accumulated in equity. Translation risk is not considered in the analysis below.

The following table details the group's sensitivity to the major currencies with all the other variables held constant.

		2021		2020	
Impact in TCHF	Sensitivity	Earnings before income tax	Equity	Earnings before income tax	Equity
EUR	+/– 5%	+/– 1,332	+/– 1,289	+/– 319	+/– 1,018
USD	+/– 5%	+/– 467	+/– 1,232	+/– 1,395	+/– 2,084
GBP	+/– 5%	+/– 661	+/– 66	+/– 412	+/– 181
BRL	+/– 5%	+/– 11	–	+/– 52	–
MXN	+/– 5%	+/– 142	–	+/– 39	+/– 159
INR	+/– 5%	+/– 18	–	+/– 129	+/– 54
NOK	+/– 5%	+/– 139	+/– 919	+/– 33	+/– 1,489
PLN	+/– 5%	+/– 275	–	+/– 79	+/– 7

Interest rate risk

The group's interest-bearing instruments with variable interest are cash, bank overdrafts, bank loans and a multiple currency revolving credit facility (undrawn as at 31 December 2021 and 2020). Currently, there is no material exposure to interest rate risk. Also refer to Note 19 Financial liabilities.

Equity price risk

The group holds a short-term investment in listed shares. The asset is subject to fluctuation in share price. Changes in fair value are recognized in profit and loss as they arise. A sensitivity analysis was performed. A 10% fluctuation in share price leads to fluctuations in pre-tax earnings of TCHF +/– 20,876 (prior year: TCHF +/– 14,194).

Credit risk

Group Treasury and the group Credit & Collection Department are responsible for managing and analyzing the credit risk for all new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and contract assets. Risk control assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. No collateral is required. Individual risk limits are set based on internal or external ratings in accordance with guidelines set by the Board. The utilization of credit limits is regularly monitored.

There is no concentration of credit risk with respect to trade receivables, as the group has a large number of customers that are internationally diversified. 47% of trade receivables are covered through credit insurance (prior year: 47%).

The remaining part is not insured for one of the following reasons:

- From end customers with top rating (based on internal and credit insurance assessment): 22% (prior year: 20%)
- Too small to be insured: 3% (prior year: 3%)
- No insurance available: 28% (prior year: 30%)

Refer to Note 12 Trade receivables for information about the credit risk exposure on the group's trade receivables and contract assets using a provision matrix.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities (for details see further below) at all times.

The table below analyzes the group's non-derivative financial liabilities and derivative financial liabilities according to relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, ie undiscounted interest and principal payments:

		Cash outflows				
in CHF 1,000	Carrying amount	Total cash outflow	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
As at 31 December 2021						
Trade payables	1,848,712	1,848,712	1,789,930	58,782	–	–
Other payables	102,211	102,211	37,492	5,867	58,852	–
Accrued expenses	91,193	91,193	76,070	15,123	–	–
Financial liabilities (including bank overdrafts, excluding lease liabilities)	61,504	63,338	8,264	42,793	10,855	1,426
Lease liabilities	38,037	38,448	3,200	12,834	20,481	1,933
Derivatives (net)	6,119	6,119	5,272	170	1	676
Total	**2,147,776**	**2,150,021**	**1,920,228**	**135,569**	**90,189**	**4,035**
As at 31 December 2020						
Trade payables	1,685,263	1,685,263	1,653,255	32,009	–	–
Other payables	108,288	108,288	35,713	14,979	57,596	–
Accrued expenses	67,497	67,497	54,129	13,367	–	–
Financial liabilities (including bank overdrafts, excluding lease liabilities)	103,908	106,646	39,746	4,246	58,856	3,798
Lease liabilities	41,718	42,401	3,271	12,131	26,057	942
Derivatives (net)	7,218	7,218	6,404	101	3	710
Total	**2,013,892**	**2,017,313**	**1,792,518**	**76,833**	**142,512**	**5,450**

The group maintains a CHF 470 million multiple currency revolving credit facility. The agreement was signed in 2019. In 2020, SoftwareONE exercised an option to increase the initial facility (CHF 400 million) by CHF 70 million. Additionally, the tenor of the facility was extended from 30 September 2022 to 30 September 2023. In 2021, SoftwareONE executed the remaining extension option and extended the credit facility from 30 September 2023 to 30 September 2024. Thus, the facility contains no more remaining extension options. Interest would be payable at a base rate plus a margin ranging from 50 to 60 basis points initially, depending on the currency, and thereafter adjusted for changes in the leverage ratio of the group. As at 31 December 2021 and 2020, the credit facility was not used. Each drawdown within the facility would have a tenor ranging from one week up to the maturity of the credit facility. The facility is subject to loan covenants (leverage ratio: net debt/earnings before net financial items, taxes, depreciation and amortization). A potential breach of covenant triggers measures which are standard in such circumstances. Under the agreement, the covenants are monitored on a regular basis by the treasury department and half yearly reported to management and lending banks to ensure compliance with the agreement. Transaction costs of TCHF 1,330 were capitalized in 2019 and amortized pro rata over the commitment period.

As at 31 December 2021, the group had total committed and uncommitted credit lines (including factoring) of TCHF 963,559 (prior year: TCHF 998,062) available, of which 21% (prior year: 21%) was drawn. From the drawn amount, TCHF 35,231 are covered by financial covenants, which are fulfilled as at 31 December 2021 (prior year: TCHF 47,737).

4.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Surplus cash held by the operating entities over and above working capital requirements are transferred to Group Treasury whenever the legal environment permits. Group Treasury invests surplus cash in interest-bearing current accounts or short-term time deposits to provide sufficient headroom as determined by the abovementioned forecasts.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Capital is measured based on the group's consolidated financial statements and monitored closely on an ongoing basis. Management's target for the period under review was to strengthen the capital base to sustain and support further development of the business. This goal was achieved through the positive operating results of the group and the increase in equity.

The equity ratio for the period ended 31 December 2021 and the prior year were as follows:

in CHF 1,000	2021	2020
Total equity	857,418	776,522
Total assets	3,380,819	3,127,230
Equity ratio	**25.4 %**	**24.8 %**

The equity ratio for 2021 increased slightly compared to the previous year, which is mainly due to the net income for the period.

4.3 Categories of financial instruments and fair value estimation

Categories of financial instruments

The following table discloses the carrying amounts and fair values, as required, of the group's financial instruments by class and category:

As at 31 December 2021

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortized cost	350,352	n/a*	
Trade receivables	Amortized cost	1,861,168	n/a*	
Other receivables	Amortized cost	105,875	n/a*	
Derivative financial instruments	Fair value through profit or loss	3,529		Level 2
Derivative financial instruments	Designated as cash flow hedge	2,941		Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	208,756		Level 1
Financial assets - loans	Amortized cost	352	n/a*	
Total financial assets		**2,532,973**		
FINANCIAL LIABILITIES				
Trade payables	Financial liabilities at amortized cost	1,848,712	n/a*	
Other payables	Financial liabilities at amortized cost	102,211	n/a*	
Accrued expenses	Financial liabilities at amortized cost	91,193	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	8,644		Level 3
Other financial liabilities	Financial liabilities at amortized cost	52,860	n/a*	
Derivative financial instruments	Fair value through profit or loss	4,534		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,585		Level 2
Lease liabilities	n/a	38,037		
Total financial liabilities		**2,147,776**		

* The carrying amount is a reasonable approximation for fair value.

Financial assets consist of an investment in listed equity instruments for which the group recognized a fair value gain of TCHF 67,812 in finance income in 2021 (prior year: gain of TCHF 84,197).

As at 31 December 2020

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortized cost	434,941	n/a*	
Trade receivables	Amortized cost	1,714,158	n/a*	
Other receivables	Amortized cost	72,645	n/a*	
Derivative financial instruments	Fair value through profit or loss	2,587		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,290		Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	141,944		Level 1
Financial assets - loans	Amortized cost	1,430	n/a*	
Total financial assets		**2,368,995**		
FINANCIAL LIABILITIES				
Trade payables	Financial liabilities at amortized cost	1,685,263	n/a*	
Other payables	Financial liabilities at amortized cost	108,288	n/a*	
Accrued expenses	Financial liabilities at amortized cost	67,497	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	9,849		Level 3
Other financial liabilities	Financial liabilities at amortized cost	94,059	n/a*	
Derivative financial instruments	Fair value through profit or loss	5,726		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,492		Level 2
Lease liabilities	n/a	41,718		
Total financial liabilities		**2,013,892**		

* The carrying amount is a reasonable approximation for fair value.

Fair value estimation

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.

Financial instruments carried at fair value are analyzed 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.

The following table discloses valuation classes for financial instruments measured at fair value:

in CHF 1,000	As at 31 December 2021 Level 1	Level 2	Level 3	Total	As at 31 December 2020 Level 1	Level 2	Level 3	Total
ASSETS								
Financial assets	208,756	–	–	208,756	141,944	–	–	141,944
Derivative financial instruments	–	6,470	–	6,470	–	3,877	–	3,877
LIABILITIES								
Contingent consideration liabilities	–	–	8,644	8,644	–	–	9,848	9,848
Derivative financial instruments	–	6,119	–	6,119	–	7,218	–	7,218

There have been no transfers between the different hierarchy levels in 2021 and 2020.

The change in carrying values associated with 'Level 3' contingent consideration liabilities are set forth below:

in CHF 1,000	2021	2020
At 1 January	9,848	16,108
Additions	–	3,417
Settlement in cash	–1,895	–2,824
Fair value adjustment	613	–5,931
Currency translation adjustments	78	–922
As at 31 December	**8,644**	**9,848**

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

CompuCom (fair value as at 31 December 2021: TCHF 5,212; prior year: TCHF 6,266)
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. During 2021, the group recognized an unrealized fair value loss of TCHF 613 (prior year: gain of TCHF 5,904). 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%, ie TCHF 521 (prior year: TCHF +/– 627).

Intelligence Partner (fair value as at 31 December 2021: TCHF 3,264; prior year: TCHF 3,417)
The contingent consideration liability of Intelligence Partner depends on the EBITDAs of the years 2021 to 2023 and an additional 'catch-up' year if necessary. The development of the future EBITDAs and the contingent consideration is not linear and is capped at a maximum of TEUR 3,150. As in the prior year, SoftwareONE estimates that the maximum amount will be paid.

4.4 Transfer of financial assets

The group enters into transactions in which it transfers trade receivables under factoring agreements and, as a result, may either be eligible to derecognize the transferred receivables in their entirety or must continue to recognize the transferred receivables to the extent of any continuing involvement, depending on certain criteria. These criteria are presented in Note 2 Summary of significant accounting policies.

The amount of the receivables sold as at 31 December 2021 is TCHF 170,260 (prior year: TCHF 151,619). This amount is fully derecognized from the balance sheet. Moreover, liabilities to factoring partners for forwarding incoming payments from customers of TCHF 3,991 (previous year: TCHF 5,210) are recognized under financial liabilities.

5 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1 Significant estimates

Income taxes (Note 10)

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes.

In particular, the deferred tax assets on unused tax losses require estimates of the amount and dates of future taxable income as well as the future tax planning strategies. If the group expects not to realize the unused tax losses, these are not recognized.

Contingent consideration liabilities related to business acquisitions and the acquisition of customer relationships (Note 4.3, 16 and 19)

Contingent consideration liabilities reflect potential future payments following the acquisition of customer relationships and businesses. The calculation of the future payments is based on different variable input factors. These future cash flows were estimated at initial recognition. These assumptions are reviewed at each reporting date and changes impact profit and loss.

Defined benefit obligations (Note 20)

The present value of the defined benefit obligations depends on actuarial assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Additional information is disclosed in Note 20 Defined benefit liabilities.

Contingent liabilities and indemnification assets related to purchase price allocations (Note 13 and 18)

COMPAREX, acquired in 2019, has several ongoing dispute cases which could lead to future cash outflows. Occasional dispute cases also exist for InterGrupo, Intelligence Partner and ITST. In the course of the purchase price allocation, these contingent liabilities were measured at fair value on the acquisition date and presented as provisions. At each reporting date, such contingent liabilities are valued at the higher amount that would result in accordance with IAS 37 or the amount initially recognized less the cumulative amount of liabilities settled, cancelled or expired. Part of the risks are covered through indemnity clauses. The resulting indemnification assets were measured at fair value on the acquisition date on the same basis as the indemnified liability.

