softwareONE

ANNUAL REPORT 2019

TABLE OF CONTENTS

3 Letter from the Chairman of the Board of Directors
5 Letter from the Chief Executive Officer
7 SoftwareONE Facts & Figures
8 SoftwareONE at a Glance

9 THE SOFTWAREONE STORY
10 Overview
11 History and Milestones
12 Industry Environment
14 Business Model
21 Strategy
23 Vision 2022
24 Corporate Social Responsibility

28 FINANCIAL REVIEW
29 Introduction
30 Results Review
33 Definitions of Alternative Performance Measures and Reconciliation to IFRS

37 CORPORATE GOVERNANCE
38 Personal Message from the Chairman of the Board of Directors
39 Introduction
40 Group Structure and Shareholders
41 Capital Structure
43 Board of Directors
57 Executive Board
60 Shareholders' Participation Rights
62 Changes of Control and Defense Measures
63 Information Policy

64 COMPENSATION REPORT
65 Letter to Shareholders
67 Compensation Policy and Principles
68 Compensation Governance
69 Board of Directors Compensation
71 Executive Board Compensation
74 Outlook 2020
78 Report of the Statutory Auditor

79 CONSOLIDATED FINANCIAL STATEMENTS
80 Consolidated Income Statement
81 Consolidated Statement of Comprehensive Income
82 Consolidated Balance Sheet
84 Consolidated Statement of Cash Flows
85 Consolidated Statement of Changes in Equity
86 Notes to the Consolidated Financial Statements
139 Report of the Statutory Auditor

144 PARENT COMPANY STATUTORY FINANCIAL STATEMENTS
145 Balance Sheet
146 Income Statement
147 Notes to the Statutory Financial Statements
165 Appropriation of Available Earnings
166 Report of the Statutory Auditor

169 Cautionary Statement Regarding Forward-Looking Information
170 Information for Shareholders

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present you with SoftwareONE's first Annual Report following the IPO in October 2019.

Since our founding – exactly 20 years ago – SoftwareONE has developed from a software licensing company in Switzerland to a truly global services and solutions provider. From day one, we have been building our company on strong values and team spirit, which has enabled us to continuously and profitably grow our business. Now, as a listed company, we are very pleased to be addressing a wider group of shareholders. I would like to thank those of you in particular who became and remained SoftwareONE shareholders since our IPO for the trust you place in us. The digital transformation not only of the economy, but of society as a whole is in full swing and with our business model and capabilities, we are excellently positioned to support this development.

With the new chapter in SoftwareONE's story that we have opened with the listing on SIX Swiss Exchange, our thoughts also go to Patrick Winter, our co-founder, who sadly passed away in 2018. He was our visionary and a passionate CEO, to whom we are all immensely grateful. My fellow founding partners of SoftwareONE and I will continue to be closely involved with the company in our positions as Board members. We are dedicated to ensuring our culture and values are being lived and to sharing our extensive knowledge and experience of the sector and of the company to support the successful continuation of the company's thriving journey.

The transition towards a public entity comes with even greater responsibility for the Board of Directors. It requires comprehensive governance structures that allow the company to cope not only with strategic challenges but with the high expectations and demands of various stakeholders. In our Corporate Governance Report, you will find detailed information about our governance framework and how we translate our commitment to serving all stakeholders into action.

2019 was another successful year in SoftwareONE's history. In addition to the IPO, we took a number of significant steps to further strengthen the company's strategic and financial foundation. The acquisition of the global software, cloud and IT solutions provider Comparex that we closed in January 2019 was a particularly important milestone. We have not only significantly grown in size, but also in geographic reach and skills and are now a truly global company with around 5,400 employees and sales and service delivery capabilities in 90 countries.

With the solid performance in 2019, we have delivered on our promises. In overall healthy markets for the group's Software & Cloud and Solutions & Services businesses, reported revenue more than doubled to CHF 7.6 billion, and combined gross profit was CHF 737.2 million. Cost discipline and cultural alignment of the combined organization led to an increase of the adjusted EBITDA by 23.1% (at constant currency) to CHF 223.6 million. The adjusted EBITDA margin as a percentage of gross profit increased from 25.8% in 2018 to 30.3%.

Based on these solid results and the strengths of our business model, while also taking into account the uncertain environment due to the Covid-19 situation, the Board of Directors will propose a dividend of CHF 0.21 per share at the Annual General Meeting on 14 May 2020.

While the times we are witnessing due to the ongoing pandemic crisis are extraordinary, our strong company values, which include humbleness, passion and integrity, will help us to steer the right course together with our customers and partners. I am convinced that the strengths and robustness of our business model will be well proven in these challenging times in particular.

SoftwareONE continues to be exposed to the secular growth of software and cloud markets, and related services and solutions globally. As technology becomes more significant and complex, businesses of all sizes are increasingly confronted with commercial, technological and digital transformation challenges. Our current strategic plan, Vision 2022, is to enable our customers around the globe to embark on their digital transformation and empower them to utilize technology to support and drive their business outcomes. With our end-to-end suite of solutions, our close publisher relationships, our expertise in complex licensing and our attractive product mix, we are well positioned to further capitalize on the ongoing digital transformation trend and underlying market growth. Corporate social responsibility is a fundamental pillar of our culture. We will further strengthen our efforts in environmental and social matters and increase their visibility.

On behalf of the entire Board of Directors, I would like to thank all of our employees for their dedication and commitment, and I would particularly like to thank you, dear shareholders, very much for your loyalty and support. I am committed to driving the dialog with you and all of our stakeholders and look forward to continuing our success story together.

Yours sincerely,

Daniel von Stockar
Chairman of the Board of Directors

LETTER TO SHAREHOLDERS

Dear Shareholders,

SoftwareONE achieved solid performance in 2019 by building on its key strengths as a leading provider of software and cloud technology solutions and leveraging our lean business operating model built to deliver profitable growth at scale. At the same time, we further strengthened our global platform that offers capabilities across the entire value chain to help our customers drive their businesses forward.

The past year was characterised in particular by the acquisition of the global software, cloud and IT solutions provider Comparex in January 2019, and our IPO on SIX Swiss Exchange in October 2019. Joining forces with Comparex was a transformative move, allowing us to significantly gain scale and further expand in key geographies. Given our successful growth path over the past years, the IPO was a natural next step in SoftwareONE's development, allowing us to further enhance our visibility and our global profile.

Both the Comparex acquisition and the IPO are testament to the attractive positioning of our business, which is based on the consistent performance of our people, our results-driven culture and our strong values as a team. Both steps support our strategy, which is focused on growing our Software & Cloud business from existing and new customers, cross-selling and up-selling Solutions & Services, expanding our portfolio to serve customers end to end, and scaling our global-local operating model.

As part of our strategic approach to M&A focused on scale, geographic reach and capabilities, we made several other important acquisitions in 2019. These include a significant stake in InterGrupo, a leading cloud technology and application modernization provider in the Latin American market, as well as the business of Massive R&D, a Tokyo-based Amazon Web Services specialist, and Melbourne-based BNW Consulting, a specialist in SAP platform transformation, public cloud migration and application management services.

While the integration of Comparex was an important area of focus in 2019, we also managed to increase profitability significantly. This reflects continued gross profit growth, and our disciplined, efficient business management, leveraging our global shared service centers and regional hubs as well as lean operating structure.

On a like-for-like basis including Comparex' standalone results for 2018 and 2019, gross profit grew by 4.3% on a constant currency basis to CHF 737.2 million. Overall operating expenses (like-for-like) increased by 6.3% at constant currency, and comprised 69.7% of gross profit (on an adjusted basis) in 2019, compared with 74.2% in 2018. This reflects that Comparex integration activities were on track, enabling synergies of CHF 10 million in 2019, ahead of the CHF 7 million original plan. We are confident that we will complete the integration process as planned and achieve the targeted gross profit and cost synergies of approx. CHF 60 million p.a. on an adjusted EBITDA level in 2021.

Adjusted EBITDA on a like-for-like basis increased by 23.1% to CHF 223.6 million in 2019, and the adjusted EBITDA margin as a percentage of gross profit rose from 25.8% in 2018 to 30.3%. Profit for the year was up 59.9% to CHF 125.0 million on a reported basis.

As we are looking ahead at this moment in time, societies and economies across the globe are witnessing unprecedented challenges. The measures that became necessary to fight the spread of Covid-19 are causing disruptions across markets and industries. To overcome this challenge, enormous joint efforts will be needed between states, organizations, industries, companies, teams and individuals. At SoftwareONE, we aim to be a strong partner for our customers wherever and whenever they need us, and we will remain very disciplined in order to provide the extraordinary support they expect.

With regard to our business, we have seen continued momentum in 2020, with only limited effects of the Covid-19 situation so far, although the likely impact since mid-March is still unclear, and developments are rapid and unpredictable. We currently see increased demand from customers for unified communication and collaboration solutions as well as software asset management assessments, both to help them operate virtually and to control and reduce their existing software spend. We also see increased efforts on the part of our customers to strengthen their business continuity planning approach as well as to further invest in cyber security solutions, in light of the work from home practice that is enforced by most organizations.

Because technology and software are excellent work enablers, we expect businesses and institutions around the globe to continue to invest in their digital capabilities. Despite uncertainties for the current year, we therefore remain confident that we can achieve our mid-term (2020-2022) guidance communicated at the time of the IPO.

With our CHF 191 million net cash position (as at end-2019), unused credit lines and strong cash flow, SoftwareONE is well prepared to weather a potentially longer-term downturn and to continue to invest in our business.

On behalf of the Executive Board, I would like to thank all our colleagues for their relentless efforts and dedication, and our clients and shareholders for their continued trust and loyalty.

Yours sincerely,

Dieter Schlosser
Chief Executive Officer

SOFTWAREONE FACTS AND FIGURES

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

100%
Software & Cloud

65k+
Customers
~50% Enterprises
~50% SMEs

CHF 737m
FY19 gross profit[1]

5,442
Employees
90
Countries

Completed
7 strategic
ACQUISITIONS
within the last
24 months[2]

>100%
Net renewal rate

7.5k+
Software publisher relationships

CHF 224m
FY19 adj. EBITDA (30% margin)[1]

CHF 13bn
Customer purchasing volume

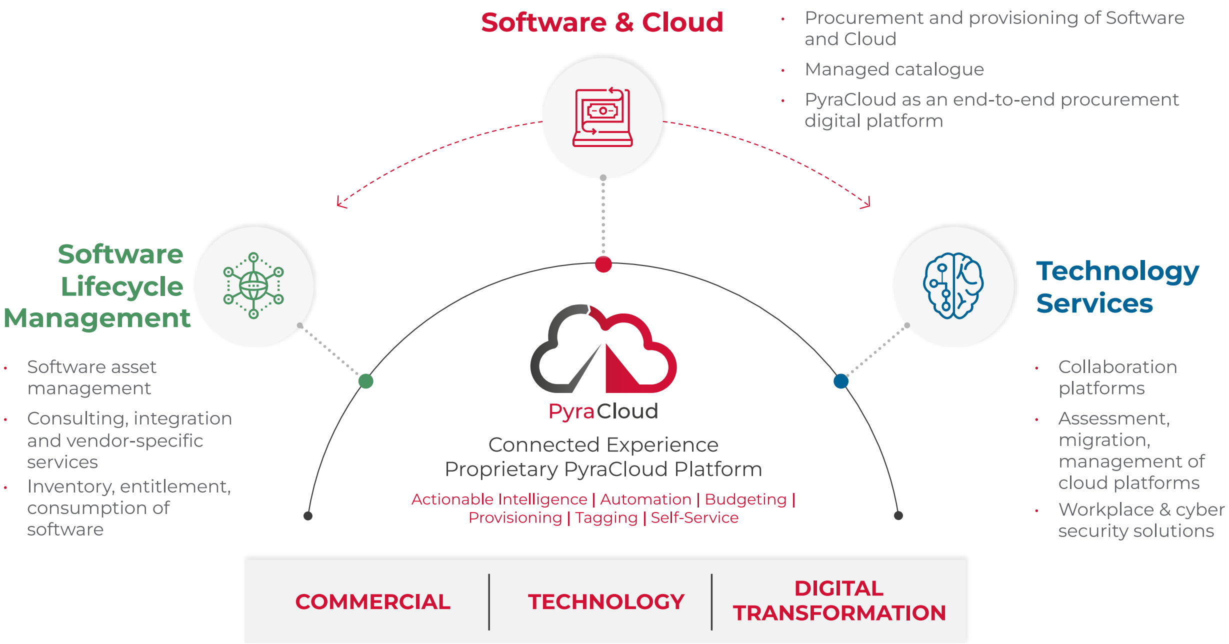
Successful
IPO
on SIX Swiss Exchange in October 2019

1) Based on the combined group on a like-for-like basis
2) Includes Comparex, RightCloud, 40% stake in Intergrupo, SAMSentry, Massive R&D, BNW and ISI Expert

SOFTWAREONE AT A GLANCE

Empowering companies to transform

With capabilities across the entire value chain, SoftwareONE helps companies design and implement their technology strategy, buy the right software and cloud solutions at the right price, and manage and optimize their software estate. Its offerings are connected by PyraCloud, SoftwareONE's proprietary digital platform, that provides customers with data-driven, actionable intelligence.



INTEGRATED PLATFORM WITH END-TO-END VALUE PROPOSITION

3 Global Service Delivery Centers

6 Regional Service Delivery Centers

24/7 support in 13 languages

Local presence in 90 countries

Able to transact in 150+ countries

AROUND THE WORLD

ANNUAL REPORT 2019

THE SOFTWAREONE STORY

Overview

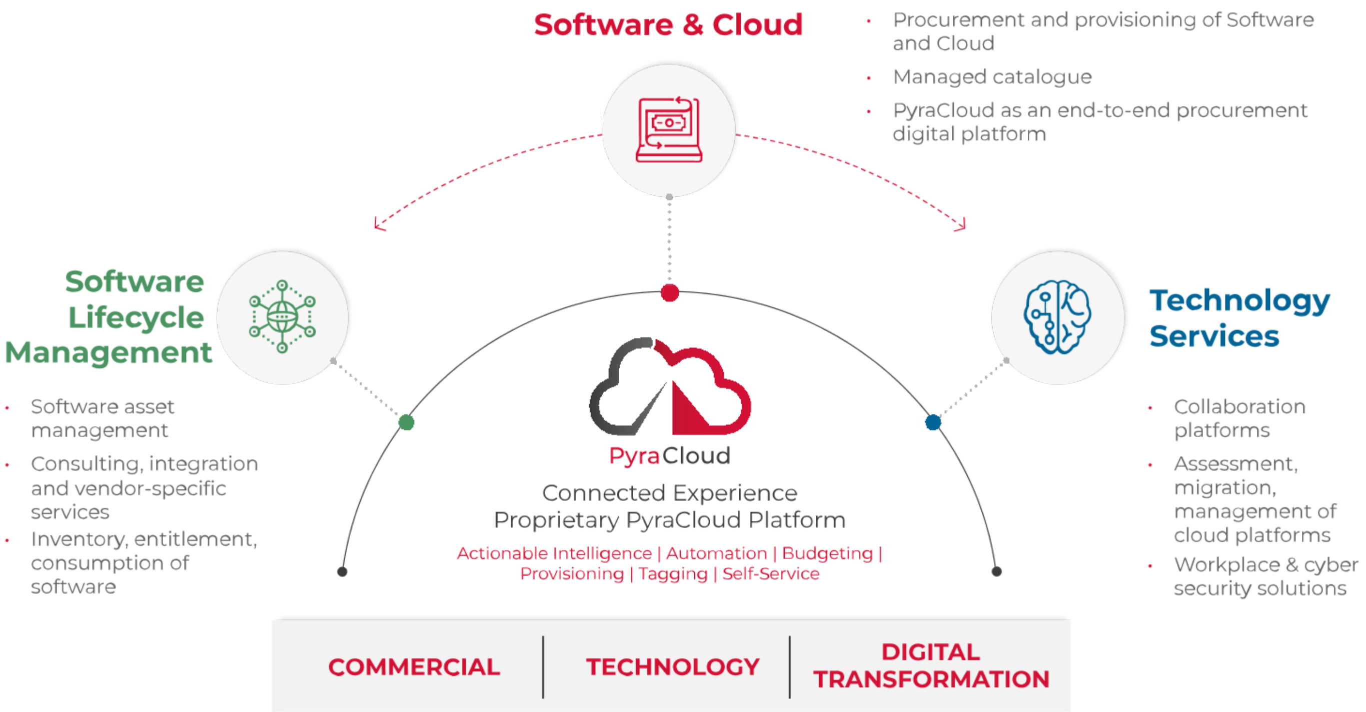
Founded in 2000 by Daniel von Stockar and Patrick Winter († 2018), SoftwareONE is a leading global provider of software and cloud technology solutions with capabilities across the entire value chain, helping around 65,000 business customers design and implement their technology strategy, buy the right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

With around 5,400 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 year 2019 accounted for 76% and 24%, respectively, of pro forma 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, Oracle, Red Hat, VMware and Symantec, 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.

History and Milestones

2000

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

2001

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

2005

- Softwarepipeline merges with Microware, a Swiss local software licensing company founded by René Gilli in Stans, Switzerland, in 1992. Combined firm becomes market leader in Switzerland, serving international customers.

2006

- Softwarepipeline acquires SoftwareONE, a US-based software licensing company founded in 1985, and adopts its name. Beat Curti joins Daniel von Stockar, Patrick Winter and René Gilli as a Founding partner of SoftwareONE.

2010 to 2014

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

2015

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

2016

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

2017

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

2018

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

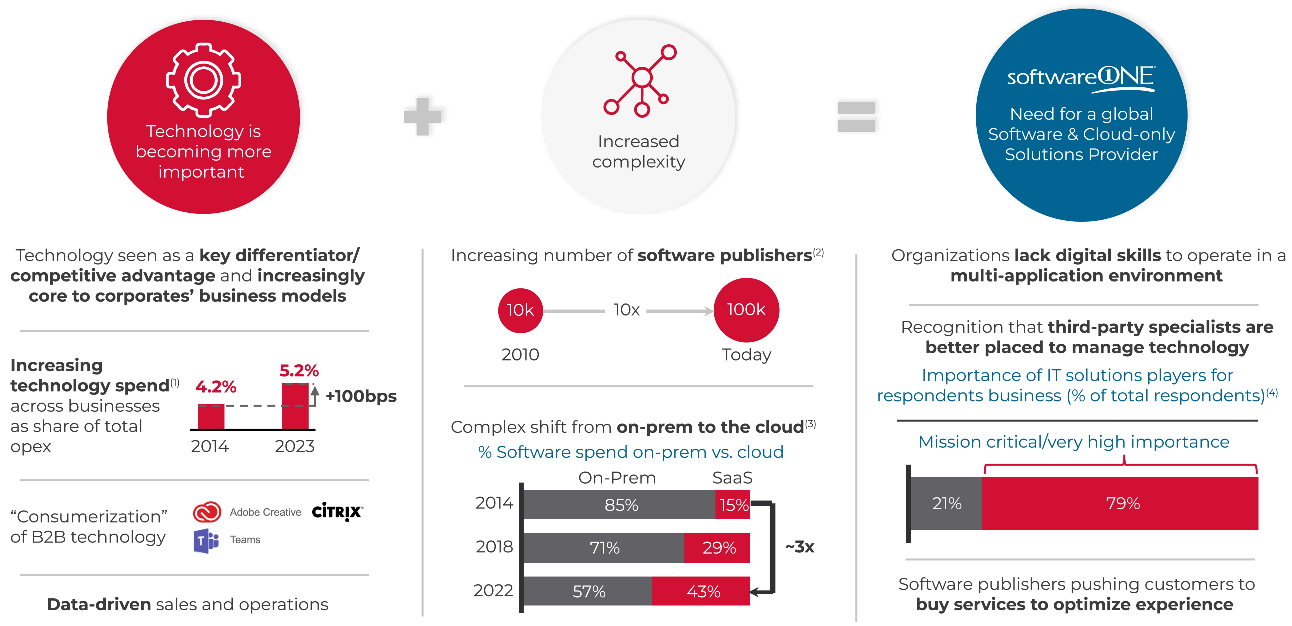
2019

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

Industry Environment

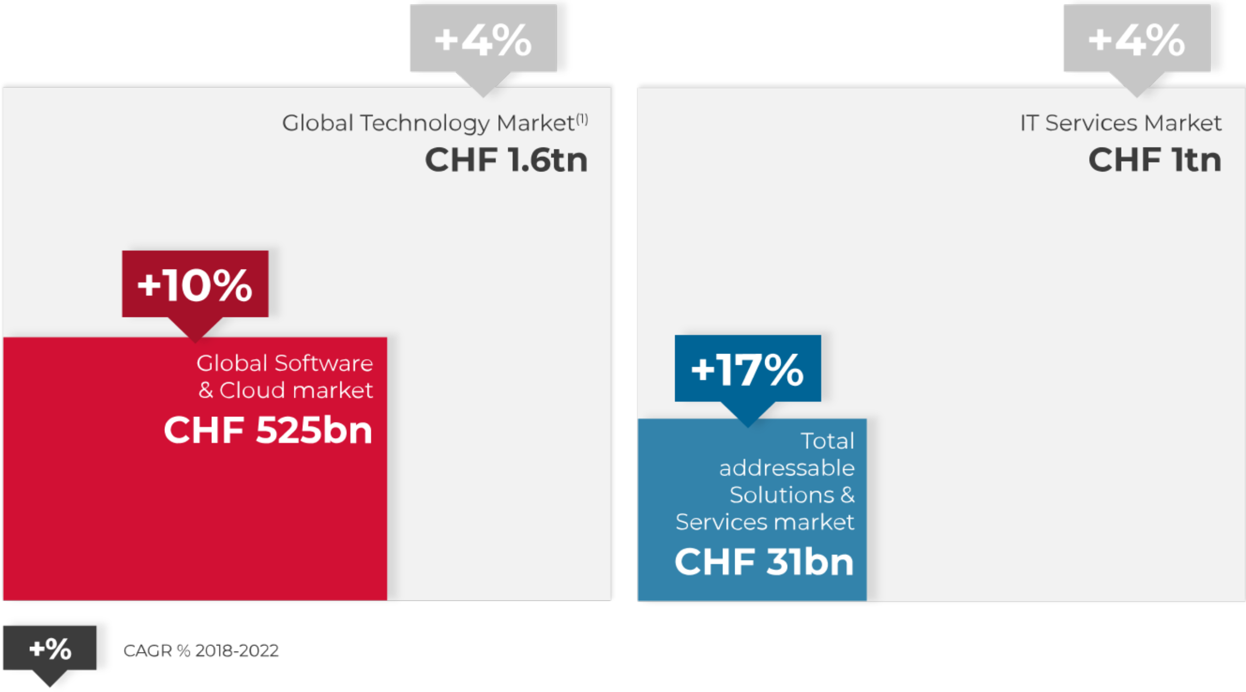
The global markets for software & cloud and solutions & services are characterized by robust growth, driven by technology spend catalyzed both by the growing complexity of technology and the rising strategic significance businesses attach to digitalization.

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



Source: External industry experts
1) Includes spend on hardware, software and services
2) External industry experts
3) Market survey (N=~300)
4) Market survey (N=800)

Large addressable markets with attractive double-digit growth



Source: External industry experts
1) Comprises Software & Cloud, Hardware and Network spend

Software & Cloud

According to external industry experts, global software & cloud spending reached CHF 525 billion in 2018 and is forecast to grow to CHF 757 billion in 2022, representing a compound annual growth rate (CAGR) of 10%, with growth across all major geographic regions and businesses of all sizes. The three market segments of on-premises software, software as a service (SaaS) and infrastructure as a service (IaaS), which in 2018 accounted for 67%, 27% and 6% of spending in the software & cloud market, respectively, are forecast to grow at a CAGR of 3%, 20% and 23%, respectively, for the period between 2018 and 2022, according to external industry experts. SoftwareONE is well positioned in the software & cloud market as illustrated by its strong track record of outperforming market growth. Between 2016 and 2018, gross profit from sale of software and other revenue grew at a CAGR of 12.0% for SoftwareONE and 12.6% for the combined group including Comparex, compared to growth in the market at a CAGR of 9%.

Solutions & Services

Global spending in SoftwareONE's total addressable market for solutions & services reached CHF 31 billion in 2018 and is forecast to grow at a CAGR of 17% to CHF 58 billion in 2022, according to external industry experts. As a result of SoftwareONE's investment in end-to-end capabilities across the entire technology solutions value chain, it has significantly grown its solutions & services business, achieving growth in gross profit from solutions and services at a CAGR of 20.3% for SoftwareONE and 12.4% for the combined group including Comparex between 2016 and 2018.

SoftwareONE believes that the combination of its software and cloud-only focus, its results-driven, customer-first culture, its close publisher relationships and a product mix with exposure to many of the fastest-growing software and cloud products positions it well to further capitalize on the ongoing digital transformation trend, and to continue to gain market share in a highly fragmented market.

Business Model

Globally scaled platform

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

SoftwareONE operates in attractive market segments across the entire technology solutions value chain.

– **Advise & design:** helping customers plan their development and management of technology
– **Buy:** transactional solutions for the purchase of on-premise and SaaS software and public cloud products
– **Build & implement:** migration and other implementation services to move traditional applications to a cloud environment
– **Manage & optimize:** managed technology solutions helping customers optimize public cloud infrastructure and technology spend

As technology becomes more complex and the strategic significance businesses attach to technology continues to grow, companies of all sizes are confronted with increasingly complex commercial, technology and digital transformation challenges. Businesses today face important strategic decisions around IT expansion, a proliferation of products from an ever-growing number of software and cloud publishers, difficulties with cloud migrations, and a lack of visibility and actionable data around software and cloud usage and spend.

End-to-end value proposition

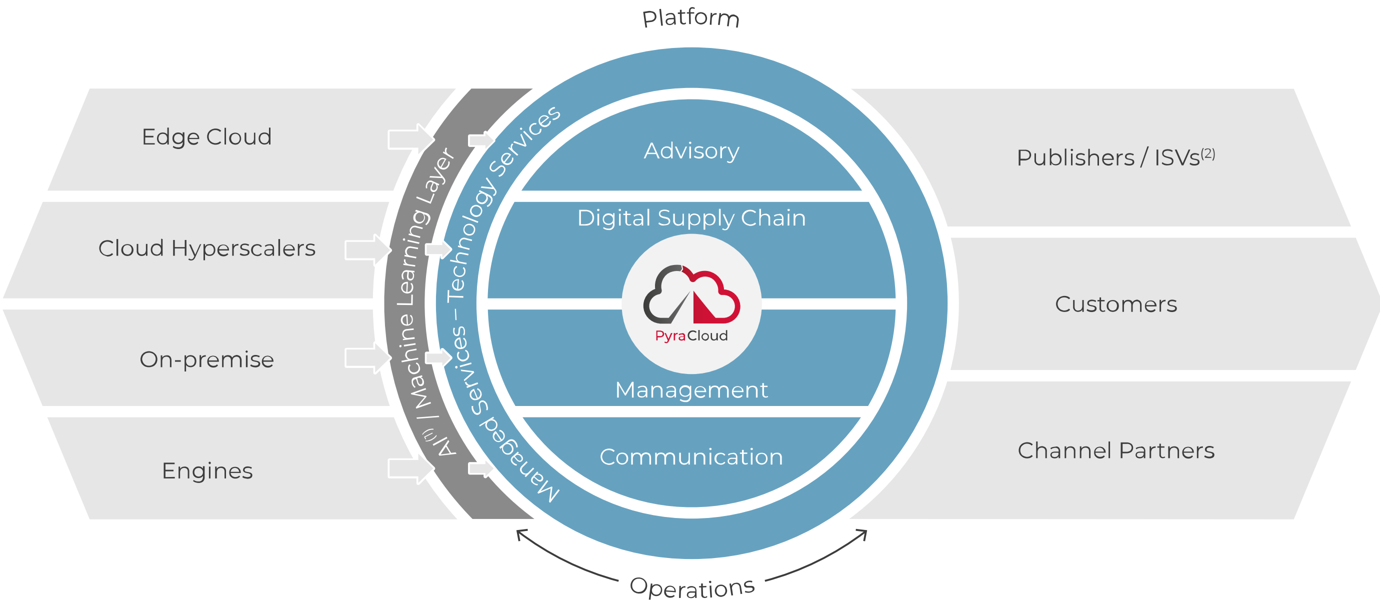
As a software and cloud-only strategic technology solutions provider with capabilities across the entire technology value chain, SoftwareONE offers an end-to-end value proposition to help its customers address these challenges. It helps businesses define a technology strategy, procure the most appropriate software and cloud solutions at the best price, facilitate their migration to the cloud and manage and optimize their software and cloud estate, thereby helping customers optimize the return on their technology investment. As its solutions and services are designed to help businesses save on technology costs, SoftwareONE is also able to offer customers a strong value proposition in a deteriorating economic climate.

Broad geographic footprint

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

Finally, SoftwareONE believes that its proprietary digital platform PyraCloud is unique in the market as a point of contact for customers that connects its end-to-end suite of solutions and provides data-driven, actionable intelligence to help them manage and optimize their software and cloud estate.

PyraCloud lies at the core of SoftwareONE's business model



"PyraCloud is at the center of SoftwareONE's business model, leading to the convergence of CX, UX and EX for customers, publishers, partners and SoftwareONE itself."

1) Artificial Intelligence
2) Independent Software Vendor

Diversified customer base

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

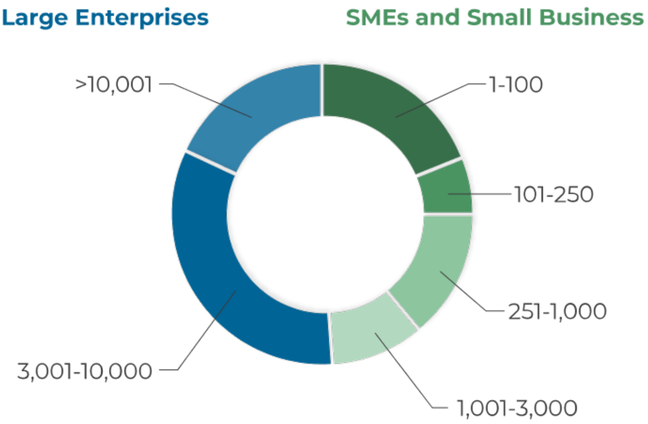
The group believes that its results-driven, customer-first approach to business has allowed it to build strong relationships with its customers as a trusted advisor for digital transformation challenges. As a result, SoftwareONE has enjoyed strong gross profit retention and has been able to successfully gain a growing share of its customers' wallets. On a combined basis for SoftwareONE and Comparex, its Software & Cloud business achieved a net renewal rate of more than 100% over the last several years, reflecting gross profit generated by existing customers at the beginning of the year expressed as a percentage of total gross profit generated the year before. Gross profit per customer for SoftwareONE and Comparex, on a combined basis, increased at a CAGR of approximately 10% between 2016 and 2019. The group also ranks high across key customer purchase criteria such as technical expertise, security and customer service and is one of the most trusted brands in its industry.

