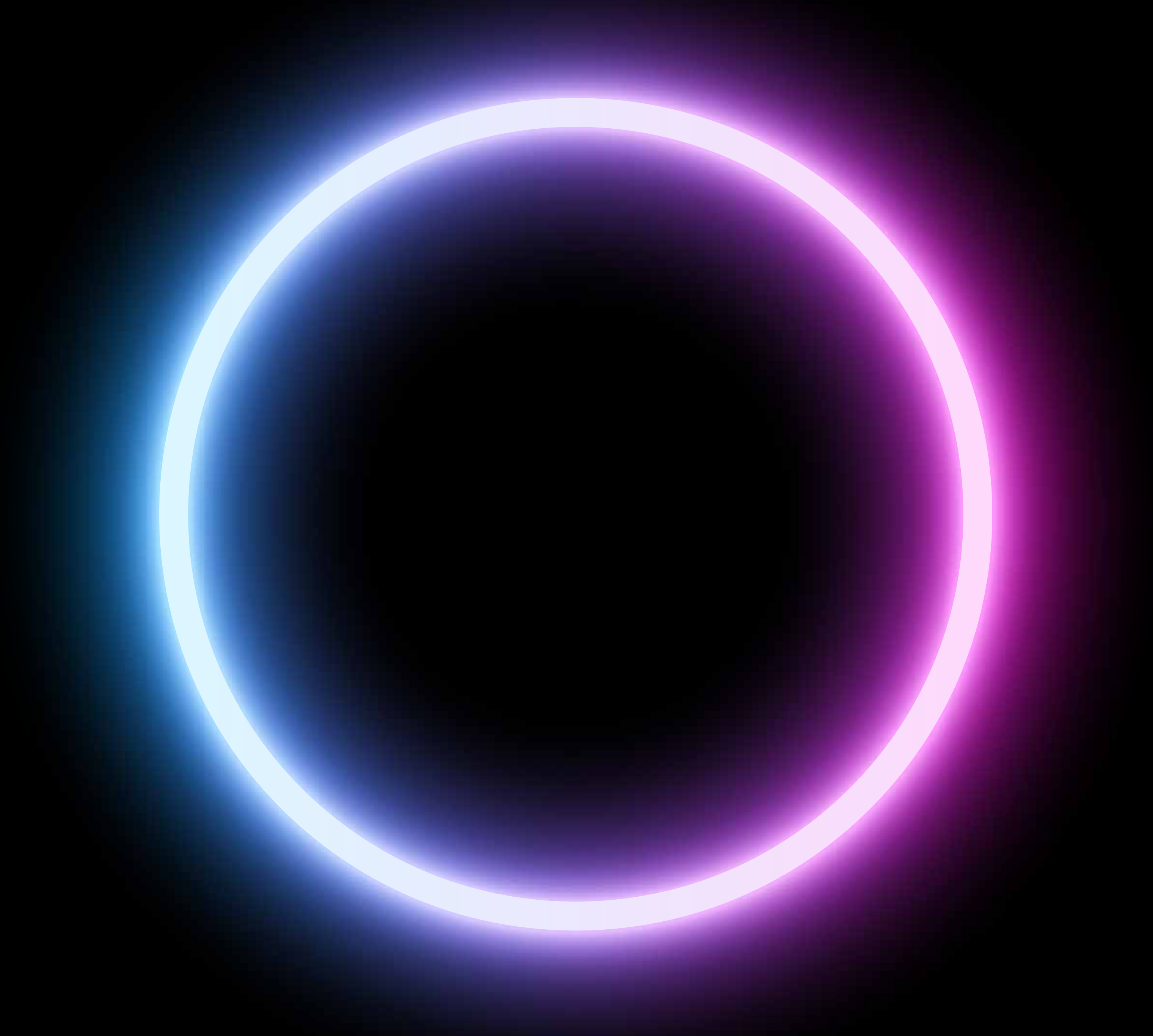
Annual Report 2022



softwareone

Redefining the future of software & cloud solutions

Annual Report 2022

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Chairman's letter to shareholders

Dear shareholders,

SoftwareOne continued its growth journey in 2022, demonstrating resilience and discipline against a backdrop of inflationary pressures, worsening macroeconomic conditions and the conflict in Ukraine.

Together with the Executive Board, we took decisive action in responding to challenges, particularly with regards to cost control, leadership changes and external reporting improvements. As a result, I believe we have made solid progress in starting a new chapter for SoftwareOne, with the aim of consistently delivering profitable growth and value for our shareholders.

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Returns to shareholders

Reflecting on our 2022 financial performance, overall results were solid. Revenue grew 14.1% YoY ccy to CHF 1,011.0 million, thereby reaching the one billion milestone. Adjusted EBITDA corresponded to CHF 240.4 million, with a margin of 25.6% of gross profit.

Given this solid performance and our strong balance sheet, the Board of Directors (BoD) will propose to shareholders a dividend of CHF 0.35 per share for 2022, representing a pay-out ratio of 47% of adjusted profit for the year and an increase of 6.1% compared to the prior year (2021: CHF 0.33 per share), at our upcoming Annual General Meeting (AGM). This is the third consecutive dividend increase since our IPO in late 2019.

We will also launch a share buyback programme of up to CHF 70 million in Q2 2023, in line with our balanced capital allocation framework. While investing in growth remains our priority, we are pleased to have identified scope for further returns for our shareholders.

Striving for a sustainable future

We also made progress with our global Environmental, Social and Governance (ESG) programme in 2022. As a company, we aim to drive more sustainable outcomes via technology for our clients, whilst further embedding sustainability in our own operations and value chain.

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Having laid the groundwork in 2021, we dedicated significant resources this year to developing our strategy and ambitions to align with the United Nations Sustainable Development Goals. We also enhanced our ESG governance structure by creating three employee-driven committees to ensure a people-centric approach to our ESG strategy.

We look forward to sharing with you our first ESG report in H2 2023, which will align with the Global Reporting Initiative (GRI) international reporting standard.

Changes to Executive Board

At SoftwareOne people will always be our greatest asset. During 2022, we continued to invest in talent to ensure that we have the right competencies at all levels.

With Julia Braun as our new Chief Human Resources Officer and Executive Board member, we have added a wealth of experience from global, people-centric organisations to our company. She is already making an impact in defining our people strategy to ensure that we continue to attract, develop, and retain high-performing and diverse talent.

Well-positioned for future success

As organisations continue to push forward with cloud-first digital transformation, I remain confident that SoftwareOne is well-positioned as an all-in-one global software and cloud solutions provider in a large and fast-growing market. Together with a strong focus on operational excellence, our success story is set to continue.

On behalf of the entire Board of Directors, I would like to thank our employees around the world for their hard work and contribution to our success and our clients for their loyalty.

Finally, I thank you, our shareholders, for your trust, continued support and investment in SoftwareOne. I look forward to meeting as many of you as possible at our first in-person AGM on 4 May 2023.

Yours sincerely,

Daniel von Stockar
Chairman of the Board of Directors

CEO letter to shareholders

Dear shareholders,

2022 marked the completion of our Vision 2022 cycle, closing a chapter which focused on accelerated growth and the successful scaling out of our services business. We were proud to reach one billion in group revenue and ~CHF 500 million revenue run-rate in Software & Cloud Services, as well as strong margin progression in this business line.

It was also a year of uncertainty driven by the Ukraine conflict and economic downturn. During this time, I have been inspired by the resilience of our people, customers and partners who continued to find new ways to innovate and optimise, unlocking the value of technology. It is this sense of possibility that has shaped SoftwareOne's new corporate purpose, which embodies our core values and contribution to society. We believe that technology has the power to break down barriers, augment capabilities and open access to the global economy. We exist for all who turn access into opportunity.

High-growth industry fundamentals

Today, technology is an integral part of almost every organisation's strategy and we remain excited about the overall market opportunity ahead of us. Our software & cloud market is valued at over CHF 600 billion and, according to industry experts, is growing at 14% CAGR up to 2025. Meanwhile, our addressable services markets are growing by over 20% CAGR.

Against a backdrop of geopolitical and macro-economic challenges, organisations continue to push forward with cloud-first digital transformation in order to drive agility and efficiencies. With our comprehensive portfolio of solutions, including market-leading capabilities in FinOps and Application Services, we are in a strong position to continue helping them migrate to the cloud, deliver business outcomes and optimise the value of their technology spend.

Financial performance in 2022

We delivered group revenue growth of 14.1% YoY ccy in 2022, driven by growth across both business lines. At the adjusted EBITDA level, we reported a margin of 25.6% of gross profit, reflecting tight cost control. Operating cash flow was also solid and our balance sheet remains robust.

Towards the end of the year, we saw clients taking a more cautious approach to spending their budgets. This was particularly evident in EMEA, especially in our Microsoft business. While supporting our clients with optimising their spend, we are also taking measures to accelerate our growth momentum and optimise our cost structure.

Driving operational excellence

With the implementation of an operational excellence programme in 2023-24, we will enhance our commercial processes, optimise our delivery model and right-size support functions. These initiatives will allow us to drive mid-teens revenue growth in the mid-term, while generating annual cost savings of CHF 50 million. As we improve organisational effectiveness and efficiency, this will allow for re-investment into strategic growth areas and innovation.

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Investing in our people and innovation

At SoftwareOne, we believe that technology does not create impact on its own – it is our people who deliver solutions that work and who drive client satisfaction. For this reason, we continued to invest in talent and training in 2022. We reached over 9,000 FTEs, including more than 300 students who transitioned from our SoftwareOne Academy programme. We developed our employees by supporting them with achieving certifications – more than 1,000 in Microsoft and AWS alone this year. To drive innovation and capture the digital reselling opportunity, we also continued to invest in our digital platform Goatpath.

These investments are vital to ensuring that we do not stand still – we must continue to re-imagine how the world buys, builds, and manages everything in the cloud in order to succeed.

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New brand and market positioning

Given our transformation over recent years, we kicked off 2023 by unveiling a new brand and market positioning, which is a powerful reflection of our evolution from a reseller into an all-in-one provider. Drawing on our strong foundation and licensing expertise, we have built a holistic offering and an exceptional team of experts to serve our clients along their entire cloud journeys.

2023 outlook

Looking ahead, we will execute on our well-defined strategy in order to capitalise on a healthy environment in 2023. Organisations are expected to continue prioritising digital transformation, although the uncertain macroeconomic backdrop remains a consideration.

Based on the new reporting methodology, with growth and margin based on revenue rather than gross profit, the outlook for 2023 is for:

- Double-digit revenue growth for the group in constant currency;
- Adjusted EBITDA margin of 24-25% of revenue;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

The mid-term guidance has been adjusted to reflect the full impact of the new operational excellence programme and continued commitment to our growth strategy and enhanced returns to shareholders.

Finally, on behalf of the Executive Board, I would like to thank all our stakeholders – employees, clients, partners and you, our shareholders, for your trust, continued support and investment in SoftwareOne.

Yours sincerely,

Dieter Schlosser
Chief Executive Officer

software one purpose

For all who turn access into opportunity.

We started bold because we believed that technology has the power to break down barriers, augment capabilities and open access to the global economy. To get there, you must believe in the people and the places that can make it happen. For more than 20 years, we've invested our hearts in clients, partners and new capabilities in regions where opportunities inspire us to reach out.

With humility, resourcefulness and a deep understanding of what we're solving and who we're solving it for, we deliver the solutions that are right for each client, bringing globally high standards everywhere we go. We link experience to possibilities, connect people to one another and generate cycles of investment, development and local impact that fuel resilience far into the future.

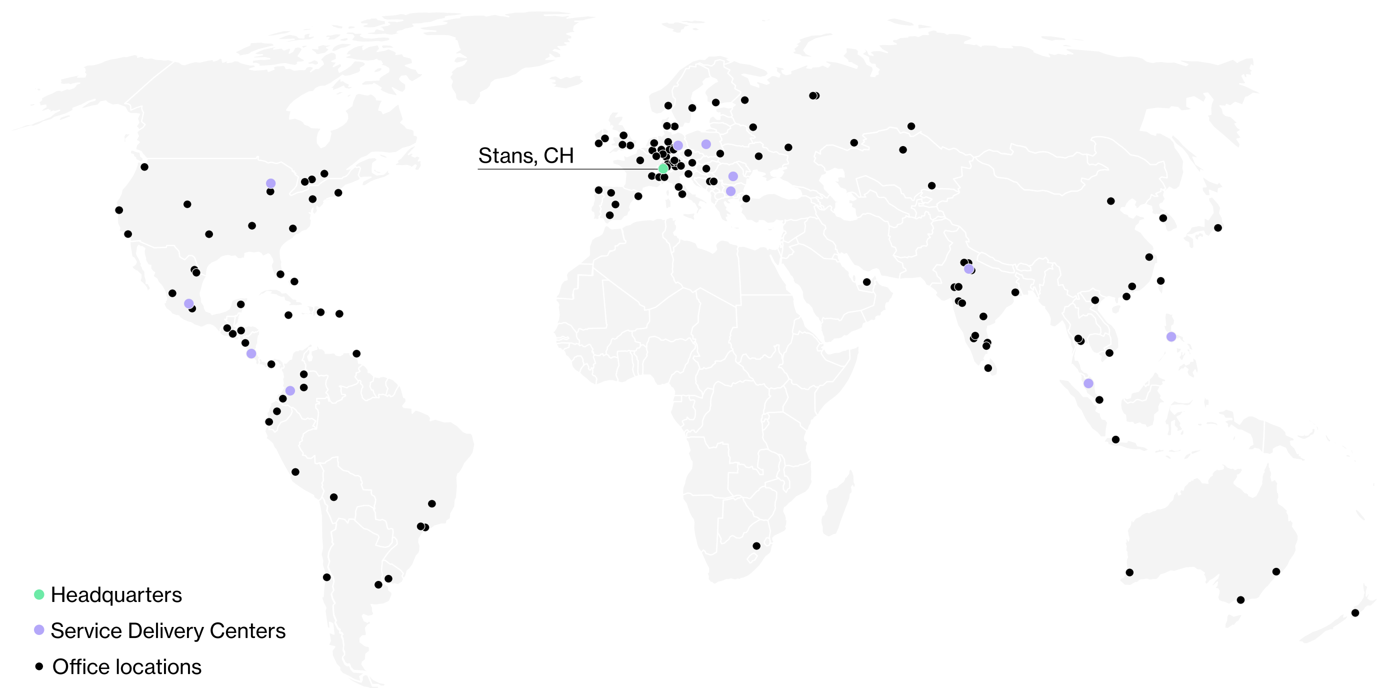
We create entire ecosystems of access – one locality, one technology, one person at a time. For all our stakeholders, we are SoftwareOne – For All Who Turn Access into Opportunity.

Our story

2022 facts and figures

SoftwareOne is a leading global software and cloud solutions provider that is redefining how organisations build, buy, and manage everything in the cloud. With over 9,000 employees, the company offers a portfolio of 7,500 software brands with sales and delivery capabilities in 90 countries. Headquartered in Switzerland, SoftwareOne is listed on the SIX Swiss Exchange under the ticker symbol SWON.

'Glo-cal' presence to serve our large client base



1bn
revenue in CHF

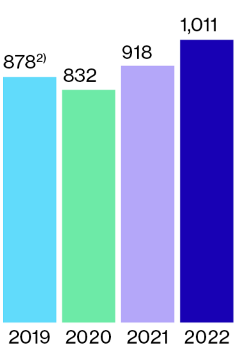
65k
clients[1]

7.5k
vendors

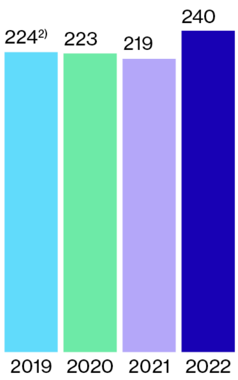
9,060
employees

90
countries

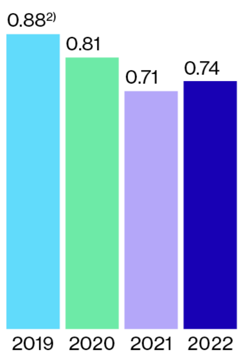
Revenue (CHFm)



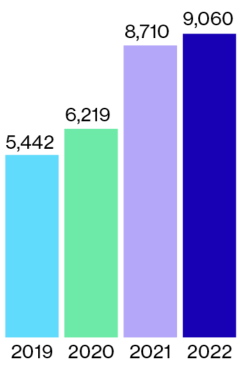
Adjusted EBITDA (CHFm)



Adjusted EPS (CHF)



Employees (FTEs) (year-end)



1) Based on unique customer billing codes
2) Includes Comparex (acquired on 1 February 2019) for full 12-month period

2022 highlights

January
Rodolfo J. Savitzky joins SoftwareOne as new Group Chief Financial Officer and member of the Executive Board

Announcement of multi-year strategic collaboration agreement between SoftwareOne and Amazon Web Services (AWS) to accelerate global cloud adoption

February
Acquisition of Predica, a European leader in Azure cloud transformation, and Satzmedia, an Application Services company specialised in e-Commerce and CMS solutions in Germany

March
SoftwareOne announces FY 2021 results, delivering 18% YoY growth with continued investments

Significant part of SoftwareOne's sales and business operations in Russia suspended due to the conflict in Ukraine

April
SoftwareOne's stake in Crayon reduced by way of an accelerated bookbuilding process

May
SoftwareOne recognised as 2022 ServiceNow Global Specialist Segment Partner of the Year

SoftwareOne reports strong growth in Q1 2022 and reiterates full-year guidance

June
SoftwareOne recognised as 2022 Microsoft Partner of the Year with awards in three markets and named finalist in the SAP on Azure category

July
SoftwareOne named a Leader in the 2022 Gartner® Magic Quadrant™ for Software Asset Management Managed Services for the third year in a row

August
SoftwareOne reports continued strong growth with adjusted EBITDA margin above 25% in H1 2022

September
Julia Braun appointed as Group Chief Human Resources Officer and member of the Executive Board as of 1 November 2022

November
SoftwareOne reports continued strong growth in Q3 2022 and announces a share buyback programme of up to CHF 70 million

SoftwareOne achieves Amazon Web Services (AWS) Premier Tier Services Partner status in the AWS Partner Network (APN)

January 2023
New brand identity and market positioning launched to reflect SoftwareOne's transformation into a leading global software and cloud solutions provider

Overview

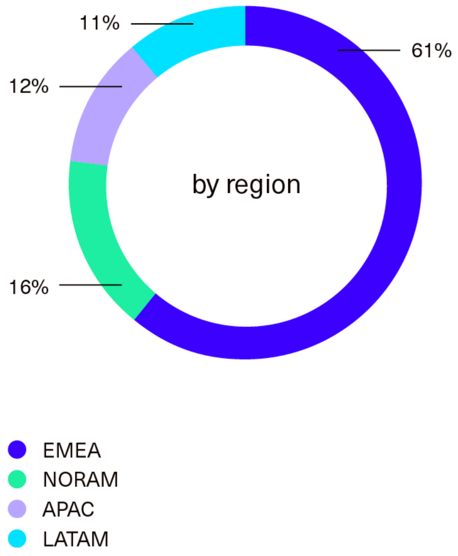
SoftwareOne is a leading global software and cloud solutions provider that is redefining how organisations build, buy, and manage everything in the cloud. We develop and deliver the technology solutions that modernise our clients' applications and software in the cloud, while enabling these purchases and optimising their investments over time.

With more than 9,000 employees across 90 countries, SoftwareOne has one of the broadest footprints in the industry. Our operating model is built to leverage our global scale with centrally-delivered 24/7 customer service, while maintaining strong client relationships as a result of our local presence. We serve approximately 65,000 clients worldwide[1], including large enterprises, small and medium-sized enterprises (SMEs) and public sector organisations, across a range of end-markets.

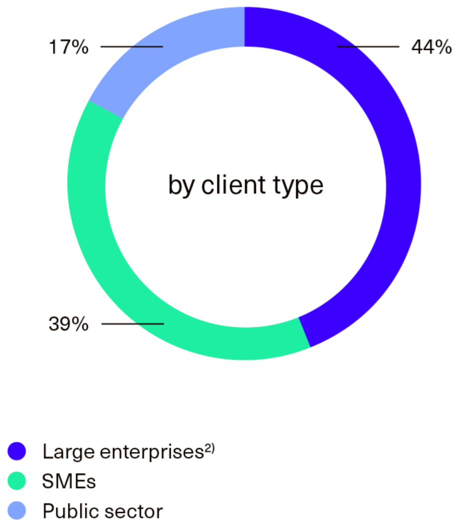
1) Based on unique customer billing codes

Diversified across regions and clients

Revenue by region



Revenue by client type[1]

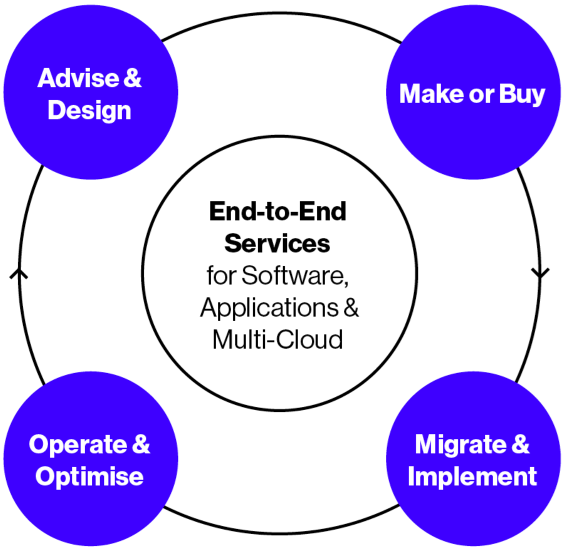


1) Based on customer FTE information sourced from Dun & Bradstreets D-U-N-S database; Customer size determined at the group (not subsidiary) level
2) Defined as having more than 3,000 FTEs

We offer our clients an end-to-end value proposition to help them navigate complex options and implement the best IT solutions for their needs. Taking a vendor-agnostic approach, we support clients with defining their technology strategy, followed by either cloud-native application development (build) or software sourcing (buy). We also help clients efficiently migrate applications and critical workloads to their chosen cloud destination. Finally, we manage and optimise their IT estate to ensure complete transparency, manage risk and control costs.

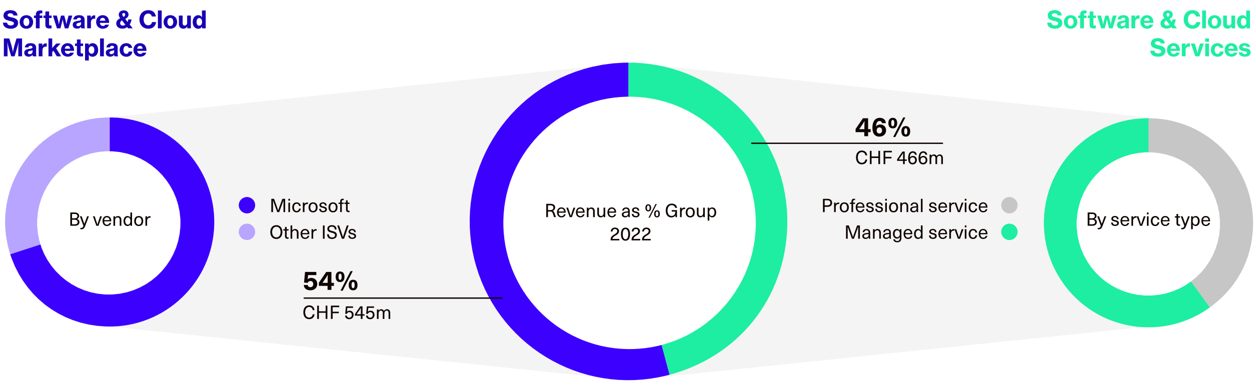
In this way, we empower our clients to defend their business models, transform and position themselves as leaders through enhanced customer and employee experiences, improved agility, and increased resilience.

Unique end-to-end client value proposition



Our integrated suite of solutions is organised into two highly synergistic business lines: Software & Cloud Marketplace and Software & Cloud Services, which accounted for 54% and 46% of revenue, respectively, in 2022.

Two synergistic business lines

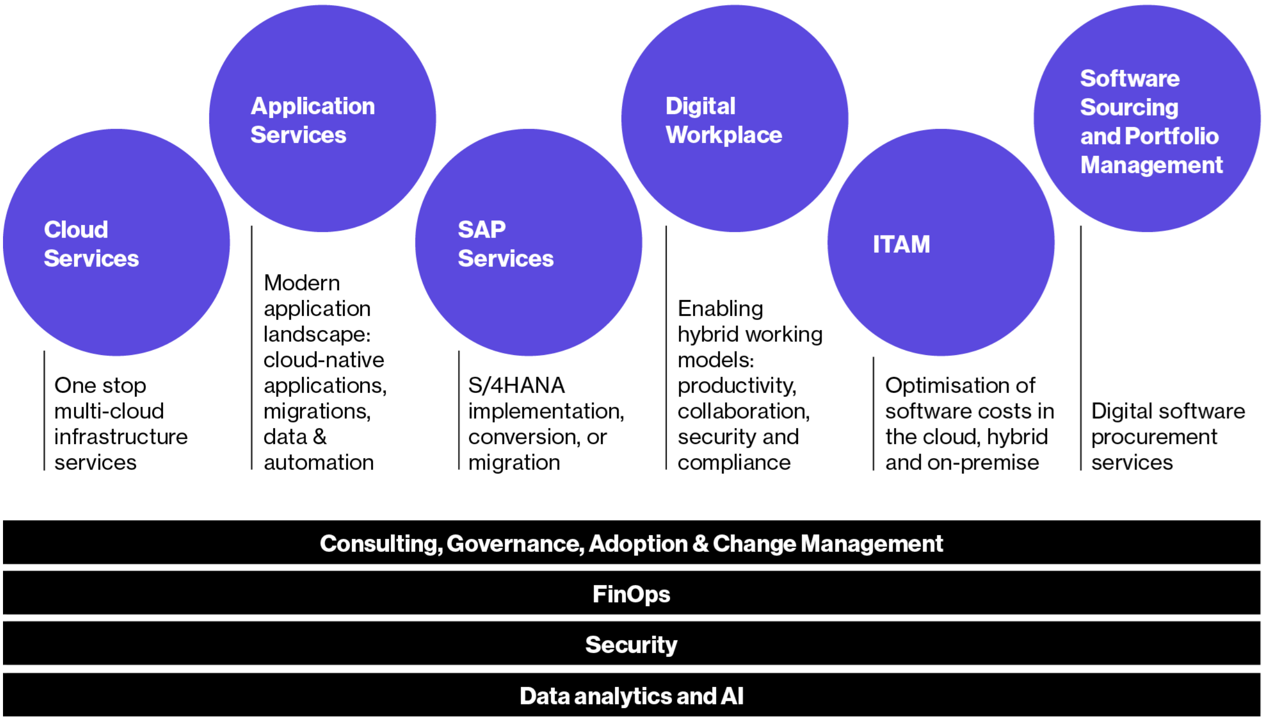


Software & Cloud Marketplace: we offer fast and expertise-led access to a comprehensive software and cloud catalogue, drawing on relationships with more than 7,500 vendors. Our catalogue includes best-performing hyperscalers such as Microsoft Azure, Amazon Web Services (AWS) and Google Cloud Platform (GCP). We also offer leading software brands such as Adobe, Citrix, Oracle, Red Hat, VMware, Sophos, Splunk and Veeam.

Our long-standing relationship with Microsoft dates back 30 years. We estimate that today, we are Microsoft's largest channel partner and Azure's largest partner globally.

Software & Cloud Services: offers end-to-end cloud-native Services and digital solutions including cloud infrastructure services, cloud-native application development and application modernisation, SAP services, digital workplace, IT asset management, and software sourcing services. FinOps (cloud financial management), where we have a seat on the governing board of the FinOps Foundation, and security are fully embedded in everything we do.

Cloud-native capabilities covering entire digital transformation journeys



As a certified FinOps Service Provider, SoftwareOne currently has a growing team of approximately 200 FinOps Certified Practitioners, who work agnostically with a range of FinOps-certified platforms, helping clients achieve the transparency and governance needed to tackle rising variable and opaque cloud spend.

PyraCloud – SoftwareOne's digital hub

SoftwareOne PyraCloud is a proprietary digital hub that allows clients to efficiently transact, manage and optimise their entire spend using a data-driven, actionable platform. The PyraCloud cloud management platform is becoming increasingly relevant as clients seek to address the complexity arising from multi-cloud environments and optimise spend across public clouds. PyraCloud is powered by insights or data derived from past purchasing behaviour, and peer benchmarking to support self-service and intelligent decision-making by clients.

As the reselling industry evolves and clients look for a more digital purchasing experience, we continue to develop Goatpath by SoftwareOne, our software and cloud marketplace. The innovations developed on the Goatpath platform seek to radically change the way clients can buy, sell, and manage their software, cloud and services.

Industry environment

Technology has become central to organisations' strategies and business models, underpinning a global trend towards cloud-enabled digital transformation.

At the same time, organisations often struggle with the rising costs and complexity associated with software procurement, cloud migration journeys and hybrid and multi-cloud environments. Consequently, they increasingly look to trusted experts, such as SoftwareOne, as they lack the internal resources to address these challenges.

Meanwhile, vendors require partners to help them access a dispersed audience of small to medium-sized clients, support them in adopting their purchased technology, consuming cloud resources and renewing subscriptions with the ongoing shift from on-premise to SaaS and public cloud. As a global software and cloud solution provider, we can deliver solutions to these challenges, making us a partner of choice for vendors of all sizes.

Well-positioned to deliver both client and vendor value

Clients

Focus on best **outcome-based solutions** in an increasingly complex IT environment, **best price, right location**

Trusted advisor and consulting-led approach based on deep **customer insights**

End-to-end solutions to drive commercial and technology transformation

Value-added and IP-based professional and managed services

Support of **hybrid** (cloud and on-premises) and **multi-cloud** environments

Software vendors

Global scale with local access to **65k clients** in 90 countries

End-to-end governance of commercial relationship with access to local prices

Deep technical know-how and 24/7 support in 13 languages

Integrating products from **multiple software vendors**

Growing customer adoption / usage of cloud services

These client and vendor pain points create large, growing markets for SoftwareOne.

According to Gartner, the global software and public cloud market was valued at USD 634 billion in 2020 and is expected to grow at a CAGR of 14% up to 2025, with consistent growth across all major geographies.

Meanwhile, IDC estimated the value of the global IT services market at USD 1.1 trillion in 2020. SoftwareOne's addressable markets are expected to grow by over 20% CAGR up to 2025, with the largest opportunities being in Cloud Services and Application Services.

Strategy

In order to capitalise on the large, growing market for software, cloud and services, SoftwareOne aims to drive profitable growth by growing and digitising Software & Cloud Marketplace, cross-selling and up-selling services, expanding our portfolio to serve clients' digital journeys and scaling our global-local operating model. We will also continue to add capabilities and gain geographic reach via a strategic M&A programme.

Five strategic pillars to drive profitable growth

Continue to grow and digitise Software & Cloud Marketplace

Continue to cross/up-sell Software & Cloud Services

Expand portfolio to serve clients' digital journeys, based on customer insights

Scale global-local operating model for continued profitable growth

Selectively pursue M&A to add capabilities and geographic presence

Grow and digitise Software & Cloud Marketplace

We aim to grow our Software & Cloud Marketplace business line by acquiring new clients and leveraging our existing 65,000-strong client base, which continues to provide additional revenue potential through contract renewals, volume and feature upgrades and growing SaaS and cloud adoption.

We are also enhancing our delivery model to offer clients the fastest and most digital purchasing experience based on a client-centric and expertise-led approach. Depending on client needs, we offer the traditional route, self-service or a dedicated approach for more complex requests. In addition, larger clients who want to outsource the procurement of their tail-end software and cloud spend can choose Software Sourcing Services.

While we offer multiple delivery models today, our vision for the future is to disrupt the market by creating a digital marketplace with Goatpath.

Cross-sell and up-sell services

With Software & Cloud Marketplace as our 'engine', we seek to cross-sell and up-sell services to existing clients to increase the number of clients who purchase both software and services to drive share of wallet and the proportion of recurring revenues. In addition, we aim to go deeper with selected high-value clients, taking a multi-service line or 'land, deliver and expand' approach.

In 2022, 71% of gross profit was generated by 16.5k clients who purchased from both our business lines, up from 15.3k a year ago.

Expand portfolio to serve clients' digital journeys

We continue to invest in our cloud-only services portfolio to further enhance our ability to comprehensively serve clients' digital journeys. More specifically, we continue to develop IP-enabled, differentiated services, such as Cloud Services, Application Services and SAP Services which offer attractive growth potential over the coming years.

After partnering with leaders in the education, not-for-profit and construction sectors, we also continue to evaluate other industries which would benefit from higher technology adoption.