5.2 Significant judgments

Revenue recognition – principal versus agent assessment in indirect business (Note 6)

In accounting for revenue for software license agreements, there is considerable scope for discretion in assessing the principal/agent status. When another party is involved in providing goods or services to a customer, the assessment of whether the group acts as a principal or an agent is judgmental and addresses the questions of whether the nature of its promise is a performance obligation to provide the good or service itself (the group is a principal) or to commissioning another party to provide the good or service (the group acts as an agent). Under IFRS 15, an entity can be a principal only if it has control of a promised good or service before it is transferred to a customer. In the indirect software business, SoftwareONE only provides the access to the software license to the end customers, while the primary responsibility to provide the products lies with the third-party software provider. Thus, the group is not primarily responsible for fulfilling the promise to provide the software or cloud solutions and does not control the software license before it is transferred to the end customer. As a consequence, management concluded that SoftwareONE acts as an agent for transactions in the indirect business. As an agent, SoftwareONE recognizes revenue in the net amount that the group is entitled to retain in return for its agency services and end customer invoicing to the software provider, ie, the difference between the consideration received from the customer and cost of software purchased.

6 Revenue

SoftwareONE generates its revenue from Software & Cloud by arranging software license agreements between software providers and end customers and managing cloud subscriptions for them (point in time), providing Solutions & Services to customers (over time) and generates revenue related to the resale or sale of self-developed on-premise software (point in time, presented in Solutions & Services).

For management purposes, SoftwareONE is organized by geographical areas. The breakdown of revenue below follows the regional clusters by the group's operating segments, refer to Note 28 Segment reporting.

Revenue is broken down as follows:

2021 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud	367,649	72,491	30,961	62,528	533,629
Revenue from Solutions & Services	248,262	66,369	62,463	53,630	430,724
Total revenue	**615,911**	**138,860**	**93,424**	**116,158**	**964,353**

2020 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud[1]	360,156	65,555	36,237	57,529	519,477
Revenue from Solutions & Services	210,602	41,505	30,999	29,817	312,923
Total revenue[1]	**570,758**	**107,060**	**67,236**	**87,346**	**832,400**

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

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

in CHF 1,000	2021	2020
Revenue from Software & Cloud		
– indirect business	418,694	400,447
– direct business	114,935	119,030
Total revenue from Software & Cloud	**533,629**	**519,477**

7 Personnel expenses

in CHF 1,000	2021	2020
Salaries fixed	–348,394	–272,739
Salaries variable	–108,340	–90,549
Social security costs	–70,901	–55,288
Pension costs – defined benefit plans (Note 20)	–5,645	–4,366
Pension costs – defined contribution plans	–8,409	–5,828
Other personnel expenses	–67,117	–41,200
Total personnel expenses	**–608,806**	**–469,970**
Average head count (FTE)	**8,292**	**6,102**

Other personnel expenses include expenses for the Management Equity Plan to an amount of TCHF 9,079 (prior year: TCHF 19,964) and other share-based payment programs to an amount of TCHF 7,981 (prior year: TCHF 5,302), refer to Note 25 Share-based payments. In addition, remuneration for earn-out payments to an amount of TCHF 26,888 (prior year: TCHF 4,084) are shown as other personnel expenses.

8 Other operating expenses

in CHF 1,000	2021	2020
Travel and car expenses	–14,472	–12,803
Administrative expenses	–48,171	–40,910
Maintenance and utility expenses	–7,638	–7,002
Information technology expenses	–14,621	–10,030
Telecommunication expenses	–3,920	–3,822
Marketing expenses	–5,700	–3,074
Other operating expenses	–9,306	–8,995
Total other operating expenses	**–103,828**	**–86,636**

The increase in other operating expenses of TCHF 17,192 is related to higher administrative expenses (TCHF 7,261), ie for M&A-related costs and other consulting costs, as well as information technology expenses (TCHF 4,591) due to an increasing use of cloud applications.

9 Finance result

in CHF 1,000	2021	2020
Interest income	972	2,194
Other finance income	70,078	86,801
Gains from fair value remeasurement of previously held equity interest in a joint venture	–	6,442
Change in fair value of contingent consideration liability	–	5,931
Finance income	**71,050**	**101,368**
Interest expense	–3,093	–4,090
Other finance expenses	–6,840	–6,904
Change in fair value of contingent consideration liability	–613	–
Finance expenses	**–10,546**	**–10,994**
Foreign exchange differences, net	**–11,077**	**–10,149**
Total finance result	**49,427**	**80,225**

Other finance income includes a fair value gain of TCHF 67,812 from the valuation of equity instruments (prior year: gain of TCHF 84,197) and TCHF 1,759 income from significant finance components (prior year: TCHF 2,136).

Other finance expenses include TCHF 1,986 factoring expenses (prior year: TCHF 2,658).

In 2020, SoftwareONE exercised the call option to acquire the remaining 60% shares of IG Services SAS. Since the company was fully consolidated from this point in time, the investment in joint ventures was derecognized and resulted in a fair value gain of TCHF 6,442.

The foreign exchange differences, net result 2021 excludes unrealized losses on derivatives designated as instruments to hedge foreign currency risks to the amount of TCHF 1,251 (prior year: unrealized gains of TCHF 41) recognized in OCI and to be reclassified to the income statement in future periods. In 2021, losses of TCHF 1,564 (prior year: gains of TCHF 971) have been reclassified to profit and loss, refer to Note 14 Derivative financial instruments.

10 Income taxes

Tax expenses comprise the following positions:

in CHF 1,000	2021	2020
Current income taxes	–50,020	–43,968
Change in deferred taxes	15,821	6,926
Total tax expense	**–34,199**	**–37,042**

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

in CHF 1,000	2021	2020
Earnings before income tax (EBT)	**154,265**	**213,803**
Expected average group tax rate	20.0 %	21.3 %
Tax at expected average rate	**–30,906**	**–45,533**
+/– Effect of		
Expenses not deductible for tax purposes	–10,211	–7,587
Income not subject to tax	9,843	16,328
Utilization of previously unrecognized tax losses	606	475
Impairment of previously recognized tax losses	–578	–2,711
Capitalization of tax losses previously not recognized	2,354	1,109
Unrecognized current year's tax losses	–2,992	–1,887
Current income tax charges/credits related to prior periods	482	3,507
Impact from tax rate changes	723	898
Other effects	–3,520	–1,641
Total tax expense	**–34,199**	**–37,042**
Effective tax rate	**22.2 %**	**17.3 %**

The group's expected average tax rate is the aggregate obtained by applying the expected tax rate for each individual jurisdiction to its respective result before taxes. The weighted average expected tax rate was 20.0% (prior year: 21.3%).

The group has not recognized deferred tax assets of TCHF 2,992 (prior year: TCHF 1,887) in respect of losses for the period ended 31 December 2021 amounting to TCHF 12,685 (prior year: TCHF 9,466).

The impact from tax rate changes compared to 2021 is mainly related to tax rate changes in Switzerland and Colombia.

Other effects in 2021 are mainly related to tax provisions and withholding taxes on intercompany transactions. Other effects in 2020 were mainly related to tax benefits on the taxable impairment on investments in subsidiaries which was partially offset by the write-off on withholding tax receivables on group internal transactions.

Deferred income tax

Deferred tax income of TCHF 1,942 (prior year: expense TCHF 705) is recorded in other comprehensive income on actuarial losses on defined benefit liabilities and on hedge accounting, refer to Note 20 Defined benefit liabilities and Note 14 Derivative financial instruments.

Deferred tax assets and liabilities are based on the temporary differences between group valuation and tax bases.

in CHF 1,000	2021 Deferred tax assets	2021 Deferred tax liabilities	2020 Deferred tax assets	2020 Deferred tax liabilities
Trade receivables	3,583	3,016	2,435	3,168
Other current assets	705	234	820	2,126
Tangible, intangible and right-of-use assets	4,267	30,221	3,972	35,547
Other non-current assets	2,205	4	20	1
Accrued expenses, prepaid income and contract assets	5,394	1,232	4,159	1,888
Other current liabilities	7,734	296	8,749	851
Defined benefit liabilities	1,892	–	3,413	–
Other non-current liabilities	4,278	1,523	6,340	41
Deferred taxes from losses carried forward	13,995	–	8,987	–
Total	**44,053**	**36,526**	**38,895**	**43,622**
Offsetting of balances	–11,633	–11,633	–14,801	–14,801
Total	**32,420**	**24,893**	**24,094**	**28,821**

For some group companies, dividend payments are subject to a withholding tax which cannot be fully recovered in Switzerland. The company has not recognized deferred tax liabilities associated with investments in subsidiaries where the group can control the reversal of the temporary differences and where it is not probable that the temporary differences will reverse in the foreseeable future.

The aggregate amount of temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized amounts to TCHF 41,338 (prior year: TCHF 46,357).

The movement of available tax loss carryforwards is as follows:

in CHF 1,000	2021	2020
At 1 January	172,260	187,475
Business acquisitions	5,153	1,203
Tax losses arising in current year	26,419	12,699
Tax losses utilized against current year profits	–8,582	–17,831
Expired tax losses during the period	–2,507	–2,263
Other movements	–63,691	–4,761
Currency translation adjustments	–4,034	–4,262
As at 31 December	**125,018**	**172,260**

Tax loss carryforwards as at 31 December 2020 included tax losses in the amount of TCHF 92,161 (no expiry date) originating from the Austrian permanent establishment of COMPAREX AG in Germany. In 2020, the Austrian permanent establishment of COMPAREX AG was dissolved. It is legally uncertain if these tax loss carryforwards were transferred to the head office of COMPAREX AG. Therefore, no deferred tax asset was recognized. As at 31 December 2021, the amount is reduced to TCHF 25,062 and no deferred tax asset was recognized.

Deferred tax assets of TCHF 13,995 (prior year: TCHF 8,987) were recorded in respect of available tax loss carryforwards of TCHF 52,099 (prior year: TCHF 37,494).

Tax losses, for which no deferred tax asset was recognized will expire as follows:

in CHF 1,000	2021	2020
Expiry within 12 months	6,423	4,834
Expiry in 2–3 years	6,409	9,854
Expiry in 4–5 years	15,089	8,639
Expiry in more than 5 years	11,094	11,117
No expiry date	33,903	100,322
Total not recognized tax losses	**72,918**	**134,766**

11 Cash and cash equivalents

in CHF 1,000	2021	2020
Cash at bank	338,167	418,620
Short-term bank deposits	12,185	16,321
Total cash and cash equivalents	**350,352**	**434,941**

12 Trade receivables

in CHF 1,000	2021	2020
Trade receivables	1,874,472	1,731,266
Less provision for impairment of trade receivables	–13,304	–17,108
Total trade receivables, net	**1,861,168**	**1,714,158**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (ie, geographical region and customer rating and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the group's historical observed default rates. The group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (ie, gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The group applies the expected credit loss model under IFRS 9 and reviews its receivables periodically to determine an adequate impairment provision. Loss allowances are recognized based on lifetime ECLs at the reporting date. The aging of the receivables for the year 2021 and 2020 are as follows:

2021

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due	–0.0 %	1,616,421	–578
Past due since 1–90 days	–0.5 %	212,094	–996
Past due since 91–180 days	–5.8 %	29,899	–1,736
Past due since 181–360 days	–30.8 %	6,245	–1,924
Past due since more than 360 days	–82.2 %	9,813	–8,070
Total trade receivables, gross	**–0.7 %**	**1,874,472**	**–13,304**

2020

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due	–0.1 %	1,499,911	–836
Past due since 1–90 days	–0.4 %	192,858	–710
Past due since 91–180 days	–13.5 %	18,409	–2,484
Past due since 181–360 days	–52.7 %	8,487	–4,473
Past due since more than 360 days	–74.2 %	11,601	–8,605
Total trade receivables, gross	**–1.0 %**	**1,731,266**	**–17,108**

Movements on the group's provision for impairment of trade receivables are as follows:

	2021	2020
At 1 January	–17,108	–16,223
Allowance recognized	–3,436	–7,492
Receivables written off during the year as uncollectible	2,091	2,101
Unused amounts reversed	5,116	2,952
Currency translation adjustments	34	1,554
As at 31 December	**–13,303**	**–17,108**

13 Other receivables, prepaid expenses and contract assets

in CHF 1,000	2021	2020
Other receivables	87,170	60,967
– thereof financial assets: 27,919 (prior year: 15,748)		
Indemnification assets	6,586	3,290
Prepaid expenses	26,033	28,966
Contract assets	55,499	58,206
Current other receivables, prepaid expenses and contract assets	**175,288**	**151,429**
Other receivables	87,446	64,833
– thereof financial assets: 77,956 (prior year: 56,897)		
Indemnification assets	–	2,770
Non-current other receivables	**87,446**	**67,603**
Total other receivables, prepaid expenses and contract assets	**262,734**	**219,032**

Contract assets are initially recognized for services as receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

Other receivables mainly include VAT and other sales tax receivables.

