EMPOWERING COMPANIES TO TRANSFORM

softwareONE

ANNUAL REPORT 2020

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Letter to Shareholders

Dear Shareholders,

Our first full year as a public company coincided with the global COVID-19 pandemic, which presented us all with many different challenges, both professional and personal. The various phases of the pandemic and the multitude of restrictions introduced have required flexibility, patience and perseverance. For some people, however, coronavirus has had especially difficult consequences. We would like to express our solidarity and empathy with those individuals in particular.

When the pandemic broke out at the beginning of 2020, SoftwareONE adapted quickly in order to protect the health of our people, customers and partners. We immediately provided our employees with the possibility to work from home and implemented protective measures at all our offices around the world. At the same time, we supported our customers in dealing with the uncertain situation through a dedicated product and service offering that enabled them and their workforce to transition to a virtual environment. We are proud of our colleagues who worked effectively to deliver tailored solutions to our customers throughout the year.

During those exceptional 12 months, SoftwareONE delivered a solid overall performance, measured in constant currency and on an adjusted basis, reflecting our underlying business performance. Total gross profit was up 4.4% compared to the previous year. In particular, we are very pleased that our Solutions & Services business continued to accelerate and achieved significant gross profit growth of 23.9%, benefitting from continued strong demand for cloud-based solutions and digital transformation services from our customers. Managed services enjoyed extensive renewals and growth as customers sought out trusted partners to help them operate their technology environment in the cloud and drive their long-term digital transformation journeys. Gross profit from Software & Cloud decreased 1.9%. Slower purchase volumes from small and medium-sized enterprises, which became cautious with regard to discretionary or one-off transactions, were only partially offset by our remote enablement, including unified communication, collaboration portfolio and cloud-based solutions, which resonated well with customers. While purchasing levels improved at the beginning of the second half of 2020, the re-introduction of lock-downs later in the year created renewed uncertainty that impacted customer demand, especially towards the end of the year, when companies usually spend their remaining budgets on technology, which they were more hesitant to do last year.

A closer look at our publisher relationships shows that our Microsoft business developed well in 2020, driven by strong renewals and growing demand for its products on a business volume level. The shift towards 'pay-as-you-go' subscriptions from multi-year agreements continued. While positive in terms of promoting closer customer relationships and attaching services, this development also adversely affected results in Software & Cloud, as less gross profit was recognized upfront and the entire services and platform component was booked under Solutions & Services. As part of our own growth strategy, our focus has been on continuing develop our book of business towards modern and solutions-based relationships with our customers. SoftwareONE continued to expand its hyperscaler offering during 2020 to include AWS and Google Cloud with a view to supporting customers with their multi-cloud strategies.

At the same time, we look forward to further building on our long-standing and successful relationship with Microsoft. As announced today, we have entered into a strategic agreement for application services and SAP on Azure, whereby we will be expanding our respective sales and delivery capabilities by hiring and training around 5,000 dedicated specialists by the end of 2023, supported by Microsoft.

Total costs increased by 4.0% compared to one year ago. The development of our cost base reflected the successful realization of Comparex synergies, COVID-19-related savings due to lower expenses relating to travel, marketing events and variable compensation. These savings provided scope for re-investment into talent across the group's strategic growth areas, particularly within Soltutions & Services, as well as bolt-on acquisitions.

As a result, EBITDA increased by 5.1% year-on-year, implying a margin of 30.6% in 2020, up from 30.1% in 2019. Our liquidity remained strong and our balance sheet is unlevered with a net cash position at year-end of almost CHF 500 million. This allows the Board of Directors to propose a dividend of CHF 0.30 per share for the financial year 2020 to the shareholders at the upcoming Annual General Meeting on 20 May 2021, corresponding to around 37% of adjusted net profit of CHF 125.7 million and well within our target pay-out ratio of 30-50%.

In 2021, our key focus will be on five initiatives in the areas of application modernization, SAP in the cloud, Hyperscaler Factory, managed FinOps and industry verticals. In the case of the latter, we have already gained valuable experience through the strategic partnership with RIB, which aims to bring the leading MTWO cloud solution to the global architecture, engineering and construction (AEC) industry.

We are grateful for the various awards and certifications that we received last year. They gave us added motivation to further pursue the path we have embarked on. We were, for example, named a Leader in the 2020 Gartner 'Magic Quadrant' report for Software Asset Management (SAM) Managed Services; one of the most promising SAP consulting/services companies; and number one 'Systemhaus des Jahres' by our customers in Germany. In addition, the FinOps Foundation certified SoftwareONE as the first FinOps Certified Service Provider (FCSP) and Platform (FCP) via PyraCloud.

As announced last October, it was with great regret that we took note of the decision of our founding partner, Beat Curti, to step down as a member of the Board of Directors. We are very grateful for his many contributions. As one of the most senior members of our team, he has always been a great motivator sharing his knowledge and enthusiasm with all of us. Looking ahead, we are delighted that Isabelle Romy and Adam Warby accepted their nomination as new independent members of the Board of SoftwareONE and will stand for election at the upcoming Annual General Meeting. With their strong professional backgrounds and impressive leadership experience, we are convinced they will be great additions to the company and help us to continue on our long-standing growth path.

Their contributions will also strengthen our efforts in sustainability matters, in line with our well-established core values to which all founding partners have always attached very great importance. In an attempt to continuously improve in this respect, we have expanded our disclosure on environment, social and governance (ESG) topics in this Annual Report.

As we accelerate our own growth strategy, continued focus will be maintained on meeting customer purchasing needs via Software & Cloud. However, as previously described, our approach will shift further towards modern commerce 'pay-as-you-go' subscriptions and an expanding portfolio of IP-based services and solutions, all digitally-enabled via PyraCloud. Meanwhile, investments to take advantage of new strategic growth areas within services will continue, which is expected to limit EBITDA margin expansion beyond its current level.

Consequently, and based on the assumption of no further material deterioration in the environment due to Covid-19, SoftwareONE's guidance for 2021 is as follows:

- Gross profit growth above 10% for the group in constant currency;
- Adjusted EBITDA margin of approximately 30%;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

By business line, Solutions & Services is expected to continue to demonstrate strong momentum in 2021, with the rate of gross profit growth materially exceeding that of Software & Cloud. Furthermore, overall growth for the group is expected to accelerate during the course of the year, as the effects of ongoing strategic initiatives and investments come through.

Beyond 2021, SoftwareONE expects a further acceleration in gross profit growth to the 'mid-teens' in constant currency, with EBITDA growth in excess of gross profit growth in the mid-term. Supported by a strong balance sheet and cash flow generation, we will continue to invest to drive long-term profitable growth.

On behalf of the Board of Directors and Executive Board, we would like to thank our people for their devotion and our shareholders and customers for their loyalty during these challenging and uncertain times.

Yours sincerely,

Daniel von Stockar
Chairman of the Board of Directors

Dieter Schlosser
Chief Executive Officer

SoftwareONE 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.

100%
Software & Cloud

65k+
Customers
~70% SMEs
~25% Enterprises[1)]

CHF 730m
FY20 gross profit

CHF 210m
FY20 gross profit from Solutions & Services, **up ~24%** (ccy)

CHF 223m
FY20 adjusted EBITDA (30.6% margin)

Six **ACQUISITIONS** within the last 12 months[2)]

~7,700
employees[3)]
in **90** countries

7.5k+
Software publisher relationships

>80%
Comparex cost synergies

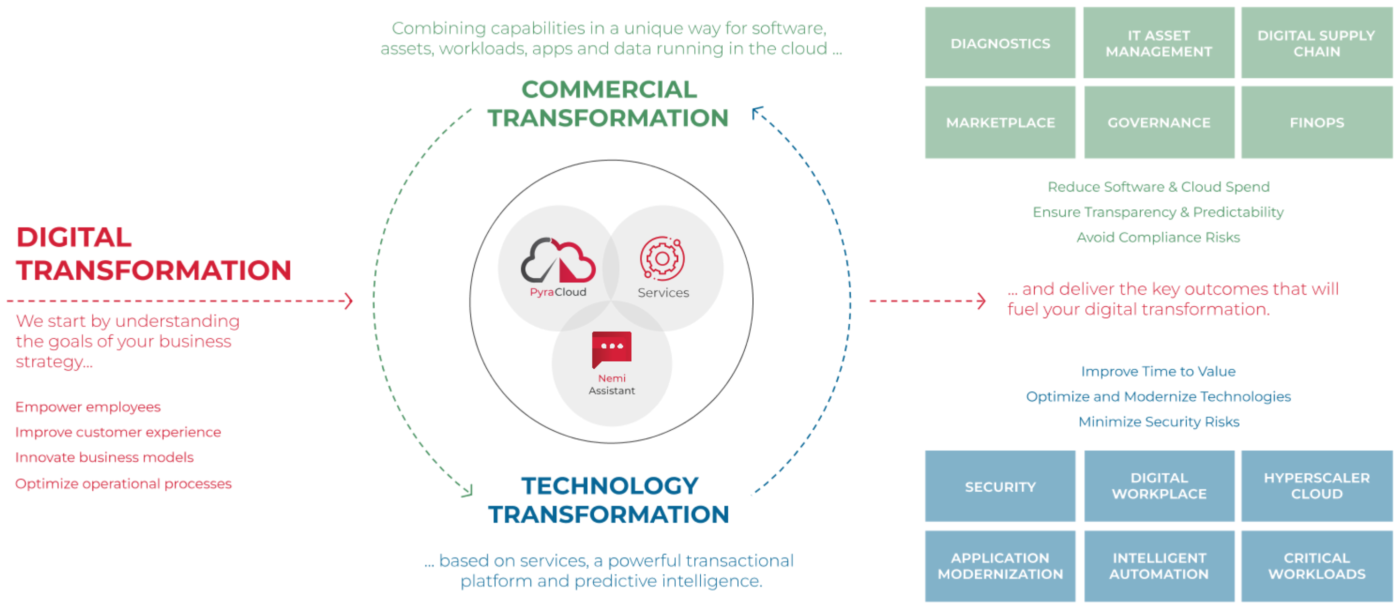
PyraCloud
>50%
Customers
+87% YoY
monthly active users

1) Estimate based on total number of SoftwareONE customers using billing codes. Customer FTE information sourced from Dun & Bradstreet's D-U-N-S database. Approximately 5% of SoftwareONE customers cannot be allocated.
2) Including GorillaStack, B-Lay, make it noble, acquisition of remaining 60% stake in Intergrupo, Intelligence Partner, Optimum Consulting
3) Including 1,450 FTEs related to the full acquisition of Intergrupo, which were integrated in early 2021

SoftwareONE at a Glance

Empowering companies to transform

With capabilities across the entire value chain, SoftwareONE helps modernize applications and migrate critical workloads to public clouds, while simultaneously managing and optimizing the associated software and cloud assets and licensing. With an IP and technology-driven services portfolio, SoftwareONE enables its customers to holistically develop and implement their commercial, technology and digital strategies.



Integrated platform with an end-to-end value proposition around the globe

3
Global Service Delivery Centers

6
Regional Service Delivery Centers

13
24/7 support in 13 languages

90
Local presence in 90 countries

150+
Able to transact in 150+ countries

ANNUAL REPORT 2020

THE SOFTWAREONE STORY

Overview

Founded in 2000 by Daniel von Stockar and Patrick Winter († 2018), SoftwareONE is a leading global provider of software and cloud technology solutions with capabilities across the entire value chain. SoftwareONE helps its approximately 65,000 customers modernize their applications and migrate critical workloads to public clouds while simultaneously managing and optimizing the associated software and cloud assets and licensing. With an IP and technology-driven services portfolio, SoftwareONE enables its customers to holistically develop and implement their commercial, technology and digital strategies.

SoftwareONE has around 7,700 employees, including Intergrupo, giving it one of the broadest global footprints in its industry with local sales capabilities in 90 countries, supported by six regional and three global service delivery centers. With the ability to transact in more than 150 countries and provide 24/7 customer support in 13 languages, SoftwareONE's operating model is built to deliver profitable growth at scale while maintaining customer focus.

SoftwareONE's integrated suite of solutions is organized into two business lines: Software & Cloud and Solutions & Services, which for the year 2020 accounted for 71% and 29% of gross profit, respectively.

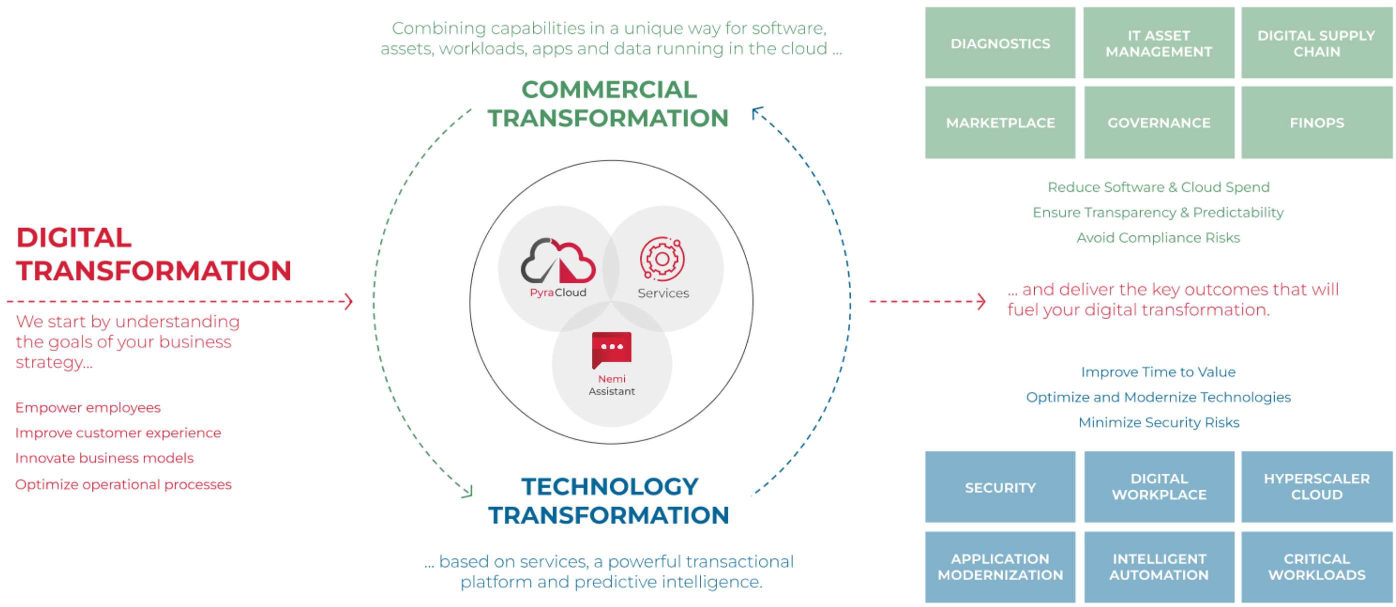
- **Software & Cloud**: SoftwareONE offers its customers access to a comprehensive software and cloud portfolio, drawing on relationships with more than 7,500 partners and its global purchasing expertise. The company's software and cloud catalogue includes leading global software publishers such as Microsoft, 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 disruptive publishers.
- **Solutions & Services**: SoftwareONE offers a comprehensive portfolio of IP-driven services in technology and financial operations ('FinOps'). Capabilities include consulting, integration and vendor specific professional services, and managed services to monitor, optimize and automate software and cloud workloads. The portfolio is designed around cost, technology and security of customers' SaaS and cloud environments, including cloud migration and support, application modernization, security, critical workload migration, and digital transformation.

SoftwareONE: Enabling customers in their end-to-end transformation journey

In a world where change is the new constant, technology and cloud-enabled capabilities are a critical success factor for essentially any company. The COVID-19 pandemic has accelerated the need and showcased the benefits of a robust and cloud-enabled technology landscape. While investing for growth by adopting new technology, companies are at the same time confronted with an exponential increase in complexity and cost of their technology landscape. SoftwareONE, with its existing book of business of approximately 65'000 customers across the globe, unmatched reach with over 7,500 partners focusing on software and cloud-only services and longstanding relationships with the largest hyperscalers, is well positioned to support and lead companies through their digital transformation.

IT spend is predicted to reach USD 3.9 trillion[1] globally in 2021. Industry experts estimate that 30%[2] of that IT spend is wasted annually, a spend composed of cloud, on-premise software, and IaaS/PaaS/SaaS. SoftwareONE helps customers address this increasingly complex, costly and risk-bearing landscape. It does this by advising and delivering on how the data, application and software layers can be collectively optimized along with the clouds they run on. As a result, its customers can be more agile and competitive, provide better customer and employee experiences and offer more innovative products. The resources they require for investing in growth are freed up through gains from operational efficiency, cost optimization and applied intelligence. Continuous cycles of transformations are necessary; cycles enabled by balance between investing and optimizing that SoftwareONE provides.

1) Gartner: 'Gartner Forecasts Worldwide IT Spending to Grow 6.2% in 2021' January, 2021
2) Flexera: '2020 Flexera State of Tech Spend Report' October, 2020



Commercial Transformation

As technology becomes more complex and companies are faced with a push towards the cloud and increasing their software spend in order to defend and transform their business models, it is inherently necessary to create transparency in their software and cloud estates as well as manage and optimize the transformational costs efficiently. SoftwareONE's commercial transformation is built on the following pillars: high growth and scalable business models with optimized cloud spend through FinOps, providing simplification, visibility and predictability, and managing compliance risks. These enable customers to balance the cost of ownership with returns generated for the business, while freeing up budget to drive forward their technology transformation. These three pillars represent the foundation upon which SoftwareONE was initially built and the company continues to be a leader in this space.

Technology Transformation

Technology transformation focuses on the people, process and technology change needed to enable the business strategy of SoftwareONE's customers. Companies are looking to the capabilities provided by the public cloud to enhance and differentiate their businesses. These capabilities must be adopted in an efficient way in order to achieve the business value being sought after. SoftwareONE's technology transformation focuses on delivering the required business agility and resilience to respond effectively to external forces, while providing operational excellence to the evolving business strategy.

Digital Transformation

The combination of commercial and technology transformation described above provides the foundation for the digital transformation of SoftwareONE's customers. With a keen focus on improving customer and employee experience, innovation of business models, and optimization of operational processes, SoftwareONE helps its customers to transform and accelerate their businesses, allowing them to focus on their priorities. By taking bold action and a business-centric approach to deploying technology, organizations will be well positioned to lead and grow in their industries and sectors.

For further detail on the transformation levers, please refer to the Business Model section of this report.

PyraCloud – SoftwareONE's digital platform: Marketplace, intelligence and cloud automation

SoftwareONE offerings are connected by PyraCloud, a proprietary digital hub that allows customers to efficiently transact, manage and optimize their software and cloud technology estate from a single, data-driven, actionable platform. It can be integrated seamlessly into customer's existing infrastructure and is able to anticipate trends and provide recommendations based on their past purchasing behavior as well as benchmarking against relevant peer groups. In 2020, the FinOps Foundation granted SoftwareONE the only certification for both FinOps Certified Service Provider (FCSP) and Platform (FCP) via PyraCloud. At the end of 2020, over 50% of SoftwareONE's customers had access to the platform and monthly activated usage grew 87% year on year by the end of the 2020, with the ambition to continue to increase customer activation and usage in the coming years.

History and Milestones

2000

- Softwarepipeline, specializing in software license management and IT security, founded in Zurich, Switzerland, by Daniel von Stockar and Patrick Winter.

2001

- Softwarepipeline develops first version of a web-based application for software asset management services.

2005

- Softwarepipeline merges with Microware, a Swiss domestic software licensing company founded by René Gilli in Stans, Switzerland, in 1992. Beat Curti joins Daniel von Stockar, Patrick Winter and René Gilli as a founding partner. The combined firm becomes the market leader in Switzerland and begins to serve international customers.

2006

- Softwarepipeline acquires SoftwareONE, a US-based software licensing company founded in 1985, and adopts its name.

2010 to 2014

- Further international expansion from 25 to 80 countries, strengthening its position as a leading global provider of software services and portfolio management solutions.

2015

- Kohlberg Kravis Roberts & Co. L.P. (KKR), a leading global investment firm, makes a minority investment in SoftwareONE.
- Acquisition of the software licensing business of US-based CompuCom.
- Acquisition of House of Lync, a US-based unified communications services provider.

2016

- Launch of proprietary PyraCloud®, an automated platform for procuring, monitoring and optimizing the value of software assets.

2017

- Acquisition of UC Point, a global unified communications and collaboration services provider based in Switzerland.

2018

- Acquisition of ISI Expert, a managed services and infrastructure provider based in France.

2019

- Transformational acquisition of Comparex, a global software, cloud and IT solutions provider based in Germany with 2,500 employees in 36 countries across Europe, Asia and the Americas.
- Acquisition of RightCloud, a managed infrastructure provider based in Singapore.
- Acquisition of SAMSentry, a UK-based specialist in software governance technology.
- Acquisition of a significant stake in InterGrupo, one of Latin America's leading cloud technology consulting and application modernization providers, based in Colombia.
- Acquisition of the business of Massive R&D, a Tokyo-based Amazon Web Services (AWS) specialist.
- Acquisition of BNW Consulting, a specialist in SAP platform transformation, public cloud migration and application management services strengthening and extending SAP Technology Services capabilities focused on public cloud migrations and S/4 HANA transformation.
- SoftwareONE conducts an IPO on the SIX Swiss Exchange and becomes a public company on 25 October 2019.

2020

- Acquisition of GorillaStack, a cloud cost management and real-time event monitoring SaaS platform based in Australia.
- Acquisition of B-Lay, a leading provider of Software Asset Management (SAM) advisory and managed services for SAP and Oracle solutions.
- 'make it noble' founders join SoftwareONE to broaden its Microsoft Azure and 365 capabilities, bringing unique capabilities in delivering workplace digitization and public cloud solutions.
- Full acquisition of InterGrupo, accelerating its capabilities in application modernization to enable digital transformation.
- Acquisition of Intelligence Partner, a leading Google Cloud services company.
- Acquisition of Optimum Consulting, a SAP-certified technology consulting company.
- SoftwareONE and RIB Software form strategic partnership to accelerate digital transformation in the architecture, engineering and construction (AEC) industry.

Industry Environment

2020 was a year marked by great uncertainty and truly exceptional circumstances caused by the COVID-19 pandemic. The global economy contracted as nations around the world imposed restrictive measures on their citizens in an effort to control the outbreak of the virus. Despite the adverse economic developments, the industry environment for SoftwareONE remained robust. The underlying dynamics driving the global markets for software and cloud and solutions and services remained intact in 2020. The industry continued to experience solid growth, driven by technology spend catalyzed both by the growing complexity of technology and the rising strategic significance businesses attach to digitization. In fact, the impact of the COVID-19 pandemic on businesses, their workforces and their customers, around the world forced businesses to adjust and accelerate the implementation of their digital transformation strategies to virtualize workplaces for employees, enhance customer experience through digitization and unlock the value of their data, creating agile and innovative environments and tools, all enabled by cloud-based solutions and services.

Technology is becoming more important and complex for companies, increasing the need for SoftwareONE's solutions

Key customer trends

Large positive impact · Slight positive impact · Neutral / no impact · Slight negative impact · Large negative impact

	Trend	Commercial	Technology	Digital
Technology is becoming more important to companies	· Tech as a spend category rising	Large positive impact	Large positive impact	Large positive impact
	· Technology now a strategic differentiator	Neutral / no impact	Large positive impact	Large positive impact
	· Rise of availability and power of cloud-native tools and technology	Slight positive impact	Large positive impact	Large positive impact
	· Cloud-enabled benefits	Slight positive impact	Large positive impact	Large positive impact
Technology is becoming more complex for companies	· More software per company	Large positive impact	Slight positive impact	Slight positive impact
	· Changing buying centers	Large positive impact	Neutral / no impact	Slight positive impact
	· Cloud adoption rising, but challenging for many...	Neutral / no impact	Large positive impact	Large positive impact
	· ... and considerable variance in CIO views on cloud strategy	Neutral / no impact	Large positive impact	Large positive impact
	· Data security and privacy becoming more important	Neutral / no impact	Slight positive impact	Slight positive impact
Partners like SoftwareONE are increasingly needed	· Increasing awareness and agency of partners	Neutral / no impact	Neutral / no impact	Neutral / no impact
	· Vendors strategically pushing customers to partners	Large positive impact	Large positive impact	Large positive impact
	· Continuing 'real' tech and cloud talent shortage	Large positive impact	Large positive impact	Large positive impact

Given the swift pace of change in today's market, customers face many challenges that need addressing, which as a result of the outbreak of the COVID-19 pandemic have accelerated. Even before the pandemic, technology had become not only more important but also more complex for companies. As a result businesses increasingly look for business advisors, like SoftwareONE, as they face talent shortages and vendors asking them to buy software through partners. While this is in line with the strategic direction that SoftwareONE has been pursuing in recent years in terms of increasing service adoption among its customers, this is now expected to be implemented at a swifter pace.

Software & Cloud

Despite the economic impact of the COVID-19 pandemic and in light of the robust development seen in the IT sector in 2020, SoftwareONE expects the industry to continue on its growth trajectory. According to Gartner, global software spending is forecast to grow between 9% and 10% in 2021 and 2022[1], with growth across all major geographic regions and businesses of all sizes.

SoftwareONE experienced a decline of 1.9% in gross profit on a constant currency basis during a challenging and uncertain year, while the market declined around 2.5% in 2020[1]. SoftwareONE remains well positioned to outperform the software and cloud market as proven in past years. The company will therefore continue to focus on providing customers the broadest and most global software and cloud offerings which serve as the foundation for their commercial, technology and eventually digital transformations.

1) Gartner 'Worldwide IT Spending Forecast' January, 2021

Solutions & Services

Global spending in SoftwareONE's total addressable market for solutions and services, as expected by industry experts at the time of the IPO, is forecast to grow at a CAGR of 17% to CHF 58 billion in 2022. As a result of its investment in end-to-end IP-based capabilities across the entire technology solutions value chain, SoftwareONE has significantly grown its Solutions & Services business, achieving accelerated growth in gross profit of 23.9% in 2020 on a constant currency basis. Customers required SoftwareONE's support in driving digital transformation in a business environment heavily impacted by the COVID-19 pandemic. As a result of a number of incubation initiatives, SoftwareONE believes it has expanded its addressable market and expects to participate in the corresponding market upswing.

SoftwareONE believes that the combination of its Software & Cloud and IP-based Solutions & Services focus, and its strategy to enable commercial, technology and digital transformation for its customers, as explained in the Business Model section of this report, positions the organization well to further capitalize on favorable industry trends and to continue to gain market share in a highly fragmented market. SoftwareONE diverse, global teams bring deep industry and functional expertise to spark change through leading-edge solutions and services as well as consulting expertise. Teams work according to a collaborative model across SoftwareONE and throughout all levels of organizations to deliver results that help customers thrive. In addition, SoftwareONE derives valuable industry insights through its customer projects, market research and customer advisory board.

Business Model

Enabling customers in their end-to-end digital transformation journey

SoftwareONE believes that it differentiates itself from other technology solutions providers through its software and cloud expertise, an expanding portfolio of end-to-end IP and technology-driven services capabilities, and a global reach, all powered by its proprietary digital platform PyraCloud.

SoftwareONE has created compelling offerings to support customers in their entire transformation journey:

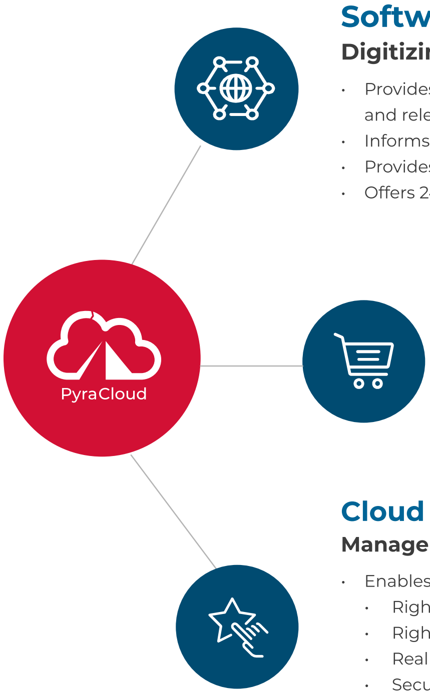
- **Commercial Transformation:** As technology becomes more complex and companies are faced with a push towards the cloud and increasing their software spend in order to defend and transform their business models, it is inherently necessary to create transparency in their software and cloud estates as well as manage and optimize the transformational costs efficiently. SoftwareONE's commercial transformation is built on the following pillars: high growth and scalable business models with optimized cloud spend through FinOps, providing simplification, visibility and predictability, and managing compliance risks. These enable customers to balance the cost of ownership with returns generated for the business, while freeing up budget to drive forward their technology transformation. These three pillars represent the foundation upon which SoftwareONE was initially built and the company continues to be a leader in this space. SoftwareONE helps customers transform commercially by providing a publisher marketplace and digital supply chain (DSC) solutions for the purchase of on-premise and SaaS software and public cloud products, as well as a comprehensive range of software lifecycle management (SLM) services, e.g. diagnostics and FinOps.
- **Technology Transformation:** Technology transformation focuses on the people, process and technology change needed to enable the business strategy of SoftwareONE's customers. Companies are looking to the capabilities provided by the public cloud to enhance and differentiate their businesses. These capabilities must be adopted in an efficient way in order to achieve the business value being sought after. SoftwareONE's technology transformation focuses on delivering the required business agility and resilience to respond effectively to external forces, while providing operational excellence to the evolving business strategy. SoftwareONE helps customers transform by adopting and utilizing the latest cloud-ready technology to build scalable operating models, enabled with management, governance and security, eg hyperscaler services, to support the migration and other implementation services to move traditional applications to a cloud environment as well as application modernization services to move legacy applications to the cloud.
- **Digital Transformation:** The combination of commercial and technology transformation described above provides the foundation for the digital transformation of SoftwareONE's customers. With a keen focus on improving customer and employee experience, innovation of business models, and optimization of operational processes, SoftwareONE helps its customers to transform and accelerate their businesses, allowing them to focus on their priorities. By taking bold action and a business-centric approach to deploying technology, organizations will be well positioned to lead and grow in their industries and sectors. SoftwareONE helps customers move to software-defined business models with a focus on customer and user experience, unlocking the power of cloud native solutions.

SoftwareONE offers an end-to-end value proposition to help its customers deliver across the three transformation pillars: commercial, technology, and digital. It helps businesses define a technology strategy, procure the most appropriate software and cloud solutions at the best price, facilitate their migration to the cloud and manage and optimize their software and cloud estate, thereby helping them enhance the return on their technology investment. In turn, this efficiency and software and cloud optimization frees up the resources required to fuel future waves of digital transformation. Companies can create the data, applications and DevOps capabilities needed to innovate new products, create new experiences and pursue new business models.

SoftwareONE is accelerating its digital sales engine into a provider of IP and technology-driven services at scale, in terms of increasing services adoption among its customer base and building on its market-leading positions in SLM/FinOps and managed cloud services. SoftwareONE's proprietary digital platform PyraCloud will continue to play a central role in delivering all areas of the company's portfolio by acting as a 'digital sales force engine' and reinforcing long-standing customer relationships.

