HALF-YEAR REPORT 2022

EMPOWERING COMPANIES
TO TRANSFORM

HALF-YEAR REPORT 2022

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Cautionary statement regarding forward-looking and non-IFRS information

This document may contain certain forward-looking statements relating to SoftwareONE Holding AG (the 'Company') and each of its subsidiaries and affiliates (jointly referred to as 'SoftwareONE' or the 'group') and its future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to force majeure, competitive pressures, legislative and regulatory developments, global, macroeconomic and political trends, the group's ability to attract and retain the employees that are necessary to generate revenues and to manage its businesses, fluctuations in currency exchange rates and general financial market conditions, changes in accounting standards or policies, delay or inability in obtaining approvals from authorities, technical developments, litigation or adverse publicity and news coverage, each of which could cause actual development and results to differ materially from the statements made in this document. SoftwareONE assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Certain financial data included in this document consists of non-IFRS or adjusted financial measures. These non-IFRS or adjusted financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. You are cautioned not to place undue reliance on any non-IFRS or adjusted financial measures and ratios included herein. In addition, certain financial information contained herein has not been audited, confirmed or otherwise covered by a report by independent accountants and, as such, actual data could vary, possibly significantly, from the data set forth herein.

Information for shareholders

Share Information

Listing
SIX Swiss Exchange (International Reporting Standard)

Ticker
SWON

Swiss security number
49.645.150

ISIN
CH0496451508

Shares issued
158,581,460 registered shares

Nominal value
CHF 0.01 per share

Corporate Calendar

23 November 2022
Q3 Trading update

2 March 2023
Full Year Results 2022

4 May 2023
Annual General Meeting (AGM) 2023

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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 8,890 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.

SoftwareONE's integrated suite of solutions is organized into two highly synergistic business lines: Software & Cloud and Solutions & Services, which account for approximately 60% and 40% of gross profit, respectively.

– **Software & Cloud:** SoftwareONE offers its customers access to a comprehensive software and cloud portfolio, drawing on relationships with more than 7,500 partners and its global purchasing expertise. The company's software and cloud catalog includes leading global software publishers such as Microsoft, Adobe, Oracle, Red Hat, VMware and Symantec, best performing hyperscalers such as Microsoft Azure, Amazon Web Services and Google Cloud Platform, and a growing portfolio of innovative publishers.
– **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.

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.

Goatpath by SoftwareONE is a new innovation brand for the development of new products and platforms. As organizations around the world continue their cloud-first digital transformation journey, Goatpath will be at the forefront of innovation in this space through a new generation of platforms and products to be released over the course of 2022 and into 2023.

Driving growth and a technology-driven sustainable future

As SoftwareONE is growing, so too is its commitment and ambition to sustainably protect the planet, people and principles by which we all live.

With key support from the Board of Directors, the company launched its ESG (Environmental, Social & Governance) program last year, with the aim of playing an even greater part in positively impacting society, both through its own operations and value chain and by helping customers become more sustainable.

This year, following engagement with its stakeholders through surveys and interviews, a materiality assessment concluded that the key areas of focus for SoftwareONE were:

- Becoming environmentally responsible at SoftwareONE, lowering its carbon footprint.
- Committing to cutting the downstream emissions of its customers and partners.
- Continuing to cultivate an inclusive, diverse and caring space for all SoftwareONE employees.
- Furthering the direct positive digital transformation of NPO & local communities established by its OneImpact program
- Utilizing SoftwareONE's passion and dedication for a value-driven ethical business to further develop its ethical and compliant corporate governance practices.

This new global approach, centering around these five key areas will be outlined in more detail in the first ESG report in 2023.

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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.

Details on such Alternative Performance Measures, including a reconciliation from IFRS reported to adjusted profit and loss statement, adjustments and non-IFRS financials used by SoftwareONE, are provided at the end of this section.

Results Review

Key figures

CHFm	H1 2022	H1 2021	% Δ (CCY)	Q2 2022	Q2 2021	% Δ (CCY)
Adjusted						
Revenue from Software & Cloud	274.7	267.6	4.7 %	152.8	144.2	7.9 %
Revenue from Solutions & Services	240.0	188.5	30.7 %	124.2	98.3	29.0 %
Revenue	**514.6**	**456.2**	**15.4 %**	**277.0**	**242.4**	**16.4 %**
Gross profit from Software & Cloud	274.7	267.6	4.7 %	152.8	144.2	7.9 %
Gross profit from Solutions & Services	195.2	146.7	36.5 %	104.2	79.3	34.1 %
Gross profit	**469.9**	**414.4**	**16.0 %**	**257.0**	**223.4**	**17.2 %**
Operating expenses	–352.0	–305.3	18.4 %	–181.2	–155.6	18.9 %
EBITDA	**117.9**	**109.1**	**9.3 %**	**75.8**	**67.8**	**13.0 %**
EBITDA margin (% gross profit)	25.1 %	26.3 %	–	29.5 %	30.4 %	–
EPS (diluted)	**0.41**	**0.35**	**–**	**–**	**–**	**–**
IFRS reported						
Net cash generated from/(used in) operating activities	–292.3	–32.4	–	–	–	–
Net debt/(cash)	–109.8	–385.5	–	–	–	–
Net working capital (after factoring) at period-end	143.1	–59.4	–	–	–	–
Headcount (in FTEs at year-end)	**8,890**	**8,269**	**–**	**–**	**–**	**–**

In a strong demand environment, revenue at the group level grew 15.4% YoY and 12.8% YoY in constant currency (ccy) and reported currency, respectively, to CHF514.6 million in H1 2022, compared to CHF456.2 million in the prior year period.

Gross profit increased by 16.0% YoY ccy to CHF469.9 million in H1 2022, compared to CHF414.4 million in H1 2021, with growth of 17.2% YoY ccy in Q2 2022.

The negative FX translation impact was due to the strengthening of the CHF versus the EUR, partially offset by some weakness against the USD.

Double-digit growth across regions

All regions reported double-digit gross profit growth in constant currency in H1 2022, supported by the global trend towards digital transformation and the cloud.

EMEA delivered a strong performance with gross profit up 14.2% YoY ccy in H1 2022, while NORAM grew 18.0% YoY ccy on the back of strong results in Microsoft. APAC posted gross profit growth of 17.4% YoY ccy, demonstrating strength across both business lines and particularly in markets such as China, Australia and Singapore. LATAM was up 13.7% YoY ccy driven by strong performances in Brazil and Colombia.

Growth momentum in Q2 2022 carried on after a strong first quarter, with a slight sequential acceleration across all regions.

Continued growth momentum across business lines

Software & Cloud

Revenue and gross profit from Software & Cloud grew 4.7% YoY ccy to CHF274.7 million in H1 2022, compared to CHF267.6 million in the prior year period. While gross profit in Q1 2022 grew 1.1% YoY ccy in the context of a strong comparative quarter due to an exceptional vendor payment in Q1 2021, growth in Q2 2022 was 7.9% YoY ccy on the back of continued strong momentum across the hyperscaler practices and ISV portfolio.