Indemnification assets are related to the acquisition of COMPAREX group to the amount of TCHF 4,303 (prior year: TCHF 5,591) and others to the amount of TCHF 2,283 (prior year: TCHF 469). In 2021, the group received payments for an amount of TCHF 1,896 from the previous shareholder of COMPAREX group (prior year: TCHF 4,724). The underlying risks that have been classified as contingent liabilities are recorded as provisions, refer to Note 18 Provisions.

In other current receivables an impairment of TCHF 0 is considered (prior year: TCHF 577).

14 Derivative financial instruments

in CHF 1,000	2021 Notional amount	2020 Notional amount	2021 Derivative financial assets	2021 Derivative financial liabilities	2020 Derivative financial assets	2020 Derivative financial liabilities
Current						
Forward foreign exchange contracts	949,076	906,986	5,542	5,441	3,354	6,505
– cash flow hedges recognized in OCI	64,533	54,777	2,013	907	769	782
– not designated as hedging instruments	884,543	852,209	3,529	4,534	2,585	5,723
Non-current						
Forward foreign exchange contracts	44,029	57,596	928	678	523	713
– cash flow hedges recognized in OCI	44,029	57,452	928	678	521	710
– not designated as hedging instruments	–	144	–	–	2	3
Total derivatives	**993,104**	**964,582**	**6,470**	**6,119**	**3,877**	**7,218**

In 2021 and 2020, no ineffectiveness was recognized in the income statement.

15 Tangible assets

in CHF 1,000	Land	Buildings	IT equipment	Leasehold improve-ment	Furniture and fixtures	Vehicles	Other equipment	Total
At 1 January 2021	3,748	17,109	20,580	5,197	4,914	2,187	1,316	55,051
Business acquisitions	–	–	175	90	218	–	30	513
Additions	–	–	7,384	500	580	724	191	9,378
Disposals	–	–	–285	–171	–135	–630	–480	–1,702
Currency translation adjustments	–214	–854	–251	121	–21	–119	–140	–1,479
As at 31 December 2021	**3,534**	**16,255**	**27,602**	**5,736**	**5,556**	**2,162**	**916**	**61,761**
Accumulated depreciation								
At 1 January 2021	–	582	13,840	2,793	3,168	1,703	943	23,029
Additions	–	413	4,620	983	634	254	281	7,185
Disposals	–	–	–237	–157	–14	–428	–375	–1,212
Currency translation adjustments	–	–11	–129	134	39	–2	–140	–109
As at 31 December 2021	**–**	**984**	**18,094**	**3,753**	**3,827**	**1,526**	**709**	**28,893**
Carrying amount 31 December 2021	**3,534**	**15,271**	**9,509**	**1,983**	**1,729**	**635**	**207**	**32,868**

As at 31 December 2021, there were no contractual commitments for the purchase of tangible assets and no impairment was required.

in CHF 1,000	Land	Buildings	IT equipment	Leasehold improve-ment	Furniture and fixtures	Vehicles	Other equipment	Total
At 1 January 2020	1,920	9,821	18,652	4,657	4,600	2,816	1,538	44,004
Business acquisitions	1,699	6,776	60	98	181	32	53	8,899
Additions	–	–	5,313	881	395	227	230	7,046
Disposals	–	–	–2,834	–552	–38	–846	–661	–4,931
Currency translation adjustments	129	512	–611	113	–224	–42	156	33
As at 31 December 2020	**3,748**	**17,109**	**20,580**	**5,197**	**4,914**	**2,187**	**1,316**	**55,051**
Accumulated depreciation								
At 1 January 2020	–	271	12,682	2,105	2,614	2,136	659	20,467
Additions	–	311	3,923	788	729	319	452	6,522
Disposals	–	–	–2,433	–331	–35	–720	–506	–4,025
Currency translation adjustments	–	–	–332	231	–140	–32	338	65
As at 31 December 2020	**–**	**582**	**13,840**	**2,793**	**3,168**	**1,703**	**943**	**23,029**
Carrying amount 31 December 2020	**3,748**	**16,527**	**6,740**	**2,404**	**1,746**	**484**	**373**	**32,022**

As at 31 December 2020, there were no contractual commitments for the purchase of tangible assets and no impairment was required.

16 Intangible assets

in CHF 1,000	Goodwill	Software, acquired technology and customer relationships	Brand	Internally generated intangibles	Total
At 1 January 2021	358,361	156,350	31,962	44,190	590,863
Business acquisitions	93,364	6,825	–	–	100,189
Additions	–	3,970	–	19,935	23,905
Subsequent purchase price allocation adjustment	–405	–	–	–	–405
Disposals	–	–1,139	–	–	–1,139
Reclassification	–	–4,947	–	4,947	–
Currency translation adjustments	–15,662	–2,798	–81	–	–18,541
As at 31 December 2021	**435,658**	**158,261**	**31,881**	**69,072**	**694,872**
Accumulated amortization					
At 1 January 2021	–	60,239	35	27,928	88,202
Amortization	–	19,472	201	11,346	31,019
Disposals	–	–763	–	–	–763
Reclassification	–	–1,246	–	1,246	–
Currency translation adjustments	–	–435	–19	–	–454
As at 31 December 2021	**–**	**77,267**	**217**	**40,520**	**118,004**
Carrying amount 31 December 2021	**435,658**	**80,994**	**31,664**	**28,552**	**576,868**

in CHF 1,000	Goodwill	Software, acquired technology and customer relationships	Brand	Internally generated intangibles	Total
At 1 January 2020	339,560	137,762	31,277	35,050	543,649
Business acquisitions	31,286	18,436	636	–	50,358
Additions	–	6,636	–	9,140	15,776
Disposals	–	–310	–	–	–310
Currency translation adjustments	–12,485	–6,174	49	–	–18,610
As at 31 December 2020	**358,361**	**156,350**	**31,962**	**44,190**	**590,863**
Accumulated amortization					
At 1 January 2020	–	41,287	–	18,218	59,505
Amortization	–	17,536	35	9,710	27,281
Impairment	–	4,655	–	–	4,655
Disposals	–	–285	–	–	–285
Currency translation adjustments	–	–2,954	–	–	–2,954
As at 31 December 2020	**–**	**60,239**	**35**	**27,928**	**88,202**
Carrying amount 31 December 2020	**358,361**	**96,111**	**31,927**	**16,262**	**502,661**

Internally generated intangible assets relate mainly to PyraCloud, a platform helping organizations manage the entire lifecycle of on-premise software and providing insights into the best options and consumption as workloads shift to the cloud. Technical innovations are capitalized separately in accordance with the component approach if the group expects to obtain a future use from these. The average remaining amortization period is 1.7 years with a carrying amount of TCHF 16,028 (prior year: TCHF 14,954).

The acquired technology and customer relationships include customer relationships/bases primarily related to the CompuCom acquisition in 2015 and the COMPAREX acquisition in 2019. The purchase price for the customer relationships of CompuCom is fully based on variable payments depending on future revenues generated from those customers over a period of 10 years. At the acquisition date, the purchase price was determined based on the net present value of estimated total payments to be made. These customer relationships are amortized over a period of 10 years. For the customer base of CompuCom, the remaining amortization period is 3.5

years with a carrying amount of TCHF 10,080 (prior year: TCHF 12,720). In the prior year, an impairment of TCHF 4,655 was recognized, which related to the NORAM segment. For the customer base of COMPAREX, the remaining amortization period is 7.1 years with a carrying amount of TCHF 41,856 (prior year: TCHF 49,516).

The brand SoftwareONE was acquired in a business combination. It has been determined to have an indefinite useful life as there is no intention to abandon the brand name. It has existed for many years and the group has the ability to maintain its brand value for an indefinite period of time. Thus, the brand name is not amortized but is assessed for impairment annually. As the brand does not generate largely independent cash inflows, it is allocated to the group's CGUs for goodwill impairment testing as part of corporate assets. In addition, the brand InterGrupo was acquired in 2020, which will be amortized over an estimated useful life of three years.

Goodwill and the brand are allocated to four CGU's as illustrated below:

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Carrying amount
Goodwill	373,201	15,531	37,105	9,821	435,658
Brand	31,277	–	–	–	31,277
As at 31 December 2021	**404,478**	**15,531**	**37,105**	**9,821**	**466,935**

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Carrying amount
Goodwill	305,761	3,421	39,290	9,889	358,361
Brand	31,277	–	–	–	31,277
As at 31 December 2020	**337,038**	**3,421**	**39,290**	**9,889**	**389,638**

The annual goodwill impairment test for all CGUs is performed as at 30 September (prior year: 31 December) by comparing the recoverable amount of each goodwill carrying cash-generating unit with its carrying amount. The valuation date was changed to align the timing with internal planning processes. The recoverable amount for each CGU was determined based on its value in use. Cash flows are calculated on the basis of the expected growth rates in the sales markets concerned. Growth in the operating profit of the cash generating unit is expected up to the end of the detailed planning period of five years. Estimated cash flow for the year after the detailed planning period is based on an annual growth rate of 2.0% to 3.0% (prior year: 2.0%).

	2021		2020	
	Pre-tax discount rate	Post-tax discount rate	Pre-tax discount rate	Post-tax discount rate
EMEA	8.2%	6.6%	8.3%	6.7%
LATAM	16.7%	12.5%	15.4%	11.4%
APAC	10.9%	8.6%	10.5%	8.3%
NORAM	9.8%	7.8%	8.9%	7.1%

The pre-tax discount rate is calculated based on a risk-free interest rate as well as the market risk premium and borrowing interest rate. Specific peer group information for beta factors and the debt ratio are also taken into account.

The recoverable amount of CGU LATAM exceeds its carrying amount by CHF 55,7 million. A change in the projected annual gross profit growth (CAGR) during the planning period from the current 18.8% to 11.3%, the gross profit/EBITDA ratio from 18.2% to 13.5% or the pre-tax discount rate from 16.7% to 22.2% would use up the existing headroom of CGU LATAM.

17 Trade payables, accrued expenses, contract liabilities and other payables

in CHF 1,000	2021	2020
Trade payables	1,848,712	1,685,263
Accrued expenses	99,990	86,437
– thereof financial liabilities 91,193 (prior year: 67,497)		
Contract liabilities	58,754	42,199
Other payables	233,170	221,250
– thereof financial liabilities 43,359 (prior year: 50,692)		
Current trade payables, accrued expenses, contract liabilities and other payables	**2,240,626**	**2,035,149**
Other payables	70,206	61,648
– thereof financial liabilities 58,852 (prior year: 57,596)		
Non-current other payables	**70,206**	**61,648**
Total trade payables, accrued expenses, contract liabilities and other payables	**2,310,832**	**2,096,797**

Contract liabilities include short-term advances received to render services. All contract liabilities as at 1 January 2021 were recognized as revenue in 2021 (TCHF 42,199).

Accrued expenses mainly include employee-related accruals and accruals related to other operating expenses. Other payables mainly include VAT and other sales tax-related liabilities.

Other non-current payables include TCHF 51,648 non-current trade payables for multiyear contracts (prior year: TCHF 57,596).

18 Provisions

in CHF 1,000	Employment-related	Non-income tax-related	Earn-out-related	Other	Total
Current provisions	2,795	2,814	16,853	1,622	24,084
Non-current provisions	4,240	1,985	11,778	–	18,003
Total Provision as at 31 December 2021	**7,035**	**4,799**	**28,631**	**1,622**	**42,087**
At 1 January 2021	5,986	5,313	4,596	1,056	16,951
Business acquisition	506	–	–	–	506
Subsequent purchase price allocation adjustment	1,593	–	–	–	1,593
Increase	1,628	1,038	27,644	1,151	31,461
Used provisions	–241	–	–3,033	–550	–3,824
Unused amounts released	–2,457	–1,717	–	–	–4,174
Currency translation adjustments	20	165	–576	–35	–426
As at 31 December 2021	**7,035**	**4,799**	**28,631**	**1,622**	**42,087**

Provisions related to employment and non-income taxes are mainly associated with business acquisitions within the scope of IFRS 3. For the acquisition of COMPAREX group in 2019, risks to an amount of TCHF 14,689 have been identified and classified as contingent liabilities. By the end of the year, there are still provisions to an amount of TCHF 5,906 which are related to employment (TCHF 2,772; prior year: TCHF 4,239) and non-income taxes (TCHF 3,134; prior year: TCHF 4,844). For a significant portion, indemnification assets have been recognized to an amount of TCHF 4,303 (prior year: TCHF 5,591), refer to Note 13 Other receivables and prepaid expenses.