Scale global-local operating model for continued profitable growth

SoftwareOne has one of the broadest geographic footprints in the industry based on centralised delivery and local presence in 90 countries. We plan to further leverage our scalable operating model, benefiting from operating leverage as we continue to grow.

In addition, we announced a new programme in 2022 to fully embed operational excellence across our organisation. The programme spans three pillars – commercial effectiveness, efficient service delivery and right-sized support functions, with different degrees of impact on growth and efficiency. With regard to commercial effectiveness, we will seek to target the right customers with the right offerings using data insights, while optimising the structure of our commercial teams. We are also progressing towards a shoring mix for optimal utilization rates across our delivery centres and capitalising on standardised, high-volume offerings for SMEs to scale profitably. Finally, we will improve productivity across our support functions by transferring transactional activities to our shared service centres and leveraging functional centres of excellence at global or regional levels.

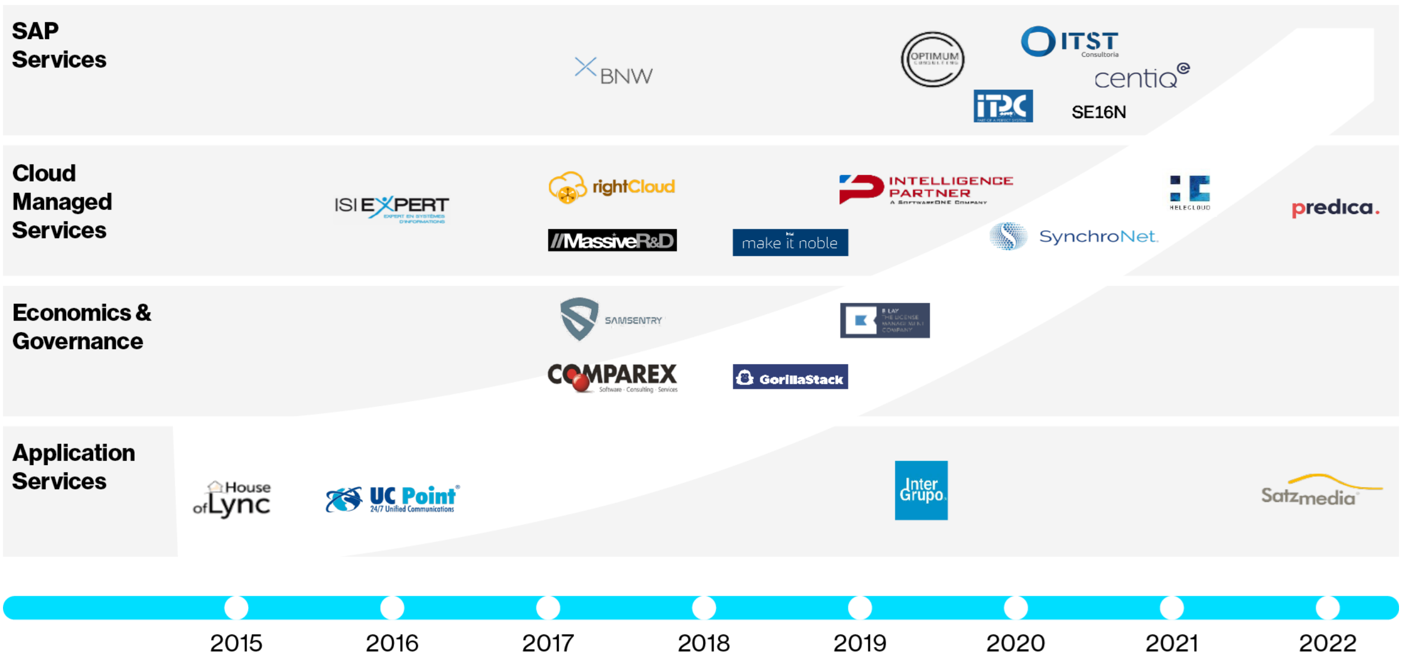
Cost savings related to the programme are expected to be CHF 50 million on an annualised basis from 2024 onwards, with up to 50% of savings being re-invested into growth and innovation. Key areas of reinvestment include leveraging customer data and AI, digitising processes, talent and capabilities development and IP-enabled services.

Pursue M&A opportunities

SoftwareOne has a strong M&A track record and intends to continue pursuing bolt-on opportunities, particularly within Software & Cloud Services. Since our IPO in late 2019, we have completed 14 acquisitions focused on scale, geographic reach and capabilities, including two transactions in 2022.

Leveraging our experience, we have developed an effective model which allows entrepreneurs to continue building their businesses as part of SoftwareOne, while capturing integration and synergies on the back-end within a short period of time post-acquisition.

Proven track record of scaling up capabilities via M&A



Environmental, Social & Governance

SoftwareOne's Environmental, Social & Governance (ESG) programme was created with a passion for our people, our communities, and our planet at its core. Building on the success of ongoing local and regional initiatives across the company, our global programme was expanded in 2022 to create an ESG strategy and vision which would allow for it to be embedded across SoftwareOne's business.

Our first ESG report will be published in H2 2023. This report will provide further detail on our ESG strategy, upcoming initiatives, 2030 ambitions and current progress, including our carbon footprint and associated reduction targets and measures. The report will align with the international reporting standard, Global Reporting Initiative (GRI), to support our growing efforts and contributions to Environmental, Social and Governance (ESG).

ESG programme & vision

Our ESG programme was further developed in 2022 based on four key elements:

- Engaging with our stakeholders for a people-centric approach to our goals.
- Identifying and assessing material topics and how these issues are important to SoftwareOne, our business and our clients.
- Developing ambitious ESG goals that align with our business objectives.
- Creating tangible initiatives and defining roadmaps to deliver on our promises effectively and efficiently.

Materiality assessment & ambitions

As we continued our materiality assessment in 2022, it was crucial to align every step of our journey to the priorities and passions of our employees, clients, investors and other stakeholders, not only to ensure that their needs are met, but also to drive further engagement. With the support of an external advisor, the assessment was completed in four stages:

1) Identifying our key stakeholders
2) Benchmarking our organisation against the technical materiality requirements of our peers
3) Discuss, interview and assess these material topics with our stakeholders to understand their impact
4) Analysing these results to create a materiality matrix which maps the impact on our stakeholders to the relevance of SoftwareOne's business.

Five key areas stood out as important to all our stakeholders, thereby contributing to shaping our programme and upcoming strategy, vision and ambitions in alignment with the United Nations Sustainable Development Goals (UN SDGs):

13 CLIMATE ACTION

Climate Action: Being climate responsible at SoftwareOne

17 PARTNERSHIPS FOR THE GOALS

Partnerships for the goals: Helping to cut downstream emissions by supporting our clients on their ESG journey

4 QUALITY EDUCATION
5 GENDER EQUALITY

Quality education and gender equality: Creating an inclusive and diverse culture, focusing on caring for our people

10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

Reduced inequalities and sustainable cities and communities: Ensuring we fully support a direct positive digital transformation of NPOs & local communities

8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth: Further developing our ethical and compliant corporate governance

Our ESG governance structure

To ensure the success of our global ESG programme, a dedicated sub-committee of the Board of Directors was established. This ESG Committee (ESGC) consists of three Board members, Isabelle Romy (chairwoman), Daniel von Stockar and José Duarte, and Dieter Schlosser, CEO. The ESG Team consists of our full-time staff to manage and oversee the strategy and programme.

Three further committees were created, focusing on the five ESG ambitions:

1) The Global Environmental committee is chaired by our President of Services, Bernd Schlotter, and comprises business representatives from Sales, Services, local green initiative representatives, GreenOps and MTWO colleagues.
2) The Global Social committee is chaired by our Chief HR Officer, Julia Braun, and comprises business representatives from Sales, The Academy, OneImpact, Compliance and Marketing.
3) The Global Governance committee is chaired by our Chief Legal Officer, Frank Rossini, and comprises business representatives from Sales, Compliance, Investor Relations, Data Privacy and Cyber Security.

Comprehensively embedding and aligning our ESG strategy with SoftwareOne's overall strategy was always our aim. To achieve this, we took a three-fold approach: we integrated our Materiality Matrix into our enterprise risk management process, incorporated ESG priorities into management KPIs and finally we will fully align our ESG reporting with local and international reporting standards and regulations.

ESG governance structure

Ongoing programmes and the alignment of our ESG programme with the UN SDGs

1. Being climate responsible at SoftwareOne

As a software company it is our responsibility to ensure that we are not only aware of our carbon footprint, but actively taking steps to reduce our CO_2 emissions.

In 2022 we started to collect carbon emission data sets for 2021 on a global scale, expanding the data collections that had already taken place in UK, DACH (Germany, Austria and Switzerland) and the Netherlands. For every country in which we operate, we have assigned one Environmental Data Expert to support local data collection. We determined that 2021 is our Carbon Emission Baseline year. Based on the Baseline year carbon footprint and inventory, we will define our carbon emission reduction targets, KPIs, and reduction measures.

Whilst more details of our reduction plans and local offsetting initiatives will be published in our 2023 ESG report, through the Academy we have so far donated over 3,000 planted trees supporting reforestation and biodiversity projects through our partnership with the ONE Tree Planted initiative.

Spotlight stories: DACH carbon emission calculations

In 2021 the DACH Green team started to collect data sets with the support of the software tool OneTrust/ Planetly to calculate their Scope 1, 2 and 3 emissions according to the Green House Gas (GHG) standards.

- To help reduce their overall carbon footprint, DACH started initiatives to reduce operational emissions. We promoted our company car sharing portal, started offering eBikes for business travellers, replaced our Diesel 'VIP-Shuttle' with a full electric vehicle and encouraged our employees to use public transport for business travel and commuting.
- In November 2022 the team in DACH compensated for its emissions on buildings & fleet (Scope 1), energy, cooling & heating (Scope 2) and business travel (Scope 3) based on their 2021 data collection. This was achieved by investing in GOLD-Standard-certified projects in India (wind energy), Bulgaria (biomass) and Costa Rica (rainforest reforestation).

2. Helping to cut downstream emissions by supporting our clients on their ESG journey

We believe it is our responsibility to support our clients with their sustainability and ESG journeys. As part of SoftwareOne FinOps, our GreenOps programme is taking shape, helping our clients to make informed decisions on the cloud initiatives they choose to join, and supporting their movement to NetZero.

Spotlight stories: MTWO

SoftwareOne is taking steps to digitally transform the AEC (Architecture, Engineering and Construction) industry as the global distribution and service provider of MTWO Construction Cloud. Through our partnership with Schneider Electric, RIB Software and Microsoft, we are supporting the construction industry to become more sustainable.

MTWO is at the forefront of green building practices, constantly exploring new ways to reduce the environmental impact of construction, including its integration with the Building Transparency's Embodied Carbon in Construction Calculator (EC3). This new tool empowers stakeholders to evaluate a project's overall carbon emissions and utilise that information to procure low-carbon material alternatives. This is critical in an industry that produces 38% of global energy-related CO_2 emissions.

MTWO seeks to connect all project stakeholders throughout the project lifecycle, from initial planning through building maintenance, increasing productivity and efficiency while reducing waste and rework. We aim to enable construction companies to assess and measure their lifecycle carbon impacts.

3. Creating an inclusive and diverse culture, focusing on caring for our people

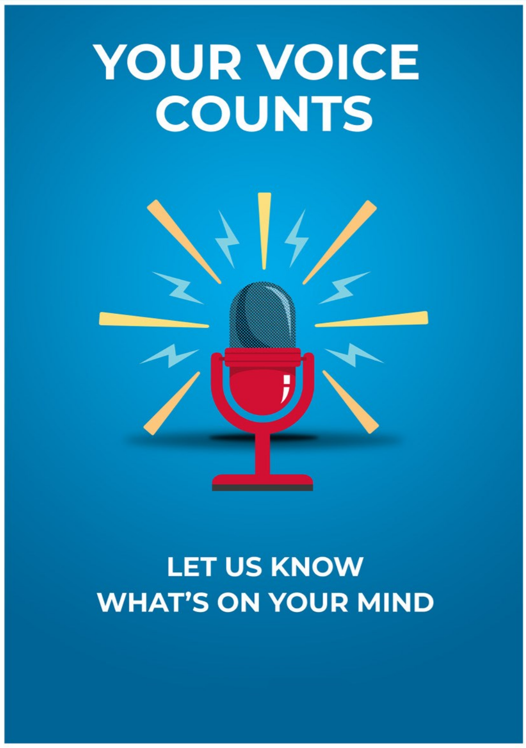
Promoting an equal and inclusive culture, as well as a workplace that allows individuals to be the best versions of themselves within SoftwareOne, is and always will be at the core of who we are.

We aim to have a positive impact on our local communities by working with our SoftwareOne Academy, fostering a diverse workforce, and assuring employee engagement in this area through additional local resources and events.

During 2022, we celebrated important events such as International Women's Day and Pride Month, and organised regular 'Culture Days' to celebrate the diverse and brilliant cultures that make up SoftwareOne.

On International Women's Day, our motto was 'Break the Bias', focusing not only on gender, but more generally on equality and inclusion. SoftwareOne encouraged employees to share those biases they would like to see addressed.

Specific initiatives were also rolled out and can be used as a blueprint across other regions. In North America, a revision of the handbook for gendered words, gendered language and heteronormative language was published. An inclusion survey and a strategic plan were completed to further build on progress made in terms of inclusion.



Spotlight stories: The Academy

Now in its third year, the SoftwareOne Academy is in 14 countries delivering 10 curricula across Sales, Services, BIT and Global Services Delivery (GSDC) Operations. Over 300 associates transitioned from the Academy to SoftwareOne in 2022.

With the Academy, we continue our mission to source, recruit, train, and transition young and career-changing talent from grassroots-level communities across the world. We offer a career in technology to those from both traditional and non-traditional educational backgrounds, and offer learning that is customised to service line, role, functional and geographic needs. Our curriculum covers technical, business, soft and consulting skills to enable associates to succeed in our global organisation.

Our measures are business oriented – the reduction in the cost of recruitment, in time to competency and in attrition, as well as faster times to billability. As a testament to our success, the Academy is a finalist at the prestigious Global Learning Awards in two categories – Global Learning Impact award, and our lead, Serena Gonsalves-Fersch is a finalist for the Learning Leader of the Year award.

In the past year, we have been proud of the partnerships we have nurtured to support social causes, as well as the new ones we have built. We continue to be recognised by the EU Pact for Skills and the EU's European Alliance for Apprenticeships. We work with SoftwareOne's Impact team and Microsoft Philanthropies to create the Springboard programme – whereby Academy students and experienced Swomies work together on not-for-profit projects, helping them to raise the bar on their technology. We are particularly proud of a new partnership we developed this year between the Academy and AWS Re:start in their ITSkills4U programme. Through this, we offer learning and job opportunities in our DACH operations to Ukrainian tech refugees who have been displaced by the conflict.

In 2023, the Academy will continue to expand with the aim of 30% of recruitment in Software & Cloud Services being sourced by the Academy.

4. Ensuring we fully support a direct positive digital transformation of NPO's and local communities

We support the communities in which we operate and strive to be good corporate citizens.

As in previous years, many local initiatives took place in 2022. In Mexico, our team made donations to a charity that provides homes, food and education to homeless children. In Spain, our employees provided school supplies and toys to a Sahrawi refugee camp in Algeria. There was also considerable urgency to help people in Ukraine this year. SoftwareOne organised a fund for employee donations and matched the amount, which was donated to four charities (Prytula Fund, NBU Fund, Red Cross and Save the Children) selected by SoftwareOne's CEE and Ukrainian leadership teams.

Working with non-profit organisation clients to support them in their digital transformation journeys is core to SoftwareOne's vision. We aim to provide non-profit industry clients and local communities with digital services which help them achieve their Sustainable Development Goals.

Spotlight stories: SoftwareOne Impact

In 2022, we expanded the collaboration with Microsoft Tech for Social Impact and solidified a strong partnership with Amazon Web Services, achieving the Non-profit Competence.

In 2022, SoftwareOne Impact launched Digital Communities – a programme to provide technology enablement to small non-profit organisations (<20 staff) – in Microsoft data center communities across the Americas, UK, Europe and Asia Pacific. In only one year, we completed 15 engagements via Digital Communities. These were funded by Microsoft and delivered by SoftwareOne.

SoftwareOne Impact also launched SoftwareOne Recess in 2022, a programme to accelerate coding and software development skills with kids. In partnership with AWS, SoftwareOne brings an immersive experience with AWS's DeepRacer Student product which encourages exploration of Machine Learning and Artificial Intelligence. SoftwareOne launched the programme with the Boys & Girls Clubs in Chester, PA, USA, and is expanding to schools and youth services organisations in 2023. More information on our community-focused initiatives can be found here.

5. Further developing our ethical and compliant Corporate Governance

At SoftwareOne, achieving long-term success and realising ambitions hinges on ethical and responsible business operations.

Codes of Conduct

At SoftwareOne, we are guided by our Code of Conduct for Board Members and Employees and expect that our partners respect the Code of Conduct for Business Partners. As a useful resource, it is embedded with hyperlinks and references to online documents posted on the internet/intranet, of which some were newly adopted in 2022. These include an Anti-Bribery and Corruption Policy, a Conflict-of-Interest Policy, a Gifts and Entertainment Policy and a Recusal Policy to protect US citizens from economic sanctions and exposure to trade embargoes. Additionally, we provide helpful guides that now assist all colleagues in their interpretation of the Code.

Our employees are required to complete mandatory online training on the Code of Conduct on an annual basis, allowing us to measure their understanding and engagement. The training is deployed in different formats and includes metrics tracking completion. Since 2020 we have continued to operate an externally managed alternative channel to disclose improper or unlawful misconduct; our Integrity Line, run by EQS, is available 24/7 for all our employees.

Our Code of Conduct for Business Partners was used as the basis for the newly adopted third-party onboarding process, which considers the expectations outlined in the Code that are imposed on our suppliers, distributors, contractors, and others entering into a contractual relationship with us. We now place more stringent requirements on our partners to meet the demands imposed by supply chain laws in various jurisdictions worldwide that focus on child labour, modern slavery, and environmental issues.

Labour standards

We support and respect the protection of internationally proclaimed human rights and ensure that we are not complicit in any human rights abuses. As a corporation, we will only hire people who are above the minimum legal age for employment and demand equal commitment on the part of our partners. We provide all employees with a safe work environment that respects their health and well-being. As far as any relevant laws allow, all our employees are free to form and join or not join trade unions or similar external representative organisations and to bargain collectively. We are subject to collective bargaining agreements or similar labour contracts in Brazil and Mexico. In other jurisdictions, including Spain, Austria, Italy and the Netherlands, a workers' council is in place. Forced, bonded or compulsory labour is not tolerated and employees are free to leave their employment after reasonable notice as required by national law or work contract.

Conflicts of interests

Our employees and other SoftwareOne representatives must avoid conflicts of interest and, if unable to do so, must disclose conflicts internally for appropriate action to be taken to avert challenging situations or allegations of impropriety. These principles are set out in our Conflict-of-Interest Policy passed in 2022 which describes conflicting situations and the disclosure, recusal, and management processes. Alongside the Conflict-of-Interest Policy, we have introduced a disclosure management tool covering outside opportunities, close personal relationships, gifts, donations, sponsorships, entertainment, intellectual property, and other potential situations of conflict to facilitate disclosures and the approval process. To introduce the new disclosure tool and strengthen employees' awareness, an important part of our Code of Conduct 2022 training was devoted to this subject.

Anti-corruption, ethical business conduct

We tolerate no form of extortion or bribery, including improper offers for payments or entertainment to or from our employees or organisations. We forbid bribery of office holders, clients, business partners, suppliers, or any other party, accepting improper payments from such persons or inciting these persons to such behaviour in order to achieve unfair advantages.

We are committed to complying with all applicable competition and antitrust laws and regulations. We also strive to comply with all applicable export control regulations to prevent the proliferation of software and/or technology that can be used for military purposes.

We expect our third parties to abide by all applicable laws and regulations and uphold values and principles that compare with their own. To ensure that this is the case, we have introduced a third-party risk management process that entails onboarding for new and existing business partners, with automated workflows for assessments, risk mitigations, reporting, monitoring, and offboarding. Our business partners, including suppliers, distributors, and contractors, will be successively evaluated and undergo a scrutiny process that covers aspects of Compliance, Data Privacy, Procurement and Security and will be rated accordingly. The rollout of this third-party risk management process commenced in 2022, first targeting third parties with higher risk ratings.

Quality certifications

We are certified to international standards on systems management, including ISO 9001:2015 on quality management systems, ISO 14001:2015 on environmental management systems, ISO 27001:2013 on information security management and ISO/IEC 27017:2015 on information security controls for cloud services. Our team in Brazil is ISO 37001:2016 certified.

A SOC2 Type II report examining the design and operating effectiveness of our Cyber Security Practice was completed in 2021 and a SOC3 report examining the controls relevant to security, availability, processing integrity, confidentiality and privacy was completed in 2022.

We are also pleased to announce that for the eighth year in a row, we have been honoured with an EcoVadis award. We have been recognised with the Silver EcoVadis award as featuring among the top 25% of companies in the Computer programming, consultancy and related activities industry category, in the top 20% of companies with a Sustainability Procurement score and an Ethics score in the top 13% in our industry category. This award endorses our Corporate Social Responsibility programme as a supplier of choice for our clients who can feel safe in the knowledge that we are committed to our long-term environmental and social goals.

Privacy and data protection

Our employees must comply with all applicable data protection and privacy laws.

To ensure that personal data is obtained properly, kept securely and only used for those business purposes for which it was initially intended, our IT policies, namely the IT end-user policy and Data Protection Policies, guide our employees in compliance and have been updated to the new standard. The main data protection regulation which governs the group's operations is the European Union's Regulation (EU) 2016/679 (General Data Protection Regulation or GDPR). However, other data privacy regulations of different countries/regions also need to be observed, for example the legislation of California/USA (California Consumer Privacy Act – CCPA), Brazil (Lei Geral de Proteção de Dados – LGPD), UK (UK-GDPR) or Switzerland (Datenschutzgesetz – DSG). All these regulations provide frameworks containing the principles for legitimate data processing in the respective country/area. We continue to incur costs of implementing various measures throughout our operations (including our employee training, documentation and monitoring duties and process adjustments) as a result of applying these laws.

Our people

At SoftwareOne, we seek to maintain a unique culture based on seven core values that drive everything we do.

Our seven core values

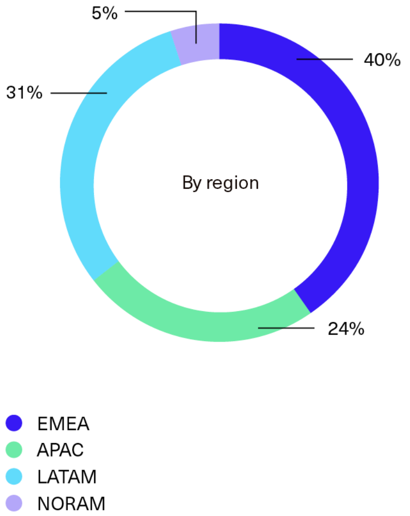
Humble	Customer focused	Employee satisfaction	Speed	Passion	Integrity	Discipline
We never forget the importance of our clients and are always looking for ways to deliver more.	We are driven to exceed expectations and ensure a world class experience for all our clients, all over the world.	We love and support our colleagues because we know that happy, empowered colleagues lead to happy, empowered clients.	We believe that fast is better than slow but we will never compromise on quality.	We strive for excellence, go the extra mile for our clients and have fun in what we do.	We are consistent, honest and fair and always do what is right for our clients and their business.	In everything we do, we accept responsibility and deliver on all of our commitments.

Global and diverse workforce

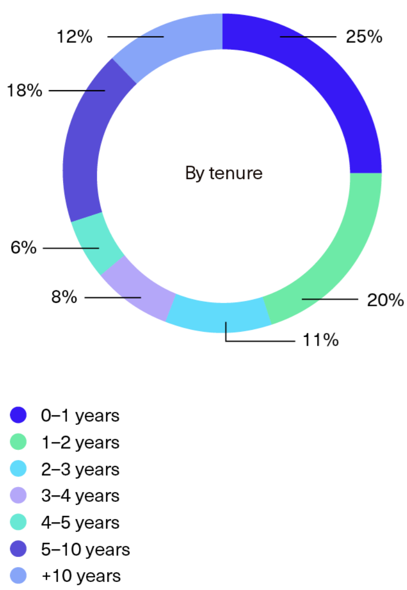
In 2022, SoftwareOne grew to 9,060 employees worldwide. We pride ourselves on our diversity, representing people of 80+ different nationalities, 30+ languages and a good representation of religious groups. By gender, the distribution is 64% male, 34% female and 2% trans or other, and the average age is 37.

Our diverse workforce

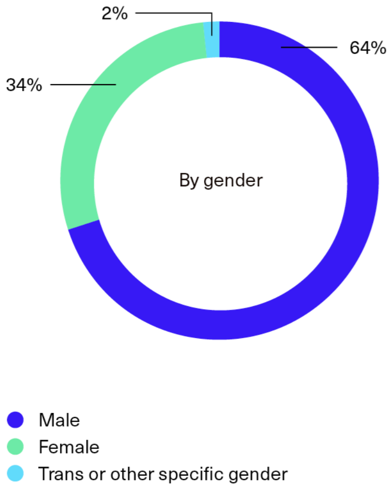
FTEs by region



FTEs by tenure



FTEs by gender



As we continue to grow, attracting the best talent, empowering people to innovate and reinforcing our culture play an important role in driving performance and maintaining a highly engaged workforce.

FTEs by region

As at 31 December	2019	2020	2021	2022
Geographic region				
EMEA	2,793	3,155	3,632	3,666
APAC	1,487	1,753	2,012	2,186
LATAM	756	853	2,579	2,765
NORAM	406	457	488	443
Total	**5,442**	**6,219**	**8,710**	**9,060**

Attracting talent

Attracting talent is critical to ensuring the long-term success of SoftwareOne. In 2022, we welcomed more than 300 net new hires to strengthen key areas of our business.

To ensure efficiency, high-class candidate experiences and quality recruitment, several enhancements were made to our Talent Acquisition team's IT infrastructure and processes. We implemented a tool to create a pool of 150,000 engaged candidates to potentially hire for the right opportunity. Data analytics were also improved to deliver transparency on hiring quality, efficiency, and personnel costs.

Other areas of focus were Employer Branding, Diversity & Inclusion and developing our partnership with PowerToFly, a leading platform that connects underrepresented talent to roles in the technology sector.

Training and developing leaders

At SoftwareOne, we believe in unlocking the potential of every employee. This requires transformational and inspiring leaders who empower their teams. In 2022, we focused on professionalising our leadership development programmes and launched several pilots, ranging from 'Emerging Leaders' to 'Experienced Leaders'. A highlight was the 'Coaching for Transformation programme', where around 200 of our leaders embarked on a three-month highly participative training based on the research of a Harvard Business School professor.

In addition, to strengthen technical, professional and leadership skills at all levels globally, we crafted a digital learning platform available to all employees to go live in early 2023, giving them access to content on-demand.

Rewarding strong performance

We believe in rewarding great performance and going 'above and beyond' to serve our clients. Our President's Club is an employee recognition event to celebrate outstanding contributions. After two years of being unable to host the event physically due to Covid-19 restrictions, we were excited to celebrate three-events-in-one in Berlin in late 2022.

Tracking employee satisfaction

We know that happy people perform better. To gauge employee satisfaction, SoftwareOne regularly conducts employee engagement surveys designed to measure and improve engagement, satisfaction, and performance. The feedback and ideas received are a fundamental part of SoftwareOne's culture and are essential in shaping the direction of our company.

In 2022, a short pulse survey was carried out to check on the progress of the action plan based on the large engagement survey undertaken in September 2021.

Financial review

Introduction

The financial results of SoftwareOne are reported in accordance with International Financial Reporting Standards (IFRS).

In addition, the company presents an adjusted profit and loss statement, which excludes items and related tax impacts that are not indicative of the underlying performance of the business nor its future growth potential. This set of data reflects the company's internal approach to analysing the results.

At the end of this section, SoftwareOne provides a reconciliation from IFRS reported to adjusted profit and loss statement, an overview of adjustments made and definitions of non-IFRS financial measures.

Due to a change in accounting policies, the prior year’s figures have been restated. For more details, refer to Note 2 of the consolidated financial statements.

Results review

Revenue at the group level grew 14.1% YoY and 10.2% YoY in constant currency (ccy) and reported currency, respectively, to CHF 1,011.0 million in 2022, compared to CHF 917.7 million in the prior year. Revenue growth in Q4 2022 was 7.5% YoY ccy as clients took a more cautious approach to spend, particularly evident in the Microsoft business in EMEA.

Gross profit increased by 13.8% YoY ccy to CHF 939.5 million in 2022, compared to CHF 855.1 million in 2021.

The negative FX translation impact of approximately four percentage points at the revenue level was due to the strengthening of the CHF versus the EUR, partially offset by some weakness against the USD.

Key figures

in CHF million	FY 2022	FY 2021	% Δ Rep	% Δ at CCY	Q4 2022	Q4 2021	% Δ Rep	% Δ at CCY
Software & Cloud Marketplace	545.3	533.6	2.2%	5.7%	151.2	153.7	–1.6%	2.0%
Software & Cloud Services	465.7	384.1	21.3%	26.0%	126.2	114.7	10.0%	15.0%
Revenue total	**1,011.0**	**917.7**	**10.2%**	**14.1%**	**277.4**	**268.4**	**3.3%**	**7.5%**
Software & Cloud Marketplace	545.3	533.6	2.2%	5.7%	151.2	153.7	–1.6%	2.0%
Software & Cloud Services	394.2	321.4	22.6%	27.4%	102.7	93.5	9.9%	15.0%
Gross profit total	**939.5**	**855.1**	**9.9%**	**13.8%**	**254.0**	**247.2**	**2.8%**	**6.9%**
Total operating expenses	–699.1	–635.7	10.0%	14.5%	–176.3	–172.0	2.5%	7.4%
Adj. EBITDA	**240.4**	**219.4**	**9.6%**	**11.9%**	**77.7**	**75.2**	**3.3%**	**5.8%**
Adj. EBITDA margin (% gross profit)	25.6%	25.7%	-0.1 pp	–	30.6%	30.4%	0.2 pp	–
Adj. EPS (diluted)	0.74	0.71	4.4%	–	–	–	–	–
IFRS reported								
Net cash from operating activities	91.1	158.0	–42.4%	–	–	–	–	–
Net debt / (net cash)	–461.2	–547.4	–15.7%	–	–	–	–	–
Net working capital (after factoring)	–158.3	–187.5	–15.6%	–	–	–	–	–
Headcount (in FTEs at year-end)	**9,060**	**8,710**	**4.0%**	**–**	**–**	**–**	**–**	**–**

Double-digit growth across regions

EMEA grew revenue and gross profit by 13.7% and 12.6% YoY ccy to CHF 611.6 million and CHF 563.9 million, respectively, in 2022, including the acquisition of Predica. In Q4 2022, revenue and gross profit growth was 8.0% and 4.3% YoY ccy, respectively, primarily driven by weaker results in Microsoft.

NORAM delivered a strong performance in 2022, with revenue and gross profit up 14.8% and 15.5% YoY ccy to CHF 158.3 million and CHF 152.5 million, respectively, driven by strong results in Microsoft and other ISVs. Momentum continued into Q4 2022 with revenue and gross profit growth at 11.7% and 14.1% YoY ccy, respectively.

APAC delivered revenue and gross profit growth of 12.1% and 13.7% YoY ccy to CHF 125.5 million and CHF 118.8 million, respectively, in 2022. In Q4 2022, revenue and gross profit growth was 2.7% and 11.9% YoY ccy, respectively, driven by continued strength in China, as well as Australia and Hong Kong.

LATAM grew revenue and gross profit by 12.2% and 11.7% YoY ccy to CHF 109.3 million and CHF 98.8 million, respectively, in 2022 primarily led by services. In Q4 2022, revenue and gross profit growth was 7.7% and 5.6% YoY ccy, respectively, driven by slowdowns in key markets Brazil and Colombia due to the political environment.

Continued growth momentum across business lines

Software & Cloud Marketplace

Revenue and gross profit from Software & Cloud Marketplace grew 5.7% YoY ccy to CHF 545.3 million in 2022, compared to CHF 533.6 million in the prior year.

Gross billings in the Microsoft business amounted to USD 16.9 billion in 2022, up 13.0% compared to 2021. In Q4 2022, billings were USD 3.2 billion, up 2.0% compared to the prior year, as clients became more cautious given the macroeconomic environment. Other ISVs demonstrated strong momentum through Q4 2022, growing double-digit in constant currency.

Adjusted EBITDA for Software & Cloud Marketplace grew 5.0% YoY ccy to CHF 289.1 million in 2022, compared to CHF 281.4 million in the prior year. The adjusted EBITDA margin in 2022 increased slightly to 53.0% of gross profit, a sector-leading level.

