SoftwareONE Holding AG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2019

Interim condensed consolidated income statement

For the six months ended 30 June in CHF 1,000	Notes	2019 [1]	2018
Revenue from sale of software		3,723,057	1,855,944
Revenue from solutions and services		170,041	56,883
Other revenue		7,216	8,090
Total revenue	3	**3,900,315**	**1,920,917**
Cost of software purchased		–3,464,274	–1,698,073
Third-party service delivery costs		–87,231	–16,136
Personnel expenses		–208,530	–113,425
Other operating expenses		–50,768	–25,567
Other operating income		5,456	603
Earnings before net financial items, taxes, depreciation and amortization		**94,968**	**68,319**
Depreciation and amortization		–24,056	–7,818
Earnings before net financial items and taxes		**70,912**	**60,501**
Finance income	5	18,782	4,166
Finance costs		–5,634	–1,787
Foreign exchange differences, net		–2,291	–2,395
Earnings before income tax		**81,769**	**60,485**
Income tax expense	6	–14,505	–18,630
Profit for the period		**67,264**	**41,855**
Profit attributable to:			
– Owners of the parent		68,212	41,514
– Non-controlling interest		–948	341
Earnings per share in CHF			
– Basic		4.55	3.15
– Diluted		4.54	3.14

1) Revenues and expenses of Comparex Group have been consolidated since 31 January 2019, when it was acquired by the Group, refer to Note 2.3

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June in CHF 1,000	2019	2018
Profit for the period	**67,264**	**41,855**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**		
Re-measurements of post-employment benefit obligation	–4,770	2,341
Taxes	763	–374
Items that may be reclassified to profit or loss in subsequent periods		
Currency translation adjustment	–8,773	487
Cash flow hedges	931	1,438
Taxes	–147	–273
Total other comprehensive income for the period	**–7,989**	**1,652**
Total comprehensive income for the period	**55,268**	**45,474**
Total comprehensive income attributable to:		
– Owners of the parent	56,085	44,963
– Non-controlling interest	–816	511

Interim condensed consolidated balance sheet

As at in CHF 1,000	Notes	30 Jun 2019 [1]	31 Dec 2018
Assets			
Cash and cash equivalents		126,920	154,142
Trade receivables		1,609,867	750,774
Income tax receivables		6,041	2,287
Other receivables		111,284	61,761
Derivative financial instruments	5	2,689	2,554
Prepayments and contract assets		384,817	96,977
Short-term financial assets	5	31,336	12,668
Current assets		**2,272,954**	**1,081,163**
Tangible assets		25,471	7,294
Intangible assets	2.3	486,764	90,564
Right-of-use assets		38,095	–
Other receivables		39,266	21,609
Long-term loans		2,601	2,569
Derivative financial instruments	5	322	440
Deferred tax assets		20,898	11,030
Non-current assets		**613,417**	**133,506**
TOTAL ASSETS		**2,886,371**	**1,214,669**

1) Assets and liabilities of Comparex Group have been consolidated since 31 January 2019, when it was acquired by the Group, refer to Note 2.3

Interim condensed consolidated balance sheet

As at in CHF 1,000	Notes	30 Jun 2019	31 Dec 2018
Liabilities and shareholders' equity			
Trade payables		1,287,353	483,934
Other payables		166,796	76,353
Accrued expenses and contract liabilities		547,832	287,140
Derivative financial instruments	5	2,553	2,100
Income tax liabilities		20,783	11,877
Bank overdraft		12,441	5,097
Other financial liabilities		44,415	20,162
Provisions		3,009	–
Current liabilities		**2,085,182**	**886,662**
Derivative financial instruments	5	884	120
Financial liabilities		185,591	39,061
Provisions		3,426	2,495
Deferred tax liabilities		32,640	11,430
Other long-term liabilities		22,948	11,973
Non-current liabilities		**245,489**	**65,079**
TOTAL LIABILITIES		**2,330,671**	**951,741**
Share capital		1,586	1,354
Share premium		304,819	65,148
Treasury shares		–12,567	–9,943
Retained earnings		205,801	131,438
Profit for the period		67,264	78,156
Hedging reserve		996	212
Currency translation adjustments		–12,198	–3,438
Equity attributable to owners of the parent		**555,701**	**262,927**
Non-controlling interest		–1	1
Total equity		**555,700**	**262,928**
TOTAL LIABILITIES AND EQUITY		**2,886,371**	**1,214,669**