Earn-out-related provisions are associated with contingent consideration arrangements that could result in additional cash payments to the previous owners of the acquired companies. They are presented as provisions if they are contingent on continued employment and thus compensation for services. The amount of the earn-out depends on KPI developments for a contractually-defined period and, where appropriate, a multiplier derived from other variables. They are recognized as personnel expenses during the period of service.

The earn-out calculations are based on the following KPIs:

Acquired company	Earn-out relevant KPI	Cash outflow expected in year
B-Lay	EBITDA	2022/ 2023
BNW	EBITDA	2022/ 2023
Centiq	Revenue and Gross Profit	2022/ 2023/ 2024/ 2025/ 2026
HeleCloud	Gross Profit	2022/ 2023/ 2024
Intelligence Partner	EBITDA	2022/ 2023/ 2024
ITPC	Gross Profit	2022/ 2023/ 2024
ITST	Gross Profit	2022/ 2023/ 2024
makeITnoble	Gross Profit	2022/ 2023/ 2024/ 2025
MassiveR&D	Gross Profit and EBITDA	2022
Optimum	Gross Profit	2022/ 2023/ 2024
RightCloud	EBITDA	2023
SE16N	Gross Profit	2022/ 2023/ 2024

19 Financial liabilities

in CHF 1,000	2021	2020
Current		
Bank overdrafts	1,170	9,605
Contingent consideration liabilities	1,646	1,766
Lease liabilities	15,939	15,198
Other financial liabilities	47,206	31,723
Total current financial liabilities	**65,961**	**58,292**
Non-current		
Contingent consideration liabilities	6,998	8,083
Lease liabilities	22,098	26,520
Other financial liabilities	4,484	52,731
Total non-current financial liabilities	**33,580**	**87,334**
Total financial liabilities	**99,541**	**145,626**

Revolving credit loan

The group has access to a CHF 470 million multiple currency revolving credit facility. Of this revolving credit facility, an amount of CHF 470 million was undrawn as at 31 December 2021 and 2020.

Contingent consideration liabilities

In 2015, the customer base (software license business) of CompuCom was acquired. The purchase price is fully based on variable payments depending on future revenues generated from those customers over a period of 10 years. The contingent consideration liability reflects the net present value of the expected payments. These estimates are reviewed at each balance sheet date and adjusted as necessary. Adjustments are booked in finance income or expenses as the case may be. Payments are made monthly.

For further information, refer to explanation of 'Level 3' financial instruments in Note 4.3 Categories of financial instruments and fair value estimation.

Changes in liabilities arising from financing activities

		Changes in financial liabilities					
in CHF 1,000	1 January 2021	Business acquisitions	Financing cash flows	Foreign exchange movement	Change in fair value	Other	31 December 2021
Bank overdrafts	9,605	–	–6,699	–1,736	–	–	1,170
Contingent consideration liabilities	9,849	–	–1,895	77	613	–	8,644
Lease liabilities	41,718	815	–17,522	–1,127	–	14,153	38,037
Other current financial liabilities	31,723	200	–5,283	–1,370	–	21,936	47,206
Other non-current financial liabilities	52,731	–	–10,784	–264	–	–37,199	4,484
Total	**145,626**	**1,015**	**–42,183**	**–4,420**	**613**	**–1,110**	**99,541**

In 2021, SoftwareONE paid the purchase price for the acquisition of the remaining shares of IG Services SAS (TCHF 20,142), which is presented in cashflow from investing activities.

Further effects in column 'Other' are related to additions, disposals and compounding of lease liabilities (TCHF 14,153), the initial recognition of liabilities for the deferred purchase price payments for the acquisition of HeleCloud and Centiq (TCHF 5,283), a reclassification from non-current to current financial liabilities (TCHF: 37,096) and, to a limited extent, accrued interest.

in CHF 1,000	1 January 2020	Changes in financial liabilities Business acquisitions	Financing cash flows	Foreign exchange movement	Change in fair value	Other	31 December 2020
Bank overdrafts	4,151	–	6,042	–588	–	–	9,605
Contingent consideration liabilities	48,709	–	–2,824	–922	–5,931	–29,183	9,849
Lease liabilities	38,623	1,224	–16,984	–1,162	–	20,017	41,718
Other current financial liabilities	9,293	572	–23,845	–239	–	45,942	31,723
Other non-current financial liabilities	75,184	4,274	90	–485	–	–26,332	52,731
Total	**175,960**	**6,070**	**–37,521**	**–3,396**	**–5,931**	**10,444**	**145,626**

In 2020, the effect in column 'Other' of contingent consideration liabilities is related to a cash outflow of TCHF 32,601 for the contingent purchase price liability of the COMPAREX acquisition, which was presented in cashflow from investing activities. In addition, a contingent consideration liability for the acquisition of Intelligence Partner to the amount of TCHF 3,417 was recognized.

Further effects in column 'Other' were related to additions and compounding of lease liabilities (TCHF 20,017), the exercise of the call option of InterGrupo (TCHF 20,142), a reclassification from non-current to current financial liabilities (TCHF 25,899) and, to a limited extent, accrued interest.

In the statement of cash flows the change in financial liabilities is presented on a gross basis.

20 Defined benefit liabilities

Defined benefit plans

The group's retirement plans include defined benefit pension plans in Switzerland, Belgium, Germany, Austria, India, Mexico, Ecuador, France, Italy, Turkey, Costa Rica and Indonesia. These plans, excluding those in Switzerland, Belgium and Germany, are unfunded and all determined by local regulations using independent actuarial valuations according to IAS 19. The group's major defined benefit plan in Switzerland accounts for TCHF 6,528 or 48.9% (prior year: TCHF 14,900 or 68.7%) of the group's net defined benefit liability.

Pension plans in Switzerland

The current pension arrangement for employees in Switzerland is made through a plan governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The plan of SoftwareONE's Swiss company is administered by a separate legal foundation, which is funded by regular employer and employee contributions defined in the pension fund rules. The Swiss pension plan contains a cash balance benefit which is in essence contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan under IFRS. The plan is invested in a diversified range of assets in accordance with the investment strategy and the common criteria of an asset and liability management. A potential underfunding may be remedied by various measures such as increasing employer and employee contributions or reducing future benefits.

As at 31 December 2021, 252 employees (prior year: 229 employees) and no retiree (prior year: one retiree) are insured under the Swiss plan. The defined benefit obligation has a duration of 19 years (prior year: 21 years).

Amounts recognized in the balance sheet:

in CHF 1,000	Swiss plan	Other plans	2021	2020
Present value of funded obligations	68,261	8,565	76,826	67,463
Fair value of plan assets	–61,733	–6,802	–68,535	–50,677
Present value of unfunded obligations	–	5,070	5,070	4,917
Total defined benefit liabilities	**6,528**	**6,833**	**13,361**	**21,703**

Reconciliation of the present value of the defined benefit obligation (DBO):

in CHF 1,000	Swiss plan	Other plans	2021	2020
At 1 January	59,962	12,418	72,380	58,320
Business acquisitions	1,668	–	1,668	24
Service costs	4,196	1,607	5,803	4,366
Employee contribution	1,605	1,488	3,093	1,463
Interest cost	125	141	266	264
Actuarial losses/(gains)	–2,480	–707	–3,187	2,749
Benefits paid/transferred	3,185	–736	2,449	5,168
Currency translation adjustments	–	–576	–576	26
As at 31 December	**68,261**	**13,635**	**81,896**	**72,380**

Reconciliation of fair value of plan assets:

in CHF 1,000	Swiss plan	Other plans	2021	2020
At 1 January	45,065	5,612	50,677	41,321
Business acquisitions	1,188	–	1,188	–
Interest income	97	81	178	96
Return on plan assets (excluding interest income)	8,472	–276	8,196	–67
Employer contributions	2,121	394	2,515	2,317
Employee contributions	1,605	1,488	3,093	1,463
Benefits paid/transferred	3,185	–182	3,003	5,516
Currency translation adjustments	–	–315	–315	31
As at 31 December	**61,733**	**6,802**	**68,535**	**50,677**

Pension costs:

in CHF 1,000	Swiss plan	Other plans	2021	2020
Current service cost	4,196	1,449	5,645	4,366
Interest cost on defined benefit obligation	125	141	266	264
Interest on plan assets	–97	–81	–178	–96
Total defined benefit cost recognized in income statement	**4,224**	**1,509**	**5,733**	**4,534**
Thereof finance expense	28	60	88	168
Thereof personnel expense	4,196	1,449	5,645	4,366
Actuarial (gain)/loss arising from demographic assumptions	–1,876	–109	–1,985	–199
Actuarial (gain)/loss arising from changes in financial assumptions	–1,277	–448	–1,725	3,114
Actuarial (gain)/loss arising from experience	672	–149	523	–166
Return on plan assets excluding interest income	–8,472	276	–8,196	67
Total remeasurements cost recognized in OCI	**–10,953**	**–430**	**–11,383**	**2,816**
Total defined benefit cost	**–6,729**	**1,079**	**–5,650**	**7,350**

In the Swiss plan the new post-retirement mortality tables (BVG 2020 GT) were implemented in 2021. The change caused a reduction in defined benefit liabilities of TCHF 1,876.

Split of plan assets in %:

	Swiss plan	Other plans	2021	2020
Cash and cash equivalents	0.6%	–	0.3%	1.0%
Equity instruments	31.2%	–	17.8%	22.9%
Debt instruments	38.3%	–	21.9%	32.7%
Real estate	17.6%	–	10.0%	13.7%
Other	12.3%	100.0%	50.0%	29.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The actual return on plan assets amounted to TCHF 8,374 (prior year: TCHF 29).

Significant actuarial assumptions:

	Swiss plan	Other plans	2021	2020
Discount rate	0.3%	0.9%	0.6%	0.3%
Salary growth rate	1.0%	1.6%	1.2%	1.1%

Pension liability – Sensitivity analysis for Swiss plans:

	Change in assumption	Change in DBO 2021	Change in DBO 2020
Discount rate	+/– 0.25bps	–/+ 4.9%	–/+ 5.4%
Salary growth rate	+/– 0.25bps	+/– 0.9%	+/– 1.1%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected employer contributions to post-employment benefit plans for the period ended 31 December 2022 amounts to TCHF 2,560 (prior year: TCHF 2,089).

The group also operates defined contribution plans for its employees under which the relevant contributions are expensed as they occur. The aggregate cost of these plans in 2021 amounted to TCHF 8,409 (prior year: TCHF 5,828).

