HALF-YEAR REPORT
2020

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Letter to Shareholders

Dear Shareholders,

Thank you for your trust during these extraordinary times caused by the global Covid-19 pandemic.

At SoftwareONE, we adapted swiftly to the new situation. To protect the health of our people and customers, we provided our employees the possibility to work from home and implemented additional protective measures in our offices globally. At the same time, we delivered help to our customers to deal with uncertainty and transition to a virtual environment. We are proud of our colleagues around the globe who continued to serve customers seamlessly, helping them navigate this unprecedented situation, transition to a virtual environment and work productively by putting the right technology and cloud solutions to work. We saw heightened demand for unified communication and collaboration solutions as well as software asset management, while understandably, some less business-critical projects and one-off transactions were postponed to a later stage.

In this exceptional first-half period, SoftwareONE delivered an overall strong performance. We achieved gross profit of CHF 370.8 million and, importantly, succeeded in accelerating growth in our Solutions & Services business. At the same time, we ensured strict cost discipline and achieved further synergies relating to the ongoing Comparex integration, which is progressing ahead of plan. The strength of SoftwareONE's scalable and recurring business model allowed us to persevere through the ongoing challenging environment and we aim to emerge out of it as an even stronger team and organization.

Adjusted EBITDA increased strongly to CHF 120.0 million in the first half of 2020. The adjusted EBITDA margin reached 32.4%, progressing towards our mid-term guidance of 35% and demonstrating our global operating model's ability to deliver profitable growth even in an extended crisis situation.

In today's rapidly changing digital world, it is important for us to continue to invest in our business, and our earnings strength allowed us to do exactly that even in this difficult environment. Compared to the end of last year, we grew organically by adding over 380 positions, mainly in our global delivery centers and the teams that focus on our managed and professional services.

Speed, one of our core values, is equally crucial for advancing our capabilities – and where sensible, we are therefore adding teams to the SoftwareONE family. We are pleased that since the beginning of the year, we have acquired two strategic businesses: GorillaStack, adding cloud management capabilities to our leading PyraCloud platform, and B-Lay, a leading provider of software asset management advisory and managed services for SAP and Oracle solutions. In addition, as announced recently, the founders of 'make-it-noble' joined us, strengthening our Microsoft cloud solutions in Switzerland.

We will continue to invest organically and through acquisitions, with a view to strengthening our position as a global end-to-end provider of software and cloud technology solutions. With our capabilities across the entire value chain, we want to empower our customers so they can reach their short- and long-term goals in this rapidly changing environment. There is no doubt that digital transformation is at the top of our customers' agenda, and we will be by their side to help them in any situation today and in the future, when the Covid-19 pandemic subsides.

The recent announcement that SoftwareONE was named a leader in the 2020 Gartner 'Magic Quadrant' report for SAM Managed Services as well as one of the top ten most promising SAP consulting/services company is a testimony of our strong market position.

Assuming no material deterioration in the environment due to Covid-19, and based on the positive momentum seen since the beginning of the year, SoftwareONE expects to maintain the gross profit growth levels seen in Software & Cloud and Solutions & Services in H1 2020 versus H1 2019 for the full year 2020 compared to 2019 (both at constant currency). The group's full-year 2020 adjusted EBITDA margin is expected to remain at approximately the level reached in H1 2020 and its dividend policy of 30-50% is unchanged.

Looking beyond business trends, we will likely all have to deal with continued uncertainties and constraints caused by the Covid-19 pandemic for the foreseeable future. Now more than ever, it is SoftwareONE's top priority to be a reliable partner and global citizen for all our stakeholders.

On behalf of the entire Board of Directors and the Executive Board, we would like to thank our employees for their passion and flexibility, our customers and partners for their longstanding relationships, and you for your support.

Yours sincerely,

Daniel von Stockar
Chairman of the Board of Directors

Dieter Schlosser
Chief Executive Officer

Overview

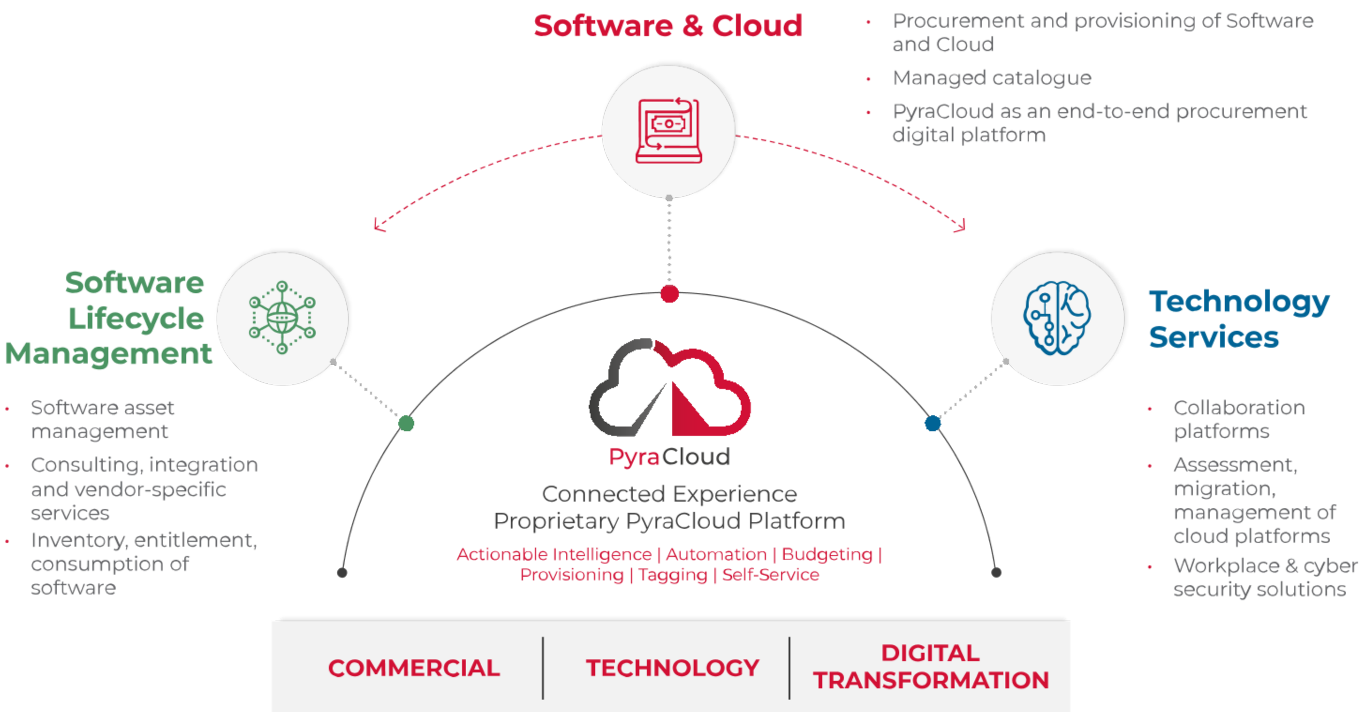
Founded in 2000 by Daniel von Stockar and Patrick Winter († 2018), SoftwareONE is a leading global provider of software and cloud technology solutions with capabilities across the entire value chain, helping around 65,000 business customers design and implement their technology strategy, buy the right software and cloud solutions at the right price, and manage and optimize their software and cloud estates.