In addition to its strong customer relationships, SoftwareONE benefits from a well-diversified business mix across geographies, customers and industries. The group estimates that large enterprises with more than 3,000 FTEs accounted for approximately half of the gross profit of SoftwareONE, with small and medium enterprises with less than 3,000 FTEs accounting for the other half .

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

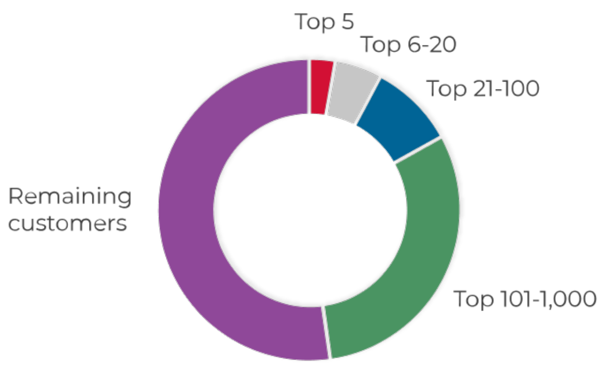
Customer split by size(1)

Gross profit by number of FTEs



Customer concentration(2)

Gross profit by largest clients



1) Sum of SoftwareONE and Comparex customers based on unique customer billing codes, may include an overlap between SoftwareONE and Comparex customer databases
2) Estimate based on analysis by external industry experts based on a sample of ~700 customers. Indicative analysis of gross profit estimate based on SoftwareONE and Comparex sales. Differences to IFRS pro forma and like-for-like-derived gross profit are mainly due to non-availability of certain Comparex data in a sufficiently granular format on individual transaction and/or customer level, differences in accounting treatment (period cut-off dates and accruals, FX rates applied in CHF conversion), and volume incentives from publishers that cannot be allocated to individual customers

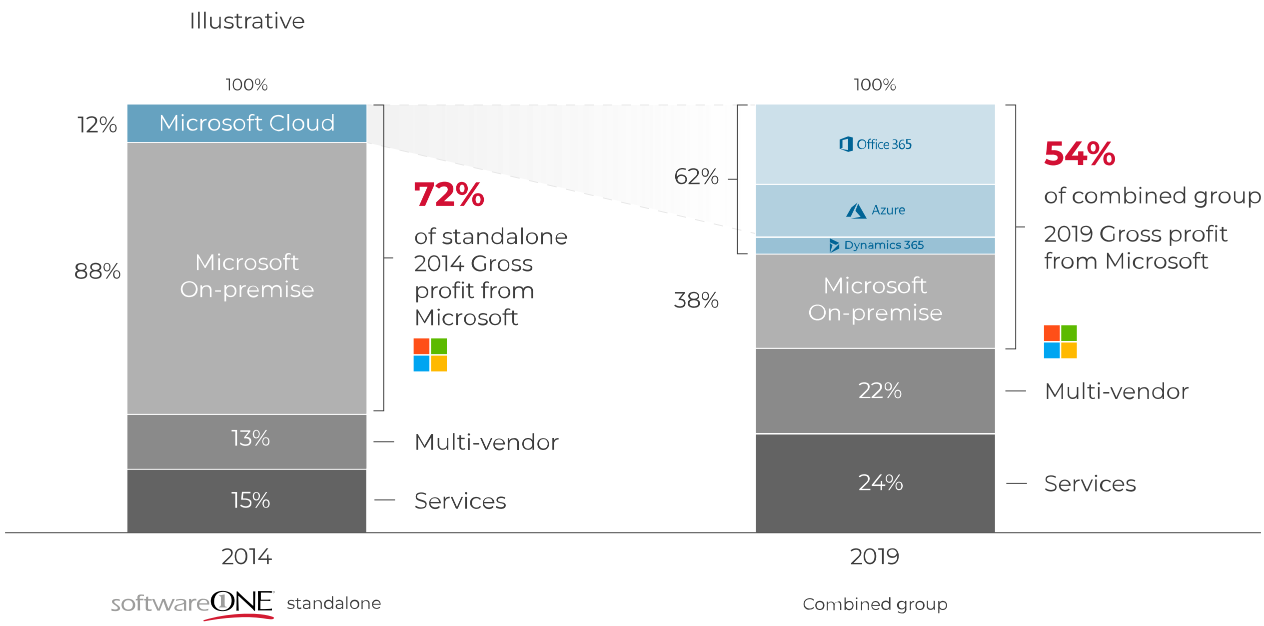
Strong relationships with software publishers

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

The group has trading relationships with more than 7,500 software and cloud publishers covering the full spectrum of software and cloud spend, including leading global software publishers such as Microsoft, Adobe, Oracle, Red Hat, VMware and Symantec, the best-performing hyper-scalers such as Microsoft Azure and Amazon Web Services and a growing portfolio of disruptive publishers, among others. In particular, SoftwareONE has a long-standing, strong relationship with Microsoft, which dates back more than 30 years and has been a stable source of gross profit growth. Based on the combined global transaction volume of SoftwareONE and Comparex in 2019, the group estimates that it is Microsoft's largest channel partner globally and its largest Azure partner globally. SoftwareONE has established this differentiated leading position by continuously optimizing its capabilities to service the specific needs of globally leading publishers.

Microsoft software accounted for approximately 54% of gross profit for SoftwareONE and Comparex combined in 2019, of which approximately 62% was attributable to sales of Microsoft Azure, Microsoft Office 365 and Microsoft Dynamics 365, reflecting the group's strategic alignment with Microsoft's high-growth SaaS and public cloud products. SoftwareONE believes that it is well-placed to benefit from Microsoft's growth prospects, as building up the capabilities to deliver Microsoft software cost-efficiently and at scale requires substantial investment and expertise that is difficult to replicate and that allows the group to manage the significant complexity of licensing, pricing and consumption options. According to external industry experts and independent analysts, SoftwareONE's addressable market for Microsoft products is forecast to grow at a CAGR of 15% between 2018 and 2021, compared to a CAGR of 8% between 2014 and 2018, primarily driven by Azure and Office 365 Commercial Cloud.

Expanding Software & Cloud publishers portfolio with healthy mix across multiple product families



Source: Company information, external industry experts

Software and cloud publishers experience a number of "pain points" in the distribution of their products through channel partners, including with respect to the reach, scale and capabilities necessary to drive software consumption, access to a dispersed audience of SMEs, the ability to provide local product support and services in remote geographies, the flexibility to support a range of business models and the ability to drive digital readiness and transformation. As a globally scaled software and cloud-only platform with strong value-add offerings, SoftwareONE is able to provide solutions to these challenges, making it a partner of choice for publishers of all sizes.

SoftwareONE solves Software & Cloud publishers' pain points

Key publisher pain points

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

SoftwareONE solution

Global Scale AND Local Access

- On-the-ground presence in 90 countries and ability to transact in 150+ countries
- Global organization: ~5,442 FTEs
- Supply chain exclusivity and access to local prices
- Maximize product reach across 65k+ customers (~50% SMEs / ~50% Enterprises)

Governance

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

Value-add

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

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

Global and local operating model

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

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

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

3 Global Service Delivery Centers

6 Regional Service Delivery Centers

24/7 support in 13 languages

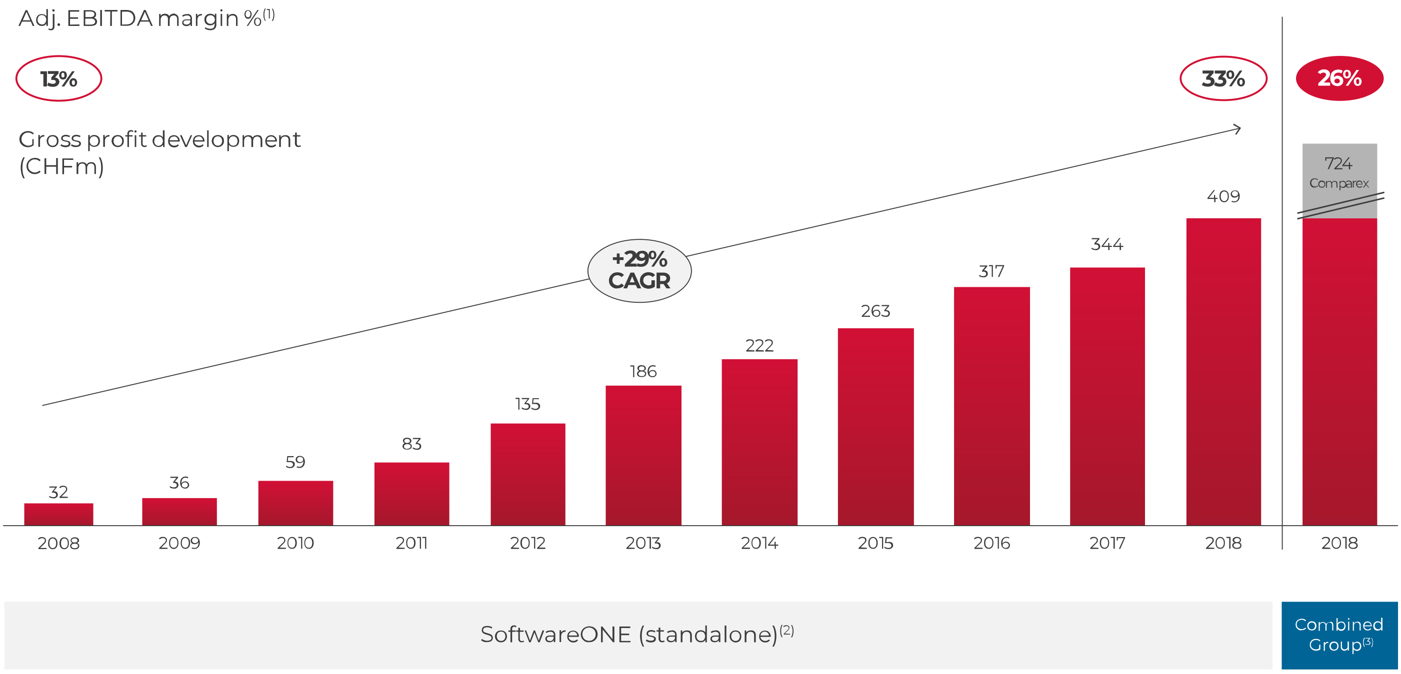
Local presence in 90 countries

Able to transact in 150+ countries

Historic growth and profitability track record

SoftwareONE has an attractive financial profile based on a proven growth model delivering gross profit growth, margin expansion and strong cash flow. This section focuses on historic performance, to give readers a background on the group's development when it was still a private company.

For an overview of SoftwareONE's performance in the 2019 reporting year, please see the Financial Review and the Consolidated Financial Statements.



SoftwareONE standalone Management reporting 2008-2014 in accordance with the Swiss Code of Obligations, IFRS 2015 – 2018

1) Defined as Adjusted EBITDA/Gross profit; Adjusted EBITDA defined as reported Earnings before net financial items, taxes, depreciation and amortization, adjusted for FY 2017, FY 2018 and H1 2019 to exclude one-off costs such as M&A costs, costs to achieve synergies, and integration costs mainly associated with the acquisition of Comparex, as well as costs incurred in relation to the preparation of the IPO; Gross profit defined as Total Revenue less Cost of software purchased and Third party service delivery costs (Non-IFRS)
2) SoftwareONE audited consolidated financial statements prepared in accordance with the Swiss Code of Obligations 2008-2014 and IFRS 2015-2018
3) "Combined group" refers to pro forma financial information for FY 2018, H1 2018 and H1 2019, and selected like-for-like financial information for FY 2016 and FY 2017

Double-digit gross profit growth across all dimensions

SoftwareONE has a long-standing track record of strong organic growth. The group has delivered gross profit growth continuously each year for the past decade, increasing at an organic CAGR of approximately 29% from CHF 31.6 million in 2008 to CHF 409.4 million in 2018. Between 2016 and 2018, gross profit increased from CHF 317.4 million in 2016 to CHF 409.4 million in 2018, representing a CAGR of 13.6%.

At the same time, SoftwareONE has leveraged its end-to-end value proposition and the robust growth trends in its markets to achieve double-digit gross profit growth across both of its business lines, Software & Cloud and Solutions & Services. Gross profit from sale of software and other revenue increased at a CAGR of 12.0% from CHF 257.4 million in 2016 to CHF 322.7 million in 2018, whereas gross profit from solutions and services increased at a CAGR of 20.3% from CHF 59.9 million to CHF 86.8 million in the same periods.

For the combined group including Comparex, gross profit increased from aggregated like-for-like gross profit of CHF 571.2 million in 2016 to pro forma gross profit of CHF 724.0 million in 2018, representing a CAGR of 12.6%. Gross profit from sale of software and other revenue for the combined group increased at a CAGR of 12.6% from aggregated like-for-like gross profit from sale of software and other revenue of CHF 437.5 million in 2016 to pro forma gross profit from sale of software of CHF 555.1 million in 2018, whereas gross profit from solutions and services increased at a CAGR of 12.4% from aggregated like-for-like gross profit from solutions and services of CHF 133.7 million in 2016 to pro forma gross profit from solutions and services of CHF 168.9 million in 2018.

SoftwareONE believes that its strong top-line growth demonstrates the strength and quality of the combined group's software transactional businesses, the successful execution of SoftwareONE's strategy to reposition itself as an end-to-end technology solutions provider and its ability to capture market growth.

The strong growth in gross profit also reflects its success in winning an increasing share of its customers' wallet while also selectively growing its combined customer base. SoftwareONE estimates that gross profit per customer for SoftwareONE and Comparex on a combined basis grew at a CAGR of 10% from approximately CHF 9,000 in 2016 to approximately CHF 11,000 in 2018, due in part to its success in cross-selling solutions and services to Software & Cloud-only customers. Its combined customer base grew by approximately 2,000 customers from an estimated 63,000 customers to an estimated 65,000 business customers between 2016 and 2018.

Finally, SoftwareONE enjoys a high-quality revenue base with a significant share of recurring revenue. The combined group's Software & Cloud business achieved a net renewal rate of more than 100% in 2017 and 2018, reflecting gross profit generated by existing customers at the beginning of the year expressed as a percentage of total gross profit generated the year before. Furthermore, the combined group's gross profit from managed services, which today makes up approximately one half of SoftwareONE's Solutions & Service business, approximately doubled between 2016 and 2018 reflecting its strong focus on outcome-based solutions for customers that provide recurring revenue.

Strong profitability with steady margin improvement

SoftwareONE has demonstrated strong profitability with steady margin improvement. On a standalone basis, adjusted EBITDA for SoftwareONE increased from CHF 54.5 million in 2016 to CHF 135.6 million in 2018, representing a CAGR of 57.7%. Adjusted EBITDA margin (calculated as adjusted EBITDA as a percentage of gross profit) increased from 17.2% to 33.1% in the same period. The strong margin expansion between 2016 and 2018 reflects scale effects and efficiencies gained from leveraging SoftwareONE's dynamic resource model, increasing standardization and automation, and salesforce productivity gains as a result of strong business management focused on rigorous performance benchmarking and reinforcement.

For the combined group including Comparex, adjusted EBITDA increased from aggregated like-for-like adjusted EBITDA of CHF 92.4 million in 2016 to pro forma adjusted EBITDA of CHF 186.9 million in 2018, representing a CAGR of 42.2%. The adjusted EBITDA margin for the combined group increased from 16.2% to 25.8% in the same periods. SoftwareONE believes that the superior margins on a standalone basis illustrate strong upside potential for the combined group.

Attractive cash flow generation due to an asset-light business model

SoftwareONE has achieved strong cash flow generation, enabled by an asset-light business model reflecting limited capital expenditure requirements. On a standalone basis, operating free cash flow increased from CHF 43.8 million in 2016 to CHF 122.9 million in 2018, representing a CAGR of 67.4%. For the combined group, operating free cash flow increased from aggregated like-for-like operating free cash flow of CHF 69.0 million in 2016 to pro forma operating free cash flow of CHF 166.0 million in 2018, representing a CAGR of 55.1%.

M&A expertise / Comparex acquisition

SoftwareONE has a strong track record of supplementing its organic growth with a strategic approach to M&A and since 2015 has completed 10 acquisitions focused on scale, geographic reach and capabilities.

The Comparex acquisition

Following the announcement of the transaction in October 2018, SoftwareONE in January 2019 completed the acquisition of Comparex, a global software, cloud and IT solutions provider with gross profit of EUR 281.8 million in its financial year ended 31 March 2019, and 2,456 employees as at 31 December 2018. SoftwareONE believes that the added scale from its combined businesses, Comparex' book of business across the EMEA and CIS regions, Mexico and Brazil, its complementary set of specializations as well as its talented local leadership teams will yield significant strategic and competitive advantages for SoftwareONE. The group further believes that the Comparex acquisition presents potential for significant financial benefits and is targeting annual run rate synergies of CHF 60 million at the EBITDA level starting from the beginning of 2021, approximately CHF 20 million of which in the form of gross profit synergies and approximately CHF 40 million in operating expenditure synergies.

Capabilities-driven acquisitions

In addition to the Comparex acquisition and the acquisition of CompuCom's contract management and software licensing business in 2015, another acquisition of scale, SoftwareONE has successfully completed a series of smaller, capabilities-driven acquisitions in technology and service areas of strategic importance. These transactions include the acquisition of RightCloud, a Singapore-based managed infrastructure provider with AWS and Azure capabilities, a comprehensive portfolio of multi-cloud solutions and exposure to the APAC region; ISI Expert SAS, a managed services and infrastructure provider based in France; UC Point AG, a Switzerland-based global provider of global unified communications and collaboration; House of Lync, an information technology service provider focused on consulting, designing and servicing Microsoft's communications solution, Skype for Business; and SAMSentry, a software governance technology provider.

In 2019, SoftwareONE acquired 40% of the shares in InterGrupo, a leading cloud technology and application modernization provider in the Latin American market, with the option to purchase the remaining 60% of the shares. Also in 2019, the group acquired the business of Massive R&D, a Tokyo-based Amazon Web Services specialist, as well as Melbourne-based BNW Consulting, a specialist in SAP platform transformation, public cloud migration and application management services.

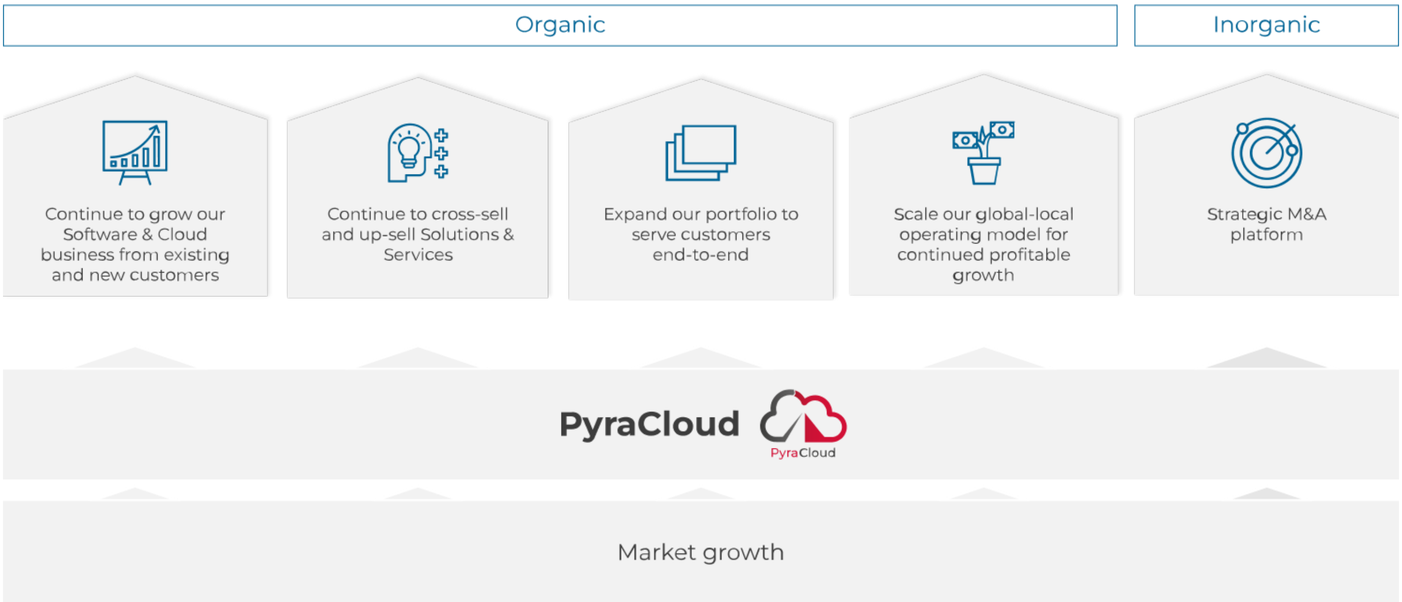
SoftwareONE believes that its proven ability to draw on its deep industry relationships and reputation to successfully pursue M&A opportunities, and its strong track record of integrating acquired businesses with discipline and a culture of ownership, are strong assets that will enable the group to further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

Strategy

SoftwareONE's strong track record of profitable, predominantly organic growth is attributable to the successful execution of a business strategy focused on growing its Software & Cloud business from existing and new customers; cross-selling and up-selling Solutions & Services; expanding its portfolio to serve customers end to end; and scaling its global-local operating model. The group has supplemented its organic growth strategy with a strategic M&A platform.

SoftwareONE intends to continue to drive profitable growth through the further execution of its strategy, while capitalizing on robust expected market growth and the capabilities of PyraCloud, its proprietary digital platform.

The following diagram illustrates the group's business strategy:



Grow Software & Cloud

SoftwareONE intends to continue to grow sales in its Software & Cloud business line by leveraging its large existing customer base of approximately 65,000 business customers, which provides significant additional gross profit potential through contract renewals, volume and feature upgrades, and growing SaaS and cloud adoption, among other opportunities to increase the share of its customers' wallets. In addition, after a period during which the group focused on sales to existing customers in anticipation of the acquisition of Comparex' book of business, SoftwareONE plans to re-energize initiatives to expand its customer base. To achieve these strategic objectives, the group intends to selectively expand its salesforce after achieving strong gains in sales effectiveness and establishing new sales best practices that delivered strong bottom-line growth in recent years. SoftwareONE also plans to leverage its best practices and processes to increase the effectiveness of the salesforces acquired as part of the Comparex acquisition.

Cross-sell and up-sell Solutions & Services

SoftwareONE intends to continue to cross-sell and up-sell Solutions & Services. In particular, it intends to leverage its large Software & Cloud-only customer base to increase the number of customers who purchase both Software & Cloud and Solutions & Services from the group. Based on historical analysis, SoftwareONE estimates that customers who purchase from both its Software & Cloud and its Solutions & Services business lines generate approximately seven times the amount of gross profit that Software & Cloud-only customers do, and that they accounted for approximately 60% of total growth in gross profits for the combined group (including Comparex) between 2016 and 2018, - approximately twice the contribution of Software & Cloud-only customers. As a result, SoftwareONE believes that there is very significant upside potential from the estimated 51,000 customers, or approximately 80% of its customer base, that has so far only purchased Software & Cloud products from the group. SoftwareONE intends to capture the significant potential from its Software & Cloud-only customers through a number of initiatives, including cross-selling solutions and services to the customer base of Comparex and investing in cross-selling and up-selling capabilities.

Expand portfolio to serve customers end-to-end

SoftwareONE plans to expand its software and cloud-only solutions and services to further enhance its ability to comprehensively serve its customers in their digital transformation journey.

To this end, SoftwareONE intends to:

- Expand and deepen its relationships with key software and hyperscale publishers, including Microsoft, AWS, VMware, Red Hat and SAP
- Continue to develop value-add solutions for its key publishers' core products across its Software Lifecycle Management, Future Data Center, Future Workplace and Security practices
- Build cyber-security components into every offering to address its customers' security needs
- Accelerate sales by further developing PyraCloud into a digital marketplace and channel as a service for independent software vendors
- Expand its packaged services and standardized solutions, including by significantly expanding its digital supply chain, bundling advisory, professional services and managed services and continuing to package services into X Simple branded solutions for the mid-market
- Significantly scale up its capabilities in areas such as critical workload migration to Azure and AWS, application modernization, cyber security operations center, and managed cloud

In the medium term, SoftwareONE also intends to launch an integrated multi-capability managed service capturing the entire software and application lifecycle for customers and to launch a big data practice enabling actionable insights.

Scale global-local operating model for continued profitable growth

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

Pursue M&A opportunities

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

- Opportunistic, scale-driven acquisitions in its Software & Cloud business that can be integrated into its business operating model with relative ease and are attractively priced
- Targeted acquisitions of "in-market services," or service providers that offer services and solutions that are complementary with its existing services portfolio in specific countries
- Strategic acquisitions to broaden existing capabilities that SoftwareONE believes cannot be developed internally in a cost-effective manner

Vision 2022

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

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

People

SoftwareONE believes that people are its greatest asset, and it aspires to create a culture and an environment that allow them to have the best time of their life at SoftwareONE. As SoftwareONE continues to grow and transform, it believes that maintaining its unique culture and its focus on people is critical to its future success and the ability to achieve its strategic objectives. The group's people strategy is centered around the following three elements:

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

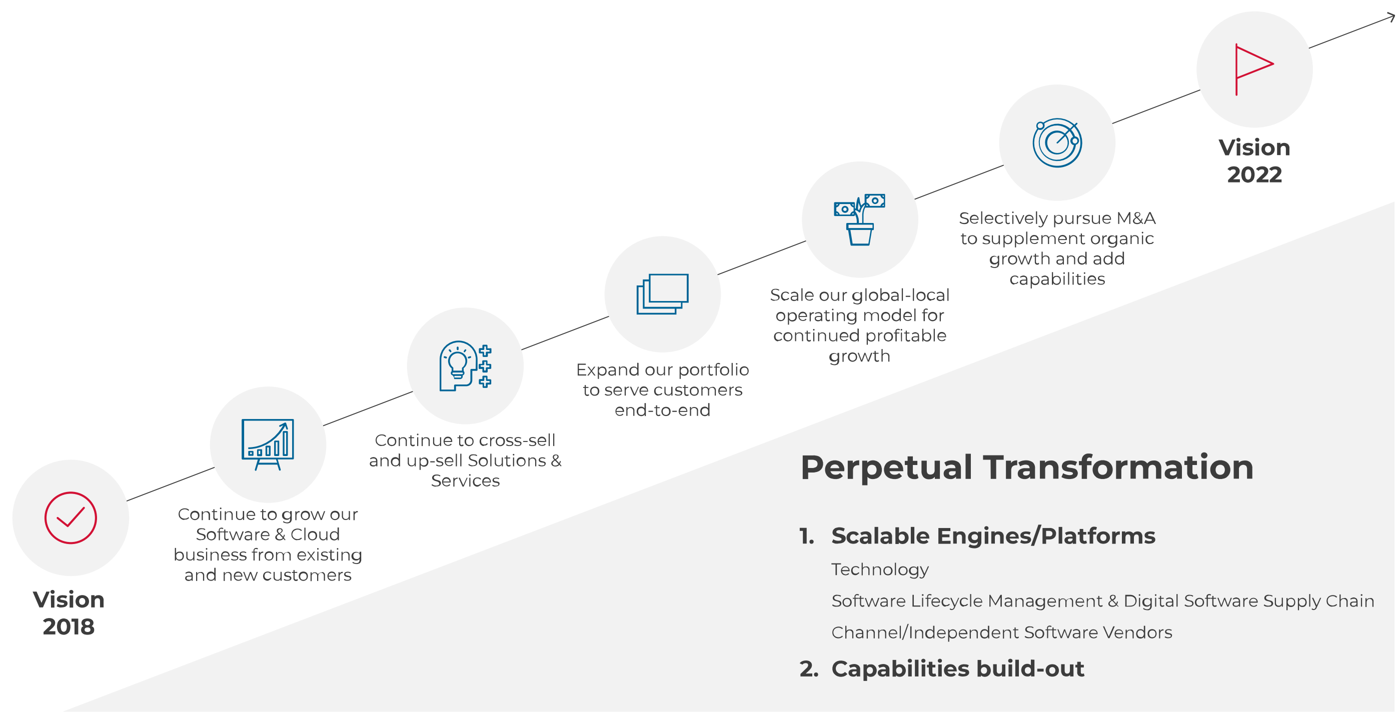
Portfolio

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

Provoke

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

Multiple growth levers



Corporate Social Responsibility

SoftwareONE is committed to operating its business as an ethical company, with integrity and as a good corporate citizen. In addition to respecting all relevant laws, regulations and standards in all of the countries in which the group operates, SoftwareONE has put in place Codes of Conduct both for employees and business partners, which in part stipulate higher standards.

Company values

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

https://vimeo.com/400904816

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

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

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

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

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

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

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

EcoVadis CSR "Silver" rating

For its efforts in the area of corporate social responsibility (CSR), SoftwareONE achieved a "Silver" rating in the EcoVadis CSR assessment in 2019, placing it among the top 30% of the companies rated.

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

Sustainable initiatives and SoftwareONE Foundation

As a successful company with a global footprint, and in line with its core values, SoftwareONE and its founders believe it has a responsibility to give back to the society it is a part of. Beyond local initiatives in a number of the company's markets, SoftwareONE has globally committed to support initiatives in the host countries of its annual President's Club. In 2019, participants of the President's Club in South Africa engaged to improve the premises of the Thembani School, where they successfully re-modelled and refurbished a large outdoor play and sport facility.

In 2020, the company intends to create the SoftwareONE Foundation – "ONELife" – as a primary platform to support long term sustainable initiatives that have a positive impact on society beyond the business. It is intended that the Foundation will support projects focused on delivering sustainable benefit in the four key areas Environment, Education, Charity and Our People. All projects would connect to SoftwareONE's physical footprint and centre around the geographic locations of the company. It is intended that Foundation will be governed by a dedicated Board made up of external members with appropriate governing rules and charter.

Employee development

SoftwareONE continues to invest significantly into the development of its employees within the 'People' pillar of Vision 2022. Professional development is regionalised based on maturity of market and need, and is delivered through a mix of digital activities via the dedicated Learning Experience Platform (FUSE) as well as classroom based internal and external professional development and certification. In addition, the company has developed its own 'Transitions Framework' centered around 'Success Competencies' that fosters growth of its employees aligned to the core values.

The table below sets forth the number of employees (full-time equivalent basis) SoftwareONE employed as at 31 December 2016, 2017, 2018 and 2019, broken down by geographic region:

As at 31 December	2016	2017	2018	2019
Geographic Region				
EMEA	935	875	910	2,793
NORAM	446	362	350	406
APAC	1,055	1,007	1,121	1,487
LATAM	450	419	481	756
Total	**2,886**	**2,663**	**2,862**	**5,442**

Diversity

As a global company, SoftwareONE is diverse and international in its very nature, and it believes that this is a key tenet in its ability to successfully navigate an ever-changing world economy and complex technology landscape. At a gender level, the employee population comprises of 61% male, 38% female and 1% trans or other specific gender denominations. Of equal importance, the company continues to be an equal opportunities employer represented across the major religious groups by 82 nationalities, speaking 32 languages.