Interim condensed consolidated statement of cash flows

For the six months ended 30 June in CHF 1,000	Notes	2019	2018
Profit for the period		**67,264**	**41,855**
Adjustments for:			
– Depreciation and amortization		24,056	7,817
– Total financial result, net		–10,857	16
– Tax expenses		14,505	18,630
– Other non-cash items		7,442	16,901
Cash flow before changes in net working capital		**102,410**	**85,219**
– Change in trade receivables		–173,284	–95,847
– Change in other receivables, prepayments and contract assets		–282,307	–88,550
– Change in trade and other payables		141,821	115,421
– Change in accrued expenses and contract liabilities		207,325	23,529
– FX impact on changes in working capital		3,878	–940
Total changes in working capital		**–102,567**	**–46,387**
Income taxes paid		–14,898	–5,503
Net cash generated from/(used in) operating activities		**–15,055**	**33,329**
Purchases of tangible and intangible assets		–11,448	–6,167
Proceeds from sale of tangible and intangible assets		128	127
Purchase of financial assets		–7,196	–13,000
Loans granted		–338	–6,856
Loan repayments received		1,355	3,976
Interest received		1,037	526
Acquisition of businesses (net of cash)	2.3	56,667	–
Net cash from/(used) in investing activities		**40,205**	**–21,394**
Proceeds from financial liabilities		684,875	130,882
Repayments of financial liabilities		–704,198	–133,723
Payment of contingent consideration liability		–3,149	–1,637
Purchase of treasury shares		–2,462	–268
Interest paid		–3,099	–839
Dividends paid to owners of the parent		–24,855	–9,800
Net cash from/(used in) financing activities		**–52,888**	**–15,385**
Net (decrease)/increase in cash and cash equivalents		**–27,738**	**–3,450**
Cash and cash equivalents at beginning of period		**154,142**	**114,952**
Net foreign exchange difference on cash and cash equivalents		516	–766
Cash and cash equivalents at end of period		**126,920**	**110,736**

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June in CHF 1,000	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjust-ments	Equity attribut-able to owners of SoftwareONE Holding AG	Non-controlling interest	Total equity
Balance as at 1 Jan 2018	**1,354**	**74,551**	**–230**	**133,662**	**–856**	**–260**	**208,221**	**1**	**208,222**
Profit for the period				41,514			41,514	341	41,855
Re-measurements of post-employment benefit plans (net of tax)				1,967			1,967		1,967
Other comprehensive income for the period					1,165	316	1,481	171	1,652
Total comprehensive income for the period				**43,680**	**1,165**	**316**	**45,161**	**512**	**45,673**
Transactions in treasury shares		3,592	209				3,801		3,801
Dividends		–13,600					–13,600		–13,600
Transactions in NCI				–127		639	512	–512	–
Share-based payment		50		334			384		384
Reclassifications		130		–130			–		–
Balance as at 30 June 2018	**1,354**	**64,723**	**–21**	**177,220**	**309**	**695**	**244,280**	**1**	**244,281**
Balance as at 1 Jan 2019	**1,354**	**65,149**	**–9,943**	**209,594**	**212**	**–3,438**	**262,927**	**1**	**262,928**
Profit for the period				**68,213**			**68,213**	**–948**	**67,264**
Re-measurements of post-employment benefit plans (net of tax)				–4,007			–4,007		–4,007
Other comprehensive income for the period					784	–8,905	–8,121	132	–7,989
Total comprehensive income for the period				**64,206**	**784**	**–8,905**	**56,085**	**–816**	**55,268**
Transactions in treasury shares		43	–2,625				–2,582		–2,582
Capital increase	232	264,768					265,000		265,000
Dividends		–25,300					–25,300		–25,300
Transactions in NCI				–936		146	–790	815	25
Share-based payment		158		202			360		360
Balance as at 30 June 2019	**1,586**	**304,819**	**–12,568**	**273,066**	**996**	**–12,198**	**555,701**	**–1**	**555,700**

2 Notes to the interim condensed consolidated financial statements

2.1 General information

SoftwareONE Holding AG ("the Company", "SWO Holding AG") and its subsidiaries (together 'the Group' or "SWO" or "SWO Group") is a fast-growing, premier software and services provider and is an authorized large account reseller and enterprise software advisor mainly focused on software licensing and related services.