With around 5,800 employees, SoftwareONE has 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. SoftwareONE's operating model is built to deliver profitable growth at scale while ensuring customer proximity, with the ability to transact in more than 150 countries, and centrally provide 24/7 customer service in 13 languages.

SoftwareONE's integrated suite of solutions is organized into two business lines: Software & Cloud and Solutions & Services, which for the first half of 2020 accounted for around 75% and 25%, respectively, of gross profit for the combined group including Comparex.

– **Software & Cloud**: SoftwareONE offers its customers access to a comprehensive software and cloud portfolio, drawing on its relationships with more than 7,500 publishers and its purchasing expertise. The company's software catalog includes leading global software publishers such as Microsoft, Adobe, Citrix, Oracle, Red Hat, VMware, Sophos, Symantec, Veeam, best performing hyper-scalers such as Microsoft Azure and Amazon Web Services, and a growing portfolio of disruptive publishers.
– **Solutions & Services**: SoftwareONE offers software lifecycle management and technology services. Capabilities include consulting, integration and vendor-specific professional services, and managed services to monitor and control software and cloud spend. The technology services portfolio is designed to optimize customer infrastructure environments and spend, and includes cloud migration, security, and unified communications and collaboration services.

SoftwareONE: an integrated platform with an end-to-end value proposition



SoftwareONE's offerings are connected by PyraCloud, its proprietary digital hub, which allows customers to efficiently transact, manage and optimize their software and cloud estate from a single platform offering data-driven, actionable intelligence.

The full SoftwareONE story, including history and milestones, the industry environment of SoftwareONE, the business model, strategy, the Vision 2022 and information on corporate social responsibility can be found under the following link:

https://report.softwareone.com/ar19/overview/

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

Results Review

Key figures

in CHF million (unless otherwise indicated)	H1 2020	H1 2019	% change	% change at CCY [1]
Adjusted[2]				
Gross profit from sale of software and other revenue	274.6	289.7	–5.2 %	0.9 %
Gross profit from solutions and services	96.2	89.4	7.6 %	15.1 %
Gross profit	**370.8**	**379.0**	**–2.2 %**	**4.3 %**
Operating expenses	–250.8	–271.6	–7.7 %	–1.2 %
EBITDA	**120.0**	**107.4**	**11.7 %**	**18.2 %**
EBITDA margin	**32.4 %**	**28.3 %**	**4.0 pp**	
EPS (diluted)	0.44	0.44	0.6 %	
IFRS reported				
Net cash from operating activities	206.7	–15.1		
Net debt/(cash)	–333.4	35.0		
Net working capital (after factoring) at period-end	–173.4	104.0		
Headcount (FTEs on 30.6.20 compared with FTEs on 31.12.19)	**5,826**	**5,422**	**7.5 %**	

1) In constant currency; Further information can be found under Alternative Performance Measures
2) Further information can be found under Alternative Performance Measures

Performance during Covid-19 pandemic

SoftwareONE delivered an overall strong performance in H1 2020 during exceptional circumstances due to the Covid-19 pandemic, which led to lockdowns and restrictive measures of varying severity across its key markets globally. In response, SoftwareONE moved swiftly to implement remote working and other appropriate measures across the group's locations, including its global shared service centers, to ensure the safety of its employees and customers. This seamless internal transition enabled SoftwareONE to focus on its customers' needs, helping them utilize technology and cloud solutions to transition to a virtual environment.

In this environment, SoftwareONE generated total revenue of CHF 4,087.1 million in H1 2020, up 4.4% YoY in constant and down 1.5% YoY in reported currency.

Gross profit increased by 4.3% YoY in constant currency, totaling CHF 370.8 million in H1 2020, which corresponds to a decline of 2.2% in reported currency. The negative currency translation effect was due to the appreciation of the Swiss franc (CHF), SoftwareONE's reporting currency, primarily against the EUR, USD, GBP and BRL.

Management considers gross profit to be a meaningful metric for the group's earnings capacity as it excludes flow-through costs from revenue, specifically costs for software purchases on behalf of clients as well as third-party service delivery costs.

Performance by business

Gross profit from **Software & Cloud** increased 0.9% in constant currency to CHF 274.6 million in H1 2020. As the Covid-19 pandemic escalated in mid-March, there was heightened demand from customers for remote enablement, including unified communication and collaboration as well as cloud-based business solutions. Offsetting this positive impact was weakness in small and medium-sized enterprise (SME) business purchasing, particularly with regards to discretionary or one-off transactions which are typically project-related.

SoftwareONE's Microsoft business developed well during H1 2020, driven by strong renewals and growing demand for Microsoft's software and cloud products for enterprises and SMEs. However, revenue and gross profit were negatively impacted by SoftwareONE's relatively higher dependency on SME purchasing, which slowed down compared to H1 2019. Furthermore, the shift to 'pay-as-you-go' subscriptions (from multi-year enterprise agreements) for Microsoft 365 and Azure, implying less revenue recognized upfront, and incentive structures being linked to consumption/usage adversely affected results. Although impacting short-term business performance, these developments are positive in terms of promoting closer customer relationships and revenue upside as adoption of cloud products increases.

SoftwareONE's multi-vendor (i.e. non-Microsoft) business has exposure to many market-leading software companies, including Adobe, AWS, Citrix, 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 underlying mission-critical software, with some weakness related to discretionary or project-related software in H1 2020.