21 Leases

Group as a lessee

The group leases various offices, cars and IT equipment under non-cancellable lease agreements. The lease terms are between three months and 10 years, and the majority of lease agreements are renewable at market rate at the end of the lease period.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

in CHF 1,000	Buildings	Vehicles	Other equipment	Total
At 1 January 2021	43,975	18,815	1,707	64,497
Business acquisitions	815	–	–	815
Additions	9,067	6,494	–	15,561
Disposals	–7,006	–3,582	–	–10,588
Currency translation adjustments	–885	–1,167	–77	–2,129
As at 31 December 2021	**45,965**	**20,560**	**1,630**	**68,156**
Accumulated depreciation				
At 1 January 2021	14,965	7,994	832	23,791
Additions	10,780	5,884	474	17,137
Disposals	–5,217	–3,414	–	–8,631
Currency translation adjustments	–386	–565	–57	–1,008
As at 31 December 2021	**20,142**	**9,898**	**1,249**	**31,289**
Carrying amount 31 December 2021	**25,823**	**10,662**	**382**	**36,867**

in CHF 1,000	Buildings	Vehicles	Other equipment	Total
At 1 January 2020	34,784	14,925	2,098	51,807
Business acquisitions	1,215	9	–	1,224
Additions	13,861	6,592	–	20,453
Disposals	–4,280	–2,635	–363	–7,278
Currency translation adjustments	–1,605	–76	–28	–1,709
As at 31 December 2020	**43,975**	**18,815**	**1,707**	**64,497**
Accumulated depreciation				
Additions	10,295	5,863	546	16,704
Disposals	–3,692	–2,283	–332	–6,307
Currency translation adjustments	–559	–7	–6	–572
As at 31 December 2020	**14,965**	**7,994**	**832**	**23,791**
Carrying amount 31 December 2020	**29,010**	**10,821**	**875**	**40,706**

Set out below are the carrying amounts of lease liabilities (included under interest bearing loans and borrowings) and the movements during the period:

in CHF 1,000	2021	2020
At 1 January	41,718	38,623
Business acquisitions	815	1,224
Additions	15,467	20,453
Disposals	–1,952	–963
Accretion of interest	638	526
Payments	–17,522	–16,984
Currency translation adjustments	–1,127	–1,161
As at 31 December	**38,037**	**41,718**

The following are the amounts recognized in the income statement:

in CHF 1,000	2021	2020
Depreciation expenses on right-of-use assets	–17,137	–16,704
Interest expenses on lease liabilities	–638	–526
Expenses relating to short-term leases (included in other operating expenses)	–817	–769
Income from subleasing of right-of-use assets	878	887
Total	**–17,714**	**–17,112**

In 2021, the group had total cash outflows for leases of TCHF 18,339 (prior year: TCHF 17,753).

22 Share capital and treasury shares

	Number of shares	Carrying amount in CHF 1,000
As at 1 January 2020	**158,581,460**	**1,586**
Increase/(Decrease)	–	–
As at 31 December 2020	**158,581,460**	**1,586**
Increase/(Decrease)	–	–
As at 31 December 2021	**158,581,460**	**1,586**

The nominal value of the company's shares amounts to CHF 0.01 as at 31 December 2021. All shares issued by the company are fully paid.

Treasury shares

	Number of shares	Carrying amount in CHF 1,000
As at 1 January 2020	**4,271,504**	**12,024**
Distribution to employee share plans	–228,460	–1,232
Distribution to members of the Board of Directors	–26,243	–142
As at 31 December 2020	**4,016,801**	**10,650**
Distribution to employee share plans	–264,490	–1,283
Distribution to members of the Board of Directors	–27,846	–150
As at 31 December 2021	**3,724,465**	**9,217**

23 Earnings per share (EPS)

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.

in CHF 1,000	2021	2020
Profit for the period attributable to owners of the parent	120,053	176,836

Number of shares	2021	2020
Weighted average number of ordinary shares	154,711,618	154,442,769
Adjustment for share-based payment plans	399,550	126,858
Weighted average number of shares used to calculate diluted earnings per share	155,111,168	154,569,627
Basic earnings per share in CHF	**0.78**	**1.14**
Diluted earnings per share in CHF	**0.77**	**1.14**

24 Dividends

The dividends paid in 2021 were TCHF 46,396 or CHF 0.30 per share (prior year: TCHF 32,460 or CHF 0.21 per share). A dividend in respect of the period ended 31 December 2021 of CHF 0.33 per share (excluding treasury shares), amounting to a total dividend of TCHF 52,332, is to be proposed at the Annual General Meeting on 5 May 2022. These financial statements do not reflect this proposed dividend. Dividends are paid out of the capital contribution reserve of SoftwareONE Holding AG.

25 Share-based payments

In 2021, SoftwareONE granted new awards under the Long-term Incentive Plan ('LTIP21'). In addition, arrangements that were launched in previous years, the Share-based Payment Plan, the Management Equity Plan ('MEP'), the Free Share Grant and the Long-term Incentive Plan ('LTIP20') still exist. The objective of the programs is to support a business policy that is primarily oriented towards the interests of the shareholders by creating long-term increase in value through greater customer focus, employee satisfaction as well as enhanced passion, loyalty and retention of employees. Furthermore, the remuneration of the Board of Directors is partially paid out in shares.

SoftwareONE recognized total share-based payment expenses of TCHF 17,060 in 2021 (prior year: TCHF 25,266). The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

2021

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
Program granted in	2015	2019	2020	2020	2020/2021	2021	
Expenses recognized in income statement	61	9,079	3,258	510	3,524	628	17,060
Thereof expenses related to key management	1	8,000	–	–	1,566	628	10,195

2020

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
Program granted in	2015	2019	2020	2020	2020	2020	
Expenses recognized in income statement	172	19,964	3,561	103	1,138	328	25,266
Thereof expenses related to key management	45	17,816	0	0	523	328	18,712

SoftwareONE has recognized an increase in equity in the balance sheet of TCHF 17,256 for share-based payment (prior year: TCHF 26,256), of which TCHF 431 (prior year: TCHF 911) are related to tax effects.

Share-based Payment Plan

In 2015, SoftwareONE group started to grant SoftwareONE Holding AG shares to selected employees free of charge if the vesting condition (still being employed with SoftwareONE at a defined point in time) is fulfilled. The fair value of these shares at grant date is recognized in personal expenses over the vesting period (one to 50 months) and was calculated using a market approach model.

Management Equity Plan

Selected senior SoftwareONE employees participate in the MEP, a plan set up/sponsored by shareholders of the company in 2017 and amended in 2019 immediately prior to the IPO. While SoftwareONE has no obligation to settle the entitlements of MEP participants, the plan is accounted for as equity-settled by SoftwareONE because the group receives employee service from the MEP participants. Upon the IPO in 2019, 33% of the MEP was paid in cash and 67% in unvested shares transferred by the shareholders to a blocked account.

The MEP includes certain conditions such as a restriction period and non-compete clause as well as a call option of the company to buy the unvested shares at a nominal price on termination of employment by bad and early leavers during a staggered vesting period of one, two and three years starting with the date of the IPO. The non-compete clause is a post vesting restriction, with no significant effect on the grant date measurement of fair value. The company's call option to buy the unvested shares from bad and early leavers is considered a service condition and the expense of the amended MEP is recognized over the remaining vesting periods of one, two and three years from the IPO using a graded vesting scheme.

The fair value of the amended MEP granted in 2019 amounted to TCHF 53,288 (cash and 2,072,322 shares) and was determined based on the opening listing price at the SIX Swiss Exchange of the company's shares on 25 October 2019. In 2019, SoftwareONE Holding AG received a cash payment from shareholders for the amount of TCHF 15,986 to settle social security liabilities relating to the amended MEP.

Free Share Grant

In 2020, the Free Share Grant was granted. The plan provides all entitled SoftwareONE employees 100 bonus shares each on a one-time basis and therefore represents a share-based remuneration with compensation through equity instruments.

In 2020, 387,200 free shares were granted at a fair value of CHF 23.40 per share. 50% of the free shares granted vest over a service period of 16 months and the other 50% vest over a period of 28 months. There are no voting rights and no dividend claims until the end of the contractual vesting period.

Employee Share Purchase Plan

The program allows eligible SoftwareONE employees to participate in a sponsored ESPP granted in 2020. Participants are able to make periodic contributions to acquire investment shares at the respective market price over a purchase period, which will generally be one year. At the end of the purchase period, participants receive free matching shares based on the number of investment shares bought during the purchase period and held until the end of the purchase period. For every four investment shares acquired, SoftwareONE grants each employee one matching share free of charge. The matching shares granted represent an equity-settled share-based payment and are recognized over a service period ending 12 months after the purchase period. The program is ongoing.

Long-term Incentive Plan

In 2020, the LTIP was launched. The LTIP grants the Executive Board, the Executive Leadership Team and selected key employees so-called performance share unit ('PSU') subscription rights. In 2021, SoftwareONE granted new awards under this plan ('LTIP21').

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 securitizes a right to receive shares depending on the development of the underlying vesting factor. The vesting factor depends 75% on a gross profit and 25% on a relative total shareholder return ('TSR'). In both variables, the target factor is 1.0, while the minimum factor is 0.0 and the maximum factor is 2.0. The gross profit vesting factor depends on SoftwareONE's gross profit during year three and is determined on a straight-line basis between the target ranges. The relative TSR 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 >= 33% to a vesting factor of 2.0. The relative TSR vesting factor distributes linearly between the target ranges. The award cycle (service period) is three years from the contractual grant date.

The LTIP is valued using a Monte Carlo simulation. SoftwareONE has taken the following parameters into account in the valuation:

	LTIP21	LTIP20
	PSU 2021	PSU 2020
Valuation date	4 June 2021	29 May 2020
Remaining term (in years)	3	3
SWON share price at the valuation date	CHF 21.55	CHF 21.25
Price STOXX 1800 Technology Index at the valuation date	USD 2,175.31	USD 1,473.43
Volatility SWON	38.71%	34.79%
Volatility STOXX 1800 Technology Index	23.31%	21.96%
Correlation	34.92%	47.97%
Risk-free interest rate SWON	-0.69%	-0.69%
Risk-free interest rate STOXX 1800 Technology Index	0.32%	0.22%
Expected dividend yield	1.39%	0.99%
Exercise price	CHF 0.00	CHF 0.00
Gross profit vesting measure	1	1
Number of PSUs granted	363,031	319,208
Fair value per PSU	CHF 21.91	CHF 21.65

The term of the PSUs granted in 2021 starts on 4 June 2021 (valuation date) and ends on 3 June 2024 (end of the vesting period). The term of the PSUs granted in 2020 starts on 29 May 2020 and ends on 28 May 2023. An average expected fluctuation of 0% p.a. for the Executive Board, 5.0% p.a. for the Executive Leadership Team including the regional leaders and 15% p.a. for the other beneficiaries has been applied as at 31 December 2021 based on historical fluctuation and management estimates.

Remuneration of Board of Directors partially paid in shares

The Board of Director's fees are settled 60% in cash and 40% in SoftwareONE shares. The share part of the compensation is granted immediately after the Annual General Meeting and the election or re-election of the members of the Board of Directors. For the share-based compensation, the Swiss franc amount is converted into shares at the closing price of the ex date, the first date after the Annual General Meeting the shares are traded ex dividend (for 2021: 25 May 2021). The shares vest until the next Annual General Meeting and afterwards are subject to transfer restrictions of three years.

On 28 June 2021, the granted amount of TCHF 628 was converted into 27,846 shares (CHF 22.55 per share).

26 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.

In 2016, the Federal Revenue Office in São José dos Campos ('DRF/SJC') issued an infraction notice against SoftwareONE Brazil for the fiscal year 2012, levying alleged debts related to sales tax contributions ('PIS/COFINS'), charging the difference between the non-cumulative system (9.25%) and the cumulative system (3.65%). The value in dispute of the infraction notice was BRL 9,1 million (CHF 1,5 million) excluding penalty and interest. As expected, in July 2017, the administrative appeal against this infraction notice was rejected. Thus, SoftwareONE Brazil has filed a further appeal before the Administrative Tax Appeal Court ('CARF'), which was decided unfavorably at CARF level in October 2021, and SoftwareONE was notified to file the appeal. In 2020, The Federal Revenue Office issued a further infraction notice against SoftwareONE Brazil for the fiscal year 2017 for the same subject mentioned above. The value in dispute of the infraction notice was BRL 19,9 million (CHF 3,2 million) excluding penalties and interest. Thus, SoftwareONE Brazil filed a further appeal before CARF against this infraction notice, which was rejected in July 2021. SoftwareONE submitted an action for annulment at court level in November 2021 secured by a litigation bond. Nevertheless, SoftwareONE Brazil and SoftwareONE group are still of the opinion that the cumulative system was and continues to be correctly applied in line with industry standard, and are defending their position for both fiscal years 2012 and 2017 with the support of third-party lawyers. Although the probability of the outcome of the dispute cannot be reliably predicted at this stage, SoftwareONE does not expect any cash outflow for the litigations at the reporting date.

In 2019, the National Tax Administration Superintendence ('SUNAT') in Lima issued an Infraction Notice against SoftwareONE Peru for the fiscal year 2016, levying alleged debts related to withholding taxes ('Impuesto a la Renta de no Domiciliados' – IRND), charging the not contributed withholding taxes related to Software Assurance for payments made abroad. The value in dispute of the Infraction Notice was PEN 5,4 million (CHF 0,9 million) excluding penalty and interest. According to Resolution 042-2014-SUNAT/5D0000 from 2014, licenses purchased abroad are not subject to withholding taxes, whereas services are subject to withholding tax contribution. In June 2020, the administrative appeal (2nd SUNAT instance) against this infraction notice was rejected. Nevertheless, SoftwareONE Peru and the group are still of the opinion that the non-contribution of withholding taxes was and continues to be correctly applied as Software Assurance is defined as licensing and not services in line with the industry standard, and is defending its position with the support of third-party lawyers. SoftwareONE Peru therefore filed a further appeal before the Administrative tax court ('Tribunal Fiscal'), the last administrative instance, in July 2020, which ruled in favor of SoftwareONE Peru in January 2021. SUNAT took the right to appeal the decision before the civil court in May 2021. Although the probability of the outcome of the dispute cannot be reliably predicted at this stage, SoftwareONE does not expect any cash outflow for the litigation at the reporting date.