Intelligent marketplace and cloud automation platform

PyraCloud lies at the core of SoftwareONE's business model



SoftwareONE Digital

Digitizing SoftwareONE value in support of human interaction with customers

- Provides insights based on current customer assets benchmarked against predictive behavior, best practices and relevant peer groups
- Informs, optimizes and improves operations through digitization
- Provides simple API to all PyraCloud applications
- Offers 24/7 support through NEMI, SoftwareONE's digital Assistant

Nemi
Assistant

ONE Marketplace

Intuitive global procurement experience

- Allows for transaction of software, cloud and SoftwareONE services through one single source
- Integrates seamlessly with existing infrastructure, cloud operations, procurement and ERP
- Allows customer to gain visibility and avoid overspend
- Allows for policy driven procurement through budget management and spend insights
- Simplifies cloud billing across providers

Cloud Platform Management

Management of cost, architecture and intelligence for hyperscale cloud platforms

- Enables customer to leverage automation and policy engine to provide:
  - Right-sizing, right-costing
  - Right architecture
  - Real time event management
  - Security insights and operations
- Manages FinOps outcomes to inform, optimize and operate cloud and software estate

SoftwareONE believes that its proprietary digital platform PyraCloud is unique in the market, connecting customers, publishers, vendors and independent software vendors (ISV). The platform provides an end-to-end suite of solutions delivering data-driven, actionable intelligence, industry benchmarks, orchestration and automation. This helps customers optimize their software and cloud estate investments, driving technology, digital and commercial transformation. At the end of 2020, over 50% of customers had access to the PyraCloud platform with the goal being that the vast majority of SoftwareONE's customers will have access to and use the platform in the coming years.

Globally scaled platform to serve customer needs

SoftwareONE has one of the broadest geographic footprints in the industry with local sales and service delivery capabilities in 90 countries, from which it serves a large global customer base of approximately 65,000 business customers worldwide. The company believes that its global presence offers significant competitive advantages, including the ability to serve as a one-stop-shop for multinational enterprise customers' software and cloud requirements across their geographic footprint worldwide. Its ability to source software and cloud products across a broad range of jurisdictions around the world further allows it to deliver savings to customers through globally optimized pricing. As a result of its broad geographic diversification, SoftwareONE benefits from reduced risk exposure to specific geographic regions.

Customer value proposition through the economic cycles

During 2020, businesses were confronted with an environment that amplified the need for digital transformation as technology requirements grew in complexity and strategic significance. In addition to the strategic decisions around technology investments and lack of visibility around software and cloud usage and spend, companies faced immediate challenges with 100% remote-working operations and the virtualization of the entire IT environment. Cloud migration strategies became a 'cloud now' strategy with an increasingly complicated security posture. The SoftwareONE Solutions & Services portfolio was able to offer customers a strong value proposition, be it to expose and reduce costs, or to migrate to and manage a cloud environment.

Diversified customer base

SoftwareONE enjoys strong relationships with a large and highly diversified global customer base of approximately 65,000 business customers.

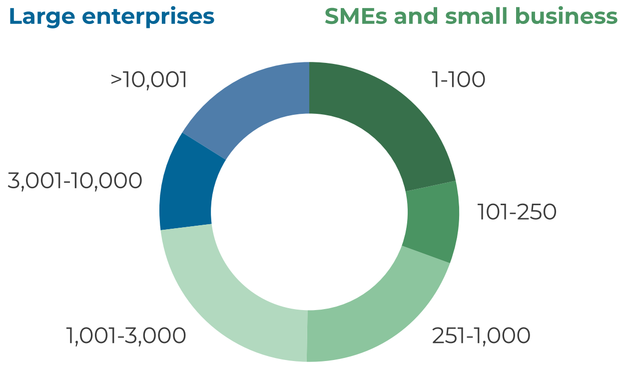
The group believes that its results-driven, customer-first approach to business has allowed it to build strong relationships with its customers as a trusted advisor addressing commercial, technology and digital transformation challenges. As a result, SoftwareONE has enjoyed strong gross profit retention and has been able to successfully gain a growing share of its customers' wallets. The group also ranks high across key customer purchase criteria such as technical expertise, security, transformation and customer service and is one of the most trusted brands in its industry.

In addition to its strong customer relationships, SoftwareONE benefits from a well-diversified business mix across geographies, customers and industries. The group estimates that large enterprises with more than 3,000 FTEs accounted for approximately 25%[1] of the gross profit of SoftwareONE in 2020, with small and medium enterprises (SMEs) with less than 3,000 FTEs accounting for 70%[1] of gross profit.

SoftwareONE has a highly diversified customer base of approximately 65,000

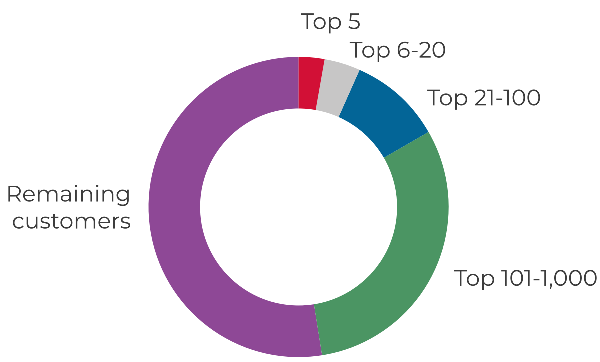
Customer split by size[(1)]

Gross profit by number of FTEs



Customer concentration[(2)]

Gross profit by largest clients



1) Estimate based on total number of SoftwareONE customers using billing codes. Customer FTE information sourced from Dun & Bradstreet's D-U-N-S database. Approximately 5% of SoftwareONE customers cannot be allocated.
2) Estimate based on total number of SoftwareONE customers using billing codes

Strong relationships with software partners

SoftwareONE benefits from long-standing and deep relationships with software and cloud partners.

The group has trading relationships with more than 7,500 software and cloud partners covering the full spectrum of software and cloud spend, including leading global software publishers such as Microsoft, Adobe, Oracle, Red Hat, VMware and Symantec, the best-performing hyperscalers such as Microsoft Azure, Amazon Web Services (AWS) and Google Cloud Platform (GCP), and a growing portfolio of disruptive publishers, among others. In particular, SoftwareONE has a long-standing, strong relationship with Microsoft, which dates back more than 30 years and has been a stable source of gross profit growth. Based on the global transaction volume of SoftwareONE in 2020, the group estimates that it is Microsoft's largest channel partner and its largest Azure partner globally. SoftwareONE has established this differentiated leading position by continuously optimizing its capabilities to service the specific needs of globally leading publishers.

Microsoft software accounted for approximately 50% of gross profit in 2020, of which a large portion was attributable to sales of Microsoft Azure, Microsoft Office 365 and Microsoft Dynamics 365, reflecting the group's strategic alignment with Microsoft's high-growth SaaS and public cloud products. SoftwareONE believes that it is well-placed to benefit from Microsoft's growth prospects, as building up the capabilities to deliver Microsoft software cost-efficiently and at scale requires substantial investment and expertise that is difficult to replicate and that allows the group to manage the significant complexity of licensing, pricing and consumption options.

Building on the successes with Microsoft, SoftwareONE is continuously strengthening its relationships with AWS, GCP and other hyperscalers as well as the growing universe of software publishers to capture the expanding growth opportunity in the software and cloud space.

SoftwareONE solves software and cloud publisher's pain points

Software and cloud publishers experience a number of 'pain points' in the distribution of their products through channel partners, with respect to the reach, scale and capabilities necessary to drive software consumption, access to a dispersed audience of SMEs, the ability to provide local product support and services in remote geographies, the flexibility to support a range of business models and the ability to drive digital readiness and transformation. As a globally scaled software and cloud-only platform with strong value-add IP-driven offerings, SoftwareONE is able to provide solutions to these challenges, making it a partner of choice for publishers of all sizes. ONEClub by SoftwareONE is a leading global channel program aimed at collaborating and enabling IT solutions providers to utilize the SoftwareONE portfolio for their business, as well as extending the portfolio to their end customers to support digital transformation. In addition, SoftwareONE builds rich solutions and offerings in the form of a joint model with its partners, delivering these capabilities through its global online marketplace. Unlocking innovation, driving operational efficiencies and reaching new markets is the foundation of the SoftwareONE partnership model.

Key publisher pain points

- Reach, scale and capabilities to drive consumption
- Access a dispersed audience of SMEs
- Local product support and services in remote geographies
- Flexibility to support a range of consumption models
- Drive digital readiness and transformation

SoftwareONE solution

Global scale AND local access

- On-the-ground presence in **90** countries[1] and ability to transact in **150+** countries
- Global organization: **~7,700 FTEs**
- **Supply chain exclusivity** and access to **local prices**
- Maximize product reach across **65k+** customers (**~70%** SMEs / **~25%** Enterprises)[1]

Governance

- End to end governance of commercial relationship
- **Optimize customer experience 24/7 support in 13 languages**

Value-add

- **Software focus** with **deep technical know-how**
- Independent **consulting led approach** with **value add professional and managed services**
- **Experience** in integrating **products from multiple software publishers**

1) Estimate based on total number of SoftwareONE customers using billing codes. Customer FTE information sourced from Dun & Bradstreet's D-U-N-S database. Approximately 5% of SoftwareONE customers cannot be allocated.

In addition, SoftwareONE believes that by addressing the challenges businesses face in adopting the cloud, it helps enable its key partners' cloud and SaaS strategies. SoftwareONE's cloud advisory and migration services, digital supply chain services and managed cloud offerings facilitate its customers' adoption of SaaS and the public cloud, thereby accelerating sales for software and cloud publishers. As a globally scaled channel partner with the ability to drive spending on software and the public cloud, SoftwareONE at the same time benefits from C-suite level access with its key publishers and their investments in the development of their channel programs in the form of training, marketing and other resources.

Global and local operating model

SoftwareONE's business is powered by a lean global and local 'glocal' business operating model built to deliver profitable growth at scale. It has a lean group structure with empowered local subsidiaries supported by three global service delivery centers in Delhi, Mexico City and Leipzig and six regional service delivery centers on four continents. This model is both local and global, enabling customer proximity and a focus on local expertise while at the same time ensuring consistent and cost-efficient delivery of the group's global service portfolio. Customers benefit from customer-focused local support in 90 countries and centrally delivered 24/7 customer service in 13 languages.

For SoftwareONE, this operating model offers the benefits of a scalable dynamic resource model, in which resources are efficiently shared across regional operations, and standardized functions are carried out cost-effectively from low-cost locations. SoftwareONE has leveraged its dynamic resource model to drive operational efficiency with initiatives to shift additional workloads from local subsidiaries to regional service delivery centers, while also standardizing its global service catalogue and automating many of its processes. Together, these measures have contributed to margin expansion in recent years.

Global and local operating model delivering a virtuous cycle of customer engagement

M&A expertise

SoftwareONE has a strong track record of supplementing its organic growth with a strategic approach to M&A and since 2015 has completed 16 acquisitions focused on scale, geographic reach and capabilities.

The primary objective of SoftwareONE's M&A strategy is to acquire businesses that strengthen its ability to deliver commercial, technology, and digital transformation for its customers and underpin its portfolio focus areas, namely SAP on hyperscaler cloud, the hyperscaler factory, application modernization and managed FinOps, and the focus on specific industry verticals, as further outlined in the Strategy section.

During 2020, SoftwareONE successfully acquired 100% of Intergrupo, a leading cloud technology and application modernization provider in the Latin American market, adding 1,450 FTEs to SoftwareONE. Additionally, SoftwareONE made a series of capabilities-driven acquisitions in technology and service areas of strategic importance. These transactions included the acquisitions of GorillaStack, a leading cloud cost management and real-time event monitoring software platform for AWS based in Australia, B-Lay, a leading provider of Software Asset Management (SAM) advisory and managed services for SAP and Oracle solutions based in the Netherlands, Optimum, a SAP-focused services and solutions provider based in the US, and Intelligence Partner, a leading Google Cloud services company based in Spain, as well as the talent acquisition of the founders of the Swiss Microsoft-focused IT services providers 'Make IT Noble', who have joined the SoftwareONE family.

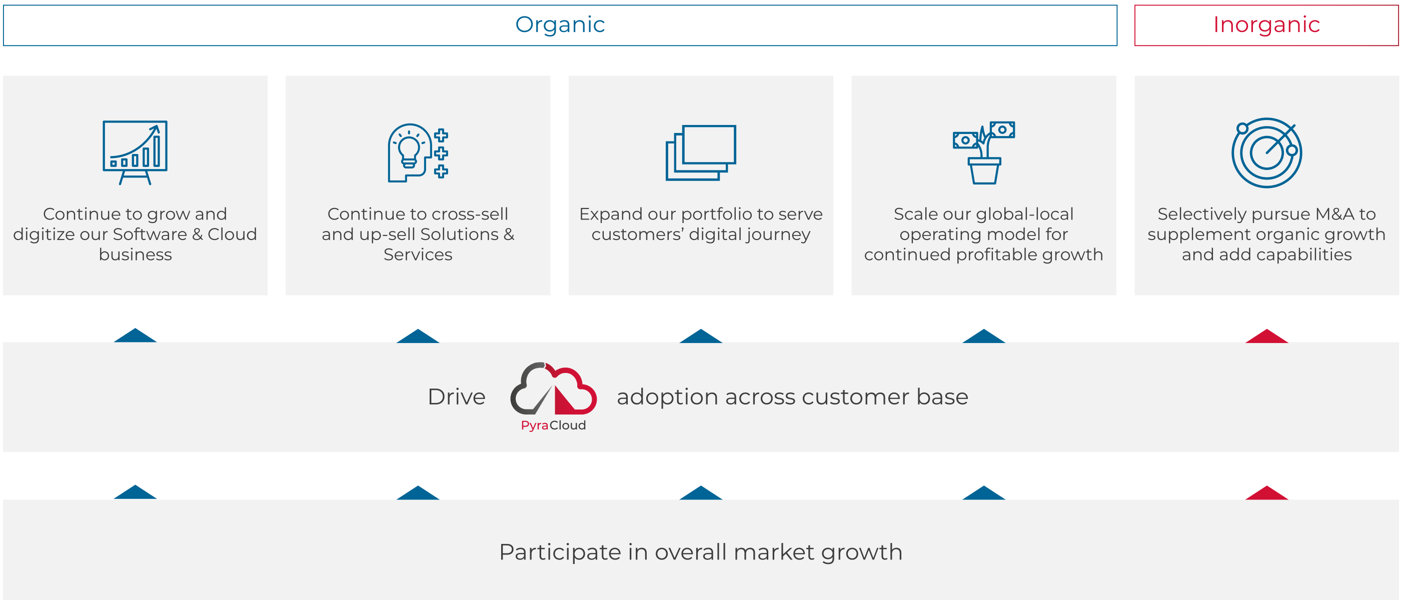
SoftwareONE believes that its proven ability to draw on its deep industry relationships and reputation to successfully pursue M&A opportunities, and its strong track record of integrating acquired businesses with discipline and a culture of ownership, are strong assets that will enable the group to further execute its M&A strategy. Moreover, its scalable 'glocal' operating model allows for both the efficient integration of acquisitions of scale and the ability to scale smaller, capabilities-based acquisitions.

Strategy

SoftwareONE's strong track record of profitable, predominantly organic 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 Solutions & Services; expanding its portfolio to serve customers' digital journey; and scaling its global-local operating model. The group has supplemented its organic growth strategy with a strategic M&A platform.

SoftwareONE intends to continue to drive profitable growth through the further execution of its strategy, while capitalizing on expected robust market growth and the capabilities of PyraCloud, its proprietary digital platform, which customers use for data-driven, actionable intelligence, industry benchmarks and orchestration and automation to optimize their software and cloud estate investments, driving technology, digital and commercial transformation.

The following diagram illustrates the group's business strategy:



Grow and digitize Software & Cloud

SoftwareONE intends to continue to grow sales in its Software & Cloud business line by leveraging its large existing and diversified customer base of approximately 65,000 customers worldwide, spread across a mix of mid-market and enterprise. The cloud services market itself continues to be a steady source of income, projected to grow at a CAGR of 16% between 2020 and 2027[1]. SoftwareONE's 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 digitize its Software & Cloud business and to offer a digital supply chain solution to the market. The company believes that digitize how businesses currently approach their Software & Cloud needs is an area that provides major opportunities. SoftwareONE's digitization strategy for Software & Cloud is powered by its proprietary platform, PyraCloud, and provides customers with transparency and predictability, a reduction in software- and cloud spend, streamlining of purchasing processes, avoidance of compliance risks, and optimization of contracts and usage rights.

1) Allied Market Research: 'Cloud Services Market - Global Opportunity Analysis and Industry Forecast, 2020-2027' April, 2020

Cross-sell and up-sell Solutions & Services

SoftwareONE continues to cross-sell and up-sell Solutions & Services. In particular, it intends to leverage its large Software & Cloud-only customer base to increase the number of customers who purchase both Software & Cloud and Solutions & Services from the group. Based on a historical analysis, SoftwareONE estimates that customers who purchase from both its Software & Cloud and its Solutions & Services business lines generate approximately seven times the amount of gross profit that Software & Cloud-only customers do, and that they accounted for approximately 63% of gross profit in 2020. SoftwareONE believes that there is significant growth potential from the majority of its customers that so far have only purchased Software & Cloud from the group. These efforts will be supported by a number of initiatives that SoftwareONE recently launched.

In March 2021, Microsoft and SoftwareONE have extended their long-standing, successful relationship and entered into a strategic agreement for application services and SAP on Azure to help customers master the challenges in their digital transformation. On the Software & Cloud side, SoftwareONE will offer customers with more flexible pay-as-you-go purchasing models and reactive and proactive cloud support services, while on the Solutions & Services side, SoftwareONE will enable customers to take full benefit and business value from the cloud through its application service offerings. Through what is one of the largest investments ever made by Microsoft in a partner, SoftwareONE will build out its related sales and delivery capabilities and plans to hire around 5,000 employees by the end of 2023.

Expand portfolio to serve customers' digital journey

SoftwareONE plans to expand its cloud-only IP-enabled Solutions & Services to further enhance its ability to comprehensively serve customers' digital journey.

To this end, SoftwareONE intends to:

- Expand and deepen its relationships with key software and hyperscale partners, including Microsoft, AWS, Google, VMware, Red Hat and SAP.
- Continue to develop value-add solutions for its key publishers' core products across its software lifecycle management (SLM), cloud services, future workplace and security practices.
- Build cyber-security components into every offering to address its customers' security needs.
- Digitize customer experience by further developing PyraCloud's intuitive marketplace, cloud platform management and actionable data intelligence platform.
- Expand its packaged services and standardized solutions, including significantly expanding its digital supply chain, advisory, professional services and managed services, and continuing to package services into X-Simple branded solutions for the mid-market.

SoftwareONE's five strategic incubation initiatives

The availability and power of software and cloud-enabled technology is exploding and the adoption of these technologies is becoming increasingly complex. The need for specialists like SoftwareONE is mission-critical to help companies through and beyond this transformational journey. SoftwareONE intends to lead companies through these trends as a trusted partner by means of five strategic incubation initiatives.

SAP in the cloud
Companies that are running their businesses on SAP-based ERP solutions are facing pressure from several sides 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 intends to further deepen its unique offerings in SAP cloud migration and next generation S/4HANA solutions, focusing on technology advisory, strategy and enablement of managed platform services specialized in SAP technology applications on hyperscale partners. In addition, SoftwareONE helps customers to create visibility and extract data intelligence through its monitoring solution service PowerConnect.

Application services
The increasing focus on the constant need to innovate, pushes customers to find solutions to modernize existing and create new applications. SoftwareONE intends to expand its scaled capabilities globally and has a twofold approach to support for application services:

- **Cloud-native application development**: SoftwareONE helps companies to build out customized cloud native technologies and applications from scratch and ensures these are being managed and run efficiently from the cloud.
- **Application modernization**: SoftwareONE helps companies to migrate their existing applications to the cloud, optimizing them to efficiently leverage cloud technology on an ongoing basis.

With the recent acquisition of InterGrupo, SoftwrareONE added approximately 1,450 FTEs, mainly developers and technology specialists, dedicated primarily to supporting organizations with technology services ranging from software development to client infrastructure management.

Hyperscaler factory
The pressure to migrate businesses to the cloud and the increased demand in SaaS are resulting in a hyperscaler market growth forecast at a CAGR of 51% between 2018–2024 according to industry experts. SoftwareONE intends to expand its end-to-end capabilities on Microsoft Azure, AWS and Google Cloud with its hyperscaler factory, which offers deep expertise in multi-cloud solutions, managed cloud compute optimization around costs and technology, and real-time management, monitoring and automation with PyraCloud.

Managed FinOps
Moving to the cloud and leveraging its technologies results in an increasing rise in cloud and software spend. Finance teams accustomed to traditional IT projects often struggle with the opaque and variable costs associated with cloud platforms, while application teams are often incentivized to release new features faster and deliver customer success. With FinOps, SoftwareONE enables its customers to resolve this contradiction and not only create a partnership between finance and technology, but also increase the business value of the cloud while saving costs without sacrificing innovation.

At SoftwareONE, a team of industry experts in combination with its proprietary and FinOps–certified platform PyraCloud, provides customers with the transparency, predictability and governance needed for effective cloud financial management. Gartner named SoftwareONE a leader in their '2020 Magic Quadrant for Software Asset Management (SAM) Managed Services' and SoftwareONE was certified as the only FinOps Service Provider and Platform.

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 has over 700 dedicated professionals, completing approximately 4,000 engagements per year across sectors and customer sizes on a global basis, who provide these services. The recent acquisition of B-Lay, a leading Dutch provider of advisory and managed services for SAP and Oracle solutions, has further strengthened SoftwareONE's position in this area. Leveraging 30 years of expertise, SoftwareONE today remains focused on addressing its customers' most pressing challenges in business, including driving digital transformation, lowering costs and protecting their software estate. Furthermore, as an end-to-end provider, SoftwareONE also helps customers define their technology roadmap, both migrating them to and managing them in the cloud.

Industry verticals
After successfully partnering with industry leaders in the construction, education and not-for-profit sectors, SoftwareONE intends to grow its strategic investments into further industries. As a leading global provider of end-to-end software and cloud technology solutions, partnering with industry leaders offers significant strategic growth opportunities for SoftwareONE and sectors alike. Industry efficiency, driving digitization, generating insights and actionable data intelligence all fuel technological innovation for the benefit of the customer and industry.

SoftwareONE formed its strategic partnership with RIB Software this year. Leveraging global market presence and expertise, SoftwareONE will bring RIB Software's integrated MTWO cloud platform that offers a 5D Building Information Model (BIM) for contractors, developers and owners. The solution significantly improves efficiency and reduces costs for the AEC industry by facilitating workflows and guiding users from virtual to physical realization of their projects while deriving additional insights from AI, big data and advanced analytics. The partnership represents a commitment to jointly fuel technological innovation for the benefit of the what McKinsey estimates to be a USD 10 trillion global construction industry. Driven by government initiatives, the emergence of new technologies and subscription-based models, the industry is embarking on its digital transformation journey to better manage risks, avoid rework and waste.

The pandemic has accelerated a move to remote and hybrid learning while new student-centered technology has triggered rapid digital transformation within educational environments. In response, the OCRE (Open Clouds for Research Environments) project offers multi-cloud solutions tailored to the particular needs of research and educational institutions using a consolidated license model. SoftwareONE was chosen as a partner to deliver cloud services to the learning community across 40 European countries. Customers also get access to the SoftwareONE Academic Portal, a centralized source for secure delivery of digital products to an entire institution that includes free or discounted educational software programs based on SoftwareONE's strategic partnerships with education technology companies. Ultimately, the right technology advances will help more students access learning and protect researchers' sensitive data.

Scale global-local operating model for continued profitable growth

SoftwareONE plans to further leverage its lean and scalable 'glocal' operating model to continue to drive profitable growth. To this end, it intends to expand its regional service delivery centers to further optimize resource utilization and talent acquisition across the organization. In addition, the group intends to further drive the standardization, digitization and automation of processes across its global operations. It further plans to up-skill resources at its three global service delivery centers in Delhi, Mexico City and Leipzig to enhance customer experience. As part of its continued focus on profitable growth, SoftwareONE also intends to build on its strong business management track record by further empowering its local subsidiaries while maintaining a hands-on approach and standardizing its global service catalogue, as well as by sharing operational intelligence across its operations.

Pursue M&A opportunities

Building on its strong M&A track record, SoftwareONE intends to continue to pursue M&A opportunities in the following categories:

- Opportunistic, scale-driven acquisitions across both business lines that can be integrated into its business operating model with relative ease and are attractively priced.
- Targeted acquisitions of 'in-market services' or service providers that offer solutions and services that are complementary to its existing services portfolio in specific countries with a particular focus on the five strategic incubation initiatives: SAP in cloud, application services, managed FinOps, hyperscaler factory and industry verticals.
- Strategic acquisitions to broaden existing capabilities that SoftwareONE believes cannot be developed internally in a cost-effective manner.

Expand interaction through PyraCloud to 100% of customers

SoftwareONE intends to have 100% of its customers interacting through its proprietary platform Pyracloud in the coming years, which will drive SoftwareONE's differentiation, customer-stickiness and digital sales engine and provide customers with actionable data intelligence. From a customer perspective, PyraCloud focuses on three pillars:

– SoftwareONE Digital: Digitizing SoftwareONE value in support of human interaction with customers.
– ONE Marketplace: Intuitive global procurement experience.
– Cloud Platform Management: Management of cost, architecture and intelligence for hyperscale cloud platforms.

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 publishers in its Software & Cloud business, as well as building up a global 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 their digital transformation 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 it aspires to create a culture and an environment that allow them to have the best time of their life at SoftwareONE. As SoftwareONE continues to grow and transform, it believes that maintaining its unique culture and its focus on people is critical to its future success and the ability to achieve its strategic objectives. The group's people strategy is centered around the following three elements:

- **Impact on business**: Investing in its people's professional development to expand their roles and enable them to grow through new experiences, global assignments and projects to further extend the breadth of its people's diversity.
- **Impact on self**: Recognizing colleagues' individual passions, allowing them to step outside their comfort zone and enabling opportunities to learn outside their current area of expertise, pursue education and learning opportunities, and learn different languages and experience new cultures.
- **Impact on society**: Being an engaged global citizen who gives back to local communities and global causes.

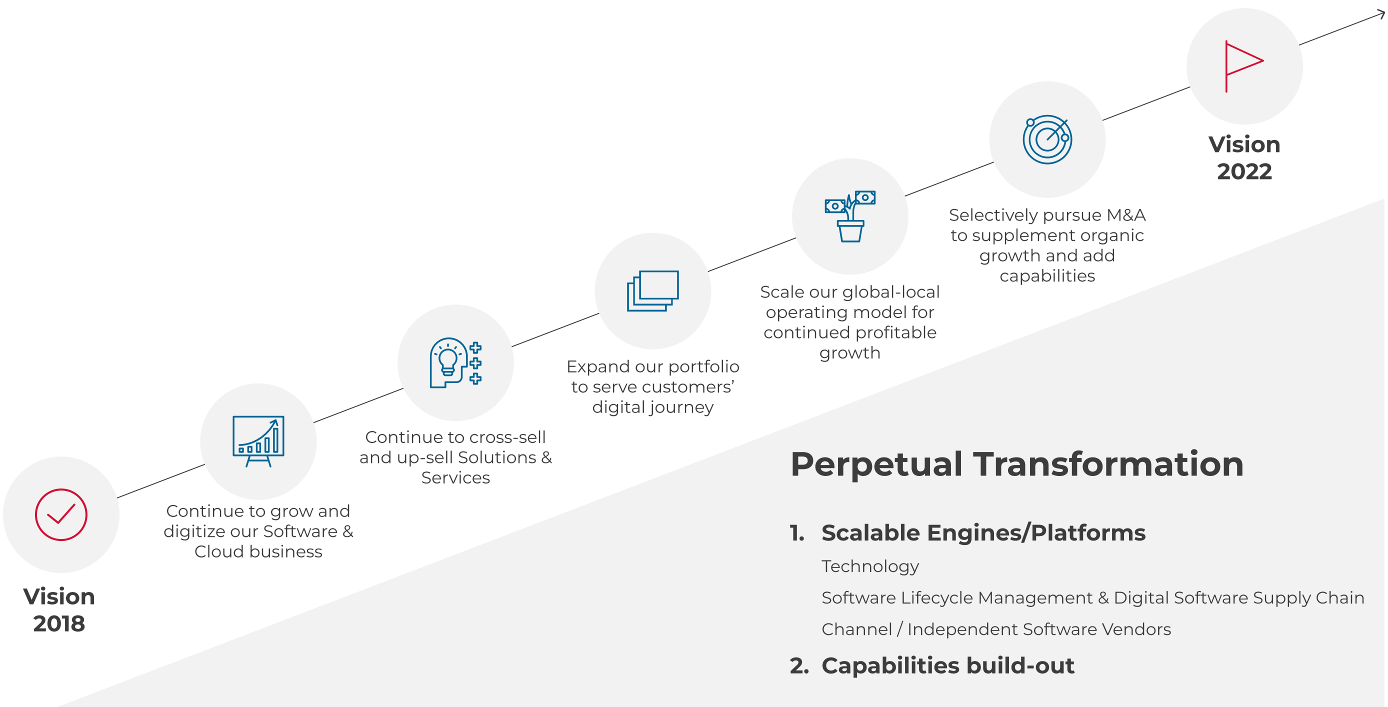
Portfolio

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.

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.

Multiple growth levers



Corporate Social Responsibility

As a successful company with a global footprint, and in line with our core values, SoftwareONE and its founders are committed to strengthening its policies and disclosure with the aim of having a positive impact for our clients, people and the wider society we are part of. SoftwareONE is committed to operating its business as an ethical company, with integrity and as a good corporate citizen. In addition to respecting all relevant laws, regulations and standards in all of the countries in which the group operates, SoftwareONE has introduced codes of conduct both for employees and business partners, which in certain areas contain even higher standards.

Code of Conduct for employees
The Code of Conduct is binding for all units, companies and employees of SoftwareONE and applies in addition to all relevant laws, regulations and standards of all countries in which SoftwareONE operates. It contains, among others, rules on labor standards, discrimination and harassment, and anti-corruption. By complying with these regulations and helping to assert them, we are protecting SoftwareONE, its employees, customers and partners from harmful behavior. All SoftwareONE employees are required to complete mandatory online Code of Conduct trainings on a regular basis, most recently at the beginning of 2021. Employees are required to pass a test in the form of a quiz and sign the Code of Conduct.

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. These pertain, for example, to supporting internationally proclaimed human rights, such as prohibition of child labor, adequate measures to protect the health and safety of employees, prohibition of discrimination, anti-corruption provisions, and compliance with competition and antitrust, national bidding and/or procurement, export control as well as data protection and privacy laws.

Core values

SoftwareONE's business success is driven by a highly qualified, motivated and empowered global workforce that embodies its results-oriented, customer-first company culture and its core values **speed, customer focus, employee satisfaction, humble, passion, integrity** and **discipline**.

https://www.youtube.com/watch?v=QRGSIEBw-Rw

Humble
We constantly look to improve and never forget the importance of our customers and colleagues.

Customer Focus
We exceed expectations through great discipline and ensure a world class customer experience.

Employee Satisfaction
Our greatest asset. We love and support our colleagues and operate without hierarchy.

Speed
Fast is better than slow but we will not compromise on quality.

Passion
We strive for excellence, go the extra mile and have fun in what we do.

Integrity
We are consistent, honest and fair and always do what is right.

Discipline
In everything we do. We accept responsibility and deliver on all of our commitments.

Our people

We are ONE team formed by people with unique and diverse backgrounds. We strive to foster an equal and inclusive culture and workplace that allows individuals to be the best version of themselves, learn from each other and grow in their careers. We are convinced that mutual respect and an open dialog across hierarchies are key ingredients for fostering creativity and innovation, and lead to the best solutions for all stakeholders of the company.

SoftwareONE continues to invest significantly in organic growth and hired 1,525 people in 2020, of which 35% were women and 65% men. We thus employed 6,219 staff as at 31 December 2020, excluding the 1,450 colleagues that joined us from Intergrupo, as the formal closing of the transaction was at the beginning of 2021.

The tables below provide an overview of the number of employees (in full-time equivalent) employed by SoftwareONE, broken down by geographic region and other people metrics, in the last four years:

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

1) Excluding 1,450 FTEs related to the full acquisition of Intergrupo, which were integrated in early 2021.