Solutions & Services achieved strong gross profit growth of 15.1% YoY in constant currency to CHF 96.2 million. As previously reported, key Comparex integration steps such as the implementation of a harmonized services portfolio and compensation structure across the combined group as well as the discontinuation of non-strategic activities were undertaken in late 2019. These measures positioned the business well for 2020 as it benefited from stronger demand for cloud-based solutions and digital transformation services compared to H2 2019. While professional services, which represent approximately 50% of Solutions & Services, experienced some deferments during the Covid-19 environment, managed services enjoyed strong renewals and growth as customers sought out trusted partners to help them with their immediate needs and long-term transformation journeys.

On a geographical basis, performance varied depending on the extent of lockdown measures, as well as other disruptive events during H1 2020. EMEA (66.3% of H1 2020 gross profit), APAC (11.1%) and LATAM (8.0%) delivered strong growth at gross profit level in constant currency, while NORAM's (14.6%) development was weaker.

Overall, SoftwareONE benefited from its high degree of diversification across customers, sectors and geographies.

Increased EBITDA driven by operating model

Total adjusted operating expenses decreased by 1.2% YoY in constant currency to CHF 250.8 million in H1 2020, excluding certain share-based compensation, IPO, integration and M&A and earn-out expenses which amounted to CHF 17.7 million in total.

Development of SoftwareONE's cost base reflected continued investments in the business and talent, offset by cost synergies and savings relating to travel, marketing events and variable compensation. The number of FTEs stood at 5,826 as at 30 June 2020, up 7.1% from 5,442 six months earlier. The group invested in talent across its strategic growth areas, particularly within Solutions & Services. New hires included professional and managed services delivery, sales and technical pre-sales personnel, as well as specialists in digital transformation services such as application modernization, critical workload migration and security.

Adjusted EBITDA increased 18.2% YoY at constant currency to CHF 120.0 million, implying a margin of 32.4% in H1 2020, demonstrating progression towards the group's mid-term target of 35% by 2022.

Adjusted profit for the period was CHF 67.9 million in H1 2020, representing an increase of 3.4% YoY in reported currency.

IFRS reported profit for the period decreased 0.8% YoY in reported currency to CHF 66.7 million in H1 2020. This result includes the above-mentioned adjustments as well as a non-taxable appreciation in SoftwareONE's shareholding in Norwegian listed company Crayon of CHF 13.3 million (CHF 11.5 million in H1 2019).

Liquidity and balance sheet

Net cash flow from operations amounted to CHF 206.7 million in H1 2020. The positive development was mainly driven by vendors' deferred payment programs which allowed for extended payment terms as a result of Covid-19. Even in absence of these programs, some underlying improvement in the net working capital level was achieved. Looking ahead to H2 2020, terms are expected to normalize and an outflow of up to CHF 250 million is anticipated as those payables with extended terms become due. Regardless of these impacts, SoftwareONE expects solid cash flow generation for the full year 2020.

Capital expenditure totaled CHF 10.8 million in H1 2020, mainly relating to investments in PyraCloud and purchases of IT equipment. Cash flow relating to acquisitions of businesses amounted to CHF 35.0 million, including earn-out payments relating to the acquisitions of Comparex and GorillaStack. Free cash flow was CHF 196.2 million during H1 2020.

SoftwareONE has closely monitored the credit situation among customers since the escalation of the Covid-19 pandemic but has only seen a minor impact on ability to collect funds from customers during H1 2020. The bad debt provision as a percentage of trade receivables increased from 0.88% as at 31 December 2019 to 0.96% as at 30 June 2020. The proportion of insured receivables remained high at approximately 47%, with an additional 33% being from governments or highly creditworthy customers as at 30 June 2020.

Net cash position was CHF 333.4 million as at 30 June 2020 compared to CHF 190.7 million as at 31 December 2019.

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

Update on Comparex integration

The continued integration of Comparex was a key focus area during H1 2020 and primarily included remaining country-specific system migrations. By 30 June 2020, SoftwareONE had achieved run-rate cost synergies of CHF 31.9 million and is ahead of schedule to deliver approximately CHF 40 million of cost synergies per annum by the end of 2021. As a result, SoftwareONE now expects to deliver 80-85% (previously 60%) of the targeted cost synergies by end of 2020.

Outlook

The Covid-19 pandemic has created significant uncertainty and economic disruption, with varying levels of impact across geographies and sectors. Although less affected than many other sectors, global IT spend is expected to decline by approximately 4-6% in 2020 with software spend down approximately 0-3%, according to industry experts IDC and Gartner[1]. SoftwareONE remains well-positioned to outperform the market given its unique operating model, global scale and offering.

On 31 March 2020, SoftwareONE withdrew its guidance at the gross profit level due to the escalation of the Covid-19 pandemic and resulting uncertainty. Although future developments with regards to Covid-19 remain unpredictable, recent trends suggest a normalization in the customer operating environment. Improved purchasing levels as well as strong momentum in cloud-based services and backlog signal a gradual recovery during the second half of this year.

Assuming no material deterioration in the environment due to Covid-19, and based on the positive momentum seen since the beginning of the year, SoftwareONE expects to maintain the gross profit growth levels seen in Software & Cloud and Solutions & Services in H1 2020 versus H1 2019 for full year 2020 compared to 2019 (both at constant currency). The group's full-year 2020 adjusted EBITDA margin is expected to remain at approximately the level reached in H1 2020 and its dividend policy of 30-50% is unchanged.

For 2021-2022, SoftwareONE re-affirms its mid-term guidance, based on the assumption of no material deterioration in the environment due to Covid-19, which includes:

– Double-digit gross profit growth resulting from Software & Cloud growth in the 'high single digits' and Solutions & Services growth in the 'high teens' at constant currency
– Adjusted EBITDA margin approaching 35%, with adjusted EBITDA growth in excess of gross profit growth
– Progressive dividend policy with pay-out ratio of 30-50% of the profit for the year

SoftwareONE is confident that digital transformation will remain a priority for customers seeking to build resilience and competitive advantage. As a global end-to-end provider of software and cloud-only solutions, SoftwareONE remains ideally positioned to digitally empower customers to achieve their goals. Supported by a solid balance sheet and high liquidity, SoftwareONE will continue to invest in its business to capture this long-term opportunity.