With regards to Microsoft, gross billings amounted to USD9.6 billion in H1 2022, growing in line with the overall Microsoft market. Momentum was positive across all customer segments, although public SMEs showed lower growth in Q2 2022. Microsoft Cloud billings demonstrated double-digit growth, comprising 77% of total Microsoft volume in H1 2022, compared to 73% for FY2021.

Adjusted EBITDA for Software & Cloud grew 4.0% YoY ccy to CHF145.0 million in H1 2022, compared to CHF141.2 million in the prior year period. The adjusted EBITDA margin in H1 2022 was 52.8%, broadly stable compared to last year.

Key figures – Software & Cloud

CHFm	H1 2022	H1 2021	% Δ (CCY)	Q2 2022	Q2 2021	% Δ (CCY)
Adjusted						
Revenue	**274.7**	**267.6**	**4.7 %**	**152.8**	**144.2**	**7.9 %**
Gross profit	**274.7**	**267.6**	**4.7 %**	**152.8**	**144.2**	**7.9 %**
EBITDA	**145.0**	**141.2**	**4.0 %**	**85.9**	**80.7**	**7.7 %**
EBITDA margin (% of gross profit)	52.8 %	52.7 %	–	56.3 %	56.0 %	–

Solutions & Services

Solutions & Services achieved revenue growth of 30.7% YoY ccy to CHF240.0 million in H1 2022, up from CHF188.5 million in the prior year period. Given a limited increase in third-party delivery costs, gross profit grew 36.5% YoY ccy to CHF195.2 million in H1 2022, up from CHF146.7 million during the prior year period. Momentum in Q2 2022 remained broadly in line with Q1 2022, with growth of 34.1% YoY ccy.

Focus on cross-selling to support complete customer journeys continued with 73% of LTM (to 30 June 2022) gross profit generated by c. 16.4k customers purchasing both software and services, up from 67% a year ago.

Key growth drivers continued to be XSimples – standardized managed solutions for SMEs – and Cloud Services (Azure), as well as the acquisition of Predica. Gross profit in XSimples was up >70% YoY in H1 2022. By 30 June 2022, SoftwareONE supported 7.7 million users 24/7 in 13 languages in the cloud, up from 6.9 million as at 31 December 2021.

Adjusted EBITDA for Solutions & Services was CHF3.4 million in H1 2022, compared to CHF(6.7) million in the prior year period, driven by operating leverage as the business continued to scale rapidly.

Key figures – Solutions & Services

CHFm	H1 2022	H1 2021	% Δ (CCY)	Q2 2022	Q2 2021	% Δ (CCY)
Adjusted						
Revenue	**240.0**	**188.5**	**30.7 %**	**124.2**	**98.3**	**29.0 %**
Gross profit	**195.2**	**146.7**	**36.5 %**	**104.2**	**79.3**	**34.1 %**
EBITDA	**3.4**	**–6.7**	**NM**	**7.4**	**–2.2**	**NM**
EBITDA margin (% of gross profit)	1.8 %	–4.6 %	–	7.1 %	–2.8 %	–

Focus on operational excellence to drive profitable growth

Adjusted total operating expenses in H1 2022 were CHF352.0 million, increasing 18.4% YoY ccy compared to the prior year period. The higher personnel costs were a result of investments in sales & marketing and delivery capabilities to drive growth, particularly in Solutions & Services. The increase in adjusted total operating expenses in Q2 2022 compared to Q1 2022 was limited.

Adjusted EBITDA for H1 2022 was CHF117.9 million, increasing 9.3% YoY ccy compared to CHF109.1 million in the prior year period. The adjusted EBITDA margin was 25.1%, remaining sequentially flat compared to H2 2021 driven by a focus on cost control and completion of 'Transformance'.

Adjusted profit for the period was CHF63.9 million in H1 2022, representing an increase of 17.6% YoY in reported currency, compared to CHF54.3 million in the prior year period.

IFRS reported profit for the period decreased to CHF(60.4) million in H1 2022, compared to CHF38.3 million in the prior year period, reflecting a mainly non-cash loss related to the sale of the Russian operations and a fair value loss on shares in Norwegian listed company Crayon (partially realized due to sell-down in April 2022), as well as the impact of M&A and integration-related expenses and 'Transformance'.

Strong liquidity and unlevered balance sheet

Net working capital increased in H1 2022, translating into a CHF366.5 million reduction in net cash generated from operating activities. This development was due to timing of vendor payments in H1 2022. Importantly, vendor payment terms and customer collection terms remain unchanged.

Capital expenditure totaled CHF22.6 million, mainly relating to investments in Goatpath/ PyraCloud, compared to CHF14.3 million in the prior year period.

Proceeds from the sale of financial assets, reflecting the sell-down of 4.4 million shares in Crayon in April 2022, were CHF68.1 million. Cash outflow relating to acquisitions of businesses amounted to CHF76.9 million.

Net cash position was CHF109.8 million as at 30 June 2022 compared to CHF385.5 million one year earlier and CHF547.4 million as of 31 December 2021.

Divestment of Russian operations

After suspending a significant part of its business operations in Russia in March, SoftwareONE subsequently divested the business and transitioned its employees to a new owner.

As a consequence, SoftwareONE recorded a mainly non-cash loss in the amount of CHF35.8 million during Q2 2022 due to the deconsolidation of the Russian business and impairment of assets.

Outlook

SoftwareONE continues to expect a strong market environment and demand growth in the second half of the year.

Based on its H1 2022 performance, SoftwareONE reiterates its full-year guidance for 2022, assuming no material deterioration in the macroeconomic environment.

- ‘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.

Reporting changes from 2023 onwards

As announced on 19 May 2022, SoftwareONE will implement certain accounting-related changes from 2023 onwards to more accurately reflect the performance by business line.

In that context, SoftwareONE re-assessed the classification of cost of goods sold (COGS) and operating expenses, primarily in the Solutions & Services business line. With the implementation of the changes, COGS will reflect all direct (internal and external) costs of delivery. Furthermore, a new Alternative Performance Measure called Contribution margin will be introduced, reflecting revenue less COGS. There will be no impact at the revenue and EBITDA levels.

Following the implementation of IFRS IC’s tentative decision on revenue recognition in 2021, SoftwareONE will also base certain KPIs, including growth and margin, on revenue rather than gross profit, in line with market practice. As a consequence, FY2023 and mid-term guidance will be re-stated accordingly.