	2020
Average tenure of employees	4.69 years
Average age	37 years
Part-time employees	5%

Diversity, equity and inclusion

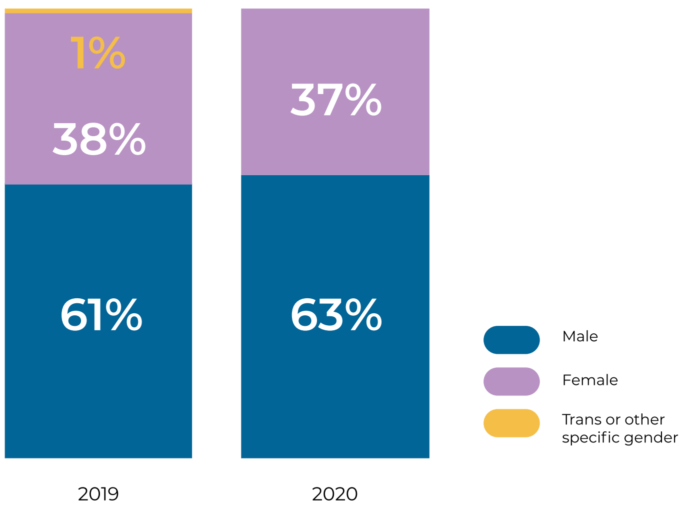
As a global company, SoftwareONE is diverse and international by its very nature. We believe this is pivotal to successfully navigating an ever-changing global economy and complex technology landscape. We strive to nurture an inclusive culture that is supportive to everyone, a place where we focus on individual needs and everybody is treated equitably regardless of gender, race, sexuality, disability and religion.

SoftwareONE has numerous ongoing initiatives specifically dedicated to equity and inclusion, which we regard to be key to innovation and disruption as diverse perspectives lead to better ideas. We endeavor to nurture a culture that unites people and includes perspectives that reflect the diverse groups we interact with internally and externally around the world. One initiative was the creationof an information hub on our intranet that gives every employee the possibility to learn about unconscious bias and provides materials on how to productively converse on sensitive topics like race, gender, sexuality, disability and religion. SoftwareONE's internal e-learning experience platform FUSE also has a dedicated topic around equity and inclusion, and the learning paths it contains focus on unconscious bias and include an introduction to disability and accessibility. Another initiative we have introduced is specific education for hiring managers, aimed at helping them better understand unconscious bias during the selection process for new hires. SoftwareONE's in-house training program 'Inspire Through Culture' challenges employees to think about the stereotypes and assumptions they have and how they can alter these. The company has also partnered with Microsoft to drive digital inclusion strategies to help ensure its employees and customers are aware of and able to utilize the leading-edge features on the O365 platform and beyond. Providing workplace tools and features that are inclusive are a priority for us. And last but not least, SoftwareONE holds quarterly culture days to celebrate global diversity and educate employees on the many cultures that unite SoftwareONE.

Triggered by the events around Black Lives Matter, we have given every employee at SoftwareONE the possibility to learn about unconscious bias and provide materials that can help when having conversation on sensitive topics such as race, gender, sexuality, disability and religion. We fully acknowledge that racism is one aspect in the broader topic of inclusion, equality and diversity. We are aware that we can do more and are committed to listening, learning and enhancing our inclusive and diverse culture. We do not have all the answers, but we believe that by continuing to learn and educate ourselves, we will continue to improve.

In terms of gender distribution, our employee population comprised 63% males, 37% females and 0.2% trans or other specific gender denominations as at the end of 2020. As an equal opportunities employer, our workforce consists of people of 82 different nationalities, speaking 32 languages and representing all of the major religious groups.

Gender Diversity



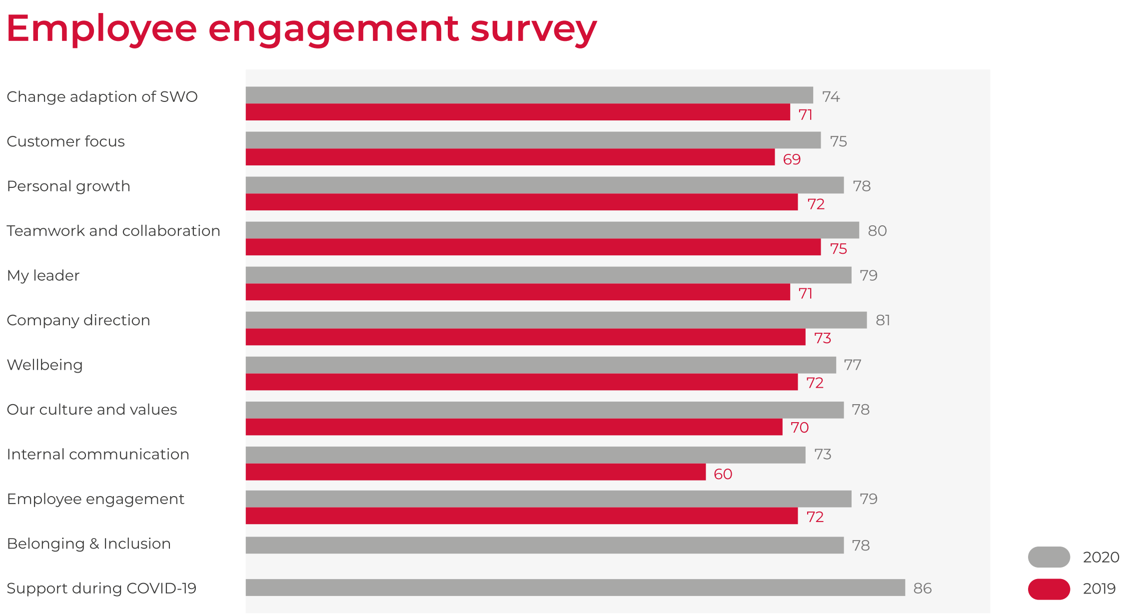
	2020		
	Male (%)	Female (%)	Trans or other specific gender (%)
Line manager split	70%	30%	0%
New joiner split	65%	35%	0.2%
Leavers split	64%	35%	0.8%

People development and talent acquisition
SoftwareONE continues to invest significantly in its employees and supports their professional and personal development through a number of programs, including international assignments, education grants and learning and development support. This is done regionally, based on market maturity and need, and is delivered through a mix of digital activities via FUSE, the dedicated learning experience platform. In addition, the company has developed its own 'Transitions Framework' centered around 'Success Competencies' that fosters the growth of its employees in alignment with our core values. SoftwareONE also established the **President's Club**, an employee recognition event held every year in different locations that celebrates outstanding employee contributions across regions and functions and gives staff the possibility to spend some time with members of the Board of Directors, the Executive Board and the extended leadership team, and learn from their experience.

In our efforts to find the right talent, we raise awareness on the diverse nature of our existing employee base. We have further enhanced our promotion and recruitment processes with artificial intelligence technology and training to remove unconscious bias. By creating a fairer, more transparent decision-making process, supported by dedicated assessment tools, the group strives to live up to its high standards of equality, diversity and inclusion and ensure it is default neutral and unbiased with regard to candidates' backgrounds. This should lead to improved opportunities for all of our current and future talent. SoftwareONE has also partnered with PowerToFly, a leading technology sector portal for female talent. As part of this partnership, SoftwareONE will have a dedicated landing page, advertise all job openings, be able to proactively source within female talent groups, post blogs showcasing its female talent and host virtual career fairs for invited guests throughout the year. These measures aim to attract a wide range of female candidates with different skill sets. In addition, SoftwareONE has added equal opportunity statements to all of its job postings and has a dedicated section on its careers website specifically covering diversity, equity and inclusion.

Employee satisfaction

At SoftwareONE we know that happy people perform better. To gauge employee satisfaction, we conduct an annual employee engagement survey which is 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 essential to shaping the direction of SoftwareONE. We have continued to improve the employee experience and SoftwareONE's vision is to be seen as a platform for people with passion. The 2020 employee engagement survey had an 88% response rate compared to 80% one year ago, a testament to our believ that people want to be heard and provide their feedback. Details of the 2020 survey results and a comparison with 2019, where available and applicable, can be found in the following graph, measured on a scale from zero to 100:



At SoftwareONE, we cultivate an open-door policy at all levels a flat hierarchical environment of trust and mutual respect. This culture encourages transparency, trust, openness, communication, feedback and discussion among all employees. To underpin this, we introduced ONEvoice, an internal e-platform with the aim of capturing all feedback and ideas on how we can improve for the benefit of all our stakeholders. This new function was introduced last year, based on feedback received in the 2020 employee engagement survey to increase the speed of problem solving within SoftwareONE. Additionally, to feel the company's pulse and understand our people's state of mind, we introduced the global StaySWOmie initiative. The aim is that leaders receive and provide direct feedback from and to employees to learn about what makes them feel proud, inspired, and where they face challenges and issues that they need help with. Ultimately, this gives us a possibility to learn from each other and enables leaders to gain a better understanding of factors that foster engagement and motivate people to work together more effectively as a team.

The health and well-being of our people is key to SoftwareONE and for years, we have offered a flexible working hours model to give them the possibility to participate in activities that contribute to their personal well-being and enable them to achieve an optimal work-life balance. When the first signs of an outbreak of the COVID-19 pandemic emerged in parts of Asia, SoftwareONE proactively communicated with all employees to create awareness and inform them about the current situation and the measures being taken by the company. Travel restrictions were immediately implemented, all offices at the affected locations were closed and remote working was initiated within days. Because every employee was already equipped with a laptop to give them the maximum mobility and flexibility, they were able to continue to provide our clients with the same high-quality service they were accustomed to. Local SoftwareONE HR teams have provided employees with relevant information according to the specific situation in each country. For this purpose, an information hub was created on SharePoint, where all global updates and frequently asked questions are made available. The hub also includes a section for parents that provides inspiration on how to best educate children at home and contains ideas on indoor activities to keep children motivated and entertained during the day.

With a view to supporting our employees, the hub also provides ideas and suggestions on how to adjust to working remotely, including a LinkedIn learning path on managing the impact of adjusting to the new work environment and creating a healthy work-life balance, and offers training for leaders in managing and leading remote teams. With two global campaigns around health and happiness and 'happy at home', additional guidance is offered to help employees adjust to working from home in a healthy way. In both campaigns, extra attention was placed on the mental well-being of our employees.

Management

SoftwareONE's management is a cohesive, highly experienced global team with extensive experience in a variety of industries and a track record of achieving consistent growth and margin expansion. The leadership team has also successfully led the company through its strategic repositioning from a reseller of software to an end-to-end technology solutions provider that also sells software, as well as the strategic acquisition of Comparex completed in 2019, among other ongoing strategic acquisitions.

Compensation and rewards

As outlined in the Compensation Report, the SoftwareONE compensation philosophy extends to all of its employees and focuses on attracting, motivating and retaining the best talent in a highly competitive global environment. The group's globally aligned incentive pay structure is based on gross profit, EBITDA, profitable customer acquisition or functional targets set in accordance with the employee's function or seniority.

The company offers a competitive employee benefit structure in accordance with the legal requirements and market/industry practices. Pension plans are maintained throughout the various countries where SoftwareONE employees are based, with the majority of its pension liabilities deriving from Switzerland. In addition, the company offers a number of recognition programs including its reward platform '**Motivosity**', which enables all employees to recognize each other for living up to SoftwareONE's core values as well as a number of incentive programs culminating in one of the year's highlights, the annual President's Club.

Labor standards

SoftwareONE supports and respects the protection of internationally proclaimed human rights. It ensures that it is not complicit in human rights abuses. As far as any relevant laws allow, all employees are free to form and to join or not to 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 used, and employees are free to leave their employment after reasonable notice as required by national law or contract. No person is employed who is below the minimum legal age for employment.

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. All employees are treated with respect and dignity at all times, in line with the company values. 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

In accordance with SoftwareONE's commitment to operating its business as an ethical company, SoftwareONE has implemented a new and secure externally managed alternative channel to disclose improper or unlawful misconduct outlined 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. With an entrepreneurial culture and integrity at its core, SoftwareONE encourages everyone to report inappropriate, unethical or illegal conduct occurring in the company and fosters a safe environment where employees are expected to speak up. If an issue cannot be discussed with the direct superior, the SoftwareONE Integrity Line is in place as a way to raise concerns – if preferred, anonymously. The aim is to help prevent situations from escalating and allow the company to remedy untoward or even illegal situations, preferably at an early stage. The process that has been put in place provides a secure communication channel between the reporter and a SoftwareONE Compliance Officer, enabling an anonymous exchange to cover further questions and clarifications during the investigation process.

Conflicts of interest

Employees and other representatives of SoftwareONE must base their decisions on the best interests of SoftwareONE, thus avoiding conflicts of interest, along with legal and ethical considerations. Any situation that may present a conflict of interest with the company must be disclosed internally, to allow for appropriate action to be taken in order to avoid actual, potential or apparent conflicts of interest.

Privacy and data protection

All SoftwareONE employees must comply with all applicable data protection and privacy laws and ensure that any personal data is obtained properly, kept securely and is used only for those business purposes for which the data was obtained. Details are defined in SoftwareONE's IT policies and IT end-user policy.

Due to the increasingly data driven nature of SoftwareONE's services and solutions portfolio, laws and regulations governing the protection of personally identifiable information and other data relating to individuals can have a significant impact on its business. The most important data protection regulation to which the group's operations are subject is the European Union's Regulation (EU) 2016/679 (General Data Protection Regulation or GDPR), which came into effect in May 2018.

The GDPR is a uniform framework laying down principles for legitimate data processing in the European Union. Compared to its predecessor, the Data Protection Directive (95/46/EC), the GDPR entails significantly stricter requirements for data protection, in particular for international data transfers, data mapping and accountability, processor (service provider) obligations, and the requirement to designate a Data Protection Officer. The GDPR introduces substantial sanctions for non-compliance and, depending on the nature of the infringed provision, may consist of civil liabilities, criminal sanctions and/or administrative fines. Administrative fines can amount to EUR 20 million or up to 4% of the total worldwide annual revenue, whichever is higher, for each infraction.

SoftwareONE has incurred and expects to continue to incur costs to implement various measures throughout its operations (including appropriate training of employees, fulfillment of additional documentation duties, adjustments of processes and monitoring by its data protection and compliance teams) as a result of the GDPR.

SoftwareONE is committed to safeguarding its intellectual property, including trademarks, service marks, patents, copyrights and trade secrets, as well as protecting the intellectual property of others.

Impact on society

Supporting NGOs in their digital transformation
According to a Digital NGO Member Survey by NetHope, many non-profits stated they lack a comprehensive digital strategy and wish to implement the latest technology. However, they struggle to envision, design and deploy technology to optimize their missions. This is one of the reasons that SoftwareONE has established a dedicated global team that offers digitization and transformation solutions ensuring that +3,000 non-profits stay up to date and ahead of the technology curve as the world delves deeper into the digital age. It is committed to delivering relevant, affordable and innovative solutions to help non-profits to embark on and accelerate their digital transformation. We bring technology within reach of non-profit organizations by leveraging our global market presence and expertise. We provide the same portfolio of solutions and services to non-profits that are offered to corporate customers, at a reduced price and with customizations to support specific use cases. We are observing increased demand for SoftwareONE's bundled solutions and managed services offerings around workplace and datacenter cloud platforms and thus plan further growth and innovation in this area. Through these efforts, SoftwareONE can positively influence sustainable development goals such as eliminating poverty and hunger, quality education, equality for all humans and climate action, to name a few. SoftwareONE's vision in this area is to be a 'worldwide community enabler' and empower non-profits to become more productive and innovative so they ultimately have a greater impact on the world's most critical social and environmental issues. To this end, SoftwareONE joins forces with partners to support non-profit organizations in their efforts to address these challenges.

One such collaboration is our work with Welthungerhilfe, one of the largest private aid organizations in Germany. The organization opted for a unified communication solution based on Microsoft Skype for Business, which we implemented and fully manage. Having a modern, responsive workplace and meeting room environment has enabled Welthungerhilfe to more easily focus on its aid projects to fight global hunger and thus pursue its vision. We also supported Helen Keller International, which provides life-changing healthcare in remote locations. When COVID-19 struck, the organization needed a reliable, simple and secure way for workers around the world to sign on, collaborate and communicate regardless of their location. SoftwareONE helped the Helen Keller team to develop an Azure Identity Management strategy to better manage its future workplace environment using Microsoft 365, while reducing its costs and management time. Helen Keller staff can now even better focus their efforts on delivering care to vulnerable families, and their technology supports these efforts.

Environment
While SoftwareONE is not engaged in a business of producing, processing or transporting goods with a major impact on the environment, it is aware that its service delivery, in particular related to its cloud services, requires substantial energy resources. In its Environmental Policy , the group has committed to continuously evaluate new ways to reduce energy consumption and to ensure the responsible use of energy throughout the company, including conserving energy, improving energy efficiency and giving preference to renewable over non-renewable energy sources.

SoftwareONE also endeavors to reduce or eliminate waste of all types by implementing appropriate conservation measures, e.g. by recycling, re-using, or substituting materials.

Social initiatives
In 2020, SoftwareONE laid the basis for the creation of its own foundation with the aim of acting as a primary platform to support long-term sustainable initiatives that have a positive impact on society beyond the company's day-to-day business activities. SoftwareONE has supported projects with a similar vision tha focus on delivering sustainable benefit in the four key areas environment, education, charity and people. All projects are connected to SoftwareONE's physical footprint and center around the company's geographic locations. We have flexible culture teams across the globe, composed of dedicated and passionate employees, who act as guardians of our culture and core values. Not only do they bring employees together by organizing fun, social and cultural events, more importantly, they come up with ideas on how the company can sponsor and support local programs, focusing on strengthening the group's culture and community service activities in order to have a positive impact on society.

During the race-related conflicts in the US in 2020, SoftwareONE's leadership team, especially in the most affected region, reacted immediately by addressing its US community. The conflicts were discussed in order to give SoftwareONE employees the opportunity to speak about the matter, share their fears, concerns and perspectives, and support each other. Furthermore, SoftwareONE actively involved its global culture teams to address these complex topics not only in the US but globally. SoftwareONE sourced books on racial inequality and asked the culture teams to share these internally.

Additional initiatives organized by local teams included an online show, where employees in Brazil raised money for Friends of Citizenship, an NGO that supports the local community. In Germany, 100 employees registered to donate for bone marrow to help fight leukemia in partnership with the Deutsche KnochenMarkSpenderdatei. In Australia, employees participated in Movember, a global campaign that brings back moustaches in an effort to raise funds for mental health, suicide prevention and prostate and testicular cancer research. During the global pandemic, SoftwareONE employees supported those in need by making face masks, 3D-printed face shields and by donating blood. Drawings made by children and handwritten post cards were sent to nursing homes to cheer up the elderly who couldn't receive visitors. Our culture teams supported our employees by organizing virtual events, creating content to entertain children who were being schooled at home and sending support boxes filled with goodies to people during the working-from-home period. We also give our employees the possibility to donate to a cause through our reward platform 'Motivosity'. In 2020, we collected a total of USD 19,216, which we donated to the WHO COVID-19 Solidarity Response Fund, Ocean Cleanup and Doctors Without Borders. In addition to local initiatives, SoftwareONE has committed to globally support initiatives in the host countries of its annual President's Club. In 2020, participants of the President's Club in Colombia were to help install solar panels and maintain the gardens and orchard of the Juanfe foundation. Due to the pandemic, the President's Club event had to be canceled, and instead, SoftwareONE provided financial support for the installation of the solar panels, ultimately helping the Juanfe Foundation to save money and increase their environmental commitment.

Examples of SoftwareONE's culture teams efforts across the world can be found here.

Anti-corruption, ethical business conduct
SoftwareONE tolerates no form of extortion or bribery, including improper offers for payments to or from, or improper entertainment of, 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 personnel 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 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 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 9001:2008 on quality management systems, ISO 14001:2015 on environmental management systems, and ISO 27001:2005 on information security management (in respect of the entities acquired as part of the acquisition of COMPAREX, with rollout to the entire IT organization in progress).

EcoVadis CSR “Bronze” rating

The EcoVadis CSR assessment is a ranking based on performance monitoring for corporate social responsibility (CSR) that provides a comparison of the environmental and social practices of companies of different sizes, industries and locations. It considers a range of CSR issues, which are grouped into the four themes of environment, labor practices and human rights, fair business practices and sustainable procurement. The CSR issues analyzed are based on international CSR standards such as the Ten Principles of the UN Global Compact, the International Labour Organization (ILO) Conventions, the Global Reporting Initiative (GRI) standards, the ISO 26000 standard, the Ceres Roadmap and the UN Guiding Principles on Business and Human Rights.

For its efforts in the area of CSR, SoftwareONE achieved a ‘Bronze’ rating in the EcoVadis CSR assessment in 2020. SoftwareONE’s EcoVadis Score Card increased from 46 points in 2019 to 52 points in 2020 thanks to the efforts of its employees in the areas of ethics, sustainable procurement, the environment, labor and human rights. However, due to a change in the CSR rating methodologies of EcoVadis, the year-on-year rating for SoftwareONE changed from Silver to Bronze.

Sustainable initiatives in 2021 and beyond

Diversity, equity and inclusion
We will continue to focus on fostering greater understanding, empathy, respect and cohesion across teams by offering awareness courses focusing on unconscious bias, bystander, allyship and courageous conversations. Through a storytelling campaign, SoftwareONE employees are encouraged to share their experiences on bringing their authentic self to work. As an equitable, diverse and inclusive company, we strive to have all the right policies and processes in place. We will therefore review and, if necessary, update all relevant people and culture policies and processes in 2021. This year, SoftwareONE will also join a pilot group with iCIMS (Internet Collaborative Information Management Systems), its recruitment software provider, to help develop anonymized resumes within the platform before they are screened by a hiring manager. Anonymizing details such as the name, address and schools attended eliminates unconscious bias and leads to a more diverse pool of candidates. We believe that technology can empower people to achieve more and make the workplace more inviting and inclusive for those with disabilities. We therefore aim to educate all employees on what accessibility means, how to be respectful and inclusive of people of all abilities and how to utilize leading-edge technologies to make the workplace more inviting and inclusive for people with disabilities.

Society
We are in the process of founding the SoftwareONE Academy, with the aim of supporting technical education and providing employment opportunities across communities globally. In many countries, young talent does not have equal access to education from established universities or the opportunity to receive higher education. The Academy will identify and nurture talent and technical potential and provide both knowledge and career opportunities. Together with technology partners, local governments and other institutions, SoftwareONE will give back to society in communities where it has a business footprint in the form of digital skills and technical education, with a focus on gender- and socio-economic diversity. Initially, the SoftwareONE Academy plans to focus on delivering learning experiences related to technical skills such as application services roles. Through a blended learning model, there will be opportunities to shadow client projects and create a network of SWOmie tech mentors and coaches. The Academy program curriculum will include critical thinking, problem solving, core consulting skills as well as regular case studies and hackathon events. The aim is to substantially increase an individual’s employability and create a future workforce that is ready for the challenges faced by growing tech organizations, potentially as a SWOmie.

The SoftwareONE Academy’s initial target markets will include Spain, Germany, Colombia and the US and will start with up to 1,000 students. This will be followed by Costa Rica, the Philippines and Malaysia/Vietnam. The main target groups are individuals in their final year at a university, a polytechnical institution or of professional development. In Germany, considerations on how to leverage the expertise of the well-established Techteens project are underway. Since 2018, SoftwareONE employees have been mentoring children in grade eight and nine as part of the Techteens initiative to help them develop IT solutions. Since that time, around 100 students have successfully completed the program.

Given the extraordinary circumstances in 2020 as a consequence of the COVID-19 pandemic, SoftwareONE postponed the creation of the SoftwareONE foundation 'ONELife', as during this period, the priority was to focus on the well-being of our employees, customers and other stakeholders. We plan to launch the foundation in 2021 as a primary platform to support long-term sustainable initiatives that have a positive impact on society beyond the business, and envision that that it will be governed by a dedicated Board consisting of internal and external members, and supported by appropriate governance and a charter.

softwareONE

ANNUAL REPORT 2020

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. For comparison purposes, adjusted results also include the month of January 2019 for Comparex, which was acquired by SoftwareONE effective 31 January 2019. This set of data reflects the company's internal approach to analyzing the results.

Details on such, 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

in CHF million (unless otherwise indicated)	FY 2020	FY 2019	% change	% change at CCY [1]
Adjusted[2]				
Gross profit from Software & Cloud	519.5	561.9	–7.5%	–1.9%
Gross profit from Solutions & Services	210.1	180.4	16.5%	23.9%
Gross profit	**729.6**	**742.2**	**–1.7%**	**4.4%**
Operating expenses	–506.5	–518.7	–2.3%	4.0%
EBITDA	**223.1**	**223.6**	**–0.2%**	**5.1%**
EBITDA margin	**30.6%**	**30.1%**	**0.5 pp**	
EPS (diluted)	0.81	0.88	–7.4%	
IFRS reported				
Net cash generated from/(used in) operating activities	276.3	216.3		
Net debt / (net cash)	–496.5	–209.9		
Net working capital (after factoring) at period-end	–169.6	–71.4		
Headcount (in FTE, end of period)[3]	**6,219**	**5,442**	**14.3%**	

1) In constant currency; Further information can be found under Alternative Performance Measures
2) Further information can be found under Alternative Performance Measures
3) Excluding 1,450 FTEs related to the full acquisition of Intergrupo, which were integrated in early 2021

Overall solid performance during Covid-19 pandemic

According to Gartner, overall global IT and enterprise software spend declined by 3.2% and 2.4%, respectively, in 2020 as CIOs prioritized spending on mission-critical technology and services, particularly during the initial stages of the Covid-19 pandemic. In this environment, SoftwareONE delivered solid results, driven by the strength of its business model and high degree of diversification across customers, sectors and geographies.

Total revenue corresponded to CHF 7,906.3 million in 2020, up 6.4% and 0.6% YoY in constant and reported currency, respectively.

Gross profit increased by 4.4% YoY in constant currency, totaling CHF 729.6 million in 2020, corresponding to a decline of 1.7% in reported currency. The negative currency translation effect was due to an appreciation of the Swiss franc (CHF), primarily against the EUR, USD, GBP, BRL, MXN and INR.

Acquisitions made during 2020 contributed approximately CHF 7 million to gross profit growth.

Performance by business

Software & Cloud

Gross profit from Software & Cloud decreased 1.9% YoY in constant currency, totaling CHF 519.5 million in 2020. As a consequence of the Covid-19 pandemic, customers experienced rapid and unforeseeable changes to their technology needs and operations throughout 2020. SoftwareONE's portfolio resonated well with customers, with heightened demand for remote enablement, collaboration, cost optimization and cloud-based management. Offsetting this positive impact was weakness in purchasing by SMEs who became more cautious regarding discretionary or one-off transactions which are typically project-related. While some improvement in purchasing levels was seen in mid-2020, the re-introduction of lock-downs later in the year negatively impacted customers' decision-making.

Microsoft

SoftwareONE's Microsoft business developed well in 2020 driven by strong renewals and growing demand for Microsoft's software and cloud products. Microsoft Cloud billings, comprising 365, Azure and Dynamics, grew double-digit compared to the prior year while On-premise declined. By customer segment, large enterprises performed well and public sector organizations showed exceptional strength in billings growth, although the latter represent a smaller portion of SofwareONE's business. Meanwhile, SMEs – which typically serve as the group's growth and profitability engine – reduced their spend significantly in 2020.

The shift to 'pay-as-you-go' subscriptions from multi-year agreements, which SoftwareONE captures with its 'X Simple' bundles such as 365Simple and AzureSimple, continued very strongly. While positive in terms of promoting closer customer relationships and attaching services, this development also adversely affected results due to (i) less revenue recognized upfront and (ii) the entire services component (i.e. customer mark-up for the managed service and PyraCloud) being booked under Solutions & Services.

Multivendor

SoftwareONE's multi-vendor business includes many market-leading software companies, including Adobe, AWS, Citrix, Google Cloud, Oracle, Red Hat, VMware, Sophos, Symantec and Veeam. While purchasing behavior varied greatly depending on the type of software, SoftwareONE generally saw healthy growth in mission-critical software, with some weakness related to discretionary or project-related offerings in 2020.

Solutions & Services

Solutions & Services achieved strong gross profit growth of 23.9% YoY in constant currency to CHF 210.1 million in 2020. This result includes a gross profit contribution from InterGrupo of approximately CHF 5 million following its consolidation from November 2020 onwards, as well as less than CHF 2 million related to other acquisitions.

While professional services experienced some deferrals in the Covid-19 environment, managed services enjoyed strong renewals and growth as customers sought out trusted partners to help them operate their technology environment in the cloud and drive their long-term digital transformation journeys.

Offerings such as 365Simple and AzureSimple also contributed meaningfully to growth in 2020, with the entire services and platform component of these bundles being booked under Solutions & Services.

During 2020 SoftwareONE continued to expand its hyperscaler offering to include AWS and Google Cloud-related services to support customers with their multi-cloud strategies.

Performance by geography

On a geographical basis, performance varied depending on the extent of lockdown measures, as well as other disruptive events during 2020. EMEA (67.3% of 2020 gross profit), APAC (11.3%) and LATAM (7.0%) delivered strong growth at gross profit level in constant currency, while NORAM's (14.4%) development was subdued.

Investments across strategic growth areas

Total adjusted operating expenses increased by 4.0% YoY in constant currency to CHF 506.5 million in 2020, excluding share-based compensation, IPO, integration and M&A and earn-out expenses which amounted to CHF 35.1 million in total.

The development of SoftwareONE's cost base reflected the successful realization of Comparex synergies and Covid-19-related savings due to lower expenses for travel and physical marketing events, which amounted to approximately CHF 38 million in total. Along with lower variable compensation, these savings provided scope for re-investment into strategic growth areas.

New hires included sales and technical pre-sales, professional and managed services delivery personnel, as well as specialists in digital transformation services such as application modernization, critical workload migration and security. The additional personnel expenses relating to these hires amounted to approximately CHF 34 million in 2020. Furthermore, substantial investments were made in scaling bolt-on acquisitions, which in their current phase produced a contribution margin significantly below that of SoftwareONE on a group level. Despite the short-term impact on EBITDA margin, these investments are expected to contribute meaningfully to driving long-term growth.

The number of FTEs, excluding the acquisition of Intergrupo, stood at 6,219 as at 31 December 2020. Including Intergrupo, the number of FTEs increased to approximately 7,700.

With regards to the integration of Comparex, SoftwareONE achieved run-rate cost synergies of CHF 32.5 million by 31 December 2020, in line with its guidance to deliver 80-85% of the targeted cost synergies earlier than expected. The full CHF 40 million of targeted cost synergies is expected to be achieved by the end of 2021.

Adjusted EBITDA increased 5.1% YoY at constant currency to CHF 223.1 million, implying a margin of 30.6% in 2020, impacted by a higher cost base driven by the above-mentioned strategic investments.

Adjusted profit for the period was CHF 125.7 million in 2020, representing a decrease of 6.3% YoY in reported currency.

IFRS reported profit for the period increased 41.4% YoY in reported currency to CHF 176.8 million in 2020. This result includes the aforementioned adjustments, as well as a non-taxable appreciation in SoftwareONE's shareholding in Norwegian listed company Crayon of CHF 83.0 million.

Liquidity and balance sheet

Net cash flow from operations amounted to CHF 276.3 million in 2020, reflecting an increase of CHF 60.0 million compared to the prior year. This was driven primarily by continuous improvements in the collection of receivables and prudent management of payment terms.

Capital expenditure totaled CHF 22.8 million in 2020, mainly relating to investments in PyraCloud and purchases of IT equipment. Cash outflow relating to acquisitions of businesses amounted to CHF 45.5 million, including earn-out payments relating to prior acquisitions. Free cash flow was CHF 257.6 million during 2020.

SoftwareONE closely monitored the credit situation among customers following the escalation of the Covid-19 pandemic in early 2020, but saw only a minor impact on its ability to collect funds from customers. The bad debt provision as a percentage of trade receivables increased from 0.9% as at 31 December 2019 to 1.0% as at 31 December 2020. The proportion of insured receivables remained high at approximately 47%, with an additional 20% being from governments or highly creditworthy customers as at 31 December 2020.