[1] Based on 'State of the Market: IDC Worldwide Black Book' (14 July 2020) and Gartner forecasts for Enterprise IT Spending (June 2020)

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)	H1 2020	H1 2019	H1 2020 Other adj.	H1 2019 Adding CPX	H1 2019 Other adj.	H1 2020	H1 2019		
Revenue from sale of software and other revenue	3,941.2	3,730.3	–	230.4	–	3,941.2	3,960.7	–0.5%	5.4%
Cost of software purchased[2]	–3,666.5	–3,464.3	–	–208.9	2.2	–3,666.5	–3,671.0	–0.1%	
Gross profit from sale of software and other revenue	**274.6**	**266.0**	**–**	**21.5**	**2.2**	**274.6**	**289.7**	**–5.2%**	**0.9%**
Revenue from solutions and services	145.9	170.0	–	18.7	–	145.9	188.7	–22.7%	–15.9%
Third-party service delivery costs	–49.8	–87.2	–	–12.1	–	–49.8	–99.4	–49.9%	
Gross profit from solutions and services	**96.2**	**82.8**	**–**	**6.5**	**–**	**96.2**	**89.4**	**7.6%**	**15.1%**
Gross profit total	**370.8**	**348.8**	**–**	**28.0**	**2.2**	**370.8**	**379.0**	**–2.2%**	**4.3%**
Personnel expenses	–231.1	–208.5	15.8	–18.2	1.2	–215.3	–225.5	–4.5%	2.1%
Other operating expenses	–44.7	–50.8	3.4	–4.5	1.6	–41.3	–53.7	–23.2%	–17.5%
Other operating income	7.3	5.5	–1.5	2.2	–	5.8	7.6	–24.0%	–18.3%
Operating expenses	**–268.5**	**–253.8**	**17.7**	**–20.5**	**2.7**	**–250.8**	**–271.6**	**–7.7%**	**–1.2%**
EBITDA	**102.3**	**95.0**	**17.7**	**7.5**	**4.9**	**120.0**	**107.4**	**11.7%**	**18.2%**
Depreciation & amortization[3]	–29.7	–24.1	–	–1.0	–	–29.7	–25.1	18.4%	
EBIT	**72.6**	**70.9**	**17.7**	**6.5**	**4.9**	**90.3**	**82.4**	**9.7%**	
Finance income	21.5	18.8	–13.3	0.1	–11.5	8.2	7.3	11.5%	
Finance costs	–4.4	–5.6	–	–0.8	–	–4.4	–6.5	–31.9%	
Foreign exchange difference, net	–5.9	–2.3	–	–0.4	–	–5.9	–2.7	120.6%	
Share of result of joint ventures and associates	0.4	–	–	–	–	0.4	–	–	
Net financial items	**11.6**	**10.9**	**–13.3**	**–1.1**	**–11.5**	**–1.7**	**–1.8**	**–5.6%**	
Earnings before income tax	**84.2**	**81.8**	**4.4**	**5.4**	**–6.6**	**88.6**	**80.5**	**10.0%**	
Income tax expense	–17.5	–14.5	–3.2	0.3	–0.6	–20.8	–14.9	39.4%	
Profit for the period	**66.7**	**67.3**	**1.2**	**5.7**	**–7.3**	**67.9**	**65.6**	**3.4%**	
EBITDA margin (%)	**27.6%**	**27.2%**				**32.4%**	**28.3%**	**4.0 pp**	
EPS	**0.43**	**0.45**				**0.44**	**0.44**	**0.6%**	

1) In constant currency
2) Includes reclassification of bad debt from gross profit to operating expenses of CHF 2.2 million in H1 2019
3) Includes PPA amortization (including impairments) of CHF 10.7 million and CHF 5.5 million in H1 2020 and H1 2019, respectively

Adjustments

in CHF million	H1 2020	H1 2019
IFRS reported profit for the period	**66.7**	**67.3**
Proforma adjustments for Comparex acquisition (adding January 2019)	**–**	**5.7**
Certain share-based compensation[1]	12.4	–
IPO, integration and M&A and earn-out expenses	5.3	4.9
Total operating expense adjustments	**17.7**	**4.9**
Depreciation / (appreciation) of Crayon shareholding	**–13.3**	**–11.5**
Tax impact on adjustments	**–3.2**	**–0.6**
Adjusted profit for the period	**67.9**	**65.6**

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

Adjustments related to Comparex acquisition for H1 2019
SoftwareONE has prepared a selection of unaudited adjusted financial information for the six months ended 30 June 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 accouting policy aligment, reclassification and currency translations. For the first half of 2019, this includes audited IFRS reported numbers 2019 (six months SoftwareONE and five months Comparex) and the month of January 2019 of Comparex. On a profit for the period level, these proforma adjustments totaled CHF 5.7 million in H1 2019.

Other adjustments
Other adjustments include the following items:

- Certain share-based compensation, 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 (see Note 8 of the financial statements)
- 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
- In the past, SoftwareONE presented the bad debt provision as cost of software in the adjusted figures. In line with IFRS, bad debt provisions are now presented as operating expenses since the beginning of this year. For H1 2019, CHF 2.2 million of bad debt provision has been reclassified from cost of software to operating expenses. Bad debt provision in H1 2020 was CHF 6.0 million.

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 and other revenue is the sum of revenue from the sale of software and other revenue 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. The total gross profit helps as a KPI to manage and monitor SoftwareONE's business as well as for incentivizing the sales force.

Adjusted EBITDA is defined as the underlying earnings before net financial items, tax, depreciation and amortization excluding the effects of adjustments in operating expenses.

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 excluding the effects of adjustments in operating expenses as well as on net financial income / (expenses) and related tax impacts.

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 debt/(cash) comprises the group's cash and cash equivalents, 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).

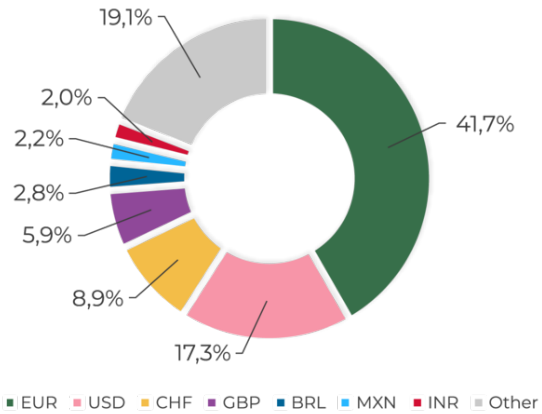
Free cash flow is defined as the group net cash generated from/(used in) operating activities plus cash from/(used in) acquisitions of businesses (net of cash balance).