The Company is incorporated and domiciled in Stans, Switzerland. The address of its registered office is Riedenmatt 4, 6370 Stans. These interim consolidated financial statements for the six months ended 30 June 2019 were authorized for issue by the Board of Directors on 11 September 2019.

2.2 Basis of preparation and changes to the Group's accounting policies

Basis of presentation
The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2018 as reissued and approved by the Board of Directors on 11 September 2019.

New standards, interpretations and amendments adopted by the Group
Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted IFRS 16 "Leases" from 1 January 2019. A number of other changes in IFRS are also effective from 1 January 2019, but they do not have a material effect on the Group's consolidated financial statements.

IFRS 16 "Leases"
IFRS 16 replaces IAS 17 "Leases" and related interpretations. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The Group adopted IFRS 16 using the modified retrospective approach and has not restated comparative information. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

The Group has lease contracts for office locations, vehicles and other equipment. Before the adoption of IFRS 16, all leases of the Group were classified as operating leases. Upon adoption of IFRS 16, SWO recognized right-of-use assets and lease liabilities for its leases, except for short-term leases and leases of low-value assets. The right-of-use assets have been recognized at the same amount as the leases liabilities. Lease liabilities were determined based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The effect of adoption of IFRS 16 on the balance sheet as at 1 January 2019 is as follows:

- Right-of-use assets TCHF 18,868
- Financial liabilities TCHF 18,868

The Group's accounting policy for leases applied since 2019 is as follows:

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., 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. 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 its estimated useful life and the lease term. 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.

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 (i.e., 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 (i.e., 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.

Seasonality of operations
SWO Group's results are subject to significant seasonality effects. Total revenue peaks toward the end of the fourth quarter of the financial year, driven by the IT budget cycle of many of our customers. To a lesser extent, a second peak occurs toward the end of the second quarter as a result of year-end campaigns by Microsoft, our most important software vendor, whose fiscal year ends on 30 June.

Exchange rates

Currency (1 CHF =)	Abbr.	6M 2019 Ø-rate	30.06.19 closing rate	6M 2018 Ø-rate	30.06.18 closing rate
Brazilian real	BRL	3.84	3.95	3.54	3.86
Chinese yuan Renminbi	CNY	6.79	7.03	6.57	6.63
Euro	EUR	0.88	0.90	0.85	0.87
British pound	GBP	0.77	0.80	0.75	0.77
Indian rupee	INR	70.00	70.60	67.76	68.95
Malaysian ringgit	MYR	4.12	4.24	4.06	4.05
Singapore dollar	SGD	1.36	1.38	1.37	1.37
US dollar	USD	1.00	1.02	1.03	1.00

Contingencies
SoftwareONE Group, as an internationally operating Group, 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. Nevertheless, the Group is still of the opinion that the cumulative system was and still is correctly applied, in line with industry standard and is defending its position 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. There have been no further developments in this matter during the period ending on 30 June 2019.

2.3 Changes in the scope of consolidation

Acquisitions in 2019
As of 31 January 2019, SoftwareONE Holding AG 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. COMPAREX develops innovative services that support management and leverage software products. COMPAREX serves corporate customers spanning from small businesses to large international corporations as well as public institutions – supporting customers during their digital journey towards productivity optimization.

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

in CHF 1,000	2019
Cash and cash equivalents	110,965
Trade receivables	585,385
Other short-term assets	36,345
Tangible assets	17,816
Intangibles (excluding goodwill)	78,304
Goodwill	333,583
Right-of-use assets	22,115
Deferred tax assets	6,226
Other non-current assets	16,513
Trade payables	–533,701
Other short-term payables	–83,832
Accrued expenses and contract liabilities	–57,992
Provisions	–984
Contingent consideration liabilities	–3,724
Long-term financial liabilities	–131,170
Deferred tax liabilities	–26,001
Other long-term liabilities	–16,176
Net assets acquired	**353,672**

The above figures are provisional. The assessment of contingent liabilities and indemnifications assets had not been completed by the date these interim condensed consolidated financial statements were authorized for issue by the Board of Directors.