Net cash position was CHF 496.5 million as at 31 December 2020 compared to CHF 209.9 million one year earlier.

Overall, SoftwareONE continues to be in a position of financial strength, with significant liquidity and strong cash flow generation.

Outlook

In 2021, SoftwareONE expects an improved operating environment, albeit with uncertainty around Covid-19 restrictions, vaccine roll-out and government stimulus programs, which are expected to influence the rate of macroeconomic recovery. According to Gartner[1], global IT spend is expected to increase by 6.2% in 2021, with enterprise software growing at 8.8%. Moreover, Gartner predicts that organizations will accelerate digitization plans by at least five years with the cloud emerging as a critical enabler of resilience and innovation in the 'new normal'.

As SoftwareONE accelerates its growth strategy, continued focus will be maintained on meeting customer purchasing needs via Software & Cloud. However, as previously described, the group's approach will shift further towards modern commerce 'pay-as-you-go' subscriptions and an expanding portfolio of IP-based services and solutions, all digitally-enabled via PyraCloud. Meanwhile, investments to take advantage of new strategic growth areas within services will continue, which is expected to limit EBITDA margin expansion beyond its current level.

Consequently, and based on the assumption of no further material deterioration in the environment due to Covid-19, SoftwareONE's guidance for 2021 is as follows:

- Gross profit growth above 10% for the group in constant currency
- Adjusted EBITDA margin of approximately 30%;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

By business line, Solutions & Services is expected to continue to demonstrate strong momentum in 2021, with the rate of gross profit growth materially exceeding that of Software & Cloud. Furthermore, overall growth for the group is expected to accelerate during the course of the year, as the effects of ongoing strategic initiatives and investments come through.

Beyond 2021, SoftwareONE expects a further acceleration in gross profit growth to the 'mid-teens' in constant currency, with EBITDA growth in excess of gross profit growth in the mid-term.

Supported by a strong balance sheet and cash flow generation, SoftwareONE will continue to invest to drive long-term growth.

1) Gartner Forecasts Worldwide IT Spending (January 2021)

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

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)	FY 2020	FY 2019	FY 2020 Other adj.	FY 2019 Adding CPX	FY 2019 Other adj.	FY 2020	FY 2019		
Revenue from Software & Cloud	7,593.3	7,313.9	–	230.4	–	7,593.3	7,544.3	0.6 %	6.4 %
Cost of software purchased	–7,073.9	–6,773.4	–	–209.0	–	–7,073.9	–6,982.4	1.3 %	
Gross profit from Software & Cloud	**519.5**	**540.5**	**–**	**21.4**	**–**	**519.5**	**561.9**	**–7.5 %**	**–1.9 %**
Revenue from Solutions & Services	312.9	296.9	–	18.7	–	312.9	315.6	–0.9 %	5.9 %
Third-party service delivery costs	–102.8	–123.1	–	–12.1	–	–102.8	–135.3	–24.0 %	
Gross profit from Solutions & Services	**210.1**	**173.8**	**–**	**6.5**	**–**	**210.1**	**180.4**	**16.5 %**	**23.9 %**
Gross profit total	**729.6**	**714.3**	**–**	**27.9**	**–**	**729.6**	**742.2**	**–1.7 %**	**4.4 %**
Personnel expenses	–470.0	–439.9	31.1	–18.2	29.7	–438.9	–428.4	2.5 %	9.1 %
Other operating expenses	–86.6	–115.3	6.2	–5.9	17.6	–80.4	–103.6	–22.4 %	–17.2 %
Other operating income	15.0	11.2	–2.2	2.2	–	12.8	13.4	–4.2 %	0.9 %
Operating expenses	**–541.6**	**–544.0**	**35.1**	**–21.9**	**47.2**	**–506.5**	**–518.7**	**–2.3 %**	**4.0 %**
EBITDA	**188.0**	**170.3**	**35.1**	**6.1**	**47.2**	**223.1**	**223.6**	**–0.2 %**	**5.1 %**
Depreciation, amortization and impairment[2]	–55.2	–51.3	–	–1.0	–	–55.2	–52.3	5.5 %	
EBIT	**132.8**	**119.0**	**35.1**	**5.1**	**47.2**	**167.9**	**171.3**	**–2.0 %**	
Finance income	101.4	52.1	–83.0	0.1	–38.9	18.4	13.3	38.2 %	
Finance costs	–11.0	–9.6	–	–0.8	–	–11.0	–10.4	5.2 %	
Foreign exchange difference, net	–10.1	–7.1	–	–0.4	–	–10.1	–7.5	35.6 %	
Share of result of joint ventures and associated companies	0.8	–	–	–	–	0.8	–	–	
Net financial items	**81.0**	**35.3**	**–83.0**	**–1.1**	**–38.9**	**–2.0**	**–4.7**	**–57.3 %**	
Earnings before income tax	**213.8**	**154.4**	**–47.9**	**3.9**	**8.3**	**165.9**	**166.6**	**–0.4 %**	
Income tax expense	–37.0	–29.3	–3.1	0.3	–3.3	–40.2	–32.4	24.1 %	
Profit for the period	**176.8**	**125.0**	**–51.0**	**4.2**	**5.0**	**125.7**	**134.2**	**–6.3 %**	
EBITDA margin (%)	**25.8 %**	**23.8 %**				**30.6 %**	**30.1 %**	**0.5 pp**	
EPS	**1.14**	**0.82**				**0.81**	**0.88**	**–7.4 %**	

1) In constant currency; Current period translated at average exchange rate of prior year period, based on management accounts
2) Includes PPA amortization (including impairments) of CHF 16.8 million and CHF 11.5 million in 2020 and 2019, respectively

Adjustments

in CHF million	FY 2020	FY 2019
IFRS reported profit for the period	**176.8**	**125.0**
Proforma adjustments for Comparex acquisition (adding January 2019)	**–**	**4.2**
Certain share-based compensation[1]	24.2	21.4
IPO, integration and M&A and earn-out expenses	10.9	25.9
Total operating expense adjustments	**35.1**	**47.2**
Depreciation / (appreciation) of Crayon shareholding	**–83.0**	**–38.9**
Tax impact on adjustments	**–3.1**	**–3.3**
Adjusted profit for the period	**125.7**	**134.2**

1) Relate to management equity plan and free share grant to employees

Adjustments related to Comparex acquisition for 2019

SoftwareONE has prepared a selection of unaudited adjusted financial information for full year 2019 to illustrate the effect of the Comparex acquisition on its consolidated income statement by giving effect to the transaction as if it had been completed on 1 January 2019, including accounting policy alignment, reclassification and currency translations. For 2019, this includes audited IFRS reported numbers 2019 (12 months SoftwareONE and 11 months Comparex) and the month of January 2019 of Comparex. On a profit for the period level, these proforma adjustments totaled CHF 4.2 million in 2019.

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 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 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 at constant currencies: 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.

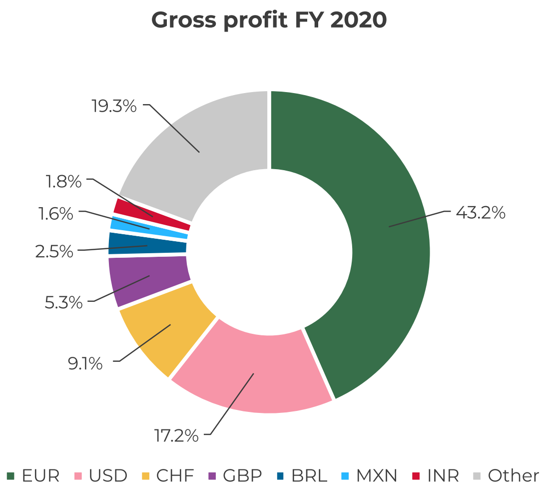
Net working capital is defined as the group's trade receivables, other receivables, prepayments and contract assets minus trade payables, other payables and accrued expenses and contract liabilities (excluding any open payments related to the management equity plan).

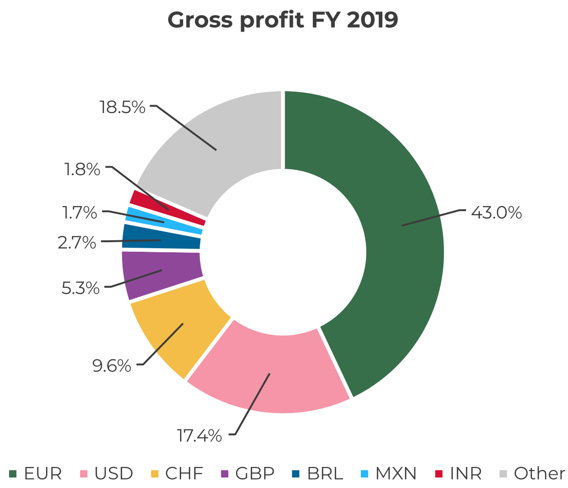
Free cash flow is defined as the group net cash generated from/(used in) operating activities, minus cash from/(used in) investing activities, plus cash from/(used in) acquisitions of businesses (net of cash balance).

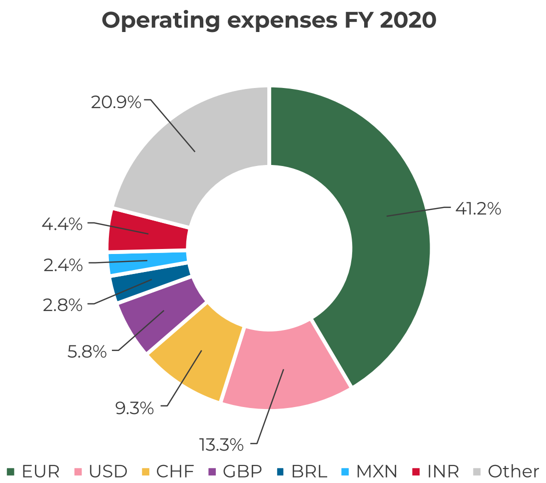
Exchange rates

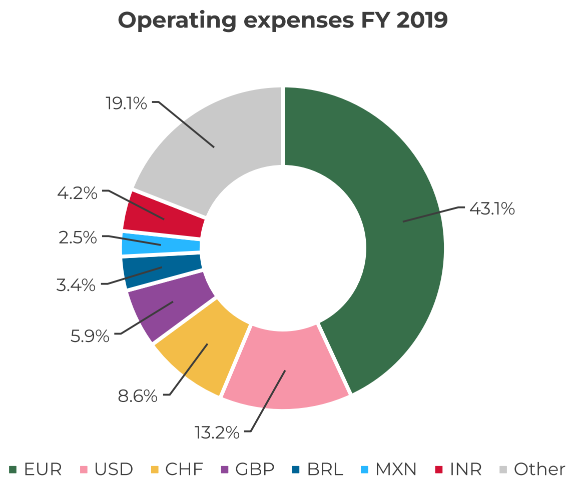
The table below shows the development of the Swiss franc, SoftwareONE's reporting currency, against major local currencies between two periods, and the charts provide an overview of the currency splits, inlcuding exchange rates that had the biggest impact on gross profit and operating expenses. Related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

CHF to LCY	FY 2020	FY 2019	% change
EUR	0.93	0.90	3.8%
USD	1.07	1.01	6.1%
CHF	1.00	1.00	0.0%
GBP	0.83	0.79	6.0%
BRL	5.40	3.95	36.6%
MXN	22.97	19.40	18.4%
INR	79.30	70.54	12.4%









ANNUAL REPORT 2020

CORPORATE GOVERNANCE

Introduction

The corporate governance framework of SoftwareONE Holding AG and SoftwareONE group (collectively, SoftwareONE) is structured to be closely aligned with and in optimal support of the company's business and long-term strategy. In addition to the rules outlined in the Directive Corporate Governance (DCG) of the SIX Swiss Exchange, SoftwareONE further takes into consideration the following guidelines and market standards:

- Swiss Code of Best Practice for Corporate Governance of economiesuisse (Swiss Code)
- Current market practices going 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 by several documents governing the oversight, organization and management of the company, which include:

- SoftwareONE's Articles of Incorporation (AoI), defining the legal and organizational framework.
- SoftwareONE's Organizational Regulations (OrgR), defining the governance framework of SoftwareONE and the group, including the responsibilities and authorities of the BoD, Chairman, Vice Chairman (a role removed in 2020), Lead Independent Director (LID), Board committees, the CEO and other individual EB members, as well as relevant reporting procedures.
- SoftwareONE's charters of the Board committees on audit, which was revised by the BoD on 12 February 2020, as well as on nomination and compensation, outlining the duties and responsibilities of each of these committees.
- SoftwareONE's codes of conduct (CoCs), outlining its compliance framework and setting 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 and further promoting the basic ethical and legal principles is the group-wide integrity line (softwareone.integrityline.org) introduced in 2020 to provide 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 31 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 and approving major transactions and investments. 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 consisted of four members in 2020, the CEO, CFO, COO and President of Sales. 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 2020:

Shareholder/group of shareholders	Shares held	% of voting rights
Dr. Daniel Marc von Stockar-Scherer-Castell, Hergiswil, Switzerland[1),2),3)]	17,498,012	11.00 %
B. Curti Holding AG[1),2),3),4)]	16,031,853	10.10 %
René Rudolf Gilli, Emmetten, Switzerland[1),2),3)]	12,447,509	7.85 %
Westminster Bidco S.à r.l.[3),5)]	8,213,023	5.20 %
Pictet Asset Management S.A.	5,154,610	3.25 %
UBS Fund Management	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 the purposes of Swiss disclosure rules and regulations, controlling 28.95 % of voting rights. The representative of this group of shareholders is Dr. Beat Curti, Erlenbach, Switzerland. The members of this group also form part of the groups disclosed in Notes 2 and 3.
2) In connection with SoftwareONE Holding AG's IPO, the members of the Board of Directors referred to in Note 1 as well as Peter Kurer, Andreas Fleischmann, Marina Nielsen, Johannes Peter Huth, Jean-Pierre Saad, Marie-Pierre Rogers, Timo Ihamuotila, José Alberto Duarte, Dieter Schlosser, Alex Alexandrov, Hans Grüter, Neil Lomax, entered into a lock-up group, agreeing to a lock-up period that ended 12 months after the first trading day of SoftwareONE Holding AG's shares on the SIX Swiss Exchange, i.e. on 25 October 2020.
3) In connection with SoftwareONE Holding AG's IPO, the shareholders referred to in Notes 1 and 5, entered into a sell-down coordination agreement with respect to certain future sales of their respective shares in SoftwareONE Holding AG. In addition, the listed persons agreed to a lock-up period undertaking, ending six months after the first trading day of SoftwareONE Holding AG's shares on the SIX Swiss Exchange, i.e. on 25 April 2020.
4) B. Curti Holding AG, Sarnen, Switzerland, is the direct shareholder of the shares which are indirectly controlled by Dr. Beat Alex Curti, Erlenbach, Switzerland.
5) Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg 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.

Individual notifications that were published during the year under review are available on the SIX Exchange Regulation webpage. Between 31 December 2020 and the publication of this report, the company received notification and a disclosure was made in accordance with the requirements of the Financial Market Infrastructure Act (FMIA) of a purchase of 4,764,987 shares corresponding to 3% of the voting rights by Eleva Ucits Fund, Luxembourg, on 15 January 2021.

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 2020, amounted to CHF 1,585,814.60, divided into 158,581,460 fully paid-in registered shares with a nominal value of CHF 0.01 each.

As at 31 December 2020, SoftwareONE held 4,016,801 shares (corresponding to 2.53% of the company's total share capital) in treasury. The market capitalization of SoftwareONE as at 31 December 2020 amounted to CHF 4.29 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 2020 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 CHF 4,430.40.

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 CHF 0.10 each. On 31 January 2019, SoftwareONE's share capital was increased by CHF 231,528.90 to CHF 1,585,814.60 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 CHF 0.10 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 CHF 1,585,814.60, divided into 158,581,460 fully paid-in registered shares with a nominal value of CHF 0.01 each.

Duty to make an offer

Prior to SoftwareONE's listing on 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 $33^1/_3$% 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. The necessity of this opting-up provision will be reviewed by the BoD at least once every two years.

Participation and dividend-right certificates

As at 31 December 2020, SoftwareONE has issued neither participation certificates nor profit sharing certificates.

Limitations on convertible bonds and options

As at 31 December 2020, 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

Based on the BoD's own criteria and in accordance with the Swiss Code, the Nomination and Compensation Committee (NCC) seeks appropriate professional backgrounds and experience as well as diversity among the members of the BoD, including gender diversity. The BoD does not consider age or tenure limits as being appropriate measures to drive the Board's development process.

To ensure that the company's as well as the shareholders' interests are adequately represented on the BoD, the BoD will propose the election of Isabelle Romy, a proven expert in governance, legal and compliance, as well as Adam Warby, former CEO of Avanade, with a strong background in the technology services industry, as new independent members of the Board at the shareholders' meeting.

The members of the BoD and the Chairperson of the BoD are elected individually and annually by the shareholders' meeting. The term of office ends at the closing of the next ordinary shareholders' meeting. Re-election is possible and there are no limitations on the number of terms a member can serve on the BoD or the age a director may have upon (re-)election.

During the reporting period, the following members formed part of the BoD. As at 31 December 2020, the BoD consisted of seven members:

Name	Nationality	Born	First elected	Significant shareholder	Education	Background
Beat Curti[1] Vice-Chairman	Swiss	1937	2013	Yes	Business and economics	Entrepreneur, Founder SoftwareONE
Andreas Fleischmann[2]	Austrian	1967	2018[5]	Yes[8]	Social sciences, econom-ics, finance	Chairman, Raiffeisen Informatik
Johannes Huth[3]	German	1960	2015	Yes[7]	Economics	Head EMEA, KKR
Marina Nielsen[4]	Swiss	1976	2018[5]	Yes	Business	Real estate management
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 informa-tion technology	Founder SoftwareONE
Jean-Pierre Saad	Belgian	1980	2015	Yes[7]	Engineering, computer and communications	Technology and telecom investments, KKR
Marie-Pierre Rogers	Spanish	1960	2019[6]	No	Business	Leader Board Practice, Spencer Stuart Switzerland
Timo Ihamuotila	Finnish	1966	2019[6]	No	Economics and finance	CFO, ABB Ltd
José Alberto Duarte	Portuguese	1968	2019[6]	No	Accounting, manage-ment, marketing	CEO, Infovista

1) Resigned from the BoD on 7 October 2020.
2) Resigned from the BoD on 30 June 2020.
3) Resigned from the BoD on 19 June 2020.
4) Did not stand for re-election at the AGM on 14 May 2020.
5) These BoD members were elected by the EGM held on 20 November 2018.
6) These BoD members were elected by the EGM held on 10 October 2019.
7) Representing KKR (see section Group structure and shareholders for detailed information).
8) Representing Raiffeisen-Holding Niederösterreich-Wien (see section Group structure and shareholders for detailed information).

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

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

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 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. From 1991 to 2001, Partner at Homburger, 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.

Chairman of the Board of Directors of Swiss listed Sunrise Communications Group AG until 8 April 2020. Non-executive partner and member of the Board of Directors of BLR & Partners AG, Zurich, Switzerland. Non-Executive Chairman of the Board of Directors of Kein&Aber AG, Zurich, Switzerland, as well as a member of the Swiss Advisory Board (which is 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

Nationality
Belgian

Professional experience and external appointments
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 telecoms and media team at Lehman Brothers.

Currently part of the private equity platform at KKR, responsible for technology and telecom investments in EMEA, and Member of the Board of Directors of Exact Group B.V. and OVH Groupe SAS.

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 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 licenciate 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.

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

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.

The following members did not stand for re-election or stepped down in 2020:

Marina Nielsen (until 14 May 2020)

Role
(non-executive)
Member of the Board of Directors

First elected
2018

Nationality
Swiss

Professional experience and external appointments
Real Estate Manager at SPL AG since 2005 and at NISTA AG since 2013.

Education
Business diploma from Verband Schweizerischer Kaderschulen and a federal diploma in business management.

Johannes Huth (until 19 June 2020)

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

First elected
2015

Nationality
German

Professional experience and external appointments
Member of the Board of GfK SE from 2017 to 2018, and of Cognita Ltd from 2016 to 2018. Member of the Supervisory Boards of GEG from 2014 to 2019, of WMF from 2012 to 2016, of Hertha KGaA from 2014 to 2015, and KION from 2012 to 2015, and Vice-Chairman of the Board of NXP from 2006 to 2019.

Currently Head of EMEA at KKR and Chairman of the Board of Directors at Hensoldt GmbH.

Education
Master of Science with highest honors from the London School of Economics and an MBA from the University of Chicago.

Andreas Fleischmann (until 30 June 2020)

Role
(non-executive)
Member of the Board of Directors

First elected
2018

Nationality
Austrian

Professional experience and external appointments
Previously Chairman of Raiffeisen Software Solution und Service GmbH from 2014 to 2015.

Currently Member of the Management Board of Raiffeisenlandesbank Niederösterreich-Wien AG and the management and supervisory bodies of various other companies within the Raiffeisen Group. Chairman of the Supervisory Board of RSC Raiffeisen Service Center GmbH and Raiffeisen Informatik GmbH.

Education
Business informatics degree from the University of Vienna and Technical University Vienna (Magister in Sozial- und Wirtschaftswissenschaften), and Master of Science in finance from the University of British Columbia, Vancouver, and Donau-Universität Krems.

Beat Curti (until 7 October 2020)

Role
(non-executive)
Vice-Chairman of the Board of Directors (until 16 September 2020)

Beat Curti resigned as Vice-Chairman and Member of the Audit Committee shortly before stepping down as Member of the Board of Directors.

First elected
2013

Nationality
Swiss

Professional experience and external appointments
Previously Member of the Board of Directors of Goldbach Group AG, Gamag Management AG, egb Immobilien AG and Rimag Insurance Consulting AG.

Currently Chairman of the Board of Directors of B. Curti Holding AG, BC Medien Holding AG, Curti AG and Alimentana Beratungs AG as well as Member of the Board of Directors of Hotel Krone La Punt Chamues-ch AG, Innhub La Punt AG and 'ALT-ZÜRI' Immobilien AG. President of the Board of Trustees of Beyond Foundation, Curti Stiftung and Stiftung Kunstforum Zürich.

Education
PhD from the Faculté des Hautes Etudes Commerciales Lausanne and a PMD from Harvard Business School.

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 and the EB for the next business year.

Art. 18 of the AoI establishes that compensation of the BoD shall consist of fixed compensation paid in cash and/or shares, short-term variable compensation elements defined by performance metrics and long-term variable compensation elements determined pursuant to the strategic goals as defined by the BoD. Unless determined by the BoD or, in delegation by the NCC, the short-term variable compensation elements shall be paid in cash. Unless otherwise determined by the BoD or, to the extent delegated to it, the NCC, long-term variable compensation elements consist of shares, options or similar instruments. More details on compensation and post-employment benefits of the BoD and the EB can be found in the Compensation Report.

The members of the BoD and 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.

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 strong supervisory role and must make a number of key decisions in the areas of strategy, finance and personnel in accordance with the law, the AoI and the OrgR. In addition, it provides support, advice and encouragement to management. Striking the right balance between supervision, decision-making and support is a challenge for the BoD and requires tailored company processes outlined herein.

The BoD as a whole, its committees and each Board member aim to contribute to the achievement of these objectives, with BoD members acting as an example for the entire company in driving concise, clear and reasoned decision-making in a professional manner.

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 eight BoD meetings that were held in 2020, all but the first 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.

Corporate social responsibility

The BoD of SoftwareONE continues to be committed to the values set out in the company's CoCs, including responsible corporate citizenship and fostering long-term, sustainable, inclusive value generation, and in doing so, reflecting SoftwareONE's seven core values. Despite the pandemic and to some extent because of this crisis, SoftwareONE continues to run a range of society initiatives to make a positive impact in the communities where we work. These initiatives, both local and global, range from raising funds for medical research, increasing awareness for mental health issues, joining donor registers, donating food, items and funds to organizations supporting people and animals in need, investing in education initiatives to develop children's IT skills, funding green energy installations for NGOs, providing transformation advice and solutions to not-for-profit organizations and joining the fight against the pandemic. SoftwareONE is proud to support these worthy causes and gratified by the enthusiasm and dedication shown by the members of its workforce backing the initiatives.

The BoD with the support of the Audit and the Nomination and Compensation Committee regularly reviews the company's initiatives, including their progress in its meeting agenda. To facilitate the reporting of possible infringements against the CoCs, including health and safety violations, the SoftwareONE Integrity Line was introduced as an accessible and safe reporting tool enabling anonymous exchanges (softwareone.integrityline.org).

Interaction with shareholders and stakeholders

In working towards a sustainable business and addressing the material non-financial issues raised above, a key mandate of the BoD is to build and maintain an ongoing dialog with its shareholders and other stakeholders. The processes of building these various relationships started with the company's IPO in October 2019 and will be further developed and institutionalized going forward.

The 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. Dialogs conducted in 2020 with proxy advisors addressed the structure, overview and strategy of SoftwareONE, insights into our shareholder and leadership structure as well as explanations regarding our compensation policy and principles.

Specific Board activities during the reporting period

During the 2020 financial year, eight ordinary meetings of the BoD with an average length of five hours were held. The average attendance at BoD meetings in 2020 was 97% (for individual attendances, see section Availability and External mandates below).

In addition to the regular meeting agenda items, in 2020, the BoD specifically focused on topics such as:

- The company's development in terms of corporate governance and organizational structures since the IPO
- Strategy review and implementation, in particular concerning specific growth initiatives
- The COMPAREX integration
- Understanding and aligning with the Microsoft roadmap
- Driving the services portfolio and focusing on areas of future development
- Customer trends, structural industry changes and new technologies
- Global talent management and succession planning
- Navigating the challenges of the global pandemic

Board of Directors' internal organization

To efficiently and competently fulfill its inalienable and non-transferable responsibilities, the BoD has established and delegated certain responsibilities, including the preparation and execution of resolutions, to two committees. The overall responsibility for the duties and powers assigned to these committees remains with the BoD.

The BoD has established the following two standing committees:

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

In 2019, the BoD had established an ad-hoc committee to oversee the integration of COMPAREX after its acquisition. This ad-hoc committee continued its work throughout 2020, holding its last meeting on 8 December 2020. Having accomplished its assignment, it was subsequently dissolved.

Each standing committee consists of an independent Chairperson and at least two other members of the BoD. The members of the NCC 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).

The BoD had 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. With the decision of Beat Curti to step down as Vice-Chairperson, communicated on 16 September 2020, the BoD determined that going forward, the Independent Lead Director would chair the Board and any general meeting in the absence of the Chairperson.

The composition of the two committees is detailed below and the tasks of each committee are described in the section Audit Committee and section Nomination and Compensation Committee.

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

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 interest 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.

The Chairperson ensures, in cooperation with the CEO, that the information flows on all aspects of the company relevant for the meeting preparation, deliberations, decision-making and supervision are made available to all members of the BoD in a proper and timely manner. 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, or in their absence, the Vice-Chairperson, and since 16 September 2020, the Lead Independent Director, has the power to make, together with the CEO or any other appropriate member of the BoD or the EB, all decisions and actions which otherwise would be reserved to the BoD. 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

With the decision of Beat Curti to step down as Vice-Chairperson on 16 September 2020, the BoD determined that going forward, the Lead Independent Director (LID) will chair the Board, and any general meeting, in the absence of the Chairperson.

The LID either assumes the Chairperson's duties themself 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 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 generally accompanies the Chairperson in governance and strategy-related investor engagements and will conduct these engagements without the Chairperson if engaging shareholders consider this necessary.

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	8/8		6 / 6	0	2
Beat Curti[2]	5/7	2/3[2]		0	6
Peter Kurer	8/8		6 / 6	1[6]	3
René Gilli	8/8			0	1
Johannes Huth[3]	4/5		2 / 3	0	2
Jean-Pierre Saad	8/8	3/4		0	3
Andreas Fleischmann[4]	5/5			0	2
Marina Nielsen[5]	3/5			0	0
Marie-Pierre Rogers	8/8		6 / 6	0	0
Timo Ihamuotila	8/8	4/4		1	0
José Alberto Duarte	7/8	4/4		1	2
Average meeting length	**5:00h**	**2:30h**	**2:30h**		

1) Maximum number allowed in listed companies is four, and is six for non-listed companies.
2) Resigned from the BoD on 7 October 2020.
3) Resigned from the BoD and the AC on 19 June 2020.
4) Resigned from the BoD on 30 June 2020.
5) Did not stand for re-election on 14 May 2020.
6) Did not stand for re-election in 2020.

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, or who were members thereof more than three years ago, and who have no or comparatively minor business relations with 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 Board 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 2020, the CEO participated in seven, the CFO in seven and other EB members in six of the eight 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 and the NCC provide the BoD with an update of the committees' work.

In case information or, to the extent necessary to perform their duties, examination of the business records is requested by a member of the BoD outside of a meeting, such 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 Board member or by the CEO and approved by the Chairperson. In 2020, the BoD invited external experts to one of its meetings, the AC to three 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. Until the resignation of Beat Curti on 7 October 2020, the AC consisted of four members. As at 31 December 2020, the AC was composed of three members but will again be expanded to four members if Isabelle Romy is elected to the BoD at the shareholders' meeting. 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. Additionally, the Chairperson of the AC must be an independent Board member other than the Chairperson of the BoD. Furthermore, the majority of 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 business, but 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, which was revised by the BoD on 12 February 2020.

Audit Committee activities in the reporting period

In 2020, the AC held four meetings by video conference, taking place in March, June, August and September, with an average duration of 2:30h. With the listing on 25 October 2019, the remit of the AC was expanded in line with the committee charter. 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 synergies resulting from the COMPAREX acquisition.

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 challenges the appropriateness of risk-based estimates and judgements as well as the methods used to account for unusual transactions. Further, the AC defines the organizational structures of the Internal Audit function and sets and reviews the qualifications of the Internal Audit organization as deemed necessary or appropriate. The AC may hold meetings with representatives of the internal and external auditors without management present. Such meetings must take place at least once per year with the external auditor. In 2020, the AC held one meeting with the Internal Auditors and three meetings with the external auditors.

It is furthermore 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 management has taken 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 cases of significant compliance issues with the potential of major financial or reputational damages, including issues concerning management. The AC shall have direct access to the Internal Audit department and may obtain all information required by it within the group as well as question the responsible employees. 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 will also regularly invite 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 it may deem desirable or appropriate. Further, 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 be invited to participate in meetings of the AC on a consultative basis. In 2020, 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 regarding risk management 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:
- Competition at end customer (manufacturers and distributors)
- Customer needs
- Technological innovation
- Economic situation
- Post-merger integration

Operational risks, eg:
- Competition
- Loss of key people
- IT infrastructure
- IT security
- Operational excellence issues (scalable and efficient business model)

Financial risks, eg:
- Accounts receivable risk
- Currency fluctuation risk
- Transfer pricing
- Taxes on assets that are not materialized
- Performance measurement and controlling

Legal and compliance risks, eg:
- Organizational culture
- Reputational risk
- Professional liabilities with service business
- Non-conformity, illegal acts, internal or external fraud
- Non-compliance with laws and regulations

The risk management map was expanded further to include COVID-19 related concerns, namely regional and global economic downturns and the onus placed on SoftwareONE to reduce risks in business cases, focus on liquidity, accounts receivables and to ensure a swift adaptation of the portfolio, including cost rightsizing. In the same context, business has seized measures to counter any 'fatigue' among employees due to COVID-19 restrictions.

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 for SoftwareONE and taken very seriously by the BoD. 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 further 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 (in respect of the entities acquired as part of the COMPAREX acquisition, with rollout to the entire IT organization in progress).