Alternative Performance Measures

SoftwareONE has defined a set of non-IFRS financial measures, which reflect the company's internal approach to analyzing the results and which are disclosed externally. They provide key decision makers at SoftwareONE with the necessary guidance on managing the group and making investment decisions, and serve as a benchmark to recognize if the company is making progress with the implementation of its vision. The company believes that such measures are frequently used by external stakeholders such as sell-side 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

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

Reported and adjusted profit and loss statement

	IFRS reported		Adjusted			
CHFm	H1 2022	H1 2021	H1 2022	H1 2021	% Δ	% Δ (CCY)
Revenue from Software & Cloud	**274.7**	**267.6**	**274.7**	**267.6**	**2.6 %**	**4.7 %**
Cost of software purchased	–	–	–	–	–	
Gross profit from Software & Cloud	**274.7**	**267.6**	**274.7**	**267.6**	**2.6 %**	**4.7 %**
Revenue from Solutions & Services	**240.0**	**188.5**	**240.0**	**188.5**	**27.3 %**	**30.7 %**
Third-party service delivery costs	–44.7	–41.8	–44.7	–41.8	7.0 %	
Gross profit from Solutions & Services	**195.2**	**146.7**	**195.2**	**146.7**	**33.1 %**	**36.5 %**
Gross profit total	**469.9**	**414.4**	**469.9**	**414.4**	**13.4 %**	**16.0 %**
Operating expenses	–424.1	–321.8	–352.0	–305.3	15.3 %	18.4 %
EBITDA	**45.8**	**92.5**	**117.9**	**109.1**	**8.1 %**	**9.3 %**
Depreciation, amortization and impairment[1]	–28.4	–27.2	–28.4	–27.2	4.6 %	–
EBIT	**17.4**	**65.3**	**89.5**	**81.9**	**9.2 %**	**–**
Net financial items	–63.1	–9.6	–4.5	–8.4	–	–
Earnings before tax	**–45.7**	**55.7**	**85.0**	**73.5**	**15.6 %**	**–**
Income tax expense	–14.8	–17.4	–21.1	–19.2	10.0 %	
Profit for the period	**–60.4**	**38.3**	**63.9**	**54.3**	**17.6 %**	
EBITDA margin (% of gross profit)	**9.8 %**	**22.3 %**	**25.1 %**	**26.3 %**	**(1,2) pp**	
EPS (diluted)	**–0.39**	**0.25**	**0.41**	**0.35**	**17.4 %**	

1) Includes PPA amortization (including impairments, if applicable) of CHF7.1 million and CHF7.1 million in H1 2022 and H1 2021, respectively

Reconciliation - IFRS reported to adjusted profit

CHFm	H1 2022	H1 2021
IFRS reported profit for the period	**–60.4**	**38.3**
Share-based compensation	3.5	7.8
Integration, M&A and earn-out expenses	24.4	8.7
Transformance expenses	8.4	–
Russia-related loss	35.8	–
Total operating expense adjustments	**72.1**	**16.6**
Depreciation / (appreciation) of Crayon shareholding	**58.6**	**1.2**
Tax impact on adjustments	**–6.3**	**–1.8**
Adjusted profit for the period	**63.9**	**54.3**

Source: Management view

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 business performance and as they might be helpful for external stakeholders to evaluate SoftwareONE's financial results compared to other companies in the same industry. They include the following:

Gross profit from Software & Cloud equals revenue from the sale of software and cloud[1]. **Gross profit from Solutions & Services** is calculated as revenue from solutions and services less third-party service delivery costs.

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 adjustments).

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

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

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

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

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

Net debt / cash comprises the group's cash and cash equivalents, current financial assets and other non-current receivables less bank overdrafts, contingent consideration liabilities, lease liabilities, other current and non-current financial liabilities.

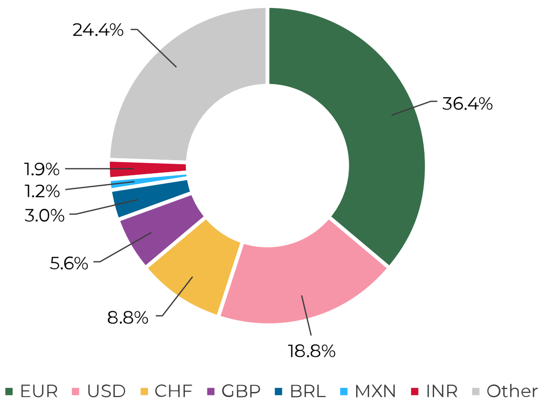
Net working capital is defined as the group's trade receivables, current other receivables, prepayments and contract assets minus trade payables, current other payables and accrued expenses and contract liabilities.

1) Presented net of cost of software purchases in line with revenue recognition under IFRS 15

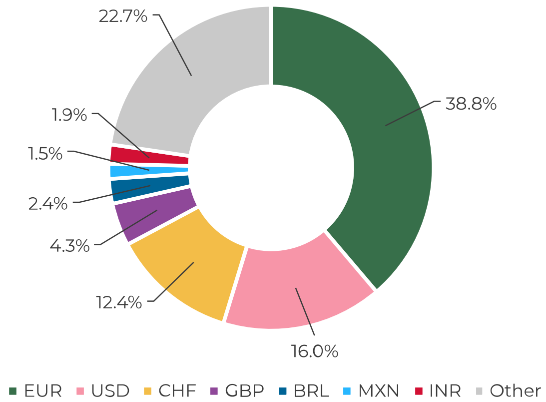
Exchange rates

The table below shows the development of the Swiss franc, SoftwareONE's reporting currency, against major local currencies between two periods, and the charts provide an overview of the currency splits, including exchange rates that had the biggest impact on gross profit and operating expenses. Related calculations are based on underlying management accounts and may slightly differ from exchange rates shown in the interim condensed consolidated financial statements.