The fair value of trade receivables amounts to TCHF 585,385. The gross amount of trade receivables is TCHF 590,343 of which TCHF 4,958 is expected to be uncollectible. The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of COMPAREX with those of the Group. The goodwill is not deductible for income tax purposes.

From the date of acquisition, COMPAREX has contributed TCHF 1,464,100 of revenue and TCHF 14,140 to the earnings before income tax.

Details of the purchase consideration are as follows:

in CHF 1,000	2019
Cash paid	54,463
Contingent consideration liability	34,209
Fair value of 2,315,289 newly issued SoftwareONE Holding shares	265,000
Total purchase consideration	**353,672**

For the purpose of the purchase price allocation, the fair value of the newly issued ordinary shares was determined by way of an EBITDA multiple, based on a comparable group of companies, and other factors, at the date of acquisition. This resulted in a fair value of CHF 114.46 per share, totaling TCHF 265,000.

There were no significant transaction costs related to the capital increase.

As part of the purchase agreement, a contingent consideration arrangement was agreed that could result in an additional cash payment to the previous owners of COMPAREX. This cash payment could amount to a maximum of TEUR 30,000, depending on the price that would be achieved upon occurrence of an exit event, being either an IPO or trade sale of SWO Holding AG. The EBITDA multiple reached upon such an exit event determines the amount of the payout to be made. At the time of acquisition, the Group assessed the estimated timing and result of such an exit event and determined that the fair value of the contingent consideration liability amounted to TCHF 34,209, i.e. the maximum amount.

Analysis of the cash flows on acquisition:

in CHF 1,000	2019
Cash consideration	54,463
Net cash of COMPAREX acquired	110,965
Net inflow of cash – investing activities	**56,502**

Most of the transaction costs were incurred prior to 2019, total transaction costs of TCHF 8,905 have been expensed. Of these, TCHF 1,386 are reflected in the period to 30 June 2019 (comparative period to 30 June 2018: TCHF 1,002).

As of 30 April 2019, the Group acquired 100% of RightCloud Pte. Ltd., Singapore (“RightCloud”).

RightCloud is a market-leading cloud-based service provider, delivering cloud solutions and an overall digital transformation to enterprises. RightCloud specializes in Amazon Web Services, creating multi-cloud strategy, managed services, cloud security, big data, business analytics, DevOps, application development and SAP on Cloud.

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

in CHF 1,000	2019
Cash and cash equivalents	167
Trade receivables	134
Other short-term assets	9
Goodwill	262
Trade payables	–218
Other short-term liabilities	–92
Net assets acquired	**262**

The goodwill is mainly attributable to the workforce and is not tax deductible.

The acquired business contributed revenue of TCHF 235 and earnings before tax of TCHF –63 since the acquisition until 30 June 2019.

Details of the purchase consideration are as follows:

in CHF 1,000	2019
Cash paid	–
Contingent consideration liability	262
Total purchase consideration	**262**

As part of the purchase agreement, a contingent consideration arrangement was agreed that could result in additional cash payments to the previous owners of RightCloud. The amount of the payments depends on EBITDA developments for 2022 and 2023 and a multiplier derived from other variables. For most sellers, the payments are contingent on continued employment and thus compensation for future service. They will therefore be accreted as personnel expenses during the period of service. The fair value of the small portion that is consideration for the acquisition of RightCloud was estimated at the time of acquisition and included in the total consideration amount.

There were no significant transaction costs related to this acquisition.

If the acquisitions had taken place at the beginning of the year, total revenue of SWO Group would have been TCHF 4,155,440 and the net profit for the period would have been TCHF 71,494 (on a pro forma basis).

These two business combinations resulted in additional goodwill of TCHF 333,845. The carrying amount of goodwill increased from TCHF 9,372 at 1 January 2019 to TCHF 335,966 at 30 June 2019 due to these transactions and currency translation adjustments of TCHF –7,251. There were no other changes.