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 mitigating 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. The assessment of the processes and reviews in this regard are, therefore, an important ongoing task for Internal Audit. To ensure that the responsible specialists in Internal Audit are able to conduct their assessments according to the highest and latest industry standards, SoftwareONE is dedicated to providing relevant trainings to and resources needed by Internal Audit.

SoftwareONE's BoD is committed to a high level of corporate social responsibility (CSR). A material component of CSR that the BoD is following closely is the company's energy management. Internal Audit is, therefore, mandated to regularly assess the development of the company's energy consumption and to ensure a consistent measurement of this indicator over time. SoftwareONE is refining its reporting activities to improve its evaluation not only of potential environmental but also of social, employee and human rights risks in order to measure alignment with Swiss, European and international standards. The company will focus on ensuring that sustainability-driven opportunities are seized to create value.

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.

c. Auditing fees and additional fees

Auditing fees	CHF 1,838,000	81 %
Additional fees (total)	CHF 443,000	19 %
– Tax	CHF 204,000	
– Transaction services	CHF 239,000	
Total fees	**CHF 2,281,000**	**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 as an advisor at the AC meetings. In 2020, the external auditors participated in three of four meetings of the AC (all three via video conferencing owing to the COVID-19 situation). 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 auditors 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.

The AC closely monitors the regulatory developments on the topic. In order to be able to recommend an audit firm for election by the shareholders and in line with good corporate governance, the AC annually and thoroughly evaluates the credentials of the current external auditor and presents its findings to the BoD. EY has a proven record of professionalism and efficiency and fully meets the high standards of SoftwareONE.

The AC's assessment of the external auditor is based on the external auditor's qualifications, independence and performance. The AC furthermore annually evaluates the performance of the lead 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 based on the 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

The NCC is composed of at least three members of the BoD. Until the resignation of Johannes Huth on 19 June 2020, the NCC consisted of four members. As at 31 December 2020, the NCC was composed of three members but will again be expanded to four members if Adam Warby is elected to the BoD at the shareholders' meeting. The members of the NCC are each elected annually and individually by the shareholders' meeting. Their term of office ends at the closing of the next ordinary shareholders' meeting. 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 (with the casting vote of the Chairperson) an independent majority.

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, but 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 to the compensation policies and principles can be found in the Compensation Report 2020.

Nomination and Compensation Committee activities in the reporting period

The NCC held six meetings in 2020, one in person and five by video conference. The average duration of these calls was 2:30h. The committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the NCC:

– Established a strategic skill map and assessed the current BoD's skills against it.
– Completed a review of potential new BoD candidates to complement the existing slate.
– Evaluated and proposed new compensation principles and compensation plans for the EB and the BoD to the BoD.
– Reviewed and endorsed Board succession plans for subsidiary boards, including the appointments of new non-executive Chairpersons of major subsidiaries.
– Provided guidance for the annual performance assessments of the Chairperson and the CEO.
– Developed a compensation framework to strengthen future long-term value creation, align interests with SoftwareONE's shareholders and recognize and retain talent.
– Derived the proposals to the Annual General Meeting 2021 regarding compensation amounts based on the compensation scheme.

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 fulfill its tasks responsibly.

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 Chairperson of the BoD or the NCC Chairperson are not present when the NCC reviews their compensation. In 2020, the CEO participated in three meetings of the NCC.

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.

To determine the overall employee development within the company and in particular on the EB and highest management levels, the NCC regularly interacts with the Head of Human Resources to develop and recommend appropriate actions to the BoD.

In developing the compensation system for the 2021 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. HCM had no other business relationship with SoftwareONE other than this mandate. WTW is a trading customer in the ordinary course of business of SoftwareONE in NORAM.

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 of high relevance to the company. The requirements 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 Board members should be independent according to the criteria laid out in the section 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.

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

Board of Directors' skill and experience assessment

To inform the Board's renewal and succession activities, the NCC is establishing a skills and experience assessment that it will conduct annually going forward. The following competencies are considered the most relevant for SoftwareONE's BoD members:

- Finance, audit, accounting
- Capital markets transactions
- CEO and other executive leadership (CFO, CRO or COO) experience in a publicly listed or non-public company
- Human resources management, including compensation
- Information technology, software and cloud solutions
- Leadership experience as Chairperson of a Board of Directors or Board of Directors' committee in a publicly listed or non-public company
- 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.

As part of its review, the NCC established a strategic skills matrix gathering data to focus on aspects such as Board size, diversity, independence, nationality, committee representation and future skills needed, also to better understand the priorities for future Board recruitments. In terms of nationality, the Board agreed to preserve a good balance of 'Swissness', all the while seeking to move away from being chiefly Western European.

The **strategic skills matrix** reflecting the BoD composition as of December 2020:

CURRENT BOARD COMPOSITION

BOARD MEMBERS		Nationality	Tenure (yrs)	CEO	Finance & Risk	M&A	HR	Technology	Innovation	Business Scalability	IT/Managed Services	Governance & Compliance
Daniel von Stockar (M, 59)	Chairman & Co-Founder, Member NCC	CHE		●		●		●		●		
René Gilli (M, 62)	Founding Shareholder, Member	CHE		●				●	●	●		
Peter Kurer (M, 71)	Lead Independent Director, Member NCC	CHE			●	●	●	●				●
Timo Ihamuotila (M, 54)	Independent, Chair AC	FIN			●	●		●				
Marie-Pierre Rogers (F, 60)	Independent, Chair NCC	ESP		●			●	●				
José Duarte (M, 53)	Independent, Member AC	PRT		●		●		●		●	●	
Jean-Pierre Saad (M, 40)	Member AC	BEL			●	●		●				

Board of Directors' performance assessment

According to SoftwareONE's OrgR, the BoD with the assistance of the NCC will carry out a regular evaluation of the BoD's and the BoD committees' performance as well as the Chairpersons' work. 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 these assessments will generally 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 is scheduled for 2021.

Board of Directors' training and education

Education is an important priority for SoftwareONE's BoD. Newly elected BoD members attend an on-boarding 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, continuous training with respect to their responsibilities as BoD and committee members is primarily the individual Board members' responsibility.

SoftwareONE's Board program shall update and enhance the Board members' knowledge of emerging business trends and risks and is further intended to contribute to building a strong and effective culture in the BoD, 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 also outside of regular Board meetings. 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. Further, 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 an EB subordinated to it and resolve on 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.

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.

Member of the Board of Directors of CompuCom Systems, whose software business SoftwareONE acquired in 2015, until December 2016.

During the past five years, Member of the Board of Directors of System One and System Maintenance Services.

No external appointments.

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.

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	0
Neil Lomax	British	1979	President of Sales	2019	Business administration	0	0

Management changes

There were no changes in the EB during the 2020 financial year.

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 the 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 where delegated to it, the NCC.

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

Management contracts

As at 31 December 2020, 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 14 May 2020, Anwaltskanzlei Keller KLG, Zurich, Switzerland, was re-elected as the independent proxy for the term ending at the conclusion of the Annual General Meeting 2021.

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 2020 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 (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 are, upon request and presentation of evidence of the transfer or establishment of the usufruct, 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 notification duties pursuant to the FMIA, as amended, are complied with.

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 without delay about the deletion.

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, this 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 delegated to it, 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.

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 press releases and media and investor conferences in person or via telephone.

Information and documents pertaining to press 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

softwareONE

ANNUAL REPORT 2020

COMPENSATION REPORT

Letter to Shareholders

Dear Shareholders,

I am pleased to present SoftwareONE's 2020 Compensation Report on behalf of the Nomination and Compensation Committee (NCC) and the Board of Directors (BoD). Our 2020 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 2020 financial year. It is compiled in accordance with the Ordinance against Excessive Compensation (OaEC) applicable to Swiss listed companies, the Directive on Information relating to Corporate Governance of SIX Swiss Exchange, as well as the Swiss Code of Best Practice.

This first full financial year as a public company was characterized by further efforts to develop and implement the intended compensation framework. The overall goal of these activities was to increase the focus on long-term value creation by aligning the interests of the Executive Board with SoftwareONE's shareholders, as well as to recognize and retain talent to continue our successful journey as a listed company. Although the last financial year was marked by the COVID-19 pandemic, the NCC did not adjust the compensation framework due to the effects of the pandemic and treated 2020 as a normal year for the purpose of measuring and awarding compensation.

As announced in last year's report, in 2020, we continued to develop the compensation framework for the BoD. To further align their compensation with the relevant Swiss market practice, a fixed portion representing 40% of the total BoD compensation, paid in the form of shares with a restriction period of three years was introduced. In addition, a comprehensive BoD compensation benchmarking was performed following which the level of annual fees remained unchanged.

For the EB, we continue to believe in maintaining a strong pay-for-performance compensation framework thus motivating our EB members to create value for SoftwareONE and its shareholders. We have therefore adapted the Short-Term Incentive (STI) plan design to better align it with general market practice and good governance principles through the abolishment of the quarterly bonus scheme for EB members. Additionally, amendments to the STI metric weightings were made to increase the portion relating to overall company performance. Moreover, and in the spirit of further strengthening our pay-for-performance philosophy, we introduced a Long-Term Incentive (LTI) plan for our EB and selected senior management. This also allows for an increased alignment with the interests of shareholders and promotes long-term value creation for all internal and external stakeholders. We successfully awarded the first LTI grant in May 2020.

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

Finally, we completed the introduction of an Employee Share Purchase Plan (ESPP) to strengthen the overall sense of entrepreneurship by facilitating the purchase of company shares for all employees who wish to participate in the plan.

Under this plan, the broad employee population at SoftwareONE is given the opportunity to convert up to 25% of their variable target compensation into this share-based plan, for which reason this is deemed an equity-settled share-based compensation plan. Furthermore, upon purchase of SoftwareONE shares, the company will match the shares purchased in a four to one ratio, granting the employees one additional share for every four shares purchased under the ESPP.

2021 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 2021 AGM to the 2022 AGM and for EB members for the financial year 2022. In addition, we will ask our shareholders to endorse this 2020 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.

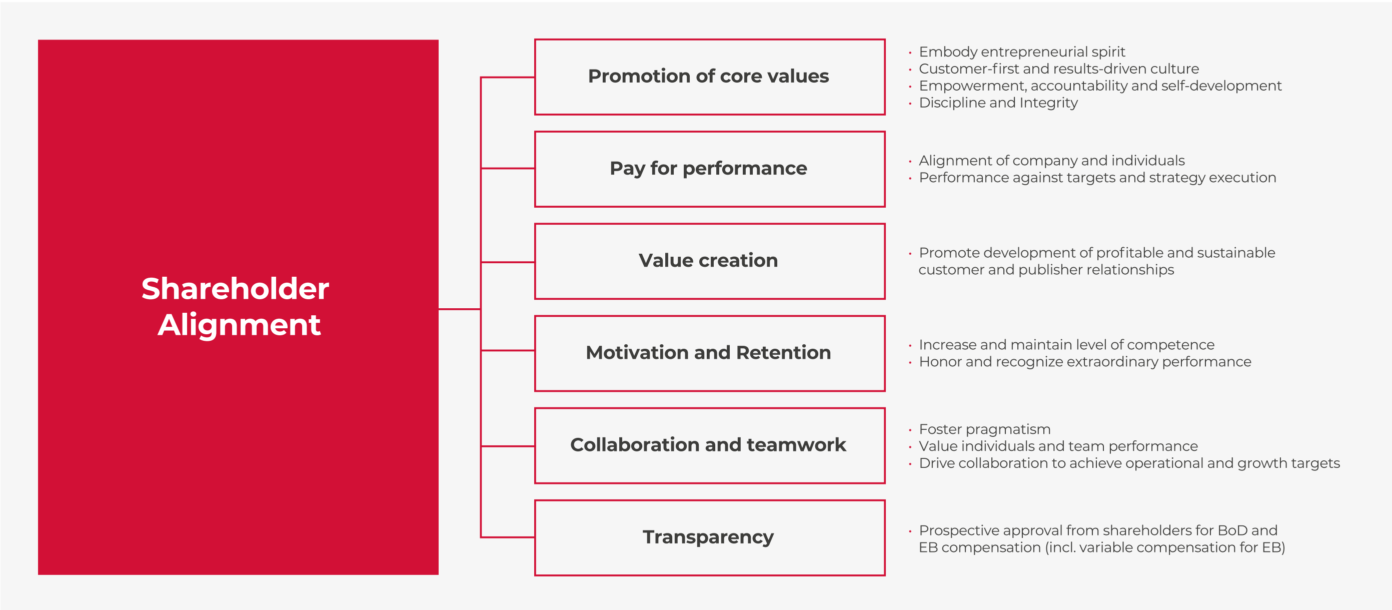
Sincerely,

Marie-Pierre Rogers
Chairwoman 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:

Compensation policy and principles



In order to assess SoftwareONE's positioning in the market and overall competitiveness the NCC generally conducts market benchmarks every other 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 peers are given in the respective paragraphs regarding the BoD and the EB compensation.

Compensation Governance

The compensation governance at SoftwareONE is comprised of three key bodies: the NCC who advises the BoD in terms of compensation-related matters, the BoD who 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
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

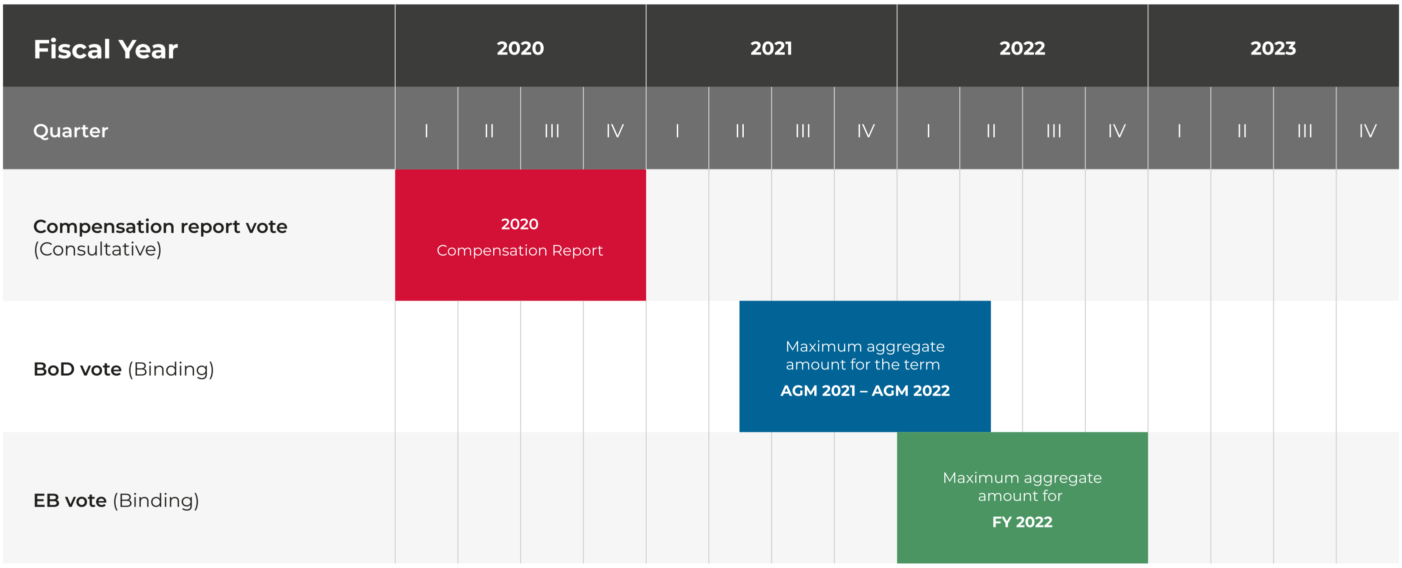
Role of the shareholders at the AGM

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: Maximum aggregate amount of compensation of the BoD for the term of office from AGM until the next AGM
- Vote III: 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 2021 AGM and also illustrates their impact on the respective financial year:

OVERVIEW OF SAY-ON-PAY VOTES AT AGM 2021



Nomination and Compensation Committee role and activities

The NCC is composed of at least three members of the BoD (Art. 15) that 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 Chairperson 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 section for further details on NCC composition, duties and election.

The Chairperson of the NCC convenes NCC meetings as often as the business of SoftwareONE requires, but at least three times a year. During 2020, the NCC held six meetings covering the following agenda items as illustrated in the table below:

	Agenda item during 2020	February	March	May	June	August	November
Compensation governance and policy	Preparation of AGM invitation including maximum amount of compensation for the BoD and EB		x				
	Review BoD composition and assessment of BoD	x	x		x		x
	Review BoD succession framework					x	
	Review EB composition and succession framework	x			x	x	x
BoD compensation framework	Review of BoD compensation levels and framework, including benchmarking analysis	x		x			x
EB compensation framework	Review of EB compensation levels and framework, including benchmarking analysis	x		x			
	Review of STI performance and payouts for FY 2019 and target setting for FY 2020 for the EB		x				
	Target setting for LTI grant in FY 2020 for the EB		x				
	Review of clawback provision for the LTI						x
	Review of shareholding guidelines						x
Communication	2019 Compensation and Governance Report		x				
	Engagement with major shareholders and their representatives					x	
	Analysis of compensation voting results at the AGM and review of proxy advisor reports				x	x	
Other compensation-related matters	Review of Employee Share Purchase Plan (ESPP)	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 pursued 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 in the form of a fixed amount (ie no performance-related variable compensation component in place). Moreover, it is in accordance with best market practice standards.

Effective as 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.

The following table illustrates the annual base fees for the BoD memberships and the additional compensation for duties in committees. It remained unchanged for 2020:

<table>
<tr><th rowspan="3" colspan="2">Annual base fee for BoD membership
for non-executive Directors
in CHF</th><th colspan="4">Annual committee fees</th></tr>
<tr><th colspan="2">Audit Committee</th><th colspan="2">Nomination and
Compensation Committee</th></tr>
<tr><th>Chairperson</th><th>Member</th><th>Chairperson</th><th>Member</th></tr>
<tr><td>Chairperson</td><td>400,000</td><td colspan="4">Not entitled</td></tr>
<tr><td>Vice-Chairperson</td><td>120,000</td><td rowspan="3">40,000</td><td rowspan="3">20,000</td><td rowspan="3">40,000</td><td rowspan="3">20,000</td></tr>
<tr><td>Lead Independent Director</td><td>150,000</td></tr>
<tr><td>Ordinary member</td><td>120,000</td></tr>
</table>

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 conducted in 2019 and 2020 by Willis Towers Watson (WTW). The benchmarking analysis focused on the compensation levels as well as the compensation structure and pay instruments. The selected peer group considers the closest 15 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: Swiss Life, Kühne + Nagel, Swisscom, Richemont, Schindler, Helvetia, Bâloise, Dufry, Swatch Group, Barry Callebaut, Clariant, SGS, Sika, Lonza, Givaudan, Lindt & Sprüngli.

Compensation awarded to the Board of Directors in 2020

The following table outlines the total compensation awarded to the BoD in 2020 including information on compensation awarded in the prior financial year, which included three months from the IPO until year end 2019. In 2020, from January 2020 until the 2020 AGM, the BoD members were fully paid in cash. The adjustment to the framework whereby annual fees are paid 60% in cash and 40% in equity only came into effect as at the 2020 AGM. In addition, BoD members who retired during 2020 were also fully paid in cash.

The compensation awarded to the BoD is within the maximum amount approved at the 2020 AGM of CHF 1.9 million.

Members of the BoD in CHF	Board	Audit Committee	NCC	Settled in cash (6)	Settled in shares (7)	Social security contributions (8)	Total compensation FY 2020	Total compensation FY 2019
Daniel von Stockar[1]	Chairperson		Member	299,178	159,993	38,491	497,662	79,248
Peter Kurer	Lead Independent Director		Member	127,151	67,984	14,244	209,379	33,435
José Alberto Duarte	Member	Member		104,712	55,992	–	160,704	27,856
René Gilli	Member			89,753	47,990	13,312	151,055	23,878
Timo Ihamuotila	Member	Chairperson		119,671	63,993	13,813	197,477	31,809
Marie-Pierre Rogers	Member		Chairperson	119,671	63,993	13,813	197,477	31,809
Jean-Pierre Saad	Member	Member		104,712	55,992	12,181	172,885	27,856
Beat Curti[2]				107,897	–	9,049	116,946	27,534
Andreas Fleischmann[3]				59,836	–	–	59,836	23,903
Johannes Huth[4]				65,589	–	5,339	70,928	27,856
Marina Nielsen[5]				44,384	–	6,259	50,643	24,120
Total				**1,242,554**	**515,937**	**126,501**	**1,884,992**	**359,304**

1) Includes compensation for Chairperson of the BoD only. No additional fees paid for the role as member of the NCC.
2) B. Curti retired from the BoD effective 8 October 2020, no shares awarded in 2020.
3) A. Fleischmann retired from the BoD effective 30 June 2020, no shares awarded in 2020.
4) J. Huth retired from the BoD effective 19 June 2020, no shares awarded in 2020.
5) M. Nielsen was not standing for re-election for the BoD effective 14 May 2020 (2020 AGM), no shares awarded in 2020.
6) Cash 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.
7) Represents gross amounts settled in blocked shares prior to any deductions such as employee social security and income withholding tax for the term of office from 15 May 2020 until 20 May 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 (19.05.2020).
8) Employer-paid social security contributions.

Share ownership

The table below shows the shareholdings of the BoD as at 31 December 2020, including information for the 2019 financial year. This table includes registered shares and blocked shares including fully vested shares allocated in connection with BoD compensation.

	Number of directly held shares [1]				
Members of the BoD	Vested shares	Blocked shares [2]	Number of indirectly held shares [3]	Total shareholdings as of 31 December 2020	Total shareholdings as of 31 December 2019
Daniel von Stockar	17,489,874	8,138		17,498,012	17,489,874
Peter Kurer	279,630	3,458		283,088	279,630
José Alberto Duarte		2,848		2,848	–
René Gilli	12,445,068	2,441		12,447,509	12,445,068
Timo Ihamuotila	10,000	3,255		13,255	10,000
Marie-Pierre Rogers	15,745	3,255		19,000	15,000
Jean-Pierre Saad[4]		2,848		2,848	–
Beat Curti[5]			16,031,853	16,031,853	19,031,853
Andreas Fleischmann[6]				–	–
Johannes Huth[4,7]				–	–
Marina Nielsen[8]				–	12,445,068
Total	**30,240,317**	**26,243**	**16,031,853**	**46,298,413**	**61,716,493**

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 BoD 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 BoD effective 30 June 2020.
7) J. Huth retired from the BoD effective 19 June 2020.
8) Until 7 April 2020, also represented further heirs (children Anastasia Karolina Nielsen and Leon Elias Winter) of Patrick Winter. From 7 Apr 2020, as a result of a division of estate and related granting of usufruct (Nutzniessung) to NISTA AG by Anastasia Karolina Nielsen and Leon Elias Winter with respect to the shares held by them, Marina Nielsen no longer held any shares. Furthermore, Marina Nielsen did not stand for re-election for the BoD at the company's AGM on 14 May 2020 and henceforth ceased to be a member of the BoD.

Executive Board Compensation

Elements of compensation

The following section outlines SoftwareONE's compensation framework for 2020. It was amended after extensive review by the NCC and its external advisors following the IPO.

As at 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 (eg car allowances). The variable compensation element consists of an STI and an LTI plan. The variable compensation elements are mainly dependent on the achievement of performance which includes financial performance and performance relative to the market. In addition, individual objectives are considered to a smaller extent. 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, synergies, personal 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 based on market practice and the responsibility, experience and achievements of each member. The base salaries of the EB members are reviewed every other year based on the abovementioned factors, whereby adjustments are made in line with market developments.

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 under a foreign employment contract and receive benefits in line with local current market practice. In addition to pension coverage, other benefits such as health care plans, insurances, car allowances or equivalent contributions are additionally covered. These allowances are paid together with the EB members' base salary and are in line with the company policy in the local jurisdiction.

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 based on the achievement of three performance metrics; two metrics are financial measures and one is a non-financial metric.

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	COMPAREX synergies	Personal goals
Definition	SoftwareONE's adjusted EBITDA [1]	Measures the cost-saving achievement for the year	Individual targets for the respective financial year
Weighting	55%	35%	10%
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 financial performance metrics are derived from the company's strategic business plan and aligned with a robust budget for the respective year. The personal goals are defined for each EB individually and in accordance with the expectation of their performance by way of considering the role and responsibilities. At the end of the performance period, the NCC proposes and the BoD approves the financial performance achievements against the original targets set. In terms of achievement of personal 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 certain 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 fully in cash.

Long-Term Incentive plan

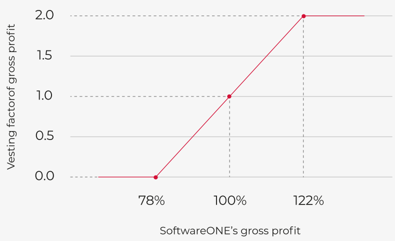
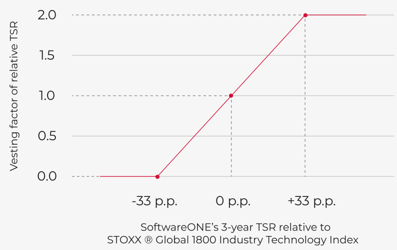
As at 2020, the LTI plan was finalized and implemented as an equity-based element to complete SoftwareONE's compensation framework by offering executives and selected senior managers the opportunity to participate in the long-term success of the group. The development of this plan was driven by the intention to provide eligible participants with rewards in line with the new positioning of SoftwareONE as a public company. The introduction of the LTI plan further strengthens management's interest alignment with those of shareholders, and encourages sustainable long-term value creation for shareholders and the company.

At the beginning of each three-year performance period (ie 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 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. Contrarily, 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 2020, 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 2020. 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	78% 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	122% 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 2022) 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 include various forfeiture clauses relating to termination of employment during the performance period of the LTI.

Peer group and benchmarking

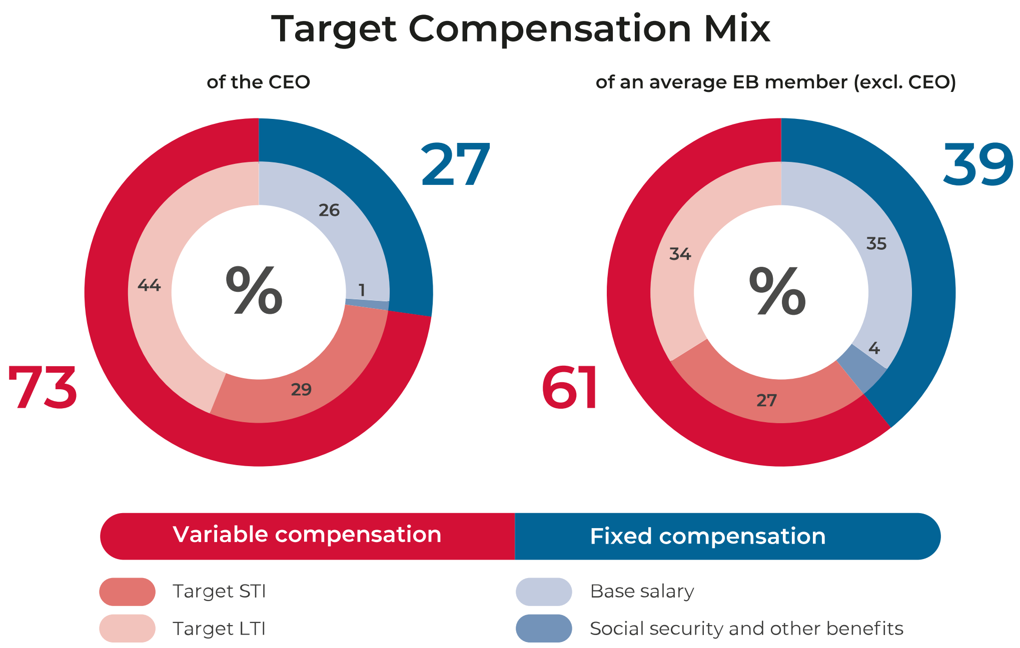
Information on peer company compensation is an important point of reference considered in order to assess the market competitiveness of the compensation awarded to members of the EB. The NCC believes that benchmarking against a consistent and relevant set of peer companies that are similar to SoftwareONE 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 peer companies selected provides a good balance between the industries and geographies from which key talents are sourced. The following companies were included in the analysis: Accenture, Adyen, Amadeus IT Group, ATOS, Bechtle, Cancom SE, Capgemini, Computacenter, Dassault Systems, Indra Sistemas, Micro Focus, SAGE, Software Aktiengesellschaft, Sopra Steria, Wirecard. When setting the EB's pay levels, an orientation towards the middle of the respective market ranges was targeted.

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

Compensation mix

In 2020, the total target compensation of the CEO was split into around 73% variable compensation and 27% fixed compensation. Of the 73% variable target compensation portion, 29% consisted of the target STI and 44% of the target LTI portion. For other EB members excluding the CEO, the fixed compensation was on average around 39% and the variable compensation 61%. 27% of the variable target compensation accounted for the target STI and 34% for the target LTI.



Compensation awarded to the EB in 2020

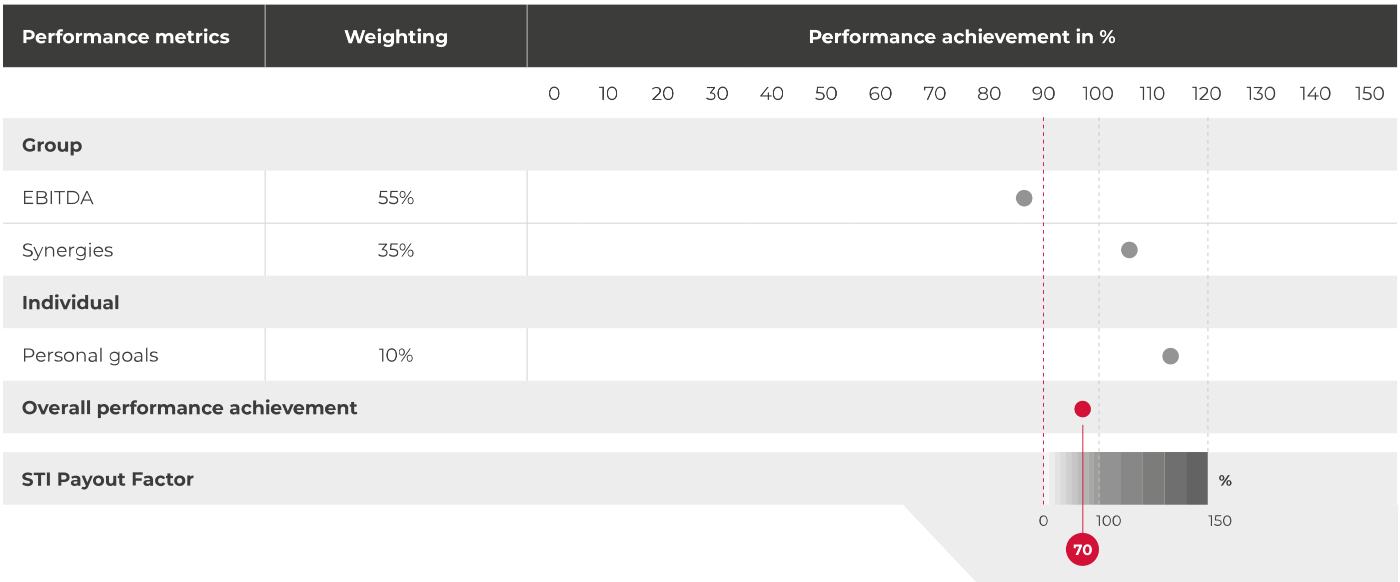
The following table outlines details concerning the compensation awarded to the CEO as the highest paid member of the EB and to the other EB members from 1 January to 31 December 2020. The total compensation awarded in 2019 is also listed.