Initiatives have so far focused on three key areas:

Talent Acquisition: SoftwareONE has made significant investments in its branding to show case the diverse nature of its existing employee base and has further enhanced its processes with artificial intelligence technology and training to remove unconscious bias in its recruitment and promotion activity. By removing barriers to entry and creating a fairer, more transparent decision process, the group is aiming to drive diversity at the source level to ensure improved opportunities for all of its current and future talent.

Cultural Development: Worldwide initiatives such as "Women In Technology" are providing a more empowered community to help break down any barriers in terms of gender as one aspect of diversity. The regular promotion of "Cultural Days" ensures the whole population learns about, recognises and celebrates the many cultures and nationalities that make up SoftwareONE. The international footprint and operating model of the business provide a global platform for international assignments and projects, allowing the group to develop better cross-cultural understanding and interaction both internally and with customers.

Learning: A major program for 2019 and continuing in 2020 has been the expansion of SoftwareONE's "Learning & Talent Development" organisation and tools. The launch of FUSE, a social learning experience platform, has provided an accelerated digital and interactive learning capability and not only promotes professional curriculums, but more importantly open discussion and shared experiences so that learning and development becomes close to real time. SoftwareONE continues to expand the team with a dedicated organisation that not only supports competence by function, but actively drives personal development through inhouse programs such as 'Inspire Through Culture".

SoftwareONE's ultimate goal remains unchanged – its people are its greatest asset and as such, it has a responsibility to attract, develop and retain the best possible talent to ensure an amazing experience for them and the group's customers.

Management

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

Compensation and rewards

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

The company offers a competitive employee benefit structure in accordance with local country legislative requirements and market/ industry sector practices. Pension plans are maintained throughout the various countries where SoftwareONE employees are based, with the majority of its pension liabilities deriving from Switzerland.

In addition, the company offers a number of recognition programs including its reward platform 'Motivosity' that allows all employees to recognise each other for good behaviours aligned to the values across the group as well as a number of incentive programs cultminating in the pinnacle annual Presidents Club.

SoftwareONE also supports the professional and personal development of its employees through a number of programs, including international assignments, education grants and learning and development support. Furthermore, the company sponsors and supports several local programs, focusing on strengthening the group's culture and community service activities for a positive impact on society.

Labor standards

SoftwareONE supports and respects the protection of internationally proclaimed human rights. It makes sure that it is not complicit in human rights abuses. As far as any relevant laws allow, all employees are free to form and to join or not to join trade unions or similar external representative organizations and to bargain collectively. SoftwareONE is subject to collective bargaining agreements or similar labor contracts in Brazil and Mexico. In certain other jurisdictions, including Spain and the Netherlands, a workers' council is in place. Forced, bonded or compulsory labor is not used, and employees are free to leave their employment after reasonable notice as required by national law or contract. No person is employed who is below the minimum legal age for employment.

Discrimination and harassment

SoftwareONE is an equal opportunities employer and is committed to complying with all applicable laws and regulations relating to equal employment opportunity, nondiscrimination and similar employee-related matters. All employees are treated with respect and dignity at all times, in line with the company values. SoftwareONE operates a zero-tolerance policy on harassment and discrimination of any kind. This includes but is not limited to physical or verbal abuse, physical or sexual harassment (in any form, including the distribution of sexual material), any other unlawful harassment or any threats or other forms of intimidation. All kinds of discrimination based on partiality or prejudice are prohibited, including discrimination based on race, sex, color, ethnicity, sexual orientation, disability, age, marital status, parental status, pregnancy, religion, political opinion, nationality, social status and any other characteristic protected by local law as applicable.

Anti-corruption, ethical business conduct

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

SoftwareONE stipulates that any payment, benefit, gift or contribution received by its personnel from any current or prospective customer, supplier, business partner or a related third party must not only comply with applicable law but must also be consistent with ethical business and local cultural practices and must not be intended to improperly influence business decisions. Equally, any payment in kind, benefit, gift or contribution made by SoftwareONE personnel to any current or prospective customer, supplier, business partner or a related third party must comply with applicable law, be consistent with ethical business and local cultural practices and must not be intended to improperly influence business decisions.

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

Conflicts of interest

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

Privacy and data protection

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

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

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

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

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

Environment

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

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

Quality certifications

SoftwareONE is certified to international standards on systems management, including ISO 9001:2008 on quality management systems, ISO 14001:2015 on environmental management systems and ISO 27001:2005 on information security management (in respect of the entities acquired as part of the acquisition of Comparex, with rollout to the entire IT organization in progress).

Code of Conduct for SoftwareONE business partners

SoftwareONE requires its business partners, including suppliers, distributors, contractors and others entering into a contractual relationship with SoftwareONE, to adhere to applicable laws and regulations as well as to SoftwareONE’s values and standards. Requirements include the support of internationally proclaimed human rights, such as prohibition of child labor, adequate measures to protect the health and safety of their employees, prohibition of discrimination, anti-corruption provisions, compliance with competition and antitrust, national bidding and/or procurement, export control as well as data protection and privacy laws.

ANNUAL REPORT 2019

FINANCIAL REVIEW

Introduction

The financial results of SoftwareONE are reported in accordance with International Financial Reporting Standards (IFRS), although the internal and external disclosure of the company's financial performance focuses on adjusted EBITDA. The adjustments made from IFRS to adjusted EBITDA are related to M&A, integration and IPO-related costs that are not indicative of the underlying performance of the business nor of its future growth potential.

SoftwareONE has defined a set of non-IFRS financial measures (Alternative Performance 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 like sell-side analysts, investors and other interested parties in evaluating companies in the same industry.

The results of operations of the acquired Comparex business were consolidated in the group's consolidated financial statements from the acquisition date on 31 January 2019. As such, unless otherwise indicated, the group's financial information presented in this report for the 12 months ended 31 December 2019 includes the results of operations of Comparex for the period from 1 February 2019 to 31 December 2019. To ensure better comparability between the periods, some key performance indicators are also presented on a like-for-like basis for 12 months in 2019 and 2018.

Definitions of Alternative Performance Measures used by SoftwareONE and a reconciliation to IFRS are provided at the end of this section.

Results Review

Income drivers and developments

In overall healthy markets for the group's Software & Cloud and Solutions & Services business lines, reported revenue more than doubled to CHF 7.6 billion in 2019, compared with 2018.

On a like-for-like basis including Comparex, gross profit increased by 4.3% on a constant currency basis to CHF 737.2 million, in line with the 2019 guidance of 4-6% provided during the IPO. 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. SoftwareONE continued to deliver very strong gross profit growth rates in its own book of business in 2019, while the progressing integration affected the Comparex book of business, as anticipated.

Gross profit from sale of software and other revenue grew by 2.8% on a like-for-like basis at constant currency in 2019, at the upper end of the IPO guidance range, reflecting the successful integration of the two salesforces. Solutions and services achieved gross profit growth of 9.2%, lower than the guidance due to the harmonization of Comparex' services portfolio with SoftwareONE. As planned, the combined services portfolio has been rolled out and the incentive plans have been fully aligned as of the beginning of 2020, which positions the combined group for the next phase of growth.

In geographical terms, the group's EMEA region contributed 68% to gross profit in 2019, while NORAM, APAC and LATAM contributed 15%, 10% and 7%, respectively, including Comparex.

Expense drivers and developments

On a reported basis, personnel expenses increased to CHF 439.9 million in 2019, from CHF 224.3 million in 2018, and other operating expenses rose to CHF 115.3 million in 2019, from CHF 57.4 million in 2018, reflecting the Comparex acquisition. Total headcount (FTE) stood at 5,442 as at the end of 2019, compared with 5,377 on a combined basis and 2,636 on a SoftwareONE standalone basis as at the end of 2018.

On a like-for-like basis, overall operating expenses increased by 6.3% at constant currency. Overall operating expenses (on an adjusted like-for-like basis) comprised 69.7% of gross profit in 2019, compared with 74.2% in 2018. This reflects SoftwareONE's disciplined, efficient integration and business management, leveraging its global shared service centers and regional hubs as well as lean operating structure.

Profitability

As a result of SoftwareONE's continued gross profit growth, cost discipline and cultural alignment of the combined organization, adjusted EBITDA increased by 23.1 %, on a like-for-like basis at constant currency, to CHF 223.6 million. The adjusted EBITDA margin as a percentage of gross profit increased from 25.8% in 2018 to 30.3% in 2019 on a like-for-like basis, above the group's 2019 target range of 28-30%.

Adjusted EBITDA excludes the following M&A, integration and IPO-related items:

- CHF 1.4 million M&A and earn-out costs related to previous acquisitions
- CHF 13.9 million in costs for the Comparex integration
- CHF 10.5 million IPO-related costs
- CHF 21.4 million charge related to the 2017 management equity plan concluded with the IPO (non-cash with no equity impact, fully funded by the major shareholders)

Including those items, EBITDA for 2019 was CHF 176.4 million, compared with CHF 185.7 million in 2018, on a like-for-like basis. On a reported basis, earnings before net financial items, taxes, depreciation and amortization were CHF 170.3 million, compared with CHF 129.8 million in 2018.

Profit for the year was up 59.9% to CHF 125.0 million on a reported basis in 2019. This includes a significant appreciation of CHF 38.9 million in SoftwareONE's 13% stake in the software company Crayon.

Cash flow and balance sheet

Full-year 2019 net cash flow from operations amounted to CHF 216.3 million, including a positive impact of CHF 53.3 million relating to net working capital. Average net working capital (including factoring) over the course of 2019 was 38% of gross profit, but was brought down to a satisfactory level of 13% by year-end.

Capital expenditure totaled CHF 20.7 million, mainly relating to investments in PyraCloud and purchases of IT equipment. Net cash inflow relating to acquisitions and investments in joint ventures was CHF 42.5 million, including the cash balance of acquired companies.

Free cash flow amounted to CHF 192.6 million as at year-end 2019. Net cash position was CHF 190.7 million as at the end of 2019.

Comparex integration update

Since the closing of the Comparex acquisition on 31 January 2019, SoftwareONE has completed several key integration steps, for example: the customer-facing integration phase, including brand refresh and website relaunch, leadership appointments, harmonized Solutions & Services portfolio, aligned go-to-market and sales enablement and harmonized compensation; as well as certain back-end integration phases, such as the combination of all group functions, the launch of a joint learning and development platform and many country-specific system migrations.

Integration activities are on track and realized synergies reached CHF 10 million in 2019, ahead of the CHF 7 million original plan. Remaining integration activities in 2020 include country-specific system migrations. SoftwareONE is confident that it will complete the integration process as planned and achieve the targeted synergies of approx. CHF 60 million p.a. (consisting of CHF 20 million in gross profit synergies and CHF 40 million in cost synergies) on an adjusted EBITDA level in 2021.

Proposed dividend

At the Annual General Meeting on 14 May 2020, the Board of Directors will propose a dividend of CHF 0.21 per share (to be paid from capital contribution reserves), taking into account the uncertain environment due to the Covid-19 situation, while also reflecting SoftwareONE's confidence in the strength of its business model. The proposed dividend is in line with the IPO guidance of a 30% pay-out ratio in 2019, when excluding the one-off non-cash items relating to the management equity plan and the Crayon revaluation.

Outlook

SoftwareONE has seen continued business momentum in 2020, with only limited effects of the Covid-19 situation so far, although the likely impact since mid-March is still unclear, and developments are rapid and unpredictable.

The group currently sees increased demand from customers for unified communication and collaboration solutions as well as software asset management assessments, both to help them operate virtually and to control and reduce their existing software spend. With technology and software as excellent work enablers, SoftwareONE expects businesses and institutions around the globe to continue to invest in their digital capabilities.

Although some deferral of purchases could take place, the Software & Cloud business line is thus expected to remain relatively strong as customers continue to renew and purchase business critical software and subscriptions. In Solutions & Services, the managed services business is expected to remain relatively stable, while the professional services business could see some disruption due to limited mobility and travel restrictions being enforced at customer locations.

In light of this, SoftwareONE reaffirms its mid-term (2020-2022) guidance provided at the time of the IPO. However, due to the Covid-19 situation, it is currently not possible to predict whether it can already reach gross profit targets in 2020, as expected during the IPO.

Key mid-term guidance includes:

– Double-digit gross profit growth resulting from high single-digit growth in sale of software and other revenue and growth in the high teens in solutions and services

– 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

The globally distributed and digital nature of SoftwareONE's business allows it to conduct significant parts of its business remotely. All staff, including global shared service centers, are currently working in a full work-from-home program without any interruption to the business or customers. With its strong net debt-free balance sheet and liquidity, unused credit lines and strong cash flow, SoftwareONE is well prepared to weather a potentially longer-term downturn and to continue to invest in its business.

Key results

Full overview of SoftwareONEs consolidated financial statements.

Like-for-like (12 months SoftwareONE & Comparex), adjusted for M&A, integration and IPO-related costs

in CHF million	2019	2018	% change constant currency
Gross profit from sale of software and other revenue	556.9	555.1	2.8 %
Gross profit from solutions and services	180.4	168.9	9.2 %
Gross profit	**737.2**	**724.0**	**4.3 %**
OPEX	–560.9	–538.4	
EBITDA	176.4	185.7	
Adjusted EBITDA	**223.6**	**186.9**	**23.1 %**
Adjusted EBITDA margin	30.3 %	25.8 %	

IFRS

in CHF million	2019	2018
Revenue from sale of software and other revenue	7,313.9	3,616.2
Revenue from solutions and services	296.9	124.4
Total revenue	**7,610.8**	**3,740.6**
Costs of software purchased	–6,773.4	–3,293.6
Third-party service delivery costs	–123.1	–37.6
Personnel expenses	–439.9	–224.3
Other operating expenses	–115.3	–57.4
Other operating income	11.2	2.1
Earnings before net financial items, taxes, depreciation and amortization	**170.3**	**129.8**
Earnings before net financial items and taxes	**119.0**	**112.8**
Profit for the year	**125.0**	**78.2**

Definitions of Alternative Performance Measures and Reconciliation to IFRS

SoftwareONE has prepared a selection of unaudited pro forma financial information as at and for the 12 months ended 31 December 2018 and as at and for the six months ended 30 June 2018 and 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 2018. Some unaudited pro forma financial information has been included to describe a hypothetical situation and has been prepared on the basis of certain assumptions:

– **Alignment of reporting periods:** Comparex's financial year ended on 31 March, while SoftwareONE's on 31 December. This is why the group made certain adjustments to align the reporting period for the Comparex pro forma financial data to the twelve-month period ended 31 December 2018. This data is derived from the audited consolidated income statement of Comparex for the financial year ended 31 March 2019, by subtracting the information from the unaudited interim condensed consolidated income statement for the three-month period ended on 31 March 2019 and adding the information from the unaudited interim condensed consolidated income statement for the three-month period ended 31 March 2018, in each case to the information from the audited consolidated income statement for the financial year ended on 31 March 2019.

– **Accounting policy alignment:** Comparex has historically accounted for foreign exchange gains and losses as "other operating income" and "other operating expenses", while according to SoftwareONE's accounting policy such gains and losses are accounted for as "foreign exchange differences, net". In addition, Comparex has historically accounted for fair value adjustments of contractual liabilities (such as earn-outs) as "other operating income" and "other operating expenses", while according to SoftwareONE's accounting policy such adjustments are accounted for as "finance income" or "finance costs". Comparex also did not implement IFRS 16 for the period ending 31 March 2019 whereas SoftwareONE implemented the standard as at 1 January 2019. As a result of these differences in accounting policies, SoftwareONE adjusted the historical consolidated income statement of Comparex for the year ended 31 March 2019, the one-month period ended 31 January 2019 and the six-month period ended 30 June 2018 to conform to SoftwareONE's accounting policies.

– **Reclassification:** The historical consolidated income statement of Comparex was structurally adjusted to conform to the presentation structure of SoftwareONE.

– **Currency translation:** Comparex's financial statements were presented in euro, while SoftwareONE's are presented in Swiss francs. For the purpose of the Comparex pro forma financial data, the average EUR/CHF exchange rates were used for full-year 2018: 1.155 CHF/EUR, one-month period ended 31 January 2019: 1.129 CHF/EUR, and six-month period ended 30 June 2018: 1.171 CHF/EUR.

Like-for-like 2019 has been prepared by adding audited IFRS reported numbers 2019 (12 months SoftwareONE and 11 months Comparex) and the single month of January of Comparex as included in pro forma numbers for the six months ended 30 June 2019.

Results Overview

IFRS like-for-like

	SoftwareONE reported[1]		Adding Comparex[2]		Like-for-like[3]	
in CHF million	2018	2019	2018	2019	2018	2019
Revenue from sale of software	3,600.2	7,296.3	2,969.8	230.4	6,570.0	7,526.7
Revenue from solutions and services	124.4	296.9	243.2	18.7	367.6	315.6
Other revenue	16.1	17.6	–0.1	0.0	16.0	17.6
Total revenue	**3,740.6**	**7,610.8**	**3,213.0**	**249.1**	**6,953.6**	**7,859.9**
Cost of software purchased	–3,293.6	–6,773.4	–2,737.3	–209.0	–6,030.9	–6,987.4
Third-party service delivery costs	–37.6	–123.1	–161.0	–12.1	–198.6	–135.3
Personnel expenses	–224.3	–439.9	–211.2	–18.2	–435.5	–458.0
Other operating expenses	–57.4	–115.3	–56.5	–5.9	–113.9	–116.2
Other operating income	2.1	11.2	8.9	2.2	11.0	13.4
Earnings before net financial items, taxes, depreciation and amortization	**129.8**	**170.3**	**55.8**	**6.1**	**185.7**	**176.4**
Depreciation and amortization	–17.0	–51.3	–20.6	–1.0	–37.6	–52.3
Earnings before net financial items and taxes	**112.8**	**119.0**	**35.2**	**5.1**	**148.0**	**124.1**
Finance income	6.3	52.1	10.5	0.1	16.8	52.2
Finance costs	–6.9	–9.7	–7.3	–0.8	–14.2	–10.5
Foreign exchange differences, net	–3.5	–7.1	–1.9	–0.4	–5.4	–7.5
Earnings before income tax	**108.6**	**154.4**	**36.6**	**3.9**	**145.2**	**158.3**
Income tax expense	–30.5	–29.3	–15.9	0.3	–46.3	–29.1
Profit for the year	**78.2**	**125.0**	**20.8**	**4.2**	**98.9**	**129.2**

1) SoftwareONE reported figures include Comparex since 1 February 2019.
2) Adding Comparex figures adjusting for reporting period alignment, accounting policy alignment, reclassification and currency translation and including like-for-like adjustments.
3) In order to present 2019 in the same way as 2018, the expense accounts receivable allowances of CHF 5.0m are reclassified from cost of software purchased to other operating expenses.

Non-IFRS

in CHF million	2018	Like-for-like adjusted 2019	% change constant currency
Revenue from sale of software	6,570.0	7,526.7	
Other revenue	16.0	17.6	
Cost of software purchased	–6,030.9	–6,987.4	
Gross profit from sale of software and other revenue	**555.1**	**556.9**	**2.8 %**
Revenue from solutions and services	367.6	315.6	
Third-party service delivery costs	–198.6	–135.3	
Gross profit from solutions and services	**168.9**	**180.4**	**9.2 %**
Gross profit total	**724.0**	**737.2**	**4.3 %**
Personnel expenses	–435.5	–458.0	
Other operating expenses	–113.9	–116.2	
Other operating income	11.0	13.4	
Adjustments for share-based payment compensation	0.0	21.4	
Adjustments for integration expenses	1.0	13.9	
Adjustments for IPO expenses	0.0	10.5	
Adjustments for merger & acquisition and earn-out expenses	0.2	1.4	
Adjusted EBITDA	**186.9**	**223.6**	**23.1 %**
Adjusted EBITDA margin	25.8 %	30.3 %	

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, while **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 salesforce.

Adjustments in operating expenses are made for defined one-time specific items as follows:

- Management equity plan expenses in connection with the IPO; these are fully funded by major shareholders with no equity impact
- Integration costs of acquired companies limited to incremental external and internal costs but no salary and travel costs for SoftwareONE employees involved in the integration
- IPO-related third-party costs
- M&A-related third-party costs and earn-out expenses

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

EBITDA adjusted margin is defined as adjusted EBITDA divided by gross profit total, giving a good representation of the operating performance of the business.

Growth at constant currencies: Assessing the group's performance and for relevant comparative purposes, the change between two periods are presented on a constant currency basis. For this purpose, the 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 account in order to reflect the seasonality and the businesses.

(Net cash)/net debt comprises the group's cash and cash equivalents, short and long term financial assets and long-term other receivables less bank overdrafts, contingent consideration liabilities, lease liabilities, other current and non current financial liabilities and any open payments related to the management equity plan.

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

Free cash flow is defined as the group net cash generated from/(used in) operating activities plus cash from/(used in) investing activities excluding cash-related items related to acquisition of subsidiaries

ANNUAL REPORT 2019

CORPORATE GOVERNANCE

Personal Message from the Chairman of the Board of Directors

Dear Stakeholders,

It is with great pleasure that I present to you our first Corporate Governance Report as a publicly listed company. The transition towards a public entity comes with even greater responsibility for the Board of Directors. It requires comprehensive governance structures that allow the company to cope with more complex market standards and high expectations and demands of various stakeholders. I would like to take the opportunity with this Corporate Governance Report to provide you with detailed information about our governance structures and to familiarize you with the specific values driving the work of SoftwareONE's Board of Directors, its management and employees.

My fellow founding partners of SoftwareONE and I will continue to be closely involved with the company in our positions as Board members. We are dedicated to sharing our extensive knowledge and experience in the sector and of the company and take an active role in shaping SoftwareONE's values and culture to support a successful continuation of the company's thriving journey.

As Chairman of the Board, it is my duty to ensure that the company's as well as the shareholders' interests are adequately represented on the Board and that we are at all times able to take well-informed and objective decisions. To achieve this balance, we have been successful in expanding our Board in 2019 with three exceptional individuals, strengthening the skillset, the experience and the independence of SoftwareONE's overall Board. Together with our experienced Lead Independent Director, our independent and highly qualified Board committee chairpersons ensure that a diverse spectrum of views is considered in the Board's decision-making process. It is my intention to maintain and develop SoftwareONE's Board with regard to specific experience, market knowledge and diverse views based on the company's values. This is fundamental to succeed in the future.

In the development of SoftwareONE's corporate governance structure, particular attention is being placed on our corporate social responsibility. Based on our seven well-established core values as starting point, it is our goal to further strengthen our efforts in environmental and social matters and increase their visibility.

I am committed to driving the dialog with our key stakeholders in these matters and look forward to continuously developing SoftwareONE's corporate governance and organizational structures as a core basis for a successful future.

Sincerely,

Daniel von Stockar
Chairman of the Board of Directors

Introduction

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

- Swiss Code of Best Practice for Corporate Governance of economiesuisse (Swiss Code)
- Current market practices going beyond the scope of the DCG and the Swiss Code of Obligations

The Board of Directors (BoD) is responsible for the ultimate direction of the company and overall oversight, while the Executive Board (EB) is responsible for managing operations. SoftwareONE's corporate governance principles and procedures are defined by several documents governing the oversight, organization and management of the company, which include:

- SoftwareONE's Articles of Incorporation (AoI), defining the legal and organizational framework
- SoftwareONE's Organizational Regulations (OrgR), defining the governance framework of SoftwareONE and the group, including the responsibilities and authorities of the BoD, Chairman, Vice Chairman, Lead Independent Director (LID), board committees, the CEO and other individual EB members, as well as relevant reporting procedures
- SoftwareONE's charters of the board committees on audit as well as on nomination and compensation, outlining the duties and responsibilities of each of these committees
- SoftwareONE's codes of conduct (CoC), outlining its compliance framework and setting out the basic ethical and legal principles and policies the company applies globally for employees and board members as well as for business partners

Group Structure and Shareholders

Operational group structure of SoftwareONE Holding AG

The operating business of SoftwareONE is conducted through SoftwareONE Holding AG's subsidiaries (operating legal entities). Detailed information on group companies is provided in Note 32 to the group financial statements. Software ONE Holding AG, the group's ultimate parent company, is incorporated and domiciled in Switzerland with registered offices at Riedenmatt 4, 6370 Stans. The company is listed on the SIX Swiss Exchange under the ticker symbol "SWON" (Swiss security number: 49.645.150, International Security Identification Number "ISIN": CH0496451508) and reports in accordance with the International Financial Reporting Standard (IFRS).

The holding is organized along a two-tier structure with the BoD setting the strategic direction of SoftwareONE, appointing and overseeing key executives and approving major transactions and investments. The structure of the BoD and the EB is discussed in more detail in sections Board of Directors and Executive Board. The operational management is delegated to the EB, which consisted of four members in 2019, the CEO, CFO, COO and President of Sales. The group is organized along the two business lines Software & Cloud and Solutions & Services.

Shareholders

The following table provides a summary of the disclosure notifications of significant shareholders and groups of shareholders holding more than 3% of the voting rights as at 31 December 2019 (taking into account individual disclosures made in the context of the company's IPO of 25 October 2019):

Shareholder/group of shareholders	Shares held	% of voting rights
Westminster Bidco S.à r.l[1), 5)]	23,454,893	14.79 %
B. Curti Holding AG[2),3),4),5)]	19,031,853	12.00 %
Dr. Daniel Marc von Stockar- Scherer-Castell, Hergiswil, Switzerland[3),4),5)]	17,489,874	11.03 %
Raiffeisen Informatik GmbH & CO KG[5),6)]	12,573,693	7.93 %
René Rudolf Gilli, Emmetten, Switzerland[3),4),5)]	12,445,068	7.85 %
Anastasia Karolina Nielsen and Leon Elias Winter, both Monaco, Principal-ity of Monaco[5),7)]	12,445,068	7.85 %
Current and former employees, officers and directors[8)]	10,749,660	6.78 %
Pictet Asset Management SA	5,154,610	3.25 %

1) Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA.
2) B. Curti Holding AG, Sarnen, Switzerland, is the direct shareholder of the shares which are indirectly controlled by Dr. Beat Alex Curti, Erlenbach, Switzerland.
3) Messrs Curti, von Stockar-Scherer-Castell and Gilli have entered into a shareholder agreement and form a group for purposes of Swiss disclosure rules and regulations, controlling 30.88 % of voting rights. The representative of this group of shareholders is Dr. Beat Curti, Erlenbach, Switzerland. The members of this group also form part of the groups disclosed in Notes 4 and 5.
4) In connection with SoftwareONE Holding AG's IPO, the members of the Board of Directors referred to in Note 3 as well as Peter Kurer, Andreas Fleischmann, Marina Nielsen, Johannes Peter Huth, Jean-Pierre Saad, Marie-Pierre Rogers, Timo Ihamuotila, José Alberto Duarte, Dieter Schlosser, Alex Alexandrov, Hans Grüter, Neil Lomax, together controlling 33.53 % of voting rights, have entered into a lock-up group, agreeing to a lock-up period ending 12 months after the first trading day of SoftwareONE Holding AG's shares on the SIX Swiss Exchange (ie until 25 October 2020).
5) In connection with SoftwareONE Holding AG's IPO, the shareholder referred to in Notes 1, 3, 6 and 7, controlling 61.45 % of voting rights, have entered into a sell-down coordination agreement with respect to certain future sales of their respective shares in SoftwareONE Holding AG. In addition, the listed persons have agreed to a lock-up period undertaking ending six months after the first trading day of SoftwareONE Holding AG's shares on the SIX Swiss Exchange (ie until 25 April 2020).
6) "Raiffeisen Informatik GmbH & CO KG, Vienna, Austria, is the direct shareholder of the shares indirectly and beneficially owned by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, and Raiffeisen Bank International AG, Vienna, Austria.
7) Anastasia Karolina Nielsen and Leon Elias Winter are each represented by their mother, Marina Nielsen, Monaco, Principality of Monaco, as their legal representative. Marina Nielsen is thus seen as having discretionary power to exercise the voting rights (within the meaning of Art. 120(3) FMIA) with respect to the shares held by Anastasia Karolina Nielsen and Leon Elias Winter.
8) In connection with SoftwareONE Holding AG's IPO, the current and former employees, officers and directors of SoftwareONE Holding AG (337 persons, none of whom controlling more than 3 % of the voting rights), controlling 6.78 % of voting rights in total, have entered in a lock-up group, agreeing to a lock-up period ending six months after the first trading day of SoftwareONE Holding AG's shares on SIX Swiss Exchange (ie until 25 April 2020).

Individual notifications that were published during the year under review are available on the SIX Exchange Regulation webpage. Between 31 December 2019 and the publication of this report, the company has not received any new notification and no disclosure has been made in accordance with the requirements of the Financial Market Infrastructure Act (FMIA).

Cross-shareholdings

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

Capital Structure

Issued capital

The share capital of SoftwareONE Holding AG, registered in the commercial register of the canton of Nidwalden as at 31 December 2019, amounted to CHF 1,585,814.60, divided into 158,581,460 fully paid-in registered shares with a nominal value of CHF 0.01 each.

As at 31 December 2019, SoftwareONE held 4,271,504 shares (corresponding to 2.69% of the company's total share capital) in treasury. This amount has not changed between the balance sheet date and the publication date of this report. The market capitalization of SoftwareONE as at 31 December 2019 amounted to CHF 3.9 billion.

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

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

Authorized and conditional capital

As at 31 December 2019 and in the prior three years, the company has no authorized share capital or conditional share capital.

Changes in capital

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

SoftwareONE was incorporated and registered in the commercial register of the canton of Nidwalden on 28 June 2013, with a share capital of CHF 1,185,000.00, divided into 11,850,000 registered shares with a nominal value of CHF 0.10 each. The company's initial share capital was paid up by way (i) of a contribution in kind of 1,184,950 registered shares with a nominal value of CHF 1.00 each in SoftwareONE AG and (ii) by way of a cash contribution of CHF 4,430.40.

On 17 November 2015, SoftwareONE's share capital was increased by CHF 169,285.70 to CHF 1,354,285.70 by issuing 1,692,857 registered shares with a nominal value of CHF 0.10 each. On 31 January 2019, SoftwareONE's share capital was increased by CHF 231,528.90 to CHF 1,585,814.60 by issuing 2,315,289 registered shares with a nominal value of CHF 0.10 each against contribution in kind of all registered shares of Comparex AG ("Comparex").

On 10 October 2019, SoftwareONE's Extraordinary General Meeting of shareholders (EGM) resolved to split one existing registered share with a nominal value of CHF 0.10 each into ten registered shares with a nominal value of CHF 0.01 each. Thus, as at 11 October 2019 (date of registration of the split of the ordinary share capital in the commercial register of the canton of Nidwalden), SoftwareONE had a nominal share capital of CHF 1,585,814.60, divided into 158,581,460 fully paid-in registered shares with a nominal value of CHF 0.01 each.

Duty to make an offer

Before SoftwareONE's listing in October 2019, its shareholders decided to increase the mandatory offer threshold to make a public takeover offer pursuant to Art. 135 FMIA by way of an opting-up clause in its AoI from the standard $33^{1}/_{3}$% to the level of 49% of the voting rights.