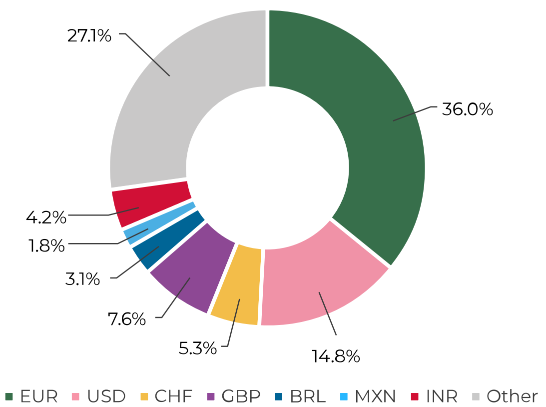
Gross profit H1 2022



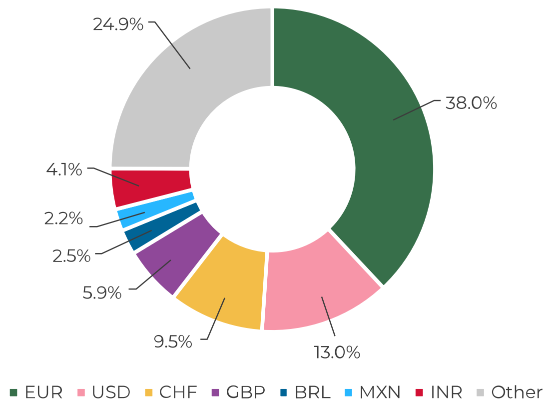
Gross profit H1 2021



Operating expenses H1 2022



Operating expenses H1 2021



HALF-YEAR REPORT 2022

CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated income statement

For the six months ended 30 June

in CHF 1,000	Note	2022	2021
Revenue from Software & Cloud[1]	2, 5	274,689	267,644
Revenue from Solutions & Services[1]	2, 5	239,956	188,522
Total revenue[1]	2	**514,645**	**456,166**
Third-party service delivery costs[1]	2	–44,718	–41,809
Personnel expenses		–341,933	–284,411
Other operating expenses	3	–96,568	–44,403
Other operating income		14,420	7,000
Earnings before net financial items, taxes, depreciation and amortization		**45,846**	**92,543**
Depreciation and amortization		–28,447	–27,206
Earnings before net financial items and taxes		**17,399**	**65,337**
Finance income		2,936	1,214
Finance costs	4	–63,429	–4,612
Foreign exchange differences, net		–2,486	–6,239
Share of result of associated companies		–88	–
Earnings before tax		**–45,668**	**55,700**
Income tax expense		–14,768	–17,364
(Loss)/Profit for the period		**–60,436**	**38,336**
(Loss)/Profit attributable to:			
– Owners of the parent		–60,411	38,560
– Non-controlling interest		–25	–224
Earnings per share in CHF			
– Basic	6	–0.39	0.25
– Diluted	6	–0.39	0.25

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

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June

in CHF 1,000	Note	2022	2021
(Loss)/Profit for the period		**–60,436**	**38,336**
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of post-employment benefit obligations		7,450	8,221
Taxes		–1,077	–1,182
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustments		–12,187	14,589
Cash flow hedges		349	2,160
Taxes		–28	–336
Total other comprehensive income for the period		**–5,493**	**23,452**
Total comprehensive income for the period		**–65,929**	**61,788**
Total comprehensive income attributable to:			
– Owners of the parent		–66,033	62,020
– Non-controlling interest		104	–232

Interim condensed consolidated balance sheet

As at in CHF 1,000	Note	30 June 2022	31 Dec 2021
Assets			
Cash and cash equivalents		169,587	350,352
Trade receivables		2,316,029	1,861,168
Income tax receivables		13,825	10,742
Other receivables		113,449	93,756
Derivative financial instruments	4	10,925	5,542
Prepayments and contract assets		103,773	81,532
Financial assets	4	83,180	209,108
Current assets		**2,810,768**	**2,612,200**
Tangible assets		32,079	32,868
Intangible assets	3	625,260	576,868
Right-of-use assets		33,319	36,867
Investment in associated companies		1,152	1,222
Other receivables		165,076	87,446
Derivative financial instruments	4	908	928
Deferred tax assets		31,149	32,420
Non-current assets		**888,943**	**768,619**
TOTAL ASSETS		**3,699,711**	**3,380,819**

As at in CHF 1,000	Note	30 June 2022	31 Dec 2021
Liabilities and shareholders' equity			
Trade payables		2,018,288	1,848,712
Other payables		197,186	233,170
Accrued expenses and contract liabilities		174,660	158,744
Derivative financial instruments	4	7,925	5,441
Income tax liabilities		23,721	26,568
Provisions		29,304	24,084
Bank overdrafts		4,336	1,170
Other financial liabilities		269,485	64,791
Current liabilities		**2,724,905**	**2,362,680**
Derivative financial instruments		676	678
Provisions		16,361	18,003
Financial liabilities	4	34,183	33,580
Other payables		144,771	70,206
Deferred tax liabilities		24,405	24,893
Defined benefit liabilities	9	7,079	13,361
Non-current liabilities		**227,475**	**160,721**
TOTAL LIABILITIES		**2,952,380**	**2,523,401**
Share capital		1,586	1,586
Share premium		176,363	227,472
Treasury shares		–9,113	–9,217
Retained earnings		659,013	706,204
Hedging reserve		1,572	1,251
Currency translation adjustments		–82,356	–70,040
Equity attributable to owners of the parent		**747,065**	**857,256**
Non-controlling interest		266	162
TOTAL EQUITY		**747,331**	**857,418**
TOTAL LIABILITIES AND EQUITY		**3,699,711**	**3,380,819**

Interim condensed consolidated statement of cash flows

For the six months ended 30 June

in CHF 1,000	Note	2022	2021
(Loss)/Profit for the period		**–60,436**	**38,336**
Adjustments for:			
Depreciation and amortization		28,447	27,206
Total finance result, net		62,979	9,637
Share of result of associated companies		88	–
Income tax expense		14,768	17,364
Other non-cash items		41,790	–7,052
Change in trade receivables		–466,311	–218,834
Change in other receivables, prepayments and contract assets		–123,606	–56,156
Change in trade and other payables		230,633	145,671
Change in accrued expenses and contract liabilities		–7,189	21,542
Change in provisions		4,023	3,419
Income taxes paid		–17,505	–13,493
Net cash generated from/(used in) operating activities		**–292,319**	**–32,360**
Purchases of tangible and intangible assets		–22,554	–14,290
Proceeds from sale of tangible and intangible assets		119	165
Proceeds from sale of financial assets	4	68,101	–
Loan repayments received		–	116
Interest received		796	314
Acquisition of businesses (net of cash acquired)	3	–76,904	–34,778
Sale of subsidiaries (net of cash disposed)	3	–3,793	–
Net cash from/(used) in investing activities		**–34,235**	**–48,473**
Proceeds from financial liabilities		1,425,389	1,340,950
Repayments of financial liabilities		–1,222,786	–1,371,197
Payment of contingent consideration liabilities	4	–334	–708
Interest paid		–4,271	–4,054
Dividends paid to owners of the parent	7	–51,109	–46,396
Net cash from/(used in) financing activities		**146,889**	**–81,405**
Net (decrease)/increase in cash and cash equivalents		**–179,665**	**–162,238**
Cash and cash equivalents at beginning of period		350,352	434,941
Net foreign exchange difference on cash and cash equivalents		–1,100	3,612
Cash and cash equivalents at end of period		**169,587**	**276,315**