Exchange rates

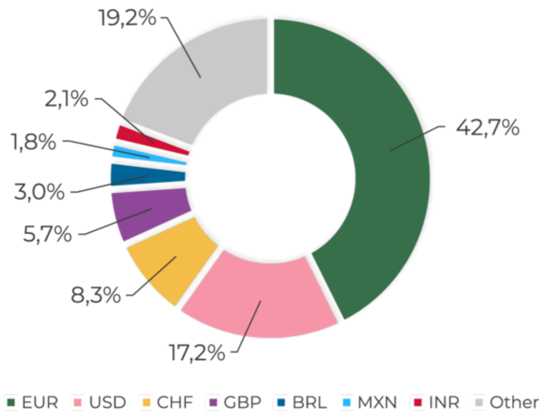
The table below shows the development of the Swiss franc, SoftwareONE's reporting currency, against major local currencies between two periods, and the charts provide an overview of the currency splits for gross profit and operating expenses. Related calculations are based on underlying management accounts.

CHF to LCY	H1 2020	H1 2019	% change
EUR	0.94	0.89	6.0%
USD	1.04	1.00	3.8%
CHF	1.00	1.00	0.0%
GBP	0.83	0.77	7.0%
BRL	5.01	3.84	30.4%
MXN	22.69	19.25	17.9%
INR	77.75	69.83	11.3%

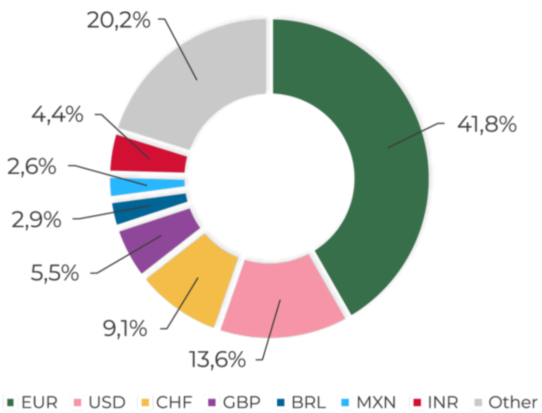
Gross profit H1 2020



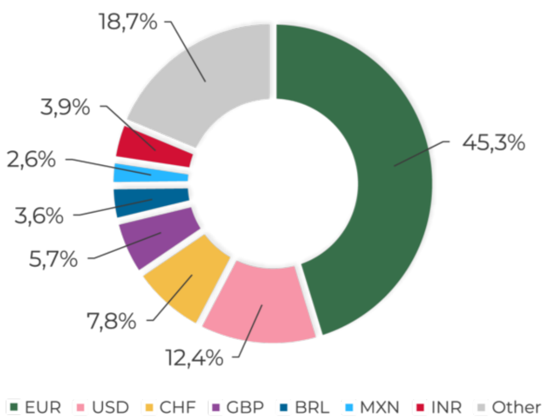
Gross profit H1 2019



Operating expenses H1 2020



Operating expenses H1 2019



HALF-YEAR REPORT 2020

CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated income statement

For the six months ended 30 June in CHF 1,000	Note	2020	2019
Revenue from sales of software	5	3,922,389	3,723,057
Revenue from solutions & services	5	145,933	170,041
Other revenue		18,761	7,217
Total revenue		**4,087,083**	**3,900,315**
Cost of software purchased		–3,666,540	–3,464,274
Third-party service delivery costs		–49,750	–87,231
Personnel expenses		–231,108	–208,530
Other operating expenses		–44,693	–50,768
Other operating income		7,327	5,456
Earnings before net financial items, taxes, depreciation and amortization		**102,319**	**94,968**
Depreciation and amortization		–29,679	–24,056
Earnings before net financial items and taxes		**72,640**	**70,912**
Finance income		21,460	18,782
Finance costs		–4,409	–5,634
Foreign exchange differences, net		–5,890	–2,291
Share of result of joint ventures and associated companies		417	–
Earnings before tax		**84,218**	**81,769**
Income tax expense		–17,510	–14,505
Profit for the period		**66,708**	**67,264**
Profit attributable to:			
– Owners of the parent		66,757	68,212
– Non-controlling interest		–49	–948
Earnings per share in CHF[1)]			
– Basic	6	0.43	0.46
– Diluted	6	0.43	0.45

1) Prior-year figures for earnings per share are restated following a share split at a ratio of 1:10 in 2019 (prior year: basic CHF 4.55; diluted CHF 4.54)

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June

in CHF 1,000	Note	2020	2019
Profit for the period		**66,708**	**67,264**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations		–2,423	–4,770
Taxes		388	763
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustment		–27,915	–8,773
Cash flow hedges		–663	931
Taxes		99	–147
Total other comprehensive income for the period		**–30,514**	**–11,995**
Total comprehensive income for the period		**36,194**	**55,269**
Total comprehensive income attributable to:			
– Owners of the parent		36,268	56,085
– Non-controlling interest		–74	–816

Interim condensed consolidated balance sheet

As at in CHF 1,000	Note	30 June 2020	31 Dec 2019 [1]
Assets			
Cash and cash equivalents		540,398	313,490
Trade receivables	2	1,894,801	1,830,647
Income tax receivables		8,698	9,155
Other receivables		80,172	82,291
Derivative financial instruments	4	6,520	3,245
Prepayments and contract assets	2	108,338	59,021
Financial assets	4	69,391	59,506
Current assets		**2,708,318**	**2,357,355**
Tangible assets		22,505	23,537
Intangible assets	3	458,286	484,144
Right-of-use assets		35,045	37,841
Investment in joint ventures and associated companies		6,975	7,725
Other receivables		37,550	39,147
Financial assets	4	–	2,495
Derivative financial instruments	4	342	315
Deferred tax assets		24,774	24,381
Non-current assets		**585,477**	**619,585**
TOTAL ASSETS		**3,293,795**	**2,976,940**