Software & Cloud Services

Software & Cloud Services achieved revenue growth of 26.0% YoY ccy to CHF 465.7 million in 2022, up from CHF 384.1 million in the prior year.

Gross profit grew 27.4% YoY ccy to CHF 394.2 million in 2022, up from CHF 321.4 million during the prior year, driven primarily by xSimples, Cloud Services and Application Services. Momentum slowed in Q4 2022, with growth of 15.0% YoY ccy, driven by a normalisation of growth in xSimples and a lower contribution from acquisitions.

Focus on cross-selling continued with 71% of LTM (to 31 December 2022) gross profit generated by c. 16.5k clients purchasing both software and services, up from 15.3k a year ago. Gross profit in xSimples was up 56.0% and 41.5% YoY ccy in 2022 and Q4 2022, respectively. By 31 December 2022, SoftwareOne supported 8.8 million users in the cloud, up from 6.9 million one year ago.

Adjusted EBITDA for Software & Cloud Services was CHF 13.6 million in 2022, with a margin of 3.4% of gross profit, compared to CHF (5.8) million in the prior year, driven by a strong contribution margin and operating leverage as the business continues to scale.

Focus on disciplined execution

Adjusted total operating expenses in 2022 were CHF 699.1 million, increasing 14.5% YoY ccy compared to the prior year. In Q4 2022, total operating expenses amounted to CHF 176.3 million, remaining broadly stable for five quarters since Q4 2021 as a result of strict cost control.

Adjusted EBITDA for 2022 was CHF 240.4 million, increasing 11.9% YoY ccy compared to CHF 219.4 million in the prior year. The adjusted EBITDA margin was 25.6% of gross profit, demonstrating stable profitability compared to prior year.

Adjusted profit for the year was CHF 115.0 million in 2022, representing an increase of 4.6% YoY in reported currency, compared to CHF 110.0 million in the prior year.

IFRS reported profit for the year decreased to CHF (58.3) million in 2022, compared to CHF 117.6 million in the prior year, reflecting a mainly non-cash loss related to the sale of the Russian operations and a fair value loss on shares in Norwegian listed company Crayon (partially realised due to sell-down in April 2022), as well as the impact of M&A and integration-related expenses, restructuring and a change in revenue recognition for Microsoft Enterprise Agreements.

For a reconciliation of IFRS reported profit to adjusted profit for the year, see Alternative Performance Measures.

Driving operational excellence

SoftwareOne will implement a new programme in 2023 geared towards embedding operational excellence across the organisation. The programme spans three pillars – commercial effectiveness, efficient service delivery and right-sized support functions. Cost savings are expected to be CHF 15 million in 2023 and CHF 50 million on an annualised basis from 2024 onwards. Up to 50% of cost savings achieved in each year will be re-invested into strategic growth areas. A restructuring cost is expected to be recognised in Q1 2023.

Strong liquidity and unlevered balance sheet

Net working capital (after factoring) remained negative at CHF (158.3) million, with payables exceeding receivables in 2022, compared to CHF (187.5) million in the prior year. Net cash from operating activities was CHF 91.1 million in 2022, down from CHF 158.0 million in the prior year, driven primarily by working capital.

Capital expenditure totalled CHF 47.3 million, mainly relating to investments in Goatpath, compared to CHF 33.3 million in the prior year.

Proceeds from the sale of financial assets (related to Crayon) were CHF 115.5 million. Cash outflow relating to acquisitions of businesses amounted to CHF 78.4 million.

Net cash position was CHF 461.2 million as at 31 December 2022, compared to CHF 547.4 million in 2021.

Launch of buyback programme

As previously announced, SoftwareOne will launch a buyback programme of up to CHF 70 million. The programme is expected to start in Q2 2023.

The share buyback programme is for capital reduction purposes and will be executed on a second trading line on the SIX Swiss Exchange. SoftwareOne intends to request shareholder approval to cancel the shares purchased through this programme and to reduce the share capital at future shareholders' meetings.

Outlook for 2023 and mid-term guidance

SoftwareOne will execute on its well-defined strategy in order to capitalise on a healthy environment in 2023. Organisations are expected to continue prioritising digital transformation, although the uncertain macroeconomic backdrop remains a consideration.

Based on the new reporting methodology, with growth and margin based on revenue rather than gross profit, the outlook for 2023 is for:

- Double-digit revenue growth for the group in constant currency;
- Adjusted EBITDA margin of 24-25% of revenue;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year.

The mid-term guidance has been adjusted to reflect the full impact of the new operational excellence programme and continued commitment to the company's growth strategy and enhanced returns to shareholders.

The table below allows for a comparison of the outlook and mid-term guidance based on both the new and old reporting methodologies.

FY 2023 outlook and mid-term guidance

New reporting methodology			Old reporting methodology		
	FY 2023	**Mid-term**		**FY 2023**	**Mid-term**
Revenue growth	Double-digit (ccy)	Mid-teens	**Gross profit growth**	Double-digit (ccy)	Mid-teens
Adj. EBITDA margin (% revenue)	24-25%	>25%	**Adj. EBITDA margin (% gross profit)**	25.5-26.5%	>26.5%
Dividend policy	30-50% adj. profit	30-50% adj. profit	**Dividend policy**	30-50% adj. profit	30-50% adj. profit

Alternative Performance Measures

SoftwareOne has defined a set of non-IFRS, or alternative, financial measures, which reflect the company's internal approach to analysing its performance and which are also disclosed externally. These measures allow key decision makers at SoftwareOne to manage the company and make investment decisions. The company believes that such measures are also frequently used by external stakeholders such as sell-side research analysts, investors, and other interested parties to evaluate peers in the same industry.

In 2022, SoftwareOne introduced a new Alternative Performance Measure called 'contribution margin', corresponding to revenue minus delivery costs as part of a new reporting methodology.

In addition, KPIs such as growth and margin will be based on revenue rather than gross profit from 2023 onwards. The use of gross profit will be phased out during the course of 2023.

Results overview

Link to full overview of SoftwareOne's consolidated financial statements

Profit & loss summary – Old reporting methodology

	IFRS reported		Adjusted			
in CHF million	2022	2021	2022	2021	% Δ	% Δ at CCY
Revenue from Software & Cloud Marketplace	**538.4**	**530.2**	**545.3**	**533.6**	**2.2%**	**5.7%**
Gross profit from Software & Cloud Marketplace	**538.4**	**530.2**	**545.3**	**533.6**	**2.2%**	**5.7%**
Revenue from Software & Cloud Services	**465.7**	**384.1**	**465.7**	**384.1**	**21.3%**	**26.0%**
Third party service delivery costs	–71.5	–62.6	–71.5	–62.6	14.2%	
Gross profit from Software & Cloud Services	**394.2**	**321.4**	**394.2**	**321.4**	**22.6%**	**27.4%**
Gross profit total	**932.6**	**851.6**	**939.5**	**855.1**	**9.9%**	**13.8%**
Operating expenses	–795.7	–694.7	–699.1	–635.7	10.0%	14.5%
EBITDA	**136.9**	**156.9**	**240.4**	**219.4**	**9.6%**	**11.9%**
Depreciation, amortisation and impairment[1]	–58.6	–55.3	–58.6	–55.3	5.8%	
EBIT	**78.4**	**101.6**	**181.9**	**164.1**	**10.9%**	**–**
Net financial items	–92.4	49.4	–14.7	–14.0	5.3%	–
Earnings before tax	**–14.0**	**151.0**	**167.2**	**150.1**	**11.4%**	**–**
Income tax expense	–44.3	–33.3	–52.2	–40.1	30.1%	–
Profit for the year	**–58.3**	**117.6**	**115.0**	**110.0**	**4.6%**	**–**
EBITDA margin (% gross profit)	**14.7%**	**18.4%**	**25.6%**	**25.7%**	**-0.1pp**	**–**
EPS (diluted)	**–0.38**	**0.76**	**0.74**	**0.71**	**4.4%**	**–**

1) Includes PPA amortization (including impairments, if applicable) of CHF 15.9 million and CHF 14.4 million in 2022 and 2021, respectively

Profit & loss summary – New reporting methodology

in CHF million	2022	Adjusted 2021	% Δ	% Δ at CCY
Revenue from Software & Cloud Marketplace	**545.3**	**533.6**	**2.2%**	**5.7%**
Revenue from Software & Cloud Services	**465.7**	**384.1**	**21.3%**	**26.0%**
Total revenue	**1,011.0**	**917.7**	**10.2%**	**14.1%**
Delivery costs	–374.6	–322.6	16.1%	20.7%
Contribution margin	**636.4**	**595.1**	**6.9%**	**10.9%**
SG&A	–396.0	–375.7	5.4%	9.9%
EBITDA	**240.4**	**219.4**	**9.6%**	**11.9%**
Depreciation, amortisation and impairment[1]	–58.6	–55.3	5.8%	–
EBIT	**181.9**	**164.1**	**10.9%**	**–**
Net financial items	–14.7	–14.0	5.3%	–
Earnings before tax	**167.2**	**150.1**	**11.4%**	**–**
Income tax expense	–52.2	–40.1	30.1%	–
Profit for the year	**115.0**	**110.0**	**4.6%**	**–**
EBITDA margin (% revenue)	**23.8%**	**23.9%**	**-0.1pp**	**–**
EPS (diluted)	**0.74**	**0.71**	**4.4%**	**–**

1) Includes PPA amortisation (including impairments, if applicable) of CHF 15.9 million and CHF 14.4 million in 2022 and 2021, respectively

Reconciliation – IFRS reported to Adjusted profit

in CHF million	2022	2021
IFRS reported profit for the period	**–58.3**	**117.6**
Impact of change in revenue recognition of Microsoft Enterprise Agreements	6.6	3.3
Share-based compensation	4.3	13.2
Integration expenses, M&A and earn-out expenses	44.3	36.7
Restructuring expenses	13.1	9.3
Russia related-loss	35.2	–
Total revenue and operating expense adjustments	**103.5**	**62.5**
Depreciation / (appreciation) of Crayon and impact of adjustments on financial result	**77.7**	**–63.4**
Tax impact of adjustments	**–7.9**	**–6.8**
Adjusted profit for the year	**115.0**	**110.0**

Source: Management view

Non-IFRS financial measures and group key performance indicators (KPIs)

The group presents non-IFRS financial measures used by management to monitor the company's performance, which may be helpful for external stakeholders in evaluating SoftwareOne's financial results compared to industry peers. They include the following:

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

Adjusted EBITDA is defined as the underlying earnings before net financial items, tax, depreciation and amortisation, adjusted for items affecting comparability in operating expenses.

Adjusted EBITDA margin is defined as adjusted EBITDA divided by gross profit (old reporting methodology) or revenue (new reporting methodology).

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

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

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

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

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

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

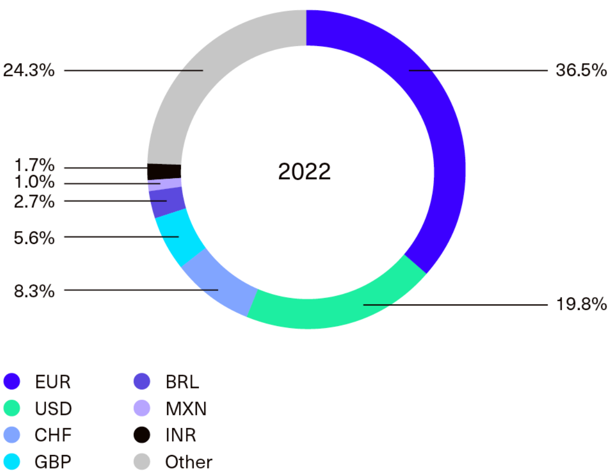
Exchange rates

The table below shows the development of the Swiss franc, SoftwareOne's reporting currency, against major currencies. In addition, the charts provide an overview of the currency breakdowns, including currencies which had the biggest impact on gross profit and operating expenses during 2022. Related calculations are based on underlying management accounts and may slightly differ from exchange rates shown in the Consolidated financial statements.

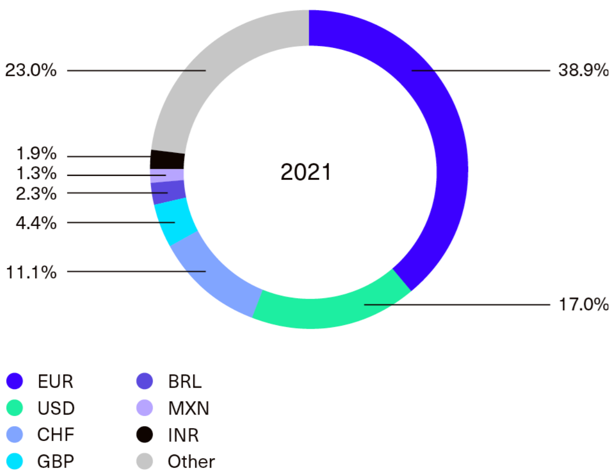
CHF to LCY	2022	2021	% change
EUR	1.00	0.93	7.4%
USD	1.05	1.09	–4.3%
CHF	1.00	1.00	0.0%
GBP	0.85	0.80	6.6%
BRL	5.40	5.87	–8.0%
MXN	21.15	22.20	–4.8%
INR	82.21	80.86	1.7%

FX exposure

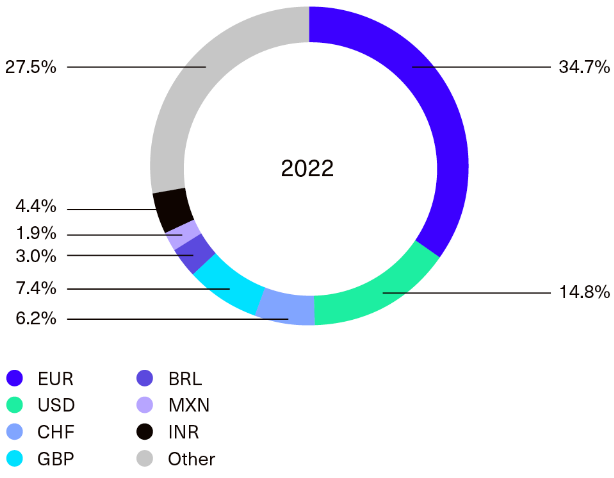
Gross profit FY 2022



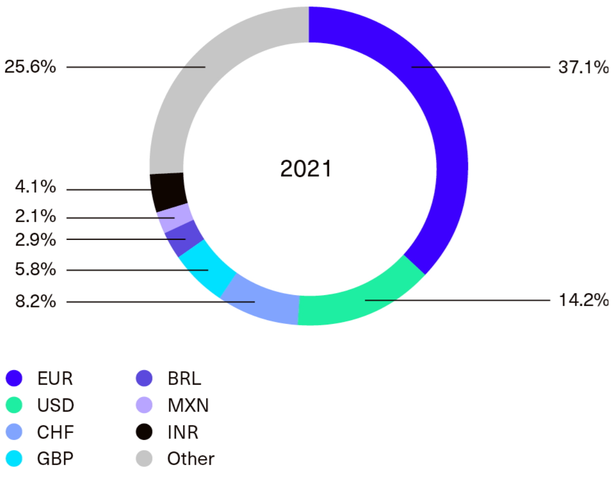
Gross profit FY 2021



Operating expenses FY 2022



Operating expenses FY 2021



Source: Based on management accounts

Corporate Governance Report

Introduction

Corporate Governance at SoftwareOne is the manifestation of a deeply engrained belief that long-term value creation can only be achieved with improvements of decision-making processes, transparency, and the implementation of management systems. Together these are all designed to ensure compliance with all laws and regulations. Corporate Governance at SoftwareOne reflects the desire to improve the functioning of the organisation and to continuously introduce new best practices.

The corporate governance framework of SoftwareONE Holding AG and SoftwareOne Group (collectively, SoftwareOne) follows the rules contained in the Directive Corporate Governance (DCG) of the SIX Swiss Exchange, the Swiss Code of Best Practice for Corporate Governance of économie suisse (Swiss Code) and aligns with current market practices.

The Board of Directors (BoD) is responsible for the ultimate direction of the company and overall oversight and the Executive Board (EB) for managing operations. SoftwareOne's corporate governance principles and procedures are defined as follows:

- SoftwareOne's Articles of Incorporation, defining the legal and organisational framework
- SoftwareOne's Organisational Regulations (OrgR), defining the governance framework of SoftwareOne and the group, including the responsibilities and authorities of the BoD, Chairman, Lead Independent Director (LID), Board committees, the CEO and other individual Executive Board (EB) members, as well as relevant reporting procedures.
- SoftwareOne's charters of the Board committees on audit and on nomination and compensation, which outline the duties and responsibilities of each of these committees.
- SoftwareOne's codes of conduct (CoCs), which outline the compliance framework and set out the basic ethical and legal principles and policies the company applies globally to employees and Board members as well as business partners. Reinforcing the effectiveness of the CoCs is the group-wide integrity line (softwareone.integrityline.org) that provides a reporting channel for suspected wrongdoings.

Group structure and shareholders

Operational group structure of SoftwareONE Holding AG

The operating business of SoftwareOne is conducted through SoftwareONE Holding AG's subsidiaries (operating legal entities). Detailed information on group companies is provided in Note 29 to the group financial statements. SoftwareONE Holding AG, the group's ultimate parent company, is incorporated and domiciled in Switzerland with registered offices at Riedenmatt 4, 6370 Stans. The company is listed on the SIX Swiss Exchange under the ticker symbol 'SWON' (Swiss security number: 49645150, International Security Identification Number 'ISIN': CH0496451508) and reports in accordance with the International Financial Reporting Standard (IFRS).

As at 31 December 2022, SoftwareOne held 3,516,831 shares (corresponding to 2.22% of the company's total share capital) in treasury. The market capitalisation of SoftwareOne as at 31 December 2022 amounted to CHF 2.0 billion.

The holding is organised into a two-tier structure with the BoD setting the strategic direction of SoftwareOne, appointing and overseeing key executives, approving major transactions and investments and ensuring proper financial reporting and controls. 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.

The group is organised into the two business lines Software & Cloud and Solutions & Services (from 1 January 2023 renamed to Software & Cloud Marketplace and Software & Cloud Services, respectively, and collectively Software & Cloud Solutions).

Shareholders

The disclosure notifications of significant shareholders and groups of shareholders holding 3% or more of the voting rights as at 31 December 2022:

Shareholder/group of shareholders	Shares held	% of voting rights
Dr. Daniel Marc von Stockar- Scherer-Castell, Naxxar, Malta[1)]	17,505,107	11.05%
B. Curti Holding AG[1),2)]	16,031,853	10.10%
René Rudolf Gilli, Emmetten, Switzerland[1)]	12,449,637	7.85%
UBS Fund Management[3)]	8,022,013	5.05%
Pictet Asset Management SA[4)]	5,154,610	3.25%

1) 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 29% of voting rights. The representative of this group of shareholders is Dr. Beat Curti, Erlenbach, Switzerland.
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) Based on the disclosure notification published on 12 March 2022.
4) Based on the disclosure notification published on 2 November 2019.

Individual notifications that were published during the year under review are available on the SIX Exchange Regulation webpage.

Between 31 December 2022 and the publication of this report, the company has not issued 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 2022, 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.

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.

Authorised and conditional capital

As at 31 December 2022 and in the prior three years, the company has no authorised 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

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

Duty to make an offer

Prior to SoftwareOne's listing on the SIX Swiss Exchange in October 2019, its shareholders decided to increase the mandatory offer threshold to make a public takeover offer pursuant to Art. 135 FMIA by way of an opting-up clause in its AoI from the standard 33⅓% to the level of 49% of the voting rights.

The opting-up provision is the result of the particular shareholder structure of SoftwareOne. It is primarily intended to limit the risk of unintentionally triggering a mandatory bid offer by the founding shareholders because of a corporate transaction.

Participation and dividend-right certificates

As at 31 December 2022, SoftwareOne has issued neither participation certificates nor profit sharing certificates.

Limitations on convertible bonds and options

As at 31 December 2022, 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

The Nomination and Compensation Committee (NCC) strives to achieve a BoD composition with appropriate professional backgrounds and experience as well as diversity among the members of the BoD, including gender diversity and excluding age or tenure limitations.

During the reporting period, the following members formed part of the BoD. As at 31 December 2022, the BoD consisted of eight members:

Name	Nationality	Born	First elected	Significant shareholder	Education	Background
Daniel von Stockar Chairman	Swiss	1961	2013	Yes	Economics	Entrepreneur, Founder SoftwareOne
Peter Kurer Lead Independent Director	Swiss	1949	2013	No	Law	Former Chairman of Sunrise and UBS
René Gilli[1]	Swiss	1958	2013	Yes	Economics and information technology	Founder SoftwareOne
Jean-Pierre Saad[1]	Belgian	1980	2015	No	Engineering, computer and communications	Technology and telecom investments, KKR
Marie-Pierre Rogers	Spanish	1960	2019	No	Business	Former Board Practice Leader, Spencer Stuart Switzerland
Timo Ihamuotila	Finnish	1966	2019	No	Economics and finance	CFO, ABB Ltd
José Alberto Duarte	Portuguese	1968	2019	No	Accounting, management, marketing	CEO, Infovista
Isabelle Romy	Swiss	1965	2021	No	Law	Attorney, University Professor
Adam Warby	British	1960	2021	No	Mechanical engineering	Founder and CEO, Avanade
Jim Freeman[2]	American	1972	2022	No	Computer science and literature	Chief Business and Product Officer, Zalando

1) Did not stand for re-election at the AGM on 5 May 2022.
2) Elected by the AGM held on 5 May 2022.

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 and member of the ad hoc ESG 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.

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 1991 to 2001, Partner at Homburger, Zurich, Switzerland. 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. Chairman of the Board of Directors of Swiss listed Sunrise Communications Group AG from 2016 to 2020. Currently non-executive Partner of BLR & Partners AG, Thalwil, Switzerland and non-executive Chairman of the Board of Directors of Kein&Aber AG, 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. Since 2012, member of the Swiss Advisory Board (also 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 Law (LLM) from the University of Chicago.

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 & Operations at Citibank, CEO and member of the Board of CPGMarket.com from 2000 to 2006. member of the Board La Virgen from 2014 to 2017. Advisor to AELER Technologies.

Former leader Spencer Stuart's Swiss and EMEA Supply Chain Board Practice leader and a member of the firm's global Industrial and Technology, Media & Telecommunications practices between 2011 and 2022. 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, and member of the Board of Oras Invest Oy.

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

José Alberto Duarte

Role
(non-executive)
Member of the Audit Committee and the ad hoc ESG 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). Spent around 20 years working in various positions at SAP. 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. Non-Executive Director at Infovista from October 2016 to January 2019. Non-Executive Director at Gelato. from January 2019 to June 2021.

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

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.

Isabelle Romy

Role
(non-executive)
Member of the Audit Committee and Chairwoman of the ad hoc Board ESG Committee

First elected
2021

Nationality
Swiss

Professional experience and external appointments
Previously partner at two large law firms in Zurich. Member of the Board of Directors of UBS Group AG and of UBS AG (member of the audit committee and of the GNC) from 2012 to 2020. Member of the ethical commission at the EPFL from 1999 until 2007, deputy judge at the Swiss Federal Supreme Court from 2003 to 2008 and member of the Swiss Committee for UNICEF from 2015 to 2020.

Currently Partner at Kellerhals Carrard, Vice-Chairwoman of the Sanction Commission of SIX Swiss Exchange and Chairwoman of the Board of Central Real Estate Holding Ltd. and Rhystadt Ltd. as well as member of the Board of Directors of Banque Pictet & Cie SA.

Education
Law degree (lic. iur) and PhD in Law (Dr. iur) from the University of Lausanne, Switzerland and Professor at the University of Fribourg and the EPFL, Switzerland. Admitted to the Zurich Bar and member of the Zurich and Swiss Bar Association.

Jim Freeman

Role
(non-executive)
Member of the Audit Committee

First elected
2022

Nationality
American

Professional experience and external appointments
Chief Technology Officer at MaxMedia from 2007 to 2009. Held various general business leadership roles including product and technology at Prime Video, Amazon from 2009 to 2016. SVP Engineering at Zalando in 2016. Returned to Amazon Alexa Communication in 2017. Since 2018 Chief Technology Officer with Zalando and currently Chief Business & Product Officer.

Education
Bachelor of Arts in Comparative Literature from the University of Georgia and a Bachelor of Science in Computer Science from the University of Illinois.

Adam Warby

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

First elected
2021

Nationality
British

Professional experience and external appointments
Founder and retired CEO, Avanade, Inc. from 2008 to 2019. Various management roles at Microsoft, the most recent as General Manager Midwest in the US, from 1991 to 2000.

Currently Chairman of Junior Achievement Europe, Chairman of Heidrick & Struggles International, Inc., member of the Board of SimCorp A/S as well as senior technology advisor to KKR.

Education
Bachelor of Science in Mechanical Engineering from Imperial College London.

René Gilli

(former member and founding shareholder)
(René Gilli was a member of the Board until 5 May 2022, at which time he did not stand for re-election. Accordingly, information shown below is current as of 5 May 2022 only)

Role
(non-executive)
Member of the Board of Directors and member of the ad hoc ESG Committee

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.

Jean-Pierre Saad

(former member)
(Jean-Pierre Saad was a member of the Board until 5 May 2022, at which time he did not stand for re-election. Accordingly, information shown below is current as from 5 May 2022 only)

Role
(non-executive)
Member of the Audit Committee

First elected
2015

Nationality
Belgian

Professional experience and external appointments
A Partner at KKR and member of European Private Equity platform at KKR where he leads the TMT activities. He is a member of the European Private Equity Investment Committee, Portfolio Management Committee and KKR's Tech Growth Equity Investment Committee. Member of the Board of Directors of Cegid, Devoteam, Masmovil and Exact.

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

External mandates

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 it controls. No member of the BoD or of the EB may hold more than 10 such mandates;
3) Mandates in associations, charitable organisations, 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 organisations. The following table shows the attendance at meetings as well as outside mandates of the members of the BoD:

				External mandates	
Name	Board meetings	Audit Committee meetings	Nomination and Compensation Committee meetings	listed [2]	non-listed [2]
Daniel von Stockar	8/8		6/6	0	2
Peter Kurer	8/8		6/6	0	1
René Gilli[1]	4/8			0	1
Jean-Pierre Saad[1]	2/8	4/4		0	5
Marie-Pierre Rogers	7/8		6/6	0	0
Timo Ihamuotila	8/8	4/4		1	1
José Alberto Duarte	8/8	4/4		1	2
Isabelle Romy	7/8	3/4		0	2
Adam Warby	7/8		5/6	3	0
Jim Freeman[3]	4/8[3]	3/4[3]		0	0
Average meeting length	**5:50h**	**3h**	**3:15h**		

1) Did not stand for re-election at the AGM on 5 May 2022.
2) Maximum number allowed in listed companies is four, and is six for non-listed companies.
3) Attendance as a guest in the meetings that preceded the election at the AGM. Elected by the AGM held on 5 May 2022.

Compensation of the Board of Directors

The shareholders' meeting shall approve annually and separately the proposals of the BoD in relation to the maximum aggregate compensation of the BoD for the period until the next ordinary shareholders' meeting. The compensation of the members of the BoD consists of an annual base fee and an additional compensation awarded for duties pursued in BoD committees as Chairpersons or ordinary members. In line with Art. 18 of SoftwareOne's AoI and to ensure the independence of the members of the BoD in executing their supervision duties, the compensation of the members of the BoD is in the form of a fixed amount (that is, no performance-related variable compensation component in place). Moreover, based on peer group and benchmarking as mentioned in the Compensation Report, it is in accordance with best market practice standards.

Effective from the 2020 AGM, the BoD's total compensation is paid out 60% in cash and 40% in SoftwareOne shares. The shares allocated as part of the members of the BoD's total compensation are blocked for a period of three years. Through the introduction of a share element, the long-term focus of the BoD in performing its duties is further strengthened and the interest further aligned with that of SoftwareOne's shareholders. More details on compensation and post-employment benefits of the BoD can be found in the Compensation Report.

The members of the BoD may only be granted loans and credits up to a maximum amount of CHF 1,000,000 at market-based conditions and in compliance with the applicable rules of abstention.

Rules in the articles of association regarding compensation

Reference is made to the AoI and the Compensation Report regarding the additional amount for the compensation of members of the EB appointed after the vote of the AGM on compensation as well as to loans, credits and pension benefits of Board members and members of the EB, which follow the rules in the articles of association concerning the principles on performance-related compensation and on the allocation of equity securities, conversion and option rights.

Environmental, Social & Corporate Governance (ESG)

SoftwareOne launched an ESG initiative in 2021 to realise the BoD's ambitions for a sustainable future.

The ad hoc ESG Committee driving this initiative relies on the passion and commitment of the CEO, with the support of the ESG Team.

Three employee-driven committees were created to focus on the vision, purpose, KPIs and strategy of the company's ESG ambitions, offering accountability and ensuring a people-centric approach to the ESG strategy. These committees comprise employees from all regions and from vastly diverse teams, helping the company reach SoftwareOne employees globally, on a "glocal" basis, and allowing it to gather input from as many different employees as possible.

Lead stakeholders of all departments are instructed to involve colleagues in the ESG processes to support and embed the objectives into the business strategy. With the BoD oversight, senior leadership has full integration, visibility, and accountability over the ESG programme.

The details are further contained in the Sustainability Section of the Annual Report.

Interaction with shareholders and stakeholders

A key mandate of the BoD is to build and maintain an ongoing dialogue with its shareholders and other stakeholders. Engagement discussions with investors and proxy advisors outside financial and strategy matters such as governance, compensation and corporate social responsibility are steered by the Chairperson of the BoD or the Chairperson of the Nomination and Compensation Committee, supported by the Chief Legal Officer and the Chief Human Resources Officer or the Head of Group Compensation and Rewards.

Specific Board activities during the reporting period

The BoD meets at least six times per year (four quarterly report meetings, a strategy off-site, and a medium-term planning and budgeting meeting) and meetings are held in person but can also be held via telephone or video conference or by other electronic media. In 2022, the BoD held eight ordinary and four extraordinary meetings. Of the eight ordinary BoD meetings, four were held by video conference. The strategy meeting, also held in-person, includes cultural aspects, including how to drive cultural change to foster overall good corporate governance. Further focus is placed on company performance and integrity as well as on how to accelerate integration in relation to external growth such as through mergers and acquisitions. In addition, a call with the BoD members is held to approve the motions of the Audit Committee (AC) for the year-end reporting. Extraordinary meetings are held when urgent decisions are required.

During the 2022 financial year, eight ordinary meetings of the BoD were held, with an average duration of approximately 5:50 hours. The average attendance at BoD meetings in 2022 was approximately 93% (for individual attendances, see section Availability and External mandates).

In addition to the regular meeting agenda items, in 2022 the BoD specifically focused on topics such as:

- Strategy review and implementation, in particular concerning specific growth areas, industry verticals and M&A;
- Company target setting and achievement;
- Media release reviews;
- Strategy and five-year business plan;
- Customer trends, structural industry changes, new technologies and innovation;
- Global talent management and succession planning, including in relation to the EB and the BoD;
- BoD assessment;
- Reviewing ESG strategies and projects;
- Audit Committee and Nomination and Compensation Committee matters.

Board of Directors' internal organisation

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

The BoD has a supervisory role and takes strategy, finance and personnel decisions in accordance with the law, the AoI and the OrgR. It also supports, advises, and encourages management. The overall guiding principle for the BoD is full accountability to all shareholders and stakeholders of SoftwareOne and a style marked by a culture of openness and mutual respect.

The BoD has delegated certain responsibilities, including the preparation and execution of resolutions, to two committees. In addition, it drives the dialogue on general business and lends its full support, as well as also delegating responsibilities to the ad hoc ESG Committee. The responsibility for the duties and powers assigned to these committees is retained by the BoD.

The BoD has established the following two standing committees:

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

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

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

The BoD has established the additional key positions of Vice-Chairperson and Lead Independent Director, whose duties and competencies are described in the sections Vice-Chairperson of the Board of Directors and Lead Independent Director of the OrgR. The functions of the Vice-Chairperson and the Lead Independent Director can be combined and performed by the same BoD member. The Vice-Chairperson or Independent Lead Director will chair the Board and any general meeting in the absence of the Chairperson.

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 interests 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.

In cooperation with the CEO, the Chairperson ensures that information flows on all aspects of the company which are relevant for the meeting preparation. Deliberations and decision-making are made available to all members of the BoD. 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, together with the CEO or any other appropriate member of the BoD or the EB, has the power to make all decisions and actions which otherwise would be reserved for the BoD. If the Chairperson is absent, this entitlement falls to the Vice-Chairperson or the Lead Independent Director. 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

The OrgR revised in 2021 stipulates that the role of the Lead Independent Director (LID) and that of the Vice-Chairperson can be combined and performed by the same BoD member. Throughout 2022, the LID assumed the role of the Vice-Chairperson.