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

Participation and dividend-right certificates

As at 31 December 2019, SoftwareONE has issued neither participation certificates nor profit sharing certificates.

Limitations on convertible bonds and options

As at 31 December 2019, neither SoftwareONE nor any of its subsidiaries have issued any bonds, convertible bonds, similar debt instruments or option rights that are convertible into equity securities of the company.

Board of Directors

Composition of the Board of Directors

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

As at 31 December 2019 the BoD consisted of the following eleven members

Name	Nationality	Born	First elected	Significant shareholder	Education	Background
Daniel von Stockar Chairman	Swiss	1961	2013	Yes	Economics	Entrepreneur, Founder SoftwareONE
Beat Curti Vice-Chairman	Swiss	1937	2013	Yes	Business and economics	Entrepreneur, Founder SoftwareONE
Peter Kurer Lead Independent Director	Swiss	1949	2013	No	Law	Former Chairman of Sunrise and UBS
René Gilli	Swiss	1958	2013	Yes	Economics and information technology	Founder SoftwareONE
Johannes Huth	German	1960	2015	Yes[3)]	Economics	Head EMEA, KKR
Jean-Pierre Saad	Belgian	1980	2015	Yes[3)]	Engineering, computer and communications	Technology and telecom investments, KKR
Andreas Fleischmann	Austrian	1967	2018[1)]	Yes[4)]	Social sciences, economics, finance	Chairman, Raiffeisen Informatik
Marina Nielsen	Swiss	1976	2018[1)]	Yes	Business	Real estate management
Marie-Pierre Rogers	Spanish	1960	2019[2)]	No	Business	Leader Board Practice, Spencer Stuart Switzerland
Timo Ihamuotila	Finnish	1966	2019[2)]	No	Economics and finance	CFO, ABB Ltd
José Alberto Duarte	Portuguese	1968	2019[2)]	No	Accounting, management, marketing	CEO, Infovista

1) These BoD members were elected by the EGM held on 20 November 2018.
2) These BoD members were elected by the EGM held on 10 October 2019.
3) Representing KKR (see section Group structure and shareholders for detailed information)
4) Representing Raiffeisen-Holding Niederösterreich-Wien (see section Group structure and shareholders for detailed information)

Individual Board members

Daniel von Stockar
(founding shareholder)

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

First elected
2013

Nationality
Swiss

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

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

Beat Curti
(founding shareholder)

Role
(non-executive)
Vice-Chairman of the Board of Directors and member of the Audit Committee

First elected
2013

Nationality
Swiss

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

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

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

Peter Kurer

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

First elected
2013

Nationality
Swiss

Professional experience and external appointments
From 2001 to 2008, General Counsel and member of the group Executive Board of UBS AG, Zurich, Switzerland, and from 2008 to 2009, Non-Executive Chairman of the Board of Directors of UBS AG, Zurich, Switzerland. From 1991 to 2001, Partner at Homburger, Zurich, Switzerland. From 2010 to 2019, Chairman of the Advisory Board (which is not a supreme governing body) of Spencer Stuart & Associates B.V., Zurich Branch, Switzerland.

Currently Chairman of the Board of Directors of Swiss listed Sunrise Communications Group AG. Partner and executive member of the Board of Directors of BLR & Partners AG, Thalwil, Switzerland. Non-Executive Chairman of the Board of Directors of Kein&Aber AG, Zurich, Switzerland as well as a member of the Swiss Advisory Board (which is not a supreme governing body) of Accenture AG, Zurich, Switzerland.

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

René Gilli (founding shareholder)

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

First elected
2013

Nationality
Swiss

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

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

Johannes Huth

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

First elected
2015

Nationality
German

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

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

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

Jean-Pierre Saad

Role (non-executive)
Member of the Audit Committee

First elected
2015

Nationality
Belgian

Professional experience and external appointments
Previously member of the Board of Directors of United Group B.V. and NXP Semiconductors N.V. Prior to joining KKR in 2008, he worked in the telecoms and media team at Lehman Brothers.

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

Education
Grande Ecole degree from HEC Paris and an engineering degree with high distinction in computer and communications from the American University of Beirut.

Andreas Fleischmann

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

First elected
2018

Nationality
Austrian

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

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

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

Marina Nielsen

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

First elected
2018

Nationality
Swiss

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

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

Marie-Pierre Rogers

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

First elected
2019

Nationality
Spanish

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

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

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

Timo Ihamuotila

Role
(non-executive)
Chairman of the Audit Committee

First elected
2019

Nationality
Finnish

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

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

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

José Alberto Duarte

Role
(non-executive)
Member of the Audit Committee

First elected
2019

Nationality
Portuguese

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

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

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

Duties and responsibilities of the Board of Directors

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

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

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

The overall guiding principle for the BoD is full accountability to all of shareholders and stakeholders of SoftwareONE and a style marked by a culture of openness and mutual respect.

The BoD meets in person six times per year (four quarterly report meetings, a strategy off-site, and a medium term planning and budgeting meeting). The strategy meeting includes cultural aspects such as the SoftwareONE Family, the SoftwareONE Foundation or corporate social responsibility such as how to drive cultural change to foster good corporate governance in general. Further focus is on company performance and integrity as well as, in relation to external growth such as mergers and acquisitions, on how to accelerate integration. In addition, a call with the BoD members is held to approve the motions of the Audit Committee (AC) for the year-end reporting. Extraordinary meetings are held if and when urgent decisions are required.

Corporate social responsibility

The BoD of SoftwareONE is committed to the values set out in the company's CoC. First and foremost, this includes responsible corporate citizenship and a broad discussion with its key stakeholders to foster long-term, sustainable and inclusive value generation. The foundations of these commitments lie in SoftwareONE's seven core values, which define its corporate culture and the way the company intends to conduct its business. Together with the EB, the BoD works towards identifying and regularly assessing targets in terms of culture, processes and policies not only for financial, but also for material non-financial issues. These may include topics such as business ethics and conduct, environmental awareness, data security, employee engagement, diversity and inclusion as well as general reputational risk management. SoftwareONE has summarized the approach to and integration of these values in a CoC for employees and Board members and a CoC for business partners. These are guiding principles that shape SoftwareONE's people's conduct as loyal, flexible, motivated, open individuals who accept responsibility for their own actions and always behave ethically, with integrity and as good citizens. The BoD with the support of the Audit and the Nomination and Compensation Committee regularly reviews the company's initiatives, addressing these material issues and includes these topics regularly in its meeting agenda.

Interaction with shareholders and stakeholders

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

The engagement discussions with investors and proxy advisors outside financial and strategy matters such as governance, compensation and corporate social responsibility will generally be conducted by the Chairperson of the BoD who may be supported by the Lead Independent Director and the Chairperson of the Nomination and Compensation Committee whenever appropriate.

Specific Board activities during the reporting period

During the 2019 financial year, nine ordinary meetings of the BoD with an average length of seven hours were held. The average attendance at BoD meetings in 2019 was 95% (for individual attendances, see section Availability and External Mandates below).

In addition to the regular meeting agenda items, in 2019, the BoD specifically focused on topics such as:

- The company's IPO and the transition from a private to a public company including the development of corporate governance and organizational structures
- Strategy review and implementation, in particular concerning specific growth initiatives
- The Comparex acquisition and integration
- Understanding and aligning with the Microsoft roadmap
- Driving the services portfolio and focusing on areas of future developments
- Customer trends, structural industry changes and new technologies
- Global talent management

Board of Directors' internal organization

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

The following two standing committees were established:

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

In 2019, the BoD further established an ad-hoc committee to oversee the integration of the acquired company Comparex. Each standing committee consists of an independent Chairperson and at least two other members of the BoD. The members of the NCC are elected annually by the General Meeting of shareholders. The duties and authorities of the committees are set forth in the Audit Committee Charter and the Nomination and Compensation Committee Charter, respectively, as well as in SoftwareONE's OrgR. The committees' operating principles are aligned with and complementary to those applicable for the overall BoD.

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

Further, the BoD has established the additional key positions of Vice-Chairperson and Lead Independent Director, whose duties and competencies are described in section Vice-Chairperson of the Board of Directors and Lead Independent Director.

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

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

Name	Function	Audit Committee	Nomination and Compensation Committee
Daniel von Stockar	Chairman	(X)[2]	X
Beat Curti	Vice-Chairman	X[3]	(X)[2]
Peter Kurer	Lead Independent Director	(X)[2]	X
René Gilli	Member		
Johannes Huth	Member		X
Jean-Pierre Saad	Member	X	
Andreas Fleischmann	Member		
Marina Nielsen	Member		
Marie-Pierre Rogers[1]	Member		X (Chairwoman)
Timo Ihamuotila[1]	Member	X (Chairman)	
José Alberto Duarte[1]	Member	X	

1) Elected at the EGM held on 10 October 2019 and member of the committee since the IPO on 25 October 2019.
2) Member of the Committee until the IPO on 25 October 2019.
3) Member of the Committee since the IPO on 25 October 2019.

Chairperson of the Board of Directors

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

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

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

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

Vice-Chairperson of the Board of Directors

If the Chairperson is temporarily unable or unavailable to exercise their functions, the Vice-Chairperson assumes their functions (Item 3.9 of the OrgR).

The Vice-Chairperson's role is to ensure a functioning BoD in case the Chairperson is not available. The Vice-Chairperson may either assume the Chairperson's duties themself or delegate them within the BoD or to suitable company representatives.

Lead Independent Director

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

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

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

Moreover, the LID generally accompanies the Chairperson in governance and strategy-related investor engagements and will conduct these engagements without the Chairperson if engaging shareholders consider this necessary.

Availability and statutory provisions regarding external mandates

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

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

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

The following mandates are not subject to these limitations:

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

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

Name	Board meetings	Audit Committee meetings	Nomination and Compensation Committee meetings	External mandates (listed|non-listed) [1]	
Daniel von Stockar	9/9	2/3	6 / 6	0	2
Beat Curti[2]	9/9	–[4]	6 / 6	0	6
Peter Kurer	9/9	3/3	6 / 6	1	3
René Gilli	7/9			0	1
Johannes Huth	6/9		6 / 6	0	2
Jean-Pierre Saad	9/9	2/3		0	3
Andreas Fleischmann	9/9			0	2
Marina Nielsen	8/9			0	0
Marie-Pierre Rogers[3]	1/1		–[4]	0	0
Timo Ihamuotila[3]	1/1	–[4]		1	0
José Alberto Duarte[3]	1/1	–[4]		1	2
Average meeting length	**7:00h**	**2:40h**	**1:30h**		

1) Maximum number allowed in listed companies is four, and is six for non-listed companies.
2) Member of the NCC until the EGM on 10 October 2019.
3) Elected at the EGM on 10 October 2019. Between the election and the end of the financial year 2019, the BoD held one meeting.
4) No meetings have taken place between the appointment/election and the end of the financial year 2019.

Board of Directors' independence assessment

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

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

Independent decision-making/conflict management

The CEO, CFO and, as directed by the CEO, other EB members are required to attend meetings of the BoD to provide detailed information on the current state of the business and offer their views on strategic questions. EB members have no voting rights and will leave the room in case discussions and/or decisions concern the EB or their own position. A private meeting with BoD members will only be held before or at the end of each Board meeting. In 2019, the CEO participated in eight, the CFO in eight and other EB members in six of the nine meetings of the BoD.

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

In each regular BoD meeting, the Chairpersons of the AC and the NCC provide the BoD with an update of the committees' work.

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

The BoD has the power to mandate external advisors if an outside view is deemed necessary for an independent decision-making of the BoD. Third parties (for example legal counsels, auditors or financial and other advisors) are exceptionally admitted to BoD meetings if proposed by a Board member or by the CEO and approved by the Chairperson.

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

Audit Committee

Key responsibilities and duties

The AC is composed of at least three members of the BoD. As at 31 December 2019, the AC consisted of four members. The members of the AC and the Chairperson are appointed annually by the BoD, which aims to appoint non-executive and independent (within the meaning of the Swiss Code) members of the BoD. Additionally, the Chairperson of the AC must be an independent Board member other than the Chairperson of the BoD. Furthermore, the majority of the members, including the Chairperson of the AC, should be experienced in financial and accounting matters. The term of office of the AC members ends at the closing of the next Annual General Meeting. Re-appointments are possible. The AC meets whenever required by business, but at least four times per year.

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

Audit Committee activities in the reporting period

In 2019, the AC held three meetings, taking place in April, August and September with an average duration of 2:40h. In view of the fact that SoftwareONE has been a listed company since 25 October 2019, the remit of the AC will expand in line with the applicable committee charter. The committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the AC:

- Discussed the coverage of the group audit
- Evaluated the liquidity reserves
- Reviewed the valuation of the Comparex acquisition
- Considered how to enable investors to see a hypothetical consolidated Comparex/SoftwareONE past in the IPO-prospectus

The AC sets the audit plan for a period of several years as well as the scope of the internal and external audits and approves the guidelines for the work of the Internal Audit department as well as for the company's compliance and supply chain organization. It reviews and approves the internal and external audit plans, changes to the plans, activities, scope and budget. Further, the AC defines the organizational structures of the Internal Audit function and sets and reviews the qualifications of the Internal Audit organization as deemed necessary or appropriate. The AC may hold meetings with representatives of the internal and external auditors without management present. Such meetings must take place at least once per year with the external auditor. In 2019, the AC held one meeting with the Internal Auditors and three meetings with the external auditors.

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

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

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

Interactions with Executive Board

The AC will also regularly invite the CEO, the CFO and other members of the EB or, subject to prior notification of the responsible member of the EB, members of the company's management or other key employees to its meetings, as it may deem desirable or appropriate. Further, upon invitation by the AC Chairperson or, in their absence, the member of the AC calling a meeting, other executive officers/employees of the company or its subsidiaries shall also participate in meetings of the AC on a consultative basis. Third-parties may be invited to participate in meetings of the AC on a consultative basis. In 2019, SoftwareONE's CFO participated in all three AC meetings.

Risk management

The BoD is responsible for overseeing SoftwareONE's risk management and internal control systems for which the BoD has mandated the AC. The AC reviews and addresses strategic risks to which the group is exposed. These systems provide appropriate security against significant inaccuracies and material losses.

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

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

Strategic business risks, eg:
- Competition at end customer (manufacturers and distributors)
- Customer needs
- Technological innovation
- Economic situation
- Innovation

Operational risks, eg:
- Competition
- Loss of key people
- IT infrastructure
- IT security
- Operational excellence issues

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

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

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

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

SoftwareONE is further certified to international standards on systems management, including ISO 9001:2008 on quality management systems, ISO 14001:2015 on environmental management systems and ISO 27001:2005 on information security management (in respect of the entities acquired as part of the Comparex acquisition, with rollout to the entire IT organization in progress).

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

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

Audit of non-financial topics and corporate social responsibility

A key non-financial risk for SoftwareONE concerns reputation with respect to its IT-security. The assessment of the processes and reviews in this regard are, therefore, an important ongoing task for Internal Audit. To ensure that the responsible specialists in Internal Audit are able to conduct their assessments according to the highest and latest industry standards, SoftwareONE is dedicated to providing relevant trainings to and resources needed by Internal Audit.

SoftwareONE's BoD is committed to a high level of corporate social responsibility (CSR). A material component of CSR that the BoD is following closely, is the company's energy management. Internal Audit is, therefore, mandated to regularly assess the development of the company's energy consumption and to ensure a consistent measurement of this indicator over time.

External audit

a. Mandate external audit

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

b. External auditor

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

The external auditor is elected (or re-elected, as the case may be) at each Annual General Meeting of shareholders for a term of office until the completion of the following Annual General Meeting.

c. Auditing fees and additional fees

Auditing fees[1]	CHF 2,611,000	85 %
Additional fees (total)	CHF 461,000	15 %
– Tax	CHF 248,000	
– Transaction services	CHF 213,000	
Total fees	**CHF 3,072,000**	**100 %**

1) Total fees in the amount of CHF 707,000 are related to SoftwareONE's IPO in 2019.

d. Information instruments pertaining to the external audit

Responsibilities of the external auditor

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

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

The AC liaises closely with the external auditor. In general, the lead auditor participates as an advisor at the AC meetings. In 2019, the external auditors participated in all of the three meetings of the AC (two in person, one by telephone). The external auditor provides the AC with regular updates on the audit work, open audit issues and the processing thereof, all audit-related issues as well as with reports on topics requested by the AC. The external auditor has a direct reporting line to the AC and may escalate potential audit issues directly to the Chairperson of the AC.

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

The external auditor shares with the AC its findings on the adequacy of the financial reporting process and the efficacy of the internal controls.

It informs the AC about any differences of opinion between the external auditor and management encountered during the audits, or in connection with the preparation of the financial statements, findings regarding a potential malfunctioning of internal controls or differing views between the external and the Internal Auditor.

Evaluation of the external auditor

The AC is responsible for recommending an audit firm to the BoD for election at the Annual General Meeting of shareholders. In Switzerland, there is no general legal requirement providing for a periodic mandatory rotation of the external auditor company, but the lead audit person must be exchanged every seven years.

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

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

Qualifications

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

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

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

Nomination and Compensation Committee

Key responsibilities and duties

The NCC is composed of at least three members of the BoD. As at 31 December 2019, the NCC consisted of four members. The members of the NCC are each elected annually and individually by the shareholders' meeting. Their term of office ends at the closing of the next ordinary shareholders' meeting. Re-election is possible. The Chairperson of the NCC is appointed by the BoD. Against the backdrop of the particular shareholder structure and in deviation from the Swiss Code, the proposed Chairperson of the NCC shall in any case be an independent member of the BoD. At least one other member shall be an independent director ensuring (with the casting vote of the Chairperson) an independent majority.

If there are vacancies in the NCC, the BoD may appoint substitute members from among its members for a term of office extending until the closing of the next ordinary shareholders' meeting.

The NCC meets whenever required by business, but at least three times per year.

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

Nomination and Compensation Committee activities in the reporting period

The NCC was formally established in the course of the IPO in 2019 and since then did not hold a physical meeting in 2019. Prior to the IPO, the NCC held six phone calls in 2019. The average duration of these calls was 1:30h. The committee focused on a number of key areas, including but not limited to the activities described below. Specifically, the NCC:

- Established a strategic skill map and assessed the current BoD's skills against it.
- Initiated a review of potential new BoD candidates to complement the existing slate.
- Evaluated and proposed new compensation principles and compensation plans for the EB and the BoD to the BoD.
- Reviewed and endorsed Board succession plans for subsidiary boards, including the appointments of new non-executive Chairpersons of major subsidiaries.
- Conducted search processes for new group functions such as Communications/Investor Relations and General Counsel/Secretary of the BoD.
- Provided guidance for the annual performance assessments of the Chairman and the CEO.
- Developed a compensation framework to strengthen future long-term value creation, align interests with SoftwareONE's shareholders and recognize and retain talent.
- Derived the proposals to the Annual General Meeting 2020 regarding compensation amounts based on the new compensation scheme.

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

Interactions of the committee

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

The CEO or other members of the EB may not be present when the NCC reviews the compensation or other aspects of the employment of the respective person. The Chairperson of the BoD or the NCC Chairperson are not present when the NCC reviews their compensation. In 2019, no EB member participated in the meetings or calls of the NCC.

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

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

In developing the compensation system for the financial year 2020, the NCC worked together with external service providers HCM Hostettler & Company (HCM), for the compensation system, and Willis Towers Watson (WTW), for a benchmarking review. HCM had no other business relationship with SoftwareONE other than this mandate. WTW is a trading customer in the ordinary course of business of SoftwareONE in NORAM.

Board of Directors' renewal and succession

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

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

Following the IPO in 2019, the NCC has developed a strategy to gradually, and in line with the required skills and experience as detailed in section Board of Directors' skill and experience assessment, develop the BoD composition to become more independent and reflect shareholdings proportionately.

Board of Directors' skill and experience assessment

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

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

The NCC reviews these competencies regularly to confirm that the BoD continues to possess the most relevant experience and competencies to perform its duties and initiates the evaluation of potential new BoD members if required. The prevalence of these qualifications and skills ensures that the leadership of SoftwareONE has the relevant expertise required for active involvement and supervision of an international listed company.

Board of Directors' performance assessment

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

The assessment is intended to review the BoD's as well as the committees' composition, organization and processes, the BoD's responsibilities governed by the OrgR and the committee charters. The committees shall further assess their accomplishments and evaluate their achievements subject to predetermined goals.

The outcome of these assessments will generally feed into the BoD's succession planning as described in section Board of Directors' skill and experience assessment.

Board of Directors' training and education

Education is an important priority for SoftwareONE's BoD. Newly elected BoD members attend an on-boarding program tailored to their functions to gain a sound understanding of SoftwareONE's organization, business, culture and its environment. In addition to this induction program for new members, continuous training with respect to their responsibilities as BoD and committee members is primarily the individual Board members' responsibility.

SoftwareONE's Board program shall update and enhance the Board members knowledge of emerging business trends and risks and is further intended to contribute to building a strong and effective culture in the BoD, an important pillar of BoD effectiveness.

Interaction of the Board of Directors with the Executive Board

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

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

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

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

Executive Board

Composition of the Executive Board

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

Dieter Schlosser

Role
Chief Executive Officer

Joined SoftwareONE in
2012

Nationality
German

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

Joined SoftwareONE in 2012 as Chief Operating Officer.

No external appointments.

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

Hans Grüter

Role
Chief Financial Officer

Joined SoftwareONE in
2014

Nationality
Swiss

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

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

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

Alex Alexandrov

Role
Chief Operating Officer, M&A and Strategy

Joined SoftwareONE in
2017

Nationality
American

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

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

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

No external appointments.

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

Neil Lomax

Role
President of Sales

Joined SoftwareONE in
2008

Nationality
British

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

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

No external appointments.

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

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

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

Management changes

There were no changes in the EB during the financial year 2019.

Responsibilities

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

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

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

Statutory provisions regarding external mandates

According to Art. 19 of the AoI, no member of the EB may hold more than one mandate in a listed company and more than three mandates in non-listed companies. For a description of how SoftwareONE defines mandates and for transitional provisions of newly appointed EB members, please refer to section Availability and statutory provisions regarding external mandates above.

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

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

Management contracts

As at 31 December 2019 the company has not entered into any management contracts with third parties.

Shareholders’ Participation Rights

Annual General Meeting participation and voting rights restrictions

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

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

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

Independent proxy

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

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

At SoftwareONE’s EGM of shareholders held on 10 October 2019, Anwaltskanzlei Keller KLG, Zurich, Switzerland, was elected as the independent proxy for the term ending at the conclusion of the Annual General Meeting 2020.

Quorums required by the Articles of Incorporation

Except where the law or the AoI provide otherwise, the shareholders' meeting passes its resolutions and conducts elections by the absolute majority of the votes cast, excluding any abstentions, blank or invalid votes (see Item 5 of the AoI).

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

(i) All resolutions according to Article 704 of the Swiss Code of Obligations

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

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

Convocation of the Annual General Meeting of shareholders

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

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

Inclusion of items on the agenda

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

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

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

Transferability, share register, nominee registration and registration limitations

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

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

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

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

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

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

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

Changes of Control and Defense Measures

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

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

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

Information Policy

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

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

Email distribution list (push system):
https://www.softwareone.com/en/about/investors/ir-news-service

Ad hoc messages (pull system):
https://www.softwareone.com/en/pressreleases

Financial Reports:
https://www.softwareone.com/en/about/investors/results-center

Corporate Calendar:
https://www.softwareone.com/investors

ANNUAL REPORT 2019

COMPENSATION REPORT

Letter to Shareholders

Dear Shareholders,

I am pleased to present you SoftwareONE's 2019 Compensation Report on behalf of the Nomination and Compensation Committee and the Board of Directors.

Our first Compensation Report outlines SoftwareONE's overall compensation policy and principles and discloses the compensation awarded to both members of the Board of Directors (BoD) and the Executive Board (EB) throughout the financial year. It is compiled in accordance with the Ordinance against Excessive Compensation (OaEC) applicable to Swiss listed companies, the Directive of Corporate Governance of SIX Swiss Exchange as well as the Swiss Code of Best Practice.

The 2019 financial year was marked by several corporate events. In January 2019 SoftwareONE completed the acquisition of Comparex, with the integration expected to be completed by the end of this year. Another important milestone was SoftwareONE's IPO at the Swiss stock exchange on 25 October 2019, which was a natural next step in SoftwareONE's development, intended to enhance its visibility and global profile while providing access to capital markets.

Established at the time of the IPO, the first months of the NCC members' term were dedicated to the conduct of an extensive review of both the BoD and EB compensation frameworks and their overall fit with SoftwareONE's new situation as a public company.

Outlook 2020

Our highly qualified, motivated and empowered global workforce which exemplifies our result-driven, customer-first company culture as well as our seven core values of speed, customer focus, employee satisfaction, humbleness, passion, integrity and discipline lie at the foundation of SoftwareONE's success. We believe that people are our greatest asset and that our commitment to our employees' professional and personal development, our performance-driven compensation structure and our recognition award programs motivate and empower our employees to deliver the highest level of service to our customers.

In this regard, the NCC started to develop a compensation framework with the goal of strengthening future long-term value creation and aligning the interests of the EB and extended leadership team with those of SoftwareONE's shareholders, as well as recognizing and retaining talent to continue our successful journey, now as a listed company.

The Outlook 2020 section of our 2019 Compensation Report outlines the company's planned changes to the compensation framework for 2020.

For the BoD, this includes the following:

- Review of the BoD annual base fees and additional committee fees based on a conducted BoD benchmark as well as further accentuation of the role of the Lead Independent Director within the BoD to reflect SoftwareONE's commitment to build a robust BoD governance
- Introduction of a fixed portion of 40% of BoD compensation paid in the form of blocked shares beginning at the 2020 Annual General Meeting (AGM)

For the EB, we believe in developing a strong pay-for-performance compensation program that motivates our EB members to create value for SoftwareONE and its shareholders. For this reason, the adjustments made to the EB compensation framework have all followed this common focus by means of:

- Further alignment of the Short-Term Incentive (STI) plan with general market practice and good governance principles through the abolishment of the quarterly bonus scheme for EB members
- Amendments to the STI metric weighting in order to further promote "pay-for-performance" alignment with overall company performance
- The introduction of a Long-Term Incentive (LTI) plan for our EB and selected senior management, in order to increase interest alignment with those of shareholders as well as promote long-term value creation for all company internal and external stakeholders

The NCC followed a comprehensive approach in selecting the companies to be included in SoftwareONE's peer group for external compensation benchmarking. The NCC believes that benchmarking against a consistent and relevant set of peer companies that are similar to SoftwareONE in scope, product and service offered, will enable the company to set pay levels towards the middle of the respective market range. This will reinforce talent attraction, motivation and retention efforts needed to support the company's success.

2020 Annual General Meeting

In line with the OaEC and our Articles of Incorporation, we will ask our shareholders to cast a binding vote on the maximum aggregate amount of compensation for the BoD for their term of office from the 2020 AGM to the 2021 AGM and for EB members for the financial year 2021. In addition, we will ask shareholders to endorse the 2019 Compensation Report in a consultative vote.

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

Sincerely,

Marie-Pierre Rogers
Chairwoman of the Nomination and Compensation Committee

Compensation Policy and Principles

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

Promotion of SoftwareONE's core values	— Embody SoftwareONE's entrepreneurial spirit and its results-driven, customer-first culture, through the characteristics of empowerment, accountability and self-development. In parallel, the principles align to SoftwareONE's core values of speed, customer focus, employee satisfaction, humbleness, passion, integrity and discipline both in terms of overall compensation level and framework design
Pay-for-performance alignment for EB members and the broader employee population	— Create a link between the company's overall performance and the individual's performance in relation to the performance goals set at the beginning of the performance period and strategy execution
	— Underperformance is not rewarded
Shareholder and company value creation	— Actively promote the development of profitable and sustainable new relationships with customers and publishers
	— Expand the profitable and sustainable sale of all diversified solutions
Motivation and retention	— Increase and maintain the level of competence within SoftwareONE's organization
	— Honor and recognize extraordinary performance
Collaboration and teamwork	— Foster pragmatism and value individual as well as team performance of SoftwareONE's employees
	— Drive collaboration between employee groups to achieve to achieve sales, profitability, growth and operational goals
Transparency	— Request prospective approval from shareholders for the BoD's and EB's overall compensation including variable compensation for EB members

Compensation Governance

Articles of Incorporation

The Articles of Incorporation of SoftwareONE contain compensation governance provisions regarding:

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

The Articles of Incorporation are available electronically on SoftwareONE's website at: https://www.softwareone.com/en/about/investors/corporate-governance/documents.

Nomination and Compensation Committee

The NCC has the duties of supervision and governance of SoftwareONE's compensation frameworks and philosophy, compensation of the EB as well as the performance evaluation of EB members.

The NCC is composed of at least three members of the BoD (Art. 15). The members of the NCC are elected individually at the AGM by the shareholders on an annual basis pursuant to Swiss law and SoftwareONE's Articles of Incorporation. Please refer to the Corporate Governance report section for further details on NCC composition, duties and election.

Process for determining compensation

The procedures for voting on the compensation of the BoD are defined in Art. 19 of the Articles of Incorporation.

The NCC periodically reviews the compensation policy and subsequently proposes this to the BoD.

	CEO	NCC	BoD	AGM
Compensation Report		P	P	A (consultative)
Preparation and periodic review of BoD compensation policy and principles		P	A	
Chairman of the BoD compensation (annual base fee)		P	A	
Other members of the BoD's compensation (annual base fee and committee fee)		P	A	
Maximum aggregate compensation for the BoD members			P	A
Preparation and periodic review of EB compensation policy and principles		P	A	
Preparation and planning of nominations and staffing decisions		P	A	
Compensation policy and framework		P	A	
CEO compensation		P	A	
Other EB members' compensation	P	R	A	
CEO performance target definition and achievement assessment		P	A	
Other EB members' performance target definition and achievement assessment	P	R	A	
Variable compensation plan design and rules		P	A	
Maximum aggregate compensation for the EB members			P	A

A: Approve
P: Propose
R: Review

Board of Directors Compensation

Elements of compensation

In accordance with best market practice standards and Art. 18 of SoftwareONE's Articles of Incorporation, the compensation of the BoD's members consists of fixed compensation only.

The fixed compensation awarded to members of the BoD comprises compensation for BoD membership and additional compensation awarded for duties pursued in BoD committees as Chairpersons or members. The BoD Chairperson, however, receives an annual base fee for his BoD membership, and does not receive any additional compensation for other roles and responsibilities assumed in BoD committees.

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

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

Compensation awarded to the Board of Directors in 2019

The following table outlines the compensation awarded and fully paid in cash to members of the BoD for their period of service starting from the IPO on 25 October 2019 to 31 December 2019.