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June

in CHF 1,000	Equity attributable to owners of SoftwareONE Holding AG								
	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjust-ments	Total	Non-controlling interest	Total equity
Balance as at 1 January 2021	**1,586**	**273,868**	**–10,650**	**560,797**	**–41**	**–49,109**	**776,451**	**71**	**776,522**
Profit for the period				38,560			38,560	–224	38,336
Other comprehensive income for the period				7,039	1,824	14,597	23,460	–8	23,452
Total comprehensive income for the period				**45,599**	**1,824**	**14,597**	**62,020**	**–232**	**61,788**
Transactions in treasury shares			502	–502			–		–
Dividends paid		–46,396					–46,396		–46,396
Share-based payments				8,816			8,816		8,816
Balance as at 30 June 2021	**1,586**	**227,472**	**–10,148**	**614,710**	**1,783**	**–34,512**	**800,891**	**–161**	**800,730**
Balance as at 1 January 2022	**1,586**	**227,472**	**–9,217**	**706,204**	**1,251**	**–70,040**	**857,256**	**162**	**857,418**
Loss for the period				–60,411			–60,411	–25	–60,436
Other comprehensive income for the period				6,373	321	–12,316	–5,622	129	–5,493
Total comprehensive income for the period				**–54,038**	**321**	**–12,316**	**–66,033**	**104**	**–65,929**
Transactions in treasury shares			104	–104			–		–
Dividends paid		–51,109					–51,109		–51,109
Share-based payments				6,951			6,951		6,951
Balance as at 30 June 2022	**1,586**	**176,363**	**–9,113**	**659,013**	**1,572**	**–82,356**	**747,065**	**266**	**747,331**

Notes to the interim condensed consolidated financial statements

1 General information

SoftwareONE Holding AG ('the company') and its subsidiaries (together 'the group' or 'SoftwareONE') is a leading 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 is traded on the SIX Swiss Exchange. The shares trade under the ticker symbol 'SWON'.

These interim consolidated financial statements for the six months ended 30 June 2022 were authorized for issue by the Board of Directors on 24 August 2022.

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

Basis of presentation

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 31 December 2021 approved by the Board of Directors on 2 March 2022.

New standards, interpretations and amendments adopted by the group

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 31 December 2021 except for changes effective from 1 January 2022 and the change in presentation of revenue disclosed further below.

As at 1 January 2022, the following amendments to the International Financial Reporting Standards (IFRS) entered into force:

- IFRS 3: Business Combinations: References to the Conceptual Framework
- IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts, Costs of Fulfilling a Contract
- IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Annual Improvements Project 2018-2020: Changes to IFRS 1, IFRS 9, IFRS 16, IAS 41

These amendments do not have a significant impact on the group. SoftwareONE has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Change in accounting policies

The comparative information for the six months ended 30 June 2021 presented in these interim financial statements has been amended to reflect the changes in accounting policies disclosed in the Annual Report 2021 under the heading 'Change in accounting policies'. In December 2021, the IFRS Interpretations Committee (IFRS IC) issued a tentative agenda decision on 'Principal versus Agent: Software Reseller (IFRS 15)' about whether a reseller of software licenses is acting as principal or agent for the purposes of recognizing revenue under IFRS 15 Revenue from Contracts with Customers. As an addendum to its April 2022 meeting, the IFRS IC issued the final agenda decision 'Principal versus Agent: Software Reseller (IFRS 15)' on 30 May 2022.

In view of the clarifications from the draft agenda decision management re-assessed and concluded in 2021 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, SoftwareONE recognizes revenue from Software & Cloud 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. During the assessment in the first half of 2022 whether there are any other potential effects of the clarification by the IFRS IC on its revenue contracts, SoftwareONE identified a type of service contracts in Solutions & Services in which SoftwareONE also acts as an agent and, therefore, recognizes revenue in the net amount.

The comparative period for the six months ending 30 June 2021, in which SoftwareONE reported revenue from Software & Cloud (indirect business only) and the identified service contracts as a principal based on a gross amount in the interim condensed consolidated income statement, is adjusted. The result of the change in accounting policies for the comparative period is shown in the following table:

For the six months ended 30 June in CHF 1,000	2021 reported	Adjustment	2021 adjusted
Revenue from Software & Cloud	4,170,179	–3,902,535	267,644
Revenue from Solutions & Services	196,350	–7,828	188,522
Total revenue	**4,366,529**	**–3,910,363**	**456,166**
Cost of software purchased	–3,902,535	3,902,535	–
Third-party service delivery costs	–49,637	7,828	–41,809
Earnings before net financial items, taxes, depreciation and amortization	**92,543**	**–**	**92,543**
Earnings before net financial items and taxes	**65,337**	**–**	**65,337**
Earnings before income tax	**55,700**	**–**	**55,700**
Profit for the period	**38,336**	**–**	**38,336**

The assessment of the implications of the agenda decision on some revenue contracts is still ongoing and management expects that there could be other potential effects of the clarification by the IFRS IC on contracts with customers. The Group plans to complete this assessment in the second half of 2022.

Disclosure of additional information on business line performance in the segment reporting

The identification of the group's reporting segments has not changed. However, starting 2022, SoftwareONE internally also reports EBITDA by business lines to the Chief Operating Decision Maker. The view presents a breakdown of total revenue, gross profit, contribution margin and EBITDA for the business lines Software & Cloud, Solutions & Services and Corporate to measure the individual success of the business lines. For additional information on business line performance, refer to Note 11 Segment Reporting.

Impact of the Ukraine war on the interim condensed consolidated financial statements

In light of the invasion of Ukraine by Russian forces and the changed political and economic environment in Russia, which does not offer potential to operate with stability in this market in the mid-term, SoftwareONE decided in March 2022 to suspend a significant part of its sales and business operations in Russia. As a consequence of this decision, SoftwareONE LLC, Russia, was sold to a third-party on 20 May 2022. For more information, refer to Note 3 Changes in the scope of consolidation.

On the basis of the information available in the reporting period, an analysis of the effects on the accounting of SoftwareONE was carried out as at 30 June 2022, in particular with respect to the expected credit losses on trade receivables and contract assets. SoftwareONE has determined additional expected credit losses of CHF 4,6 million for receivables of customers in Russia that are recorded in these interim condensed consolidated financial statements.

Foreign currency translation

The following exchange rates were used:

		Six-month period ended 30 June 2022		Six-month period ended 30 June 2021		31 Dec 2021
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate	Closing rate
Euro	EUR	0.97	0.99	0.91	0.91	0.97
US dollar	USD	1.06	1.05	1.10	1.08	1.09
British pound	GBP	0.82	0.86	0.79	0.78	0.81
Brazilian real	BRL	5.36	5.52	5.92	5.36	6.15
Mexican peso	MXN	21.47	21.13	22.22	21.53	22.43
Indian rupee	INR	80.74	83.09	80.74	80.52	81.29
Norwegian krone	NOK	9.66	10.30	9.30	9.29	9.62
Polish zloty	PLN	4.49	4.69	4.15	4.12	4.44

Seasonality of operations

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

3 Changes in the scope of consolidation

Acquisitions in 2022

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

in CHF 1,000	Predica	Others	Total
Cash and cash equivalents	3,097	235	3,332
Trade receivables	5,943	82	6,025
Other current assets	3,150	50	3,200
Tangible assets	83	99	182
Intangible assets (excluding goodwill)	11,323	–	11,323
Other non-current assets	579	–	579
Deferred tax assets	493	–	493
Total assets	**24,668**	**466**	**25,134**
Trade payables	1,737	20	1,757
Accrued expenses and contract liabilities	3,656	26	3,682
Other current liabilities	2,896	69	2,965
Financial liabilities	593	–	593
Other non-current liabilities	560	–	560
Deferred tax liabilities	2,060	–	2,060
Net assets acquired at fair value	**13,166**	**351**	**13,517**

Acquisition of Predica

On 2 February 2022, SoftwareONE acquired 100% of Predica Sp zoo, Poland ('Predica'), a cloud-native provider of industry-leading Azure cloud professional and managed services with subsidiaries in Europe and Middle East and the US. 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.