If the Chairperson is temporarily unable or unavailable to exercise the function, the LID either personally assumes the Chairperson's duties or delegates them within the BoD or to suitable company representatives.

Lead Independent Director

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

The LID has the right and duty to call meetings of the independent BoD members if they deem it necessary, especially when the independent decision-making process seems to be compromised. The LID further acts as the point of contact for BoD members and investors 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 supports the Chairperson in governance and strategy-related investor engagements. At the request of shareholders, the LID would carry out these engagements without the Chairperson.

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 (of the company or any direct or indirect subsidiary of the company), or who were members thereof more than three years ago, and who have no or comparatively minor business relations with the company (or any direct or indirect subsidiary of 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 BoD 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 of discussions and/or decisions concerning 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 2022, the CEO and the CFO participated in all eight of the 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, the NCC and the ad hoc ESG Committee will provide the BoD with an update of the committees' work.

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

The BoD has the power to mandate external advisors if an outside view is deemed necessary for an independent decision-making of the BoD. Third parties (for example legal counsels, auditors or financial and other advisors) are admitted to BoD meetings on an exceptional basis if proposed by a BoD member or by the CEO or the Chief Legal Officer and approved by the Chairperson. In 2022, the BoD invited external experts to two of its meetings, the AC to four of its meetings and the NCC to one of its meetings.

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

Board of Directors renewal and succession

The BoD must 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 very relevant to the company. The requirements that 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 experience correspond to the needs of the BoD, subject to an adequate Board size and well-balanced and diverse composition. A majority of the BoD members should be independent according to the criteria laid out in the section entitled "Board of Directors' independence assessment". Directors also need to show significant commitment, integrity, and competence in intercultural communication. Regarding its succession planning, the BoD aims to safeguard the stability of its composition while also renewing the BoD in a sensible way.

In line with the required skills and experience as detailed in the section “Board of Directors’ skill and experience assessment”, the NCC has developed a strategy to gradually develop the BoD composition to become more independent and proportionately reflect shareholdings. In addition, the NCC is mindful of and working towards the representation requirements applicable to the BoD starting on or after 1 January 2026, requiring a minimum 30% representation of each gender.

Board of Directors’ skill and experience assessment

To support the Board with its renewal and succession activities, the NCC established a skills and experience assessment that it conducts annually. The following competencies are considered the most relevant for SoftwareOne’s Board:

- Experience in the technology, IT, and procurement industries;
- Finance, audit, accounting;
- Capital markets transactions;
- CEO and other executive leadership (CFO, CRO or COO) experience in a publicly listed or non-public company;
- Leadership experience as Chairperson of a Board of Directors or Board of Directors’ committee in a publicly listed or non-public company;
- Human resources management, including compensation;
- Leading business operations in a global and rapidly growing business;
- Governance, legal and compliance;
- Risk management and ESG.

The NCC reviews these competencies to confirm that the BoD continues to possess the most relevant experience and expertise to perform its duties, ensuring that the leadership of SoftwareOne has the relevant proficiency required for active involvement and supervision of an international listed company and applies these as guidelines when nominating new members.

The NCC updated its strategic skills matrix that focuses on aspects such as Board size, diversity, independence, nationality, committee representation and future skills needed to better understand the priorities for future Board recruitments. In terms of nationality, the Board agreed to preserve a good balance of ‘Swissness’, while seeking to move away from being chiefly Western European.

The **strategic skills matrix** reflecting the BoD composition as of December 2022 is as follows:

Current Board composition

Board Member		Nationality	CEO	Finance & Risk	M & A	HR	Technology	Innovation	Business Scalability	IT/Managed Services	Governance & Compliance	First Elected	# years since IPO
Daniel von Stockar (M, 1961)	Chairman & Co-Founder, Member NCC	CH	●		●		●		●			2013	3
Jim Freeman (M, 1972)	Board Member, Independent, Member AC	US					●	●	●			2022	<1
Peter Kurer (M, 1949)	Lead Independent Director, Member NCC	CH		●	●	●	●				●	2013	3
Timo Ihamuotila (M, 1966)	Independent, Chair AC	FI		●	●		●					2019	3
Marie-Pierre Rogers (F, 1960)	Independent, Chair NCC	ES	●			●	●					2019	3
José Duarte (M, 1968)	Independent, Member AC	PT	●		●		●		●	●		2019	3
Adam Warby (M, 1960)	Independent, Member NCC	GB	●		●		●	●	●			2021	1
Isabelle Romy (F, 1965)	Independent, Member AC	CH		●	●		●				●	2021	1

Board of Directors' performance assessment

The BoD, in collaboration with the NCC, will carry out a regular evaluation of the BoD's and the BoD committees' performance as well as the work of the Chairperson. 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, organisation 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 the evaluation will feed into the BoD's succession planning as described in the section "Board of Directors' skill and experience assessment."

Coordinated by the LID, an external assessment of the BoD was performed during the reporting year.

Board of Directors' training and education

Education is an important priority for SoftwareOne's BoD. Newly elected BoD members attend an onboarding programme tailored to their functions to gain a sound understanding of SoftwareOne's organisation, business, culture, and its environment. In addition to this induction programme for new members, refresher programmes are given to all Board members to update and enhance their knowledge of emerging business trends and risks. This is further intended to contribute to building a strong and effective culture in the BoD, which is an important pillar of its 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, organisational 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 outside of regular BoD meetings and individual BoD members will meet individual EB members with whom they are paired under a structured mentoring programme. 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. Furthermore, 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 a subordinate EB and personally resolve the relevant matter.

Audit Committee

Key responsibilities and duties

The AC comprises at least three members of the BoD. As at 31 December 2022, the AC comprised four members. The members of the AC and the Chairperson are appointed annually by the BoD, which aims to appoint non-executive and independent (as defined in the Swiss Code) members of the BoD. The Chairperson of the AC must be an independent BoD member other than the Chairperson of the BoD. 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 the business, and 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 2022, the AC held four meetings by video conference in February, June, August, and December, with an average duration of approximately three hours. The committee focused on several key areas, including but not limited to the activities described below. Specifically, the AC:

- Discussed the coverage of the group audit;
- Reviewed the risk map, including financing and forex risks, and internal and external audit plans;
- Reviewed the tax strategy and effective tax rate;
- Reviewed the draft 2021 Annual Report and the draft 2022 Half-Year Report as well as the two draft quarterly trading updates in relation to the first and third quarter of 2022, respectively;
- Reviewed internal policies.

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 organisation. It reviews and approves the internal and external audit plans, changes to the plans, activities, scope, and budget as well as accounting policies. The AC approves the fees for the external auditors. The AC challenges the appropriateness of risk-based estimates and judgements as well as the methods used to account for unusual transactions. Furthermore, the AC defines the organisational structure of the Internal Audit function and sets and reviews the qualifications of the Internal Audit organisation as deemed appropriate. The AC may hold meetings with representatives of the internal and external auditors without the presence of management. Such meetings must take place at least once per year with the external auditor. In 2022, the AC held two meetings with the internal auditors and four meetings with the external auditors.

It is 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 taken by management to monitor, control and report such exposures.

The Head of Internal Audit and the Chief Legal Officer have a direct reporting line to the AC in case of significant compliance issues with the potential for major financial or reputational damage, including issues concerning management. The AC has direct access to the Internal Audit department and may obtain all information required from it, including direct access to employees. The AC will ensure that it receives regular information from both the internal and the external auditors. The AC has the overriding supervision of internal and external auditing.

Interactions with the Executive Board

The AC regularly invites 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 deemed desirable or appropriate. Furthermore, 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 also be invited to participate in meetings of the AC on a consultative basis. In 2022, SoftwareOne's CFO participated in all four AC meetings.

Risk management

The BoD is responsible for overseeing SoftwareOne's risk management and internal control systems for which the BoD has mandated the AC. The AC monitors the strategic risk management processes and reviews the risk management framework against the company's risk management strategy, providing recommendations and appropriate mitigations. It further assesses the robustness of the company's risk management policies and processes related to the risk management strategy. These systems provide appropriate security against significant inaccuracies and material losses.

Based on its risk management oversight activities, the AC makes proposals to the BoD regarding the company's corporate governance, compliance and corporate responsibility framework. The AC also assesses the effectiveness of the internal control system related to key financial processes, forms a view on the situation concerning compliance with applicable standards and guidelines, and develops these further.

Embedded throughout the business, the group risk management function ensures an integrated approach to managing current and emerging threats. Risk management plays a key role in business strategy and planning discussions. At SoftwareOne, the group risk management function falls under 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, e.g.:
- Economic crisis;
- Significant losses of the value chain in software & cloud;
- Slow innovation;
- Unsuccessful new service models;
- Slow multivendor model adoption;
- ESG risks, as reported by the ad hoc ESG Committee.

Operational risks, e.g.:
- IT security;
- IT applications;
- Customer security breaches in cloud consumption;
- Operational excellence issues (scalable and efficient business model).

Financial risks, e.g.:
- Unhedged market risk;
- Accounts receivable risk;
- Currency fluctuation risk;
- Transfer pricing;
- Tax risks;
- Performance measurement and controlling.

Legal and compliance risks, e.g.:
- Non-conformity, illegal acts, internal or external fraud;
- Reputational risk;
- Professional liabilities with service business;
- Non-compliance with laws and regulations, including stock market regulations;
- Internal or external fraud.

Risk management is carried out by line management, controlled by the CFO under policies approved by the BoD and 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. 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 certified to international standards on systems management, including ISO 9001:2015 on quality management systems, ISO 14001:2015 on environmental management systems. and ISO/IEC 27017:2015 for Brazil and India on information security controls for cloud services.

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

The AC periodically monitors SoftwareOne's risk assessment and assesses the proposed risk mitigation measures proposed by the EB on a semi-annual basis.

Audit of non-financial and ESG topics

A key non-financial risk for SoftwareOne is IT security. Therefore, the assessment of performance against an IT security framework is an important ongoing task for Internal Audit. To ensure that the appropriate specialists in Internal Audit can conduct their assessments according to the highest and most recent industry standards, SoftwareOne provides relevant training and resources required by Internal Audit.

A material component of an ESG programme is the definition of new targets and their validation against recognised reporting standards. The SoftwareOne ESG report due to be published in H2 2023 will disclose these targets using recognised reporting standards and will provide increased transparency. The progress against agreed ESG targets will be regularly monitored by Internal Audit.

Nomination and Compensation Committee

Key responsibilities and duties

As at 31 December 2022, the NCC comprised four members. The members of the NCC are each elected annually and individually at the shareholders' meeting. Their term of office ends at the closing of the next ordinary shareholders' meeting and re-election is possible. The Chairperson of the NCC is appointed by the BoD. In any case the Chairperson of the NCC shall be an independent member of the BoD and there shall be an independent majority in the NCC (with the casting vote of the Chairperson).

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, and at least three times per year.

The NCC has the powers and duties of the compensation committee as provided by Swiss law and in particular, the Ordinance against Excessive Compensation in Public Companies, as well as the powers and duties as provided in Art. 15 para. 5 of the AoI and the NCC Charter. The overall responsibility for the duties and powers assigned to the NCC shall remain with the BoD. The NCC shall regularly report to the BoD on its activities and submit the necessary proposals. Details of the compensation policies and principles can be found in the Compensation Report 2022.

Nomination and Compensation Committee activities in the reporting period

The NCC held six meetings in 2022, all by video conference. The average duration of these calls was approximately 3:15 hours. The committee focused on several key areas, including:

- Providing guidance on composition and succession planning of the BoD and the EB;
- Appointing a new Chief Human Resources Officer;
- A compensation framework including compensation levels and benchmark analysis for the EB and BoD;
- Preparing compensation decisions, including the setting of short-term incentive and long-term incentive targets, short-term incentive pay-outs, long-term incentive grants and salaries for EB members;
- Succession roadmap and talent competitiveness review;
- External mandates review.

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

Committee interactions

The NCC shall regularly invite the CEO to its meetings 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, as it deems desirable and appropriate to fulfil 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 relevant person. The Chairperson of the BoD or the NCC Chairperson is not present when the NCC reviews their compensation. In 2022, the CEO participated in five of the six meetings of the NCC. The NCC regularly consults the Chief Human Resources Officer to develop and recommend appropriate actions to the BoD.

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 further develop the compensation system, namely the Short- and Long-Term Incentive schemes reviews, the NCC worked together with external service providers CorpGro and HCM Hostettler & Company (HCM). These were the only business relationships and mandates of SoftwareOne with CorpGro and HCM.

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.

As at 31 December 2022, the EB was composed as follows:

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.

Rodolfo J. Savitzky

Role
Chief Financial Officer

Joined SoftwareOne in
2022

Nationality
Mexican and Swiss

Professional experience and external appointments
Previously held various finance leadership positions at P&G, Novartis and Lonza in Europe and Latin America. Prior to joining SoftwareOne, served as CFO and member of the Group Executive Committee of Lonza from 2016 to 2021.

Currently also Member of the Board of Directors of EUROAPI S.A.

Education
Graduated from Monterey Institute of Technology in Industrial and Systems Engineering and holds an MBA in Finance and Economics from the University of Chicago Booth School of Business.

Alex Alexandrov
(until 31 December 2022)

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.

Also, previously member of the Board of Directors of System One and System Maintenance Services. Member of the Board of Directors of CompuCom Systems, whose software business SoftwareOne acquired in 2015, until December 2016.

Since 2020, member of the Executive Advisory Board of CoveHill Partners.

Education
Graduated from the University of Texas at Austin, USA 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 sales and business development.

No external appointments.

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

Bernd Schlotter

Role
President of Services

Joined SoftwareOne in
2021

Nationality
American

Professional experience and external appointments
Previously held various leadership positions in technology, IT services and consulting companies in the United States and Europe. Most recently served as Managing Director and Senior Partner at Boston Consulting Group's (BCG) Silicon Valley Office & Digital Center supporting clients in digital transformation from strategy to execution.

No external appointments.

Education
Graduated from the University of Stuttgart with a degree in Mechanical Engineering ("Diplom-Ingenieur") and an MBA from the University of California at Berkeley.

Julia Braun

Role
Chief Human Resources Officer

Joined SoftwareOne in
2022

Nationality
Austrian

Professional experience and external appointments
Previously held various global HR leadership positions in Switzerland and Austria. She served as HR executive at Tupperware Brands, as CHRO at Conzzeta and most recently as Director and Board Member at ISS Switzerland.

No external appointments.

Education
MAS/MSc in Human Resources & Organisational Development from PEF University Vienna and an Executive MBA from the Business School of Lausanne.

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

Name	Nationality	Born	Function	Appointment	Education	External mandates listed	External mandates non-listed
Dieter Schlosser	German	1966	Chief Executive Officer	2019	Business management	0	0
Rodolfo J. Savitzky	Mexican, Swiss	1962	Chief Financial Officer	2022	Engineering, finance and economics, MBA	0	1
Alex Alexandrov	American	1979	Chief Operating Officer, M&A and Strategy	2017	Economics, finance, MBA	0	1
Neil Lomax	British	1979	President of Sales	2019	Business administration	0	0
Bernd Schlotter	American	1964	President of Services	2021	Mechanical Engineering, MBA	0	0
Julia Braun	Austrian	1973	Chief Human Resources Officer	2022	Human Resources, MBA	0	0

Management changes

The EB was expanded to six members with the addition of Rodolfo Savitzky, replacing Hans Grüter, and Julia Braun.

Rodolfo J. Savitzky who has extensive experience from his various finance leadership positions, joined the company in January 2022. Rodolfo will take responsibility for driving forward the growth and transformation strategy, building on his broad international finance, M&A as well as operational and IT expertise.

Julia Braun joined the company in November 2022 to oversee the areas of human resources, leadership development, talent acquisition and management as well as diversity, equality and inclusion. With more than 20 years' experience across all aspects of human resources in global, people-centric organisations, Julia will drive the company's people strategy to ensure that it continues to attract, develop, and retain high-performing and diverse talent to fuel the growth journey.

Alex Alexandrov, who held the positions of COO, Head of M&A and Strategy, and most recently was responsible for the LATAM region, decided to leave the company at the end of 2022.

Compensation of the Executive Board

The shareholders' meeting shall approve annually and separately the proposals of the BoD in relation to the maximum aggregate compensation of the EB for the next business year (see art. 19 of the AoI). More details on compensation and post-employment benefits of the EB can be found in the Compensation Report.

The members of the EB may only be granted loans and credits up to a maximum amount of CHF 1,000,000 at market-based conditions and in compliance with the applicable rules of abstention.

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 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 considered. The CEO represents the group, both internally and externally.

Statutory provisions regarding external mandates

According to Art. 21 of the AoI, no member of the EB may hold more than one mandate in a listed company and more than three mandates in non-listed companies. For a description of how SoftwareOne defines mandates and for transitional provisions of newly appointed EB members, please refer to the section Availability and statutory provisions regarding external mandates above.

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

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

Management contracts

As at 31 December 2022, the company has not entered into any management contracts with third parties.

Composition of the EB

The NCC is mindful of and working towards the representation requirements applicable to the EB starting on or after 1 January 2023, requiring that there is at least 20% representation of each gender on the EB.

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 below.

Shareholders may personally represent their shares at the shareholders' meeting 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.

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 (or 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 recognised as shareholders, usufructuaries or nominees. The company only recognises one proxy per share.

Acquirers of shares, upon request and presentation of evidence of the transfer or establishment of the usufruct, are registered as shareholders with voting rights in the share register if they explicitly declare they 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 there is compliance with notification duties pursuant to the FMIA, as amended.

The BoD is authorised 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 of the date of the entry, if the registration has been based on 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 about the deletion without delay.

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.

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

Independent proxy

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

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

At SoftwareOne's AGM of shareholders held on 5 May 2022, Anwaltskanzlei Keller KLG, Zurich, Switzerland, was re-elected as the independent proxy for the term ending at the conclusion of the Annual General Meeting 2023.

Quorums required by the Articles of Incorporation

Except where the law or the AoI provide otherwise, the shareholders' meeting passes its resolutions and holds elections by the absolute majority of the votes cast, excluding any abstentions, blank or invalid votes (see Art. 11 of the AoI).

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

(i) All resolutions according to Art. 704 of the Swiss Code of Obligations;

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

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

Convocation of the Annual General Meeting of shareholders

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

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

The Annual General Meeting of shareholders for the financial year 2022 was conducted without audience based on Art. 6a of the Swiss Federal Government's ordinances on measures to fight COVID-19. Shareholders could exercise their rights exclusively through the independent proxy and personal attendance was not permitted.

Inclusion of items on the agenda

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

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

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

Entries in the share register

In the invitation to the shareholders' meeting, the BoD shall announce the record date for registration in the share register that is relevant with respect to the right to attend and vote (see Art. 5 of the AoI).

Changes of control and defence measures

Unvested deferred compensation may vest and employee participation plan rules may be amended upon a change of control of SoftwareOne, that 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 it is delegated, 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 authorised or conditional share capital.

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 reelection. It assesses annually the external auditor's qualifications, effectiveness, past performance, and independence, especially related to any further consulting mandates. In connection with the appointment of the external auditor, the AC further approves the audit programme, 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, and who will be replaced at this Annual General Meeting, in line with the Swiss Code of Obligations. To foster external auditor independence, the lead auditor must be replaced every seven years.

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

c. Auditing fees and additional fees

Auditing fees	CHF 1,782,000	83%
Additional fees (total)	CHF 358,000	17%
– Tax[1]	CHF 358,000	
Total fees	**CHF 2,140,000**	**100%**

1) Income tax compliance and transfer pricing.

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 in the AC meetings as an advisor. In 2022, the external auditors participated in all four meetings of the AC (all conducted via video conference). The external auditor provides the AC with regular updates on the audit work, open audit issues and the processing thereof, all audit-related issues as well as with reports on topics requested by the AC. The external auditor has a direct reporting line to the AC and may escalate potential audit issues directly to the Chairperson of the AC. At least once a year, the AC meets the external auditor without the presence of management.

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 defence.

The external auditor shares with the AC its findings on the adequacy of the financial reporting process and the efficacy of the internal controls. It informs the AC about any differences of opinion between the external auditor and management encountered during the audits, or in connection with the preparation of the financial statements, findings regarding a potential malfunctioning of internal controls or differing views between the external and the internal auditor.

Evaluation of the external auditor

The AC is responsible for recommending an audit firm to the BoD for election at the Annual General Meeting of shareholders. In Switzerland, there is no general legal requirement providing for a periodic mandatory rotation of the external auditor company, but the lead audit person must change every seven years. In order to be able to recommend an audit firm for election by the shareholders and in line with good corporate governance, the AC thoroughly evaluates the credentials of the current external auditor annually and presents its findings to the BoD. EY has a proven record of professionalism and efficiency and fully meets the high standards of SoftwareOne.

Furthermore, the AC annually evaluates the performance of the external 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 detailing 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 several 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 from input of key people involved in the financial reporting process and the observations of the AC members.

Black-out periods

The SoftwareOne Internal Regulations against Insider Trading, which are published on the company's intranet, apply to all 'Affected Persons' and 'Insiders.' The term 'Affected Persons' includes the following:

- members of the Board of Directors;
- members of the Executive Board;
- assistants of members of the Board of Directors or the Executive management Team;
- other key employees;
- members of all management levels at the Company or any subsidiary of the company;
- local controllers of all Group Companies;
- accounting, finance and controlling of the Group;
- employees of Group Companies involved in projects dealing with assignments that may lead to price sensitive information;
- external consultants.

'Insiders' are defined as all persons in possession of Insider Information, this being any confidential information which, if made public, would possibly have a significant effect on the price of the company's shares, any other securities, derivatives, or other financial instruments derived from such securities that are admitted for trading on a trading venue in Switzerland. The Chief Legal Officer maintains a list containing the names, dates of birth and addresses of all Insiders, as well as the date on which the relevant Insider became an Insider.

Information is considered and remains 'non-public' Insider Information until released to the public by the company in compliance with applicable laws and regulations and the listing rules of the SIX Swiss Exchange (the 'Listing Rules'), and until the market has had enough time to absorb and evaluate the information. The SoftwareOne Internal Regulations against Insider Trading specify that any person having knowledge of material information may not attempt to 'beat the market' by trading simultaneously with or shortly after the official release of such information. The regulations set out that information is deemed absorbed and evaluated by the market by the time of close of markets on trading day after the information has been publicly released (cooling-off period).

Insiders are prohibited from exploiting Insider Information and must always abstain from:

- trading in the Securities, that is the shares of the company, the shares of any listed Group Company and/or other traded securities to which the Insider Information relates. Trading comprises selling or buying directly or indirectly or in concertation with third parties or otherwise buying or disposing of or entering into any transaction (including any kind of equity linked or derivative transactions) having an economic effect similar to that of a sale or a purchase of Securities or other traded securities;
- encouraging or recommending to any other person, including family members, trustees, and consultants to trade in the Securities or other traded securities.

Insider Information will not be disclosed to any third party, except parties which require such information to carry out their contractual or statutory duties and which are bound by confidentiality agreements (e.g. third party advisors), as well as parties for whom the disclosure of Insider Information is a prerequisite for the entry into a contract (e.g. due diligence access in the context of a merger, acquisition or divestment), in which case such a party must enter into a confidentiality commitment, be informed of the potential price-sensitivity and cautioned not to exploit the information and provided that the company maintains a record of the information that has been disclosed.

As per the SoftwareOne Internal Regulations against Insider Trading neither the company nor any Affected Persons may deal in any Securities for their own account or the account of a related person, including an investment body, during the General Black-out periods, regardless of whether the company or Affected Person is in possession of Insider Information.

The General Black-out periods are:

- from 31 December until the lapse of one SIX trading day following the public release of the company's annual results;
- from 31 March until the lapse of one SIX trading day following the public release of the company's first quarter results;
- from 30 June until the lapse of one SIX trading day following the public release of the company's semi-annual results;
- from 30 September until the lapse of one SIX trading day following the public release of the company's third quarter results.

Affected Persons not involved in the preparation of the financial results or without access to the information are not subject to the general Black-out periods.

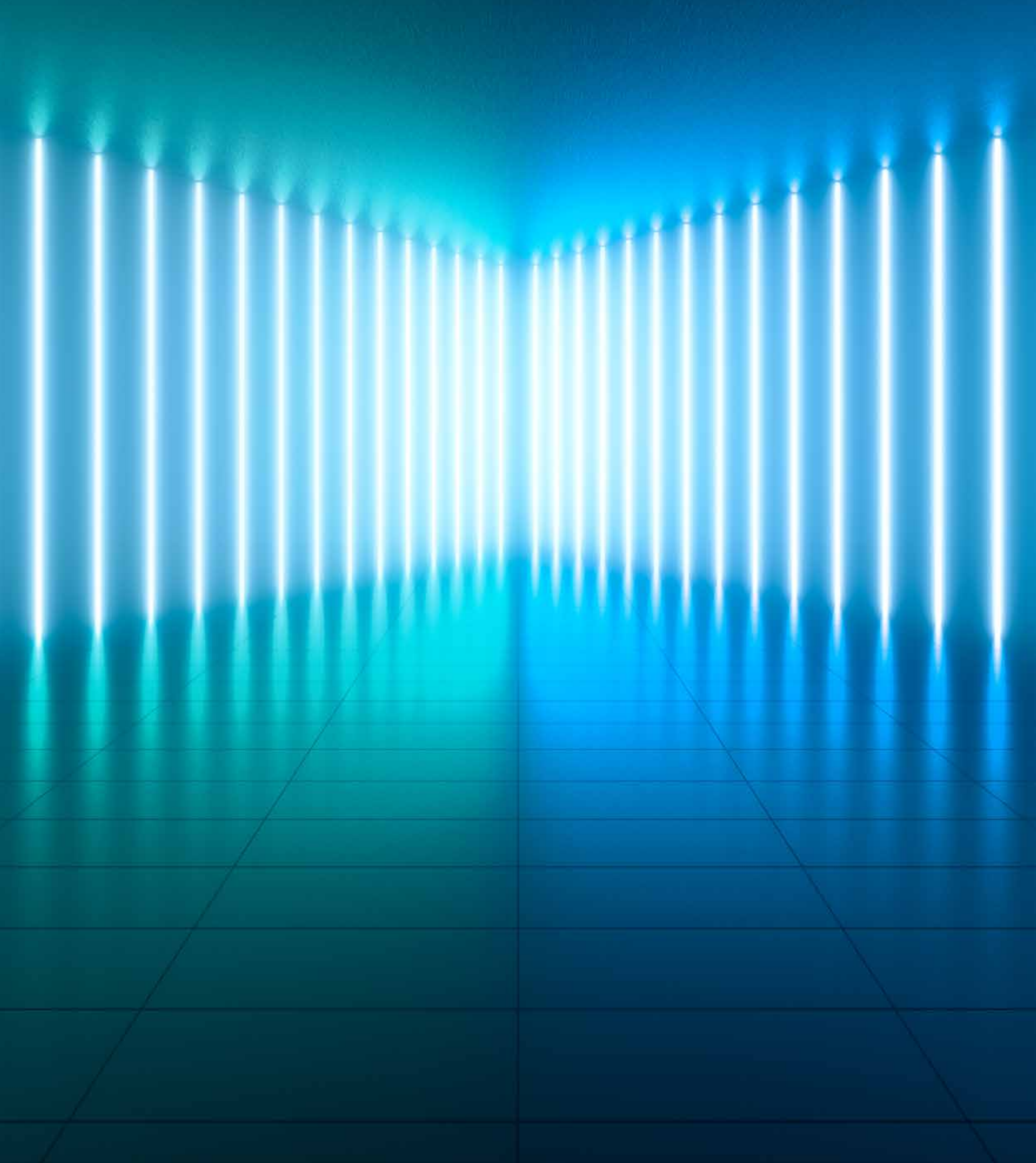
Information policy

SoftwareOne releases its annual financial results and Annual Report in electronic form within three months of the 31 December balance sheet date. Results for the first half of each financial year are released within three months of the 30 June balance sheet date. The company also provides quarterly trading updates for the first and third quarters of each financial year, covering certain key financial metrics, in electronic form, within two months of 31 March and 30 September balance sheet dates, respectively. SoftwareOne's Annual Report, full-year and half-year results and quarterly trading updates are announced via media releases and media and investor conferences in person or via webcast.

Information and documents pertaining to media releases, media conferences, investor updates and presentations at analyst and investor 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, Neue Winterthurerstrasse 82, 8304 Wallisellen, Switzerland (telephone number: +41 (0) 44 832 41 37 email: investor.relations@softwareone.com).

- Email distribution list (push system);
- Financial Reports;
- Corporate Calendar.

Compensation Report



Letter to shareholders

Dear shareholders,

I am pleased to present SoftwareOne's 2022 Compensation Report on behalf of the Nomination and Compensation Committee (NCC) and the Board of Directors (BoD). Our 2022 Compensation Report outlines SoftwareOne's overall compensation policy, principles and compensation framework. It discloses the compensation awarded to members of both the BoD and the Executive Board (EB) throughout the 2022 financial year. It is compiled in accordance with the Ordinance against Excessive Compensation (OaEC) applicable to Swiss listed companies, the Directive on Information related to Corporate Governance of SIX Swiss Exchange, as well as the Swiss Code of Best Practice.

Our EB has been strengthened following an organisational update, in support of delivering our ambitious goals. We are pleased to report the addition of a new EB position, namely the CHRO role reflecting our focus on People, Culture and Values. Moreover, as part of the company reorganisation, the COO position no longer exists, as responsibilities have been transferred to the two business line Presidents.

This third full financial year as a public company was characterised by the continuous development of our compensation framework. Consistent with previous years, the overall goal was to continue to focus on long-term value creation by aligning the interests of the EB with SoftwareOne's shareholders, as well as by recognising and retaining talent in the highly competitive global technology market.

As regards to the 2022 BoD's remuneration and in line with Swiss market best practices, we maintained our commitment to having a substantial part of the BoD remuneration (40%) paid in the form of shares. For the EB, we believe our established pay-for-performance compensation framework fits the purpose of motivating our EB members to create sustainable value for SoftwareOne and its shareholders. During 2023, we will conduct our bi-annual market benchmark to assess our alignment both in terms of structure and remuneration level, for the Board of Directors' and Executive Board.

To better align our compensation practices with SoftwareOne's corporate culture, goals, and evolving strategic ambitions, our Short-Term Incentive (STI) was further developed in 2022. In particular, the performance metrics and their weightings have been changed to emphasise the relevance of growth combined with cost discipline. We are committed to focus on SoftwareOne's future business development while strengthening our commitment towards ESG. With this, 70% of the STI is driven by the financial performance, measured on gross profit and EBITDA margin, and 30% depends on the achievement of ESG targets and strategic goals driving business growth and operational excellence.

In 2023 we will close the first 3-year performance period of our Long-Term Incentive (LTI) programme. For the next cycle starting in 2023 we aim to continue adjusting this programme after reviewing best market practices while ensuring we stay close to our objectives of long-term value creation. We will add a third metric with EBITDA margin thus increasing focus on profitability. In addition, we will replace gross profit with revenue growth in line with our business transformation. With that we will also change the weighting to 40% for revenue growth, 40% on EBITDA margin and 20% on rTSR.

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

2023 Annual General Meeting (AGM)

In line with the Code of Obligations OaEC and our Articles of Incorporation, we will ask our shareholders to cast a prospective and binding vote on the maximum aggregate amount of compensation for the BoD for their term of office from the 2023 AGM to the 2024 AGM and for EB members for the financial year 2024. In addition, we will ask our shareholders to endorse this 2022 Compensation Report in a consultative vote.