Members of the BoD		Fixed compensation	Social security contributions [2]	Total fees
Daniel von Stockar	Chairman of the BoD Member of the NCC[1]	CHF 74,521	CHF 4,727	CHF 79,248
Beat Curti	Vice-Chairman of the BoD Member of the Audit Committee	CHF 26,082	CHF 1,452	CHF 27,534
Peter Kurer	Lead Independent Director of the BoD Member of the NCC	CHF 31,671	CHF 1,764	CHF 33,435
José Alberto Duarte	Member of the BoD Member of the Audit Committee	CHF 26,082	CHF 1,774	CHF 27,856
Andreas Fleischmann	Member of the BoD	CHF 22,356	CHF 1,547	CHF 23,903
René Gilli	Member of the BoD	CHF 22,356	CHF 1,522	CHF 23,878
Johannes Huth	Member of the BoD Member of the NCC	CHF 26,082	CHF 1,774	CHF 27,856
Timo Ihamuotila	Member of the BoD Chairman of the Audit Committee	CHF 29,808	CHF 2,001	CHF 31,809
Marina Nielsen	Member of the BoD	CHF 22,356	CHF 1,764	CHF 24,120
Marie-Pierre Rogers	Member of the BoD Chairwoman of the NCC	CHF 29,808	CHF 2,001	CHF 31,809
Jean-Pierre Saad	Member of the BoD Member of the Audit Committee	CHF 26,082	CHF 1,774	CHF 27,856
Total in CHF		**CHF 337,204**	**CHF 22,100**	**CHF 359,304**

1) Includes compensation for Chairman of the BoD only. No additional fees paid for the role as member of the NCC
2) Employer-paid social security contributions

Share ownership

The table below shows the shareholdings of the BoD as at 31 December 2019.

Members of the BoD	Number of directly held shares (1)		Number of indirectly held blocked shares	Total shareholdings
	Vested shares	Blocked shares (2)		
Daniel von Stockar	–	17,489,874	–	17,489,874
Beat Curti	–	–	19,031,853(3)	19,031,853
Peter Kurer	–	279,630	–	279,630
José Alberto Duarte	–	–	–	–
Andreas Fleischmann(4)	–	–	–	–
René Gilli	–	12,445,068	–	12,445,068
Johannes Huth(5)	–	–	–	–
Timo Ihamuotila	–	10,000	–	10,000
Marina Nielsen(6)	–	12,445,068	–	12,445,068
Marie-Pierre Rogers	15,000	–	–	15,000
Jean-Pierre Saad(5)	–	–	–	–
Total	**15,000**	**42,669,640**	**19,031,853**	**61,716,493**

1) Ordinary registered shares of SoftwareONE
2) Subject to a restriction period of 12 months
3) Blocked shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE subject to staggered restriction periods for a term of 12 months and end on October 25, 2020
4) Representative of the share ownership in SoftwareONE of Raiffeisen Informatik GmbH & CO KG, Vienna, Austria, which is the direct shareholder of the shares indirectly and beneficially owned by RAIFFEISEN- HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria and Raiffeisen Bank International AG, Vienna, Austria
5) Representatives of the share ownership in SoftwareONE of Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg, which is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA
6) Also represents further heirs (children) of Patrick Winter

Executive Board Compensation

The following section outlines the compensation framework employed in 2019 when SoftwareONE was a privately held company for ten out of 12 months. The compensation framework applied in 2019 reflects SoftwareONE's transition from a privately held company to a public company. In 2020, SoftwareONE's compensation framework will have been amended after extensive review by the NCC and its external advisors. Please refer to the Outlook 2020 section for further information on the newly employed compensation framework for 2020.

Elements of compensation

In 2019, compensation for members of the EB consisted of fixed and variable compensation elements. The fixed compensation comprised a base salary payable in cash and additional compensation elements (eg car allowances). The variable compensation in 2019 consisted of a short-term compensation element paid in the form of a quarterly and an annual bonus whereby these elements were subject to both company and individual performance.

All EB members' total target compensation was split into approximately 60% fixed compensation and 40% variable compensation. Of the 40% target variable compensation, the CEO's portion consisted of 27% quarterly bonus and 13% annual bonus. For other EB members excluding the CEO, this ranged between 20% and 24% for the quarterly bonus and between 14% and 20% for the annual bonus.

Base salary

The base salary for members of the EB was paid in cash on a monthly basis. The base salary amount was defined based on market practice, responsibility, experience and achievements of each member.

Additional compensation elements

EB members were entitled to certain benefits and allowance packages consisting of car and mobile phone allowances as well as pension or equivalent contributions. These allowances were paid together with the EB members' salary.

Moreover, these allowances are in line with company policy in the local jurisdiction. EB members and the company pay statutory contributions in line with the respectively applicable legal requirements.

Short-term compensation

The short-term incentive compensation elements of EB compensation rewarded overall company performance and the EB members' individual performance in line with the compensation principle of pay-for-performance. The payout in cash of the short-term compensation was subject to the achievement of financial performance metrics and personal goals which were defined by the BoD at the beginning of each performance period and were the same for all EB members.

The annual bonus was determined based on the achievement of three performance metrics and consisted of two financial metrics and one non-financial metric:

- Management EBITDA (50%) [1]
- Synergies (25%)
- Personal goals (25%)

1) Management EBITDA is defined as "EBITDA adjusted", adding back operational lease expense, excluding IAS 19 and elimination of non-period and other minor impacts

Management EBITDA was measured based on the achievement of the pre-defined budget. This financial metric was weighted at 50% of the overall annual bonus, meaning that if the management EBITDA target was met, then 50% of the annual bonus would be paid out. For the synergies metric, the cost-saving achievement for the year was measured and was either considered to have been met at 100% or considered not to have been achieved, at 0%.

For personal goals the achievement of individually set goals for the performance period were measured, whereby these were considered to either have been met at 100% or not, at 0%, similar to the performance assessment of the synergies metric.

The quarterly bonus – which is to be discontinued as a compensation element and integrated into the annual bonus in 2020 (please refer to the Outlook 2020 section for further information) – was determined based on the performance measure of management EBITDA performance metric contingent on budget achievement, whereby payout was either to be determined at 0%, 50% or 100%.

Management Equity Plan (MEP)

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

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

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

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

Upon the IPO, 33% of the MEP was paid in cash to MEP Participants and 67% of the MEP was awarded in shares. Certain of the shares awarded to members of the EB and to certain other members of the company's senior management team (MEP restricted shares) are subject to staggered restriction periods with a term of three years and subject to early leaver conditions.

The table outlining the share ownership of the EB members on 31 December 2019 encompasses the equity issued under the MEP, whereby no further grant was or will be made under the MEP following the IPO of SoftwareONE.

The total of the MEP awarded to the EB members was CHF 46,951,309, whereby the recipient of the highest amount of the MEP (CHF 13,637,152) was Alex Alexandrov, COO. Together with his fixed and variable compensation, Alex Alexandrov was the overall highest paid EB member in 2019, with a total compensation of CHF 14,404,343.

Please relate to Note 26 "Employee Share Plan and share-based payment" in the Annual Report for further information pertaining to the MEP.

Compensation awarded to the Executive Board in 2019

The following table outlines the compensation awarded to the CEO as the highest paid member of the EB (subject to MEP grants) and to the other EB members from 1 January to 31 December 2019, including the period when SoftwareONE was a privately held company. The table does not include the above-mentioned MEP grants as they were fully funded by the major shareholders.

	Fixed compensation			Variable compensation		
	Base salary	Social security contributions	Other benefits [3]	Quarterly bonus (aggregate)	Annual bonus	Total compensation
Dieter Schlosser, CEO[1]	CHF 755,527	CHF 12,633	CHF 8,743	CHF 210,374	CHF 168,300	CHF 1,155,577
Aggregate amount of EB members excluding CEO[2]	CHF 1,554,945	CHF 149,100	CHF 11,950	CHF 361,086	CHF 525,643	CHF 2,602,724
Total in CHF	**CHF 2,310,472**	**CHF 161,733**	**CHF 20,693**	**CHF 571,460**	**CHF 693,943**	**CHF 3,758,301**

1) The CEO is compensated in SGD
2) Please note that of the three remaining EB members, one was compensated in both USD and CHF as he relocated from the US to Switzerland in 2019, one in USD and the other fully in CHF
3) Other benefits comprise payments related to additional insurances, car allowance and further benefits granted

Outcome of the 2019 short-term compensation

The short-term compensation target amount was expressed in absolute CHF amounts. The CEO's target short-term compensation value was SGD 231,000 (CHF 166,221 at the average exchange rate of 2019) for the annual bonus and SGD 460,000 (CHF 331,002 at the average exchange rate of 2019) for the quarterly bonus (aggregate). For other EB members excluding the CEO the annual bonus varied between CHF 120,000 and CHF 180,000 and between CHF 180,000 and CHF 200,000 for the quarterly bonus (aggregate). The payout was determined based on whether the goals initially set had been achieved and in the case of financial performance metrics, was measured against the consolidated group booking entries.

For the 2019 annual bonus, performance achievement of the management EBITDA budgeted, synergies metric and personal goals were met at 100% by all EB members (including the CEO) even throughout SoftwareONE's transition to a public company.

Furthermore, the quarterly bonus targets in 2019 were met for Q1 and Q3 at 100%. Q2 targets were partially met and assessed at 50%. The Q4 performance achievement was below target with overall performance evaluated at 0%.

Share ownership

The table below shows the shareholdings of the EB as at 31 December 2019.

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

1) Includes shares individually purchased under the ESPP and shares granted through the MEP in 2017, subject to a post-vesting sales restriction of 12 months after the IPO first trading day on SIX
2) Comprised of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions
3) Shares legally held by SoftwareONE, whereby the legal share transfer is to take place after a vesting period of three years from the date of grant

Further compensation information

Employment agreements

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

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

Payments to current or former members of the Executive Board

In relation to 2019 no payments other than those set out in the compensation table for EB members were made to current or former EB members or “closely related persons”.

Loans to members of the Executive Board

Art. 23 of SoftwareONE’s Articles of Incorporation allow for loans and credits of up to CHF 1,000,000 at market-based conditions to be granted to EB members. In 2019 no loans or credits were made to EB members.

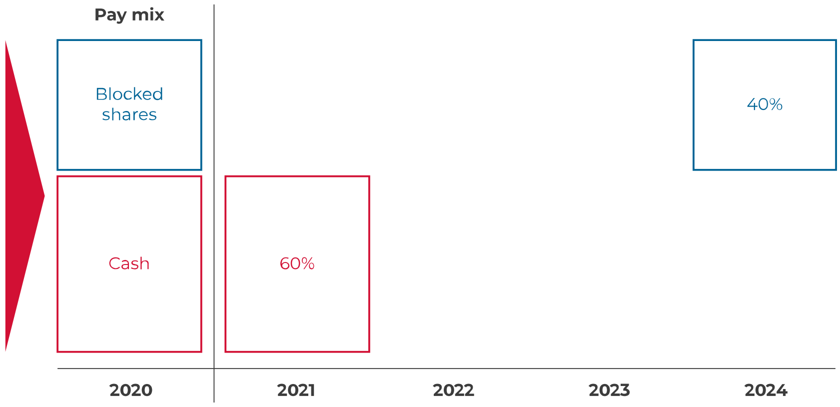
Outlook 2020

Board of Directors compensation

Following the IPO on 25 October 2019, the BoD's compensation framework will be adapted to align it with SoftwareONE's new position as a public company headquartered in Switzerland.

From the IPO on 25 October 2019 to the AGM of 14 May 2020, the BoD fees are fully paid in cash. Effective as from the 2020 AGM, the BoD's fees will be amended in terms of structure, whereby the compensation will be paid out 60% in cash and 40% in SoftwareONE shares. The shares awarded as part of the members of the BoD's total compensation will be blocked for a period of three years.

	Annual base fee	
Chairperson[1]		CHF 400,000
Vice-Chairperson[2]		CHF 120,000
Lead Independent Director		CHF 150,000
Ordinary member		CHF 120,000
	Chairperson	**Member**
Audit Committee	CHF 40,000	CHF 20,000
Nomination and Compensation Committee	CHF 40,000	CHF 20,000



1) The BoD Chairperson will continue to receive solely his annual base fee irrespective of any membership in any BoD committee
2) Under the current format of the BoD at SoftwareONE no additional tasks compared to those of ordinary members of the BoD are assumed by the Vice-Chairperson for which reason these two roles are equally weighted in terms of compensation level

Executive Board compensation

Peer group

Information on external peer company compensation is an important reference point for consideration in order to assess the market competitiveness of the compensation awarded to EB members. In this regard, the NCC adopted a comprehensive approach to the peer group construction. This led to the compilation of two complementary peer groups: the Swiss Market Index Mid (SMIM) and a peer group of selected European high-tech companies. The blend of the peer companies selected provides a good balance between the industries and geographies from which SoftwareONE's key talents are sourced.

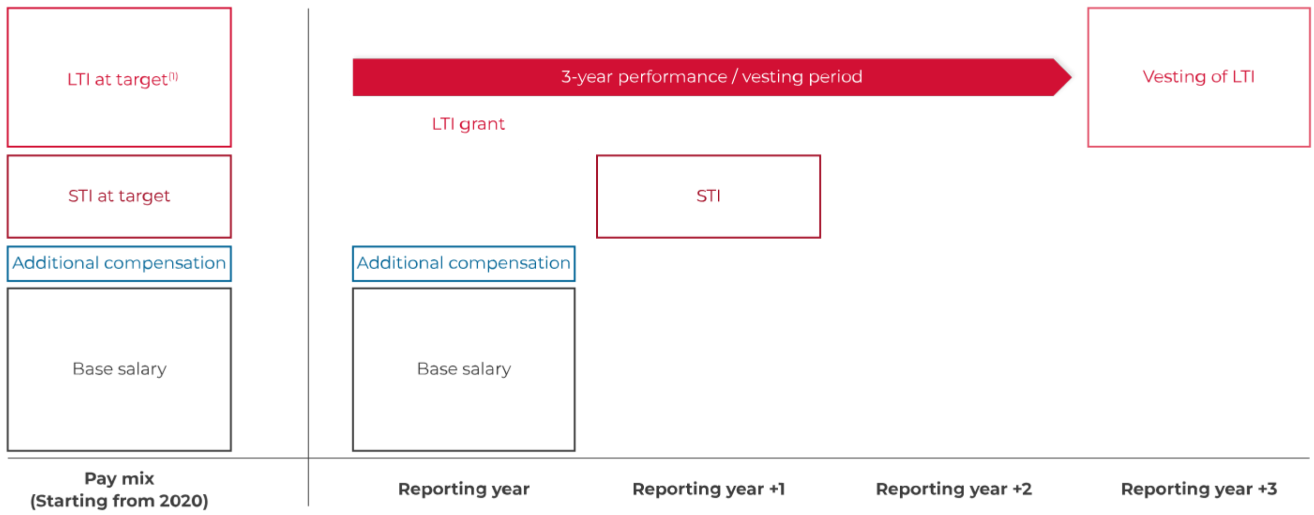
SoftwareONE follows a market-oriented compensation philosophy. Therefore, for assessing the EB's compensation, the following market reference levels will be considered: for the Swiss market, pay practices for companies listed on the SMIM will be analyzed. In addition to the Swiss market and in order to reflect SoftwareONE's international business model, a pan-European peer group consisting of listed high-tech companies will be further taken into consideration. The following companies will be included in the analysis: Accenture, Adyen, Amadeus IT Group, ATOS, Bechtle, Cancom SE, Capgemini, Computacenter, Dassault Systems, Indra Sistemas, Micro Focus, SAGE, Software Aktiengesellschaft, Sopra Steria, Wirecard. When setting the EB's pay levels, an orientation towards the middle of the respective market ranges will be targeted.

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

Target Executive Board compensation framework

SoftwareONE currently compensates EB members (including the CEO) by means of base salary and additional compensation elements – which together form the fixed compensation component – and an STI, which is currently the only variable component.

In order to more accurately reflect the recent changes in ownership structure, a new LTI plan will be developed for introduction as at 2020. The first grant under this plan will occur in 2020. This future compensation framework, fully implemented as at 2020, is presented in the graph below.



1) The first grant under the new LTI plan will occur in 2020

Short-term incentive plan

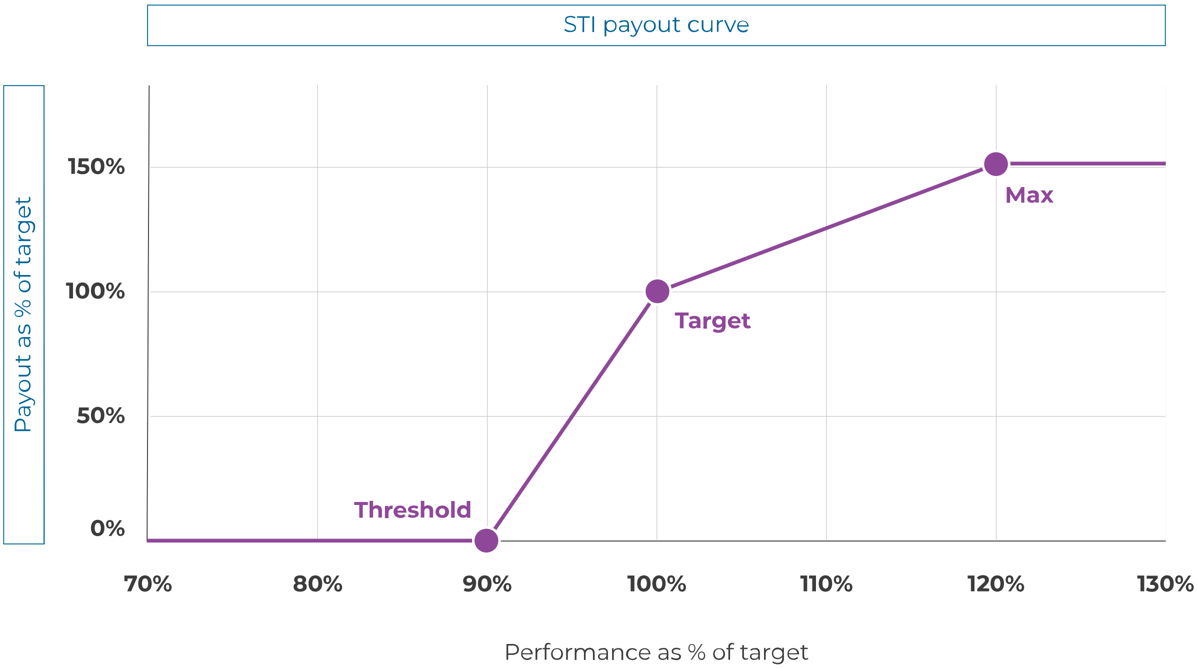
In the financial year 2020, EB members' STI will be adapted to SoftwareONE's new position as a public company. After extensive review, the quarterly bonus mechanism will be replaced entirely by an annual bonus mechanism consistent with market practice. This adjustment has further been accompanied by an assessment and review of the current performance metrics, whereby the possibility of overachievement – of up to 150% – and underperformance – 0% payout – will be incorporated.

The weighting of the STI performance metrics has been amended to further align EB members' STI with overall company performance. For this reason, personal goals will have less influence on the STI, while management EBITDA and synergies will have a greater impact on the STI performance.

STI performance metrics	Management EBITDA	Synergies	Personal goals
Definition	Measures SoftwareONE's management EBITDA based on the management EBITDA budget achievement	Measures the cost-saving achievement for the year	Measures the achievement of individually set goals at the beginning of the performance period
Weighting	55 %	35 %	10 %
Payout range	0–150 %	0–150 %	0–150 %

Performance, thresholds, targets and maximum values for the respective performance metrics are determined at the beginning of the one-year performance period. At the end of the performance period, the NCC proposes and the BoD approves the financial performance achievements against the originally set targets. In certain circumstances the BoD and the NCC may apply discretion in determining the final outcome of the STI payout.

For performance below or at threshold, 0% is paid out, whereby on-target performance is awarded with a 100% payout and in case of overperformance of 120% and above, a payout of 150% of the target STI is compensated.



Long-term incentive plan

As at 2020, EB members will be entitled to participate in SoftwareONE's long-term success by means of the LTI plan that is currently being finalized by the NCC with the support of its external independent advisor, HCM International Ltd.

The development of this plan has been driven by the intention to provide EB members with rewards in line with the new positioning of SoftwareONE as a public company. The introduction of the LTI plan will further strengthen management's interest alignment with those of shareholders, as well as encourage sustainable long-term value-creation for shareholders and the company.

The new LTI plan completes SoftwareONE's compensation framework by offering executives the opportunity to participate in the long-term success of the group.

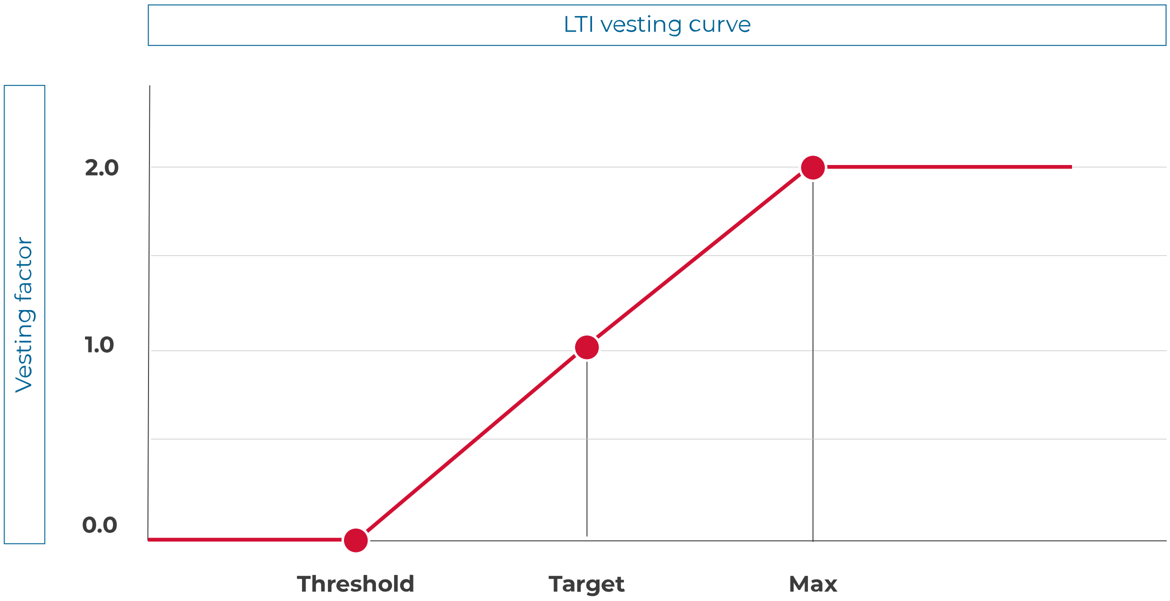
The following provides an overview of the plan currently under review, whereby specifics will be disclosed in the 2020 Compensation Report.

At the beginning of each three-year performance period, eligible plan participants of SoftwareONE's management population will be granted an individual number of performance share units (PSU) derived by dividing the individual LTI award by the fair value at grant. After conclusion of the three-year performance period, some of the initially granted PSUs vest, whereby the number depends on the performance achievement – each determined based on a curve between 0.0 and 2.0 – of group gross profit growth and relative total shareholder return.

LTI performance metrics	Gross profit	Relative total shareholder return
Definition	SoftwareONE's group gross profit	Total shareholder return (TSR) measured relative to the STOXX ® Global 1800 Industry Technology Index
Weighting	75%	25%
Performance period	final year of three-year vesting/ performance period	three years
Vesting range	0.0–2.0 times number of PSUs granted	

The performance achievement of these two metrics will be determined at the end of the three-year performance period, whereby group gross profit will be measured in absolute CHF terms and relative total shareholder return will be measured against the STOXX® Global 1800 Industry Technology Index.

Both of these performance metrics will follow the following vesting curve logic:



Furthermore, at the end of the three-year performance period of each LTI award, the NCC proposes and the BoD approves the performance achievement of each metric against the targets originally set. In certain circumstances the BoD and the NCC may apply discretion in determining the final outcome of the performance results used for the vesting of LTI awards.

Employee Share Purchase Plan (ESPP)

The ESPP to be introduced at SoftwareONE in 2020 aims to strengthen the company's employees' sense of entrepreneurship by making them part-owners of the company.

Under this plan, the broad employee population at SoftwareONE will be given the opportunity to convert up to 25% of their variable target compensation into this share-based plan, for which reason this is deemed an equity-settled share-based compensation plan. Furthermore, upon purchase of SoftwareONE shares, the company will match the shares purchased in a four to one ratio, granting the employees one additional share for every four shares purchased under the ESPP. These matched shares constitute restricted shares, which are service conditioned. Specifically, this means that after a restriction period of 12 months these are transferred to the employee's ownership, if the employee is still employed at SoftwareONE for the full duration of the restriction period. This means that should the employee sell their purchased shares within the restriction period of 12 months they would also forfeit the right to the share matching scheme of SoftwareONE.

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 30 March 2020

Report of the statutory auditor on the compensation report

We have audited the compensation report of SoftwareONE Holding AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections "Board of Directors compensation" on pages 69 to 70 and "Executive Board compensation" on pages 71 to 73 within the downloadable Annual Report pdf of the compensation report.

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

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

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

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

Opinion
In our opinion, the compensation report for the year ended 31 December 2019 of SoftwareONE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Kaspar Streiff Licensed audit expert (Auditor in charge)	Max Lienhard Licensed audit expert

ANNUAL REPORT 2019

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

For the period ended 31 December in CHF 1,000	Note	2019 [1]	2018
Revenue from sales of software	6	7,296,304	3,600,187
Revenue from solutions and services	6	296,935	124,357
Other revenue		17,601	16,050
Total revenue		**7,610,840**	**3,740,594**
Cost of software purchased		–6,773,422	–3,293,579
Third-party service delivery costs		–123,107	–37,601
Personnel expenses	7	–439,868	–224,263
Other operating expenses	8	–115,340	–57,429
Other operating income		11,171	2,108
Earnings before net financial items, taxes, depreciation and amortization		**170,274**	**129,830**
Depreciation and amortization	15, 16, 22	–51,265	–17,015
Earnings before net financial items and taxes		**119,009**	**112,815**
Finance income	9	52,143	6,254
Finance costs	9	–9,606	–6,945
Foreign exchange differences, net	9	–7,108	–3,514
Share of result of joint ventures	17	–88	–
Earnings before income tax		**154,350**	**108,610**
Income tax expense	10	–29,346	–30,454
Profit for the year		**125,004**	**78,156**
Profit attributable to:			
– Owners of the parent		125,997	78,484
– Non–controlling interest		–993	–328
Earnings per share in CHF [2]			
– Basic	24	0.83	0.59
– Diluted	24	0.82	0.59

1) COMPAREX Group has been consolidated since 31 January 2019, when it was acquired by the Group, refer to Note 3
2) 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 5.91; diluted CHF 5.89)

Consolidated Statement of Comprehensive Income

For the period ended 31 December in CHF 1,000	Note	2019	2018
Profit for the year		**125,004**	**78,156**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations	21	583	2,093
Taxes		–98	–336
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustment		–17,878	–3,178
Cash flow hedges	14	684	1,340
Taxes		–116	–273
Total other comprehensive income for the period		**–16,825**	**–354**
Total comprehensive income for the period		**108,179**	**77,802**
Total comprehensive income attributable to:			
– Owners of the parent		109,046	78,570
– Non–controlling interest		–867	–768

Consolidated Balance Sheet

As at 31 December in CHF 1,000	Note	2019 [1]	2018
Assets			
Cash and cash equivalents	11	313,490	154,142
Trade receivables	12	1,648,951	750,774
Income tax receivables	10	9,155	2,287
Other receivables	13	82,291	61,761
Derivative financial instruments	14	3,245	2,554
Prepayments and contract assets	13	240,717	96,977
Financial assets	4.3	59,506	12,668
Current assets		**2,357,355**	**1,081,163**
Tangible assets	15	23,537	7,294
Intangible assets	16	484,144	90,564
Right-of-use assets	22	37,841	–
Investment in joint ventures and associated companies	17	7,725	–
Other receivables	13	39,147	21,609
Financial assets	4.3	2,495	2,569
Derivative financial instruments	14	315	440
Deferred tax assets	10	24,381	11,030
Non-current assets		**619,585**	**133,506**
TOTAL ASSETS		**2,976,940**	**1,214,669**

1) COMPAREX Group has been consolidated since 31 January 2019, when it was acquired by the Group, refer to Note 3

As at 31 December in CHF 1,000	Note	2019 [1]	2018
Liabilities and shareholders' equity			
Trade payables	18	1,072,988	483,934
Other payables	18	233,492	76,353
Accrued expenses and contract liabilities	18	736,857	287,140
Derivative financial instruments	14	4,362	2,100
Income tax liabilities	10	26,376	11,877
Provisions	19	8,180	–
Bank overdrafts	20	4,151	5,097
Other financial liabilities	20	61,052	20,162
Current liabilities		**2,147,458**	**886,662**
Derivative financial instruments	14	1,424	120
Provisions	19	12,526	2,495
Financial liabilities	20	129,941	39,061
Deferred tax liabilities	10	31,676	11,430
Defined benefit liabilities	21	16,999	11,973
Non-current liabilities		**192,566**	**65,079**
TOTAL LIABILITIES		**2,340,024**	**951,741**
Share capital	23	1,586	1,354
Share premium		306,330	65,148
Treasury shares	23	–12,024	–9,943
Retained earnings		361,340	209,594
Hedging reserve		780	212
Currency translation adjustments		–21,282	–3,438
Equity attributable to owners of the parent		**636,730**	**262,927**
Non-controlling interest		186	1
TOTAL EQUITY		**636,916**	**262,928**
TOTAL LIABILITIES AND EQUITY		**2,976,940**	**1,214,669**

1) COMPAREX Group has been consolidated since 31 January 2019, when it was acquired by the Group, refer to Note 3

Consolidated Statement of Cash Flows

For the period ended 31 December

in CHF 1,000	Note	2019	2018
Profit for the period		**125,004**	**78,156**
Adjustments for:			
Depreciation and amortization	15, 16, 22	51,265	17,015
Total finance result, net	9	–35,341	4,205
Tax expense		29,346	30,454
Other non-cash items		24,899	2,153
Change in trade receivables		–234,620	–84,352
Change in other receivables, prepayments and contract assets		–116,590	–46,137
Change in trade and other payables		–2,635	63,879
Change in accrued expenses and contract liabilities		404,115	57,066
Foreign exchange impact on changes in working capital		3,033	–5,057
Income taxes paid		–32,199	–18,310
Net cash generated from/(used in) operating activities		**216,277**	**99,071**
Purchases of tangible and intangible assets		–20,687	–12,707
Proceeds from sale of tangible and intangible assets		109	147
Purchases of financial assets		–7,196	–13,000
Loans granted		–1,818	–7,058
Loan repayments received		1,550	4,483
Interest received		4,389	1,668
Acquisition of businesses (net of cash)	3	49,958	25
Acquisition of investment in joint ventures	17	–7,478	–
Net cash from/(used) in investing activities		**18,827**	**–26,442**
Proceeds from financial liabilities	20	1,670,956	171,405
Repayments of financial liabilities	20	–1,704,803	–171,632
Payment from shareholders	26	15,986	–
Payment of contingent consideration liabilities	20	–7,366	–3,706
Purchase of treasury shares		–2,618	–10,219
Interest paid		–8,865	–3,635
Dividends paid to owners of the parent	25	–25,300	–13,600
Acquisition of non-controlling interests	20, 30	–7,967	–
Net cash from/(used in) financing activities		**–69,977**	**–31,387**
Net (decrease)/increase in cash and cash equivalents		**165,127**	**41,244**
Cash and cash equivalents at beginning of period		154,142	114,952
Net foreign exchange difference on cash and cash equivalents		–5,779	–2,054
Cash and cash equivalents at end of period		**313,490**	**154,142**

Consolidated Statement of Changes in Equity

For the period ended 31 December

in CHF 1,000	Equity attributable to owner of SoftwareONE Holding AG								
	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjustments	Total	Non-controlling interest	Total equity
Balance as at 1 January 2018	**1,354**	**74,551**	**–230**	**133,662**	**–856**	**–260**	**208,221**	**1**	**208,222**
Profit for the period				78,484			78,484	–328	78,156
Other comprehensive income for the period				1,757	1,068	–2,738	87	–440	–353
Total comprehensive income for the period				**80,242**	**1,068**	**–2,738**	**78,572**	**–768**	**77,804**
Settlement of contingent consideration liability		3,612	506				4,118	–	4,118
Purchase of treasury shares			–10,219				–10,219	–	–10,219
Dividends paid		–13,600					–13,600	–	–13,600
Transactions with non-controlling interests				–4,481		–440	–4,921	769	–4,152
Share-based payment				757			757	–	757
Reclassification		586		–586			–	–	–
Balance as at 31 December 2018	**1,354**	**65,149**	**–9,943**	**209,594**	**212**	**–3,438**	**262,927**	**1**	**262,928**
Profit for the period				125,997			125,997	–993	125,004
Other comprehensive income for the period				485	568	–18,004	–16,951	126	–16,825
Total comprehensive income for the period				**126,482**	**568**	**–18,004**	**109,046**	**–867**	**108,179**
Transactions in treasury shares		1,171	–2,081				–910	–	–910
Capital increase	232	264,768					265,000	–	265,000
Expiry of put option on SoftwareONE Holding shares				5,440			5,440	–	5,440
Dividends paid		–25,300					–25,300	–	–25,300
Transactions with non-controlling interests				–1,186		160	–1,026	1,052	26
Share-based payment		542		21,010			21,552	–	21,552
Balance as at 31 December 2019	**1,586**	**306,330**	**–12,024**	**361,340**	**780**	**–21,282**	**636,730**	**186**	**636,916**

Notes to the Consolidated Financial Statements

1 General information

SoftwareONE Holding AG ("the Company" or "SoftwareONE Holding") and its wholly-owned subsidiaries (together "the Group" or "SoftwareONE") is a fast-growing, premier software and service 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. On 25 October 2019, SoftwareONE Holding AG started trading on the SIX Swiss Exchange. The shares trade under the ticker symbol "SWON".