Information on prior year acquisition
On 3 October 2018, the Group acquired 100% of the shares of ISI Expert SAS, a managed services and infrastructure provider based in France. During the period to 30 June 2019, 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 2018.

3 Segment reporting

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

- **EMEA** (Europe and South Africa)
- **NORAM** (USA, 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) 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 customers' 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 (Total Group) as follows:

The column "Corporate" includes the Group cost centers such as management and Shared Services costs. The column "FX" eliminates the effect of using differing average foreign exchange rates in the segment reporting and the column "Other" includes other reconciling items that are not allocated to the segments and corporate in internal reporting.

For the six months ended 30 June 2019

	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX	Other	Total Group
Total revenue (external)	**2,861,570**	**562,834**	**215,040**	**522,172**	**4,161,616**	**–**	**–261,475**	**174**	**3,900,315**
Cost of software purchased and third-party service delivery costs	–2,632,022	–509,518	–187,647	–484,453	–3,813,640	–822	262,258	699	–3,551,505
Gross profit[1)]	**229,548**	**53,316**	**27,393**	**37,719**	**347,976**	**–822**	**783**	**873**	**348,810**
Operating expenses	–127,657	–32,417	–22,906	–23,497	–206,477	–45,221	1,340	–3,484	–253,842
EBITDA[2)]	**101,891**	**20,899**	**4,487**	**14,222**	**141,499**	**–46,043**	**2,123**	**–2,611**	**94,968**

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

For the six months ended 30 June 2018

	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX	Other	Total Group
Total revenue (external)	**1,017,463**	**339,448**	**148,646**	**378,199**	**1,883,756**	**–**	**37,161**	**–**	**1,920,917**
Cost of software purchased and third-party service delivery costs	–912,208	–293,757	–124,221	–347,184	–1,677,370	–349	–35,056	–1,433	–1,714,209
Gross profit[1)]	**105,255**	**45,691**	**24,425**	**31,015**	**206,386**	**–349**	**2,105**	**–1,433**	**206,708**
Operating expenses	–57,637	–26,698	–15,700	–19,697	–119,732	–14,901	–615	–3,141	–138,389
EBITDA[2)]	**47,619**	**18,993**	**8,725**	**11,317**	**86,654**	**–15,250**	**1,490**	**–4,574**	**68,319**

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

In 2019 and 2018, the most relevant reconciliation item in the column "Other" were expenses for merger and acquisitions, other items were minor.

Switzerland, the US, Germany and the Netherlands are the main geographical markets for the Group and represent approximately 50% of total revenue:

Additional geographical information for the six months ended 30 June 2019

	Switzerland	US	Germany	Netherlands	Other countries	Total
Revenue (external)	367,330	717,738	722,671	125,731	1,966,845	3,900,315

Additional geographical information for the six months ended 30 June 2018

	Switzerland	US	Germany	Netherlands	Other countries	Total
Revenue (external)	248,082	478,420	181,437	74,248	938,730	1,920,917

Revenue (external) is reported based on customers' headquarter domicile.

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

Information about products and services:

in CHF 1,000	2019	2018
Revenue from sale of software		
– Microsoft products	2,653,129	1,329,060
– Multivendor products	1,069,929	526,884
Revenue from solutions and services	170,041	56,883
Other revenue	7,216	8,090
Total revenue	**3,900,315**	**1,920,917**

For products, SoftwareONE splits its revenue between Microsoft, Multivendor, solutions and services and other revenue such as hardware sales. Multivendor represents all license transactions excluding Microsoft.

4 Earnings per share

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

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

For the six months ended 30 June in CHF 1,000	2019	2018
Profit for the period attributable to owners of the parent	68,212	41,514
in 1,000 shares		
Weighted average number of ordinary shares	14,983	13,192
Adjustment for share-based payment plans	29	41
Weighted average number of shares used to calculate diluted earnings per share	15,012	13,233
Basic earnings per share in CHF	**4.55**	**3.15**
Diluted earnings per share in CHF	**4.54**	**3.14**

5 Financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to twelve 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.

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, e.g. using significant unobservable inputs.

There have been no transfers between the different hierarchy levels between 1 January 2019 and 30 June 2019 nor between 1 January 2018 and 30 June 2018.