Related to an ongoing tax audit SoftwareONE is potentially exposed to a liability claim for which SoftwareONE is jointly liable for an amount up to a maximum of CHF 4,8 million. The potential liability still needs to be properly assessed building on the outcome of the tax audit. In addition, SoftwareONE's final obligation will depend on the share of the tax liability borne by the original debtors. Based on the current assessment SoftwareONE expects most of the potential claim to be settled by the original debtors.

27 Related party transactions

Key management includes members of the Board of Directors and members of the Executive Board (CEO, CFO, COO, President of Sales and President of Services). Transactions with and the compensation paid or payable to key management for employee services is shown below.

in CHF 1,000	2021	2020
Services rendered (Board of Directors)	–1,014	–1,370
Share-based payment expenses (Board of Directors)	–628	–328
Salaries and other short-term employee benefits	–3,429	–3,612
Share-based payment expenses	–1,567	–568
Post-employment benefits	–318	–162
Total	**–6,956**	**–6,040**

In addition, in connection with the Management Equity Plan, SoftwareONE recognized expenses in the income statement to the amount of TCHF 8,000 (prior year: TCHF 17,816) which are related to key management. Please also refer to Note 25 Share-based payments.

In 2020, services amounting to TCHF 1,172 were received from InterGrupo, which was a joint venture until 31 October 2020, and services amounting to TCHF 564 were rendered.

28 Segment reporting

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

– **EMEA** (Europe and South Africa);
– **NORAM** (US, Canada);
– **LATAM** (Latin America);
– **APAC** (Asia Pacific, including India and Dubai).

No operating segments have been aggregated to reportable segments.

The Executive Board (CEO, CFO, COO, President of Sales and President of Services) is the Chief Operating Decision Maker (CODM) and assesses each of the reported segments separately for the purpose of evaluating performance and allocating resources. Gross profit 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 consolidated income statement (column 'Total') as follows:

The column 'Corporate' includes the group cost centers such as management and shared service costs. The column 'FX & Consolidation' eliminates the effect of using different 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 corporate in internal reporting such as share-based payment plans (with the exception of LTIP and ESPP), earn-outs and integration costs as well as differences in accounting policies of IFRS 16 which are not reflected in the segment reporting. Additionally, the column 'Other' includes a reclassification of bad debt provisions which are presented in gross profit in the internal reporting but in operating expenses in the consolidated income statement.

Segment disclosure 2021

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX & Consoli-dation	Other	Total
Total revenue (external)	606,247	137,057	98,876	116,515	958,695	–	321	5,337	964,353
Third-party service delivery costs	–77,108	–10,203	–10,346	–10,069	–107,726	–2,344	1,251	–462	–109,281
Gross profit[1]	**529,139**	**126,854**	**88,530**	**106,446**	**850,969**	**–2,344**	**1,572**	**4,875**	**855,072**
Personnel expenses and other operating expenses/income	–310,002	–84,131	–71,722	–69,898	–535,753	–107,499	–532	–51,109	–694,893
EBITDA[2]	**219,137**	**42,723**	**16,808**	**36,548**	**315,216**	**–109,843**	**1,040**	**–46,234**	**160,179**

1) Total revenue net of third-party service delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortization.

The most relevant reconciliation items in the column 'Other' were related to:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration and M&A expenses	'Transformance' expenses	IFRS 16 leases	Bad debt provisions	Acquisition of Hele-Cloud & Centiq	Remaining	Total Other
Total revenue (external)	–	–	–	–	–	366	6,353	–1,382	5,337
Third-party service delivery costs	–	–	–	–	–	–	–501	39	–462
Gross profit[1)]	**0**	**0**	**0**	**0**	**0**	**366**	**5,852**	**–1,343**	**4,875**
Personnel expenses and other operating expenses/income	–13,026	–26,888	–9,414	–9,757	17,522	–366	–6,153	–3,027	–51,109
EBITDA[2)]	**–13,026**	**–26,888**	**–9,414**	**–9,757**	**17,522**	**0**	**–301**	**–4,370**	**–46,234**

1) Total revenue net of third-party service delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortization.

Segment disclosure 2020

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX & Consolidation	Other	Total
Total revenue (external)[1)]	572,905	108,583	61,033	86,698	829,218	–	–8,734	11,916	832,400
Third-party service delivery costs[1)]	–88,076	–5,036	–10,174	–5,522	–108,809	–1,102	7,597	–466	–102,780
Gross profit[2)]	**484,829**	**103,546**	**50,858**	**81,176**	**720,409**	**–1,102**	**–1,137**	**11,450**	**729,620**
Personnel expenses and other operating expenses/income	–272,344	–66,971	–37,694	–53,680	–430,689	–85,075	264	–26,144	–541,644
EBITDA[3)]	**212,485**	**36,575**	**13,164**	**27,496**	**289,720**	**–86,177**	**–873**	**–14,694**	**187,976**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies.
2) Total revenue net of third-party service delivery costs.
3) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortization.

The most relevant reconciliation items in the column 'Other' were related to:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration expenses	IFRS 16 leases	Bad debt provisions	Acquisition of InterGrupo	Remaining	Total Other
Total revenue (external)	–	–	–	–	6,244	5,920	–248	11,916
Third-party service delivery costs	–	–	–	–	–	–466	0	–466
Gross profit[1)]	**0**	**0**	**0**	**0**	**6,244**	**5,454**	**–248**	**11,450**
Personnel expenses and other operating expenses/income	–24,025	–4,084	–4,791	16,850	–6,244	–4,194	344	–26,144
EBITDA[2)]	**–24,025**	**–4,084**	**–4,791**	**16,850**	**0**	**1,260**	**96**	**–14,694**

1) Total revenue net of third-party service delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortization.

Additional geographical information

Switzerland, the US, Germany and the Netherlands are the main geographical markets for SoftwareONE and represent approximately 52% (prior year: 55%) of total revenue. Revenue is reported based on the customer's headquarter domicile:

2021 in CHF 1,000	Germany	US	Netherlands	Switzerland	Other countries	Total
Revenue (external)	215,516	129,232	92,284	66,735	460,586	964,353
Non-current assets	183,797	25,586	108,597	95,320	234,525	647,825

2020 in CHF 1,000	Germany	Netherlands	US	Switzerland	Other countries	Total
Revenue (external)[1)]	196,142	106,093	101,762	56,423	371,980	832,400
Non-current assets	210,498	101,203	16,511	82,710	164,467	575,389

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

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

Non-current assets for this purpose consist of tangible, intangible assets, right-of-use assets and investments in associated companies and are allocated based on the location of the group company.

29 Subsequent events

From the balance sheet date until the consolidated financial statements were approved by the Board of Directors on 2 March 2022, the following significant events occurred:

Acquisitions

On 3 February 2022, SoftwareONE acquired 100% of Predica Sp. z.o.o. ('Predica'), Poland, with subsidiaries in Germany, Denmark, Bulgaria, the US and UAE. Predica is a leading European provider of Microsoft Azure cloud migration, application modernization and managed services. As an acclaimed Microsoft Gold partner with 15 Gold competencies and Azure Expert Managed Service Provider, the company specializes in applications & DevOps, cloud infrastructure, security and data analytics in order to drive digital transformation with customers.

On 7 February 2022, the group acquired 100% of Satzmedia GmbH ('Satzmedia'), Germany, a specialist in digital experience, e-Commerce and CMS solutions. Satzmedia supports customers from the concept stage of online platforms, takes care of implementation, including seamless integration into the customer's system landscape, while also offering comprehensive maintenance services.

For both acquisitions, a purchase price to the amount of TCHF 70,651 was fully paid in cash. As a part of the purchase price agreement, contingent consideration arrangements were agreed that could result in additional cash payments to the previous shareholders. The earn-out amount is related to continuing employment of the selling shareholders and will therefore be recognized as personnel expense over the service period.

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

30 List of group companies

Fully consolidated

Company	Registered country	Voting & capital right in % 2021	Voting & capital right in % 2020
Western Europe (EMEA)			
SoftwareONE Holding AG	Stans, CH	n/a	n/a
SoftwareONE AG	Stans, CH	100	100
SoftwareONE Deutschland GmbH[1)]	Munich, DE	–	100
SoftwareONE Germany Services GmbH[1)]	Heilbronn, DE	–	100
SoftwareONE UK Ltd	Wimbledon, UK	100	100
SoftwareONE Italia Srl	Milan, IT	100	100
SoftwareONE BV Netherlands[1)]	Amsterdam, NL	–	100
SoftwareONE France SAS	Paris, FR	100	100
SoftwareONE Österreich GmbH[1)]	Vienna, AT	–	100
SoftwareONE Spain SL[1)]	Madrid, ES	–	100
SoftwareONE OY[4)]	Espoo, FI	–	100
SoftwareONE AB Sweden	Kista, SE	100	100
SoftwareONE Norway AS	Oslo, NO	100	100
SoftwareONE LATAM Holding SL	Madrid, ES	100	100
SoftwareONE Belgium Sprl[4)]	Brussels, BE	–	100
Software Pipeline Ireland Ltd	Cork, IE	100	100
SoftwareONE Finland Oy	Helsinki, FI	100	100
SoftwareONE Luxembourg SARL	Bâtiment Laccolith, LU	100	100
COMPAREX Holding GmbH	Vienna, AT	100	100
COMPAREX Beteiligungsverwaltung GmbH	Vienna, AT	100	100
SoftwareONE Deutschland GmbH[5)]	Leipzig, DE	100	100
SoftwareONE BE	Brussels, BE	100	100
SoftwareONE Österreich GmbH[5)]	Vienna, AT	100	100
ISP*D International Software Partners GmbH	Leipzig, DE	100	100
Systematica Distribution srl	Saronno, IT	100	100
COMPAREX UK Limited[4)]	Harrow, UK	–	100
SoftwareONE Denmark ApS	Birkerød, DK	100	100
SoftwareONE Netherlands BV[5)]	Amsterdam, NL	100	100
SoftwareONE Espana SA[5)]	Madrid, ES	100	100
B-lay BV[1)]	Utrecht, NL	–	100
B.services BV[1)]	Utrecht, NL	–	100
Intelligence Partners SL	Madrid, ES	100	100
Intelligence Partner U.K. Limited[4)]	London, UK	–	100
ITPC AG	Zürich, CH	100	n/a
HeleCloud Limited	Berkshire, UK	100	n/a
OlinData BV	The Hague, NL	100	n/a
Dino Newco Limited	Nottingham, UK	100	n/a
Centiq Group Limited	Nottingham, UK	100	n/a
Taurus Informatics Holdings Limited	Nottingham, UK	100	n/a
Centiq Limited	Nottingham, UK	100	n/a
Eastern Europe (EMEA)			
SoftwareONE Czech Republic sro	Prague, CZ	100	100
SoftwareONE Slovakia sro	Bratislava, SK	100	100
OOO SoftwareONE Ltd[1)]	Moscow, RU	–	100
SoftwareONE Hungary Ltd	Budapest, HU	100	100
SoftwareONE Polska Sp zoo[1)]	Warsaw, PL	–	100
SoftwareONE Licensing Experts SRL	Bucharest, RO	100	100
SoftwareONE Experts South Africa[2)]	Johannesburg, ZA	49	100
SoftwareONE doo Serbia[3)]	Belgrade, RS	100	100
COMPAREX DOO BEOGRAD	Belgrade, RS	100	100