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

These consolidated financial statements were authorized for issue by the Board of Directors on 30 March 2020 and are subject to approval by the Annual General Meeting to be held on 14 May 2020.

2 Summary of significant accounting policies

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

Basis of presentation

New and amended standards and interpretations

The Group has initially adopted IFRS 16 "Leases" from 1 January 2019 without restating comparative information. Several 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. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 most 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, SoftwareONE 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 lease 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 20,217
– Financial liabilities TCHF 20,217

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018, as follows:

in CHF 1,000	2019
Operating lease commitments as at 31 December 2018	**19,338**
New identified lease contracts started before 1 January 2019	3,535
Less commitments relating to short-term leases	–1,948
Corrected operating lease commitments as at 31 December 2018	**20,925**
Weighted average incremental borrowing rate as at 1 January 2019	2.4 %
Discounted operating lease commitments as at 1 January 2019	–708
Lease liabilities as at 1 January 2019	**20,217**

New standards and interpretations not yet adopted

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

– IFRS 3: Business Combinations: Definition of a Business – adoption by 1 January 2020
– IAS 1 and IAS 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material – adoption by 1 January 2020
– IFRS 9/IAS 39/IFRS 7: Interest Rate Benchmark Reform – adoption by 1 January 2020
– Amendments to References to the Conceptual Framework in IFRS Standards – adoption by 1 January 2020
– IAS 1: Presentation of Financial Statements: Classifications of Liabilities as Current or Non-Current – adoption by 1 January 2022

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

Consolidation

Subsidiaries

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of a business combination is equal to the fair values at the date of acquisition of assets given, liabilities incurred or assumed, and equity instruments issued by SoftwareONE Group, in exchange for control over the acquired company. Any difference between the cost of the business combination and the net fair value of the identifiable assets, liabilities and contingent liabilities so recognized is treated as goodwill. Goodwill is not amortized but is assessed for impairment annually. Acquisition-related costs are expensed. For each business combination, the Group recognizes the non-controlling interests in the acquiree at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

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

Non-controlling interests

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

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Foreign currency translation

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

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

The following exchange rates were used:

		2019		2018	
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate
Euro	EUR	0.90	0.92	0.86	0.89
US dollar	USD	1.01	1.03	1.02	1.02
Norwegian krone	NOK	8.85	9.06	8.32	8.87
British pound	GBP	0.79	0.78	0.77	0.81
Hongkong dollar	HKD	7.88	8.02	7.99	8.00

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

Cash and cash equivalents

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

Trade receivables

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

Financial assets

The Group has listed equity instruments presented as short-term financial assets which are subsequently measured at fair value through profit or loss as it had not irrevocably elected to classify those at fair value through OCI at initial recognition. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement. Dividends on equity investments are recognized as other income in the income statement when the right to payment has been established

Derecognition

The Group derecognizes financial assets when:

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

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

Impairment of financial assets

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

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

Derivative financial instruments and hedge accounting

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

- The Group hedges the net exposure from foreign currency balance sheet positions with forward contracts. Such contracts, however, are not accounted for using hedge accounting.
- Highly probable future transactions are hedged with forward transactions (sales and purchase). Those contracts are designated as cash flow hedges. The transactions are expected to affect profit and loss within the next 24 months. At inception of a hedge relationship the Group designates and documents the hedge relationship to apply hedge accounting. The hedge relationship

includes the hedging instrument, the hedged item and the nature of the risk being hedged. The hedges are expected to be highly effective.

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

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

Tangible assets

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

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

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

- Land and Buildings: max. 33 years
- Furniture, fittings and equipment: max. 5 years
- Leasehold improvements: max. 10 years or shorter duration lease contract
- Vehicles: max. 5 years
- IT equipment: max. 3 years
- Assets under construction: no depreciation

Intangible assets

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

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

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

Acquired customer relationships are capitalized and amortized over their useful lives. They are assessed for impairment if events or changes in circumstances indicate that their value may be impaired. The significant assumptions are future cash flows and the discount rate.

Impairment test of goodwill and intangibles with indefinite useful life

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

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

Investments in joint ventures and associates

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Current and deferred income tax

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

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

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

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

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

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

Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

Other employee benefits

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

Contingent consideration arrangements related to business acquisitions in which payments are contingent on continued employment and thus compensation for future service are presented as provisions.

Share-based payments

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

Provisions

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

Share capital

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

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

Revenue recognition

Revenue from contracts with customers comprises revenue from sale of software and solutions and services. Revenue from contracts with customers is recognized either when the performance obligation in the contract has been performed either at the "point in time" or "over time" as control of the promised good or service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of software

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

SoftwareONE distinguishes two types of software selling arrangements:

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

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

Revenue from solutions and services

SoftwareONE also provides a wide range of technology consulting services. Revenue from solutions and services is recognized over time using an input method based on labor hours to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by SoftwareONE. The Group determined that the input method based on labor hours incurred in relation to total expected hours is the best method in measuring progress of the consulting services because there is a direct relationship between SoftwareONE's effort and the transfer of service to the customer. Payment is due 30 days after the solutions and services have been performed.

Contract balances

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

Transaction price of unsatisfied performance obligations

SoftwareONE uses the practical expedient in IFRS 15.121 and does not disclose information about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied when the original expected duration of the underlying contract is one year or less. After applying this practical expedient, the remaining performance obligations to be disclosed 31 December 2019 and 2018 are not material.

Leases

Right-of-use assets

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

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

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

Right-of-use assets are subject to impairment.

Lease liabilities

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

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

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

Short-term leases and leases of low-value assets

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

3 Change in the scope of consolidation

Acquisitions in 2019

On 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 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.

On 19 November 2019, the Group acquired 100% of BNW Consulting Pty Ltd., Australia ("BNW") with a subsidiary in the US. BNW is a long-standing and growing technology and cloud consulting company specializing in services around SAP platform transformation and migration from on-premises to public cloud hyperscale platforms such as Microsoft Azure, Amazon Web Services (AWS), Google Cloud Platform and Ali Cloud. In addition, BNW offers organizations its proprietary SAP-certified tool "PowerConnect" that provides analytical insights into SAP performance data across on-premise & cloud infrastructures as well as security and business process data.

Furthermore, the Group made the following other acquisitions in 2019:

On 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.

On 31 October 2019, the Group acquired all customer contracts and the workforce of MassiveR&D K.K., Japan ("MassiveR&D") by way of an asset deal. MassiveR&D is a Tokyo-based Amazon Web Services (AWS) specialist. This acquisition adds AWS managed and professional services to SoftwareONE's local offering in Japan.

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

in CHF 1,000	COMPAREX	BNW	Others	Total
Cash and cash equivalents	110,965	1,532	167	112,664
Trade receivables	558,227	941	134	559,302
Other short term assets	63,503	75	9	63,587
Indemnification assets	12,446	–	–	12,446
Tangible assets	17,816	18	–	17,834
Intangibles (excluding goodwill)	78,304	3,840	–	82,144
Right-of-use assets	25,392	–	–	25,392
Deferred tax assets	6,226	90	–	6,316
Other non-current assets	16,513	–	–	16,513
Total assets	**889,392**	**6,496**	**310**	**896,198**
Trade payables	533,701	54	218	533,973
Other short term liabilities	80,773	978	72	81,823
Accrued expenses and contract liabilities	57,992	426	20	58,438
Defined benefit obligations	5,429	–	–	5,429
Provisions	4,134	–	–	4,134
Contingent liabilities	14,689	–	–	14,689
Contingent consideration liabilities	6,610	–	–	6,610
Non-current financial liabilities	143,234	–	–	143,234
Deferred tax liabilities	26,001	1,389	–	27,390
Net assets acquired at fair value	**16,829**	**3,649**	**–**	**20,478**

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

in CHF 1,000	COMPAREX	BNW	Others	Total
Cash paid	54,463	7,965	278	62,706
Settled in SoftwareONE Holding Shares (out of treasury shares)[1]	–	1,673	117	1,790
Contingent consideration liabilities	34,209	–	186	34,395
Fair value of 2,315,289 newly issued SoftwareONE Holding shares (after split: 23,152,890 shares)	265,000	–	–	265,000
Total purchase consideration	**353,672**	**9,638**	**581**	**363,891**
Less net assets acquired at fair value	16,829	3,649	–	20,478
Goodwill	**336,843**	**5,989**	**581**	**343,413**

1) For the purchase consideration settled in SoftwareONE Holding shares, 92,947 shares were used for the acquisition of BNW and 6,452 shares for MassiveR&D

Analysis of the cash flows on acquisitions:

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

Acquisition of COMPAREX

The Group finalized the purchase accounting in the second half of 2019 and recognized the changes retrospectively as of the acquisition date. The fair value of trade receivables amounts to TCHF 558,227. The gross amount of trade receivables is TCHF 563,185 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.

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 (after split: CHF 11.45 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 (maximum amount TEUR 30,000) was agreed that would result in an additional cash payment to the previous owners of COMPAREX and be payable in the event of an exit event. 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, ie the maximum amount. As a result of the IPO in October 2019 the contingent consideration was fixed and an amount of TCHF 32,601 was paid in January 2020.

Most of the transaction costs were incurred prior to 2019. In total, transaction costs of TCHF 8,905 have been expensed. Of these TCHF 1,386 are reflected in the period to 31 December 2019 in other operating expenses (prior period: TCHF 4,667).

From the date of acquisition COMPAREX has contributed TCHF 3,090,361 of revenue and TCHF 88,096 to the profit for the year.

Acquisition of BNW

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of BNW with those of the Group. The goodwill is not deductible for income tax purposes.

As part of the purchase agreement, a contingent consideration arrangement was agreed that could result in additional cash payments to the previous owners of BNW. The amount of the payments depends on EBITDA development for 2021 and 2023 and a multiplier derived from other variables. 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 BNW has contributed TCHF 257 of revenue and TCHF 74 to the profit for the year.

Other acquisitions

The purchase price allocations for RightCloud, MassiveR&D and BNW are still provisional as at 31 December 2019. For details regarding contingent consideration arrangements, refer to Note 19.

If all acquisitions would have taken place at the beginning of the year total revenue of SoftwareONE Group would have been TCHF 7,866,346 and net profit for the period would have been TCHF 130,723 (on a pro forma basis).

Acquisitions in 2018

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 business year, the Group finalized the purchase accounting and there were no changes in the final fair values of acquired assets and liabilities compared to the provisional amounts disclosed in the Annual Report 2018.

Acquisition of non-controlling interests

On 29 August 2019, SoftwareONE Switzerland AG acquired the remaining 50% ownership interest of SoftwareONE LATAM Holding SL located in Spain with subsidiaries in Mexico, Columbia, Dominican Republic, Ecuador and Peru. These interests were subject to a put option (to be settled in a variable number of SoftwareONE Holding AG shares) for which a financial liability had been recognized (refer to Note 20) at the present value of the redemption amount. The related non-controlling interest was derecognized at each reporting date as if the put option had been exercised, with any difference between the put option liability and the carrying amount of non-controlling interest recognized in shareholders' equity. The consideration for the 50% ownership interests was fully paid in cash (TCHF 7,967).

4 Financial risk management

4.1 Financial risk factors

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

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

Market risk

Foreign exchange risk

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

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

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

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

A part of the below sensitivity impacts on profit and loss are related to a minor time lag between the end of December and the starting date of the hedging contracts in the following year. In addition, Group internal sale of participations in subsidiaries (CPX integration) were also hedged with a certain time lag mainly impacting EUR exposure.

		2019		2018	
Impact on	Sensitivity	Earnings before income tax	Equity	Earnings before income tax	Equity
EUR	+/– 5%	+/– 9,362	+/– 969	+/– 517	+/– 268
USD	+/– 5%	+/– 2,253	+/– 942	+/– 1,113	+/– 1,043
NOK	+/–5%	+/– 1,784	+/– 195	+/– 633	+/– 0
GBP	+/– 5%	+/– 647	+/– 141	+/– 234	+/– 0
HKD	+/– 5%	+/– 485	+/– 223	+/– 768	+/– 1,547

Interest rate risk

The Group's interest-bearing instruments with variable interest are cash, bank overdrafts, bank loans and a multiple currency revolving credit facility (currently undrawn). Currently there is no material exposure to interest rate risk. Also refer to Note 20 financial liabilities.

Equity price risk

The Group holds a short-term investment in listed shares. The asset is subject to fluctuation in share price. Changes in fair value are recognized in profit and loss as they arise. A sensitivity analysis was performed. A 10% fluctuation in share price leads to fluctuations in earnings of TCHF +/– 5,761 (prior year: +/– 1,267).

Credit risk

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

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers that are internationally diversified. 39% of trade receivables are covered through credit insurance (prior year: 37%).

The remaining part is not insured either as:

- From customers with top rating (based on internal and credit insurance assessment): 35% (prior year: 38%)
- Too small to be insured: 1% (prior year: 1%)
- No insurance available: 25% (prior year: 24%)

Refer to Note 13 trade receivables for information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities (for details see further below) at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets (refer to Note 4.2 capital risk management) and, if applicable, external regulatory or legal requirements.

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

		Cash outflows				
in CHF 1,000	Carrying amount	Total cash outflow	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
As at 31 December 2019						
Trade payables	1,072,988	1,072,988	1,049,272	23,716	–	–
Other payables	42,243	42,243	33,077	9,166	–	–
Accrued expenses	624,740	624,740	602,673	22,066	–	–
Financial liabilities (including bank overdrafts, excluding lease liabilities)	156,521	161,257	44,976	6,865	109,409	7
Lease liabilities	38,623	39,116	3,643	12,204	22,568	702
Derivatives (net)	5,786	5,786	4,248	114	–	1,423
Total	**1,940,901**	**1,946,130**	**1,737,889**	**74,131**	**131,977**	**2,132**
As at 31 December 2018						
Trade payables	483,934	483,934	478,471	5,463	–	–
Other payables	25,513	25,513	10,288	15,225	–	–
Accrued expenses	272,147	272,147	261,022	11,124	–	–
Financial liabilities (including bank overdrafts)	64,320	56,380	13,059	4,904	38,418	–
Derivatives (net)	2,220	2,220	2,100	–	120	–
Total	**848,134**	**840,194**	**764,940**	**36,716**	**38,538**	**–**

The interest payments on the variable interest rate loans issued as part of the revolving credit facility in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

The Group maintains a CHF 400 million multiple currency revolving credit facility which was signed in 2019. Interest would be payable at the rate of LIBOR plus a margin of 50 respectively 60 basis points initially, depending on the currency, and thereafter adjusted for changes in the leverage ratio of the Group. As at 31 December 2019, nothing was drawn down. Each drawdown within the facility would have a tenor ranging from one week up to the maturity of the credit facility. The facility has a tenor up to 30 September 2022 with two extension options, each for twelve months. Those options have not yet been used. The facility is subject to loan covenants (leverage ratio: net debt/earnings before net financial items, taxes, depreciation and amortization). A future breach of covenant may require the Group to immediately repay the loan or earlier than the end of the commitment period. Under the agreement, the covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement. Transaction costs of TCHF 1,330 were capitalized and amortized pro rata over the commitment period.

The carrying amount of financial liabilities of the prior year included liabilities of TCHF 8,003 related to put options held by non-controlling interest holders that based on the contractual terms would have been settled in SoftwareONE Holding shares. Refer to Note 20.

At 31 December 2019, the Group had total committed and uncommitted credit lines (including factoring) of TCHF 985,089 (prior year: TCHF 280,204) available, of which 22% (prior year: 12.7%) drawn. From the drawn amount TCHF 74,457 are covered by a covenant which is completely fulfilled as at 31 December 2019.

4.2 Capital risk management

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

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

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

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

The equity ratio for the period ended 31 December 2019 and the prior year were as follows:

in CHF 1,000	2019	2018
Total equity	636,916	262,928
Total assets	2,976,940	1,214,669
Equity ratio	**21.4 %**	**21.7 %**

The equity ratio for 2019 remained stable compared to the previous year. Both equity and assets have increased due to the acquisition of COMPAREX Group (refer to Note 3).

4.3 Categories of financial instruments and fair value estimation

Categories of financial instruments

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

As at 31 December 2019 in CHF 1,000	IFRS 9 category	Carrying amount	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortized cost	313,490	n/a*	
Trade receivables	Amortized cost	1,648,951	n/a*	
Other receivables and contract assets	Amortized cost	258,864	n/a*	
Derivative financial instruments	Fair value through profit or loss	2,389		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,171		Level 2
Financial assets	Fair value through profit or loss	57,612		Level 1
Financial assets	Amortized cost	4,389	n/a*	
Total financial assets		**2,286,866**		
FINANCIAL LIABILITIES				
Trade payables	Financial liabilities at amortized cost	1,072,988	n/a*	
Other payables	Financial liabilities at amortized cost	42,243	n/a*	
Accrued expenses	Financial liabilities at amortized cost	624,740	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	16,108		Level 3
Contingent consideration liabilities	Fair value through profit or loss	32,601		Level 2
Other financial liabilities	Financial liabilities at amortized cost	107,812	n/a*	
Derivative financial instruments	Fair value through profit or loss	5,397		Level 2
Derivative financial instruments	Designated as cash flow hedge	389		Level 2
Total financial liabilities		**1,902,278**		

* The carrying amount is a reasonable approximation for fair value

Financial assets consist of an investment in listed equity instruments for which the Group recognized a fair value gain of TCHF 38,946 in finance income in 2019 (prior year: TCHF 848).

As at 31 December 2018

in CHF 1,000	IFRS 9 category	Carrying amount [1]	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortized cost	154,142	n/a*	
Trade receivables	Amortized cost	750,774	n/a*	
Other receivables and contract assets	Amortized cost	121,974	n/a*	
Derivative financial instruments	Fair value through profit or loss	1,609		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,385		Level 2
Financial assets	Fair value through profit or loss	12,668		Level 1
Financial assets	Amortized cost	4,107	n/a*	
Total financial assets		**1,046,659**		
FINANCIAL LIABILITIES				
Trade payables	Financial liabilities at amortized cost	483,934	n/a*	
Other payables	Financial liabilities at amortized cost	25,513	n/a*	
Accrued expenses	Financial liabilities at amortized cost	272,147	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	23,515		Level 3
Other financial liabilities	Financial liabilities at amortized cost	40,805	n/a*	
Derivative financial instruments	Fair value through profit or loss	1,346		Level 2
Derivative financial instruments	Designated as cash flow hedge	874		Level 2
Total financial liabilities		**848,134**		

1) Adjustments were made to the previous year's report due to reclassifications and corrections of disclosure misstatements
* The carrying amount is a reasonable approximation for fair value

Fair value estimation

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

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 base 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.

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

	As at 31 December 2019				As at 31 December 2018			
in CHF 1,000	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Financial assets	57,612	–	–	57,612	12,668	–	–	12,668
Derivative financial instruments	–	3,560	–	3,560	–	2,994	–	2,994
LIABILITIES								
Contingent consideration liabilities	–	32,601	16,108	48,709	–	–	23,515	23,515
Derivative financial instruments	–	5,786	–	5,786	–	2,220	–	2,220

Other than disclosed in the table below, there have been no transfers between the different hierarchy levels in 2019 and 2018.

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

in CHF 1,000	2019	2018
At 1 January	**23,515**	**34,108**
Business acquisitions	34,395	–
Additions	6,610	–
Settlement in cash	–7,366	–3,706
Settlement in equity (non-cash)	–	–4,118
Fair value adjustment	–6,652	–2,681
Transfer to "Level 2"	–32,601	–
Currency translation adjustments	–1,793	–88
As at 31 December	**16,108**	**23,515**

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

COMPAREX (fair value as at 31 December 2019: TCHF 32,601)
The fair value of the COMPAREX consideration liability is dependent on the valuation of the Group upon an exit event and is linked to the EBITDA multiple achieved upon such an exit event. At acquisition date, the maximum amount payable (TEUR 30,000) and a fair value of TCHF 34,209 were recognized. In the course of the IPO, the cash payment was fixed to TEUR 30,000 and, therefore, the liability was transferred from "Level 3" to "Level 2" in the fair value hierarchy.

With the acquisition of COMPAREX, the Group also acquired contingent consideration liabilities of TCHF 6,610. These were partially settled in cash (TCHF 4,140) and partially reversed and recognized as finance income (TCHF 2,131) in 2019. TCHF 339 are still included in the accounts as at 31 December 2019.

CompuCom (fair value as at 31 December 2019: TCHF 14,949)
The purchase price for the customer base of CompuCom acquired in 2015 is fully based on variable payments that depend on the future revenues generated from those customers over a period of 10 years. During 2019, the Group recognized a fair value gain of TCHF 3,300 (prior year: TCHF 2,281 gain). The most significant unobservable input used to determine the fair value of the CompuCom contingent consideration is the cash flow forecast, which is mainly based on future gross profit. The development of the future gross profit and the contingent consideration is linear. Thus, a change of +/– 10% in gross profit development leads to a change of cash outflow by +/– 10%, eg TCHF 1,495.

4.4 Transfer of financial assets

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

The amount of the receivables sold as at 31 December 2019 is TCHF 135,668 (prior year: TCHF 22,853). This amount is fully derecognized from the balance sheet.

5 Critical accounting estimates and judgments

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

5.1 Significant estimates

Income taxes (Note 10)

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

In particular, the deferred tax assets on unused tax losses require estimates of the amount and dates of future taxable income as well as the future tax planning strategies. If there is doubt that it will be possible to realize the unused tax losses, these are not recognized or impaired.

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

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

Defined benefit obligations (Note 21)

The present value of the defined benefit obligations depends on actuarial assumptions including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Additional information is disclosed in Note 21.

Contingent liabilities and indemnification assets related to purchase price allocation of COMPAREX (Note 13 and 19)

COMPAREX has several ongoing dispute cases which could lead to future cash outflows. In the course of the purchase price allocation, those contingent liabilities were measured at fair value on the acquisition date and presented as provision. On each reporting date, such contingent liabilities are valued at the higher amount that would result in accordance with IAS 37 or the amount initially recognized. Part of the risks are covered through indemnity clauses. The resulting indemnification assets are measured at fair value on the acquisition date on the same basis as the indemnified liability.

5.2 Significant judgments

Investment in joint ventures (Note 17)

In 2019, SoftwareONE acquired 40% of IG Services SAS. Approval of the annual budget requires the unanimous consent of both shareholders and SoftwareONE has concluded that it has joint control over IG Services. The shareholders' agreement includes a call option that can be exercised each year for a very limited period of time. The call option is not considered to be currently exercisable and therefore not to give control.

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

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

6 Revenue

SoftwareONE generates its revenue from contracts with customers through the transfer of software (point in time), the delivery over time of solutions and 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 30):

Revenue is broken down as follows:

2019 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from sale of software	4,635,875	1,249,479	390,999	1,019,951	7,296,304
Revenue from solutions and services	216,424	37,623	22,668	20,220	296,935
Other revenue	7,162	5,642	115	4,682	17,601
Total revenue	**4,859,461**	**1,292,744**	**413,782**	**1,044,853**	**7,610,840**

2018 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from sale of software	1,557,036	996,339	274,593	772,219	3,600,187
Revenue from solutions and services	61,001	25,860	17,481	20,015	124,357
Other revenue	7,882	2,809	69	5,290	16,050
Total revenue	**1,625,919**	**1,025,008**	**292,143**	**797,524**	**3,740,594**

SoftwareONE Group splits its software revenue between Microsoft indirect, Multivendor indirect and Microsoft direct. Multivendor represents all license transactions excluding Microsoft. Microsoft direct includes revenue from direct business in which SoftwareONE acts as an agent and recognizes revenue at the net amount.

in CHF 1,000	2019	2018
Revenue from sale of software		
– Microsoft indirect	4,507,329	2,312,079
– Multivendor indirect	2,641,387	1,207,996
– Microsoft direct	147,588	80,112
Total revenue from sale of software	**7,296,304**	**3,600,187**
Revenue from sale of software indirect	7,148,716	3,520,075
Cost of software purchased	–6,773,422	–3,293,579
Revenue indirect net of cost of software purchased	**375,294**	**226,496**

7 Personnel expenses

in CHF 1,000	2019	2018
Salaries fixed	–249,761	–132,751
Salaries variable	–93,421	–51,044
Social security costs	–51,798	–25,041
Pension costs – defined benefit plans (note 21)	–4,197	–3,120
Pension costs – defined contribution plans	–5,181	–3,578
Other personnel expenses	–35,510	–8,729
Total personnel expenses	**–439,868**	**–224,263**
Average head count (FTE)	**5,442**	**2,759**

Other personnel expenses include expenses for the MEP in an amount of TCHF 21,375 (prior year: TCHF 208), refer to Note 26.

8 Other operating expenses

in CHF 1,000	2019	2018
Travel and car expenses	–29,245	–16,473
Administrative expenses	–45,397	–18,406
Lease expenses and maintenance	–8,701	–10,352
Information technology expenses	–10,743	–6,445
Telecommunication expenses	–4,257	–2,522
Marketing expenses	–8,697	–1,526
Other operating expenses	–8,300	–1,705
Total other operating expenses	**–115,340**	**–57,429**

Administrative expenses include TCHF 13,169 costs for the acquisition and integration of COMPAREX Group and TCHF 10,506 costs related to the IPO.

Due to the first-time adoption of IFRS 16, fixed leasing costs for non-current lease contracts were capitalized as right-of-use assets. Remaining costs for cars and offices relate to incidental costs (eg fuel, insurance, utilities) and costs for short-term leases.

9 Finance result

in CHF 1,000	2019	2018
Interest income	2,277	1,748
Other finance income	43,214	1,825
Change in fair value of contingent consideration liability	6,652	2,681
Finance income	**52,143**	**6,254**
Interest expense	–4,145	–2,305
Change in fair value of financial assets	–	–332
Other finance expenses	–5,461	–4,308
Finance expenses	**–9,606**	**–6,945**
Foreign exchange differences, net	**–7,108**	**–3,514**
Total finance result	**35,429**	**–4,205**

Other finance income includes TCHF 38,946 from the valuation of an equity instrument (prior year: TCHF 848) and TCHF 2,510 income from the recharge of factoring costs to the customer (prior year: TCHF 10).

Other finance expenses include TCHF 3,222 factoring expenses (prior year: TCHF 305).

The foreign exchange differences, net result 2019 excludes unrealized gains on derivatives designated as instruments to hedge foreign currency risks in the amount of TCHF 780 (prior year: TCHF 212) recognized in OCI and to be reclassified in future periods. In 2019, TCHF 684 (prior year: TCHF 1,340) have been reclassified to profit and loss (refer to Note 14).

10 Income taxes

Tax expenses comprise the following positions:

in CHF 1,000	2019	2018
Current income taxes	–43,297	–28,391
Change in deferred taxes	13,951	–2,063
Total tax expense	**–29,346**	**–30,454**

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

in CHF 1,000	2019	2018
Earnings before income tax (EBT)	**154,350**	**108,610**
Expected average group tax rate	24.6 %	27.7 %
Tax at expected average rate	**–37,970**	**–30,084**
+/- Effect of		
Expenses not deductible for tax purposes	–4,110	–2,352
Income not subject to tax	1,994	1,142
Utilization of previously unrecognized tax losses	2,145	1,486
Impairment of previously recognized tax losses	–1,611	0
Capitalization of tax losses previously not recognized	9,099	640
Unrecognized current year's tax losses	–2,143	–390
Current income tax charges/credits related to prior periods	2,598	–450
Impact from tax rate changes	–879	–148
Other effects	1,531	–298
Total tax expense	**–29,346**	**–30,454**
Effective tax rate	**19.0 %**	**28.0 %**

The Group's expected average tax rate is the aggregate obtained by applying the expected tax rate for each individual jurisdiction to its respective result before taxes. The weighted average expected tax rate was 24.6% (prior year: 27.7%).

The position "capitalization of tax losses previously not recognized" includes TCHF 8,285 of previously not recognized tax losses carried forward from the COMPAREX acquisition.

The Group has not recognized deferred tax assets of TCHF 2,143 (prior year: TCHF 390) in respect of losses for the period ended 31 December 2019 amounting to TCHF 13,067 (prior year: TCHF 1,722).

The impact from tax rate changes is mainly related to tax rate change in Columbia.

Other effects in 2019 are mainly related to tax benefits on the taxable impairment on investments in subsidiaries which is partially offset by the write off on withholding tax receivables on Group internal transactions.