A contingent consideration arrangement was agreed that could result in additional cash payments to the previous shareholders of Predica. The calculation is based on future revenue, revenue growth and other KPIs. The earn-out amount contingent on continuing employment of the selling shareholders is recognized as a personnel expense over the service period of three years and thus not part of the purchase price. The fair value of the contingent consideration of TCHF 8,750 payable to selling shareholders without continuing employment is part of the purchase price and recognized as a financial liability. Cash outflows for both earn-outs are expected on a yearly basis.

The goodwill recognized is primarily attributed to the workforce and the expected synergies and other benefits from combining the activities of Predica with those of the group. The goodwill is not deductible for income tax purposes. Transaction costs of TCHF 1,082 are related to this acquisition.

From the date of acquisition, Predica has contributed TCHF 13,091 of revenue and TCHF 1,616 to the profit for the period.

If all acquisitions had taken place at the beginning of the year, total revenue of SoftwareONE would have been TCHF 516,939 and net loss for the period would have been TCHF -60,479.

The purchase price allocation for the business combinations is still provisional as at 30 June 2022.

Purchase considerations and goodwill

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

in CHF 1,000	Predica	Others	Total
Cash paid	72,398	1,803	74,201
Contingent consideration liabilities	8,750	–	8,750
Total purchase consideration	**81,148**	**1,803**	**82,951**
Less net assets acquired at fair value	13,166	351	13,517
Goodwill	**67,982**	**1,452**	**69,434**

Cash flows on acquisitions

in CHF 1,000	Predica	Others	Total
Cash consideration	–72,398	–1,803	–74,201
Net cash acquired	3,097	235	3,332
Cash consideration for current period acquisitions	**–69,301**	**–1,568**	**–70,869**
Cash consideration for prior period acquisitions	–	–6,035	–6,035
Net outflow of cash – investing activities	**–69,301**	**–1,568**	**–76,904**

Reconciliation of carrying amount of goodwill

The change in carrying values for goodwill from 1 January 2022 to 30 June 2022 is set forth below:

in CHF 1,000	2022
At 1 January	435,658
Business acquisitions	69,434
Goodwill related to disposal of subsidiary	–18,163
Currency translation adjustments	–13,130
As at 30 June	**473,799**

Acquisitions in 2021

During the period to 30 June 2022, the group finalized the purchase accounting of the acquisitions made in 2021:

- 29 September 2021: Dino Newco Ltd, UK, a leading certified SAP services partner, with subsidiaries, in particular Centiq Ltd in the UK.
- 23 September 2021: HeleCloud Ltd, UK, a certified and independent Amazon Web Services (AWS) premier consulting partner, with subsidiaries in the Netherlands and Bulgaria.
- 13 September 2021: activities and assets of SE16N Sp zoo and SE16 Consulting Sp zoo, Poland, two leading SAP technology service providers and SAP S/4HANA specialists.
- 14 July 2021: ITST Consultoria em Informática Ltda, Brazil, a specialist for professional and managed SAP services.
- 29 April 2021: 70% in SynchroNet Corp, US, an AWS-focused cloud specialist in digital workplace solutions.
- 1 March 2021: VB Technology Group AG, Switzerland, an SAP specialists for S/4HANA transformations and public cloud migrations, with subsidiaries in Switzerland and India.

There were no changes in the final fair values of acquired assets and liabilities compared to the provisional amounts disclosed in the Annual Report 2021. For more details, refer to Note 3 Changes in the scope of consolidation of the Consolidated Financial Statements 2021.

Sale of subsidiaries in 2022

On 20 May 2022, SoftwareONE LLC, Russia, was sold to a third-party. Sale proceeds consisted of RUB 1,000. In the course of the sale, the recoverability of the group's existing receivables and loans against the company was reassessed and their fair value was estimated to be TCHF 2,021. The repayment is subject to the risk of potential sanctions which might prohibit the transfer of cash.

Upon closing of the sale, the group recognized a loss in an amount of TCHF 29,655, included in the line other operating expenses of the interim condensed consolidated income statement. The composition of the loss on disposal is set forth below:

in CHF 1,000	TOTAL
Consideration received for the disposal	–
Fair value of receivables from the former subsidiary	2,021
Carrying amount of net assets, excluding goodwill, derecognized	–9,414
Carrying amount of goodwill allocated to the subsidiary derecognized	–18,163
Reclassification of currency translation adjustments	–4,099
Loss on disposal of subsidiaries	**–29,655**

On 7 April 2022, ISP*D International Software Partners GmbH, Germany, was sold to a third-party. The sale proceeds consisted of TCHF 619 in cash. The group recognized a loss on disposal of TCHF 27, which is included in the line other operating expenses of the interim condensed consolidated income statement.

Cash flows on sale of subsidiaries

in CHF 1,000	TOTAL
Cash received on disposal of subsidiaries	619
Cash disposed	–4,412
Sale of subsidiaries (net of cash disposed)	**–3,793**

4 Financial instruments and fair values

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

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

Financial instruments carried at fair value are 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.

There have been no transfers between the different hierarchy levels between 1 January 2022 and 30 June 2022, nor between 1 January 2021 and 30 June 2021.

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

As at 30 June 2022

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Fair value through profit or loss	8,106	Level 2
Derivative financial instruments	Designated as cash flow hedge	3,727	Level 2
Financial assets	Fair value through profit or loss	79,950	Level 1
Total financial assets		**91,783**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	15,770	Level 3
Derivative financial instruments	Fair value through profit or loss	6,576	Level 2
Derivative financial instruments	Designated as cash flow hedge	2,025	Level 2
Total financial liabilities		**24,371**	

As at 31 December 2021

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
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	Fair value through profit or loss	208,756	Level 1
Total financial assets		**215,226**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	8,644	Level 3
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
Total financial liabilities		**14,763**	

Financial assets consist of an investment in listed equity instruments. In April 2022, SoftwareONE sold 5% of the shares for cash proceeds of TCHF 68,101. In the period to 30 June 2022 the group recognized a fair value loss of TCHF 57,155 in finance expenses (comparative period: fair value gain of TCHF 420).

The change in carrying values associated with 'Level 3' contingent consideration liabilities from 31 December 2021 to 30 June 2022 is set forth below:

in CHF 1,000	2022
At 1 January	8,644
Additions from business combinations	8,750
Settlement in cash	–1,027
Fair value adjustment	–703
Currency translation adjustments	106
As at 30 June	**15,770**

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

CompuCom (fair value as at 30 June 2022: TCHF 4,373; comparative period: TCHF 5,212)

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

Intelligence Partner (fair value as at 30 June 2022: TCHF 2,477; comparative period: TCHF 3,264)

The contingent consideration liability of Intelligence Partner depends on the future EBITDA over the next three years and an additional catch-up year if necessary. The development of the future EBITDAs and the contingent consideration is not linear and capped at a maximum of TEUR 3,150.