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

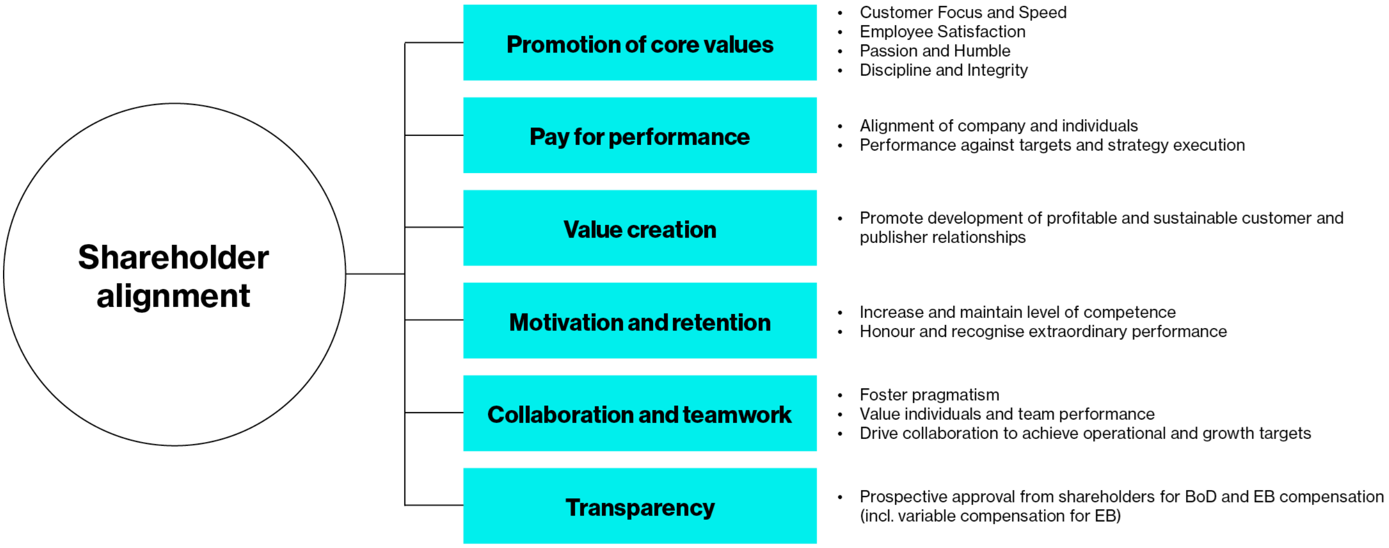
Sincerely,

Marie-Pierre Rogers
Chairwoman of the Nomination and
Compensation Committee

Compensation policy and principles

Our compensation policy focuses on aligning the interests of our senior leaders with those of our shareholders as well as on attracting, motivating, and retaining the best talent in a highly competitive global environment. Consequently, the compensation principles applied across SoftwareOne are geared towards the following:

Compensation policy and principles



In order to evaluate SoftwareOne's positioning in the market and overall competitiveness, the NCC conducts market benchmarks every second year to assess the compensation structure and level for both the BoD and the EB. The peer selection process is based on the company services and products, geographical relevance, size, and scope. Additional details on the selected peer companies are given in the respective paragraphs regarding the BoD and the EB compensation.

Compensation governance

The compensation governance at SoftwareOne comprises three key bodies: the NCC which advises the BoD in terms of compensation-related matters, the BoD which ultimately approves the compensation-related matters and the shareholders of SoftwareOne who vote on total compensation and the Compensation Report at the AGM.

The Articles of Incorporation, the Organisational Regulations and the NCC Charter outline and define the roles and responsibilities of these bodies. The Articles of Incorporation of SoftwareOne contain compensation governance provisions regarding:

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

The general division of duties, responsibilities, and powers between these three key bodies of the compensation governance (NCC, BoD and AGM) are presented in the table below, in line with Art. 7 and Art. 19 of the Articles of Incorporation.

	CEO	NCC	BoD	AGM
Election of NCC members				A
Compensation strategy and guidelines		P	A	
Compensation principles (Articles of Incorporation)		P	A (subject to AGM approval)	A (binding vote, in case of changes)
Key terms of compensation frameworks for the BoD and EB		P	A	
Total compensation for the BoD		P	A (subject to AGM approval)	A (binding vote)
Total compensation for the EB		P	A (subject to AGM approval)	A (binding vote)
Individual total compensation for the CEO		P	A	
Individual total compensation for the other members of the EB	P	R	A	
Employment and termination agreements for the CEO		P	A	
Employment and termination agreements for other members of the EB	P	R	A	
Compensation Report		P	A	A (consultative)

A: Approve
P: Propose
R: Review

Role of the shareholders at the AGM

The BoD submits three separate compensation-related resolutions for shareholder approval at the AGM (Art. 7 and Art. 19):

- Vote I: Consultative vote for the Compensation Report of the preceding financial year
- Vote II: Binding vote on the maximum aggregate amount of compensation of the BoD for the term of office from the current to the next AGM
- Vote III: Binding vote on the maximum aggregate amount of compensation of the EB for the following financial year

The graph below illustrates these compensation-related resolutions for shareholder approval at the 2023 AGM and illustrates their impact on the respective financial year:

Overview of say-on-pay votes at AGM 2023

Financial Year	2022				2023				2024				2025			
Quarter	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Compensation report vote (Consultative)	**2022** Compensation Report															
BoD vote (Binding)						Maximum aggregate amount for the term **AGM 2023 – AGM 2024**										
EB vote (Binding)									Maximum aggregate amount for **FY 2024**							

Role and activities of Nomination and Compensation Committee

The NCC is composed of at least three members of the BoD (Art. 15) who are elected individually at the AGM by the shareholders on an annual basis pursuant to Swiss law and SoftwareOne's Articles of Incorporation. The NCC has the duties of supervision and governance of SoftwareOne's compensation frameworks and philosophy, compensation of the EB as well as the performance evaluation of EB members. The NCC regularly invites the CEO and may invite other members of the Executive Board 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 or appropriate. However, 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 Board or the Chairperson of the NCC may not be present when the NCC reviews the compensation of the respective person. The Chairperson of the NCC ensures that the BoD is kept informed in a timely and adequate manner during the term of office regarding the NCC's area of responsibility. Please refer to the Corporate Governance Report section for further details on NCC composition, duties, election and NCC members, including external mandates, as well as for other Board and Executive Board members. The Chairperson of the NCC convenes NCC meetings as often as required by SoftwareOne's business, but at least three times a year. During 2022, the NCC held six meetings covering the following agenda items as illustrated in the table below:

	Agenda item during 2022	January	February	March	April	June	October
Compensation governance and policy	Preparation of AGM invitation including maximum amount of compensation for the BoD and EB		x	x			
	Review BoD composition and succession framework and assessment of BoD	x			x	x	x
	Review EB composition and succession framework				x	x	x
	Review of external Partners						x
EB compensation framework	Review of STI performance and payouts for FY 2021 and target setting for FY 2022 for the EB	x	x	x			
	Target setting for LTI grant in FY 2022 for the EB		x	x			
Communication	2021 Compensation and Governance Report	x	x				
	Analysis of compensation voting results at the AGM and review of proxy advisor reports					x	

In addition, the NCC met in a separate session in July and September to review the LTI framework.

Board of Directors compensation

Elements of compensation

The compensation of the members of the BoD consists of an annual base fee and an additional compensation awarded for duties carried out in BoD committees as chairpersons or ordinary members. In line with Art. 18 of SoftwareOne's Articles of Incorporation and to ensure the independence of the members of the BoD in executing their supervision duties, the compensation of the members of the BoD does not include any variable performance-linked element and is paid out 60% in cash and 40% in SoftwareOne shares. The shares allocated as part of the members of the BoD's total compensation are blocked for a period of three years. Through the introduction of a share element in 2020, the long-term focus of the BoD in performing its duties is further strengthened and the interest further aligned with that of SoftwareOne's shareholders.

The following table illustrates the annual base fees for the BoD memberships and the additional compensation for duties in committees. It remained unchanged for 2022:

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

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

Peer group and benchmarking

The assessment of the competitiveness of the BoD compensation for non-executive BoD members in Switzerland, was last carried out in 2021 through a benchmarking analysis conducted by Willis Towers Watson (WTW) targeting compensation levels as well as compensation structure and pay instruments. The selected peer group considers the closest 23 companies in terms of size as well as global reach within the main Swiss Indices (SMI and SMIM), allowing for an adequate and representative comparison.

The benchmarking exercise showed that the compensation of the members of the Board of Directors was in line with general market practice, both in terms of level and structure, whereas some individual elements were below the peer group median. It was concluded that the current levels of compensation will be kept as such for the time being, thus no changes were made.

During 2023 we will conduct our bi-annual benchmark study for the BoD compensation to review adequacy with best market practices.

Compensation awarded to the Board of Directors in 2022

The following table outlines the total compensation awarded to the BoD in 2022. After the 2020 AGM, the adjusted framework came into effect, whereby annual fees are paid 60% in cash and 40% in equity.

Audited Members of the BoD in CHF	Board	Audit Committee	NCC	Settled in cash	Settled in shares [5]	Social security contributions [6]	Total compensation FY 2022	Total compensation FY 2021
Daniel von Stockar[1]	Chairperson		Member	240,000	160,000	28,678	428,678	428,633
Peter Kurer	Lead Independent Director		Member	102,000	68,000	9,977	179,977	179,835
José Alberto Duarte	Member	Member		84,000	56,000	–	140,000	140,000
René Gilli[2]	Member			36,000	–	2,896	38,896	128,997
Timo Ihamuotila	Member	Chairperson		96,000	64,000	12,034	172,034	171,987
Marie-Pierre Rogers	Member		Chairperson	96,000	64,000	11,960	171,960	171,987
Jean-Pierre Saad[2]	Member	Member		42,000	–	–	42,000	140,000
Adam Warby[3]	Member		Member	84,000	56,000	10,538	150,538	87,214
Isabelle Romy[3]	Member	Member		84,000	56,000	10,538	150,538	87,214
James Freeman[4]	Member	Member		42,000	32,667	7,135	81,802	–
Total				**906,000**	**556,667**	**93,756**	**1,556,423**	**1,535,867**

1) Includes compensation for Chairperson of the BoD only. No additional fees paid for the role as member of the NCC.
2) René Gilli and Jean-Pierre Saad retired from the BoD effective 5 May 2022, no shares awarded in 2022.
3) Adam Warby and Isabelle Romy started in the BoD effective 20 May 2021.
4) James Freeman started in the BoD effective 5 May 2022.
5) Represents gross amounts settled in blocked shares prior to any deductions such as employee social security and income withholding tax for the fiscal year 2022. The number of blocked shares is determined by dividing each BoD member's individual share compensation amount (40% of annual fee) for one term of office by the closing price of SoftwareOne's share price on the allocation date rounded down. Residual amounts are paid in cash.
6) Employer-paid social security contributions.

Approved versus total compensation awarded to the BoD

At the 2021 AGM, shareholders approved a maximum aggregate compensation amount of CHF 1.8 million for the BoD for the compensation period from 2021 AGM to the 2022 AGM. For this period the effective compensation amounted to CHF 1.6 million and is thus within the approved limits.

At the 2022 AGM, shareholders approved a maximum aggregate compensation amount of CHF 1.65 million for the BoD for the compensation period from the 2022 AGM to the 2023 AGM. As this compensation period is not yet complete, a conclusive assessment will be provided in the Compensation Report 2023.

Share ownership

The table below shows the shareholdings of the BoD as of 31 December 2022, including information for the 2021 financial year. This table includes available shares and blocked shares in connection with BoD compensation.

Audited Members of the BoD	Number of directly held shares [1]		Total shareholdings as of 31 December 2022	Total shareholdings as of 31 December 2021
	Available shares	Blocked shares [2]		
Daniel von Stockar	17,489,874	27,655	17,517,529	17,505,107
Peter Kurer	299,630	11,752	311,382	286,103
José Alberto Duarte	–	9,678	9,678	5,331
René Gilli[3]	12,445,068	4,569	12,449,637	12,449,637
Timo Ihamuotila	20,000	11,061	31,061	26,093
Marie-Pierre Rogers	23,745	11,061	34,806	21,838
Jean-Pierre Saad[4]	–	5,331	5,331	5,331
Adam Warby	4,000	6,830	10,830	6,483
Isabelle Romy	–	6,830	6,830	2,483
James Freeman	–	4,347	4,347	–
Total	**30,282,317**	**99,114**	**30,381,431**	**30,308,406**

1) Ordinary registered shares of SoftwareONE Holding AG.
2) At grant, a restriction period of three years is applied.
3) René Gilli retired from BoD effective 5 May 2022.
4) Jean-Pierre Saad retired from BoD effective 5 May 2022. 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.

Executive Board compensation

Elements of compensation

The following section outlines SoftwareOne's compensation framework for 2022. It was amended after extensive review by the NCC and its external advisors following the IPO in 2019 and further refined thereafter. We are convinced that a continuous review of this framework by the NCC enables a proper fit to the corporate culture, goals, and strategic ambitions of SoftwareOne in an ongoing volatile environment.

As of 2022, the compensation framework for members of the EB consists of fixed and variable compensation elements. The fixed compensation element comprises a base salary as well as pension and other benefits (e.g., car allowances). The variable compensation element consists of a Short-Term Incentive (STI) and a Long-Term Incentive (LTI) plan. The payout or vesting of variable compensation elements is subject to performance including SoftwareOne share performance, financial and strategic successes, and ESG progress. The EB compensation elements are summarised in the following table:

	Fixed compensation elements		Variable compensation elements	
ELEMENTS OF COMPENSATION	Base salary	Pension and other benefits	Short-Term Incentive plan	Long-Term Incentive plan
Purpose	Attract, retain and reward the roles and responsibilities of respective functions	Participation in pension, insurance care plans and additional benefits in line with local market practice	Motivation and reward for annual objective achievements (company and individual goals)	Participation in the long-term success of SWO and alignment with shareholder interests
Performance period	–	–	One year	Three years
Performance measures	–	–	Gross Profit, EBITDA margin, ESG and strategic goals	Gross profit and relative total shareholder return (TSR)
Payout range	–	–	0 to 150 % of target STI	0.0 to 2.0 times number of granted performance share units (PSUs)
Payment	Cash	Contributions to pension and insurance plans	Cash	Shares
		Other benefits paid out in cash		

Fixed compensation elements

Base salary

The base salary for members of the EB is typically paid in cash on a monthly basis unless local laws require otherwise. The base salary amount is defined according to market practice and the responsibility, experience, and achievements of each member.

Pension and other benefits

Pension benefits are provided through SoftwareOne's regular pension plan. As the EB members reside in different international locations, some EB members are employed under a foreign employment contract and receive benefits in line with current local market practice. In addition to pension coverage, other benefits such as health care plans, insurance, car allowances or equivalent contributions are also covered. These allowances are paid together with the EB members' base salary and are in line with the company policy in the local jurisdiction.

Further, pursuant to Article 20 of the Articles of Incorporation, new members joining the EB may receive compensation for the loss of their remuneration or for financial disadvantages incurred because of changing their jobs. If applicable, such lost compensation is replaced on a like-for-like basis (i.e., no increase in replacement value) and reported in the compensation table for the relevant reporting period under "Other benefits".

Variable compensation elements

Short-Term Incentive plan

The STI compensation elements of the EB reward the overall company performance and the EB members' individual contribution to the SoftwareOne success in line with the compensation principle of pay-for-performance. The plan is determined by the achievement of financial goals (weighted at 70%) and strategic goals (weighted at 30%). Financial goals are determined based on gross profit and EBITDA margin, with the achievement of a predefined EBITDA margin threshold being a prerequisite for the STI payout, which depends on financial performance. Strategic goals comprise ESG objectives in the areas of CO_2 reduction, diversity (with an additional focus on gender diversity), succession planning and strategic ambitions to drive business growth and operational excellence. The latter are determined for each EB member and address their individual functional duties and responsibilities.

The table below illustrates the details on the STI performance metrics in terms of definition, weighting, and payout range for the CEO and the other EB members:

Performance achievement across STI goals

Performance considerations	Weighting	Measurement level	Metric	Performance achievement
Financial goals	**70%**	**Group success**	**Gross profit**	**0–150%**
			EBITDA[1] margin (precondition for STI payout driven by financial performance)	
Strategic goals	**30%**		**ESG objectives in the areas of CO_2 reduction, diversity with the focus on gender diversity, and succession planning**	
		Individual contribution	**Strategic goals to drive business growth and operational excellence**	

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

At the beginning of the one-year performance period, the NCC proposes, and the BoD approves the minimum, target, and maximum achievement for the respective performance metrics. For performance below or at the minimum, 0% is paid out, whereby on-target performance is awarded with a 100% payout. In case of overperformance, up to 150% can be achieved. The required achievement levels are derived from the company's strategic business plan and aligned with a robust budget for the respective year. As these represent commercially sensitive information, no details on the required achievement levels are disclosed. Relevant performance achievements and the resulting STI payout factor for the financial year 2022 are reported on page 88. At the end of the performance period, the NCC proposes, and the BoD approves the financial performance achievements and ESG progress against the set targets. EB members' individual contributions to SoftwareOne's success, as measured by achievement of strategic goals, are initially evaluated by the CEO, reviewed by the NCC, and approved by the BoD, while the achievement of strategic objectives established for the CEO is evaluated by the NCC and approved by the BoD. Under specific circumstances, the BoD may apply discretion in interpreting the NCC's recommendation regarding the final STI payout. The payout of the STI is made entirely in cash.

In case of termination of employment during the performance period, the payout of the STI may be reduced or forfeited depending on the conditions of such termination and subject to the applicable law.

Long-Term Incentive plan

SoftwareOne's compensation framework is completed by an equity-based element which was introduced in 2020. It offers executives and selected senior managers the opportunity to participate in the long-term success of the group. The goal of this plan is to provide eligible participants with attractive, market-aligned rewards to strengthen management's interest alignment with those of shareholders, and to encourage sustainable long-term value creation for shareholders and the company.

At the beginning of each three-year performance period (i.e., at grant date), eligible participants are granted an individual number of performance share units (PSUs) derived by dividing the individual LTI award (in CHF) by the fair value at grant (in CHF). After the conclusion of the three-year performance period, the PSUs vest subject to performance and service conditions.

The performance condition is set based on two metrics: gross profit and relative total shareholder return (rTSR). The vesting range lies between 0.0 and 2.0 times the PSUs granted at the outset. While low performance in one performance metric can be balanced by a higher performance in the other metric, the combined vesting multiple can never exceed 2.0. On the contrary, if performance of both metrics remains below the respective minimum performance thresholds, the resulting combined vesting multiple would be 0.0 and consequently no PSUs would vest.

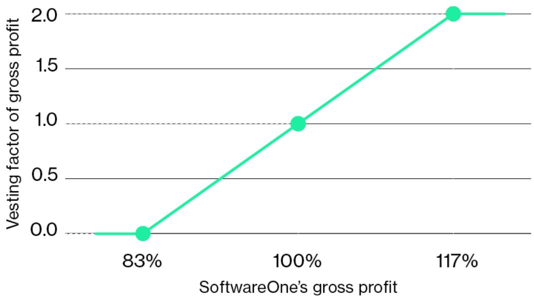
LTI performance metrics	Gross profit	Relative total shareholder return
Description	SoftwareOne's gross profit as disclosed in the financial report	Total shareholder return (TSR) measured relative to the STOXX ® Global 1800 Industry Technology Index
Weighting	75%	25%
Performance period	Second full financial year after the year in which the grant date occurs	Three consecutive years starting at grant date
Vesting range	0.0–2.0 times number of PSUs granted	

At the beginning of each performance period, the BoD determines the minimum, target and cap for each LTI performance metric upon the NCCs recommendation. The latter is supported by the comprehensive evaluation process, which considers the current strategic performance aspirations and the general market situation. We deem absolute targets for the gross profit metric, commercially sensitive and confidential strategic information and hence disclose these on a relative basis to avoid unfair competitive disadvantage for SoftwareOne. The following illustration outlines the minimum, target and cap for the respective metrics:

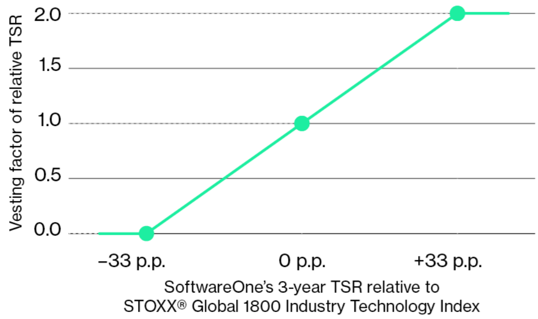
Performance metrics illustration

Vesting curves

Gross profit



Relative TSR



			Gross profit	Relative TSR
Payout factor	**Minimum**	**0.0**	83% of target as set by the BoD	-33 p.p. of index as set by the BoD
	Performance target	**1.0**	100% of target as set by the BoD	O p.p. as set by the BoD
	Cap	**2.0**	117% of target as set by the BoD	+33 p.p. of index as set by the BoD
Description			The vesting factor of the gross profit depends on the achievement of SoftwareOne's gross profit during the second full financial year (ie 2024) after the year in which the grant date occurs. The vesting factor is determined on a straight-line basis between 0.0 and 2.0 and rounded off to two decimal places.	The rTSR is expressed in percentage points (p.p.) and calculated as simple (positive or negative) difference between the TSR of SoftwareOne and the TSR of the STOXX® Global 1800 Industry Technology index. The rTSR vesting factor is determined on a straight-line basis between 0.0 and 2.0 and rounded off to two decimal places.

The overall vesting factor is the sum of the weighted vesting factor metrics and determined at the end of the three-year performance period. The NCC proposes and the BoD approves the performance achievement of each metric against the targets originally set as well as the overall vesting factor.

The service condition requires a continuous employment of the plan participant at vesting. In case of termination of employment, none or a reduced number of PSUs vest depending on the conditions of such termination and subject to the applicable law.

As of 2021, a claw back provision, which allows for a partial or full recovery of equity allocated to EB members under the Long-Term Incentive plan was introduced and applies in specific situations which may cause damage to the group or otherwise negatively affect the legitimate interests of SoftwareOne.

In case of a change of control, the LTI plan will terminate with effect from the date of the change of control unless otherwise decided at the discretion of the BoD.

Peer group and benchmarking

Information on peer company compensation is an important point of reference in order to assess the market competitiveness of the compensation awarded to members of the EB. The NCC believes that benchmarking against a consistent and relevant set of peer companies that are similar to SoftwareOne in scope, products and services offered and geographical presence, enables the company to set pay levels towards the middle of the respective market range. This reinforces the talent attraction, motivation and retention efforts needed to support the company's long-term success.

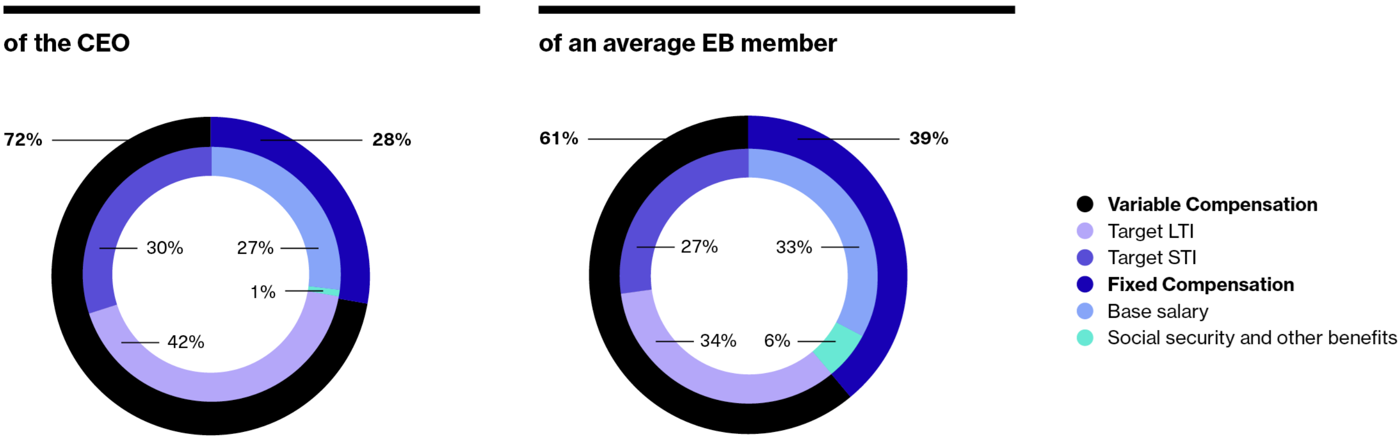
In this regard, the NCC adopted a comprehensive approach to the peer group construction in March 2020, which led to the compilation of two complementary peer groups: the Swiss Market Index Mid (SMIM) and a peer group of selected European technology companies. The blend of the selected peer companies provides a good balance between the industries and geographies from which key talents are sourced. When setting the EB's pay levels, the NCC targeted the middle of the respective market ranges.

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

Compensation mix

In 2022, the total target compensation of the CEO was split into around 72% variable compensation and 28% fixed compensation. Of the 72% variable target compensation portion, 30% consisted of the target STI and 42% of the target LTI portion. For other EB members excluding the CEO, the fixed compensation was on average 39% (28% - 43%) and the variable compensation 61% (57% - 72%). The variable target compensation consisted of 27% (25% - 31%) target STI and 34% (32% - 37%) target LTI of total target compensation.

Target compensation mix



Compensation awarded to the EB in 2022

The following table outlines details concerning the compensation awarded to the CEO as the highest paid member of the EB and to the other EB members from 1 January to 31 December 2022. The total compensation awarded in 2021 is also listed.

Audited in CHF	Fixed compensation			Variable compensation			
	Base salary	Social security contributions	Other benefits [3]	Realized STI	Awarded LTI grant value [4]	Total compensation FY 2022 [5]	Total compensation FY 2021
Dieter Schlosser, CEO[1]	769,924	9,896	8,316	635,135	1,162,500	2,585,771	2,174,339
Aggregate amount of EB members excluding CEO[2]	2,190,939	185,857	143,694	1,340,221	2,251,857	6,112,568	4,838,413
Total	**2,960,863**	**195,753**	**152,010**	**1,975,356**	**3,414,357**	**8,698,339**	**7,012,752**

1) The CEO is compensated in SGD (average exchange rate in 2022 of CHF 1 to SGD 1.443 applied).
2) Please note that of the five EB members, two are compensated in USD (average exchange rate in 2022 of CHF 1 to USD 1.047 applied) and the three other EB members in CHF.
3) Other benefits comprise payments related to additional insurances, car allowance and further benefits granted.
4) The third LTI grant took place in 2022. For details regarding the grant logic and the calculation of the fair value at grant date refer to the financial notes.
5) Numbers for 2021 and until November 2022 are for five EB members, whilst from November 2022 relate to six EB members.

Approved versus total compensation awarded to the EB

The total compensation for the EB for 2022 of CHF 8.7 million (including social security contributions) is below the total maximum aggregate compensation amount of CHF 12 million, which was approved by the AGM in May 2021.

Outcome of the 2022 STI performance achievement

For 2022, the STI performance metrics consisted of the financial (weighted at 70%) and strategic (weighted at 30%) goals. Financial goals were determined based on gross profit and EBITDA margin. Strategic goals comprised ESG objectives in the areas of CO_2 reduction, diversity with a focus on gender, succession planning and individual strategic goals to drive business growth and operational excellence tied to each EB member.

In terms of gross profit, growth was 13.8% YoY ccy in 2022, with double-digit growth across all regions. Software & Cloud Services demonstrated continued strong growth, while momentum in Software & Cloud Marketplace improved compared to the prior year. In the context of STI 2022 however, this resulted in the underachievement of the target performance level. Due the level of growth and tight cost control, the adjusted EBITDA margin performance achievement was above the threshold, thus enabling payout of the portion of STI, driven by financial performance.

For 2022, ESG progress was measured in the areas of CO_2 reduction, diversity with a focus on gender, and succession planning. During this one-year performance period we achieved measures with the expansion of our MTWO business, an increased gender diversity in our top leadership group and by establishing a succession plan inventory. Overall, the individual contribution of EB members to SoftwareOne's success, as measured by the achievement of strategic goals to drive business growth and operational excellence, was above target. During 2022, we re-aligned our organisational structure including our purpose, vision, strategy, and brand. We successfully initiated our finance and business economics transformation, implemented our digital enterprise change, and adopted and implemented our new business lines Software & Cloud Services and Software & Cloud Marketplace, achieving related development objectives.

Performance achievement across STI goals

Performance considerations	Weighting	Measurement level	Metric	Performance achievement	
Financial goals	**70%**	**Group success**	**Gross profit**	Min Target Max	**68%**
			EBITDA[1] margin (precondition for STI payout driven by financial performance)	Threshold	
Strategic goals	**30%**		**ESG objectives in the areas of CO_2 reduction, diversity with the focus on gender diversity, and succession planning**	Min Target Max	**50–120%**
		Individual contribution	**Strategic goals to drive business growth and operational excellence**		
STI Payout factor				Min (0%) Max (150%)	**65–79%**

The overall 2022 STI performance achievements resulted in the final STI payout factor of 75% for the CEO and 65% - 79% for other full-year EB members. For members of the EB who joined during 2022, the STI performance achievement covers the time period since joining SoftwareOne and, considering the short tenure, is an abbreviated assessment focusing on individual contribution to the company success. No discretionary adjustments have been made regarding the STI 2022.

Outcome of the LTI performance achievement going forward

The first vesting under the current LTI will occur in 2023. Respectively, information regarding the LTI performance achievements and vesting factors will be provided in the Compensation Report 2023 as such information is not available prior to the actual 2023 vesting date.

Share ownership

In 2021, we introduced ownership requirements for the EB members with a five-year build-up period. The minimum shareholding requirement level has been set at 300% and 200% of base salary respectively for the CEO and EB members. We are pleased to report that all EB members present throughout the whole of 2022 have met their build up commitment.

The table below shows the shareholdings of each EB member as of 31 December 2022, considering the number of directly held shares and restricted shares. The total shareholdings as of 31 December 2021 are also listed:

Audited EB members	Number of directly held shares		Total shareholdings as at 31 December 2022	Total shareholdings as at 31 December 2021
	Vested shares 1)	Blocked shares 2)		
Dieter Schlosser	918,788	–	918,788	858,788
Alex Alexandrov	758,626	–	758,626	982,823
Neil Lomax	892,948	–	892,948	872,948
Bernd Schlotter	33,000	–	33,000	–
Rodolfo Savitzky	53,340	–	53,340	–
Julia Braun 3)	–	–	–	–
Hans Grüter 4)	–	–	–	436,954
Total	**2,656,702**	**0**	**2,656,702**	**3,151,513**

1) Also includes shares individually purchased under the ESP.
2) Consisting of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.
3) Julia Braun joined SoftwareOne effective 1 November 2022.
4) Hans Grüter retired from the EB effective 31 December 2021.

Further compensation information

Employment agreements

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

Payments to current or former members of the Executive Board

In relation to 2022, payments in the sum of CHF 0.6 million (including social contributions) were made to the former EB member Hans Grueter. No further payments other than those and the ones 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

Article 23 of SoftwareOne's Articles of Incorporation allow for loans and credits of up to CHF 1 million at market-based conditions to be granted to EB members. In 2022, no loans or credits were made to EB members.

Outlook 2023

The LTI programme, which started in 2020, will reach its first vesting event in 2023 and we will share more details on the programme performance of the first cycle and related vesting.

In 2023 we will close the first 3-year performance period of our Long-term Incentive (LTI) programme. For the next cycle starting in 2023 we aim to continue adjusting this programme after reviewing best market practices while ensuring we stay close to our objectives of long-term value creation. We will add a third metric with EBITDA margin and increase the focus on profitability. In addition, we will replace gross profit with revenue growth in line with our business transformation. With that we will also change the weighting to 40% for revenue growth, 40% on EBITDA margin and 20% on rTSR.

We are also planning to add a new board member with much experience in technology and IT leadership positions and in leading large international transformation programmes. We will submit for approval to our annual general meeting in May 2023.

Building a better working world

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 30 March 2023

Report of the statutory auditor on the audit of the compensation report

Opinion

We have audited the compensation report of SoftwareONE Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 80 to 82 and page 87, 89 of the compensation report.

In our opinion, the compensation report complies with Swiss law and Art. 14-16 VegüV.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report 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.