Deferred income tax

Deferred tax expense of TCHF 214 (prior year: TCHF 609) is recorded in other comprehensive income on actuarial losses on post-employment benefit obligations (Note 21) and on hedge accounting (Note 14).

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

in CHF 1,000	2019 Deferred tax assets	2019 Deferred tax liabilities	2018 Deferred tax assets	2018 Deferred tax liabilities
Trade receivables	5,453	3,371	2,638	1,840
Other current assets	478	3,946	726	2,908
Tangible, intangible and right-of-use assets	2,389	38,200	4,359	7,682
Other non-current assets	571	494	–	2,081
Accrued expenses, prepaid income and contract assets	4,528	1,900	1,203	2,018
Other current liabilities	6,596	432	1,931	–
Retirement benefit obligations	2,789	–	1,932	–
Other non-current liabilities	6,300	424	2,914	2,316
Deferred taxes from losses carried forward	12,368	–	2,742	–
Total	**41,472**	**48,767**	**18,445**	**18,845**
Offsetting of balances	–17,091	–17,091	–7,415	–7,415
Total	**24,381**	**31,676**	**11,030**	**11,430**

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

The aggregate amount of temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized amounts to TCHF 37,083 (prior year: TCHF 26,519).

The movement of available tax loss carryforwards is as following:

in CHF 1,000	2019	2018
Available tax loss carryforwards at 1 January	**29,611**	**38,738**
Business acquisitions	156,200	3,363
Tax losses arising in current year	27,002	–11,270
Tax losses utilized against current year profits	–18,642	–522
Expired tax losses during the period	–1,671	830
Other movements	–1,149	256
Currency translation adjustments	–3,876	–1,784
Available tax loss carryforwards as at 31 December	**187,475**	**29,611**

Deferred tax assets of TCHF 12,368 (prior year: TCHF 2,742) were recorded in respect of available tax loss carryforwards of TCHF 49,651 (prior year: TCHF 9,493).

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

in CHF 1,000	2019	2018
Expiry within 12 months	2,036	827
Expiry in 2–3 years	6,971	4,282
Expiry in 4–5 years	6,652	3,971
Expiry in more than 5 years	15,468	5,620
No expiry date	106,697	5,418
Total not recognized tax losses	**137,824**	**20,118**

11 Cash and cash equivalents

in CHF 1,000	2019	2018
Cash at bank	307,569	151,797
Short-term bank deposits	5,921	2,345
Total	**313,490**	**154,142**

12 Trade receivables

in CHF 1,000	2019	2018
Trade receivables	1,665,073	760,564
Trade receivables from joint ventures	101	0
Less provision for impairment of trade receivables	–16,223	–9,790
Trade receivables, net	**1,648,951**	**750,774**

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

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

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

The Group applies the expected credit loss model under IFRS 9 and reviews its receivables periodically to determine an adequate impairment provision. Loss allowances are recognized based on lifetime ECLs at the reporting date. The ageing of the receivables for the year 2019 and 2018 are as follows:

2,019

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due	–0.1 %	1,344,548	–1,276
Past due since 1–90 days	–0.2 %	258,390	–609
Past due since 91–180 days	–5.7 %	31,149	–1,769
Past due since 181–360 days	–22.9 %	16,319	–3,733
Past due since more than 360 days	–59.8 %	14,768	–8,836
Total trade receivables, gross	**–1.0 %**	**1,665,174**	**–16,223**

2,018

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due	–0.1 %	617,631	–912
Past due since 1–90 days	–0.6 %	110,345	–703
Past due since 91–180 days	–7.7 %	12,801	–991
Past due since 181–360 days	–20.0 %	11,953	–2,394
Past due since more than 360 days	–61.1 %	7,834	–4,790
Total trade receivables, gross	**–1.3 %**	**760,564**	**–9,790**

Movements on the Group provision for impairment of trade receivables are as follows:

	2019	2018
At 1 January	**–9,790**	**–7,843**
Allowance recognized	–8,893	–3,154
Receivables written off during the year as uncollectible	1,223	235
Unused amounts reversed	982	550
Currency translation adjustments	255	422
As at 31 December	**–16,223**	**–9,790**

13 Other receivables, prepaid expenses and contract assets

in CHF 1,000	2019	2018
Other receivables	74,317	61,761
– thereof financial assets: 31,958 (prior year: 16,830)		
Indemnification assets	7,974	–
Prepaid expenses	47,120	11,504
Contract assets	193,597	85,473
Total current other receivables, prepaid expenses and contract assets	**323,008**	**158,738**
Other receivables	34,059	21,609
– thereof financial assets: 33,309 (prior year: 19,671)		
Indemnification assets	5,088	–
Total non-current other receivables	**39,147**	**21,609**

Contract assets are initially recognized for revenue earned from multi-year contracts for which control of the software license was transferred upon commencement of the contract, but payment is not due and for services as receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

Other receivables mainly include VAT and other sales tax receivables.

Indemnification assets are related to the acquisition of COMPAREX Group. The underlying risks that have been classified as contingent liabilities are recorded as provisions (refer to Note 19).

In other current receivables an impairment of TCHF 670 is considered.

14 Derivative financial instruments

in CHF 1,000	2019 Notional amount	2018 Notional amount	2019 Derivative financial assets	2019 Derivative financial liabilities	2018 Derivative financial assets	2018 Derivative financial liabilities
Current						
Forward foreign exchange contracts	630,928	401,989	3,245	4,362	2,554	2,100
– cash flow hedges recognized in OCI	32,347	94,945	856	275	1,169	1,226
– not designated as hedging instruments	598,581	307,044	2,389	4,087	1,385	874
Non-current						
Forward foreign exchange contracts	55,983	20,265	315	1,424	440	120
– cash flow hedges recognized in OCI	23,021	20,265	315	114	440	120
– not designated as hedging instruments	32,962	–	–	1,310	–	–
Total derivatives	**686,911**	**422,254**	**3,560**	**5,786**	**2,994**	**2,220**

In 2019 and 2018 no ineffectiveness was recognized in the income statement.

15 Tangible assets

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

As at 31 December 2019, there were no contractual commitments for the purchase of tangible assets and no impairment was required.

in CHF 1,000	IT equipment	Leasehold improvement	Furniture and fixtures	Vehicles	Other equipment	Total
At 1 January 2018	**13,544**	**4,221**	**3,702**	**5,316**	**528**	**27,311**
Business acquisitions	–	–	–	–	67	67
Additions	2,554	137	332	54	–	3,077
Disposals	–947	–61	–300	–1,454	–123	–2,885
Reclassification	–	8	–	–	–8	–
Currency translation adjustments	–412	–194	–190	–162	–17	–975
As at 31 December 2018	**14,739**	**4,111**	**3,544**	**3,754**	**447**	**26,595**
Accumulated depreciation						
At 1 January 2018	10,903	2,071	1,838	3,301	393	18,506
Additions	1,959	820	552	735	74	4,140
Disposals	–997	–123	–270	–1,212	–70	–2,672
Reclassification	–	3	–	–	–3	–
Currency translation adjustments	–314	–139	–101	–105	–14	–673
As at 31 December 2018	**11,551**	**2,632**	**2,019**	**2,719**	**380**	**19,301**
Carrying amount 31 December 2018	**3,188**	**1,479**	**1,525**	**1,035**	**67**	**7,294**

As at 31 December 2018, there were no contractual commitments for the purchase of tangible assets and no impairment was required.

16 Intangible assets

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

in CHF 1,000	Goodwill	Acquired technology and customer relationships	Brand	Internally generated intangibles	Total
At 1 January 2018	**8,803**	**55,825**	**31,277**	**16,329**	**112,234**
Business acquisitions	589	132	–	–	721
Additions	–	114	–	9,515	9,629
Disposals	–	–347	–	–	–347
Currency translation adjustments	–20	–445	–	–	–465
As at 31 December 2018	**9,372**	**55,279**	**31,277**	**25,844**	**121,772**
Accumulated depreciation					
At 1 January 2018	–	15,634	–	3,227	18,861
Amortization	–	6,198	–	6,672	12,870
Disposals	–	–344		–	–344
Currency translation adjustments	–	–179		–	–179
As at 31 December 2018	**–**	**21,309**	**–**	**9,899**	**31,208**
Carrying amount 31 December 2018	**9,372**	**33,970**	**31,277**	**15,945**	**90,564**

Internally generated intangible assets mainly relate to PyraCloud, a platform helping organizations manage the entire lifecycle of on-premise software and providing insights into the best options and consumption as workloads shift to the cloud. Technical innovations are capitalized separately in accordance with the component approach if the Group expects to obtain a future use from these. The average remaining amortization period is two years with a carrying amount of TCHF 15,524 (prior year: TCHF 14,637).

The acquired technology and customer relationships include customer relationships/bases related to the CompuCom acquisition in 2015 and the COMPAREX acquisition in 2019. The purchase price for the customer relationships of CompuCom is fully based on variable payments depending on future revenues generated from those customers over a period of 10 years. At the acquisition date, the purchase price was determined based on the net present value of estimated total payments to be made. These customer relationships are amortized over a period of 10 years. For the customer base of CompuCom, the remaining amortization period is 5.5 years with a carrying amount of TCHF 22,575 (prior year: TCHF 29,039). For the customer base of COMPAREX, the remaining amortization period is 9.1 years with a carrying amount of TCHF 57,949.

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

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

2,019

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

The recoverable amount for each CGU was determined based on its value in use. Cash flows are calculated on the basis of the expected growth rates in the sales markets concerned. Growth in the operating profit of the cash generating unit is expected up to the end of the detailed planning period of five years. Estimated cash flow following for the year after the detailed planning period is based on an annual growth rate of 1.0%. The pre-tax discount rate is calculated based on a risk-free interest rate as well as the market risk premium and borrowing interest rate, specific peer group information for beta factors and the debt ratio are also taken into account.

17 Investment in joint ventures and associated companies

On 29 August 2019, the Group acquired 40% of IG Services SAS, Columbia ("InterGrupo") with subsidiaries in Mexico, Panama, Dominican Republic, Ecuador and Peru.

InterGrupo is a leader in the provision of IT services dedicated primarily to supporting Latin American organizations in IT consulting and technology services ranging from software development to client infrastructure management. The company automates processes to accelerate the pace of business while modernizing legacy applications and migrating them to cloud-native technologies in Microsoft's Azure and Amazon Web Services (AWS), simultaneously integrating new functionalities such as artificial intelligence and machine learning.

SoftwareONE has no control over the company despite the existence of a call option and therefore the investment is classified as a joint venture (refer to Note 5) and accounted for using the equity method. The purchase price for the shares acquired by SoftwareONE was TCHF 7,254 and was fully paid in cash. Transaction costs of TCHF 224 were capitalized.

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

in CHF 1,000	2019
Investments at cost	–
Acquisitions	7,478
Share of profit or loss	–88
Currency translation adjustments	330
As at 31 December 2019	**7,720**

The joint venture requires the Group's consent to distribute its profits.

The 30% interest in TCL DigiTrade sro (TCHF 5) is recognized as an associated company.

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

in CHF 1,000	2019	2018
Trade payables	1,072,682	483,934
Trade payables to joint ventures	306	–
Accrued expenses	705,685	279,562
– thereof financial liabilities 624,740 (prior year: 272,147)		
Contract liabilities	31,172	7,578
Other payables	233,492	76,353
– thereof financial liabilities 42,243 (prior year: 25,513)		
Total current trade payables, accrued expenses, contract liabilities and other payables as at 31 December	**2,043,337**	**847,427**

Contract liabilities include short-term advances received to deliver software products or to render services. All contract liabilities as at 1 January 2019 were recognized as revenue in 2019 (TCHF 7,578). The increase is primarily due to the acquisition of COMPAREX.

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

19 Provisions

in CHF 1,000	Employment related	Tax related	Other	Total
Current provisions	2,147	3,610	2,423	8,180
non-current provisions	6,447	5,200	879	12,526
Total Provision as at 31 December 2019	**8,594**	**8,810**	**3,302**	**20,706**
At 1 January 2019	**2,495**	**–**	**–**	**2,495**
Business acquisition	7,171	9,147	2,506	18,823
Increase	412	–	2,535	2,610
Used provisions	–513	–	–685	–872
Unused amounts released	–579	–	–966	–1,534
Currency translation adjustments	–392	–337	–87	–816
As at 31 December 2019	**8,593**	**8,810**	**3,302**	**20,706**

In the context of the purchase price allocation of COMPAREX Group, risks in an amount of TCHF 14,689 have been identified and classified as contingent liabilities. They are related to employment (TCHF 7,503) and non-income taxes (TCHF 7,186). For a significant portion indemnification assets have been recognized (TCHF 12,446), refer to Note 13.

As at 31 December 2019, other include TCHF 1.721 related to contracts with customers and TCHF 879 related to business acquisitions of RightCloud, MassiveR&D and BNW. As part of the purchase agreements, contingent consideration arrangements were agreed that could result in additional cash payments to the previous owners of the companies. The amount of the payments depends on EBITDA developments for a contractually defined period and a multiplier derived from other variables. The payments are contingent on continued employment and thus compensation for future service. They are therefore accreted as personnel expenses during the period of service.

20 Financial liabilities

in CHF 1,000	2019	2018
Current		
Bank overdrafts	4,151	5,097
Contingent consideration liabilities	36,494	4,491
Redemption amount of put-options	–	14,838
Lease liabilities	15,265	–
Other financial liabilites	9,293	833
Total current financial liabilities as at 31 December	**65,203**	**25,259**
Non-current		
Contingent consideration liabilities	12,215	19,024
Supplier liabilities	19,184	18,732
Lease liabilities	23,358	–
Other financial liabilities	75,184	1,305
Total non-current financial liabilities as at 31 December	**129,941**	**39,061**
Total financial liabilities as at 31 December	**195,144**	**64,320**

Revolving credit loan

The Group entered into a CHF 400 million multiple currency revolving credit facility in 2019. Of this revolving credit facility, an amount of CHF 400 million was undrawn as at 31 December 2019.

Contingent consideration liabilities

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

For further information and contingent consideration related to the COMPAREX acquisition, refer to explanation of “Level 3” financial instruments in Note 4.3.

Non-current supplier liabilities

Non-current supplier liabilities include non-current trade payables for multi-year contracts.

Redemption amount of put options

Non-controlling interests had a put option to sell their shares in LATAM Holding SL to the Group. On 29 August 2019, the put option was exercised (Note 3). The purchase price in the amount of TCHF 7,967 was paid in cash.

A minority shareholder had a put option on his SoftwareONE Holding AG shares. The option lapsed as a result of the IPO and the option liability was derecognized and reclassed to equity on expiry (TCHF 5,440). The carrying amount of the liability was TCHF 6,871 on 31 December 2018 and the Group recognized TCHF 1,431 in finance income in 2019 (prior year: finance expenses of TCHF 2,476).

Changes in liabilities arising from financing activities

	Changes in financial liabilities						
in CHF 1,000	1 January 2019	Business acquisitions	Cash flows	Foreign exchange movement	Change in fair value	Others	31 December 2019
Bank overdrafts	5,097	484	–1,323	–107	–	–	4,151
Contingent consideration liabilities	23,515	6,610	–7,366	–1,606	–6,652	34,208	48,709
Redemption amount put-option by non-controlling interests	14,838	–	–7,967	–	–1,431	–5,440	–
Lease liabilities	20,289	25,392	–13,640	–1,459	–	8,041	38,623
Other current financial liabilities[1]	761	12,986	–5,873	–1,426	–	2,845	9,293
Non-current supplier liabilities	18,732	10,656	–	–433	–	–9,771	19,184
Other non-current financial liabilities	1,305	93,716	–13,011	–2,186	–	–4,640	75,184
Total	**84,537**	**149,844**	**–49,180**	**–7,217**	**–8,083**	**25,243**	**195,144**

1) Reclassification of lease liabilities (TCHF 72) as at 1 January 2019 from other current financial liabilities to lease liabilities due to first time adoption of IFRS 16

	Changes in financial liabilities					
in CHF 1,000	1 January 2018	Cash flows	Foreign exchange movement	Change in fair value	Other	31 December 2018
Bank overdrafts	9,190	–2,870	–1,395	–	172	5,097
Contingent consideration liabilities	34,108	–3,706	–106	–2,681	–4,100	23,515
Redemption amount put-option by non-controlling interests	8,593	–	–	6,245	–	14,838
Other current financial liabilities	1,498	–665	–	–	–	833
Non-current supplier liabilities	16,520	2,900	–688	–	–	18,732
Other non-current financial liabilities	897	408	–	–	–	1,305
Total	**70,806**	**–3,933**	**–2,189**	**3,564**	**–3,928**	**64,320**

In the statement of cash flows the change in financial liabilities is presented on a gross basis. The non-current supplier liabilities will be reclassified to trade payables before payment and be treated as operating cash flow.

21 Defined benefit liabilities

Defined benefit plans

The Group's retirement plans include defined benefit pension plans in Switzerland, Belgium, Germany, Austria, India, Mexico, Ecuador, France, Italy, Turkey and Indonesia. These plans are, except the plans in Switzerland, Belgium and Germany, unfunded and all determined by local regulations using independent actuarial valuations according to IAS 19. The Group's major defined benefit plan in Switzerland accounts for TCHF 10,958 or 64.5% (prior year: 10,627 or 88.8%) of the Group's net defined benefit liability.

Pension plans in Switzerland

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

As at 31 December 2019, 203 employees (prior year: 191 employees) and 1 retiree (prior year: 1 retiree) are insured under the Swiss plan. The defined benefit obligation has a duration of 22 years (prior year: 20.6 years).

Amounts recognized in the balance sheet:

in CHF 1,000	Swiss plan	Other plans	2019	2018
Present value of funded obligations (2018: only Switzerland)	46,902	7,422	54,324	40,364
Fair value of plan assets (2018: only Switzerland)	–35,944	–5,377	–41,321	–29,737
Present value of unfunded obligations	–	3,996	3,996	1,346
Defined benefit liability in the balance sheet as at 31 December	**10,958**	**6,041**	**16,999**	**11,973**

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

in CHF 1,000	Swiss plan	Other plans	2019	2018
At 1 January	**40,365**	**1,345**	**41,710**	**37,456**
Business acquisitions	5,934	8,977	14,911	–
Service costs	2,900	1,196	4,096	3,094
Employee contribution	1,260	–	1,260	1,307
Interest cost	411	186	597	307
Actuarial losses/(gains)	–66	1,260	1,194	–1,361
Benefits paid/transferred	–3,902	–875	–4,777	1,224
Currency translation adjustments	–	–671	–671	–317
As at 31 December	**46,902**	**11,418**	**58,320**	**41,710**

Reconciliation of fair value of plan assets:

in CHF 1,000	Swiss plan	Other plans	2019	2018
At 1 January	**29,737**	**–**	**29,737**	**24,815**
Business acquisitions	4,724	4,758	9,482	–
Interest income	312	85	397	192
Return on plan assets (excluding interest income)	1,278	499	1,777	733
Employer contributions	1,662	501	2,163	1,306
Employee contributions	1,260	–	1,260	1,306
Benefits paid/transferred	–3,029	–224	–3,253	1,385
Currency translation adjustments	–	–242	–242	–
As at 31 December	**35,944**	**5,377**	**41,321**	**29,737**

Pension costs:

in CHF 1,000	Swiss plan	Other plans	2019	2018
Current service cost	2,900	1,196	4,096	3,094
Interest cost on defined benefit obligation	411	186	597	307
Interest on plan assets	–312	–85	–397	–192
Total defined benefit cost recognized in income statement	**2,999**	**1,297**	**4,296**	**3,209**
Thereof finance expense	–	–	99	89
Thereof personnel expense	2,999	1,297	4,197	3,120
Actuarial (gain)/loss arising from demographic assumptions	–	779	779	–
Actuarial (gain)/loss arising from changes in financial assumptions	4,076	481	4,557	–1,838
Actuarial (gain)/loss arising from experience	–4,142	–	–4,142	477
Return on plan assets excluding interest income	–1,278	–499	–1,777	–733
Total remeasurements cost recognized in OCI	**–1,344**	**761**	**–583**	**–2,094**
Total defined benefit cost	**1,655**	**2,058**	**3,713**	**1,115**

Split of plan assets in %:

	Swiss plan	Other plans	2019	2018
Cash and cash equivalents	0.7%	–	0.6%	1.0%
Equity instruments	31.2%	–	27.1%	27.0%
Debt instruments	44.4%	–	38.6%	47.0%
Real estates	18.9%	–	16.4%	19.0%
Other	4.8%	100.0%	17.2%	6.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The actual return on plan assets amounted to TCHF 2,174 (prior year: TCHF 925).

Significant actuarial assumptions:

	Swiss plan	Other plans	2019	2018
Discount rate	0.3%	1.9%	0.8%	1.0%
Salary growth rate	1.0%	1.9%	1.3%	1.0%

Pension liability – Sensitivity analysis for Swiss plans:

	Change in assumption	Change in DBO 2019	Change in DBO 2018
Discount rate	+/– 0.25bps	–/+ 5.2%	–/+ 5.3%
Salary growth rate	+/– 0.25bps	+/– 1.2%	+/– 1.2%

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

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

Expected employer contributions to post-employment benefit plans for the period ended 31 December 2020 amounts to TCHF 2,028 (prior year: TCHF 1,549).

The Group also operates defined contribution plans for its employees under which the relevant contributions are expensed as they occur. The aggregate cost of these plans in 2019 amounted to TCHF 5,181 (prior year: TCHF 3,578).

22 Leases

Group as a lessee

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

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

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

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

in CHF 1,000	2019
At 1 January 2019	**20,289**
Business acquisitions	25,392
Additions	7,357
Accretion of interest	684
Payments	–13,640
Currency translation adjustments	–1,459
As at 31 December 2019	**38,623**

The following are the amounts recognized in the income statement:

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

The Group had total cash outflows for leases of TCHF 17,296 in 2019.

23 Share capital and treasury shares

	Number of shares [1]	Carrying amount in CHF 1,000
At 1 January 2018	**135,428,570**	**1,354**
Increase/(Decrease)	–	–
As at 31 December 2018	**135,428,570**	**1,354**
Increase/(Decrease)	23,152,890	232
As at 31 December 2019	**158,581,460**	**1,586**

1) Prior year figures for number of shares are restated

The nominal value of the Company's shares amount to CHF 0,01 at 31 December 2019 following a share split at a ratio of 1:10 (prior year: CHF 0.10). All shares issued by the Company are fully paid.

Treasury shares

	Number of shares [1]	Carrying amount in CHF 1,000
At 1 January 2018	**3,048,740**	**230**
Shares purchased under employee share plan	1,932,530	10,219
Shares used for settlement of contingent consideration liability from acquisition of UC Point	–1,002,730	–506
As at 31 December 2018	**3,978,540**	**9,943**
Shares purchased under transfer window	486,570	2,618
Shares issued under employee share plan	–94,207	–1
Shares used for acquisition of BNW and MassiveR&D	–99,399	–536
As at 31 December 2019	**4,271,504**	**12,024**

1) Prior year figures for number of shares are restated

24 Earnings per share (EPS)

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

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

in CHF 1,000	2019	2018
Profit for the period attributable to owners of the parent	125,997	78,484

Number of shares	2019	2018 [1]
Weighted average number of ordinary shares	152,468,521	13,275,506
Adjustment for share-based payment plans	346,985	56,001
Weighted average number of shares used to calculate diluted earnings per share	152,815,506	13,331,507
Basic earnings per share in CHF	**0.83**	**0.59**
Diluted earnings per share in CHF	**0.82**	**0.59**

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 earnings per share CHF 5.91; diluted earnings per share CHF 5.89)

25 Dividends

The dividends paid in 2019 were TCHF 25,300 or CHF 0.16 per share (prior year[1]): TCHF 13,600 or CHF 0.10 per share). A dividend in respect of the period ended 31 December 2019 of CHF 0.21 per share (excluding treasury shares), amounting to a total dividend of TCHF 33,302, is to be proposed at the Annual General Meeting on 14 May 2020. These financial statements do not reflect this proposed dividend. Dividends are paid out of the capital contribution reserve.

1) Prior year figures for earnings per share are restated following a share split at a ratio of 1:10 in 2019.

26 Employee Share Plan and share-based payment

The group recognized expenses of TCHF 21,393 (prior year: TCHF 763) under the following share-based payment arrangements.

Employee Share Plan (terminated with the IPO in October 2019):

SoftwareONE employees were given the opportunity in 2013, 2016 and 2018 to participate in the Group's employee share plan (ESP2, ESP3 and ESP4) and purchase shares in the Company at terms considered to represent market terms. All shares under the plan were subject to transfer restrictions and could be offered in October 2019 during the IPO process.

The shares sold under the ESP to the Group's employees fell under IFRS 2, as the transfer of shares was restricted up to the IPO in October 2019. The value paid by the employees was considered fair market value by management. Consequently, no share-based payment expense has been recorded for this plan.

Share-based payment:

In 2015, SoftwareONE Group started to grant SoftwareONE Holding AG shares to selected employees free of charge if the vesting condition (still be employed with SoftwareONE at a defined point in time) is fulfilled. The shares issued under this agreement fall under IFRS 2 (equity settled plan). The fair value of those shares at grant date is recognized in personal expenses over the vesting period (one to 50 months) and was calculated using a market approach model.

In 2019, 12,707 shares have been granted and vested at a weighted average price per share of CHF 18.1 per share (prior year): 42,480 shares at CHF 4.64 per share). In 2019, personnel expenses included TCHF 18 for share-based payment transactions (prior year: TCHF 555).

Management Equity Plan:

Since 2017, selected senior SoftwareONE employees participate in the Management Equity Plan (MEP), a plan set up/sponsored by shareholders of the Company. Participants receive a cash payment in case of a triggering event (IPO of SoftwareONE or trade sale or similar) provided such proceeds exceed a certain return on investment/hurdle. SoftwareONE receives employee service from the MEP participants. While SoftwareONE has no obligation to settle the entitlements of MEP participants, management has determined that the MEP represents a share-based payment arrangement under IFRS. The MEP contains features typical of share-based payment schemes such as being required to remain employed with SoftwareONE at the time of the triggering event, otherwise any entitlements will be forfeited.

In 2019, expenses in the amount of TCHF 479 (thereof TCHF 182 due to accelerated vesting) have been recognized in the income statement and equity (prior year: TCHF 208).

In 2019 prior to the IPO, the shareholders amended the original MEP by adding additional lock-up and service conditions (MEP Restricted Tranche). Specifically, these constituted staggered restriction periods with a term of three years coupled by early-leaver conditions. These were designed to enhance retention of the management team and ensure stability and success of the business beyond the liquidity event.

Settlement of the MEP Restricted Tranche awards that vest will now be partly in cash and partly in the Company's shares in a fixed ratio.

Certain conditions have been introduced for the MEP Restricted Tranche such as a restriction period and non-compete restriction, as well as a call option with the Company to buy unvested shares at a nominal price on termination of employment by bad and early leavers. Accordingly, the MEP Restricted Tranche has been accounted for as a grant of a new award with its own grant date fair value which would be recognized over the expected remaining vesting period with a graded vesting scheme over one, two and three years after the IPO. The non-compete clause is a post vesting restriction, with no significant effect on the grant-date measurement of fair value. The Company's call option to buy unvested shares from bad and early leavers is considered to be a service condition.

The fair value of the MEP Restricted Tranche amounted to TCHF 53,288 (cash and 2,072,322 shares) and it was determined based on the opening listing price at the SIX Swiss Exchange of the Company's shares on 25 October 2019. In 2019, a total of 2,072,322 shares were granted to the participants. Respective expenses in the amount of TCHF 20,896 were recognized in the income statement and equity. SoftwareONE Holding AG also received a cash payment from shareholders in the amount of TCHF 15,986 to settle social security liabilities relating to the MEP Restricted Tranche.

Refer to Note 28 related party transactions.

27 Contingencies

As an internationally operating Group, SoftwareONE 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, 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 October 2019, the administrative appeal 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 December 2019. The probability of the outcome of the dispute cannot be reliably predicted at this stage.

28 Related party transactions

Key management includes members of the Board of Directors and members of the Executive Board (CEO, CFO, COO and President). In prior year, the Board of Directors and Executive Management Team were defined as key management. Transactions with and the compensation paid or payable to key management for employee services is shown below.

in CHF 1,000	2019	2018
Services rendered (Board of Directors)	–676	–473
Salaries and other short-term employee benefits	–4,245	–5,963
Post-employment benefits	–109	–99
Share based payments	–45	–216
Total	**–5,075**	**–6,751**

In addition, in connection with the MEP, SoftwareONE recognized expenses in income statement in the amount of TCHF 18,659 (prior year: TCHF 277) which are related to the Executive Board. Please also refer to Note 26 Employee Share Plan and share-based payment.

The following transactions were carried out with joint ventures of the Group:

in CHF 1,000	2019	2018
Services rendered	698	–
Services received	354	–
Receivables	101	–
Liabilities	306	–

29 Summarized financial information on subsidiaries with material non-controlling interests

Set out below is the summarized financial information (before intercompany elimination) of SoftwareONE LATAM Holding SL, which had non-controlling interests until the end of August 2019 that were material to the Group. On 29 August 2019, SoftwareONE Switzerland AG acquired the remaining 50% non-controlling interest of SoftwareONE LATAM Holding SL and holds 100% of the voting rights after the acquisition.

Summarized balance sheet

in CHF 1,000	2019	2018
Current assets	–	34,015
Non-current assets	–	17,904
Total assets as at 31 December	**–**	**51,919**
Current liabilities	–	31,375
Non-current liabilities	–	11,514
Total liabilities at 31 December	**–**	**42,889**
Net assets as at 31 December	**–**	**9,030**

Summarized income statement

in CHF 1,000	1 January - 31 August 2019	2018
Revenue	88,724	118,255
(Loss)/profit before income tax	–2,276	1,036
Income tax expense	–368	1,694
(Loss)/profit for the year	**–2,644**	**–658**
Total comprehensive income allocated to non-controlling interests	**–816**	**–1,536**

Summarized cash-flows

in CHF 1,000	2019	2018
Net cash generated from operating activities	1,300	7,340
Net cash used in investing activities	–156	–3,835
Net cash used in financing activities	–	–4,609
Acquisition of non-controlling interest	6,599	–
Cash and cash equivalents at end of year	**–**	**5,845**

30 Segment reporting

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

- **EMEA** (Europe and South Africa)
- **NORAM** (US, Canada)
- **LATAM** (Latin America)
- **APAC** (Asia Pacific, including India and Dubai)

No operating segments have been aggregated to reportable segments.

The Executive Board (CEO, CFO, COO and President) 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 at SoftwareONE and are reported as segment results. SoftwareONE allocates revenue and expenses to regions based on its customer's headquarter domicile since this region is responsible for the global client relationship with a particular customer. There are no intersegment revenues. Different average exchange rates are used in management reporting than for group consolidation purposes.

The Group's financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

The segment totals are reconciled to the figures reported in the consolidated income statement (column "Total Group") as follows:

The column "Corporate" includes the group cost centers such as management and shared service costs. The column "CPX Jan 19" eliminates the income statement of COMPAREX Group for month January 2019. The segment reporting includes COMPAREX for 12 months (comparable with pro forma presentation) and not for 11 months. The column "FX" eliminates the effect of using different 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.