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

As at in CHF 1,000	Note	30 June 2020	31 Dec 2019 [1]
Liabilities and shareholders' equity			
Trade payables	2	1,781,403	1,550,851
Other payables		206,627	233,492
Accrued expenses and contract liabilities	2	268,695	258,994
Derivative financial instruments	4	3,757	4,362
Income tax liabilities		28,098	26,376
Provisions		6,299	8,180
Bank overdrafts		151,886	4,151
Other financial liabilities		26,032	61,052
Current liabilities		**2,472,797**	**2,147,458**
Derivative financial instruments		332	1,424
Provisions		11,106	12,526
Financial liabilities	4	107,218	129,941
Deferred tax liabilities		27,535	31,676
Defined benefit liabilities		20,103	16,999
Non-current liabilities		**166,294**	**192,566**
TOTAL LIABILITIES		**2,639,091**	**2,340,024**
Share capital		1,586	1,586
Share premium		273,870	306,330
Treasury shares		–10,791	–12,024
Retained earnings		438,883	361,340
Hedging reserve		216	780
Currency translation adjustments		–49,172	–21,282
Equity attributable to owners of the parent		**654,592**	**636,730**
Non-controlling interest		112	186
TOTAL EQUITY		**654,704**	**636,916**
TOTAL LIABILITIES AND EQUITY		**3,293,795**	**2,976,940**

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

Interim condensed consolidated statement of cash flows

For the six months ended 30 June in CHF 1,000	Note	2020	2019
Profit for the period		**66,708**	**67,264**
Adjustments for:			
Depreciation and amortization		29,679	24,056
Total finance result, net		–11,161	–10,857
Share of result of joint ventures and associated companies		–417	–
Tax expense		17,510	14,505
Other non-cash items		15,352	11,320
Change in trade receivables		–133,472	–173,284
Change in other receivables, prepayments and contract assets		–66,413	–282,307
Change in trade and other payables		250,556	141,821
Change in accrued expenses and contract liabilities		56,977	207,325
Income taxes paid		–18,586	–14,898
Net cash generated from/(used in) operating activities		**206,734**	**–15,055**
Purchases of tangible and intangible assets		–10,760	–11,448
Proceeds from sale of tangible and intangible assets		173	128
Purchases of financial assets		–2,959	–7,196
Loans granted		–957	–338
Loan repayments received		3,246	1,355
Interest received		674	1,037
Acquisition of businesses (net of cash)	3	–35,004	56,667
Net cash from/(used) in investing activities		**–45,587**	**40,205**
Proceeds from financial liabilities		376,816	684,875
Repayments of financial liabilities		–262,752	–704,198
Payment of contingent consideration liabilities	4	–1,556	–3,149
Purchase of treasury shares		–	–2,462
Interest paid		–4,076	–3,099
Dividends paid to owners of the parent	7	–32,460	–24,855
Net cash from/(used in) financing activities		**75,972**	**–52,888**
Net (decrease)/increase in cash and cash equivalents		**237,118**	**–27,738**
Cash and cash equivalents at beginning of period		313,490	154,142
Net foreign exchange difference on cash and cash equivalents		–10,210	516
Cash and cash equivalents at end of period		**540,398**	**126,920**

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June

in CHF 1,000	Equity attributable to owner of SoftwareONE Holding AG								
	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjust-ments	Total	Non-controlling interest	Total equity
Balance as at 1 January 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
Other comprehensive income for the period				–4,007	784	–8,905	–12,128	132	–11,996
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 paid		–25,300					–25,300		–25,300
Transactions with non-controlling interests				–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**
Balance as at 1 January 2020	**1,586**	**306,330**	**–12,024**	**361,340**	**780**	**–21,282**	**636,730**	**186**	**636,916**
Profit for the period				66,757			66,757	–49	66,708
Other comprehensive income for the period				–2,035	–564	–27,890	–30,489	–25	–30,514
Total comprehensive income for the period				**64,722**	**–564**	**–27,890**	**36,268**	**–74**	**36,194**
Transactions in treasury shares			1,233	–1,233			–		–
Dividends paid		–32,460					–32,460		–32,460
Share-based payment				14,054			14,054		14,054
Balance as at 30 June 2020	**1,586**	**273,870**	**–10,791**	**438,883**	**216**	**–49,172**	**654,592**	**112**	**654,704**

Notes to the interim condensed consolidated financial statements

1 General information

SoftwareONE Holding AG ("the Company", "SoftwareONE Holding") and its wholly-owned subsidiaries (together "the group" or "SoftwareONE") 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. SoftwareONE Holding is traded on the SIX Swiss Exchange. The shares trade under the ticker symbol "SWON".

These interim consolidated financial statements for the six months ended 30 June 2020 were authorized for issue by the Board of Directors on 15 September 2020.

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 2020 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 2019 approved by the Board of Directors on 30 March 2020.

New standards, interpretations and amendments adopted by the group

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 31 December 2019 except for changes effective from 1 January 2020.

As at 1 January 2020, the following amendments to the International Financial Reporting Standards (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
- Amendments to References to the Conceptual Framework in IFRS Standards

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

The IASB has issued amendments to IFRS 16: Leases related to Covid-19-Related Rent Concessions that will be adopted by 1 January 2021. The amendments are expected to have only a minor impact on the group.

Change in 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. 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. Management considers that this change leads to an improved presentation.

Accounting estimates and management judgements due to the COVID-19 pandemic

Accounting estimates and management judgements can affect the amounts and reporting of assets and liabilities and the amounts of income and expense reported for the period. Due to the currently unforeseeable global consequences of the COVID-19 pandemic, these accounting estimates and management judgements 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 30 June 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 consideration liabilities. SoftwareONE group has determined that no significant effects as a result of COVID-19 had to be recorded in these interim condensed consolidated financial statements.

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

Foreign currency translation

The following exchange rates were used:

		Six-month period ended 30 June 2020		Six-month period ended 30 June 2019		31 Dec 2019
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate	Closing rate
Euro	EUR	0.94	0.94	0.88	0.90	0.92
US dollar	USD	1.04	1.06	1.00	1.02	1.03
Norwegian krone	NOK	10.04	10.22	8.61	8.71	9.06
British pound	GBP	0.82	0.86	0.77	0.80	0.78
Hong Kong dollar	HKD	8.03	8.19	7.84	7.99	8.02

Seasonality of operations

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

3 Changes in the scope of consolidation

Acquisitions in 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.