	Fixed compensation			Variable compensation			
in CHF	Base salary	Social security contributions	Other benefits [3]	Realized STI	Awarded LTI grant value [4]	Total compensation FY 2020	Total compensation FY 2019
Dieter Schlosser, CEO[1]	705,922	11,804	8,169	543,703	1,171,070	2,440,668	1,155,577
Aggregate amount of EB members excluding CEO[2]	1,526,789	149,823	25,763	801,750	1,467,134	3,971,259	2,602,724
Total	**2,232,711**	**161,627**	**33,932**	**1,345,453**	**2,638,204**	**6,411,927**	**3,758,301**

1) The CEO is compensated in SGD (average exchange rate in 2020 of CHF 1 to SGD 1.469 applied).
2) Please note that of the three remaining EB members, one is compensated in USD (average exchange rate in 2020 of CHF 1 to USD 1.065 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 first LTI grant took place in 2020.

Outcome of the 2020 STI performance achievement

For 2020, the STI performance metrics consisted of the following three performance metrics: EBITDA, synergies and personal goals. While the EBITDA performance achievement was below the target level initially set, the synergies and personal goals performance achievements were slightly above targets, as illustrated below. The overall performance achievement by all EB members (including the CEO) resulted in a final STI payout factor of 70%.



Approved versus total compensation awarded to the EB

The total compensation for the EB for 2020 of CHF 6.4 million (including social security contributions) is below the total maximum aggregate compensation amount of CHF 12 million, which was approved by the EGM on 10 October 2019 of CHF 11.0 million and by the AGM on 14 May 2020 of an additional CHF 1.0 million.

Share ownership

The table below shows the shareholdings of each EB member as of 31 December 2020, considering the number of directly held shares and restricted shares. The total shareholdings as of 31 December 2019 are also listed:

	Number of directly held shares				
EB members	Vested shares [1]	Blocked shares [2]	Restricted shares [3]	Total shareholdings as at 31 December 2020	Total shareholdings as at 31 December 2019
Dieter Schlosser	570,856	287,932		858,788	858,788
Hans Grüter	149,022	287,932		436,954	786,954
Alex Alexandrov	483,799	353,594	78,230	915,623	1,115,623
Neil Lomax	493,251	287,932		781,183	1,171,183
Total	**1,696,928**	**1,217,390**	**78,230**	**2,992,548**	**3,932,548**

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.
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.

Further compensation information

Employment agreements

All members of the EB have employment agreements with a six-month notice period, which are governed by the applicable law. 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 the employment agreement. For the specified non-compete period, SoftwareONE agrees to pay or cause the payment of a compensation to the EB member for their compliance with this non-compete undertaking in an amount equal to 80% of the last base salary of the member (excluding any ancillary benefits and subject to deduction of any social security and further deductions). This is payable in monthly instalments in arrears, until and for as long as the EB member complies with such non-compete undertaking. SoftwareONE may, however, at any time until two months prior to the last day of employment waive compliance with the non-compete undertaking whereupon such payments will no longer be due.

In case a change of control occurs, the LTI plan will terminate with effect as of the date of the change of control unless otherwise decided by the BoD in its discretion before or after the date of the change of control.

Payments to current or former members of the Executive Board

In relation to 2019, 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'.

Discontinued compensation

Management Equity Plan (MEP)

On 1 July 2017, an equity participation arrangement was established between the company's major shareholders and selected members of the company's senior management, including all of the members of the Executive Board (MEP Participants).

The MEP was established with a view to incentivize MEP Participants' performance and to increase their efforts on behalf and in the best interest of the Group as well as to align the MEP Participants with the goals of the company and its major shareholders. This was achieved by offering the MEP Participants the opportunity to participate in the event of a successful completion of certain liquidity events, including an IPO.

Under the MEP, MEP Participants were granted a special one-time consideration subject to the occurrence of a liquidity event and depending on the proceeds or equity valuation of the company reached in such a liquidity event. The MEP was funded entirely by the major shareholders of the company (founders, estate of Patrick Winter, Raiffeisen Group at the time through "PERUNI" Holding GmbH (meanwhile merged into Raiffeisen Informatik GmbH & CO KG) and KKR through Westminster Bidco S.àr.l) and as a consequence, there has been no cash outflow for SoftwareONE. The IPO, which occurred in October 2019, served as such a liquidity event.

In 2019 prior to the IPO, additional lock up and service conditions were introduced. Specifically, these were staggered restriction periods with a term of three years and early leaver conditions designed to enhance retention of the management team and ensure stability and success of the business beyond the liquidity event.

Upon the IPO, 33% of the MEP was paid in cash to MEP Participants and 67% of the MEP was awarded in shares. Some of the shares awarded to members of the Executive Board and to certain other members of the company's senior management team (MEP Restricted Shares) are subject to staggered restriction periods with a term of three years and subject to early leaver conditions. As disclosed in the 2019 Compensation Report, the total of the MEP awarded to the EB members was CHF 46,951,309.

The table outlining the share ownership of the EB members on 31 December 2020 encompasses the equity issued under the MEP, whereby no further grant was or will be made under the MEP following the IPO of SoftwareONE.

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 2020, no loans or credits were made to EB members.

Outlook 2021

During the regular review process, the NCC has recommended and the BoD approved further measures for the EB compensation framework. Shareholding guidelines were implemented to ensure more 'skin in the game' by building up an investment stake in SoftwareONE in the form of shares. This reinforces the long-term focus and sustains the interest alignment of the members of the EB with those of SoftwareONE's shareholders. The minimum shareholding requirement level has been set at 300% and 200% of base salary respectively, for the CEO and EB members. The build-up period for meeting these newly introduced shareholder requirements is set at five years.

Additionally, in order to protect the shareholders' and company interests a clawback provision for EB compensation which allows for a partial or full recovery of equity paid to members of the EB will be introduced. The clawback provision applies in specific situations which cause damages to the group or otherwise negatively affect legitimate interests of SoftwareONE.

he synergies target in the efficiency STI performance metric will be replaced by the company's adjusted EBITDA margin as disclosed in the Annual Report. In addition, to put more emphasis on ESG-related initiatives also in the company's compensation framework, the weighting of the STI 2021 will be adopted by decreasing the efficiency goal by five percentage points and increasing the personal goals by five percentage points to reflect the inclusion of ESG targets in the personal goals.

Building a better working world

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 24 March 2021

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 2020. 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 71 to 72 and “Executive Board compensation” on pages 76 to 77 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 2020 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

softwareONE

ANNUAL REPORT 2020

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

For the period ended 31 December in CHF 1,000	Note	2020	2019
Revenue from Software & Cloud[1]	6	7,593,332	7,313,905
Revenue from Solutions & Services	6	312,923	296,935
Total revenue		**7,906,255**	**7,610,840**
Cost of software purchased		–7,073,855	–6,773,422
Third-party service delivery costs		–102,780	–123,107
Personnel expenses	7	–469,970	–439,868
Other operating expenses	8	–86,636	–115,340
Other operating income		14,962	11,171
Earnings before net financial items, taxes, depreciation and amortization		**187,976**	**170,274**
Depreciation, amortization and impairment	15, 16, 22	–55,162	–51,265
Earnings before net financial items and taxes		**132,814**	**119,009**
Finance income	9	101,368	52,143
Finance costs	9	–10,994	–9,606
Foreign exchange differences, net	9	–10,149	–7,108
Share of result of joint ventures and associated companies	17	764	–88
Earnings before income tax		**213,803**	**154,350**
Income tax expense	10	–37,042	–29,346
Profit for the period		**176,761**	**125,004**
Profit attributable to:			
– Owners of the parent		176,836	125,997
– Non-controlling interest		–75	–993
Earnings per share in CHF			
– Basic	24	1.14	0.83
– Diluted	24	1.14	0.82

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

Consolidated Statement of Comprehensive Income

For the period ended 31 December in CHF 1,000	Note	2020	2019
Profit for the period		**176,761**	**125,004**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations	21	–2,816	583
Taxes		555	–98
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustment		–27,867	–17,878
Cash flow hedges	14	–971	684
Taxes		150	–116
Total other comprehensive income for the period		**–30,949**	**–16,825**
Total comprehensive income for the period		**145,812**	**108,179**
Total comprehensive income attributable to:			
– Owners of the parent		145,927	109,046
– Non-controlling interest		–115	–867

Consolidated Balance Sheet

As at 31 December in CHF 1,000	Note	2020	2019
Assets			
Cash and cash equivalents	11	434,941	313,490
Trade receivables[1]	12	1,714,158	1,830,647
Income tax receivables	10	12,365	9,155
Other receivables	13	64,257	82,291
Derivative financial instruments	14	3,354	3,245
Prepayments and contract assets[1]	13	87,172	59,021
Financial assets	4.3	143,374	59,506
Current assets		**2,459,621**	**2,357,355**
Tangible assets	15	32,022	23,537
Intangible assets	16	502,661	484,144
Right-of-use assets	22	40,706	37,841
Investment in joint ventures and associated companies	17	–	7,725
Other receivables	13	67,603	39,147
Financial assets	4.3	–	2,495
Derivative financial instruments	14	523	315
Deferred tax assets	10	24,094	24,381
Non-current assets		**667,609**	**619,585**
TOTAL ASSETS		**3,127,230**	**2,976,940**

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

As at 31 December in CHF 1,000	Note	2020	2019
Liabilities and shareholders' equity			
Trade payables[1]	18	1,685,263	1,550,851
Other payables	18	221,250	233,492
Accrued expenses and contract liabilities[1]	18	128,636	258,994
Derivative financial instruments	14	6,505	4,362
Income tax liabilities	10	33,592	26,376
Provisions	19	4,114	8,180
Bank overdrafts	20	9,605	4,151
Other financial liabilities	20	48,687	61,052
Current liabilities		**2,137,652**	**2,147,458**
Derivative financial instruments	14	713	1,424
Provisions	19	12,837	12,526
Financial liabilities[1]	20	87,334	110,757
Other payables[1]	18	61,648	19,184
Deferred tax liabilities	10	28,821	31,676
Defined benefit liabilities	21	21,703	16,999
Non-current liabilities		**213,056**	**192,566**
TOTAL LIABILITIES		**2,350,708**	**2,340,024**
Share capital	23	1,586	1,586
Share premium		273,868	306,330
Treasury shares	23	–10,650	–12,024
Retained earnings		560,797	361,340
Hedging reserve		–41	780
Currency translation adjustments		–49,109	–21,282
Equity attributable to owners of the parent		**776,451**	**636,730**
Non-controlling interest		71	186
TOTAL EQUITY		**776,522**	**636,916**
TOTAL LIABILITIES AND EQUITY		**3,127,230**	**2,976,940**

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

Consolidated Statement of Cash Flows

For the period ended 31 December in CHF 1,000	Note	2020	2019
Profit for the period		**176,761**	**125,004**
Adjustments for:			
Depreciation, amortization and impairment	15, 16, 22	55,162	51,265
Total finance result, net	9	–80,225	–35,429
Share of result of joint ventures and associated companies	17	–764	88
Tax expense		37,042	29,346
Other non-cash items[1]		27,510	25,208
Change in trade receivables[1]		126,083	–388,990
Change in other receivables, prepayments and contract assets[1]		–6,317	70,200
Change in trade and other payables[1]		97,903	458,674
Change in accrued expenses and contract liabilities[1]		–117,493	–86,581
Changes in provisions[1]		–4,990	–309
Income taxes paid		–34,403	–32,199
Net cash generated from/(used in) operating activities		**276,269**	**216,277**
Purchases of tangible and intangible assets	15, 16	–22,822	–20,687
Proceeds from sale of tangible and intangible assets		760	109
Purchases of financial assets		–2,959	–7,196
Loans granted		–374	–1,818
Loan repayments received		3,386	1,550
Interest received		3,297	4,389
Acquisition of businesses (net of cash)	3	–45,512	49,958
Acquisition of investment in joint ventures	17	–	–7,478
Net cash from/(used) in investing activities		**–64,224**	**18,827**
Proceeds from financial liabilities	20	659,700	1,670,956
Repayments of financial liabilities	20	–694,397	–1,704,803
Payment from shareholders	26	–	15,986
Payment of contingent consideration liabilities	20	–2,824	–7,366
Purchase of treasury shares		–	–2,618
Interest paid		–9,219	–8,865
Dividends paid to owners of the parent	25	–32,460	–25,300
Acquisition of non-controlling interests	20	–	–7,967
Net cash from/(used in) financing activities		**–79,200**	**–69,977**
Net (decrease)/increase in cash and cash equivalents		**132,845**	**165,127**
Cash and cash equivalents at beginning of period		313,490	154,142
Net foreign exchange difference on cash and cash equivalents		–11,394	–5,779
Cash and cash equivalents at end of period		**434,941**	**313,490**

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

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 trans-lation adjust-ments	Total	Non-control-ling interest	Total equity
As at 1 January 2019	**1,354**	**65,149**	**–9,943**	**209,594**	**212**	**–3,438**	**262,927**	**1**	**262,928**
Profit for the period				125,997			125,997	–993	125,004
Other comprehensive income for the period				485	568	–18,004	–16,951	126	–16,825
Total comprehensive income for the period				**126,482**	**568**	**–18,004**	**109,046**	**–867**	**108,179**
Transactions in treasury shares		1,171	–2,081				–910		–910
Capital increase	232	264,768					265,000		265,000
Expiry of put option on SoftwareONE Holding AG shares				5,440			5,440		5,440
Dividends paid		–25,300					–25,300		–25,300
Transactions with non-controlling interests				–1,186		160	–1,026	1,052	26
Share-based payment		542		21,010			21,552		21,552
As at 31 December 2019	**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**

Notes to the Consolidated Financial Statements

1 General information

SoftwareONE Holding AG ('the company') and its wholly-owned 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 24 March 2021 and are subject to approval by the Annual General Meeting to be held on 20 May 2021.

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 2020, the following amendments to IFRS entered into force:

- IFRS 3: Business Combinations: Definition of a Business
- IAS 1 and IAS 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
- IFRS 9/IAS 39/IFRS 7: Interest Rate Benchmark Reform, Phase 1
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16: Leases: COVID-19 Related Rent Concessions – 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 9/IAS 39/IFRS 7/IFRS 4/IFRS 16: Interest Rate Benchmark Reform, Phase 2 – adoption by 1 January 2021
- 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 – 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 presentation

SoftwareONE reviews the presentation of financial reporting for comprehensibility and transparency on an ongoing basis. Management considers that the following changes lead to an improved presentation.

Compared to the previous year, trade receivables also include receivables with an unconditional right to payment, which were reported under contract assets in the previous year. The comparative figures for trade receivables were increased by TCHF 181,696 and contract assets were reduced by the same amount. In the consolidated statement of cash flows, the change in trade receivables has decreased by the amount, while change in other receivables, prepayments and contract assets has increased.

Additionally, trade payables also include liabilities to software vendors for incoming invoices not yet received, which were reported under accrued expenses in the previous year. The comparative figures for trade payables were increased by TCHF 477,863 and accrued expenses were reduced by the same amount. In the consolidated statement of cash flows the change in trade and other payables has increased by the amount, while change in accrued expenses and contract liabilities has decreased.

Compared to previous year, revenue from Software & Cloud include revenue from sale of hardware presented as other revenue in the previous year. The comparative figures for revenue from Software & Cloud were increased by TCHF 17,601.

Additionally, non-current trade payables for multiyear contracts, which were reported as long-term supplier liabilities under non-current financial liabilities in the previous year, are included in non-current other payables. The comparative figures for non-current other payables were increased by TCHF 19,184 and non-current financial liabilities were reduced by the same amount.

Furthermore, changes were made in the consolidated statement of cash flows for the presentation of foreign currency effects on changes in net working capital and changes in provisions. Foreign currency effects on changes in net working capital, which are directly allocated to the related net working capital item, are no longer presented in a separate line item. The comparative figures were adjusted for change in trade receivable (TCHF 27,326), change in other receivables, prepayments and contract assets (TCHF 5,095), change in trade and other payables (TCHF -16,554), change in accrued expenses and contract liabilities (TCHF -12,833) and foreign currency effects on changes in net working capital (TCHF -3,033). Changes in provisions are presented in a separate line item. The comparative figures were adjusted for change in provisions (TCHF -309) and other non-cash items (TCHF 309).

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 cost of 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. 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 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:

		2020		2019	
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate
Euro	EUR	0.93	0.92	0.90	0.92
US dollar	USD	1.07	1.13	1.01	1.03
Swedish crown	SEK	9.79	9.28	9.51	9.61
British pound	GBP	0.83	0.83	0.79	0.78
Japanese yen	JPY	113.75	116.75	109.68	112.46

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 cash flows 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). Those 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 in the period in which they are incurred.

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

- Land and 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.

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.

Investments in joint ventures and associates

Companies in which SoftwareONE has joint control and associates in which the group has significant influence are accounted for using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognized at cost. The statement of profit or loss reflects SoftwareONE's share of the results of the joint ventures and associates and SoftwareONE's share of OCI of those investees is presented in OCI. The financial statements of the joint ventures and associates are prepared using uniform accounting policies as applied by SoftwareONE.

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, the 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 expense 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 presented as 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 comprises revenue from sale of software and cloud products as well as sale of solutions and services. Revenue from contracts with customers is recognized either 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.

Revenue from Software & Cloud

SoftwareONE enters into contracts with customers to sell Software & Cloud products of several third-party software providers. Revenue from the sale of Software & Cloud is recognized at the point in time control of the license is transferred to the customer, generally on delivery of the product key or with signing the contract in the volume license business. The normal credit term is 30 to 90 days upon delivery.

SoftwareONE distinguishes between two types of software selling arrangements:

- Direct business: As an approved channel partner, SoftwareONE sells software products provided by third parties to end customers in several areas worldwide. The group's obligation in these arrangements is only to arrange for another entity to provide the software license to the end customer. Hence, SoftwareONE acts as an agent and recognizes revenue at the net amount that it retains from its agency services.
- Indirect business: SoftwareONE acts as a value-added software reseller and provides consulting services in connection with the sale of the software licenses to its customers. These services include aspects of strategic and operational software procurement, complex technology advice or customized solutions. They are bundled with the sale of the software products and are regarded as an integral part of the performance obligation to the customer. The software licenses only deliver benefits together with the extensive consulting services that are not distinct from the services in the contractual context and constitute a bundled performance obligation. As the group is primarily responsible for fulfilling this promise, SoftwareONE concluded that it acts as a principal in these arrangements. For further details on the principal vs. agent assessment, please refer to the section 'Significant judgements'. SoftwareONE therefore recognizes revenue from such contracts gross in the consolidated financial statements. The purchase from the supplier is presented as cost of software purchased.

The group also enters into non-cancellable multi-year licensing contracts with customers. In such contracts, SoftwareONE transfers control of the software license at the beginning of the contract 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); and a loan component (for the effect of the deferred payment terms). Interest income on the loan component is calculated based on the rate that would be reflected in a separate financing transaction between the group and its 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 transfer of the promised good or service to the customer and when the customer pays for that good or service 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 recognized over time using an input method based on labor hours to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by SoftwareONE. The group determined that the input method based on labor hours incurred in relation to total expected hours 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 service to the customer. Payment is due 30 days after the solutions and services have been performed.

Revenue from self-developed on-premise software is recognized at the point in time control of the license is transferred to the customer.

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 goods or 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 2020 and 2019 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 to obtain 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 expense 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 20 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 expense on a straight-line basis over the lease term.

3 Change in the scope of consolidation

Acquisitions in 2020

On 20 May 2020, the group acquired 100% of GorillaStack Pty Ltd., Australia ('GorillaStack'), a provider of cloud cost management and real-time event monitoring software as a service (SaaS) platform for Amazon Web Services (AWS). This acquisition adds capabilities within automation and security for the cloud, thereby accelerating its roadmap towards an innovative cloud management platform.

On 10 July 2020, SoftwareONE acquired 100% of B-Lay B.V., Netherlands ('B-Lay'), with subsidiaries in the US and Romania. B-Lay is a leading provider of Software Asset Management (SAM) advisory and managed services for SAP and Oracle solutions. The transaction will further strengthen SoftwareONE's market-leading Software Lifecycle Management (SLM) and SAM practice in Europe, adding significant know-how and delivery capabilities.

On 9 November 2020, SoftwareONE exercised a call option to acquire the remaining 60% of IG Services SAS, Columbia ('InterGrupo'), following its initial investment of 40% in 2019.

On 30 December 2020, the group acquired the activities and assets of Optimum Consulting LLC, US ('Optimum'), by way of an asset deal. Optimum is a SAP-certified technology consulting company that provides solutions and managed services for customers seeking to migrate and efficiently run their SAP environment in the public cloud. With operations in India, Optimum provides comprehensive SAP-related services and solutions mainly to US customers, some of which with global operations.

On 31 December 2020, SoftwareONE acquired 100% of Intelligence Partner SL, Spain ('Intelligence Partner'), with subsidiaries in Brazil and Dubai. Intelligence Partner offers the complete portfolio of Google Cloud products, along with related consulting, migration and managed services. The acquisition significantly expands SoftwareONE's Google Cloud capabilities, strengthening its ability to serve customers with multi-cloud strategies in Europe and beyond.

The purchase price allocation for all business combinations is still provisional as at 31 December 2020.

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

in CHF 1,000	InterGrupo	Intelligence Partner	Others	Total
Cash and cash equivalents	3,562	2,596	75	6,233
Trade receivables	8,861	1,059	380	10,300
Other short term assets	655	2,076	219	2,950
Indemnification assets	543	469	–	1,012
Tangible assets	8,634	204	61	8,899
Intangible assets (excluding goodwill)	8,155	5,754	5,163	19,072
Right-of-use assets	570	369	285	1,224
Deferred tax assets	657	159	–	816
Other non-current assets	–	79	–	79
Total assets	**31,637**	**12,765**	**6,183**	**50,585**
Trade payables	773	4,133	139	5,045
Other short-term liabilities	3,247	832	278	4,357
Accrued expenses and contract liabilities	1,093	8	1,010	2,111
Defined benefit liabilities	24	–	–	24
Provisions	–	111	–	111
Contingent liabilities	656	469	–	1,125
Financial liabilities	5,023	399	648	6,070
Deferred tax liabilities	3,994	1,598	1,305	6,897
Net assets acquired at fair value	**16,827**	**5,215**	**2,803**	**24,845**

Acquisition of InterGrupo

With the exercise of the call option to acquire the remaining 60% of the shares, SoftwareONE obtained control over InterGrupo. A fair value remeasurement of the shares acquired in 2019 was carried out, which resulted in a fair value of TCHF 13,428 immediately before the acquisition date. The purchase price of TCHF 20,142 for the acquisition of the remaining 60% was paid in January 2021.

The goodwill recognized is primarily attributed to the workforce and the expected synergies and other benefits from combining the activities of InterGrupo with those of the group. The goodwill is not deductible for income tax purposes. There were no significant transaction costs related to this acquisition.

From the date of acquisition, InterGrupo has contributed TCHF 5,459 of revenue and TCHF 301 to the profit for the year.

Acquisition of Intelligence Partner
The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Intelligence Partner with those of the group. The goodwill is not deductible for income tax purposes. Transaction costs of TCHF 162 are related to this acquisition.

As part of the purchase agreement, a contingent consideration arrangement was agreed that could result in additional cash payments to the previous shareholders of Intelligence Partner. An expected earn-out amount of TCHF 4,177 is related to a continuing employment of the selling shareholders and is recognized as 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 19 Provisions. An expected earn-out amount of TCHF 3,417 payable to selling shareholders without continuing employment is part of the purchase price and recognized as a financial liability. For details refer to Note 4.3 Categories of financial instruments and fair value estimation.

Other acquisitions
The purchase price paid for the acquisition of Optimum (TCHF 2,648) mainly relates to the skilled workforce and, therefore, represents goodwill. Transaction costs of TCHF 248 are related to this acquisition. Transaction costs of TCHF 210 are related to the acquisition of B-Lay. For details regarding contingent consideration arrangements, refer to Note 19 Provisions.

If all acquisitions would have taken place at the beginning of the year, total revenue of SoftwareONE group would have been TCHF 7,957,141 and net profit for the period would have been TCHF 178,814.

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

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 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	–	–	32,725	32,725
Net outflow of cash – investing activities	**3,562**	**–9,342**	**–39,732**	**–45,512**

In addition to the subsequent purchase price adjustment for BNW, the contingent consideration liability for the acquisition of COMPAREX group in 2019 was paid in January 2020 (TCHF 32,601).

Acquisitions in 2019

On 31 January 2019, SoftwareONE acquired 100% of COMPAREX AG, Germany ('COMPAREX'). As a global IT company with thirty years of experience, COMPAREX is one of the world's leading IT service providers in the EMEA markets. The contingent consideration liability of TCHF 32,601 was paid in January 2020.

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

in CHF 1,000	COMPAREX
Cash and cash equivalents	110,965
Trade receivables	558,227
Other short term assets	63,503
Indemnification assets	12,446
Tangible assets	17,816
Intangible assets (excluding goodwill)	78,304
Right-of-use assets	25,392
Deferred tax assets	6,226
Other non-current assets	16,513
Total assets	**889,392**
Trade payables	533,701
Other short term liabilities	80,773
Accrued expenses and contract liabilities	57,992
Defined benefit liabilities	5,429
Provisions	4,134
Contingent liabilities	14,689
Contingent consideration liabilities	6,610
Financial liabilities	143,234
Deferred tax liabilities	26,001
Net assets acquired at fair value	**16,829**

On 19 November 2019, the group acquired 100% of the shares of BNW Consulting Pty Ltd., Australia ('BNW'), a growing technology and cloud consulting company based in Australia and the US, specializing in services around SAP platform transformation. In January 2020, a subsequent purchase price adjustment of TCHF 124 was made, which led to an increase in goodwill of TCHF 124 to TCHF 6,113. 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 2019.

On 30 April 2019, the group acquired 100% of the shares of RightCloud Pte. Ltd., a cloud-based service provider based in Singapore. On 31 October 2019, the group acquired all customer contracts and the workforce of MassiveR&D K.K., a Tokyo-based Amazon Web Services (AWS) specialist. During the business year, 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 2019.

Cash flows on acquisitions 2019

in CHF 1,000	COMPAREX	BNW	Others	Total
Cash consideration	54,463	7,965	278	62,706
Net cash acquired	110,965	1,532	167	112,664
Net inflow of cash – investing activities	**56,502**	**–6,433**	**–111**	**49,958**

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 below analysis.

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

		2020		2019	
Impact in TCHF	Sensitivity	Earnings before income tax	Equity	Earnings before income tax	Equity
EUR	+/– 5%	+/– 319	+/– 1,018	+/– 9,362	+/– 969
USD	+/– 5%	+/– 1,395	+/– 2,084	+/– 2,253	+/– 942
SEK	+/– 5%	+/– 340	+/– 104	+/– 280	+/–334
GBP	+/– 5%	+/– 412	+/– 181	+/– 647	+/– 141
JPY	+/– 5%	+/– 510	–	+/– 38	–

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 (currently undrawn). Currently there is no material exposure to interest rate risk. Also refer to Note 20 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 +/– 14,194 (prior year: TCHF +/– 5,761).

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 customer, 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: 39%).

The remaining part is not insured as one of the following:

- From customers with top rating (based on internal and credit insurance assessment): 20% (prior year: 35%)
- Too small to be insured: 3% (prior year: 1%)
- No insurance available: 30% (prior year: 25%)

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 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**
As at 31 December 2019						
Trade payables[1]	1,550,851	1,550,851	1,527,135	23,716	–	–
Other payables[1]	61,427	61,427	33,077	9,166	19,184	–
Accrued expenses[1]	146,877	146,877	124,810	22,066	–	–
Financial liabilities[1] (including bank overdrafts, excluding lease liabilities)	137,337	142,073	44,976	6,865	90,225	7
Lease liabilities	38,623	39,116	3,643	12,204	22,568	702
Derivatives (net)	5,786	5,786	4,248	114	–	1,423
Total	**1,940,901**	**1,946,130**	**1,737,889**	**74,131**	**131,977**	**2,132**

1) Prior-year figures restated, refer to Note 2 Change in presentation

The group maintains a CHF 470 million multiple currency revolving credit facility. The agreement was signed in 2019. In 2020, SoftwareONE exercised the 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. The facility contains one remaining extension option (which can be exercised with consent of the lending banks in September 2021), which could extend the maturity of the credit facility by another year to 30 September 2024. Interest would be payable at the rate of LIBOR plus a margin of 50, respectively 60, basis points initially, depending on the currency, and thereafter adjusted for changes in the leverage ratio of the group. As at 31 December 2020, nothing was drawn down. 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 2020, the group had total committed and uncommitted credit lines (including factoring) of TCHF 998,062 (prior year: TCHF 985,089) available, of which 21% (prior year: 22%) drawn. From the drawn amount, TCHF 47,737 are covered by financial covenants, which are completely fulfilled as at 31 December 2020 (prior year: TCHF 74,457).

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 2020 and the prior year were as follows:

in CHF 1,000	2020	2019
Total equity	776,522	636,916
Total assets	3,127,230	2,976,940
Equity ratio	**24.8 %**	**21.4 %**

The equity ratio for 2020 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 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	9,848		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
Total financial liabilities		**1,972,173**		

* 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 84,197 in finance income in 2020 (prior year: gain of TCHF 38,946).

As at 31 December 2019

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortized cost	313,490	n/a*	
Trade receivables[1)]	Amortized cost	1,830,647	n/a*	
Other receivables[1)]	Amortized cost	65,266	n/a*	
Derivative financial instruments	Fair value through profit or loss	2,389		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,171		Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	57,612		Level 1
Financial assets - loans	Amortized cost	4,389	n/a*	
Total financial assets		**2,286,866**		
FINANCIAL LIABILITIES				
Trade payables[1)]	Financial liabilities at amortized cost	1,550,851	n/a*	
Other payables[1)]	Financial liabilities at amortized cost	61,427	n/a*	
Accrued expenses[1)]	Financial liabilities at amortized cost	146,877	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	16,108		Level 3
Contingent consideration liabilities	Fair value through profit or loss	32,601		Level 2
Other financial liabilities[1)]	Financial liabilities at amortized cost	88,628	n/a*	
Derivative financial instruments	Fair value through profit or loss	5,397		Level 2
Derivative financial instruments	Designated as cash flow hedge	389		Level 2
Total financial liabilities		**1,902,278**		

* The carrying amount is a reasonable approximation for fair value.
1) Prior-year figures restated, refer to Note 2 Change in presentation.

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 2020 Level 1	Level 2	Level 3	Total	As at 31 December 2019 Level 1	Level 2	Level 3	Total
ASSETS								
Financial assets	141,944	–	–	141,944	57,612	–	–	57,612
Derivative financial instruments	–	3,877	–	3,877	–	3,560	–	3,560
LIABILITIES								
Contingent consideration liabilities	–	–	9,848	9,848	–	32,601	16,108	48,709
Derivative financial instruments	–	7,218	–	7,218	–	5,786	–	5,786

Other than disclosed in the table below, there have been no transfers between the different hierarchy levels in 2020 and 2019.

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

in CHF 1,000	2020	2019
At 1 January	16,108	23,515
Business acquisitions	–	34,395
Additions	3,417	6,610
Settlement in cash	–2,824	–7,366
Fair value adjustment	–5,931	–6,652
Transfer to 'Level 2'	–	–32,601
Currency translation adjustments	–922	–1,793
As at 31 December	**9,848**	**16,108**

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 2020: TCHF 6,266; prior year: TCHF 14,949)
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 2020, the group recognized an unrealized fair value gain of TCHF 5,904 (prior year: TCHF 3,300 gain). Consequently, an impairment of the customer base of TCHF 4,655 was recognized. 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%, eg TCHF 0,627 (prior year: TCHF +/– 1,495).

Intelligence Partner (fair value as at 31 December 2020: TCHF 3,417)
The contingent consideration liability of Intelligance Partner depends on the future EBITDAs about 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. 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 the section 'Significant accounting policies'.