Segment disclosure 2019

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

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

Segment disclosure 2018

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Corporate	FX	Other	Total Group
Total revenue (external)	1,964,797	721,573	285,587	731,042	3,702,999	0	38,057	–462	3,740,594
Cost of software purchased and third-party service delivery costs	–1,751,518	–629,379	–238,652	–670,545	–3,290,094	–901	–38,860	–1,325	–3,331,180
Gross profit[1]	**213,279**	**92,194**	**46,935**	**60,497**	**412,905**	**–901**	**–803**	**–1,787**	**409,414**
Personnel expenses and other operating expenses/income	–112,378	–54,307	–31,684	–39,935	–238,304	–34,415	2,498	–9,363	–279,584
EBITDA[2]	**100,901**	**37,887**	**15,251**	**20,562**	**174,601**	**–35,316**	**1,695**	**–11,150**	**129,830**

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

In 2019, the most relevant reconciliation items in the column ”Other” were costs for share-base payments (TCHF 21,375), costs for the acquisition and integration of COMPAREX Group (13,169), costs related to the IPO (TCHF 10,506) and positive effects from the application of IFRS 16 (TCHF 13,640), refer to Note 7 and 8. All other reconciliation items were minor.

Switzerland, the US, Germany and the Netherlands are the main geographical markets for SoftwareONE and represent approximately 58% (prior year 50%) of total revenue. Revenue is reported based on the customers' headquarter domicile:

Additional geographical information 2019

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

Additional geographical information 2018

in CHF 1,000	Switzerland	US	Germany	Netherlands	Other countries	Total
Revenue (external)	476,960	1,015,021	355,038	123,471	1,770,104	3,740,594
Non-current assets	61,111	28,089	1,428	50	7,180	97,858

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

Non-current assets for this purpose consist of tangible, intangible assets, right-of-use assets and investments in joint ventures and are allocated based on the location of the Group company.

31 Subsequent events

Coronavirus disease 2019 (Covid-19)

The situation around Covid-19 is very fluid at the time the Annual Report is published. SoftwareONE has seen continued business momentum in 2020, with only limited effects of the Covid-19 situation so far, although the likely impact since mid-March is still unclear, and developments are rapid and unpredictable.

The Software & Cloud business line is expected to remain relatively strong as customers continue to renew and purchase business critical software and subscriptions, although some deferral of purchases could take place. In Solutions & Services, the managed services business is expected to remain relatively stable, while the professional services business could see some disruption due to limited mobility and travel restrictions being enforced at customer locations.

The globally distributed and digital nature of SoftwareONE's business allows it to conduct significant parts of its business remotely. All staff, including global shared service centers, are currently working in a full work-from-home program without any interruption to the business or customers. With its strong net debt-free balance sheet and liquidity, unused credit lines and strong cash flow, SoftwareONE is well prepared to weather a potentially longer-term downturn and to continue to invest in its business.

32 List of Group companies

Fully consolidated

Company	Registered country	Voting & capital right in % 2019	Voting & capital right in % 2018
Western Europe (EMEA)			
SoftwareONE Holding AG	Stans, CH	n/a	n/a
SoftwareONE AG	Stans, CH	100	100
SoftwareONE Deutschland GmbH	Munich, DE	100	100
SoftwareONE Germany Services GmbH	Heilbronn, DE	100	100
SoftwareONE UK Ltd	Wimbledon, UK	100	100
SoftwareONE Italia Srl	Milan, IT	100	100
SoftwareONE BV Netherlands	Amsterdam, NL	100	100
SoftwareONE France SAS	Paris, FR	100	100
ISI Expert SAS[1]	Paris, FR	0	100
SoftwareONE Österreich GmbH	Vienna, AT	100	100
SoftwareONE Spain SL	Madrid, ES	100	100
SoftwareONE OY	Espoo, FI	100	100
SoftwareONE AB Sweden	Kista, SE	100	100
SoftwareONE Norway AS	Oslo, NO	100	100
SoftwareONE ApS	Copenhagen, DK	100	100
SoftwareONE LATAM Holding SL	Madrid, ES	100	50
SoftwareONE Belgium Sprl	Brussels, BE	100	100
Software Pipeline Ireland Ltd	Cork, IE	100	100
COMPAREX Sweden AB	Kista, SE	100	0
COMPAREX Norge AS	Oslo, NO	100	0
SoftwareONE Finland Oy	Helsinki, FI	100	0
SoftwareONE Luxembourg SARL	Bâtiment Laccolith, LU	100	0
COMPAREX Holding GmbH	Vienna, AT	100	0
COMPAREX Beteiligungsverwaltung GmbH	Vienna, AT	100	0
COMPAREX HRVATSKA doo	Zagreb, Croatia	100	0
PC-Ware Information Technologies LTD	Middlesex, UK	100	0
COMPAREX AG	Leipzig, DE	100	0
Comparex PC-Ware Deutschland GmbH	Leipzig, DE	100	0
COMPAREX Belgium BVBA	Brussels, BE	100	0
COMPAREX Austria GmbH	Vienna, AT	100	0
COMPAREX International Services GmbH	Poing, DE	100	0
ISP*D International Software Partners GmbH	Leipzig, DE	100	0
PC-Ware Professionals GmbH	Leipzig, DE	100	0
COMPAREX Cloud Services GmbH	Leipzig, DE	100	0
COMPAREX Italia SRL	Saronno, IT	100	0
COMPAREX UK Limited	Harrow, UK	100	0
COMPAREX France SAS	Louveciennes, FR	100	0
SoftwareONE Denmark ApS	Birkerød, DK	100	0
COMPAREX Nederland BV	Amsterdam, NL	100	0
COMPAREX Espana SA	Madrid, ES	100	0
Eastern Europe (EMEA)			
SoftwareONE Czech Republic sro	Prague, CZ	100	100
SoftwareONE Slovakia sro	Bratislava, SK	100	100
SoftwareONE Ltd Russia	Moscow, RU	100	100
SoftwareONE Hungary Ltd	Budapest, HU	100	100
SoftwareONE Polska Sp zoo	Warsaw, PL	100	100
SoftwareONE Licensing Experts SRL	Bucharest, RO	100	100
SoftwareONE Experts South Africa	Johannesburg, ZA	100	100
SoftwareONE doo Serbia	Belgrade, RS	100	100
SoftwareONE Lisans Danismanlik Ltd Sirketi Turkey	Istanbul, TR	100	100
Comparex doo Beograd	Belgrade, RS	100	0
Comparex South Africa Pty Ltd	Gauteng, ZA	100	0

COMPAREX Poland Spzoo	Warsaw, PL	100	0
COMPAREX doo	Slovenia, SL	100	0
COMPAREX Slovakia spol sro	Bratislava, SK	100	0
COMPAREX CZ sro	Praha, CZ	100	0
SoftwareONE Ukraine Limited liability company	Kiev, UA	100	0
COMPAREX Hungary Kft	Budapest, HU	100	0
DIGI TRADE sro	Praha, CZ	100	0
OOO COMPAREX	Moscow, RU	100	0
SoftwareONE Bulgaria OOD	Sofia, BG	80	0
COMPAREX Romania SRL	Bucharest, RO	100	0
SoftwareONE Turkey Bilişim Teknolojileri Ticaret Anonim Şirketi	Istanbul, TR	90	0
Latin America (LATAM)			
SoftwareONE Brazil CSI Ltda	São Paolo, BR	100	100
SoftwareONE Chile SpA	Santiago, CL	100	100
SoftwareONE Argentina SRL	Buenos Aires, AR	100	100
SoftwareONE Puerto Rico Inc	San Juan, PR	100	100
SoftwareONE Bolivia SRL	La Paz, BO	100	100
SoftwareONE Colombia SAS	Bogota, CO	100	50
SoftwareONE Ecuador Soluciones SA	Quito, EC	100	50
SoftwareONE Dominican Republic Srl	Santo Domingo, DO	100	50
Software Pipeline Mexico SA de CV	Mexico City, MX	100	50
Sftwrone SA de CV Mexico	Mexico City, MX	100	50
UC Point Mexico	Mexico City, MX	100	100
Offshore Development Services SA de CV	Mexico City, MX	100	50
Yaima SA	Guatemala City, GT	100	100
SoftwareONE Uruguay SpA	Montevideo, UY	100	100
SoftwareONE Panamá SA	Panama City, PA	100	100
SoftwareONE Peru SAC	Lima, PE	100	50
SoftwareONE El Salvador SA de CV	San Salvador, SV	100	100
SoftwareONE Honduras SA	Tegucigalpa, HN	100	100
SoftwareONE Nicaragua SA	Managua, NI	100	100
SoftwareONE West Indies SA	Gros Islet, LC	100	100
SoftwareONE Jamaica Inc Ltd	Jamaica, JM	100	100
SoftwareONE Trinidad and Tobago Ltd	Port of Spain, TT	100	100
SoftwareONE St Vincent SA	St. Vincent, VC	100	100
SoftwareONE Costa Rica SA	San José, CR	100	100
COMPAREX Brasil SA	Sao paulo, BR	100	0
Perifericos Electronicos SA de CV	Mexico City, MX	100	0
North America (NORAM)			
SoftwareONE Inc	New Berlin, US	100	100
Brave New World Consulting LLC	Dallas, US	100	0
SoftwareONE Canada Inc	Toronto, CA	100	100
Asia Pacific (APAC)			
SoftwareONE Singapore Ptd Ltd	Singapore, SG	100	100
SoftwareONE Experts Sdn Bhd Malaysia	Kuala Lumpur, MY	100	100
SoftwareONE (Shanghai) Trading Co, Ltd	Shanghai, CN	100	100
SoftwareONE Experts (Shanghai) Co, Ltd	Shanghai, CN	100	100
SoftwareONE India Private Ltd	New Delhi, IN	100	100
SoftwareONE Japan KK	Tokyo, JP	99.92	99.92
SoftwareONE AG Trading LLC[2)]	Dubai, AE	49	0
SoftwareONE Dubai FZ - LLC[3)]	Dubai, AE	100	100
SoftwareONE Ltd. Liability CO. Saudi Arabia	Dubai, AE	100	0
SoftwareONE Mauritius	Port Louis, MU	100	100
SoftwareONE Australia Pty Ltd	Sydney, AU	100	100
Brave New World Consulting Pty Ltd	Melbourne, AU	100	0
SoftwareONE Philippines Corporation	Makati City, PH	100	100

SoftwareONE Thailand Co Ltd	Bangkok, TH	100	100
Software Pipeline Co Ltd	Bangkok, TH	100	100
SoftwareONE Hong Kong Ltd	Hong Kong, CN	100	100
PT SoftwareONE Indonesia	Jakarta Pusat, ID	100	100
SoftwareONE Taiwan Ltd	Taipei, TW	100	100
SoftwareONE Vietnam Co Ltd	Hanoi, VN	100	100
SoftwareONE Korea Ltd	Seoul, KR	100	100
SoftwareONE New Zealand Ltd	Auckland, NZ	100	100
RightCloud Pte Ltd	Singapore, SG	100	0
SoftwareONE Kazakhstan TOO	Almaty, KZ	100	0
PC-Ware India Ltd[3]	Gurgaon, IN	100	0
COMPAREX Singapore Pte Ltd	Singapore, SG	100	0
COMPAREX India Pvt Ltd	New Delhi, IN	100	0
COMPAREX Indonesia PT	Jakarta, ID	100	0
Buysoft Inc	Seoul, KR	100	0
COMPAREX (Beijing) Commercial Co Ltd	Beijing, CN	100	0
COMPAREX Thailand Limited	Bangkok, TH	100	0

1) ISI Expert SAS was merged in 2019
2) SoftwareONE is completely economic owner of this company and has full control
3) Company in liquidation

Associated companies and joint ventures

Company	Registered country	Voting & capital right in % 2019	Voting & capital right in % 2018
Investments accounted for using the equity method			
IG Services SAS	Sabaneta, CO	40	0
TCL Digi Trade sro	Ostrava-Svinov, CZ	30	0

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 30 March 2020

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SoftwareONE Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity and for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 80 to 138 within the downloadable Annual Report pdf) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Impairment of goodwill and intangible assets with indefinite useful life

Risk	The Group recognized significant goodwill in the amount of MCHF 340 (11.4% of total assets) and an intangible asset with indefinite useful life in the amount of MCHF 31. Management performed an annual impairment test for goodwill and brand in the fourth quarter 2019 and identified no impairment. Goodwill and the brand were tested by determining the recoverable amounts of each CGU to which the assets were allocated. The impairment assessments required Management to make significant estimates related to the expected timing of future cash flows and other key assumptions which could have a significant impact on the value in use, such as revenue growth rates and discount rates. These are disclosed in note 16 of the consolidated financial statements.
Our audit response	Our procedures included assessing Management's process for impairment testing of goodwill and intangible assets with indefinite useful life, gaining an understanding of the approved budgets, medium-term planning and assumptions therein and evaluating the reliability and accuracy of Management's forecasts, especially in respect of revenue growth and cost assumptions by comparing prior-year estimates with actual results. Furthermore, we assessed whether significant changes in key assumptions could result in an impairment loss by means of sensitivity analyses. We involved internal valuation specialists in the technical assessment of impairment testing models and the evaluation of significant estimates and key assumptions (growth rates, discount rates) with reference to available market data and relevant benchmarks for each CGU. Our audit procedures did not lead to any reservations regarding the impairment testing of goodwill and intangible assets with indefinite useful life.

Acquisition of COMPAREX Group

Risk	As of 31 January 2019, the Group acquired 100% of COMPAREX AG (Germany) including its subsidiaries (COMPAREX Group) for a total consideration of MCHF 354, consisting of cash paid, newly issued shares and contingent consideration as disclosed in note 3 of the consolidated financial statements. Management made significant estimates and assumptions when measuring the consideration transferred, the identifiable assets acquired, and the liabilities assumed at their acquisition date fair values. As part of the transaction, a contingent consideration arrangement was agreed that resulted in an additional cash payment to the previous owners of COMPAREX AG.
Our audit response	Our procedures included reading the share purchase agreement to obtain an understanding of the relevant terms of the transaction and assessing the accounting treatment in accordance with IFRS *3 Business Combinations*. We evaluated with assistance from internal valuation specialists the valuation method and key assumptions

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underlying the measurement of the newly issued shares transferred to the seller as part of the purchase price. We discussed with Management how the contingent consideration liability was measured and evaluated the underlying assumptions. Furthermore, we examined with assistance from internal valuation specialists the valuation report prepared by an external expert in determining the acquisition date fair values of acquired assets and liabilities assumed and evaluated the external expert's competence, capability and objectivity. We also assessed the measurement of provisions and contingent liabilities with Management and the previous auditors of COMPAREX Group. Finally, we reviewed the disclosures in the consolidated financial statements regarding this acquisition. Our audit procedures did not lead to any reservations regarding the acquisition of COMPAREX Group.

Revenue Recognition

Risk	The Group enters into different types of contracts with customers and recognizes revenue from contracts with customers for sale of software, solutions and services, as disclosed in note 6 of the consolidated financial statements. IFRS 15 *Revenue from Contracts with Customers* requires Management to apply judgment, in particular when assessing whether the Group acts as a principal or agent and the timing of revenue recognition. The assessment whether the Group acts as a principal or agent affects whether revenue is presented on a gross or net basis. The assessment regarding the timing of revenue recognition determines whether revenue is recognized over time or at a point in time and in which period revenue is recognized.
Our audit response	Our procedures included gaining an understanding of the revenue recognition process, performing a walkthrough of the revenue class of transactions and evaluating the design of controls in this area. We assessed the revenue recognition policy based on IFRS 15, in particular where Management applied judgment, including the principal versus agent assessment, and examined whether revenue is recognized in accordance with the Group's revenue recognition policy. We also inspected a sample of revenue transactions whether they are matched by a cost of software purchased transaction. In addition to substantive audit procedures, we performed data based analytical procedures based on the Group's underlying journal entries. Our audit procedures did not lead to any reservations regarding revenue recognition.

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Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff Licensed audit expert (Auditor in charge)	Max Lienhard Licensed audit expert

ANNUAL REPORT 2019

PARENT COMPANY STATUTORY FINANCIAL STATEMENTS

Balance Sheet

For the year ended 31 December

in CHF	Note	2019	2018
Assets			
Cash and cash equivalents		2,545,267	5,101,184
Other current receivables due from third parties		15,179	723
Other current receivables due from group companies		8,681,591	3,651,893
Other current receivables due from shareholders	3	5,244,329	–
Short-term loans due from group companies		248,559,375	69,884,853
Short term loans due from shareholders		1,481,457	–
Prepayments and accrued income from group companies		6,339	1,200
Financial assets	4	20,195,071	12,674,014
Current assets		**286,728,608**	**91,313,867**
Investments	5	211,097,254	104,995,570
Property, plant and equipment		11,470,400	–
Non-current assets		**222,567,654**	**104,995,570**
Total assets		**509,296,262**	**196,309,437**

in CHF	Note	2019	2018
Liabilities and equity			
Other current liabilities due to third parties		939,986	1,230,900
Other current liabilities due to group companies		30,714,802	–
Other current liabilities due to shareholders	6	32,635,401	26,970
Short-term loans due to third parties		3,233,804	–
Accruals and deferred income due to third parties		8,182,990	4,919,113
Accruals and deferred income due to group companies		2,755,358	893,702
Current liabilities		**78,462,341**	**7,070,685**
Other non-current liabilities due to third parties		9,844	–
Non-current liabilities		**9,844**	**–**
Shareholder's equity			
Share capital	7	1,585,815	1,354,286
Legal capital reserves			
Share premium		105,386,354	104,132,883
Capital contribution reserves (Swiss)	8	18,763,811	43,604,721
Capital contribution reserves (non-Swiss)	8	264,768,471	
Voluntary retained earnings			
Profit brought forward		50,089,616	37,904,005
Profit for the period		2,253,750	12,185,610
Treasury shares	9	–12,023,740	–9,942,754
Equity		**430,824,077**	**189,238,751**
Total liabilities and equity		**509,296,262**	**196,309,437**

Income Statement

For the year ended 31 December

in CHF	Note	1 January to 31 December 2019	1 January to 31 December 2018
Dividend income	10	10,000,000	15,000,000
Rental income		770,443	–
Financial income	11	5,017,018	2,982,880
Other income		336,099	3,871
Total income		**16,123,560**	**17,986,751**
Administrative expenses	12	–12,895,666	–4,734,193
Other expenses		–584,370	–
Depreciation on property, plant and equipment		–270,600	–
Financial expenses	13	–14,879	–1,055,464
Direct taxes		–104,295	–11,484
Total expenses		**–13,869,810**	**–5,801,141**
Net profit for the year		**2,253,750**	**12,185,610**

Notes to the Statutory Financial Statements

SoftwareONE Holding AG, Stans

1 General

SoftwareONE Holding AG is the holding company of the SoftwareONE Group and holds all investments, directly or indirectly, in SoftwareONE Group companies.

SoftwareONE Holding AG's income primarily comprises dividends and interest income from subsidiaries and recharges for some administrative expenses to other Group companies. SoftwareONE Holding AG does not have any employees, nor does it have any research or development activities.

SoftwareONE Holding AG's risk management is integrated into the Group-wide risk management system of SoftwareONE Group. Risks identified are assessed individually based on their probability of occurrence and scope of potential losses. Appropriate measures are defined for the individual risks. Risks are systematically collected and updated once a year. The risk situation and the implementation of the measures defined are monitored. The Board of Directors of SoftwareONE Holding AG addresses the topic of risk management at least once a year. Please refer to Note 3 (financial risk management) of the consolidated financial statements for an explanation of Group-wide risk management at SoftwareONE Group.

SoftwareONE Holding AG will continue to act as the holding company of the SoftwareONE Group in the 2020 financial year. There are no plans to change the company's business activities.

COMPAREX acquisition

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

This transaction resulted in the issuance of 2,315,289 new SoftwareONE Holding AG shares and the creation of a non-Swiss capital contribution reserve in the amount of CHF 264,768,471. Please also see Note 8 "Capital contribution reserve".

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

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

IPO

On 25 October 2019, SoftwareONE Holding AG was listed on the SIX Swiss Exchange. In this context, SoftwareONE Holding AG's shares have been split by 1:10. At the IPO date additional members of the Board of Directors have been elected and additional expertise has been added.

2 Accounting principles

The financial statements of SoftwareONE Holding AG, Stans, have been prepared in accordance with the provisions of Swiss accounting legislation (Title 32 of the Swiss Code of Obligations).

The disclosures have been slightly adjusted for the financial statements as at 31 December 2019. These adjustments have no impact on the previous year's figures.

The following section describes the main valuation principles applied that are not specified by law.

Financial assets

Financial assets are valued at their acquisition cost adjusted for impairment losses. In 2018, financial assets have been valued at the quoted market price as the balance sheet date. A valuation adjustment reserve has not been accounted for.

Property, plant and equipment

Property, plant and equipment is valued at acquisition costs less accumulated depreciation and impairment losses. Expected useful life of real estate is 33.33 years.

Investments

Investments are valued at their acquisition cost adjusted for impairment losses.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. The gain or loss related to treasury shares is recognized directly in equity.

3 Other current receivables due from shareholders

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

4 Financial assets

Financial assets are solely related to shares in the listed company Crayon Group Holding ASA. In 2018, the shares have been valued at the quoted market price which resulted in a revaluation gain of CHF 848,090. In 2019, no further revaluation (gain) was recognized.

5 Investments

All investments except SWO Switzerland AG are indirectly held. For details please refer to section “32 List of Group companies” in the Consolidated Financial Statements 2019.

6 Other current liabilities due to shareholders

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

7 Share capital

The share capital as at 31 December 2019 was composed of 158,581,460 (2018: 13,542,857) fully paid-in registered shares, each with a nominal value of CHF 0.01 (2018: CHF 0.10).

8 Capital contribution reserve

The reserves from capital contributions (Swiss) include the premium from the capital increase in 2015 and the gain on treasury shares used for share-based payments of Group entities. The reserves from capital contributions (non-Swiss) result from the COMPAREX acquisition on 31 January 2019. The qualification of the capital contribution reserve is subject to the final approval of the Swiss Federal Tax Administration (SFTA).

9 Treasury shares

The following table summarizes the balance of treasury shares:

	Number of shares	Average in CHF	In CHF 1,000
Total treasury shares at 31 December 2017	**304,874**	**0.75**	**230**
Shares purchased under employee share plan	193,253	52.88	10,219
Shares used for acquisition	–100,273	5.05	–506
Total treasury shares at 31 December 2018	**397,854**	**24.99**	**9,943**
Treasury shares after split (9 October 2019)	3,978,540	2.5	9,943
Shares purchased under transfer window	486,570	5.38	2,618
Shares used for acquisition	–99,399	5.4	–536
Shares issued under employee share plan	–94,207	0.01	–1
Total treasury shares at 31 December 2019	**4,271,504**	**2.81**	**12,024**

10 Dividend income

Dividend income comprises dividends received from subsidiaries.

11 Financial income

in CHF	2019	2018
Interest income	2,692,037	2,134,790
Foreign exchange gains	2,324,981	–
Fair value gain on financial assets	–	848,090
Total financial income	**5,017,018**	**2,982,880**

12 Administrative expenses

in CHF	2019	2018
IPO costs	–10,505,718	–
Other	–2,389,948	–4,734,193
Total administrative expenses	**–12,895,666**	**–4,734,193**

13 Financial expenses

in CHF	2019	2018
Interest expenses	–14,879	–6,709
Foreign exchange losses	–	–1,048,755
Total financial income	**–14,879**	**–1,055,464**

14 Major shareholders

Shareholders	Shares held	% of voting rights
Westminster Bidco Sàrl[1]	23,454,893	14.79 %
B. Curti Holding AG[2]	19,031,853	12.00 %
Dr. Daniel Marc von Stockar- Scherer-Castell, Hergiswil, Switzerland	17,489,874	11.03 %
Raiffeisen Informatik GmbH & CO KG[3]	12,573,693	7.93 %
René Rudolf Gilli, Emmetten, Switzerland	12,445,068	7.85 %
Anastasia Karolina Nielsen and Leon Elias Winter, both Monaco, Principality of Monaco[4]	12,445,068	7.85 %
Current and former employees, officers and directors[5]	10,749,660	6.78 %
Pictet Asset Management SA	5,154,610	3.25 %

1) Westminster Bidco Sàrl, Luxembourg, the Grand Duchy of Luxembourg is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA.
2) B. Curti Holding AG, Sarnen, Switzerland is the direct shareholder of the shares which are indirectly controlled by Dr. Beat Alex Curti, Erlenbach, Switzerland.
3) Raiffeisen Informatik GmbH & CO KG, Vienna, Austria, is the direct shareholder of the shares indirectly and beneficially owned by RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, and Raiffeisen Bank International AG, Vienna, Austria.
4) Anastasia Karolina Nielsen and Leon Elias Winter are each represented by their mother, Marina Nielsen, Monaco, Principality of Monaco, as their legal representative. Marina Nielsen is thus seen as having discretionary power to exercise the voting rights (within the meaning of article 120(3) FMIA) with respect to the shares held by Anastasia Karolina Nielsen and Leon Elias Winter.
5) In connection with SoftwareONE Holding AG's IPO, the above mentioned current and former employees, officers and directors of SoftwareONE Holding AG have agreed to a lock-up period undertaking ending 6 months after the first trading day of SoftwareONE Holding AG's shares on the SIX Swiss Exchange (ie until 25 April 2020).

15 Shares held by members of the Board of Directors and Executive Board

The table below shows the shareholdings of the Board of Directors (BoD) and closely related persons to the members of the BoD as at 31 December 2019.

Members of the BoD	Number of directly held shares 1) Vested shares	Number of directly held shares 1) Blocked shares 2)	Number of indirectly held blocked shares 3)	Total shareholdings
Daniel von Stockar (Chairman, NCC)	–	17,489,874	–	17,489,874
Beat Curti (Vice-Chairman)	–	–	19,031,853	19,031,853
Peter Kurer (Lead Independent Director)	–	279,630	–	279,630
José Alberto Duarte (AC) Since 25 October 2019	–	–	–	–
Andreas Fleischmann (member) Since 31 January 2019	–	–	–	–
René Gilli (member)	–	12,445,068	–	12,445,068
Johannes Huth (NCC)	–	–	–	–
Timo Ihamuotila (AC Chair) Since 25 October 2019	–	10,000	–	10,000
Marina Nielsen (member)	–	12,445,068	–	12,445,068
Marie-Pierre Rogers (NCC Chair) Since 25 October 2019	15,000	–	–	15,000
Jean-Pierre Saad (AC)	–	–	–	–
Total	**15,000**	**42,669,640**	**19,031,853**	**61,716,493**

1) Ordinary registered shares of SoftwareONE
2) For 2019, the BoD's compensation will be fully paid in cash. For the members of the BoD's term starting at the 2020 AGM, a portion of 40 % of their BoD compensation will be paid in the form of blocked shares
3) Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE

The table below shows the shareholdings of the Executive Board (EB) and closely related persons to the members of the EB – such as spouses – as at 31 December 2019.

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

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

16 Shares or options on shares for members of the board, executive board and other employees

In 2019, SoftwareONE Holding AG granted to other employees 12,707 (prior year: 51,500) treasury shares for free.

17 Events after the reporting period

Please refer to Note 31 "Subsequent event" in the Consolidated Financial Statements 2019.

Appropriation of Available Earnings

SoftwareONE Holding AG, Stans

Retained earnings

in CHF	2019	2018
Retained earnings brought forward	50,089,616	37,904,005
Profit for the period	2,253,750	12,185,610
Voluntary retained earnings before proposed distribution	**52,343,366**	**50,089,615**
Voluntary retained earnings after proposed distribution	**52,343,366**	**50,089,615**

Capital contribution reserve

in CHF	2019	2018
Capital contribution reserves brought forward (Swiss)	**18,304,721**	**40,475,743**
Transactions with treasury shares	459,090	3,128,978
Proposed distribution out of capital contribution reserves (Swiss)	–	–25,300,000
Capital contribution reserves after proposed distribution (Swiss)	**18,763,811**	**18,304,721**
Capital contribution reserves brought forward (non-Swiss)	**–**	**–**
Allocation from Comparex acquisition	264,768,471	–
Proposed distribution out of capital contribution reserves (non-Swiss)	–33,302,107	–
Capital contribution reserves after proposed distribution (non-Swiss)	**231,466,364**	**–**

The Board of Directors will submit a proposal to the Annual General Meeting of SoftwareONE Holding AG on 14 May 2020 to issue a dividend for fiscal year 2019 of CHF 0.21 per registered share from the capital contribution reserves (non-Switzerland). All shares outstanding as of 31 December 2019 are eligible for the dividend. Treasury shares held on the date of the dividend payment are not eligible for dividends; as a result, the total dividend amount payable depends on the number of treasury shares held on the distribution date.

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 30 March 2020

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of SoftwareONE Holding AG, which comprise the balance sheet, income statement and notes (pages 145 to 164 within the downloadable Annual Report pdf), for the year ended 31 December 2019.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of investments and short-term loans due from group companies

Risk	As of 31 December 2019, SoftwareONE Holding AG holds all shares in SoftwareONE AG in the amount of MCHF 211 (41% of total assets) as disclosed in note 4 to the financial statements. In addition, SoftwareONE Holding AG has granted short-term loans to SoftwareONE AG in the amount of MCHF 249 (49% of total assets). SoftwareONE AG holds significant investments in subsidiaries. Therefore, the measurement of the investment in SoftwareONE AG is also affected by the value of the indirectly held investments. To assess these investments for impairment, Management uses a variety of valuation methods and makes significant estimates and judgments related to the expected timing of future cash flows and other key assumptions, which could have a significant impact on net income, such as revenue growth rates and discount rates.
Our audit response	In our audit of the valuation of investments and short-term loans due from group companies, we tested analyses prepared by management, which consisted of comparing the net assets balances with the carrying amount of the investment and the results of the impairment tests prepared in the context of the consolidated financial statements that were based on a discounted cash flow model. We involved internal valuation specialists in the technical assessment of impairment testing models and evaluation of significant estimates and key assumptions (growth rates, discount rates) with reference to available market data. Our audit procedures did not lead to any reservations regarding the impairment of investments and short-term loans due from group companies.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff Licensed audit expert (Auditor in charge)	Max Lienhard Licensed audit expert

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report may contain certain forward-looking statements relating to SoftwareONE's future business, development and financial 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, our ability to attract and retain the employees that are necessary to generate revenues and to manage our businesses, fluctuations in currency exchange rates and general financial market conditions, changes in accounting standards or policies, delays in obtaining or inability to obtain approvals from authorities, technical developments, litigation or adverse publicity and news coverage, each of which could cause actual developments and results to differ materially from the statements made in this Annual Report. SoftwareONE assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

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

14 May 2020
Annual General Meeting 2020

16 September 2020
Half-year results 2020

31 March 2021
Full-year results 2020

GENERAL INFORMATION

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IMPRINT

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