Predica (fair value as at 30 June 2022: TCHF 8,750)

The contingent consideration liability of Predica depends on the continued employment of three former shareholders, future net revenue, revenue growth rates and other KPIs over the next three years. The development of these performance KPIs and the contingent consideration is not linear and capped at a maximum of TCHF 8,750.

5 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).

In the Software & Cloud business a distinction is made between two types of software selling arrangements. In the direct business, the group's obligation is only to arrange for another entity to provide the software license to the end customer and therefore receives an agency commission from the software provider. In the indirect business, the group is party to a contractual relationship between the software provider and the end customer. SoftwareONE provides pre-sales consulting services to end customers, but is not primarily responsible for fulfilling the promise to provide the software or cloud solution. SoftwareONE invoices the end customer and receives the considerations from the end customer. In addition, SoftwareONE is compensated by the software provider to place orders and manage customer purchases on behalf of the end customer. For additional information on revenue recognition policies, refer to Note 2 Summary of significant accounting policies of the group's consolidated financial statements 2021.

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

Revenue is broken down as follows:

For the six months ended 30 June 2022

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud	183,428	37,186	17,910	36,165	274,689
Revenue from Solutions & Services	132,752	39,069	37,289	30,846	239,956
Total revenue	**316,180**	**76,255**	**55,199**	**67,011**	**514,645**

For the six months ended 30 June 2021

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud[1]	187,928	31,652	16,448	31,616	267,644
Revenue from Solutions & Services[1]	109,014	28,948	30,471	20,089	188,522
Total revenue[1]	**296,942**	**60,600**	**46,919**	**51,705**	**456,166**

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	2022	2021
Revenue from Software & Cloud		
– indirect business[1]	218,011	201,444
– direct business	56,678	66,200
Total revenue from Software & Cloud[1]	**274,689**	**267,644**

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

6 Earnings per share

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

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

For the six months ended 30 June in CHF 1,000	2022	2021
(Loss)/Profit for the period attributable to owners of the parent	–60,411	38,560

Number of shares	2022	2021
Weighted average number of ordinary shares	154,866,695	154,615,904
Adjustment for share-based payment plans	–	159,452
Weighted average number of shares used to calculate diluted earnings per share	154,866,695	154,775,355
Basic earnings per share in CHF	**–0.39**	**0.25**
Diluted earnings per share in CHF	**–0.39**	**0.25**

7 Dividends

The dividend approved in 2022 was TCHF 51,109 or CHF 0.33 per share (excluding treasury shares; prior year TCHF 46,396, or CHF 0.30 per share). The dividend was paid out of the capital contribution reserve of SoftwareONE Holding AG and thus deducted from share premium in these interim condensed consolidated financial statements.

8 Employee share plan and share-based payment

In the first half of 2022, SoftwareONE granted new awards under the Long-term Incentive Plan ('LTIP22'). 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' and 'LTIP21') exist.

SoftwareONE recognized total share-based payment expenses of TCHF 7,117 for the six months to 30 June 2022 (comparative period: TCHF 8,860). The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

For the six months ended 30 June 2022

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

For the six months ended 30 June 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
Awards granted in	2015	2019	2020	2020	2020–2021	2021	
Expenses recognized in income statement	60	5,090	2,291	185	1,156	78	8,860
Thereof expenses related to key management	1	4,542	–	–	502	78	5,123

SoftwareONE has recognized an increase in equity in the balance sheet of TCHF 6,951 for share-based payment (comparative period: TCHF 8,816).

Long-term Incentive Plan

The LTIP22 grants the Executive Board, the Executive Leadership Team and selected key employees so-called performance share unit (PSU) subscription rights.

The number of PSUs granted is determined by dividing the individual LTIP grant on the grant date by the fair value of one PSU, rounding up to the next whole PSU. Each PSU subscription right securitizes a right to receive shares depending on the development of the underlying vesting factor. The vesting factor depends 75% on gross profit and 25% on relative total shareholder return (rTSR). In both variables, the target factor is 1.00, while the minimum factor is 0.00 and the maximum factor is 2.00. 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 rTSR vesting factor depends on the TSR of the company and the TSR of the STOXX ® Global 1800 Industry Technology Index. A relative TSR of <= -33% leads to a vesting factor of 0 and a TSR of >= 33% to a vesting factor of 2.0. The rTSR vesting factor distributes linearly between the target ranges. The award cycle (service period) is three years from the contractual grant date.

The PSUs granted under the LTIP22 were classified as an equity-settled share-based payment according to IFRS 2. The LTIP22 is valued using a Monte Carlo simulation.

In 2022, 760,282 PSUs were granted at a fair value of CHF 12.89 per share. The term of the PSUs starts on 19 May 2022 (valuation date) and ends on 18 May 2025 (end of the vesting period).

Remuneration of Board of Directors partially paid in shares

The Board of Directors' 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. 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 2022: 9 May 2022). The shares vest until the next Annual General Meeting and afterwards are subject to transfer restrictions of three years.

On 13 June 2022, the granted amount of TCHF 580 was converted into 45,025 shares (CHF 12.88 per share).

9 Defined benefit liabilities

The group's retirement plans include funded defined benefit pension plans in Switzerland, Belgium and Germany. The other plans are unfunded.

Based on the independent actuarial valuation for the Swiss plan as at 30 June 2022, the present value of funded obligations decreased by TCHF 11,196 due to an increase in discount rate from 0.3% to 1.8%. As a result, the fair value of the plan asset exceeds the present value of funded obligations at the end of the reporting period. The surplus is subject to an asset ceiling which is recognized in other comprehensive income.

in CHF 1,000	Swiss plan	Other plans	2022	2021
Present value of funded obligations	52,226	8,492	60,718	76,826
Fair value of plan assets	–53,268	–6,745	–60,013	–68,535
(Surplus)/Deficit	**–1,042**	**1,747**	**705**	**8,291**
Asset ceiling	1,042	–	1,042	–
Present value of unfunded obligations	–	5,332	5,332	5,070
Total defined benefit liabilities	**–**	**7,079**	**7,079**	**13,361**

10 Contingencies

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

There are no significant changes for the contingent liabilities disclosed in Note 26 Contingencies of the Consolidated Financial Statements 2021.

Related to the sale of SoftwareONE Russia, SoftwareONE is still exposed to the risk of a claim under a parental guarantee issued to a software supplier in the event that former SoftwareONE Russia fails to pay its existing liabilities. As at 30 June 2022, SoftwareONE Russia had an open exposure of RUB 1,2 billion (CHF 23 million). SoftwareONE does not expect any cash outflow at the reporting date.