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

in CHF 1,000	2020
Cash and cash equivalents	16
Other receivables	20
Intangibles (excluding goodwill)	4,030
Total assets	**4,066**
Other payables	200
Accrued expenses and contract liabilities	363
Deferred tax liabilities	1,209
Net assets acquired at fair value	**2,294**

In connection with the acquisition, financial liabilities (TCHF 363) towards the old shareholders and others were assumed and paid by SoftwareONE.

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

in CHF 1,000	2020
Cash paid	2,294
Less net assets acquired at fair value	2,294
Goodwill	**–**

As part of the purchase agreement, a contingent consideration arrangement was agreed that could result in additional cash payments to the previous owners of GorillaStack. The amount of the payments depends on the achievements of different development milestones within defined milestone periods from 2020 to 2022. 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.

There were no significant transaction costs related to this acquisition.

From the date of acquisition, GorillaStack has contributed TCHF 24 to revenue and TCHF -32 to the profit for the year. If the acquisition would have taken place at the beginning of the year, total revenue of SoftwareONE group would have been TCHF 4,087,145 and the net profit for the period would have been TCHF 66,635 as at 30 June 2020.

Acquisitions in 2019

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. During the period to 30 June 2020, the group finalized the purchase accounting. 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 period to 30 June 2020, 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

in CHF 1,000	2020
Cash consideration	2,294
Net cash acquired	16
Cash consideration for current period acquisitions	**2,278**
Cash consideration for prior period acquisitions	32,726
Net outflow of cash – investing activities	**35,004**

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).

Reconciliation of carrying amount of goodwill

The change in carrying values for goodwill from 1 January 2020 to 30 June 2020 are set forth below:

in CHF 1,000	2020
At 1 January	339,560
Additions due to subsequent purchase price for acquisition of BNW	124
Currency translation adjustments	–16,055
As at 30 June	**323,629**

4 Financial instruments and fair values

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

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

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

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

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

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

There have been no transfers between the different hierarchy levels between 1 January 2020 and 30 June 2020 nor between 1 January 2019 and 30 June 2019.

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

As at 30 June 2020

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Fair value through profit or loss	5,924	Level 2
Derivative financial instruments	Designated as cash flow hedge	938	Level 2
Financial assets	Fair value through profit or loss	67,262	Level 1
Total financial assets		**74,124**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	7,128	Level 3
Derivative financial instruments	Fair value through profit or loss	3,268	Level 2
Derivative financial instruments	Designated as cash flow hedge	821	Level 2
Total financial liabilities		**11,217**	

As at 31 December 2019

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
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	Fair value through profit or loss	57,612	Level 1
Total financial assets		**61,172**	
FINANCIAL LIABILITIES			
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
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		**54,495**	

Financial assets consist of an investment in listed equity instruments for which the group recognized a fair value gain of TCHF 13,314 in finance income in the period to 30 June 2020 (comparative period: TCHF 11,543).

The change in carrying values associated with “Level 3” contingent consideration liabilities from 31 December 2019 to 30 June 2020 are set forth below:

in CHF 1,000	2020
At 1 January	16,108
Settlement in cash	–1,556
Fair value adjustment	–7,141
Currency translation adjustments	–283
As at 30 June	**7,128**

The most significant contingent consideration liabilities relate to the acquisition of the customer base of CompuCom in 2015 (fair value of TCHF 6,840). The purchase price is fully based on variable payments that depend on the future revenues generated from those customers over a period of 10 years. For the first half-year 2020, the group recognized a fair value gain of TCHF 6,929 in financial income (comparative period: TCHF 2,538). 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%.

5 Revenue

SoftwareONE generates its revenue from contracts with customers through the transfer of software (point in time), the delivery over time of solutions & services as well as other revenue (point in time).

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 10). Revenue is broken down as follows:

For the six months ended 30 June 2020

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from sale of software	2,402,993	662,060	227,335	630,000	3,922,389
Revenue from solutions & services	99,298	19,818	12,934	13,885	145,933
Other revenue	16,424	908	–	1,429	18,761
Total revenue	**2,518,714**	**682,786**	**240,269**	**645,314**	**4,087,083**

For the six months ended 30 June 2019

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from sale of software	2,247,171	716,479	210,465	548,942	3,723,057
Revenue from solutions & services	129,579	17,167	12,299	10,996	170,041
Other revenue	3,497	1,411	1	2,308	7,217
Total revenue	**2,380,247**	**735,057**	**222,765**	**562,246**	**3,900,315**

SoftwareONE group splits its software revenue 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 an principal, whereas Microsoft direct includes revenue from direct business in which SoftwareONE acts as an agent.

For the six months ended 30 June

in CHF 1,000	2020	2019
Revenue from sale of software		
– Microsoft indirect	2,603,442	2,584,457
– Multivendor indirect	1,245,844	1,069,928
– Microsoft direct	73,103	68,672
Total revenue from sale of software	**3,922,389**	**3,723,057**
Revenue from sale of software indirect	3,849,286	3,654,385
Cost of software purchased	–3,666,540	–3,464,274
Revenue indirect net of cost of software purchased	**182,746**	**190,111**

6 Earnings per share

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

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

For the six months ended 30 June (in CHF 1,000)	2020	2019
Profit for the period attributable to owners of the parent	66,757	68,212

Number of shares	2020	2019 [1]
Weighted average number of ordinary shares	154,333,938	149,833,240
Adjustment for share-based payment plans	20,332	291,540
Weighted average number of shares used to calculate diluted earnings per share	154,354,270	150,124,780
Basic earnings per share in CHF	**0.43**	**0.46**
Diluted earnings per share in CHF	**0.43**	**0.45**

1) Prior-year figures for earnings per share are restated following a share split at a ratio of 1:10 in 2019 (prior year: basic CHF 4.55; diluted CHF 4.54)

7 Dividends

The dividend approved in 2020 was TCHF 32,460, or CHF 0.21 per share (prior year TCHF 25,300, or CHF 0.16 per share). The dividend was paid out of the capital contribution reserve of SoftwareONE Holding AG and thus deducted from share premium in these condensed interim consolidated financial statements.