Building a better working world

Board of Directors’ responsibilities for the compensation report
The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the compensation report
Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is 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 and SA-CH 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

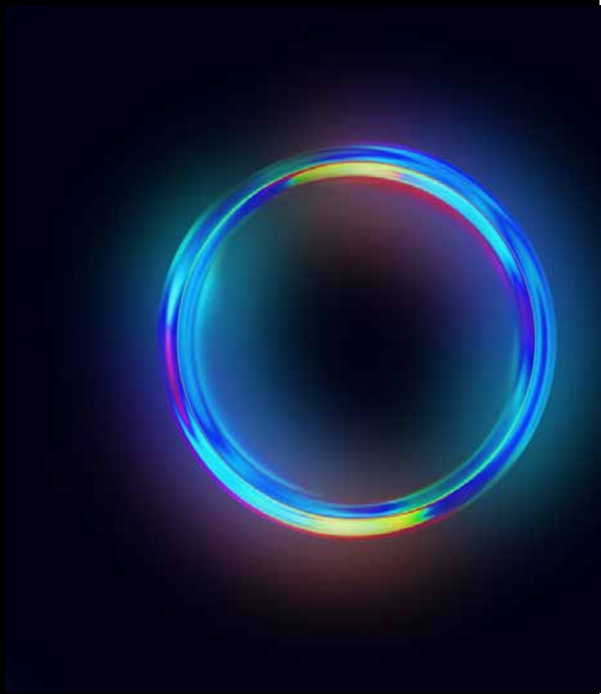
We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

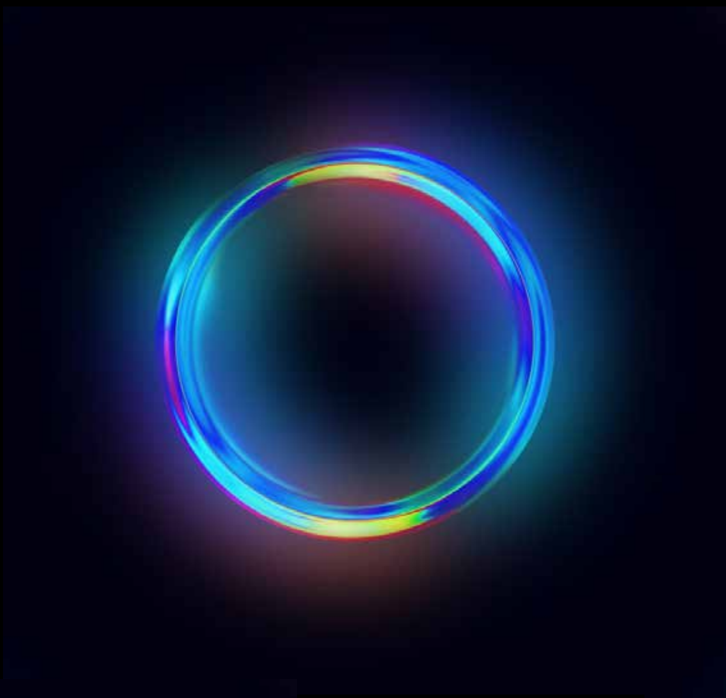
Ernst & Young Ltd

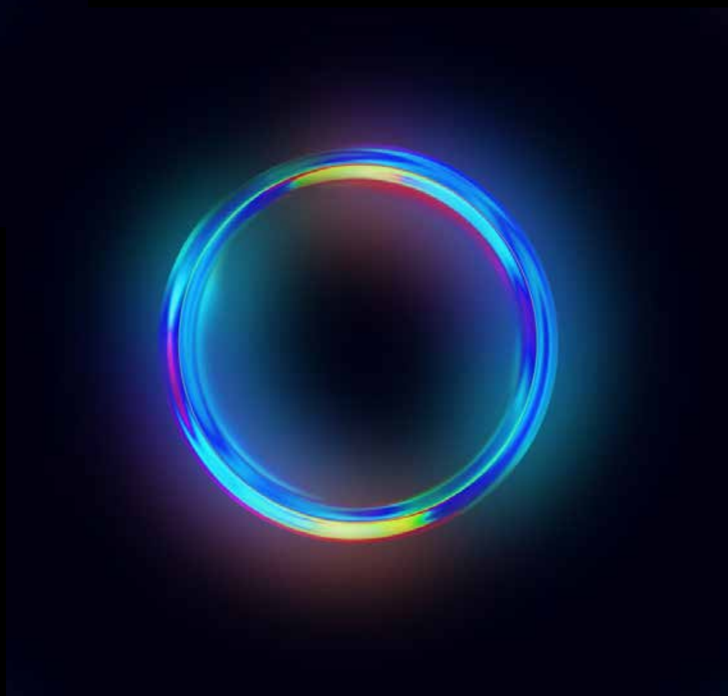
Kaspar Streiff
Licensed audit expert
(Auditor in charge)

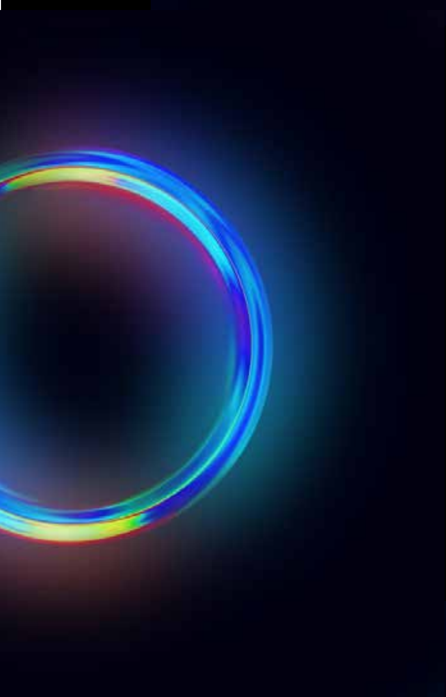
Max Lienhard
Licensed audit expert

Consolidated financial statements









Consolidated income statement

For the period ended 31 December in CHF 1,000	Note	2022	2021
Revenue from Software & Cloud Marketplace[1]	6	538,396	530,198
Revenue from Software & Cloud Services[1]	6	465,711	384,080
Total revenue[1]		**1,004,107**	**914,278**
Third-party service delivery costs[1]		–71,512	–62,637
Personnel expenses[1]	7	–655,888	–608,648
Other operating expenses	8	–169,157	–103,828
Other operating income		29,364	17,741
Earnings before net financial items, taxes, depreciation and amortisation[1]		**136,914**	**156,906**
Depreciation and amortisation	15, 16, 21	–58,554	–55,341
Earnings before net financial items and taxes[1]		**78,360**	**101,565**
Finance income	9	5,757	71,050
Finance costs	9	–88,043	–10,546
Foreign exchange differences, net	9	–9,933	–11,077
Share of result of associated companies		–181	–
Earnings before income tax[1]		**–14,040**	**150,992**
Income tax expense[1]	10	–44,294	–33,348
(Loss)/Profit for the period[1]		**–58,334**	**117,644**
(Loss)/Profit attributable to:			
– Owners of the parent[1]		–58,278	117,631
– Non-controlling interest		–56	13
Earnings per share in CHF			
– Basic[1]	23	–0.38	0.76
– Diluted[1]	23	–0.38	0.76

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

Consolidated statement of comprehensive income

For the period ended 31 December in CHF 1,000	Note	2022	2021
(Loss)/Profit for the period[1]		**–58,334**	**117,644**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations	20	8,861	11,383
Taxes		–1,453	–1,670
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustment		–38,487	–20,853
Cash flow hedges	14	–1,784	1,564
Taxes		405	–272
Total other comprehensive income for the period		**–32,458**	**–9,848**
Total comprehensive income for the period[1]		**–90,792**	**107,796**
Total comprehensive income attributable to:			
– Owners of the parent[1]		–90,910	107,705
– Non-controlling interest		118	91

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

Consolidated balance sheet

As of 31 December in CHF 1,000	Note	2022	2021
Assets			
Cash and cash equivalents	11	325,791	350,352
Trade receivables	12	1,944,969	1,861,168
Income tax receivables	10	15,294	10,742
Other receivables	13	76,638	93,756
Derivative financial instruments	14	3,769	5,542
Prepayments and contract assets[1]	13	125,626	98,985
Financial assets	4.3	59,190	209,108
Current assets[1]		**2,551,277**	**2,629,653**
Tangible assets	15	31,062	32,868
Intangible assets	16	613,178	576,868
Right-of-use assets	21	31,987	36,867
Investment in associated companies		1,057	1,222
Other receivables	13	191,762	87,446
Derivative financial instruments	14	279	928
Deferred tax assets	10	28,475	32,420
Non-current assets		**897,800**	**768,619**
TOTAL ASSETS[1]		**3,449,077**	**3,398,272**

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

As of 31 December in CHF 1,000	Note	2022	2021
Liabilities and shareholders' equity			
Trade payables	17	1,915,936	1,848,712
Other payables	17	212,156	233,170
Accrued expenses and contract liabilities[1]	17	177,468	159,547
Derivative financial instruments	14	5,515	5,441
Income tax liabilities	10	30,368	26,568
Provisions	18	33,317	24,084
Financial liabilities	19	43,177	65,961
Current liabilities[1]		**2,417,937**	**2,363,483**
Derivative financial instruments	14	803	678
Provisions	18	19,712	18,003
Financial liabilities	19	72,375	33,580
Other payables	17	168,888	70,206
Deferred tax liabilities[1]	10	23,686	29,222
Defined benefit liabilities	20	6,680	13,361
Non-current liabilities[1]		**292,144**	**165,050**
TOTAL LIABILITIES[1]		**2,710,081**	**2,528,533**
Share capital	22	1,586	1,586
Share premium		176,363	227,472
Treasury shares	22	–8,096	–9,217
Retained earnings[1]		677,965	718,525
Hedging reserve		–128	1,251
Currency translation adjustments		–108,701	–70,040
Equity attributable to owners of the parent[1]		**738,989**	**869,577**
Non-controlling interest		7	162
TOTAL EQUITY[1]		**738,996**	**869,739**
TOTAL LIABILITIES AND EQUITY[1]		**3,449,077**	**3,398,272**

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

Consolidated statement of cash flows

For the period ended 31 December in CHF 1,000	Note	2022	2021
(Loss)/Profit for the period[1)]		**–58,334**	**117,644**
Adjustments for:			
Depreciation and amortisation	15, 16, 21	58,554	55,341
Total finance result, net	9	92,219	–49,427
Share of result of associated companies		181	–
Income tax expense[1)]		44,294	33,348
Other non-cash items		16,095	–26,324
Change in trade receivables		–93,697	–143,972
Change in other receivables, prepayments and contract assets[1)]		–117,406	–37,017
Change in trade and other payables		172,513	187,890
Change in accrued expenses and contract liabilities[1)]		–5,079	22,927
Changes in provisions		10,854	23,082
Income taxes paid		–29,126	–25,445
Net cash generated from/(used in) operating activities		**91,068**	**158,047**
Purchases of tangible and intangible assets	15, 16	–47,263	–33,283
Proceeds from sale of tangible and intangible assets		258	228
Proceeds from sale of financial assets and receipts from swap contracts	4.3	115,499	–
Loan repayments received		432	1,104
Interest received		1,507	1,016
Acquisition of businesses (net of cash acquired)	3	–78,432	–112,737
Acquisition of investment in associates		–	–1,226
Sale of subsidiaries (net of cash disposed)	3	–3,793	–
Net cash from/(used) in investing activities		**–11,792**	**–144,898**
Proceeds from financial liabilities	19	3,153,745	3,664,595
Repayments of financial liabilities	19	–3,184,865	–3,704,883
Payment of contingent consideration liabilities	19	–2,542	–1,895
Interest paid		–11,941	–6,351
Dividends paid to owners of the parent	24	–51,109	–46,396
Acquisition of non-controlling interests		–729	–
Net cash from/(used in) financing activities		**–97,441**	**–94,930**
Net (decrease)/increase in cash and cash equivalents		**–18,165**	**–81,781**
Cash and cash equivalents at beginning of period		350,352	434,941
Net foreign exchange difference on cash and cash equivalents		–6,396	–2,808
Cash and cash equivalents at end of period		**325,791**	**350,352**

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

Consolidated statement of changes in equity

For the period ended 31 December

in CHF 1,000	Equity attributable to owners of SoftwareONE Holding AG								
	Share capital	Share premium	Treasury shares	Retained earnings	Hedging reserve	Currency translation adjustments	Total	Non-controlling interest	Total equity
As of 31 December 2020	**1,586**	**273,868**	**–10,650**	**560,797**	**–41**	**–49,109**	**776,451**	**71**	**776,522**
Restatement				14,743			14,743		14,743
As of 1 January 2021[1]	**1,586**	**273,868**	**–10,650**	**575,540**	**–41**	**–49,109**	**791,194**	**71**	**791,265**
Profit for the period[1]				117,631			117,631	13	117,644
Other comprehensive income for the period				9,713	1,292	–20,931	–9,926	78	–9,848
Total comprehensive income for the period[1]				**127,344**	**1,292**	**–20,931**	**107,705**	**91**	**107,796**
Transactions in treasury shares			1,433	–1,615			–182		–182
Dividends paid		–46,396					–46,396		–46,396
Share-based payments				17,256			17,256		17,256
As of 31 December 2021[1]	**1,586**	**227,472**	**–9,217**	**718,525**	**1,251**	**–70,040**	**869,577**	**162**	**869,739**
Loss for the period				–58,278			–58,278	–56	–58,334
Other comprehensive income for the period				7,408	–1,379	–38,661	–32,632	174	–32,458
Total comprehensive income for the period				**–50,870**	**–1,379**	**–38,661**	**–90,910**	**118**	**–90,792**
Transactions in treasury shares			1,121	–1,121			–		–
Dividends paid		–51,109					–51,109		–51,109
Transaction with non-controlling interests				–700			–700	–273	–973
Share-based payments				12,131			12,131		12,131
As of 31 December 2022	**1,586**	**176,363**	**–8,096**	**677,965**	**–128**	**–108,701**	**738,989**	**7**	**738,996**

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

Notes to the consolidated financial statements

1 General information

SoftwareONE Holding AG ('the company') and its subsidiaries (together 'the group' or 'SoftwareOne') is a leading software and cloud solutions provider. It develops and delivers the technology solutions that modernise applications and software in the cloud, while enabling those purchases and optimising those investments over time.

The company is incorporated and domiciled in Stans, Switzerland. The address of its registered office is Riedenmatt 4, 6370 Stans. SoftwareONE Holding AG is traded on the SIX Swiss Exchange. The shares trade under the ticker symbol 'SWON'.

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

These consolidated financial statements were authorised for issue by the Board of Directors on 30 March 2023 and are subject to approval by the Annual General Meeting to be held on 4 May 2023.

2 Summary of significant accounting policies

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

Basis of presentation

New and amended standards and interpretations

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

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

These amendments did not have a significant effect on the group's consolidated financial statements. SoftwareOne has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards and interpretations not yet adopted

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

- IAS 1: Presentation of Financial Statements: Disclosure of Accounting Policies – adoption by 1 January 2023
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates – adoption by 1 January 2023
- IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction – adoption by 1 January 2023
- IAS 1: Presentation of Financial Statements: Classifications of Liabilities as Current or Non-Current including Deferral of Effective Date – adoption by 1 January 2024

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

Change in accounting policies

In December 2021, the IFRS Interpretations Committee (IFRS IC) issued a tentative agenda decision on 'Principal versus Agent: Software Reseller (IFRS 15)' about whether a reseller of software licenses is acting as principal or agent for the purposes of recognising revenue under IFRS 15 Revenue from Contracts with Customers. As an addendum to its April 2022 meeting, the IFRS IC issued the final agenda decision 'Principal versus Agent: Software Reseller (IFRS 15)' on 30 May 2022.

In view of the clarifications from the draft agenda decision management re-assessed and concluded in 2021 that SoftwareOne does not control the software licenses from the third-party software providers before they are transferred to the customer and therefore acts as an agent for transactions in the indirect business. Consequently, SoftwareOne recognises revenue from Software & Cloud Marketplace in the net amount that the group is entitled to retain in return for its agent services and end customer invoicing to the software provider, i.e., the difference between the consideration received from the customer and cost of software purchased.

SoftwareOne completed the assessment of further implications of the agenda decision on other revenue contracts in the second half of 2022. Based on this assessment SoftwareOne identified an impact on the accounting for multi-year licensing contracts in which the end customer has the right to change the software reseller during the contract term. Multi-year licensing contracts normally have a term of up to three years with annual billing of the corresponding fee. Previously, revenue for such contracts was recognised at the end of the annual notice period. Based on the agenda decision SoftwareOne already concluded that it acts as an agent for transactions in the indirect business and therefore the performance obligation is to arrange for software licenses to be provided by the software manufacturer. This performance obligation is fulfilled at inception of the multi-year licensing contract. As a result, the group recognises revenue for the contract between the end customer and the third-party software provider upfront for the entire term when the contract is signed considering the effects of a potential change in channel partner based on historical experience as a variable consideration. For performance obligations in which the customer can reduce the units to be provided to a minimum level until the annual notice period (cloud component), the group recognises revenue only for the binding commitment upfront for the entire term when the contract is signed. Revenue for the variable units in excess of this is recognised at the end of the annual notice period.

For the comparative period 2021, the adjustment resulted in a reduction in revenue from Software & Cloud Marketplace of TCHF 3,431, in personnel expenses of TCHF 158 and in income tax expenses of TCHF 851. This results in a total effect of TCHF –3,273 on earnings before income tax and an effect of TCHF –2,442 on profit for the period, refer to the table below. Basic earnings per share decreased by CHF 0.02 and diluted earnings per share decreased by CHF 0.01.

In addition, SoftwareOne identified a type of service contracts in Software & Cloud Services in which SoftwareOne also acts as an agent and, therefore, recognises revenue in the net amount. Additionally, the group identified contracts associated with software asset management solutions in which revenue for separate performance obligations of the contract relates to external tooling costs, i.e., on-premise software used exclusively for such contracts, which were reported gross under Software & Cloud Services. The group concluded that it acts as an agent and recognises revenue for external tooling costs in the net amount. For the comparative period 2021, both effects resulted in a reduction of revenue from Software & Cloud Services of TCHF 46,644 and a reduction of third-party service delivery costs of TCHF 46,644.

The result of the change in accounting policies within the consolidated income statement for the comparative period is shown in the following table:

in CHF 1,000	2021 reported	Adjustments	2021 adjusted
Revenue from Software & Cloud Marketplace	533,629	–3,431	530,198
Revenue from Software & Cloud Services	430,724	–46,644	384,080
Total revenue	**964,353**	**–50,075**	**914,278**
Third-party service delivery costs	–109,281	46,644	–62,637
Personnel expenses	–608,806	158	–608,648
Earnings before net financial items, taxes, depreciation and amortisation	**160,179**	**–3,273**	**156,906**
Earnings before net financial items and taxes	**104,838**	**–3,273**	**101,565**
Earnings before income tax	**154,265**	**–3,273**	**150,992**
Income tax expense	–34,199	851	–33,348
Profit for the period	**120,066**	**–2,422**	**117,644**

The following table shows which balance sheet items were adjusted as of 31 December 2021:

in CHF 1,000	31 December 2021 reported	Adjustment	31 December 2021 adjusted
Assets			
Prepayments and contract assets	81,532	17,453	98,985
Current assets	**2,612,200**	**17,453**	**2,629,653**
TOTAL ASSETS	**3,380,819**	**17,453**	**3,398,272**
Liabilities and shareholders' equity			
Accrued expenses and contract liabilities	158,744	803	159,547
Current liabilities	**2,362,680**	**803**	**2,363,483**
Deferred tax liabilities	24,893	4,329	29,222
Non-current liabilities	**160,721**	**4,329**	**165,050**
TOTAL LIABILITIES	**2,523,401**	**5,132**	**2,528,533**
Retained earnings	706,204	12,321	718,525
Equity attributable to owners of the parent	**857,256**	**12,321**	**869,577**
TOTAL EQUITY	**857,418**	**12,321**	**869,739**
TOTAL LIABILITIES AND EQUITY	**3,380,819**	**17,453**	**3,398,272**

The following table shows which balance sheet items were adjusted as of 1 January 2021:

in CHF 1,000	1 January 2021 reported	Adjustment	1 January 2021 adjusted
Assets			
Prepayments and contract assets	87,172	20,884	108,056
Current assets	**2,459,621**	**20,884**	**2,480,505**
TOTAL ASSETS	**3,127,230**	**20,884**	**3,148,114**
Liabilities and shareholders' equity			
Accrued expenses and contract liabilities	128,636	961	129,597
Current liabilities	**2,137,652**	**961**	**2,138,613**
Deferred tax liabilities	28,821	5,180	34,001
Non-current liabilities	**213,056**	**5,180**	**218,236**
TOTAL LIABILITIES	**2,350,708**	**6,141**	**2,356,849**
Retained earnings	560,797	14,743	575,540
Equity attributable to owners of the parent	**776,451**	**14,743**	**791,194**
TOTAL EQUITY	**776,522**	**14,743**	**791,265**
TOTAL LIABILITIES AND EQUITY	**3,127,230**	**20,884**	**3,148,114**

Due to the change in accounting policies, the comparative figures in the consolidated statement of cash flows were adjusted for (loss)/profit for the period (TCHF –2,422), income tax expense (TCHF –851), change in other receivables, prepayments and contract assets (TCHF 3,431) and change in accrued expenses and contract liabilities (TCHF –158).

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

The identification of the group's reporting segments has not changed. However, starting 2022, SoftwareOne internally also reports EBITDA by business lines to the Chief Operating Decision Maker. The view presents a breakdown of total revenue, gross profit, contribution margin and EBITDA for the business lines Software & Cloud Marketplace, Software & Cloud Services and Corporate to measure the individual success of the business lines. For additional information on business line performance, refer to Note 28 Segment Reporting.

Impact of the Ukraine war on the consolidated financial statements

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

On the basis of the information available in the reporting period, an analysis of the effects on the accounting of SoftwareOne was carried out as of 31 December 2022, in particular with respect to the expected credit losses on trade receivables and contract assets. SoftwareOne has determined additional expected credit losses of CHF 3.5 million for receivables of clients in Russia that are recorded in the consolidated income statement.

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 when control ceases.

Intercompany transactions, balances, and unrealised 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 on 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 consideration transferred in the business combination and the net fair value of the identifiable assets, liabilities, and contingent liabilities so recognised is treated as goodwill. Goodwill is not amortised but is assessed for impairment annually. Contingent considerations to selling shareholders who become employees and for which payments are automatically forfeited if employment terminates, are not part of the consideration transferred and are accounted as remuneration. Acquisition-related costs are expensed. For each business combination, the group recognises the non-controlling interests in the acquiree at the non-controlling interests' proportionate share in the recognised 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 recognised in the finance result in the income statement.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests on 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 recognised 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 recognised 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 recognised in other comprehensive income (OCI).

The following exchange rates were used:

		2022		2021	
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate
Euro	EUR	1.00	1.02	0.92	0.97
US dollar	USD	1.05	1.08	1.09	1.09
British pound	GBP	0.85	0.90	0.79	0.81
Brazilian real	BRL	5.40	5.63	5.89	6.15
Mexican peso	MXN	21.06	20.99	22.18	22.43
Indian rupee	INR	82.26	89.69	80.85	81.29
Swedish krone	SEK	10.56	11.34	9.38	9.89
Polish zloty	PLN	4.66	4.77	4.22	4.44

Financial assets

Initial recognition and measurement

The group classifies its financial assets at initial recognition in the following categories: subsequently measured at amortised 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. Except for 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.

For a financial asset to be classified and measured at amortised 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 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 amortised cost (debt instruments), financial assets at fair value through profit or loss and derivatives designated as hedging instruments.

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

The group's financial assets at amortised 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 recognised in the income statement.

Derecognition

The group derecognises 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 derecognised 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 recognised in the balance sheet, they are treated as held to collect contractual cash flows and measured at amortised cost.

Impairment of financial assets

The group recognises 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 those 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 recognises 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). These contracts are designated as cash flow hedges. The transactions are expected to affect profit and loss within the next 36 months. At inception of a hedge relationship, the group designates and documents the hedge relationship to apply hedge accounting. The hedge relationship includes the hedging instrument, the hedged item and the nature of the risk being hedged. The hedges are expected to be highly effective.

Derivatives are initially recognised 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 recognised in OCI and later reclassified to the income statement when the hedged item affects profit or loss. The ineffective portion is recognised immediately in the income statement.

In case of a positive value, the derivative is recognised 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 recognised in the income statement for the period in which they are incurred.

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

- Land is not depreciated
- Buildings: max. 33 years
- Furniture, fixtures and other equipment: max. 5 years
- Leasehold improvements: max. 10 years or shorter duration lease contract
- Vehicles: max. 5 years
- IT equipment: max. 3 years

Intangible assets

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

- Software: 3–10 years
- Acquired customer relationships: max. 10 years
- Acquired technology and other intangible assets: 3–10 years
- Internally generated intangible assets: 3–5 years

Internally generated intangible assets are capitalised 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. In-process capitalised development costs are tested annually for impairment.

Acquired customer relationships are capitalised and amortised over their useful lives. They are assessed for impairment if events or changes in circumstances indicate that their value may be impaired. If the reason for a previously recognised impairment loss no longer applies, the impairment loss is reversed to the recoverable amount.

An intangible asset is classified as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. It is not amortised and the group evaluates at the end of each reporting period the classification as intangible asset with indefinite useful life and tests it for impairment on an annual basis.

Impairment test of goodwill and intangibles with indefinite useful life

Regarding impairment testing of goodwill and other intangible assets such as the SoftwareOne brand deemed to have indefinite lives, the group determines the higher of value in use and fair value less costs of disposal of the respective cash generating units to which goodwill and intangibles have been allocated. The calculation of value in use is based on the current budget and business plan approved by the Board of Directors and the expectations regarding the future development of the respective markets, market shares and profitability. The planning period covers five years. Assumptions are made for the subsequent years considering 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.

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 amortised cost or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognised 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 recognised in other comprehensive income.

All other financial liabilities are subsequently measured at amortised 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 recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity. In this case, tax is also recognised in OCI or directly in equity respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the reporting 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 based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised 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 at the reporting date and are expected to apply when the related deferred income tax asset is realised, 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 recognised on deductible temporary differences arising from investments in subsidiaries. They are only recognised 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 utilised.

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 recognised as employee benefit expenses when they are due. Prepaid contributions are recognised 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 recognised 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 recognised in OCI. Service costs are presented in personnel expenses. Interest costs and interest on plan assets are netted in finance costs.

Other employee benefits

Obligations to employees not paid at the reporting 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 is recognised as remuneration and accrued amounts presented as earn-out 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 recognised when the group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect of the time value of money is material, provisions are discounted.

Share capital

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

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

Revenue recognition

Revenue from contracts with customers comprises revenue from the sale of Software & Cloud Marketplace products as well as the sale of Software & Cloud Services. Revenue from contracts with customers is recognised when the performance obligation in the contract has been satisfied either at the 'point in time' or 'over time' as control of the promised goods 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. The normal credit term is 30 to 90 days upon delivery.

Revenue from Software & Cloud Marketplace

SoftwareOne enters contracts with end customers to sell Software & Cloud Marketplace products of several third-party software providers. Below, software is used as a synonym for Software & Cloud Marketplace. A distinction is made between two types of software selling arrangements:

- Direct business: As a 'software advisor', the group's obligation in these arrangements is only to arrange for another entity to provide the software license to the end customer. Thus, the performance obligation consists of establishing the business relationship between the software provider and the end customer. When the software is provided to the end customer, SoftwareOne is entitled to receive an agency commission from the software provider and recognises revenue at this point of time. Hence, SoftwareOne acts as an agent and recognises revenue at the amount that it retains from its agency services.
- Indirect business: As a 'value added reseller', the group provides pre-sales consulting services to end customers and advises them on the selection of the appropriate end-to-end software or cloud technology solution. SoftwareOne is in the contractual relationship between the third-party software provider and the end customer and is commissioned to place orders and manage customer purchases on behalf of the end customer. Even if SoftwareOne provides pre-sales services in connection with the sale of the software licenses to its end customers, the group is not primarily responsible for fulfilling the promise to provide the software or cloud solution. Primary responsibility to provide the products lies with the third-party software provider, while SoftwareOne provides the access to the software license or manages cloud subscriptions. SoftwareOne invoices the end customer and receives the considerations from the end customer. SoftwareOne concluded that it does not control the software from the third-party software providers before they are transferred to the end customer and therefore acts as an agent in these arrangements. Revenue is recognised at the point in time when the access to the software license is transferred to the end customer, generally on delivery of the product key or with signing the contract in the volume license business. The group recognises revenue in the net amount in the consolidated financial statements, i.e., the difference between the consideration received from the end customer and cost of software purchased.

In the indirect business, the group also enters multi-year licensing contracts with annual billing of the corresponding fee in which the end customer has the right to change the software reseller during the contract term. For such contracts, SoftwareOne recognises revenue for the contract between the end customer and the third-party software provider upfront for the entire term when the contract is signed considering the effects of a potential change in channel partner based on historical experience as a variable consideration.

Additionally, non-cancellable multi-year licensing contracts with annual billing of the corresponding fee exist without the right to change the software reseller during the contract term. 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 net of the related costs of purchasing the software); and a loan component (for the effect of the deferred payment terms). Interest income on the loan finance component is calculated based on the rate that would be reflected in a separate financing transaction between the group and the end 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 provision access to the software license to the customer and the receipt of the consideration from the end customer will be one year or less.

Revenue from Software & Cloud Services

SoftwareOne provides a wide range of technology consulting services but also delivers self-developed on-premise software.

Revenue from technology consulting services is generally recognised over time as the customer simultaneously receives and consumes the benefits provided. SoftwareOne uses an input method based on costs incurred to measure progress towards the stage of completion of the service. The group determined that the input method based on costs incurred in relation to total expected costs is the best method of measuring progress of the consulting services because there is a direct relationship between SoftwareOne's effort and the transfer of the service to the customer. In addition, in cases where the group provides standardised services (i.e., managed services), revenue is recognised pro rata over the term of the contract. Payment is due 30 days after the solutions and services have been performed. As a rule, services are priced separately. If this is not the case, the transaction prices are allocated based on the relative individual selling prices.

Revenue from self-developed on-premise software is recognised at the point in time when control of the license is transferred to the customer. Such contracts and related revenues exist only to a limited extent. The same applies to revenue from external on-premise software which is only used to provide software asset management solutions. The related revenue is recognised net under revenue from Software & Cloud Services.

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 services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In addition, SoftwareOne recognises contract assets for revenue recognised upfront in connection with multi-year licensing contracts in which the end customer has the right to change the software reseller during the contract term.
- 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 recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised 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 2022 and 2021 are not material.

Leases

Right-of-use assets

The group recognises 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 recognised, 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 of obtaining ownership of the leased asset at the end of the lease term, the recognised 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 recognises 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 recognised as expenses in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease liabilities are included in the financial liabilities, refer to Note 19 Financial liabilities.

Short-term leases and leases of low-value assets

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

3 Change in the scope of consolidation

Acquisitions in 2022

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

in CHF 1,000	Predica	Others	Total
Cash and cash equivalents	3,097	235	3,332
Trade receivables	5,943	82	6,025
Other current assets	3,150	50	3,200
Indemnification assets	560	–	560
Tangible assets	83	99	182
Intangible assets (excluding goodwill)	11,323	–	11,323
Deferred tax assets	493	–	493
Other non-current assets	19	–	19
Total assets	**24,668**	**466**	**25,134**
Trade payables	1,737	20	1,757
Accrued expenses and contract liabilities	1,991	69	2,060
Other current liabilities	3,656	26	3,682
Contingent liabilities	560	–	560
Contingent consideration liabilities	937	–	937
Financial liabilities	593	–	593
Deferred tax liabilities	2,060	–	2,060
Net assets acquired at fair value	**13,134**	**351**	**13,485**

Acquisition of Predica

On 2 February 2022, SoftwareOne acquired 100% of Predica Sp zoo, Poland ('Predica'), a cloud-native provider of industry-leading Azure cloud professional and managed services with subsidiaries in Europe and the Middle East and the US. As an acclaimed Microsoft Gold partner with 15 Gold competencies and Azure Expert Managed Service Provider, the company specialises in applications & DevOps, cloud infrastructure, security, and data analytics in order to drive digital transformation with clients.

A contingent consideration arrangement was agreed that could result in additional cash payments to the previous shareholders of Predica. The calculation depends on certain KPIs of the years 2022 to 2024 and the retention of three key employees, which is reduced proportionately in the event of termination. The contingent consideration for the performance year 2022 is based on revenue, revenue growth and new customers. The calculation for the performance years 2023 and 2024 is primarily based on chargeability of delivery resources and new customers. The earn-out amount in the maximum amount of TCHF 26,250 contingent on continuing employment of the selling shareholders is recognised as a personnel expense over the service period of three years and thus not part of the purchase price. The fair value of the contingent consideration of TCHF 8,750 payable to selling shareholders without continuing employment is part of the purchase price and recognised as a financial liability. Cash outflows for both earn-outs are expected on a yearly basis until 2025.

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

From the date of acquisition, Predica has contributed TCHF 30,493 of revenue and TCHF 1,501 to the profit for the period.

Other acquisitions

On 4 February 2022, SoftwareOne acquired 100% of Satzmedia GmbH, Germany ('Satzmedia'), a provider of digital experience, eCommerce and CMS (Content Management) solutions. The purchase price paid for the acquisition of Satzmedia relates mainly to the skilled workforce and, therefore, represents goodwill.

If all acquisitions had taken place at the beginning of the year, total revenue of SoftwareOne would have been TCHF 1,006,501 and net loss for the period would have been TCHF –58,377.

The purchase price allocation for all business combinations made in 2022 is finalised as of 31 December 2022.

Purchase considerations and goodwill

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

in CHF 1,000	Predica	Others	Total
Cash paid	73,549	1,803	75,352
Contingent consideration liabilities	8,750	–	8,750
Total purchase consideration	**82,299**	**1,803**	**84,102**
Less net assets acquired at fair value	13,134	351	13,485
Goodwill	**69,165**	**1,452**	**70,617**

The cash flow on acquisitions

in CHF 1,000	Predica	Others	Total
Cash consideration	–73,549	–1,803	–75,352
Net cash acquired	3,097	235	3,332
Cash consideration for current period acquisitions	**–70,452**	**–1,568**	**–72,020**
Cash consideration for prior period acquisitions	–	–6,412	–6,412
Net outflow of cash – investing activities	**–70,452**	**–7,980**	**–78,432**

Acquisitions in 2021

In 2022, the group finalised the purchase accounting of the acquisitions made in 2021:

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

There were no changes in the final fair values of acquired assets and liabilities compared to the provisional amounts disclosed in the Annual Report 2021.