11 Segment reporting

For management purposes, the group 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 CEO is the Chief Operating Decision Maker (CODM). He assesses each of the reported segments separately for the purpose of evaluating performance and allocating resources. 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 interim condensed consolidated income statement (column 'Total') as follows:

The column 'Group' includes the group cost centers and shared services costs. The column 'FX & Consolidation' eliminates the effect of using differing average foreign exchange rates in the segment reporting and consolidation effects. The column 'Other' includes other reconciling items that are not allocated to the segments and group in internal reporting. They consist of one-time costs such as share-based payment plans (with the exception of LTIP and ESPP), earn-outs, integration and M&A expenses, transformance costs (for restructuring), one-time expenses related to Ukraine war and the disposal of the Russian subsidiary and a reclassification of bad debt provisions that are presented in gross profit in internal reporting but in operating expenses in the interim condensed consolidated income statement. Additionally, the column 'Other' includes accounting related adjustments such as differences in accounting policies of IFRS 16 that are not reflected in the segments and, to a limited extent, minor reconciliation items.

For the six months ended 30 June 2022

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consoli-dation	Other	Total
Total revenue (external)	313,011	78,416	56,151	64,142	511,720	2,578	543	–196	514,645
Third-party service delivery costs	–27,956	–5,457	–5,594	–5,013	–44,020	–1,699	757	244	–44,718
Gross profit[1]	**285,055**	**72,959**	**50,557**	**59,129**	**467,700**	**879**	**1,300**	**48**	**469,927**
Personnel expenses and other operating expenses/income	–180,464	–48,313	–40,957	–39,591	–309,325	–46,857	–1,546	–66,353	–424,081
EBITDA[2]	**104,591**	**24,646**	**9,600**	**19,538**	**158,375**	**–45,978**	**–246**	**–66,305**	**45,846**

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 one-time costs and accounting related adjustments:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration and M&A expenses	'Transformance' expenses	One-time expenses Russia	Bad debt provisions	IFRS 16 leases	Remaining	Total Other
Total revenue (external)	–	–	–	–	–4,540	4,658	–	–314	–196
Third-party service delivery costs	–	–	–	–	–	–	–	244	244
Gross profit[1]	**–**	**–**	**–**	**–**	**–4,540**	**4,658**	**–**	**–70**	**48**
Personnel expenses and other operating expenses/income	–3,784	–18,697	–5,674	–8,438	–31,252	–4,658	8,154	–2,004	–66,353
EBITDA[2]	**–3,784**	**–18,697**	**–5,674**	**–8,438**	**–35,792**	**–**	**8,154**	**–2,074**	**–66,305**

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.

For the six months ended 30 June 2021

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consolidation	Other	Total
Total revenue (external)	289,375	63,322	48,965	54,138	455,800	67	406	–107	456,166
Third-party service delivery costs	–27,338	–3,668	–5,284	–3,266	–39,556	–1,486	–724	–43	–41,809
Gross profit[1]	**262,037**	**59,654**	**43,681**	**50,872**	**416,244**	**–1,419**	**–318**	**–150**	**414,357**
Personnel expenses and other operating expenses/income	–154,888	–38,902	–35,346	–34,227	–263,363	–49,665	185	–8,971	–321,814
EBITDA[2]	**107,149**	**20,752**	**8,335**	**16,645**	**152,881**	**–51,084**	**–133**	**–9,121**	**92,543**

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 one-time costs and accounting related adjustments:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration expenses	Bad debt provisions	IFRS 16 leases	Remaining	Total Other
Total revenue (external)	–	–	–	746	–	–853	–107
Third-party service delivery costs	–	–	–	–	–	–43	–43
Gross profit[1]	**–**	**–**	**–**	**746**	**–**	**–896**	**–150**
Personnel expenses and other operating expenses/income	–7,519	–5,817	–2,624	–746	8,748	–1,013	–8,971
EBITDA[2]	**–7,519**	**–5,817**	**–2,624**	**–**	**8,748**	**–1,909**	**–9,121**

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 information for business lines

The regions continue to be the operating segments. However, SoftwareONE internally also reports EBITDA by business lines to the CODM.

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

The column 'FX & Consolidation' eliminates the effect of using differing average foreign exchange rates in the segment reporting and consolidation effects. The column 'Adjustments' includes one-time costs, so-called 'EBITDA adjustments', that enhance the comparability of other operating costs with adjusted EBITDA, refer to section Alternative Performance Measures of this report. In contrast to the segment reporting, all accounting related adjustments are allocated to the business line 'Software & Cloud' and 'Solutions & Services', ie, the application of IFRS 16.

For the six months ended 30 June 2022

in CHF 1,000	Software & Cloud	Solutions & Services	Corporate	Total business unit	FX & Consolidation	Adjustments	Total
Total revenue (external)	273,949	240,153	–	514,102	543	–	514,645
Delivery costs (external)	–	–44,718	–	–44,718	–	–	–44,718
Gross profit[1]	**273,949**	**195,435**	**–**	**469,384**	**543**	**–**	**469,927**
Delivery costs (internal)	–37,464	–113,078	–	–150,542	757	–	–149,785
Contribution margin[2]	**236,485**	**82,357**	**–**	**318,842**	**1,300**	**–**	**320,142**
Other operating costs	–92,204	–79,471	–29,019	–200,694	–1,546	–72,056	–274,296
EBITDA[3]	**144,281**	**2,886**	**–29,019**	**118,148**	**–246**	**–72,056**	**45,846**

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

For the six months ended 30 June 2021

in CHF 1,000	Software & Cloud	Solutions & Services	Corporate	Total business unit	FX & Consolidation	Adjustments	Total
Total revenue (external)	267,749	188,011	–	455,760	406	–	456,166
Delivery costs (external)	–	–41,809	–	–41,809	–	–	–41,809
Gross profit[1]	**267,749**	**146,202**	**–**	**413,951**	**406**	**–**	**414,357**
Delivery costs (internal)	–36,849	–84,337	–	–121,186	–723	–	–121,909
Contribution margin[2]	**230,900**	**61,865**	**–**	**292,765**	**–317**	**–**	**292,448**
Other operating costs	–89,645	–68,362	–25,519	–183,526	184	–16,563	–199,905
EBITDA[3]	**141,255**	**–6,497**	**–25,519**	**109,239**	**–133**	**–16,563**	**92,543**

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

Additional geographical information

Switzerland, the US, Germany and the Netherlands are the main geographical markets for SoftwareONE and represent approximately 49% (comparative period: 51%) of total revenue. Revenue is reported based on the customers' headquarter domicile:

in CHF 1,000	Germany	US	Switzerland	Netherlands	Other countries	Total
Revenue (external) for the six months ended 30 June 2022	101,809	73,774	38,062	36,388	264,612	514,645
Revenue (external) for the six months ended 30 June 2021[1]	103,024	59,155	35,619	36,375	221,993	456,166

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.