COMPAREX SOUTH AFRICA (PTY) LTD[4]	Gauteng, ZA	–	100
COMPAREX Poland Sp zoo	Warsaw, PL	100	100
SoftwareONE, informacijski sistemi, doo	Slovenia, SL	100	100
SoftwareONE Ukraine LLC	Kiev, UA	100	100
COMPAREX Hungary Kft[4]	Budapest, HU	–	100
DIGI TRADE sro[4]	Praha, CZ	–	100
OOO COMPAREX	Moscow, RU	100	100
SoftwareONE Bulgaria EOOD	Sofia, BG	100	100
COMPAREX Romania SRL[1]	Bucharest, RO	–	100
SoftwareONE Turkey Bilişim Teknolojileri Ticaret Anonim Şirketi	Istanbul, TR	90	90
COMPAREX HRVATSKA doo	Zagreb, HR	100	100
B.sorted SRL[1]	Bucharest, RO	–	100
HeleCloud Bulgaria EOOD	Sofia, BG	100	n/a
Datastork EOOD	Sofia, BG	100	n/a

Latin America (LATAM)			
SoftwareONE Comércio e Servicos de Informatica Ltda	São Paolo, BR	100	100
SoftwareONE Chile SpA	Santiago, CL	100	100
SoftwareONE Argentina SRL	Buenos Aires, AR	100	100
SoftwareONE Puerto Rico Inc	San Juan, PR	100	100
SoftwareONE Bolivia SRL	La Paz, BO	100	100
SoftwareONE Colombia SAS	Bogota, CO	100	100
SoftwareONE Ecuador Soluciones SA	Quito, EC	100	100
SoftwareONE SW1 Dominican Republic Srl	Santo Domingo, DO	100	100
Softwarepipeline S de RL de CV	Mexico City, MX	100	100
Sftwrone SA de CV Mexico[1]	Mexico City, MX	–	100
UC Point Mexico[1]	Mexico City, MX	–	100
SWON IT Services México, SA de CV[5]	Mexico City, MX	100	100
Yaima SA	Guatemala City, GT	100	100
SoftwareONE Uruguay SA	Montevideo, UY	100	100
SoftwareONE Panamá SA	Panama City, PA	100	100
SoftwareONE Peru SAC	Lima, PE	100	100
SoftwareONE El Salvador SA de CV	San Salvador, SV	100	100
SoftwareONE Honduras SA	Tegucigalpa, HN	100	100
SoftwareONE Nicaragua SA	Managua, NI	100	100
SoftwareONE West Indies SA[3]	Gros Islet, LC	100	100
SoftwareONE Jamaica Inc Ltd	Jamaica, JM	100	100
SoftwareONE Trinidad and Tobago Ltd	Port of Spain, TT	100	100
SoftwareONE St Vincent SA[4]	St. Vincent, VC	–	100
SoftwareONE Costa Rica SA	San José, CR	100	100
SoftwareONE IT Services SA	San José, CR	100	100
COMPAREX Brasil SA	Sao Paulo, BR	100	100
Perifericos Electronicos SA de CV[1]	Mexico City, MX	–	100
IG Services SAS	Sabaneta, CO	100	40
Intelligence Partner Brasil Consultoria De Informatica Ltda	Sao Paulo, BR	100	100
IG Unified Communications SAS	Sabaneta, CO	100	n/a
IG Branch mexico SA de CV	Mexico City, MX	100	n/a
BigBranch SA	Quito, EC	100	n/a
Intergrupo Dominicana SRL	Santo Domingo, DO	100	n/a
SoftwareONE Panamá IT Services SA	Panama City, PA	100	n/a

North America (NORAM)			
SoftwareONE Inc.	New Berlin, US	100	100
SoftwareONE Canada Inc	Toronto, CA	100	100
B-lay Inc[1]	Delaware, US	–	100
SynchroNet Corp	Delaware, US	70	n/a

Asia Pacific (APAC)			
SoftwareONE Pte. Ltd.	Singapore, SG	100	100
SoftwareONE Experts Sdn Bhd Malaysia	Kuala Lumpur, MY	100	100
SoftwareONE (Shanghai) Trading Co Ltd	Shanghai, CN	100	100
SoftwareONE India Private Ltd	New Delhi, IN	100	100
SoftwareONE Japan KK	Tokyo, JP	99.92	99.92
SoftwareONE AG Trading LLC[2)]	Dubai, AE	49	49
SoftwareONE Dubai FZ - LLC[4)]	Dubai, AE	–	100
SoftwareONE Ltd Liability CO Saudi Arabia	Dubai, AE	100	100
SoftwareONE Mauritius	Port Louis, MU	100	100
SoftwareONE Australia Pty Ltd	Sydney, AU	100	100
Brave New World Consulting Pty Ltd	Melbourne, AU	100	100
SoftwareONE Philippines Corporation	Makati City, PH	100	100
SoftwareONE Thailand Co Ltd	Bangkok, TH	100	100
Software Pipeline Co Ltd	Bangkok, TH	100	100
SoftwareONE Hong Kong Ltd	Hong Kong, CN	100	100
PT SoftwareONE Indonesia	Jakarta Pusat, ID	100	100
SoftwareONE Taiwan Ltd	Taipei, TW	100	100
SoftwareONE Vietnam Co Limited	Hanoi, VN	100	100
SoftwareONE Korea Ltd	Seoul, KR	100	100
SoftwareONE New Zealand Ltd	Auckland, NZ	100	100
SoftwareONE Kazakhstan LLP	Almaty, KZ	100	100
COMPAREX Singapore Pte Ltd[3)]	Singapore, SG	100	100
COMPAREX India Pvt Ltd	New Delhi, IN	100	100
COMPAREX Indonesia PT	Jakarta, ID	100	100
COMPAREX (Beijing) Commercial Co Ltd[4)]	Beijing, CN	–	100
COMPAREX Thailand Limited[3)]	Bangkok, TH	100	100
Intelligence Middle East DMCC[4)]	Dubai, AE	–	100
GorillaStack Pty Ltd	Sydney, AU	100	100
ITPC India Private Ltd	Pune, IN	100	n/a

1) Company was merged in 2021
2) SoftwareONE is full economic owner of this company and has full control
3) Company in liquidation
4) Company was liquidated in 2021
5) Company was renamed in 2021

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 2 March 2022

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SoftwareONE Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity and for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 78 to 136) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Impairment of goodwill and intangible assets with indefinite useful life

Risk	The Group has recognized significant goodwill balances in the amount of MCHF 436 (12.9 % of total assets) and the SoftwareONE brand with an indefinite useful life and carrying amount of MCHF 31 (0.9% of total assets). Management performs an annual impairment test as of 30 September in order to identify potential impairments. Goodwill and the brand are tested by determining the recoverable amounts of each CGU to which the assets have been allocated. The impairment assessments require Management to make significant estimates related to the expected timing of future cash flows and other key assumptions which could have a significant impact on the value in use, such as revenue growth and discount rates. These are disclosed in note 16 of the consolidated financial statements.
Our audit response	Our procedures included assessing Management's process for impairment testing of goodwill and intangible assets with indefinite useful life, gaining an understanding of the approved budgets, medium-term planning and assumptions therein and evaluating the reliability and accuracy of Management's forecasts, especially in respect of revenue growth by comparing prior-year estimates with actual results. Furthermore, we assessed whether significant changes in key assumptions could result in an impairment loss by means of sensitivity analyses. We involved internal valuation specialists in the technical assessment of the impairment testing model and the evaluation of significant estimates and key assumptions (growth rates, discount rates) with reference to available market data and relevant benchmarks for each CGU. Our audit procedures did not lead to any reservations regarding the impairment testing of goodwill and intangible assets with indefinite useful life.

Revenue Recognition

Risk	The Group recognizes revenue from contracts with customers for software & cloud and solutions & services, as disclosed in note 6 of the consolidated financial statements. Whether the Group acts as a principal or agent affects the presentation of revenue (gross or net) and may impact the timing of revenue recognition. Significant judgment is required to determine whether the Group controls a specified good or services before it is transferred to the customer. In light of the additional insights provided by the IFRS Interpretations Committee in its tentative agenda decision "Principal versus Agent: Software Reseller (IFRS 15)" published in December 2021 Management decided to reassess the identification of the specified good or service and whether it acts as a principal or agent for the sale of standard software licenses in the indirect business. As disclosed in note 2 of the

Building a better working world

	consolidated financial statements in section “Change in accounting policies”, Management concluded that the Group acts as an agent for the sale of standard software licenses in the indirect business and changed its revenue recognition retrospectively. Further, the timing of revenue recognition depends on the terms and conditions in the contract, the point in time when the Group provides access to the software license to the customer or the stage of completion of the service provided to the customer.
Our audit response	Our procedures included gaining an understanding of the revenue recognition process, performing a walkthrough of the different revenue types and evaluating the design of controls in this area. We assessed the revenue recognition policy based on IFRS 15, particularly, where Management applied judgment, including the principal versus agent assessment. We reviewed Management’s reassessment of the indirect business related to principal versus agent in light of the additional insights provided by the IFRS Interpretations Committee in its tentative agenda decision published in December 2021 and the accounting for the change in accounting policy. We also inspected a sample of revenue transactions to assess the accrual-based recognition made by the Group. In addition to substantive audit procedures, we performed data-based analytical procedures based on the Group’s underlying journal entries. Our audit procedures did not lead to any reservations regarding revenue recognition.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff Licensed audit expert (Auditor in charge)	Max Lienhard Licensed audit expert

softwareONE

ANNUAL REPORT 2021

PARENT COMPANY FINANCIAL STATEMENTS

Balance Sheet

For the year ended 31 December

in CHF	Note	2021	2020
Assets			
Cash and cash equivalents		867,883	7,834,152
Other current receivables due from third parties		2,473,369	3,571,626
Other current receivables due from group companies		2,490,024	6,505,169
Short-term loans due from group companies		131,620,423	153,488,966
Prepayments and accrued income from group companies		–	95,998
Financial assets	3	23,153,650	23,153,650
Current assets		**160,605,349**	**194,649,562**
Investments	4	211,097,254	211,097,254
Property, plant and equipment		10,880,000	11,175,200
Non-current assets		**221,977,254**	**222,272,454**
Total assets		**382,582,603**	**416,922,015**

in CHF	Note	2021	2020
Liabilities and equity			
Other current liabilities due to third parties		630,937	1,114,295
Other current liabilities due to group companies		1,050,218	–
Accruals and deferred income due to third parties		1,200,864	837,953
Accruals and deferred income due to group companies		3,312,469	7,075,704
Current liabilities		**6,194,489**	**9,027,952**
Other non-current liabilities due to third parties		–	6,390
Non-current liabilities		**–**	**6,390**
Shareholders' equity			
Share capital	5	1,585,815	1,585,815
Legal capital reserves			
Share premium		114,076,671	108,673,427
Capital contribution reserves (Swiss)	6	18,761,557	18,761,557
Capital contribution reserves (non-Swiss)	6	185,912,411	232,308,404
Voluntary retained earnings			
Profit brought forward		57,207,834	52,343,365
Profit for the period		8,060,615	4,864,468
Treasury shares	7	–9,216,789	–10,649,362
Equity		**376,388,114**	**407,887,673**
Total liabilities and equity		**382,582,603**	**416,922,015**

Income Statement

For the year ended 31 December

in CHF	Note	1 January to 31 December 2021	1 January to 31 December 2020
Dividend income	8	15,000,000	10,000,000
Rental income		816,819	805,758
Financial income	9	2,324,108	4,315,812
Other income		6,390	645,557
Total income		**18,147,317**	**15,767,127**
Administrative expenses	10	–5,847,875	–9,859,003
Other expenses		–	–519,943
Depreciation on property, plant and equipment		–295,200	–295,200
Financial expenses	11	–3,870,243	–130,225
Direct taxes		–73,383	–98,288
Total expenses		**–10,086,701**	**–10,902,659**
Net profit for the year		**8,060,615**	**4,864,468**

Notes to the Statutory Financial Statements

SoftwareONE Holding AG, Stans

1 General

SoftwareONE Holding AG is the holding company of the SoftwareONE group and holds all investments, directly or indirectly, in SoftwareONE group companies.

SoftwareONE Holding AG's income primarily comprises dividends and interest income from subsidiaries and recharges for some administrative expenses and treasury shares to other group companies. SoftwareONE Holding AG does not have any employees, nor does it have any research or development activities.

SoftwareONE Holding AG's risk management is integrated into the group-wide risk management system of SoftwareONE group. Risks identified are assessed individually based on their probability of occurrence and scope of potential losses. Appropriate measures are defined for the individual risks. Risks are systematically collected and updated once a year. The risk situation and the implementation of the measures defined are monitored. The Board of Directors of SoftwareONE Holding AG addresses the topic of risk management at least once a year. Please refer to Note 4 Financial risk management of the consolidated financial statements for an explanation of group-wide risk management at SoftwareONE group.