The amount of the receivables sold as at 31 December 2020 is TCHF 151,619 (prior year: TCHF 135,668). This amount is fully derecognized from the balance sheet. Moreover, liabilities to factoring partners for forwarding incoming payments from customers of TCHF 5,210 (previous year: TCHF 0) 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 or impaired.

Contingent consideration liabilities related to business acquisitions and the acquisition of customer relationships (Note 4.3, 16 and 20)

Contingent consideration liabilities reflect potential future payments following the acquisition of customer relationships and businesses. The calculation of the future payments is based on future cash flows. 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 21)

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 21 Defined benefit liabilities.

Contingent liabilities and indemnification assets related to purchase price allocations (Note 13 and 19)

COMPAREX, acquired in 2019, has several ongoing dispute cases which could lead to future cash outflows. Occasional dispute cases also exist for InterGrupo and Intelligence Partner acquired in 2020. In the course of the purchase price allocation, those contingent liabilities were measured at fair value on the acquisition date and presented as provision. On 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. Part of the risks are covered through indemnity clauses. The resulting indemnification assets are 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)

For software license reselling arrangements bundled with consulting services (indirect business), the assessment whether the group acts as a principal or an agent is judgmental and requires a weighting of the individual factors in reaching a conclusion. Management concluded that SoftwareONE is the principal with respect to such arrangements. Based on the assessment in accordance with IFRS 15, the specified service provided to the customer is the consulting service to which the software product is an input and, therefore, is not distinct within the context of the contract. Management concluded that SoftwareONE controls the specified service before it is transferred to the customer. This is evidenced by the fact that SoftwareONE is primarily responsible for fulfilling the promise to the customer as it ensures compatibility of software and customer requirements. Furthermore, the group has discretion in establishing the price for the specified software license. To support this assessment, management has verified that its conclusion is in line with the group's peers in the software reseller sector. By contrast, in arrangements where SoftwareONE does not have control over the traded software license and does not perform any consulting services for the customer (ie direct business), it qualifies as an agent.

5.3 Impact of the COVID-19 pandemic

Due to the currently unforeseeable global consequences of the COVID-19 pandemic, accounting estimates and management judgments are subject to increased uncertainty. On the basis of the information available in the reporting period, an analysis of the effects on the accounting of SoftwareONE group was carried out as at 31 December 2020, in particular with respect to expected credit losses on trade receivables and contract assets, impairment indicators for tangible and intangible assets and fair values of contingent consideration liabilities. SoftwareONE group has determined that no significant effects as a result of COVID-19 had to be recorded in these consolidated financial statements.

SoftwareONE group will continuously review the possible effects on accounting with respect to further developments of the COVID-19 pandemic.

6 Revenue

SoftwareONE generates its revenue from contracts with customers through the sale of software & Cloud (point in time), the delivery over time of Solutions & Services as well as revenue related to the resale of sale or self-developed on-premise software (point in time, presented in Solutions & Services).

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 29 Segment reporting.

Revenue is broken down as follows:

2020 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud	4,843,634	1,201,193	387,509	1,160,996	7,593,332
Revenue from Solutions & Services	210,602	41,505	30,999	29,817	312,923
Total revenue	**5,054,236**	**1,242,698**	**418,508**	**1,190,813**	**7,906,255**

2019 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud	4,643,037	1,255,121	391,114	1,024,633	7,313,905
Revenue from Solutions & Services	216,424	37,623	22,668	20,220	296,935
Total revenue	**4,859,461**	**1,292,744**	**413,782**	**1,044,853**	**7,610,840**

SoftwareONE group splits its revenue from Software & Cloud between Microsoft indirect, Multivendor indirect and Microsoft direct. Multivendor represents all license transactions excluding Microsoft. Microsoft indirect and Multivendor indirect includes revenue from indirect business in which SoftwareONE acts as a principal, whereas Microsoft direct includes revenue from direct business in which SoftwareONE acts as an agent.

in CHF 1,000	2020	2019
Revenue from Software & Cloud		
– Microsoft indirect	4,687,236	4,524,930
– Multivendor indirect	2,787,066	2,641,387
– Microsoft direct	119,030	147,588
Total revenue from Software & Cloud	**7,593,332**	**7,313,905**
Revenue from Software & Cloud indirect	7,474,302	7,166,317
Cost of software purchased	–7,073,855	–6,773,422
Revenue indirect net of cost of software purchased	**400,447**	**392,895**

7 Personnel expenses

in CHF 1,000	2020	2019
Salaries fixed	–272,739	–249,761
Salaries variable	–90,549	–93,421
Social security costs	–55,288	–51,798
Pension costs – defined benefit plans (Note 21)	–4,366	–4,197
Pension costs – defined contribution plans	–5,828	–5,181
Other personnel expenses	–41,200	–35,510
Total personnel expenses	**–469,970**	**–439,868**
Average head count (FTE)	**6,102**	**5,442**

Other personnel expenses include expenses for the Management Equity Plan in an amount of TCHF 19,964 (prior year: TCHF 21,375) and other share-based payment programs in an amount of TCHF 5,302 (prior year: TCHF 445), refer to Note 26 Share-based payments.

8 Other operating expenses

in CHF 1,000	2020	2019
Travel and car expenses	–12,803	–29,245
Administrative expenses	–40,910	–45,397
Expenses for short-term leases	–769	–3,656
Maintenance and utility expenses	–7,002	–5,045
Information technology expenses	–10,030	–10,743
Telecommunication expenses	–3,822	–4,257
Marketing expenses	–3,074	–8,697
Other operating expenses	–8,226	–8,300
Total other operating expenses	**–86,636**	**–115,340**

The decrease in other operating expenses of TCHF 28,704 is related to a reduction in travel expenses (TCHF 16,442) due to the impact of COVID-19. In 2019, one-time costs related to the IPO (TCHF 10,506) were included in other operating expenses.

9 Finance result

in CHF 1,000	2020	2019
Interest income	2,194	2,277
Other finance income	86,801	43,214
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	6,652
Finance income	**101,368**	**52,143**
Interest expense	–4,090	–4,145
Other finance expenses	–6,904	–5,461
Finance expenses	**–10,994**	**–9,606**
Foreign exchange differences, net	**–10,149**	**–7,108**
Total finance result	**80,225**	**35,429**

Other finance income includes TCHF 84,197 from the valuation of equity instruments (prior year: TCHF 38,946) and TCHF 2,136 income from significant finance components (prior year: TCHF 2,510).

Other finance expenses include TCHF 2,658 factoring expenses (prior year: TCHF 3,222).

The foreign exchange differences, net result 2020 excludes unrealized losses on derivatives designated as instruments to hedge foreign currency risks in the amount of TCHF 41 (prior year: unrealized gains of TCHF 780) recognized in OCI and to be reclassified in future periods. In 2020, losses of TCHF 971 (prior year: gains of TCHF 684) have been reclassified to profit and loss, refer to Note 14 Derivative financial instruments. In addition, the cumulative foreign exchange losses recognized in other comprehensive income of TCHF 1,168 for the investment in joint venture InterGrupo were recycled to foreign exchange differences when the call option to acquire the remaining 60% was exercised.

10 Income taxes

Tax expenses comprise the following positions:

in CHF 1,000	2020	2019
Current income taxes	–43,968	–43,297
Change in deferred taxes	6,926	13,951
Total tax expense	**–37,042**	**–29,346**

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	2020	2019
Earnings before income tax (EBT)	**213,803**	**154,350**
Expected average group tax rate	21.3 %	24.6 %
Tax at expected average rate	**–45,533**	**–37,970**
+/– Effect of		
Expenses not deductible for tax purposes	–7,587	–4,110
Income not subject to tax	16,328	1,994
Utilization of previously unrecognized tax losses	475	2,145
Impairment of previously recognized tax losses	–2,711	–1,611
Capitalization of tax losses previously not recognized	1,109	9,099
Unrecognized current year's tax losses	–1,887	–2,143
Current income tax charges/credits related to prior periods	3,507	2,598
Impact from tax rate changes	898	–879
Other effects	–1,641	1,531
Total tax expense	**–37,042**	**–29,346**
Effective tax rate	**17,3 %**	**19.0 %**

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 21.3% (prior year: 24.6%).

The group has not recognized deferred tax assets of TCHF 1,887 (prior year: TCHF 2,143) in respect of losses for the period ended 31 December 2020 amounting to TCHF 9,466 (prior year: TCHF 13,067).

The impact from tax rate changes compared to 2019 is mainly related to tax rate change in Switzerland and Colombia.

Other effects in 2020 are mainly related to withholding taxes on intercompany transactions. Other effects in 2019 are 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 705 (prior year: expense TCHF 214) is recorded in other comprehensive income on actuarial losses on defined benefit liabilities and on hedge accounting, refer to Note 21 and 14.

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

in CHF 1,000	2020 Deferred tax assets	2020 Deferred tax liabilities	2019 Deferred tax assets	2019 Deferred tax liabilities
Trade receivables	2,435	3,168	5,453	3,371
Other current assets	820	2,126	478	3,946
Tangible, intangible and right-of-use assets	3,972	35,547	2,389	38,200
Other non-current assets	20	1	571	494
Accrued expenses, prepaid income and contract assets	4,159	1,888	4,528	1,900
Other current liabilities	8,749	851	6,596	432
Defined benefit liabilities	3,413	–	2,789	–
Other non-current liabilities	6,340	41	6,300	424
Deferred taxes from losses carried forward	8,987	–	12,368	–
Total	**38,895**	**43,622**	**41,472**	**48,767**
Offsetting of balances	–14,801	–14,801	–17,091	–17,091
Total	**24,094**	**28,821**	**24,381**	**31,676**

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 46,357 (prior year: TCHF 37,083).

The movement of available tax loss carryforwards is as follows:

in CHF 1,000	2020	2019
At 1 January	187,475	29,611
Business acquisitions	1,203	156,200
Tax losses arising in current year	12,699	27,002
Tax losses utilized against current year profits	–17,831	–18,642
Expired tax losses during the period	–2,263	–1,671
Other movements	–4,761	–1,149
Currency translation adjustments	–4,262	–3,876
As at 31 December	**172,260**	**187,475**

Tax losses carried forward as of 31 December 2020 include tax losses in the amount of TCHF 92,161 (no expiry date) originating from the Austrian permanent establishment of COMPAREX AG in Germany. In 2019, the Austrian permanent establishment of COMPAREX AG was dissolved. It is legally uncertain if these tax losses carried forward were transferred to the head office and therefore no deferred tax asset was recognized.

Deferred tax assets of TCHF 8,987 (prior year: TCHF 12,368) were recorded in respect of available tax loss carryforwards of TCHF 37,494 (prior year: TCHF 49,651).

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

in CHF 1,000	2020	2019
Expiry within 12 months	4,834	2,036
Expiry in 2–3 years	9,854	6,971
Expiry in 4–5 years	8,639	6,652
Expiry in more than 5 years	11,117	15,468
No expiry date	100,322	106,697
Total not recognized tax losses	**134,766**	**137,824**

11 Cash and cash equivalents

in CHF 1,000	2020	2019
Cash at bank	418,620	307,569
Short-term bank deposits	16,321	5,921
Total	**434,941**	**313,490**

12 Trade receivables

in CHF 1,000	2020	2019 [1]
Trade receivables	1,731,266	1,846,769
Trade receivables from joint ventures	–	101
Less provision for impairment of trade receivables	–17,108	–16,223
Trade receivables, net	**1,714,158**	**1,830,647**

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

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 every 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 2020 and 2019 are as follows:

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**

2019

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due[1]	–0.1%	1,526,244	–1,276
Past due since 1–90 days	–0.2%	258,390	–609
Past due since 91–180 days	–5.7%	31,149	–1,769
Past due since 181–360 days	–22.9%	16,319	–3,733
Past due since more than 360 days	–59.8%	14,768	–8,836
Total trade receivables, gross[1]	**–0.9%**	**1,846,870**	**–16,223**

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

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

	2020	2019
At 1 January	–16,223	–9,790
Allowance recognized	–7,492	–8,893
Receivables written off during the year as uncollectible	2,101	1,223
Unused amounts reversed	2,952	982
Currency translation adjustments	1,554	255
As at 31 December	**–17,108**	**–16,223**

13 Other receivables, prepaid expenses and contract assets

in CHF 1,000	2020	2019 [1]
Other receivables	60,967	74,317
– thereof financial assets: 15,748 (prior year: 31,958)		
Indemnification assets	3,290	7,974
Prepaid expenses	28,966	47,120
Contract assets	58,206	11,901
Total current other receivables, prepaid expenses and contract assets	**151,429**	**141,312**
Other receivables	64,833	34,059
– thereof financial assets: 56,897 (prior year: 33,309)		
Indemnification assets	2,770	5,088
Total non-current other receivables	**67,603**	**39,147**

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

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 in the amount of TCHF 5,591 (prior year: TCHF 12,446) and Intelligence Partner (TCHF 469). In 2020, the group received payments in an amount of TCHF 4,724 from the previous shareholder of COMPAREX group. The underlying risks that have been classified as contingent liabilities are recorded as provisions, refer to Note 19 Provisions.

In other current receivables an impairment of TCHF 577 is considered (prior year: TCHF 670).

14 Derivative financial instruments

	2020	2019	2020		2019	
in CHF 1,000	Notional amount	Notional amount	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Current						
Forward foreign exchange contracts	906,986	630,928	3,354	6,505	3,245	4,362
– cash flow hedges recognized in OCI	54,777	32,347	769	782	856	275
– not designated as hedging instruments	852,209	598,581	2,585	5,723	2,389	4,087
Non-current						
Forward foreign exchange contracts	57,596	55,983	523	713	315	1,424
– cash flow hedges recognized in OCI	57,452	23,021	521	710	315	114
– not designated as hedging instruments	144	32,962	2	3	–	1,310
Total derivatives	**964,582**	**686,911**	**3,877**	**7,218**	**3,560**	**5,786**

In 2020 and 2019, 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 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.

in CHF 1,000	Land	Buildings	IT equipment	Leasehold improve-ment	Furniture and fixtures	Vehicles	Other equipment	Total
At 1 January 2019	–	–	14,739	4,111	3,544	3,754	447	26,595
Business acquisitions	1,593	9,750	2,639	1,251	986	306	1,310	17,835
Additions	327	71	4,029	1,448	554	103	278	6,810
Disposals	–	–	–2,537	–2,091	–395	–1,271	–467	–6,761
Currency translation adjustments	–	–	–218	–62	–89	–76	–30	–475
As at 31 December 2019	**1,920**	**9,821**	**18,652**	**4,657**	**4,600**	**2,816**	**1,538**	**44,004**
Accumulated depreciation								
At 1 January 2019	–	–	11,551	2,632	2,019	2,719	380	19,301
Additions	–	271	3,648	1,335	1,010	587	686	7,537
Disposals	–	–	–2,470	–1,872	–371	–1,114	–401	–6,228
Currency translation adjustments	–	–	–47	10	–44	–56	–6	–143
As at 31 December 2019	**–**	**271**	**12,682**	**2,105**	**2,614**	**2,136**	**659**	**20,467**
Carrying amount 31 December 2019	**1,920**	**9,550**	**5,970**	**2,552**	**1,986**	**680**	**879**	**23,537**

As at 31 December 2019, 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 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**

in CHF 1,000	Goodwill	Software, acquired technology and customer relationships	Brand	Internally generated intangibles	Total
At 1 January 2019	9,372	55,279	31,277	25,844	121,772
Business acquisitions	343,413	82,144	–	–	425,557
Additions	–	4,276	–	9,206	13,482
Disposals	–	–609	–	–	–609
Currency translation adjustments	–13,225	–3,328	–	–	–16,553
As at 31 December 2019	**339,560**	**137,762**	**31,277**	**35,050**	**543,649**
Accumulated amortization					
At 1 January 2019	–	21,309	–	9,899	31,208
Amortization	–	21,039	–	8,319	29,358
Disposals	–	–598	–	–	–598
Currency translation adjustments	–	–463	–	–	–463
As at 31 December 2019	**–**	**41,287**	**–**	**18,218**	**59,505**
Carrying amount 31 December 2019	**339,560**	**96,475**	**31,277**	**16,832**	**484,144**

Internally generated intangible assets mainly relate 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 two years with a carrying amount of TCHF 14,954 (prior year: TCHF 15,524).

The acquired technology and customer relationships include customer relationships/bases 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 4.5 years with a carrying amount of TCHF 12,720 (prior year: TCHF 22,575). In 2020, a review of the valuation of the customer base of CompuCom indicated a need for impairment due to a decrease in value in the amount of TCHF 4,655 (previous year: TCHF 0). The impairment relates to the operating segment NORAM. For the customer base of COMPAREX, the remaining amortization period is 8.1 years with a carrying amount of TCHF 49,516 (prior year: TCHF 57,949).

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 the 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:

2020

in CHF 1,000	Pre-tax discount rate	Post-tax discount rate	Goodwill	Brand [1]	Total
EMEA	8.3%	6.7%	305,761	31,277	337,038
LATAM	15.4%	11.4%	39,290	–	39,290
APAC	10.5%	8.3%	9,889	–	9,889
NORAM	8.9%	7.1%	3,421	–	3,421
Carrying amount as at 31 December 2020			**358,361**	**31,277**	**389,638**

1) With indefinite useful life. Due to changes in transfer pricing the brand SoftwareONE was allocated to Switzerland in 2020.

2019

in CHF 1,000	Pre-tax discount rate	Post-tax discount rate	Goodwill	Brand [1]	Total
EMEA	7.2%	5.6%	305,234	21,102	326,336
LATAM	16.2%	11.4%	23,242	2,275	25,517
APAC	10.2%	7.7%	10,233	3,021	13,254
NORAM	9.0%	6.8%	851	4,879	5,730
Carrying amount as at 31 December 2019			**339,560**	**31,277**	**370,838**

1) With indefinite useful life.

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%. 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.

17 Investment in joint ventures and associated companies

In 2019, the group acquired 40% of IG Services SAS, Columbia ('InterGrupo') with subsidiaries in Mexico, Panama, Dominican Republic, Ecuador and Peru. At this time, SoftwareONE had no control over the company despite the existence of a call option. The investment was classified as a joint venture and accounted for using the equity method.

In November 2020, SoftwareONE exercised the call option to acquire the remaining 60% of IG Services SAS. The company is fully consolidated since this point in time, refer to Note 3 Change in the scope of consolidation. Therefore, the investment in joint ventures was derecognized.

The carrying amount of the investments in joint ventures developed as follows:

in CHF 1,000	2020	2019
At 1 January	7,720	–
Acquisitions	–	7,478
Share of profit or loss	764	–88
Currency translation adjustments	–1,493	330
Change in scope of consolidation	–6,986	–
Reclassification of shares in TCL Digi Trade	–5	–
As at 31 December	**–**	**7,720**

The 30% interest in TCL DigiTrade sro (TCHF 5) is recognized as an associated company that is presented in other receivables due to insignificance.

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

in CHF 1,000	2020	2019
Trade payables[1]	1,685,263	1,550,545
Trade payables to joint ventures	–	306
Accrued expenses[1]	86,437	227,822
– thereof financial liabilities 67,497 (prior year: 146,877)		
Contract liabilities	42,199	31,172
Other payables[1]	221,250	233,492
– thereof financial liabilities 50,692 (prior year: 42,243)		
Total current trade payables, accrued expenses, contract liabilities and other payables as at 31 December	**2,035,149**	**2,043,337**
Other payables	61,648	19,184
– thereof financial liabilities 57,596 (prior year: 19,184)		
Total non-current other payables	**61,648**	**19,184**

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

Contract liabilities include short-term advances received to deliver software products or to render services. All contract liabilities as at 1 January 2020 were recognized as revenue in 2020 (TCHF 31,172).

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 57,596 non-current trade payables for multiyear contracts (prior year: TCHF 19,184).

19 Provisions

in CHF 1,000	Employment-related	Non-income tax-related	Earn-out-related	Other	Total
Current provisions	946	1,753	359	1,056	4,114
Non-current provisions	5,040	3,560	4,237	–	12,837
Total Provision as at 31 December 2020	**5,986**	**5,313**	**4,596**	**1,056**	**16,951**
At 1 January 2020	8,594	8,810	879	2,423	20,706
Business acquisition	656	469	111	–	1,236
Increase	142	–	4,084	1,422	5,648
Used provisions	–1,201	–1,826	–493	–2,431	–5,952
Unused amounts released	–1,005	–1,131	–	–214	–2,350
Currency translation adjustments	–1,200	–1,009	15	–143	–2,337
As at 31 December 2020	**5,986**	**5,313**	**4,596**	**1,056**	**16,951**

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 in an amount of TCHF 14,689 have been identified and classified as contingent liabilities. By the end of the year, there are still provisions in an amount of TCHF 9,083 which are related to employment (TCHF 4,239; prior year: TCHF 7,503) and non-income taxes (TCHF 4,844; prior year: TCHF 7,186). For a significant portion, indemnification assets have been recognized in an amount of TCHF 5,591 (prior year: TCHF 12,446), refer to Note 13 Other receivables and prepaid expenses.

Contingent consideration arrangements that could result in additional cash payments to the previous owners of the companies 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 accreted as personnel expenses during the period of service.

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

Acquired company	Earn-out relevant KPI
RightCloud	EBITDA
BNW	EBITDA
GorillaStack	Development milestones
B-Lay	EBITDA
makeITnoble[1]	Gross Profit
MassiveR&D	Gross Profit and EBITDA
Optimum[2]	Gross Profit
Intelligence Partner[2]	EBITDA

1) Founder of Swiss make it noble gmbh joined SoftwareONE in 2020 (not within the scope of IFRS 3).
2) Contingent consideration arrangements where the accretion starts in 2021.

20 Financial liabilities

in CHF 1,000	2020	2019
Current		
Bank overdrafts	9,605	4,151
Contingent consideration liabilities	1,766	36,494
Lease liabilities	15,198	15,265
Other financial liabilities	31,723	9,293
Total current financial liabilities as at 31 December	**58,292**	**65,203**
Non-current		
Contingent consideration liabilities	8,083	12,215
Lease liabilities	26,520	23,358
Other financial liabilities	52,731	75,184
Total non-current financial liabilities as at 31 December	**87,334**	**110,757**
Total financial liabilities as at 31 December	**145,626**	**175,960**

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 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 estimations are reviewed at each balance sheet date and adjusted as necessary. Adjustments are booked in finance income or expense 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 2020	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**

The contingent purchase price liabilities include a cash outflow of TCHF 32,601 for the contingent consideration liability of the COMPAREX acquisition, which is presented in cashflow from investing activities. In addition, a contingent consideration liability for the acquisition of Intelligence Partner in the amount of TCHF 3,417 was recognized in 2020, refer to Note 3 Change in the scope of consolidation.

Further effects in column 'Other' are 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 accrued interest on a small scale.

in CHF 1,000	Changes in financial liabilities						
	1 January 2019	Business acquisitions	Financing cash flows	Foreign exchange movement	Change in fair value	Other	31 December 2019
Bank overdrafts	5,097	484	–1,323	–107	–	–	4,151
Contingent consideration liabilities	23,515	6,610	–7,366	–1,606	–6,652	34,208	48,709
Redemption amount put-option by non-controlling interests	14,838	–	–7,967	–	–1,431	–5,440	–
Lease liabilities	20,289	25,392	–13,640	–1,459	–	8,041	38,623
Other current financial liabilities	761	12,986	–5,873	–1,426	–	2,845	9,293
Other non-current financial liabilities	1,305	93,716	–13,011	–2,186	–	–4,640	75,184
Total	**65,805**	**139,188**	**–49,180**	**–6,784**	**–8,083**	**35,014**	**175,960**

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

21 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 are, except the plans in Switzerland, Belgium and Germany, 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 14,900 or 68,7% (prior year: 10,958 or 64.5%) 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 2020, 229 employees (prior year: 203 employees) and one retiree (prior year: one retiree) are insured under the Swiss plan. The defined benefit obligation has a duration of 21 years (prior year: 22 years).

Amounts recognized in the balance sheet:

in CHF 1,000	Swiss plan	Other plans	2020	2019
Present value of funded obligations	59,964	7,499	67,463	54,324
Fair value of plan assets	–45,064	–5,613	–50,677	–41,321
Present value of unfunded obligations	–	4,917	4,917	3,996
Defined benefit liability in the balance sheet as at 31 December	**14,900**	**6,803**	**21,703**	**16,999**

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

in CHF 1,000	Swiss plan	Other plans	2020	2019
At 1 January	46,902	11,418	58,320	41,710
Business acquisitions	–	24	24	14,911
Service costs	3,055	1,311	4,366	4,096
Employee contribution	1,463	–	1,463	1,260
Interest cost	120	144	264	597
Actuarial losses/(gains)	2,363	386	2,749	1,194
Benefits paid/transferred	6,061	–893	5,168	–4,777
Currency translation adjustments	–	26	26	–671
As at 31 December	**59,964**	**12,416**	**72,380**	**58,320**

Reconciliation of fair value of plan assets:

in CHF 1,000	Swiss plan	Other plans	2020	2019
At 1 January	35,944	5,377	41,321	29,737
Business acquisitions	–	–	–	9,482
Interest income	47	49	96	397
Return on plan assets (excluding interest income)	–339	272	–67	1,777
Employer contributions	1,889	428	2,317	2,163
Employee contributions	1,463	–	1,463	1,260
Benefits paid/transferred	6,061	–545	5,516	–3,253
Currency translation adjustments	–	31	31	–242
As at 31 December	**45,065**	**5,612**	**50,677**	**41,321**

Pension costs:

in CHF 1,000	Swiss plan	Other plans	2020	2019
Current service cost	3,055	1,311	4,366	4,096
Interest cost on defined benefit obligation	120	144	264	597
Interest on plan assets	–47	–49	–96	–397
Total defined benefit cost recognized in income statement	**3,128**	**1,406**	**4,534**	**4,296**
Thereof finance expense	73	95	168	99
Thereof personnel expense	3,055	1,311	4,366	4,197
Actuarial (gain)/loss arising from demographic assumptions	–	–199	–199	779
Actuarial (gain)/loss arising from changes in financial assumptions	2,529	585	3,114	4,557
Actuarial (gain)/loss arising from experience	–166	–	–166	–4,142
Return on plan assets excluding interest income	339	–272	67	–1,777
Total remeasurements cost recognized in OCI	**2,702**	**114**	**2,816**	**–583**
Total defined benefit cost	**5,830**	**1,520**	**7,350**	**3,713**

Split of plan assets in %:

	Swiss plan	Other plans	2020	2019
Cash and cash equivalents	1.4 %	–	1.0 %	0.6 %
Equity instruments	31.2 %	–	22.9 %	27.1 %
Debt instruments	44.4 %	–	32.7 %	38.6 %
Real estate	18.6 %	–	13.7 %	16.4 %
Other	4.4 %	100.0 %	29.7 %	17.2 %
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

The actual return on plan assets amounted to TCHF29 (prior year: TCHF 2,174).

Significant actuarial assumptions:

	Swiss plan	Other plans	2020	2019
Discount rate	0.2 %	0.6 %	0.3 %	0.8 %
Salary growth rate	1.0 %	1.6 %	1.1 %	1.3 %

Pension liability – Sensitivity analysis for Swiss plans:

	Change in assumption	Change in DBO 2020	Change in DBO 2019
Discount rate	+/– 0.25 %	+/– 5.4 %	+/– 5.2 %
Salary growth rate	+/– 0.25 %	+/– 1.1 %	+/– 1.2 %

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 2021 amounts to TCHF2,089 (prior year: TCHF 2,028).

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 2020 amounted to TCHF 5,828 (prior year: TCHF 5,181).

22 Leases

Group as a lessee

The group leases various offices, cars and IT under non-cancellable lease agreements. The lease terms are between three months and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

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 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				
At 1 January 2020	8,921	4,421	624	13,966
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**

in CHF 1,000	Buildings	Vehicles	Other equipment	Total
At 1 January 2019	18,245	1,897	75	20,217
Business acquisitions	14,230	9,025	2,137	25,392
Additions	2,947	4,400	9	7,356
Disposals	–68	–52	–79	–199
Currency translation adjustments	–570	–345	–44	–959
As at 31 December 2019	**34,784**	**14,925**	**2,098**	**51,807**
Accumulated depreciation				
Additions	9,156	4,527	687	14,370
Disposals	–94	–13	–53	–160
Currency translation adjustments	–141	–93	–10	–244
As at 31 December 2019	**8,921**	**4,421**	**624**	**13,966**
Carrying amount 31 December 2019	**25,863**	**10,504**	**1,474**	**37,841**

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	2020	2019
At 1 January 2020	38,623	20,289
Business acquisitions	1,224	25,392
Additions	20,453	7,357
Disposals	–963	0
Accretion of interest	526	684
Payments	–16,984	–13,640
Currency translation adjustments	–1,161	–1,459
As at 31 December 2020	**41,718**	**38,623**

The following are the amounts recognized in the income statement:

in CHF 1,000	2020	2019
Depreciation expenses on right-of-use assets	–16,704	–14,370
Interest expenses on lease liabilities	–526	–684
Expenses relating to short-term leases (included in other operating expenses)	–769	–3,656
Income from subleasing of right-of-use assets	887	716
Total	**–17,112**	**–17,994**

In 2020, the group had total cash outflows for leases of TCHF 17,753 (prior year: TCHF 17,296).

23 Share capital and treasury shares

	Number of shares	Carrying amount in CHF 1,000
As at 1 January 2019	**135,428,570**	**1,354**
Increase/(Decrease)	23,152,890	232
As at 31 December 2019	**158,581,460**	**1,586**
Increase/(Decrease)	–	–
As at 31 December 2020	**158,581,460**	**1,586**

The nominal value of the company's shares amounts to CHF 0.01 as at 31 December 2020. All shares issued by the company are fully paid.

Treasury shares

	Number of shares	Carrying amount in CHF 1,000
As at 1 January 2019	**3,978,540**	**9,943**
Shares purchased under transfer window	486,570	2,618
Shares issued under employee share plan	–94,207	–1
Shares used for acquisition of BNW and MassiveR&D	–99,399	–536
As at 31 December 2019	**4,271,504**	**12,024**
Shares issued under employee share plan	–228,460	–1,232
Shares issued for renumeration of Board of Directors	–26,243	–142
As at 31 December 2020	**4,016,801**	**10,650**

24 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	2020	2019
Profit for the period attributable to owners of the parent	176,836	125,997

Number of shares	2020	2019
Weighted average number of ordinary shares	154,442,769	152,468,521
Adjustment for share-based payment plans	126,858	346,985
Weighted average number of shares used to calculate diluted earnings per share	154,569,627	152,815,506
Basic earnings per share in CHF	**1.14**	**0.83**
Diluted earnings per share in CHF	**1.14**	**0.82**

25 Dividends

The dividends paid in 2020 were TCHF 32,460 or CHF 0.21 per share (prior year: TCHF 25,300 or CHF 0.16 per share). A dividend in respect of the period ended 31 December 2020 of CHF 0.30 per share (excluding treasury shares), amounting to a total dividend of TCHF 47,574, is to be proposed at the Annual General Meeting on 20 May 2021. These financial statements do not reflect this proposed dividend. Dividends are paid out of the capital contribution reserve of SoftwareONE Holding AG.

26 Share-based payments

In 2020, SoftwareONE launched three new share-based payment programs in line with the long-term corporate strategy. These are the Free Share Grant ('FSG'), the Employee Share Purchase Plan ('ESPP') and the Long-term Incentive Plan ('LTIP'). 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. In addition, arrangements that were launched in previous years, the Share-based Payment Plan and the Management Equity Plan ('MEP') exist.

Effective with the Annual General Meeting 2020, the remuneration of the Board of Directors is partially paid out in shares.