Details of the purchase considerations recognised at acquisition and the derivation of goodwill were as follows:

in CHF 1,000	Centiq	HeleCloud	Others	Total
Cash paid	35,089	37,786	22,222	95,097
Deferred purchase price	5,013	–	270	5,283
Offsetting of receivables of previous shareholders	–	954	–	954
Total purchase consideration	**40,102**	**38,740**	**22,492**	**101,334**
Less net assets acquired at fair value	4,932	1,427	1,611	7,970
Goodwill	**35,170**	**37,313**	**20,881**	**93,364**

in CHF 1,000	Centiq	HeleCloud	Others	Total
Cash consideration	–35,089	–37,786	–22,222	–95,097
Net cash acquired	1,102	754	646	2,502
Cash consideration for current period acquisitions	**–33,987**	**–37,032**	**–21,576**	**–92,595**
Cash consideration for prior period acquisitions[1]	–	–	–20,142	–20,142
Net outflow of cash – investing activities	**–33,987**	**–37,032**	**–41,718**	**–112,737**

1) In January 2021, the purchase price for the acquisition of the remaining 60 % of the shares of InterGrupo (TCHF 20,142) was paid.

Acquisition of non-controlling interests

On 26 August 2022, the group acquired the remaining 30% of SynchroNet Corp, following its initial investment of 70% in 2021. The consideration for the 30% ownership interests was paid to an amount of TCHF 726 in cash and to an amount of TCHF 243 through a contingent consideration agreement.

On 7 October 2022, SoftwareOne acquired the remaining 0.08% of SoftwareOne Japan KK for a purchase price of TCHF 3.

Sale of subsidiaries in 2022

On 20 May 2022, SoftwareOne Russia was sold to a third-party. Sale proceeds consisted of RUB 1,000. During the sale, the recoverability of the group's existing receivables and loans against the company was reassessed and their fair value was estimated to be TCHF 2,021. The repayment is subject to the risk of potential sanctions which might prohibit the transfer of cash. At the end of the reporting period, there is no longer a claim for repayment, therefore the receivable was written off.

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

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

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

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

4 Financial 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 minimise 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 standardised mathematical models. The counterparty risk related to those derivatives is immaterial for the group.

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

Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised 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 recognised assets and liabilities and future commercial transactions by derivative contracts.

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

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

		2022		2021	
Impact in TCHF	Sensitivity	Earnings before income tax	Equity	Earnings before income tax	Equity
EUR	+/– 5%	+/– 799	+/– 614	+/– 1,332	+/– 1,289
USD	+/– 5%	+/– 439	+/– 1,364	+/– 467	+/– 1,232
GBP	+/– 5%	+/– 320	+/– 20	+/– 661	+/– 66
BRL	+/– 5%	+/– 1	–	+/– 11	–
MXN	+/– 5%	+/– 1	–	+/– 142	–
INR	+/– 5%	+/– 33	+/– 9	+/– 18	–
SEK	+/– 5%	+/– 112	+/– 219	+/– 23	–
PLN	+/– 5%	+/– 170	–	+/– 275	–

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 (undrawn as of 31 December 2022 and 2021). Currently, there is no material exposure to interest rate risk. Also refer to Note 19 Financial liabilities.

Equity price risk

The group is exposed to price risks related to listed shares. Changes in fair value are recognised in profit and loss as they arise. In 2022, SoftwareOne sold shares for cash proceeds of TCHF 72,940. In December 2022, the group entered into a total return swap agreement in which it sold the shares but remains exposed to the price risk related to these shares, refer to further explanations in section Liquidity Risk below.

A sensitivity analysis was performed. A 10% fluctuation in share price leads to fluctuations in pre-tax earnings of TCHF +/– 5,841 (prior year: TCHF +/– 20,876).

Credit risk

Group Treasury and the Group Credit & Collection Department are responsible for managing and analysing 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 customers, considering 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 utilisation of credit limits is regularly monitored.

There is no concentration of credit risk with respect to trade receivables, as the group has many customers that are internationally diversified. 39% of trade receivables are covered through credit insurance (prior year: 47%).

The remaining part is not insured for one of the following reasons:

- From end customers with top rating (based on internal and credit insurance assessment): 42% (prior year: 22%)
- Too small to be insured: 1% (prior year: 3%)
- No insurance available: 18% (prior year: 28%)

Refer to Note 12 Trade receivables for information about the credit risk exposure on the group's trade receivables and contract assets using a provision matrix.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn borrowing facilities (for further details see below).

The table below analyses the group's non-derivative financial liabilities according to relevant maturity groupings based on the remaining period as of the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, i.e., 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 of 31 December 2022						
Trade payables	1,915,936	1,915,936	1,695,224	220,712	–	–
Other payables	181,238	181,238	23,275	725	157,238	–
Accrued expenses	78,370	78,370	56,836	21,534	–	–
Financial liabilities (including bank overdrafts, excluding lease liabilities)	82,482	45,400	22,241	7,917	12,623	2,619
Lease liabilities	33,070	34,104	3,007	12,104	16,901	2,092
Total	**2,291,096**	**2,255,048**	**1,800,583**	**262,992**	**186,762**	**4,711**

in CHF 1,000	Carrying amount	Total cash outflow	Cash outflows			
			Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
As of 31 December 2021						
Trade payables	1,848,712	1,848,712	1,789,930	58,782	–	–
Other payables	102,211	102,211	37,492	5,867	58,852	–
Accrued expenses[1]	91,996	91,996	76,190	15,404	402	–
Financial liabilities (including bank overdrafts, excluding lease liabilities)	61,504	63,338	8,264	42,793	10,855	1,426
Lease liabilities	38,037	38,448	3,200	12,834	20,481	1,933
Total	**2,142,460**	**2,144,705**	**1,915,076**	**135,680**	**90,590**	**3,359**

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

In July 2022 the group signed an amendment and restatement agreement for the multiple currency revolving credit facility to increase the facility from CHF 470 million to CHF 660 million and extend the tenor to 31 December 2025. The initial agreement was signed in 2019. The facility contains two extension options which can be exercised with the consent of the lending banks in the fourth quarter of 2023 and 2024. This allows the term of the credit facility to be extended by another year to a maximum of 31 December 2027. Interest would be payable at a base rate plus a margin ranging from 62.5 to 77.5 basis points initially, depending on the currency, and thereafter adjusted for changes in the leverage ratio of the group. As of 31 December 2022 and 2021, the credit facility was not used. Each drawdown within the facility would have a tenor ranging from one week up to the maturity of the credit facility. The facility is subject to loan covenants (leverage ratio: net debt/earnings before net financial items, taxes, depreciation and amortisation). A potential breach of covenant triggers measures which are standard in such circumstances. Under the agreement, the covenants are monitored on a regular basis by the treasury department and half yearly reported to management and lending banks to ensure compliance with the agreement.

In December 2022, the group entered into a total return swap agreement related to listed equity securities. Under the total return swap, SoftwareOne sold the underlying shares for cash consideration of TCHF 42,559, classified as investing cash inflow, but remains exposed to changes in the market value of these shares. As a result, the group did not derecognise the financial asset. SoftwareOne recorded a financial liability for the receipts from swap contracts of TCHF 42,559. In the event of a negative market price development of the underlying asset, there is a risk of a cash outflow when agreed thresholds are exceeded up to the amount of the consideration received. On maturity date of the total return swap, the liability from the swap contract and the related financial asset will both be derecognised and the related cashflows will be settled. At the end of the reporting period, the total return swap had a positive market value.

The maturity structure of the derivative financial instruments based on cash flows is as follows:

in CHF 1,000	Carrying amount	Total cashflow	Cashflows Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
As of 31 December 2022						
Derivative assets with gross settlement	4,048					
– Cash outflow		335,302	295,930	22,731	16,640	–
– Cash inflow		339,588	298,360	23,924	17,304	–
Derivative liabilities with gross settlement	6,318					
– Cash outflow		517,741	464,464	27,139	26,137	–
– Cash inflow		511,832	460,105	25,969	25,758	–

in CHF 1,000	Carrying amount	Total cashflow	Cashflows Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
As of 31 December 2021						
Derivative assets with gross settlement	6,470					
– Cash outflow		341,409	295,685	25,659	20,065	–
– Cash inflow		348,018	299,516	27,296	21,206	–
Derivative liabilities with gross settlement	6,119					
– Cash outflow		620,619	568,873	28,125	23,621	–
– Cash inflow		614,252	563,909	27,389	22,953	–

The contractual agreement determines whether the contracting parties must fulfil their obligations from derivative financial instruments net or gross.

As of 31 December 2022, the group had total committed and uncommitted credit lines (including factoring) of TCHF 1,097,742 (prior year: TCHF 963,559) available, of which 24% (prior year: 21%) was drawn. From the drawn amount, TCHF 35,121 were covered by financial covenants and fulfilled as of 31 December 2021.

4.2 Capital risk management

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

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

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

Capital is measured based on the group's consolidated financial statements and monitored closely on an ongoing basis. Management's target for the period under review was to strengthen the capital base to sustain and support further development of the business. In 2022, this goal was not achieved due to the one-time effects related to the loss on disposal of SoftwareOne Russia and a fair value loss related to the valuation of equity instruments.

The equity ratio for the period ended 31 December 2022 and the prior year were as follows:

in CHF 1,000	2022	2021
Total equity[1]	738,996	869,739
Total assets[1]	3,449,077	3,398,272
Equity ratio[1]	**21.4%**	**25.6%**

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

The equity ratio for 2022 decreased compared to the previous year, which is mainly due to the loss for the period in 2022.

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 of 31 December 2022 in CHF 1,000	IFRS 9 category	Carrying amount	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortised cost	325,791	n/a*	
Trade receivables	Amortised cost	1,944,969	n/a*	
Other receivables	Amortised cost	190,948	n/a*	
Derivative financial instruments	Fair value through profit or loss	1,804		Level 2
Derivative financial instruments	Designated as cash flow hedge	2,244		Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	58,415		Level 1
Financial assets - loans	Amortised cost	775	n/a*	
Total financial assets		**2,524,946**		
FINANCIAL LIABILITIES				
Trade payables	Financial liabilities at amortised cost	1,915,936	n/a*	
Other payables	Financial liabilities at amortised cost	181,238	n/a*	
Accrued expenses	Financial liabilities at amortised cost	78,370	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	15,030		Level 3
Financial liabilities	Financial liabilities at amortised cost	25,514	n/a*	
Financial liabilities	Fair value through profit or loss	41,938		Level 2
Derivative financial instruments	Fair value through profit or loss	3,576		Level 2
Derivative financial instruments	Designated as cash flow hedge	2,742		Level 2
Lease liabilities	n/a	33,070		
Total financial liabilities		**2,297,414**		

* The carrying amount is a reasonable approximation for fair value.

Financial assets consist of an investment in listed equity instruments for which the group recognised a fair value loss of TCHF 71,328 in finance expenses in 2022 (prior year: gain of TCHF 67,812).

As of 31 December 2021 in CHF 1,000	IFRS 9 category	Carrying amount	Fair value	Fair value level
FINANCIAL ASSETS				
Cash and cash equivalents	Amortised cost	350,352	n/a*	
Trade receivables	Amortised cost	1,861,168	n/a*	
Other receivables	Amortised cost	105,875	n/a*	
Derivative financial instruments	Fair value through profit or loss	3,529		Level 2
Derivative financial instruments	Designated as cash flow hedge	2,941		Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	208,756		Level 1
Financial assets - loans	Amortised cost	352	n/a*	
Total financial assets		**2,532,973**		
FINANCIAL LIABILITIES				
Trade payables	Financial liabilities at amortised cost	1,848,712	n/a*	
Other payables	Financial liabilities at amortised cost	102,211	n/a*	
Accrued expenses[1)]	Financial liabilities at amortised cost	91,996	n/a*	
Contingent consideration liabilities	Fair value through profit or loss	8,644		Level 3
Other financial liabilities	Financial liabilities at amortised cost	52,860	n/a*	
Derivative financial instruments	Fair value through profit or loss	4,534		Level 2
Derivative financial instruments	Designated as cash flow hedge	1,585		Level 2
Lease liabilities	n/a	38,037		
Total financial liabilities		**2,148,579**		

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

Fair value estimation

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

The fair value of financial assets (equity instruments) is based on observable price quotations at the reporting date. The fair value of derivatives is determined based on input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts is based on forward exchange rates.

Financial instruments carried at fair value are analysed 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 reporting date.

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

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

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

in CHF 1,000	As of 31 December 2022 Level 1	Level 2	Level 3	Total	As of 31 December 2021 Level 1	Level 2	Level 3	Total
ASSETS								
Financial assets	58,415	–	–	58,415	208,756	–	–	208,756
Derivative financial instruments	–	4,048	–	4,048	–	6,470	–	6,470
LIABILITIES								
Contingent consideration liabilities	–	–	15,030	15,030	–	–	8,644	8,644
Financial liabilities	–	41,938	–	41,938	–	–	–	–
Derivative financial instruments	–	6,318	–	6,318	–	6,119	–	6,119

There have been no transfers between the different hierarchy levels in 2022 and 2021.

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

in CHF 1,000	2022	2021
On 1 January	8,644	9,848
Business acquisitions	937	–
Additions	8,993	–
Settlement in cash	–3,606	–1,895
Fair value adjustment	167	613
Currency translation adjustments	–105	78
As of 31 December	**15,030**	**8,644**

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

CompuCom (fair value as of 31 December 2022: TCHF 3,438; prior year: TCHF 5,212)
The purchase price for the customer base of CompuCom acquired in 2015 is fully based on variable payments that depend on the future revenues generated from those clients over a period of 10 years. During 2022, the group recognised an unrealised fair value loss of TCHF 167 (prior year: loss of TCHF 613). 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%, i.e., TCHF +/– 344 (prior year: TCHF +/– 521).

Intelligence Partner (fair value as of 31 December 2022: TCHF 2,065; prior year: TCHF 3,264)
The contingent consideration liability of Intelligence Partner depends on the EBITDAs of the years 2022 to 2023 and an additional 'catch-up' year if necessary. The development of the future EBITDAs and the contingent consideration is not linear and is capped at a maximum of TEUR 2,100 (prior year: TCHF 3,150).

Predica (fair value as of 31 December 2022: TCHF 8,750)
The contingent consideration liability of Predica depends on certain KPIs of the years 2022 to 2024 and the retention of three key employees. The contingent consideration is capped at a maximum of TCHF 8,750. A partial amount of TCHF 5,125 is exclusively related to the retention of the three key employees. The contingent consideration for performance year 2022, which amounts to a maximum of TCHF 1,875, is based on revenue, revenue growth and new customers. The calculation for the performance years 2023 and 2024 is primarily based on chargeability of delivery resources and new customers and amounts to a maximum of TCHF 1,750. In the event of termination by one of the three key employees, the contingent consideration is reduced proportionately.

4.4 Transfer of financial assets

The group enters transactions in which it transfers trade receivables under factoring agreements and, as a result, may either be eligible to derecognise the transferred receivables in their entirety or must continue to recognise the transferred receivables to the extent of any continuing involvement, depending on certain criteria. These criteria are presented in Note 2 Summary of significant accounting policies.

The amount of the receivables sold as of 31 December 2022 is TCHF 197,477 (prior year: TCHF 170,260). The amount is fully derecognised from the balance sheet. Moreover, liabilities to factoring partners for forwarding incoming payments from clients of TCHF 14,150 (prior year: TCHF 3,991) are recognised under financial liabilities.

5 Critical accounting estimates and judgments

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

Significant estimates

Income taxes (Note 10)

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

In particular, the deferred tax assets on unused tax losses require estimates of the amount and dates of future taxable income as well as the future tax planning strategies. If the group expects not to realise the unused tax losses, these are not recognised.

Contingent consideration liabilities related to business acquisitions and the acquisition of customer relationships (Note 4.3, 16 and 19)

Contingent consideration liabilities reflect potential future payments following the acquisition of customer relationships and businesses. The calculation of the future payments is based on different variable input factors. 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 20)

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 20 Defined benefit liabilities.

Contingent liabilities and indemnification assets related to purchase price allocations (Note 13 and 18)

COMPAREX, acquired in 2019, has several ongoing dispute cases which could lead to future cash outflows. Occasional dispute cases also exist for InterGrupo, Intelligence Partner, ITST and Predica. During the purchase price allocation, these contingent liabilities were measured at fair value on the acquisition date and presented as provisions. 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 recognised less the cumulative amount of liabilities settled, cancelled, or expired. Part of the risks are covered through indemnity clauses. The resulting indemnification assets were measured at fair value on the acquisition date on the same basis as the indemnified liability.

6 Revenue

SoftwareOne generates its revenue from Software & Cloud Marketplace by arranging software license agreements between software providers and end customers and managing cloud subscriptions for them (point in time). Revenue from Software & Cloud Services is generated in providing services to customers (over time), the sale of on-premise software only used to provide software asset management solutions and the resale or sale of self-developed on-premise software (both point in time and presented in Software & Cloud Services).

For management purposes, SoftwareOne is organised by geographical areas. The breakdown of revenue below follows the regional clusters by the group's operating segments, refer to Note 28 Segment reporting.

Revenue is broken down as follows:

2022 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud Marketplace	360,998	77,224	34,614	65,560	538,396
Revenue from Software & Cloud Services	258,551	76,222	69,893	61,045	465,711
Total revenue	**619,549**	**153,446**	**104,507**	**126,605**	**1,004,107**

2021 in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud Marketplace[1)]	362,411	73,412	31,129	63,246	530,198
Revenue from Software & Cloud Services[1)]	210,036	61,841	60,976	51,227	384,080
Total revenue[1)]	**572,447**	**135,253**	**92,105**	**114,473**	**914,278**

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

SoftwareOne distinguishes between indirect and direct business when generating revenue from Software & Cloud:

in CHF 1,000	2022	2021
Revenue from Software & Cloud Marketplace		
– indirect business[1)]	438,409	415,263
– direct business	99,987	114,935
Total revenue from Software & Cloud Marketplace[1)]	**538,396**	**530,198**

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

7 Personnel expenses

in CHF 1,000	2022	2021
Salaries fixed	–375,906	–348,394
Salaries variable[1)]	–115,088	–108,182
Social security costs	–75,401	–70,901
Earn-out expenses (Note 18)	–34,319	–26,888
Pension costs – defined benefit plans (Note 20)	–5,477	–5,645
Pension costs – defined contribution plans	–9,529	–8,409
Other personnel expenses	–40,168	–40,229
Total personnel expenses[1)]	**–655,888**	**–608,648**
Average head count (FTE)	**8,948**	**8,292**

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

Other personnel expenses include expenses for the Management Equity Plan of TCHF 3,349 (prior year: TCHF 9,079) and other share-based payment programmes of TCHF 9,158 (prior year: TCHF 7,981), refer to Note 25 Share-based payments.

8 Other operating expenses

in CHF 1,000	2022	2021
Travel and car expenses	–24,336	–14,472
Administrative expenses	–49,408	–48,171
Maintenance and utility expenses	–8,831	–7,638
Information technology expenses	–18,460	–14,621
Telecommunication expenses	–3,725	–3,920
Marketing expenses	–9,336	–5,700
Bad debt expenses	–10,594	–366
Other expenses	–14,785	–8,940
Loss on disposal of subsidiaries	–29,682	–
Total other operating expenses	**–169,157**	**–103,828**

The increase in other operating expenses of TCHF 65,329 is mainly related to higher travel expenses (TCHF 9,864), higher bad debt provisions (TCHF 10,228), as well as loss on disposal of subsidiaries (TCHF 29,682).

9 Finance result

in CHF 1,000	2022	2021
Interest income	1,600	972
Other finance income	4,157	70,078
Finance income	**5,757**	**71,050**
Interest expense	–4,829	–3,093
Other finance expenses	–83,047	–6,840
Change in fair value of contingent consideration liability	–167	–613
Finance expenses	**–88,043**	**–10,546**
Foreign exchange differences, net	**–9,933**	**–11,077**
Total finance result	**–92,219**	**49,427**

Other finance income includes TCHF 3,904 income from significant finance components (prior year: TCHF 1,759).

Other finance expenses include a fair value loss of TCHF 71,328 from the valuation of equity instruments (prior year: gain of TCHF 67,812 recognised in other finance income) and TCHF 4,488 factoring expenses (prior year: TCHF 1,986).

The foreign exchange differences, net result 2022 excludes unrealised gains on derivatives designated as instruments to hedge foreign currency risks in the amount of TCHF 128 (prior year: unrealised losses of TCHF 1,251) recognised in OCI and to be reclassified to the income statement in future periods. In 2022, losses of TCHF 1,784 (prior year: losses of TCHF 1,564) have been reclassified to profit and loss, refer to Note 14 Derivative financial instruments.

10 Income taxes

Tax expenses comprise the following positions:

in CHF 1,000	2022	2021
Current income taxes	–48,433	–50,020
Change in deferred taxes[1]	4,139	16,672
Total tax expense[1]	**–44,294**	**–33,348**

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

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	2022	2021
Earnings before income tax (EBT)[1]	**–14,040**	**150,992**
Expected average group tax rate[1]	–119.3%	19.9%
Tax at expected average rate	**–16,752**	**–30,055**
+/– Effect of		
Expenses not deductible for tax purposes	–22,174	–10,211
Income not subject to tax	1,986	9,843
Utilisation of previously unrecognised tax losses	1,188	606
Impairment of previously recognised tax losses	–4,756	–578
Capitalisation of tax losses previously not recognised	1,023	2,354
Unrecognised current year's tax losses	–2,024	–2,992
Current income tax charges/credits related to prior periods	–1,202	482
Impact from tax rate changes	118	723
Other effects	–1,701	–3,520
Total tax expense[1]	**–44,294**	**–33,348**
Effective tax rate[1]	**–315.5%**	**22.1%**

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

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.

In 2022 the group EBT is significantly impacted by the fair value loss of financial assets (prior year gain included in position 'Income not subject to tax') and increased expenses for future earn-out payments. Simultaneously, the group has taxable profits in other jurisdictions. The fair value loss and the earn-out expenses are mainly non-tax deductible and are therefore included in 'Expenses not deductible for tax purposes'. The impact results in a weighted average expected tax rate of –119.3% (prior year: 19.9%).

The group has not recognised deferred tax assets of TCHF 2,024 (prior year: TCHF 2,992) in respect of losses for the period ended 31 December 2022 of TCHF 9,043 (prior year: TCHF 12,685).

Other effects in 2022 are mainly related to withholding taxes on intercompany transactions and additional local taxes. Other effects in 2021 were mainly related to withholding taxes on intercompany transactions.

Deferred income tax

Deferred tax expense of TCHF 1,048 (prior year: TCHF 1,942) is recorded in other comprehensive income on actuarial losses on defined benefit liabilities and on hedge accounting, refer to Note 20 Defined benefit liabilities and Note 14 Derivative financial instruments.

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

	2022		2021	
in CHF 1,000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables[1]	4,270	7,413	3,583	7,554
Other current assets	1,052	759	705	234
Tangible, intangible and right-of-use assets	4,504	27,518	4,267	30,221
Other non-current assets	262	223	2,205	4
Accrued expenses, prepaid income and contract assets	5,514	905	5,394	1,232
Other current liabilities[1]	9,215	565	7,943	296
Defined benefit liabilities	805	–	1,892	–
Other non-current liabilities	7,050	376	4,278	1,523
Deferred taxes from losses carried forward	9,876	–	13,995	–
Total[1]	**42,548**	**37,759**	**44,262**	**41,064**
Offsetting of balances[1]	–14,073	–14,073	–11,842	–11,842
Total[1]	**28,475**	**23,686**	**32,420**	**29,222**

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

For some group companies, dividend payments are subject to a withholding tax which cannot be fully recovered in Switzerland. The company has not recognised 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 recognised amounted to TCHF 33,515 (prior year: TCHF 41,338).

The movement of available tax loss carry forwards is as follows:

in CHF 1,000	2022	2021
On 1 January	125,018	172,260
Business acquisitions	–	5,153
Disposal of subsidiaries	–824	–
Tax losses arising in current year	13,585	26,419
Tax losses utilised against current year profits	–15,781	–8,582
Expired tax losses during the period	–3,015	–2,507
Other movements	–27,481	–63,691
Currency translation adjustments	–4,012	–4,034
As of 31 December	**87,490**	**125,018**

Deferred tax assets of TCHF 9,876 (prior year: TCHF 13,995) were recorded in respect of available tax loss carry forwards of TCHF 37,061 (prior year: TCHF 52,099).

Tax loss carry forwards as of 31 December 2020 included tax losses in the amount of TCHF 92,161 (no expiry date) originating from the Austrian permanent establishment of COMPAREX AG in Germany. In 2020, the Austrian permanent establishment of COMPAREX AG was dissolved. It was legally uncertain if these tax loss carry forwards were transferred to the head office of COMPAREX AG. Therefore, no deferred tax asset was recognised. As of 31 December 2022, tax loss carry forwards are no longer included in the table above due to a negative final court decision (prior year: TCHF 25,062).

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

in CHF 1,000	2022	2021
Expiry within 12 months	1,818	6,423
Expiry in 2–3 years	9,258	6,409
Expiry in 4–5 years	9,648	15,089
Expiry in more than 5 years	8,925	11,094
No expiry date	20,780	33,903
Total not recognised tax losses	**50,429**	**72,918**

11 Cash and cash equivalents

in CHF 1,000	2022	2021
Cash at bank	323,405	338,167
Short-term bank deposits	2,386	12,185
Total cash and cash equivalents	**325,791**	**350,352**

12 Trade receivables

in CHF 1,000	2022	2021
Trade receivables	1,963,504	1,874,472
Less provision for impairment of trade receivables	–18,535	–13,304
Total trade receivables, net	**1,944,969**	**1,861,168**

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 (i.e., 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 (i.e. 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 each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 recognised based on lifetime ECLs at the reporting date. The aging of the receivables for the year 2022 and 2021 are as follows:

2022

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due	–0.1%	1,681,720	–1,507
Past due since 1–90 days	–1.1%	217,727	–2,344
Past due since 91–180 days	–6.9%	35,653	–2,469
Past due since 181–360 days	–26.1%	16,171	–4,213
Past due since more than 360 days	–65.4%	12,233	–8,002
Total trade receivables, gross	**–0.9%**	**1,963,504**	**–18,535**

2021

in CHF 1,000	Expected credit loss rate	Estimated total gross carrying amount at default	Expected credit loss
Not past due	0.0%	1,616,421	–578
Past due since 1–90 days	–0.5%	212,094	–996
Past due since 91–180 days	–5.8%	29,899	–1,736
Past due since 181–360 days	–30.8%	6,245	–1,924
Past due since more than 360 days	–82.2%	9,813	–8,070
Total trade receivables, gross	**–0.7%**	**1,874,472**	**–13,304**

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

	2022	2021
On 1 January	–13,303	–17,108
Disposal of subsidiaries	3,247	–
Allowance recognised	–17,041	–3,436
Receivables written off during the year as uncollectible	1,372	2,091
Unused amounts reversed	6,650	5,116
Currency translation adjustments	540	34
As of 31 December	**–18,535**	**–13,303**

In 2022, SoftwareOne has recorded additional expected credit losses of TCHF 3,537 for receivables of clients in Russia in the consolidated income statement.

13 Other receivables, prepaid expenses and contract assets

in CHF 1,000	2022	2021
Other receivables	74,547	87,170
– thereof financial assets: 8,777 (prior year: 27,919)		
Indemnification assets	2,091	6,586
Prepaid expenses	37,409	26,033
Contract assets[1]	88,217	72,952
Current other receivables, prepaid expenses and contract assets	**202,264**	**192,741**
Other receivables	191,244	87,446
– thereof financial assets: 182,171 (prior year: 77,956)		
Indemnification assets	518	–
Non-current other receivables	**191,762**	**87,446**
Total other receivables, prepaid expenses and contract assets	**394,026**	**280,187**

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

Contract assets are initially recognised 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 recognised as contract assets are reclassified to trade receivables.

Current other receivables mainly include VAT and other sales tax receivables.

Indemnification assets are related to acquisitions of prior periods in the amount of TCHF 2,609 (prior year: TCHF 6,586). In 2022, the group received payments of TCHF 1,698 from the previous shareholders of the acquired companies (prior year: TCHF 1,896). The underlying risks that have been classified as contingent liabilities are recorded as provisions, refer to Note 18 Provisions.

Other non-current receivables include TCHF 171,475 non-current trade receivables for multi-year contracts (prior year: TCHF 69,998)

14 Derivative financial instruments

in CHF 1,000	2022 Notional amount	2021 Notional amount	2022 Derivative financial assets	2022 Derivative financial liabilities	2021 Derivative financial assets	2021 Derivative financial liabilities
Current						
Forward foreign exchange contracts	829,426	949,076	3,769	5,515	5,542	5,441
– cash flow hedges recog-nised in OCI	65,101	64,533	1,964	1,939	2,013	907
– not designated as hedging instruments	764,325	884,543	1,805	3,576	3,529	4,534
Non-current						
Forward foreign exchange contracts	43,043	44,029	279	803	928	678
– cash flow hedges recog-nised in OCI	43,043	44,029	279	803	928	678
Total derivatives	**872,469**	**993,105**	**4,048**	**6,318**	**6,470**	**6,119**

In 2022 and 2021, no ineffectiveness was recognised 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
On 1 January 2022	3,534	16,255	27,602	5,736	5,556	2,162	916	61,761
Business acquisitions	–	–	69	29	50	–	34	182
Additions	–	–	4,504	1,795	1,947	349	125	8,720
Disposals	–	–478	–5,704	–720	–675	–525	–324	–8,426
Disposal of subsidiaries	–	–	–332	–6	–72	–	–	–410
Currency translation adjustments	–228	–843	–821	185	–623	–75	–149	–2,554
As of 31 December 2022	**3,306**	**14,934**	**25,318**	**7,019**	**6,183**	**1,911**	**602**	**59,273**
Accumulated depreciation								
On 1 January 2022	–	984	18,094	3,753	3,827	1,526	709	28,893
Additions	–	373	5,720	974	817	192	113	8,189
Disposals	–	–334	–5,360	–720	–576	–471	–231	–7,692
Disposal of subsidiaries	–	–	–206	–6	–48	–	–	–260
Currency translation adjustments	–	–87	–530	82	–181	–38	–165	–919
As of 31 December 2022	**–**	**936**	**17,718**	**4,083**	**3,839**	**1,209**	**426**	**28,211**
Carrying amount 31 December 2022	**3,306**	**13,998**	**7,600**	**2,936**	**2,344**	**702**	**176**	**31,062**

As of 31 December 2022, there were no contractual commitments for the purchase of tangible assets and no impairment was required.

in CHF 1,000	Land	Buildings	IT equipment	Leasehold improve-ment	Furniture and fixtures	Vehicles	Other equipment	Total
On 1 January 2021	3,748	17,109	20,580	5,197	4,914	2,187	1,316	55,051
Business acquisitions	–	–	175	90	218	–	30	513
Additions	–	–	7,384	500	580	724	191	9,378
Disposals	–	–	–285	–171	–135	–630	–480	–1,702
Currency translation adjustments	–214	–854	–251	121	–21	–119	–140	–1,479
As of 31 December 2021	**3,534**	**16,255**	**27,602**	**5,736**	**5,556**	**2,162**	**916**	**61,761**
Accumulated depreciation								
On 1 January 2021	–	582	13,840	2,793	3,168	1,703	943	23,029
Additions	–	413	4,620	983	634	254	281	7,185
Disposals	–	–	–237	–157	–14	–428	–375	–1,212
Currency translation adjustments	–	–11	–129	134	39	–2	–140	–109
As of 31 December 2021	**–**	**984**	**18,094**	**3,753**	**3,827**	**1,526**	**709**	**28,893**
Carrying amount 31 December 2021	**3,534**	**15,271**	**9,509**	**1,983**	**1,729**	**635**	**207**	**32,868**

As of 31 December 2021, there were no contractual commitments for the purchase of tangible assets and no impairment was required.