Financial assets and liabilities measured at fair value

As at 30 June 2019

in CHF 1,000	IFRS 9 category	Total carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Derivative financial instruments	3,011	Level 2
Short-term financial assets	Fair value through profit or loss	31,336	Level 1
Total financial assets at fair value		**34,347**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	–53,838	Level 3
Derivative financial instruments	Derivative financial instruments	–3,437	Level 2
Total financial liabilities at fair value		**–57,275**	

As at 31 December 2018

in CHF 1,000	IFRS 9 category	Total carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Derivative financial instruments	2,994	Level 2
Short-term financial assets	Fair value through profit or loss	12,668	Level 1
Total financial assets at fair value		**15,662**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	–23,515	Level 3
Derivative financial instruments	Derivative financial instruments	–2,220	Level 2
Total financial liabilities at fair value		**–25,735**	

Short-term financial assets consist of an investment in listed equity instruments for which the Group recognized a fair value gain of TCHF 11,543 in finance income in the period to 30 June 2019 (comparative period: TCHF 3,101).

The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts is based on forward exchange rates. Currency options are valued based on option pricing models using observable input data.

The change in carrying values associated with 'Level 3' financial instruments from 31 December 2018 to 30 June 2019 are set forth below:

in CHF 1,000	2019
Balance 1 January	**23,515**
Additions due to acquisitions (note 2.3)	34,471
Increase in scope (COMPAREX)	3,724
Settlement in cash	–3,149
Fair value adjustment	–4,996
Currency translation adjustments	273
Balance 30 June	**53,838**

The most significant contingent consideration liabilities relate to the acquisition of COMPAREX (TCHF 33,351) and the acquisition of the customer base of CompuCom in 2015 (TCHF 19,305).

Comparex:
The fair value of the COMPAREX consideration liability is depended on the valuation of the Group upon a potential exit event and is linked to the EBITDA multiple (level 3 input) achieved upon such an exit event. Considering the estimated timing and result of such an event, the fair value has been determined as the maximum amount payable (TEUR 30,000) at acquisition date and a fair value of TCHF 34,209 was recognized. As at 30 June 2019, management does not consider a decrease of the liability as a result of the level 3 input as reasonably possible. The change in fair value until 30 June 2019 is the result of foreign exchange differences (level 2 input).

CompuCom:
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 liability is linear. Thus, a change of +/– 10% in gross profit development leads to a change of cash outflow by +/– 10%.

6 Income taxes

Related to the planned integration of Comparex and its subsidiaries, the Group capitalized as at 30 June 2019, a deferred tax asset on tax losses previously not recognized in the amount of TCHF 3,400.

7 Dividends

The dividend approved in 2019 was TCHF 25,300 or CHF 1.64 per share (prior year TCHF 13,600 or CHF 1.02 per share). The dividend was paid out of the capital contribution reserve of SWO Holding AG and thus deducted from share premium in these condensed interim consolidated financial statements.

8 Subsequent events

From the balance sheet date until the interim consolidated financial statements were approved by the Board of Directors on 11 September 2019, the following significant event occurred that requires disclosure.

Acquisitions:
As of 29 August 2019, the Group acquired 40% of IG Services S.A.S. located in Colombia with subsidiaries in Mexico, Panama, Dominican Republic, Ecuador and Peru. The purchase price in the amount of TCHF 7,295 will be fully paid in cash. This investment will be accounted using the equity method.

As of 29 August 2019, the Group acquired the remaining 50% minority interest of SoftwareONE LatamHolding S.L. located in Spain with subsidiaries in Mexico, Columbia, Dominican Republic, Ecuador and Peru. The purchase price in the amount of TCHF 7,967 will be fully paid in cash.

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To the Board of Directors of

SoftwareONE Holding AG, Stans

Zurich, 11 September 2019

Report on the review of interim condensed consolidated financial statements

Introduction

We have reviewed the interim condensed consolidated financial statements (interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated balance sheet, interim consolidated statement of cash flows, interim consolidated statement of changes in equity and notes to the interim consolidated financial statements, pages 2 to 19) of SoftwareONE Holding AG for the period from 1 January 2019 to 30 June 2019. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”.

Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Max Lienhard
Licensed audit expert