8 Employee share plan and share-based payment

In the first half-year 2020, SoftwareONE launched two new share-based payment programs in line with the long-term corporate strategy. These are the Free Share Grant 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 12,534 for the six months to 30 June 2020. The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

For the six months ended 30 June 2020

in CHF 1,000	Share-based Payment Plan	Management Equity Plan ("MEP")	Free Share Grant	Long-term Incentive Plan ("LTIP")	Board of Directors fees paid in shares	TOTAL
Program launched in	2015	2019	2020	2020	2020	
Expenses recognized in income statement	144	11,062	1,096	169	63	12,534
Thereof expenses related to key management	23	9,871	–	77	63	10,034

SoftwareONE has recognized an increase in equity in the balance sheet of TCHF 14,054 for share-based payment, of which TCHF 1,520 are related to tax effects.

Free Share Grant

The Free Share Grant provides all entitled SoftwareONE employees, except the Executive Board, the Executive Leadership Team and selected key employees, 100 bonus shares each and therefore represents a share-based remuneration with compensation through equity instruments.

481,600 free shares were legally granted in July 2020 (refer to Note 11), 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.

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 1.00, while the minimum factor is 0.00 and the maximum factor is 2.00. The gross profit vesting factor depends on SoftwareONE's gross profit during year three and is determined on a straight-line basis between the target ranges. The relative rTSR vesting factor depends on the TSR of the company and the TSR of the STOXX ® Global 1800 Industry Technology Index. A relative TSR of <= -33% leads to a vesting factor of 0 and a TSR >= 33% to a vesting factor of 2.0. The rTSR vesting factor distributes linearly between the target ranges. The award cycle (service period) is three years from the contractual grant date.

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

SoftwareONE has taken into account the following parameters in the valuation:

	PSU 2020
Valuation date	29.05.2020
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 including the regional leaders and 15% p.a. for the other beneficiaries has been applied as at 30 June 2020 based on historical fluctuation and management estimates.

Remuneration 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.

On 30 June 2020, 29,091 shares were granted at a fair value of CHF 19.66 per share.

9 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. Nevertheless, SoftwareONE Brazil and SoftwareONE group are 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.

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 tax 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 still is 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 Appeal Court in July 2020. The probability of the outcome of the dispute cannot be reliably predicted at this stage.

10 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 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 customers' head quarter 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 interim condensed consolidated income statement (column "Total") 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 2020

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX	Other	Total
Total revenue (external)	2,683,013	519,971	231,858	617,440	4,052,283	–	1,021	33,780	4,087,083
Cost of software purchased and third-party service delivery costs	–2,440,723	–466,391	–202,478	–576,764	–3,686,356	–801	–296	–28,837	–3,716,290
Gross profit[1)]	**242,290**	**53,581**	**29,380**	**40,676**	**365,927**	**–801**	**724**	**4,943**	**370,793**
Personnel expenses and other operating expenses/income	–132,780	–32,837	–19,893	–25,114	–210,625	–46,549	1,000	–12,300	–268,475
EBITDA[2)]	**109,509**	**20,743**	**9,487**	**15,562**	**155,301**	**–47,350**	**1,724**	**–7,357**	**102,319**

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

For the six months ended 30 June 2019

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX	Other	Total
Total revenue (external)	2,861,570	562,834	215,040	522,172	4,161,616	–	–289,114	27,813	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	289,897	–26,940	–3,551,505
Gross profit[1)]	**229,548**	**53,316**	**27,393**	**37,719**	**347,976**	**–822**	**783**	**873**	**348,810**
Personnel expenses and other operating expenses/income	–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 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

For the six-month period 2020, the most relevant reconciliation items in the column “Other” were reclassifications of revenue for indirect rebates (TCHF 33,980), which are presented within cost of software purchased in the internal reporting, and costs in relation to bad debt provisions (TCHF 5,966), which are presented within gross profit in the internal reporting. Additional reconciliation items were costs for share-based payments (TCHF 12,534) and positive effects from the application of IFRS 16 (TCHF 8,481), which are not considered in the internal reporting. All other reconciliation items were minor.

Switzerland, the US, Germany and the Netherlands are the main geographical markets for SoftwareONE and represent approximately 55% of total revenue:

Additional geographical information

in CHF 1,000	Switzerland	US	Germany	Netherlands	Other countries	Total
Revenue (external) for the six months ended 30 June 2020	400,347	669,530	695,387	455,269	1,866,550	4,087,083
Revenue (external) for the six months ended 30 June 2019	367,330	717,738	722,671	456,021	1,636,555	3,900,315

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

11 Subsequent events

From the balance sheet date until the interim consolidated financial statements were approved by the Board of Directors on 15 September 2020, the following significant events occurred:

Acquisitions

On 10 July 2020, the group acquired 100% of the shares of B-Lay B.V., the Netherlands ("B-Lay"), a leading provider of software asset management advisory and managed services for SAP and Oracle solutions with subsidiaries in the US and Romania. An amount of TCHF 2,140 was paid in cash. As part of the purchase agreement, a contingent consideration arrangement was agreed that could result in additional cash payments to the previous owners of B-Lay. The amount of the payments depends on EBITDA development for 2021 to 2023 and a multiplier derived from other variables. SoftwareONE did not finalize the provisional purchase price allocation at the time of preparing the interim condensed consolidated financial statements.

Free Share Grant

On 31 July 2020, 481,600 free shares were granted at a fair value of CHF 23.40 per share.

Employee Share Purchase Plan

The program allows eligible SoftwareONE employees to participate in a sponsored ESPP. All permanent SoftwareONE employees, including part-time employees, are entitled to participate. 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.

On 7 August 2020, 19,201 matching shares were granted at a fair value of CHF 23.85 per share.

Cautionary statement regarding forward-looking and non-IFRS information

This media release 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 media release. 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 media release 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 media release contains selected financial statement line items and non-IFRS or adjusted financial measures prepared on a proforma basis. The proforma financial information for 2019 and the six months ended 30 June 2019 has been prepared by aggregating (i) the audited IFRS reported financial information for the financial year 2019 and six months ended 30 June 2019 (consisting of twelve and six months of the group (excluding Comparex AG and its consolidated subsidiaries ('Comparex')), respectively, and eleven and five months of Comparex), respectively, and (ii) the month of January 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

25 March 2021
Full-year results & Annual Report 2020

20 May 2021
Annual General Meeting (AGM) 2021

26 August 2021
Half-year results & Half-Year Report 2021

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