SoftwareONE recognized total share-based payment expenses of TCHF 25,266 in 2020 (prior year: TCHF 21,393). The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

in CHF 1,000	Share-based Payment Plan	Management Equity Plan	Free Share Grant	Employee Share Purchase Plan	Long-term Incentive Plan	Board of Directors fees paid in shares	2020
Program launched 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	–	–	523	328	18,712

in CHF 1,000	Share-based Payment Plan	Management Equity Plan	2019
Program launched in	2015	2019	
Expenses recognized in income statement	18	21,375	21,393
Thereof expenses related to key management	45	18,659	18,704

SoftwareONE has recognized an increase in equity in the balance sheet of TCHF 26,256 for share-based payment (prior year: TCHF 21,010), of which TCHF 911 (prior year: TCHF 0) 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 those 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 transferred 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 in the amount of TCHF 15,986 to settle social security liabilities relating to the amended MEP.

Free Share Grant

The FSG provides all entitled SoftwareONE employees 100 bonus shares each and therefore represents a share-based remuneration with compensation through equity instruments.

On 31 July 2020, 387,200 free shares were granted at a fair value of CHF 23.40 per share. However, employees started rendering services from 10 April 2020 in anticipation of the grant. 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. 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 ESPP is rolled out in three waves resulting in three different grant dates (always day of final agreement between participant and SoftwareONE). In 2020, the first and second wave were rolled out, resulting in a grant date on 7 August 2020 at a price of CHF 23.60 per share and on 8 November 2020 at a price of CHF 23.40 per share, respectively. For the first and second wave, 21,640 matching shares are expected.

Long-term Incentive Plan

The LTIP 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 a gross profit and 25% on a relative total shareholder return ('rTSR'). 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 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 >= 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 LTIP is valued using a Monte Carlo simulation. SoftwareONE has taken the following parameters into account in the valuation:

	PSU 2020
Valuation date	29 May 2020
Remaining term (in years)	3
SWON share price at the valuation date	CHF 21.25
Price STOXX 1800 Technology Index at the valuation date	USD 1,473.43
Volatility SWON	34.79%
Volatility STOXX 1800 Technology Index	21.96%
Correlation	47.97%
Risk-free interest rate SWON	-0.69%
Risk-free interest rate STOXX 1800 Technology Index	0.22%
Expected dividend yield	0.99%
Exercise price	CHF 0.00
Gross profit vesting measure	1
Number of PSUs granted	319,208
Fair value per PSU	CHF 21.65

The term of the PSUs granted in 2020 starts on 29 May 2020 (valuation date) and ends on 28 May 2023 (end of the vesting period). An average expected fluctuation of 0% p.a. for the Executive Board, 5.0% p.a. for the Executive Leadership Team and a historical fluctuation per country has been applied for the other beneficiaries.

Renumeration of Board of Directors partially paid in shares

Effective from the Annual General Meeting 2020, on 14 May 2020, 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 2020: 19 May 2020). The shares vest until the next Annual General Meeting and afterwards are subject to transfer restrictions of three years.

In 2020, 26,243 shares were granted at a fair value of CHF 19.66 per share.

27 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%). As expected, in July 2017, the administrative appeal against this Infraction Notice was rejected. 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. 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 is defending its position for both fiscal years 2012 and 2017 with the support of third-party lawyers. Thus, SoftwareONE Brazil has filed a further appeal before the Administrative Tax Appeal Court ('CARF'). Neither the amount under dispute nor the probability of the outcome of the dispute can be reliably predicted at this stage.

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. According to Resolution 042-2014-SUNAT/5D0000 from 2014, licensing purchased abroad are not subject to withholding taxes, whereas services are subject to withholding tax contribution. As expected, 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 continus 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. Thus, SoftwareONE Peru 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 by the tax court in January 2021. SUNAT has the right to appeal the decision within three months following the notification. The probability of the outcome of the dispute cannot be reliably predicted at this stage.

28 Related party transactions

Key management includes members of the Board of Directors and members of the Executive Board (CEO, CFO, COO and President of Sales). Transactions with and the compensation paid or payable to key management for employee services is shown below.

in CHF 1,000	2020	2019
Services rendered (Board of Directors)	–1,370	–676
Share-based payment expenses (Board of Directors)	–328	–
Salaries and other short-term employee benefits	–3,612	–4,245
Share-based payment expenses	–568	–45
Post-employment benefits	–162	–109
Total	**–6,040**	**–5,075**

In addition, in connection with the Management Equity Plan, SoftwareONE recognized expenses in the income statement in the amount of TCHF 17,816 (prior year: TCHF 18,659) which are related to key management. Please also refer to Note 26 Share-based payments.

The following transactions were carried out with InterGrupo, which was a joint venture until 31 October 2020:

in CHF 1,000	2020	2019
Services rendered	–564	–698
Services received	1,172	354
Receivables	–	101
Liabilities	–	306

29 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 and President of Sales) 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 its customer's headquarter domicile since this region is responsible for the global client relationship with a particular customer. 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' eliminates the effect of using different average foreign exchange rates in the segment reporting. 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, 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 the consolidated income statement.

Segment disclosure 2020

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX	Other	Total
Total revenue (external)	5,466,075	933,352	405,586	1,119,072	7,924,085	–	–23,290	5,460	7,906,255
Cost of software purchased and third-party service delivery costs	–4,981,246	–829,806	–354,728	–1,037,896	–7,203,676	–1,102	22,153	5,990	–7,176,635
Gross profit[1]	**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[2]	**212,485**	**36,575**	**13,164**	**27,496**	**289,720**	**–86,177**	**–873**	**–14,694**	**187,976**

1) Total revenue net of cost of software purchased and third-party service delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortization.

In 2020, the most relevant reconciliation items in the column 'Other' were costs for share-based payments (TCHF 24,025), for earn-outs (TCHF 4,084), for integration (TCHF 4,791) and an opposite effect from the difference in accounting policies of IFRS 16 (TCHF 16,850). The reclassification of bad debt provisions amounts to TCHF 6,244. Moreover, the financials of InterGrupo are not reflected in the internal reporting. Therefore, the income statement for the months of November and December is included in column 'Other' with an impact on total revenue (TCHF 6,056), cost of software purchased and third-party service delivery costs (TCHF 602) and personnel expenses and other operating expenses/income (TCHF 4,194). All other reconciliation items were minor.

Segment disclosure 2019

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate [3]	CPX Jan 19	FX	Other	Total
Total revenue (external)	5,381,637	955,365	413,138	1,003,165	7,753,305	–	–242,612	100,147	–	7,610,840
Cost of software purchased and third-party service delivery costs	–4,877,426	–846,179	–357,544	–930,980	–7,012,129	–1,773	214,571	–104,268	7,070	–6,896,529
Gross profit[1]	**504,211**	**109,186**	**55,594**	**72,185**	**741,176**	**–1,773**	**–28,041**	**–4,121**	**7,070**	**714,311**
Personnel expenses and other operating expenses/income	–276,393	–65,459	–45,193	–49,453	–436,498	–93,023	19,025	5,393	–38,934	–544,037
EBITDA[2]	**227,818**	**43,727**	**10,401**	**22,732**	**304,678**	**–94,796**	**–9,016**	**1,272**	**–31,864**	**170,274**

1) Total revenue net of cost of software purchased and third-party service delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortization.
3) The column 'CPX Jan 19' eliminates the income statement of COMPAREX group for the month of January 2020. The segment reporting includes COMPAREX for 12 months (comparable with pro forma presentation) and not for 11 months.

In 2019, the most relevant reconciliation items in the column 'Other' were costs for share-base payments (TCHF 21,375), costs for the acquisition and integration of COMPAREX group (13,169), costs related to the IPO (TCHF 10,506) and positive effects from the application of IFRS 16 (TCHF 13,640). All other reconciliation items were minor.

Switzerland, the US, Germany and the Netherlands are the main geographical markets for SoftwareONE and represent approximately 56% (prior year: 58%) of total revenue. Revenue is reported based on the customer's headquarter domicile:

Additional geographical information 2020

in CHF 1,000	Switzerland	US	Germany	Netherlands	Other countries	Total
Revenue (external)	677,377	1,198,493	1,632,276	930,388	3,467,721	7,906,255
Non-current assets	82,710	16,511	210,498	101,203	164,467	575,389

Additional geographical information 2019

in CHF 1,000	Switzerland	US	Germany	Netherlands	Other countries	Total
Revenue (external)	606,640	1,268,459	1,582,048	972,837	3,180,856	7,610,840
Non-current assets	83,733	23,822	223,271	100,922	121,499	553,247

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 and right-of-use assets and are allocated based on the location of the group company.

30 Subsequent events

From the balance sheet date until the consolidated financial statements were approved by the Board of Directors on 24 March 2021, the following significant events occurred:

Acquisitions

On 1 March 2021, SoftwareONE acquired 100% of VB Technology Group AG, Switzerland ('ITPC'), with subsidiaries in Switzerland and India. ITPC is a SAP specialist for S/4HANA transformations, public cloud migrations and related managed services offerings, including monitoring, maintenance and support. The purchase price in the amount of TCHF 3,000 was fully paid in cash. No disclosures are made in accordance with IFRS 3, as no company figures were available at the time of publication of this report.

Employee Share Purchase Plan

In 2021, the third wave of ESPP has been rolled out, resulting in a grant date on 7 February 2021 at a price of CHF 29.15 per share. For the third wave, 294 matching shares are expected.

31 List of group companies

Fully consolidated

Company	Registered country	Voting & capital right in % 2020	Voting & capital right in % 2019
Western Europe (EMEA)			
SoftwareONE Holding AG	Stans, CH	n/a	n/a
SoftwareONE AG	Stans, CH	100	100
SoftwareONE Deutschland GmbH	Munich, DE	100	100
SoftwareONE Germany Services GmbH	Heilbronn, DE	100	100
SoftwareONE UK Ltd	Wimbledon, UK	100	100
SoftwareONE Italia Srl	Milan, IT	100	100
SoftwareONE BV Netherlands	Amsterdam, NL	100	100
SoftwareONE France SAS	Paris, FR	100	100
SoftwareONE Österreich GmbH	Vienna, AT	100	100
SoftwareONE Spain SL	Madrid, ES	100	100
SoftwareONE OY[3)]	Espoo, FI	100	100
SoftwareONE AB Sweden	Kista, SE	100	100
SoftwareONE Norway AS	Oslo, NO	100	100
SoftwareONE ApS[4)]	Copenhagen, DK	–	100
SoftwareONE LATAM Holding SL	Madrid, ES	100	100
SoftwareONE Belgium Sprl[3)]	Brussels, BE	100	100
Software Pipeline Ireland Ltd	Cork, IE	100	100
COMPAREX Sweden AB[1)]	Kista, SE	–	100
COMPAREX Norge AS[1)]	Oslo, NO	–	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
PC-Ware Information Technologies LTD[4)]	Middlesex, UK	–	100
COMPAREX AG	Leipzig, DE	100	100
Comparex PC-Ware Deutschland GmbH[1)]	Leipzig, DE	–	100
SoftwareONE BE[5)]	Brussels, BE	100	100
COMPAREX Austria GmbH	Vienna, AT	100	100
COMPAREX International Services GmbH[1)]	Poing, DE	–	100
ISP*D International Software Partners GmbH	Leipzig, DE	100	100
PC-Ware Professionals GmbH[1)]	Leipzig, DE	–	100
COMPAREX Cloud Services GmbH[1)]	Leipzig, DE	–	100
Systematica Distribution srl[5)]	Saronno, IT	100	100
COMPAREX UK Limited[3)]	Harrow, UK	100	100
COMPAREX France SAS[1)]	Louveciennes, FR	–	100
SoftwareONE Denmark ApS	Birkerød, DK	100	100
COMPAREX Nederland BV	Amsterdam, NL	100	100
COMPAREX Espana SA	Madrid, ES	100	100
B-lay BV	Utrecht, NL	100	–
B.services BV	Utrecht, NL	100	–
Intelligence Partners SL	Madrid, ES	100	–
Intelligence Partner U.K. Limited	London, UK	100	–
Eastern Europe (EMEA)			
SoftwareONE Czech Republic sro	Prague, CZ	100	100
SoftwareONE Slovakia sro	Bratislava, SK	100	100
OOO SoftwareONE Ltd[5)]	Moscow, RU	100	100
SoftwareONE Hungary Ltd	Budapest, HU	100	100
SoftwareONE Polska Sp zoo	Warsaw, PL	100	100
SoftwareONE Licensing Experts SRL	Bucharest, RO	100	100
SoftwareONE Experts South Africa	Johannesburg, ZA	100	100
SoftwareONE doo Serbia[3)]	Belgrade, RS	100	100
SoftwareONE Lisans Danismanlik Ltd Sirketi Turkey[4)]	Istanbul, TR	–	100

COMPAREX DOO BEOGRAD	Belgrade, RS	100	100
COMPAREX SOUTH AFRICA (PTY) LTD3)	Gauteng, ZA	100	100
COMPAREX Poland Spzoo	Warsaw, PL	100	100
SoftwareONE, informacijski sistemi, doo5)	Slovenia, SL	100	100
COMPAREX Slovakia spol sro1)	Bratislava, SK	–	100
COMPAREX CZ sro1)	Praha, CZ	–	100
SoftwareONE Ukraine Limited liability company	Kiev, UA	100	100
COMPAREX Hungary Kft3)	Budapest, HU	100	100
DIGI TRADE sro3)	Praha, CZ	100	100
OOO COMPAREX	Moscow, RU	100	100
SoftwareONE Bulgaria OOD	Sofia, BG	100	80
COMPAREX Romania SRL	Bucharest, RO	100	100
SoftwareONE Turkey Bilişim Teknolojileri Ticaret Anonim Şirketi	Istanbul, TR	90	90
COMPAREX HRVATSKA doo	Zagreb, HR	100	100
B.sorted SRL	Bucharest, RO	100	–
Latin America (LATAM)			
SoftwareONE Brazil CSI 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 Dominican Republic Srl	Santo Domingo, DO	100	100
Software Pipeline Mexico SA de CV	Mexico City, MX	100	100
Sftwrone SA de CV Mexico	Mexico City, MX	100	100
UC Point Mexico	Mexico City, MX	100	100
SWON IT Services México, SA de CV5)	Mexico City, MX	100	100
Yaima SA	Guatemala City, GT	100	100
SoftwareONE Uruguay SpA	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	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	St. Vincent, VC	100	100
SoftwareONE Costa Rica SA	San José, CR	100	100
COMPAREX Brasil SA	Sao Paulo, BR	100	100
Perifericos Electronicos SA de CV	Mexico City, MX	100	100
IG Services SAS2)	Sabaneta, CO	40	–
Intelligence Partner Brasil Consultoria De Informatica Ltda	Sao Paulo, BR	100	–
North America (NORAM)			
SoftwareONE, Inc.	New Berlin, US	100	100
Brave New World Consulting LLC1)	Dallas, US	–	100
SoftwareONE Canada Inc	Toronto, CA	100	100
B-lay Inc.	Delaware, US	100	–
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 Experts (Shanghai) Co, Ltd4)	Shanghai, CN	–	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[3]	Dubai, AE	100	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
RightCloud Pte Ltd[1]	Singapore, SG	–	100
SoftwareONE Kazakhstan TOO	Almaty, KZ	100	100
PC-Ware India Ltd[4]	Gurgaon, IN	–	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
Buysoft Inc[1]	Seoul, KR	–	100
COMPAREX (Beijing) Commercial Co Ltd[3]	Beijing, CN	100	100
COMPAREX Thailand Limited	Bangkok, TH	100	100
Intelligence Middle East DMCC	Dubai, AE	100	–
GorillaStack Pty Ltd.	Sydney, AU	100	–

1) Company was merged in 2020.
2) SoftwareONE is full economic owner of this company and has full control.
3) Company in liquidation.
4) Company was liquidated in 2020.
5) Company was renamed in 2020.

Associated companies and joint ventures

Company	Registered country	Voting & capital right in % 2020	Voting & capital right in % 2019
Investments accounted for using the equity method			
IG Services SAS[1]	Sabaneta, CO	–	40
TCL Digi Trade sro	Ostrava-Svinov, CZ	30	30

1) SoftwareONE obtained control over the company in 2020.

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 24 March 2021

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 2020 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 82 to 143) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 recognizes significant goodwill in the amount of MCHF 358 (11.5% of total assets) and the brand SoftwareONE with indefinite useful life in the amount of MCHF 31. Management performs an annual impairment test for goodwill and the brand in the fourth quarter in order to identify potential impairment. Goodwill and the brand are tested by determining the recoverable amounts of each CGU to which the asses is 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 rates 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 impairment testing models 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 enters into different types of contracts with customers and recognizes revenue from contracts with customers for software & cloud and solutions & services, as disclosed in note 6 of the consolidated financial statements. IFRS 15 *Revenue from Contracts with Customers* requires Management to apply judgment, also when assessing whether the Group acts as a principal or agent and the timing of revenue recognition. The assessment whether the Group acts as a principal or agent affects whether revenue is presented on a gross or net basis. The assessment regarding the timing of revenue recognition determines whether revenue is recognized in the appropriate period.

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, in particular where Management applied judgment, including the principal versus agent assessment, and examined whether revenue is recognized in accordance with the Group's revenue recognition 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 2020

PARENT COMPANY FINANCIAL STATEMENTS

Balance Sheet

For the year ended 31 December

in CHF	Note	2020	2019
Assets			
Cash and cash equivalents		7,834,152	508,532
Other current receivables due from third parties		3,571,626	15,179
Other current receivables due from group companies		6,505,169	10,718,326
Other current receivables due from shareholders	3	–	5,244,329
Short-term loans due from group companies		153,488,966	248,559,375
Short-term loans due from shareholders		–	1,481,457
Prepayments and accrued income from group companies		95,998	6,339
Financial assets	4	23,153,650	20,195,071
Current assets		**194,649,562**	**286,728,608**
Investments	5	211,097,254	211,097,254
Property, plant and equipment		11,175,200	11,470,400
Non-current assets		**222,272,454**	**222,567,654**
Total assets		**416,922,015**	**509,296,262**

in CHF	Note	2020	2019
Liabilities and equity			
Other current liabilities due to third parties		1,114,295	939,986
Other current liabilities due to group companies		–	30,714,802
Other current liabilities due to shareholders	6	–	32,635,401
Short-term loans due to third parties		–	3,233,804
Accruals and deferred income due to third parties		837,953	8,182,990
Accruals and deferred income due to group companies		7,075,704	2,755,358
Current liabilities		**9,027,952**	**78,462,341**
Other non-current liabilities due to third parties		6,390	9,844
Non-current liabilities		**6,390**	**9,844**
Shareholders' equity			
Share capital	7	1,585,815	1,585,815
Legal capital reserves			
Share premium		108,673,427	105,386,354
Capital contribution reserves (Swiss)	8	18,761,557	18,763,811
Capital contribution reserves (non-Swiss)	8	232,308,404	264,768,471
Voluntary retained earnings			
Profit brought forward		52,343,365	50,089,616
Profit for the period		4,864,468	2,253,750
Treasury shares	9	–10,649,362	–12,023,740
Equity		**407,887,673**	**430,824,077**
Total liabilities and equity		**416,922,015**	**509,296,262**

Income Statement

For the year ended 31 December

in CHF	Note	1 January to 31 December 2020	1 January to 31 December 2019
Dividend income	10	10,000,000	10,000,000
Rental income		805,758	770,443
Financial income	11	4,315,812	5,017,018
Other income		645,557	336,099
Total income		**15,767,127**	**16,123,560**
Administrative expenses	12	–9,859,003	–12,895,666
Other expenses		–519,943	–584,370
Depreciation on property, plant and equipment		–295,200	–270,600
Financial expenses	13	–130,225	–14,879
Direct taxes		–98,288	–104,295
Total expenses		**–10,902,659**	**–13,869,810**
Net profit for the year		**4,864,468**	**2,253,750**

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 2021 financial year. There are no plans to change the company's business activities.

COMPAREX acquisition

As of 31 January 2019, SoftwareONE Holding AG acquired 100% of COMPAREX AG, Germany ('COMPAREX').

This transaction resulted in the issuance of 2,315,289 new SoftwareONE Holding AG shares and the creation of a non-Swiss capital contribution reserve in the amount of CHF 264,768,471.

As part of the purchase agreement, a contingent consideration arrangement has been agreed resulting in a short-term loan due to shareholders in the amount of CHF 32,600,970 as of 31 December 2019 and has been settled in 2020.

In the context of the COMPAREX acquisition, SoftwareONE Holding AG separately purchased real estate in Leipzig, Germany.

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 is 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 Other current receivables due from shareholders

Other current receivables due from shareholders are in 2019 related to indemnities under the share purchase agreement of COMPAREX.

4 Financial assets

Financial assets are solely related to shares in the listed company Crayon Group Holding ASA.

5 Investments

All investments except SWO Switzerland AG are indirectly held. For details please refer to Note 31 List of group companies in the consolidated financial statements.

6 Other current liabilities due to shareholders

Other current liabilities due to shareholders are in 2019 related to the earn-out payment for the COMPAREX acquisition, which was paid in January 2020.

7 Share capital

The share capital as at 31 December 2020 was composed of 158,581,500 (2019: 158,581,500) fully paid-in registered shares, each with a nominal value of CHF 0.01.

8 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.

9 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 2018	**397,854**	**24.99**	**9,943**
Treasury shares after split (9 October 2019)	3,978,540	2.50	9,943
Shares purchased under transfer window	486,570	5.38	2,618
Shares used for acquisition	–99,399	5.40	–536
Shares issued under employee share plan	–94,207	0.01	–1
Total treasury shares as at 31 December 2019	**4,271,504**	**2.81**	**12,024**
Shares issued under employee share plan	–228,460	5.40	–1,233
Shares issued for renumeration of Board of Directors	–26,243	5.40	–142
Total treasury shares as at 31 December 2020	**4,016,801**	**2.65**	**10,649**

10 Dividend income

Dividend income comprises dividends received from subsidiaries.

11 Financial income

in CHF	2020	2019
Interest income	3,016,302	2,692,037
Foreign exchange gains	1,299,511	2,324,981
Total financial income	**4,315,812**	**5,017,018**

12 Administrative expenses

in CHF	2020	2019
IPO costs	–	–10,505,718
Personnel expenses BoD	–1,704,953	–585,245
Legal, consulting and other professional fees	–8,052,453	–1,750,737
Other	–101,598	–53,966
Total administrative expenses	**–9,859,003**	**–12,895,666**

13 Financial expenses

in CHF	2020	2019
Interest expenses	–1,775	–6,058
Bank charges	–128,449	–8,821
Total financial expenses	**–130,225**	**–14,879**

14 Major shareholders

Shareholder/group of shareholders	Shares held	% of voting rights
Dr. Daniel Marc von Stockar- Scherer-Castell, Hergiswil, Switzerland[4)]	17,489,874 (PY: 17,489,874)	11 % (PY: 11.03 %)
B. Curti Holding AG[1) 4)]	16,031,853 (PY: 19,031,853)	10.1 % (PY: 12.0 %)
René Rudolf Gilli, Emmetten, Switzerland[4)]	12,445,068 (PY: 12,445,068)	7.85 % (PY: 7.85 %)
Westminster Bidco S.à r.l[2)]	8,213,023 (PY: 23,454,893)	5.2 % (PY: 14.79 %)
Pictet Asset Management SA	5,154,610 (PY: 5,154,610)	3.25 % (PY: 3.25 %)
UBS Fund Management	4,806,309 (PY: 0)	3 % (PY: 0 %)
PERUNI' Holding GmbH[3)]	0 (PY: 12,573,693)	0 % (PY: 7.93 %)
Anastasia Karolina Nielsen, Monaco, Principality of Monaco, and Leon Elias Winter, Monaco, Principality of Monaco[5)]	<3 % (PY: 12,445,068)	<3 % (PY: 7.85 %)
Current and former employees, officers and directors[6)]	<3 % (PY: 10,749,660)	<3 % (PY: 6.78 %)

1) B. Curti Holding AG, Sarnen, Switzerland, is the direct shareholder of the shares which are indirectly controlled by Dr. Beat Alex Curti, Erlenbach, Switzerland.
2) Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg 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.
3) 'PERUNI' Holding GmbH, Vienna, Austria, 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.
4) 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 28.95 % (prior year: 30.88 %) of voting rights. The representative of this group of shareholders is Dr. Beat Curti, Erlenbach, Switzerland. The members of this group also form part of the groups disclosed in Notes 5 and 6. In addition Dr. Daniel Marc von Stockar- Scherer-Castell and René Rudolf Gilli own additional 'Blocked shares' as disclosed in Note 15 of Parent Company Financial Statements.
5) Anastasia Karolina Nielsen and Leon Elias Winter are each represented by their mother, Marina Nielsen, Monaco, Principality of Monaco, as their legal representative. Marina Nielsen is thus seen as having discretionary power to exercise the voting rights (within the meaning of article 120(3) FMIA, with respect to the shares held by Anastasia Karolina Nielsen and Leon Elias Winter.
6) In connection with SoftwareONE Holding AG's IPO, the members of the Board of Directors referred to in Note 3 as well as Peter Kurer, Andreas Fleischmann, Marina Nielsen, Johannes Peter Huth, Jean-Pierre Saad, Marie-Pierre Rogers, Timo Ihamuotila, José Alberto Duarte, Dieter Schlosser, Alex Alexandrov, Hans Grüter, Neil Lomax, together controlling 33.53 % of voting rights, have entered into a lock-up group, agreeing to a lock-up period ending 12 months after the first trading day of SoftwareONE Holding AG's shares on the SIX Swiss Exchange (ie until 25 October 2020).

15 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 2020.

Members of the BoD	Number of directly held shares [1] Vested shares	Blocked shares [2]	Number of indirectly held shares [3]	Total shareholdings as of 31 December 2020	Total shareholdings as of 31 December 2019
Daniel von Stockar	17,489,874	8,138	–	17,498,012	17,489,874
Peter Kurer	279,630	3,458	–	283,088	279,630
José Alberto Duarte	0	2,848	–	2,848	–
René Gilli	12,445,068	2,441	–	12,447,509	12,445,068
Timo Ihamuotila	10,000	3,255	–	13,255	10,000
Marie-Pierre Rogers	15,745	3,255	–	19,000	15,000
Jean-Pierre Saad[4]	–	2,848	–	2,848	–
Beat Curti[5]	–	–	16,031,853	16,031,853	19,031,853
Andreas Fleischmann[6]	–	–	–	–	–
Johannes Huth[4,7]	–	–	–	–	–
Marina Nielsen[8]	4,357,796	–	–	4,357,796	12,445,068
Total	**34,598,113**	**26,243**	**16,031,853**	**50,656,209**	**61,716,493**

1) Ordinary registered shares of SoftwareONE.
2) At grant, a restriction period of 3 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 Board of Directors (BoD) and closely related persons to the members of the BoD as at 31 December 2019.

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 (Chairman, NCC)	–	17,489,874	–	17,489,874
Beat Curti (Vice-Chairman)	–	–	19,031,853	19,031,853
Peter Kurer (Lead Independent Director)	–	279,630	–	279,630
José Alberto Duarte (AC) Since 25 October 2019	–	–	–	–
Andreas Fleischmann (member) Since 31 January 2019	–	–	–	–
René Gilli (member)	–	12,445,068	–	12,445,068
Johannes Huth (NCC)	–	–	–	–
Timo Ihamuotila (AC Chair) Since 25 October 2019	–	10,000	–	10,000
Marina Nielsen (member)	–	12,445,068	–	12,445,068
Marie-Pierre Rogers (NCC Chair) Since 25 October 2019	15,000	–	–	15,000
Jean-Pierre Saad (AC)	–	–	–	–
Total	**15,000**	**42,669,640**	**19,031,853**	**61,716,493**

1) Ordinary registered shares of SoftwareONE.
2) For 2019, the BoD's compensation will be fully paid in cash. For the members of the BoD term starting at the 2020 AGM, a portion of 40 % of their BoD compensation will be paid in the form of blocked shares.
3) 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 Executive Board (EB) and closely related persons to the members of the EB – such as spouses – as at 31 December 2020.

EB members	Number of directly held shares: Vested shares [1]	Blocked shares [2]	Restricted shares [3]	Total shareholdings as at 31 December 2020	Total shareholdings as at 31 December 2019
Dieter Schlosser (CEO)	570,856	287,932	–	858,788	858,788
Hans Grüter (CFO)	149,022	287,932	–	436,954	786,954
Alex Alexandrov (COO)	483,799	353,594	78,230	915,623	1,115,623
Neil Lomax (President)	493,251	287,932	–	781,183	1,171,183
Total	**1,696,928**	**1,217,390**	**78,230**	**2,992,548**	**3,932,548**

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

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 2019.

Members of the EB	Number of directly held shares: Vested shares [1]	Blocked shares [2]	Restricted shares [3]	Total shareholdings
Dieter Schlosser (CEO)	426,890	431,898	–	858,788
Hans Grüter (CFO)	355,056	431,898	–	786,954
Alex Alexandrov (COO)	507,001	530,392	78,230	1,115,623
Neil Lomax (President)	739,285	431,898	–	1,171,183
Total	**2,028,232**	**1,826,086**	**78,230**	**3,932,548**

1) Includes shares individually purchased under the ESPP and shares granted through the MEP, subject to a post-vesting sales restriction of 12 months after the IPO First Trading Day.
2) Shares held through the MEP subject to staggered restriction periods for a term of three years with early leaver conditions.
3) Shares legally held by SoftwareONE Holding AG, whereby the legal share transfer to happen after a vesting period of three years.

16 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.

17 Events after the reporting period

none

Appropriation of Available Earnings

SoftwareONE Holding AG, Stans

Retained earnings		
in CHF	2020	2019
Retained earnings brought forward	52,343,366	50,089,616
Profit for the period	4,864,468	2,253,750
Voluntary retained earnings before proposed distribution	**57,207,834**	**52,343,366**
Voluntary retained earnings after proposed distribution	**57,207,834**	**52,343,366**

Capital contribution reserve		
in CHF	2020	2019
Capital contribution reserves brought forward (Swiss)	**18,763,811**	**18,304,721**
Transactions with treasury shares	–2,254	459,090
Proposed distribution out of capital contribution reserves (Swiss)	–	–
Capital contribution reserves after proposed distribution (Swiss)	**18,761,557**	**18,763,811**
Capital contribution reserves brought forward (non-Swiss)	**232,308,404**	**–**
Allocation from COMPAREX acquisition	–	264,768,471
Proposed distribution out of capital contribution reserves (non-Swiss)	–47,574,450	–32,460,067
Capital contribution reserves after proposed distribution (non-Swiss)	**184,733,954**	**232,308,404**

The Board of Directors will submit a proposal to the Annual General Meeting of SoftwareONE Holding AG on 20 May 2021 to issue a dividend for fiscal year 2020 of CHF 0.30 per registered share from the capital contribution reserves (non-Swiss). All shares outstanding as of 31 December 2020 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, 24 March 2021

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 149 to 169), for the year ended 31 December 2020.

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 2020 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 2020, SoftwareONE Holding AG holds all shares in SoftwareONE AG in the amount of MCHF 211 (51% 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 153 (37% 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

Cautionary statement regarding forward-looking and non-IFRS information

This annual report 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 annual report. 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 annual report 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.

In addition, this annual report contains selected financial statement line items and non-IFRS or adjusted financial measures prepared on a proforma basis. The proforma financial information for 2019 has been prepared by aggregating (i) the audited IFRS reported financial information for the financial year 2019 (consisting of twelve months of the group (excluding Comparex AG and its consolidated subsidiaries ('Comparex')) and eleven months of Comparex) and (ii) the month of January 2019 of Comparex. The proforma financial information has been prepared by taking into account the group's acquisition of Comparex as if such acquisition had taken place on 1 January 2019 and has not been audited, reviewed or otherwise verified. Accordingly, such proforma financial information should be treated as merely indicative of the performance of the group as if the acquisition of Comparex had taken place on 1 January 2019 and the group's actual performance for the relevant period could vary, possibly significantly, from the information set forth in the proforma financial information.

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

20 May 2021
Annual General Meeting (AGM) 2021

26 August 2021
Half-year Results & Half-year Report 2021

3 March 2022
Full-year Results 2021

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