SoftwareONE Holding AG will continue to act as the holding company of the SoftwareONE group in the 2022 financial year. There are no plans to change the company's business activities.

2 Accounting principles

The financial statements of SoftwareONE Holding AG, Stans, have been prepared in accordance with the provisions of Swiss accounting legislation (Title 32 of the Swiss Code of Obligations).

The following section describes the main valuation principles applied that are not specified by law.

Financial assets

Financial assets are valued at their acquisition cost adjusted for impairment losses.

Property, plant and equipment

Property, plant and equipment are valued at acquisition costs less accumulated depreciation and impairment losses. Expected useful life of real estate is 33.33 years.

Investments

Investments are valued at their acquisition cost adjusted for impairment losses.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. The gain or loss related to treasury shares is recognized directly in equity.

3 Financial assets

Financial assets are solely related to shares in the listed company Crayon Group Holding ASA.

4 Investments

All investments except SoftwareONE AG are indirectly held. For details please refer to Note 30 List of group companies in the consolidated financial statements.

5 Share capital

The share capital as at 31 December 2021 was composed of 158,581,500 (2020: 158,581,500) fully paid-in registered shares, each with a nominal value of CHF 0.01.

6 Capital contribution reserve

The reserves from capital contributions (Swiss) include the premium from the capital increase in 2015 and the gain on treasury shares used for share-based payments of group entities. The reserves from capital contributions (non-Swiss) result from the COMPAREX acquisition on 31 January 2019.

7 Treasury shares

The following table summarizes the balance of treasury shares:

	Number of shares	Average in CHF	In CHF 1,000
Total treasury shares as at 31 December 2019	**4,271,504**	**2.81**	**12,024**
Distribution to employee share plans	–228,460	5.40	–1,232
Distribution to members of the Board of Directors	–26,243	5.40	–142
Total treasury shares as at 31 December 2020	**4,016,801**	**2.65**	**10,650**
Distribution to employee share plans	–264,490	4.85	–1,283
Distribution to members of the Board of Directors	–27,846	5.40	–150
Total treasury shares as at 31 December 2021	**3,724,465**	**2.47**	**9,217**

8 Dividend income

Dividend income comprises dividends received from subsidiaries.

9 Financial income

in CHF	2021	2020
Interest income	2,324,108	3,016,302
Foreign exchange gains	–	1,299,511
Total financial income	**2,324,108**	**4,315,812**

10 Administrative expenses

in CHF	2021	2020
Personnel expenses BoD	–1,505,307	–1,704,953
Legal, consulting and other professional fees	–4,245,606	–8,052,453
Other	–96,962	–101,598
Total administrative expenses	**–5,847,875**	**–9,859,003**

11 Financial expenses

in CHF	2021	2020
Interest expenses	–	–1,775
Bank charges	–146,200	–128,449
Foreign exchange loss	–3,724,043	–
Total financial expenses	**–3,870,243**	**–130,225**

12 Major shareholders

Shareholder/group of shareholders	Shares held	% of voting rights
Daniel Marc von Stockar- Scherer-Castell, Hergiswil, Switzerland[2]	17,505,107 (PY: 17,489,874)	11.04 % (PY: 11 %)
B. Curti Holding AG[1) 2)]	16,031,853 (PY: 16,031,853)	10.1 % (PY: 10.1 %)
René Rudolf Gilli, Emmetten, Switzerland[2]	12,449,637 (PY: 12,445,068)	7.85 % (PY: 7.85 %)
Pictet Asset Management SA[3]	5,154,610 (PY: 5,154,610)	3.25 % (PY: 3.25 %)
UBS Fund Management[4]	4,806,309 (PY: 4,806,309)	3 % (PY: 3 %)

1) B. Curti Holding AG, Sarnen, Switzerland, is the direct shareholder of the shares which are indirectly controlled by Beat Alex Curti, Erlenbach, Switzerland.

2) Messrs Curti, von Stockar-Scherer-Castell and Gilli have entered into a shareholder agreement and form a group for purposes of Swiss disclosure rules and regulations, controlling 29 % (prior year: 28.95 %) of voting rights. The representative of this group of shareholders is Beat Curti, Erlenbach, Switzerland. In addition Daniel Marc von Stockar- Scherer-Castell and René Rudolf Gilli own additional 'Blocked shares' as disclosed in Note 13 of Parent Company Financial Statements.

3) Based on the disclosure notification published on 2 November 2019.

4) Based on the disclosure notification published on 25 June 2020.

13 Shares held by members of the Board of Directors and Executive Board

The table below shows the shareholdings of the Board of Directors (BoD) and closely related persons to the members of the BoD as at 31 December 2021.

Members of the BoD	Number of directly held shares [1] Vested shares	Blocked shares [2]	Total shareholdings as of 31 December 2021	Total shareholdings as of 31 December 2020
Daniel von Stockar	17,489,874	15,233	17,505,107	17,498,012
Peter Kurer	279,630	6,473	286,103	283,088
José Alberto Duarte	–	5,331	5,331	2,848
René Gilli	12,445,068	4,569	12,449,637	12,447,509
Timo Ihamuotila	20,000	6,093	26,093	13,255
Marie-Pierre Rogers	15,745	6,093	21,838	19,000
Jean-Pierre Saad[3]	–	5,331	5,331	2,848
Beat Curti[4]	–	–	–	16,031,853
Adam Warby	4,000	2,483	6,483	–
Isabelle Romy	–	2,483	2,483	–
Total	**30,254,317**	**54,089**	**30,308,406**	**46,298,413**

1) Ordinary registered shares of SoftwareONE.
2) At grant, a restriction period of three years is applied.
3) Representatives of the share ownership in SoftwareONE of Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg, which is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA.
4) B. Curti retired from the BoD effective 8 October 2020. Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE.

The table below shows the shareholdings of the Board of Directors (BoD) and closely related persons to the members of the BoD as at 31 December 2020.

Members of the BoD	Number of directly held shares [1] Vested shares	Blocked shares [2]	Number of indirectly held blocked shares [3]	Total shareholdings
Daniel von Stockar	17,489,874	8,138	–	17,498,012
Beat Curti[5]	–	–	16,031,853	16,031,853
Peter Kurer	279,630	3,458	–	283,088
José Alberto Duarte	–	2,848	–	2,848
Andreas Fleischmann[6]	–	–	–	–
René Gilli	12,445,068	2,441	–	12,447,509
Johannes Huth[4,7]	–	–	–	–
Marina Nielsen[8]	–	–	–	–
Timo Ihamuotila	10,000	3,255	–	13,255
Marie-Pierre Rogers	15,745	3,255	–	19,000
Jean-Pierre Saad[4]	–	2,848	–	2,848
Total	**30,240,317**	**26,243**	**16,031,853**	**46,298,413**

1) Ordinary registered shares of SoftwareONE.
2) At grant, a restriction period of three years is applied.
3) Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE.
4) Representatives of the share ownership in SoftwareONE of Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg, which is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA.
5) B. Curti retired from the Board effective 8 October 2020. Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE.
6) Representative of the share ownership in SoftwareONE of Raiffeisen Informatik GmbH & CO KG, Vienna, Austria, which is the direct shareholder of the shares indirectly and beneficially owned by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria and Raiffeisen Bank International AG, Vienna, Austria, A. Fleischmann retired from the Board effective 30 June 2020.
7) J. Huth retired from the Board effective 19 June 2020.
8) Also represents further heirs (children) of Patrick Winter. M. Nielsen was not standing for further re-election for the BoD effective 14 May 2020 (2020 AGM).

The table below shows the shareholdings of the Executive Board (EB) and closely related persons to the members of the EB – such as spouses – as at 31 December 2021.

EB members	Number of directly held shares: Vested shares [1]	Number of directly held shares: Blocked shares [2]	Total shareholdings as at 31 December 2021	Total shareholdings as at 31 December 2020
Dieter Schlosser (CEO)	714,822	143,966	858,788	858,788
Hans Grüter (CFO)	292,988	143,966	436,954	436,954
Alex Alexandrov (COO)	806,026	176,797	982,823	915,623
Neil Lomax (President)	728,982	143,966	872,948	781,183
Bernd Schlotter (President Services)	–	–	–	–
Total	**2,542,818**	**608,695**	**3,151,513**	**2,992,548**

1) Also includes shares individually purchased under the ESP.
2) Consisting of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.

The table below shows the shareholdings of the Executive Board (EB) and closely related persons to the members of the EB – such as spouses – as at 31 December 2020.

Members of the EB	Number of directly held shares: Vested shares [1]	Number of directly held shares: Blocked shares [2]	Restricted shares [3]	Total shareholdings
Dieter Schlosser (CEO)	570,856	287,932	–	858,788
Hans Grüter (CFO)	149,022	287,932	–	436,954
Alex Alexandrov (COO)	483,799	353,594	78,230	915,623
Neil Lomax (President)	493,251	287,932	–	781,183
Total	**1,696,928**	**1,217,390**	**78,230**	**2,992,548**

1) Includes also shares individually purchased under the ESP.
2) Comprised of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.
3) Shares legally held by SoftwareONE, whereby the legal share transfer is to take place after a vesting period of three years from the date of grant.

14 Shares or options on shares for members of the Board and Executive Board

For disclosures related to shares and options held by members of the Board and Executive Board please refer to section 'Share ownership' of the Compensation Report.

15 Events after the reporting period

none

Appropriation of Available Earnings

SoftwareONE Holding AG, Stans

Retained earnings		
in CHF	2021	2020
Retained earnings brought forward	57,207,834	52,343,366
Profit for the period	8,060,615	4,864,468
Voluntary retained earnings before proposed distribution	**65,268,449**	**57,207,834**
Voluntary retained earnings after proposed distribution	**65,268,449**	**57,207,834**

Capital contribution reserve		
in CHF	2021	2020
Capital contribution reserves brought forward (Swiss)	**18,761,557**	**18,763,811**
Transactions with treasury shares	–	–2,254
Capital contribution reserves after proposed distribution (Swiss)	**18,761,557**	**18,761,557**
Capital contribution reserves brought forward (non-Swiss)	**185,912,411**	**232,308,404**
Proposed distribution out of capital contribution reserves (non-Swiss)	–52,331,882	–46,395,993
Capital contribution reserves after proposed distribution (non-Swiss)	**133,580,529**	**185,912,411**

The Board of Directors will submit a proposal to the Annual General Meeting of SoftwareONE Holding AG on 5 May 2022 to issue a dividend for fiscal year 2021 of CHF 0.33 per registered share from the capital contribution reserves (non-Swiss). All shares outstanding as of 31 December 2021 are eligible for the dividend. Treasury shares held on the date of the dividend payment are not eligible for dividends; as a result, the total dividend amount payable depends on the number of treasury shares held on the distribution date.

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 2 March 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of SoftwareONE Holding AG, which comprise the balance sheet, income statement and notes (pages 142 to 148), for the year ended 31 December 2021.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of investments and short-term loans due from group companies	
Risk	As of 31 December 2021, SoftwareONE Holding AG holds all shares in SoftwareONE AG in the amount of MCHF 211 (55% of total assets) as disclosed in note 4 to the financial statements. In addition, SoftwareONE Holding AG has granted short-term loans to SoftwareONE AG in the amount of MCHF 132 (34% of total assets). SoftwareONE AG holds significant investments in subsidiaries. Therefore, the measurement of the investment in SoftwareONE AG is also affected by the value of the indirectly held investments. To assess these investments for impairment, Management uses a variety of valuation methods and makes significant estimates and judgments related to the expected timing of future cash flows and other key assumptions which could have a significant impact on net income, such as revenue growth rates and discount rates.
Our audit response	In our audit of the valuation of investments and short-term loans due from group companies, we tested analyses prepared by management, which consisted of comparing the net assets balances with the carrying amount of the investment and the results of the impairment tests prepared in the context of the consolidated financial statements that were based on discounted cash flow models. We involved internal valuation specialists in the technical assessment of impairment testing models and evaluation of significant estimates and key assumptions (growth rates, discount rates) with reference to available market data. Our audit procedures did not lead to any reservations regarding the impairment of investments and short-term loans due from group companies.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff Licensed audit expert (Auditor in charge)	Max Lienhard Licensed audit expert

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

5 May 2022
Annual General Meeting (AGM) 2022

25 August 2022
Half-year Results & Half-year Report 2022

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