16 Intangible assets

in CHF 1,000	Goodwill	Software, acquired technology and customer relationships	Brand	Internally generated intangibles	Total
On 1 January 2022	435,658	158,261	31,881	69,072	694,872
Business acquisitions	70,617	11,323	–	–	81,940
Additions	–	4,289	–	34,254	38,543
Disposals	–	–386	–	–1,345	–1,731
Disposal of subsidiaries	–18,163	–2,863	–	–	–21,026
Currency translation adjustments	–26,299	–5,599	–85	–23	–32,006
As of 31 December 2022	**461,813**	**165,025**	**31,796**	**101,958**	**760,592**
Accumulated amortisation					
On 1 January 2022	–	77,267	217	40,520	118,004
Amortisation	–	19,069	216	14,845	34,130
Disposals	–	–310	–	–1,269	–1,579
Disposal of subsidiaries	–	–930	–	–	–930
Currency translation adjustments	–	–2,120	–87	–4	–2,211
As of 31 December 2022	**–**	**92,976**	**346**	**54,092**	**147,414**
Carrying amount 31 December 2022	**461,813**	**72,049**	**31,450**	**47,866**	**613,178**

in CHF 1,000	Goodwill	Software, acquired technology and customer relationships	Brand	Internally generated intangibles	Total
On 1 January 2021	358,361	156,350	31,962	44,190	590,863
Business acquisitions	93,364	6,825	–	–	100,189
Additions	–	3,970	–	19,935	23,905
Subsequent purchase price allocation adjustment	–405	–	–	–	–405
Disposals	–	–1,139	–	–	–1,139
Reclassification	–	–4,947	–	4,947	–
Currency translation adjustments	–15,662	–2,798	–81	–	–18,541
As Of 31 December 2021	**435,658**	**158,261**	**31,881**	**69,072**	**694,872**
Accumulated amortisation					
On 1 January 2021	–	60,239	35	27,928	88,202
Amortisation	–	19,472	201	11,346	31,019
Disposals	–	–763	–	–	–763
Reclassification	–	–1,246	–	1,246	–
Currency translation adjustments	–	–435	–19	–	–454
As of 31 December 2021	**–**	**77,267**	**217**	**40,520**	**118,004**
Carrying amount 31 December 2021	**435,658**	**80,994**	**31,664**	**28,552**	**576,868**

Internally generated intangible assets relate mainly to Goatpath, the successor of PyraCloud, a platform helping organisations manage the entire lifecycle of on-premise software and providing insights into options and consumption as workloads shift to the cloud. All functions of PyraCloud have been fully transferred to Goatpath.

Technical innovations are capitalised separately in accordance with the component approach if the group expects to obtain a future use from these. The average remaining amortisation period is 2.0 years with a carrying amount of TCHF 16,613 (prior year: TCHF 16,028).

The acquired technology and customer relationships include customer relationships/bases primarily 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. On 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 amortised over a period of 10 years. For the customer base of CompuCom, the remaining amortisation period is 2.5 years with a carrying amount of TCHF 7,006 (prior year: TCHF 10,080). For the customer base of COMPAREX, the remaining amortisation period is 6.1 years with a carrying amount of TCHF 32,613 (prior year: TCHF 41,856). During the sale of SoftwareOne Russia, a former COMPAREX subsidiary, a part of the customer base of TCHF 1,933 was disposed, which related to the EMEA segment.

The brand SoftwareOne was acquired in a business combination. It has been determined to have an indefinite useful life as there is no intention to abandon the brand name. As it has existed for many years, the group can maintain its brand for an indefinite period of time. Thus, the brand name is not amortised but is assessed for impairment annually. As the brand does not generate largely independent cash inflows, it is allocated to the group's CGUs for goodwill impairment testing as part of corporate assets. In addition, the brand InterGrupo was acquired in 2020, which will be amortised over an estimated useful life of three years.

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

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Carrying amount
Goodwill	400,426	15,692	36,623	9,072	461,813
Brand	31,277	–	–	–	31,277
As of 31 December 2022	**431,703**	**15,692**	**36,623**	**9,072**	**493,090**

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Carrying amount
Goodwill	373,201	15,531	37,105	9,821	435,658
Brand	31,277	–	–	–	31,277
As of 31 December 2021	**404,478**	**15,531**	**37,105**	**9,821**	**466,935**

During the sale of SoftwareOne Russia, a part of the goodwill of TCHF 18,163 was disposed, which related to the EMEA segment.

The annual goodwill impairment test for all CGUs is performed as of 30 September by comparing the recoverable amount of each goodwill carrying cash-generating unit with the carrying amount. The recoverable amount for each CGU was determined based on its value in use. Cash flows are calculated based on the expected growth rates in the sales markets concerned. Growth in the operating profit of the cash generating unit is expected up to the end of the detailed planning period of five years. Estimated cash flow for the year after the detailed planning period is based on an annual growth rate.

The discount rates and annual growth rate as per CGU are as follows:

	2022			2021		
	Pre-tax discount rate	Post-tax discount rate	Annual growth rate	Pre-tax discount rate	Post-tax discount rate	Annual growth rate
EMEA	9.8%	7.8%	2.0%	8.2%	6.6%	2.0%
LATAM	16.5%	15.6%	3.0%	16.7%	12.5%	3.0%
APAC	11.2%	9.0%	2.4%	10.9%	8.6%	2.4%
NORAM	10.8%	8.6%	2.1%	9.8%	7.8%	2.1%

The pre-tax discount rate is calculated based on a country-specific weighted 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 considered.

The recoverable amount of CGU LATAM exceeds the carrying amount by CHF 34.8 million (prior year: CHF 55.7 million). A change in the projected annual gross profit growth (CAGR) during the planning period from the current 19.2% to 14.1% (prior year: 18.8% to 11.3%), the gross profit/EBITDA ratio from 14.4% to 11.8% (prior year: 18.2% to 13.5%) or the pre-tax discount rate from 16.5% to 19.8% (prior year: 16.7% to 22.2%) would use up the existing headroom of CGU LATAM.

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

in CHF 1,000	2022	2021
Trade payables	1,915,936	1,848,712
Accrued expenses[1]	94,155	100,793
– thereof financial liabilities 78,370 (prior year: 91,996)[1]		
Contract liabilities	83,313	58,754
Other payables	212,156	233,170
– thereof financial liabilities 24,000 (prior year: 43,359)		
Current trade payables, accrued expenses, contract liabilities and other payables[1]	**2,305,560**	**2,241,429**
Other payables	168,888	70,206
– thereof financial liabilities 157,238 (prior year: 58,852)		
Non-current other payables	**168,888**	**70,206**
Total trade payables, accrued expenses, contract liabilities and other payables[1]	**2,474,448**	**2,311,635**

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

Contract liabilities include short-term advances received to render services. All contract liabilities as of 1 January 2022 were recognised as revenue in 2022 (TCHF 58,754).

Accrued expenses mainly include employee-related accruals and accruals related to other operating expenses. Current other payables mainly include VAT and other sales tax-related liabilities.

Other non-current payables include TCHF 152,851 non-current trade payables for multi-year contracts (prior year: TCHF 51,648).

18 Provisions

in CHF 1,000	Employment-related	Non-income tax-related	Earn-out-related	Other	Total
Current provisions	2,570	2,516	25,996	2,235	33,317
Non-current provisions	2,765	118	16,311	518	19,712
Total Provision as of 31 December 2022	**5,335**	**2,634**	**42,307**	**2,753**	**53,029**
On 1 January 2022	7,035	4,799	28,631	1,622	42,087
Business acquisitions	–	–	–	517	517
Increase	1,167	–513	38,933	1,235	40,822
Used provisions	–723	–	–19,986	–128	–20,837
Unused amounts released	–2,317	–1,970	–4,587	–430	–9,304
Currency translation adjustments	171	317	–683	–61	–256
As of 31 December 2022	**5,333**	**2,633**	**42,308**	**2,755**	**53,029**

Provisions related to employment and non-income taxes are mainly associated with business acquisitions within the scope of IFRS 3. For the acquisition of COMPAREX group in 2019, risks to an amount of TCHF 14,689 have been identified and classified as contingent liabilities. By the end of the year, there are still provisions to an amount of TCHF 3,062 which are related to employment (TCHF 1,467; prior year: TCHF 2,772) and non-income taxes (TCHF 1,595; prior year: TCHF 3,134). Indemnification assets related to the acquisition of COMPAREX group have been reduced to TCHF 49 (prior year: TCHF 4,303). Further risks also exist for the acquisition of Predica, InterGrupo, Intelligence Partner and ITST to a lesser extent. For a significant portion, indemnification assets have been recognised, refer to Note 13 Other receivables and prepaid expenses.

Earn-out-related provisions are associated with contingent consideration arrangements that could result in additional cash payments to the previous owners of the acquired companies. They are presented as provisions if they are contingent on continued employment and thus compensation for services. The amount of the earn-out depends on KPI developments for a contractually defined period and, where appropriate, a multiplier derived from other variables. They are recognised as personnel expenses during the period of service.

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

Acquired company	Earn-out relevant KPI	Cash outflow expected in year
B-Lay	EBITDA	2023
BNW	EBITDA	2023
Centiq	Revenue and Gross Profit	2023/ 2024/ 2025/ 2026
Intelligence Partner	EBITDA	2023/ 2024
ITPC	Gross Profit	2023/ 2024
ITST	Gross Profit	2023/ 2024
makeITnoble	Gross Profit	2023/ 2024/ 2025
MassiveR&D	Gross Profit and EBITDA	2023
Optimum	Gross Profit	2023/ 2024
Predica	Chargeability and retention[1]	2023/ 2024/ 2025
RightCloud	EBITDA	2023
Satzmedia	Revenue	2023/ 2024
SE16N	Gross Profit	2023/ 2024

1) Chargeability of delivery resources and retention of key employees

19 Financial liabilities

in CHF 1,000	2022	2021
Current		
Bank overdrafts	5,178	1,170
Contingent consideration liabilities	6,011	1,646
Lease liabilities	14,948	15,939
Other financial liabilities	17,040	47,206
Total current financial liabilities	**43,177**	**65,961**
Non-current		
Contingent consideration liabilities	9,019	6,998
Lease liabilities	18,122	22,098
Other financial liabilities	45,234	4,484
Total non-current financial liabilities	**72,375**	**33,580**
Total financial liabilities	**115,552**	**99,541**

Revolving credit loan

The group has access to a CHF 660 million (prior year: CHF 470 million) multiple currency revolving credit facility. Of this revolving credit facility, no amount was drawn as of 31 December 2022 and 2021.

Contingent consideration liabilities

The most significant contingent consideration liabilities relate to the acquisition of the customer base of CompuCom, the acquisition of Intelligence Partner and Predica. The contingent consideration liability reflects the fair value of the expected payments. These estimates are reviewed at each reporting date and adjusted as necessary. Adjustments are booked in finance income or expenses. Payments for CompuCom are made monthly, for the other acquisitions payments are made on a yearly basis.

For further information, refer to explanation of 'Level 3' financial instruments in Note 4.3 Categories of financial instruments and fair value estimation.

Changes in liabilities arising from financing activities

		Changes in financial liabilities					
in CHF 1,000	1 January 2022	Business acquisitions	Financing cash flows	Foreign exchange movement	Change in fair value	Other	31 December 2022
Bank overdrafts	1,170	–	11,981	–7,973	–	–	5,178
Contingent consideration liabilities	8,644	937	–2,542	–105	167	7,929	15,030
Lease liabilities	38,037	–	–16,368	–1,993	–	13,394	33,070
Other current financial liabilities	47,206	581	–26,083	334	–	–4,998	17,040
Other non-current financial liabilities	4,484	12	–650	–1,089	–	42,477	45,234
Total	**99,541**	**1,530**	**–33,662**	**–10,826**	**167**	**58,802**	**115,552**

In 2022, SoftwareOne paid back the promissory loan (TCHF 35,658). The group paid the deferred purchase price for the acquisition of Centiq (TCHF 5,013), which is presented in cashflow from investing activities. In addition, SoftwareOne recorded a financial liability related to swap contracts for which the cashflow was classified as cashflow from investing activities (TCHF 42,559).

Further effects in column 'Other' are related to the initial recognition of liabilities for the contingent consideration liability for the acquisition of Predica (TCHF 8,750), additions, disposals and compounding of lease liabilities (TCHF 13,394) and, to a limited extent, accrued interest.

		Changes in financial liabilities					
in CHF 1,000	1 January 2021	Business acquisitions	Financing cash flows	Foreign exchange movement	Change in fair value	Other	31 December 2021
Bank overdrafts	9,605	–	–6,699	–1,736	–	–	1,170
Contingent consideration liabilities	9,849	–	–1,895	77	613	–	8,644
Lease liabilities	41,718	815	–17,522	–1,127	–	14,153	38,037
Other current financial liabilities	31,723	200	–5,283	–1,370	–	21,936	47,206
Other non-current financial liabilities	52,731	–	–10,784	–264	–	–37,199	4,484
Total	**145,626**	**1,015**	**–42,183**	**–4,420**	**613**	**–1,110**	**99,541**

In 2021, SoftwareOne paid the purchase price for the acquisition of the remaining shares of IG Services SAS (TCHF 20,142), which was presented in cashflow from investing activities.

Further effects in column 'Other' were related to additions, disposals and compounding of lease liabilities (TCHF 14,153), the initial recognition of liabilities for the deferred purchase price payments for the acquisition of HeleCloud and Centiq (TCHF 5,283), a reclassification from non-current to current financial liabilities (TCHF 37,096) and, to a limited extent, accrued interest.

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

20 Defined benefit liabilities

Defined benefit plans

The group's retirement plans include defined benefit pension plans in Switzerland, Belgium, Germany, Austria, India, Mexico, Ecuador, France, Italy, Turkey, Costa Rica, and Indonesia. These plans, excluding those in Switzerland, Belgium, and Germany, are 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 81.6% (prior year: 83.4%) of the group's present value of funded and unfunded obligations.

Pension plans in Switzerland

The current pension arrangement for employees in Switzerland is made through a plan governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The plan of SoftwareOne's Swiss company is administered by a separate legal foundation, which is funded by regular employer and employee contributions defined in the pension fund rules. The Swiss pension plan contains a cash balance benefit which is in essence contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan under IFRS. The plan is invested in a diversified range of assets in accordance with the investment strategy and the common criteria of an asset and liability management. A potential underfunding may be remedied by various measures such as increasing employer and employee contributions or reducing future benefits.

As of 31 December 2022, 346 employees (prior year: 252 employees) and no retiree (prior year: no retiree) are insured under the Swiss plan. The defined benefit obligation has a duration of 15 years (prior year: 19 years).

Based on the independent actuarial valuation for the Swiss plan as of 31 December 2022, the present value of funded obligations decreased by TCHF 15,945 due to an increase in discount rate from 0.3% to 2.0%.

Amounts recognised in the balance sheet:

in CHF 1,000	Swiss plan	Other plans	2022	2021
Present value of funded obligations	52,316	6,463	58,779	76,826
Fair value of plan assets	–52,074	–5,368	–57,442	–68,535
Present value of unfunded obligations	–	5,343	5,343	5,070
Total defined benefit liabilities	**242**	**6,438**	**6,680**	**13,361**

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

in CHF 1,000	Swiss plan	Other plans	2022	2021
On 1 January	68,261	13,635	81,896	72,380
Business acquisitions	–	–	–	1,668
Service costs	4,110	1,367	5,477	5,803
Employee contribution	2,251	–	2,251	3,093
Interest cost	210	264	474	266
Actuarial losses/(gains)	–15,089	–1,992	–17,081	–3,187
Benefits paid/transferred	–6,917	–771	–7,688	2,449
Other	–510	–	–510	–
Currency translation adjustments	–	–697	–697	–576
As of 31 December	**52,316**	**11,806**	**64,122**	**81,896**

Reconciliation of fair value of plan assets:

in CHF 1,000	Swiss plan	Other plans	2022	2021
On 1 January	61,733	6,802	68,535	50,677
Business acquisitions	–	–	–	1,188
Interest income	195	140	335	178
Return on plan assets (excluding interest income)	–6,550	–1,670	–8,220	8,196
Employer contributions	2,251	512	2,763	2,515
Employee contributions	2,251	–	2,251	3,093
Benefits paid/transferred	–6,917	–94	–7,011	3,003
Other	–889	–	–889	–
Currency translation adjustments	–	–322	–322	–315
As of 31 December	**52,074**	**5,368**	**57,442**	**68,535**

Pension costs:

in CHF 1,000	Swiss plan	Other plans	2022	2021
Current service cost	4,110	1,367	5,477	5,645
Interest cost on defined benefit obligation	210	264	474	266
Interest on plan assets	–195	–140	–335	–178
Total defined benefit cost recognised in income statement	**4,125**	**1,491**	**5,616**	**5,733**
Thereof finance expense	15	124	139	88
Thereof personnel expense	4,110	1,367	5,477	5,645
Actuarial (gain)/loss arising from demographic assumptions	–	–136	–136	–1,985
Actuarial (gain)/loss arising from changes in financial assumptions	–11,955	–2,020	–13,975	–1,725
Actuarial (gain)/loss arising from experience	–3,134	164	–2,970	523
Return on plan assets excluding interest income	6,550	1,670	8,220	–8,196
Total remeasurements cost recognised in OCI	**–8,539**	**–322**	**–8,861**	**–11,383**
Total defined benefit cost	**–4,414**	**1,169**	**–3,245**	**–5,650**

Split of plan assets in %:

	Swiss plan	Other plans	2022	2021
Cash and cash equivalents	1.8%	–	1.6%	0.5%
Equity instruments	36.3%	–	32.9%	29.8%
Debt instruments	39.7%	–	36.0%	36.6%
Real estate	20.1%	–	18.2%	16.8%
Other	2.1%	100.0%	11.3%	16.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The actual return on plan assets amounted to TCHF –7,885 (prior year: TCHF 8,374).

Significant actuarial assumptions:

	Swiss plan	Other plans	2022	2021
Discount rate	2.0%	3.3%	2.2%	0.6%
Salary growth rate	1.0%	3.8%	1.5%	1.2%

Pension liability – Sensitivity analysis for Swiss plans:

	Change in assumption	Change in DBO 2022	Change in DBO 2021
Discount rate	+/– 0.25bps	–/+ 4.2%	–/+ 4.9%
Salary growth rate	+/– 0.25bps	+/– 0.7%	+/– 0.9%

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 recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected employer contributions to post-employment benefit plans for the period ended 31 December 2022 amounted to TCHF 2,177 (prior year: TCHF 2,560).

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 2022 amounted to TCHF 9,529 (prior year: TCHF 8,409).

21 Leases

Group as a lessee

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

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

in CHF 1,000	Buildings	Vehicles	Other equipment	Total
On 1 January 2022	45,965	20,560	1,630	68,156
Additions	12,192	4,791	125	17,108
Disposals	–11,668	–4,544	–1,565	–17,777
Currency translation adjustments	–2,352	–1,186	–52	–3,590
As of 31 December 2022	**44,137**	**19,621**	**138**	**63,897**
Accumulated depreciation				
On 1 January 2022	20,142	9,898	1,249	31,289
Additions	10,280	5,581	373	16,234
Disposals	–8,056	–4,204	–1,564	–13,824
Currency translation adjustments	–1,168	–583	–38	–1,789
As of 31 December 2022	**21,198**	**10,692**	**20**	**31,910**
Carrying amount 31 December 2022	**22,939**	**8,929**	**119**	**31,987**

in CHF 1,000	Buildings	Vehicles	Other equipment	Total
On 1 January 2021	43,975	18,815	1,707	64,497
Business acquisitions	815	–	–	815
Additions	9,067	6,494	–	15,561
Disposals	–7,006	–3,582	–	–10,588
Currency translation adjustments	–885	–1,167	–77	–2,129
As of 31 December 2021	**45,965**	**20,560**	**1,630**	**68,156**
Accumulated depreciation				
On 1 January 2021	14,965	7,994	832	23,791
Additions	10,780	5,884	474	17,137
Disposals	–5,217	–3,414	–	–8,631
Currency translation adjustments	–386	–565	–57	–1,008
As of 31 December 2021	**20,142**	**9,898**	**1,249**	**31,289**
Carrying amount 31 December 2021	**25,823**	**10,662**	**382**	**36,867**

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	2022	2021
On 1 January	38,037	41,718
Business acquisitions	–	815
Additions	17,070	15,467
Disposals	–4,177	–1,952
Accretion of interest	501	638
Payments	–16,368	–17,522
Currency translation adjustments	–1,993	–1,127
As of 31 December	**33,070**	**38,037**

The following are the amounts recognised in the income statement:

in CHF 1,000	2022	2021
Depreciation expenses on right-of-use assets	–16,234	–17,137
Interest expenses on lease liabilities	–501	–638
Expenses relating to short-term leases (included in other operating expenses)	–2,342	–817
Income from subleasing of right-of-use assets	409	878
Total	**–18,668**	**–17,714**

In 2022, the group had total cash outflows for leases of TCHF 18,710 (prior year: TCHF 18,339).

22 Share capital and treasury shares

	Number of shares	Carrying amount in CHF 1,000
On 1 January 2021	**158,581,460**	**1,586**
Increase/(Decrease)	–	–
As of 31 December 2021	**158,581,460**	**1,586**
Increase/(Decrease)	–	–
As of 31 December 2022	**158,581,460**	**1,586**

The nominal value of the company's shares amounted to CHF 0.01 as of 31 December 2022. All shares issued by the company are fully paid.

Treasury shares

	Number of shares	Carrying amount in CHF 1,000
On 1 January 2021	**4,016,801**	**10,650**
Distribution to employee share plans	–264,490	–1,283
Distribution to members of the Board of Directors	–27,846	–150
As of 31 December 2021	**3,724,465**	**9,217**
Distribution to employee share plans	–162,609	–878
Distribution to members of the Board of Directors	–45,025	–243
As of 31 December 2022	**3,516,831**	**8,096**

23 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	2022	2021
(Loss)/Profit for the period attributable to owners of the parent[1]	–58,278	117,631

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

Number of shares	2022	2021
Weighted average number of ordinary shares	154,956,708	154,711,618
Adjustment for share-based payment plans	N/A	399,550
Weighted average number of shares used to calculate diluted earnings per share	154,956,708	155,111,168
Basic earnings per share in CHF[1]	**–0.38**	**0.76**
Diluted earnings per share in CHF[1]	**–0.38**	**0.76**

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

SoftwareOne has share-based payment plans which would increase the weighted average number of shares used to calculate diluted earnings per share by 370,394. However, due to the loss for the period in 2022, these are considered as anti-dilutive.

24 Dividends

The dividends paid in 2022 were TCHF 51,109 or CHF 0.33 per share (prior year: TCHF 46,396 or CHF 0.30 per share). A dividend in respect of the period ended 31 December 2022 of CHF 0.35 per share (excluding treasury shares), amounting to a total dividend of TCHF 55,504, is to be proposed at the Annual General Meeting on 4 May 2023. These financial statements do not reflect this proposed dividend. Dividends are paid out of the capital contribution reserve of SoftwareONE Holding AG.

25 Share-based payments

In 2022, SoftwareOne granted new awards under the Long-term Incentive Plan ('LTIP22'). In addition, arrangements that were launched in prior years, the Share-based Payment Plan, and the Long-term Incentive Plan ('LTIP21' and 'LTIP20') still exist. The Management Equity Plan ('MEP') and the Free Share Grant expired in the second half of the year. The objective of the programmes is to support a business policy that is primarily oriented towards the interests of the shareholders by creating long-term increase in value through greater client focus, employee satisfaction as well as enhanced passion, loyalty, and retention of employees. Furthermore, the remuneration of the Board of Directors is partially paid out in shares.

SoftwareOne recognised total share-based payment expenses of TCHF 12,507 in 2022 (prior year: TCHF 17,060). The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

2022

in CHF 1,000	Share-based Payment Plan	Management Equity Plan (MEP)	Free Share Grant	Employee Share Purchase Plan (ESPP)	Long-term Incentive Plan (LTIP)	Board of Directors fees paid in shares	Total
Programme granted in	2015	2019	2020	2020	2020/2021/2022	2022	
Expenses recognised in income statement	–23	–3,349	–920	–641	–6,978	–596	–12,507
Thereof expenses related to key management	–	–2,253	–	–	–2,693	–596	–5,542

2021

in CHF 1,000	Share-based Payment Plan	Management Equity Plan (MEP)	Free Share Grant	Employee Share Purchase Plan (ESPP)	Long-term Incentive Plan (LTIP)	Board of Directors fees paid in shares	Total
Programme granted in	2015	2019	2020	2020	2020/2021	2021	
Expenses recognised in income statement	–61	–9,079	–3,258	–510	–3,524	–628	–17,060
Thereof expenses related to key management	–1	–8,000	–	–	–1,566	–628	–10,195

SoftwareOne has recognised an increase in equity in the balance sheet of TCHF 12,131 for share-based payment (prior year: TCHF 17,256). The difference in share-based payments recorded in the consolidated income statement compared to the related expenses recognised in equity is due to foreign exchange gains of TCHF 376 (prior year: TCHF 235 and an opposite tax effect of TCHF –431).

Share-based Payment Plan

In 2015, SoftwareOne group started to grant SoftwareONE Holding AG shares to selected employees free of charge if the vesting condition (still being employed with SoftwareOne at a defined point in time) is fulfilled. The fair value of these shares at grant date was recognised in personal expenses over the vesting period (one to 50 months) and was calculated using a market approach model.

Management Equity Plan

Selected senior SoftwareOne employees participated in the MEP, a plan set up/sponsored by shareholders of the company in 2017 and amended in 2019 immediately prior to the IPO. While SoftwareOne had no obligation to settle the entitlements of MEP participants, the plan was accounted for as equity settled by SoftwareOne because the group received employee service from the MEP participants. Upon the IPO in 2019, 33% of the MEP was paid in cash and 67% in unvested shares transferred by the shareholders to a blocked account.

The MEP included certain conditions such as a restriction period and non-compete clause as well as a call option of the company to buy the unvested shares at a nominal price on termination of employment by bad and early leavers during a staggered vesting period of one, two and three years starting with the date of the IPO. The non-compete clause was a post vesting restriction, with no significant effect on the grant date measurement of fair value. The company's call option to buy the unvested shares from bad and early leavers was considered a service condition and the expense of the amended MEP was recognised over the remaining vesting periods of one, two and three years from the IPO using a graded vesting scheme.

The fair value of the amended MEP granted in 2019 amounted to TCHF 53,288 (cash and 2,072,322 shares) and was determined based on the opening listing price at the SIX Swiss Exchange of the company's shares on 25 October 2019.

Free Share Grant

In 2020, the Free Share Grant was granted. The plan provided all entitled SoftwareOne employees 100 bonus shares each on a one-time basis and therefore represented a share-based remuneration with compensation through equity instruments.

In 2020, 387,200 free shares were granted at a fair value of CHF 23.40 per share. 50% of the free shares granted vested over a service period of 16 months and the other 50% vest over a period of 28 months. There were no voting rights, and no dividend claims until the end of the contractual vesting period.

Employee Share Purchase Plan

The programme allows eligible SoftwareOne employees to participate in a sponsored ESPP granted in 2020. Participants are able to make periodic contributions to acquire investment shares at the respective market price over a purchase period, which will generally be one year. At the end of the purchase period, participants receive free matching shares based on the number of investment shares bought during the purchase period and held until the end of the purchase period. For every four investment shares acquired, SoftwareOne grants each employee one matching share free of charge. The matching shares granted represent an equity-settled share-based payment and are recognised over a service period ending 12 months after the purchase period. The programme is ongoing.

Long-term Incentive Plan

In 2020, the LTIP was launched. The LTIP grants the Executive Board, the Executive Leadership Team and selected key employees so-called performance share unit ('PSU') subscription rights. In 2022, SoftwareOne granted new awards under this plan ('LTIP22').

The number of PSUs granted is determined by dividing the individual LTIP grant on the grant date by the fair value of one PSU, rounding up to the next whole PSU. Each PSU subscription right securitises a right to receive shares depending on the development of the underlying vesting factor. The vesting factor depends 75% on a gross profit and 25% on a relative total shareholder return ('TSR'). In both variables, the target factor is 1.0, while the minimum factor is 0.0 and the maximum factor is 2.0. The gross profit vesting factor depends on SoftwareOne's gross profit during year three and is determined on a straight-line basis between the target ranges. The relative TSR vesting factor depends on the TSR of the company and the TSR of the STOXX® Global 1800 Industry Technology index. A relative TSR of <= –33% leads to a vesting factor of 0 and a TSR >= 33% to a vesting factor of 2.0. The relative TSR vesting factor distributes linearly between the target ranges. The award cycle (service period) is three years from the contractual grant date.

The LTIP is valued using a Monte Carlo simulation. SoftwareOne has taken the following parameters into account in the valuation:

	LTIP22	LTIP21	LTIP20
	PSU 2022	PSU 2021	PSU 2020
Valuation date	19 May 2022	4 June 2021	29 May 2020
Remaining term (in years)	3	3	3
SWON share price on the valuation date	CHF 13.48	CHF 21.55	CHF 21.25
Price STOXX 1800 Technology Index on the valuation date	USD 1,888.91	USD 2,175.31	USD 1,473.43
Volatility SWON	38.21%	38.71%	34.79%
Volatility STOXX 1800 Technology Index	24.21%	23.31%	21.96%
Correlation	34.13%	34.92%	47.97%
Risk-free interest rate SWON	–0.02%	–0.69%	–0.69%
Risk-free interest rate STOXX 1800 Technology Index	2.69%	0.32%	0.22%
Expected dividend yield	2.74%	1.39%	0.99%
Exercise price	CHF 0.00	CHF 0.00	CHF 0.00
Gross profit vesting measure	1	1	1
Number of PSUs granted	760,282	363,031	319,208
Fair value per PSU	CHF 12.89	CHF 21.91	CHF 21.65

The term of the PSUs granted in 2022 started on 19 May 2022 (valuation date) and ends on 18 May 2025 (end of the vesting period). The term of the PSUs granted in 2021 started on 4 June 2021 and ends on 3 June 2024. The term of the PSUs granted in 2020 started on 29 May 2020 and ends on 28 May 2023. An average expected fluctuation of 0% p.a. for the Executive Board, 5.0% p.a. for the Executive Leadership Team including the regional leaders and 15% p.a. for the other beneficiaries has been applied as of 31 December 2022 based on historical fluctuation and management estimates.

Remuneration of Board of Directors partially paid in shares

The Board of Director's fees are settled 60% in cash and 40% in SoftwareOne shares. The share part of the compensation is granted immediately after the Annual General Meeting and the election or re-election of the members of the Board of Directors. For the share-based compensation, the Swiss franc amount is converted into shares at the closing price of the ex-date, the first date after the Annual General Meeting the shares are traded ex dividend (for 2022: 9 May 2022). The shares vest until the next Annual General Meeting and afterwards are subject to transfer restrictions of three years.

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

26 Contingencies

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

In 2016, the Federal Revenue Office in São José dos Campos ('DRF/SJC') issued an infraction notice against SoftwareOne Brazil for the fiscal year 2012, levying alleged debts related to sales tax contributions ('PIS/COFINS'), charging the difference between the non-cumulative system (9.25%) and the cumulative system (3.65%). The value in dispute of the infraction notice was BRL 9.1 million (CHF 1.6 million) excluding penalty and interest. As expected, in July 2017, the administrative appeal against this infraction notice was rejected. Thus, SoftwareOne Brazil has filed a further appeal before the Administrative Tax Appeal Court ('CARF'), which was decided unfavourably at CARF level in October 2021, and SoftwareOne was notified to file the appeal. After the notification of the CARF decision, the company filed a motion of clarification against this decision in October 2022. In 2020, The Federal Revenue Office issued a further infraction notice against SoftwareOne Brazil for the fiscal year 2017 for the same subject mentioned above. The value in dispute of the infraction notice was BRL 19.9 million (CHF 3.5 million) excluding penalties and interest. Thus, SoftwareOne Brazil filed a further appeal before CARF against this infraction notice, which was rejected in July 2021. SoftwareOne submitted an action for annulment at court level in November 2021 secured by a litigation bond. Nevertheless, SoftwareOne Brazil and SoftwareOne group are still of the opinion that the cumulative system was and continues to be correctly applied in line with industry standards and are defending their position for both fiscal years 2012 and 2017 with the support of third-party lawyers. Although the probability of the outcome of the dispute cannot be reliably predicted at this stage, SoftwareOne does not expect any cash outflow for the litigations at the reporting date.

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. The value in dispute of the Infraction Notice was PEN 5.4 million (CHF 1.3 million) excluding penalty and interest. According to Resolution 042-2014-SUNAT/5D0000 from 2014, licenses purchased abroad are not subject to withholding taxes, whereas services are subject to withholding tax contribution. In June 2020, the administrative appeal (2nd SUNAT instance) against this infraction notice was rejected. Nevertheless, SoftwareOne Peru and the group are still of the opinion that the non-contribution of withholding taxes was and continues to be correctly applied as Software Assurance is defined as licensing and not services in line with the industry standard and is defending its position with the support of third-party lawyers. SoftwareOne Peru therefore filed a further appeal before the administrative tax court ('Tribunal Fiscal'), the last administrative instance, in July 2020, which ruled in favour of SoftwareOne Peru in January 2021. SUNAT took the right to appeal the decision before the civil court in May 2021. Although the probability of the outcome of the dispute cannot be reliably predicted at this stage, SoftwareOne does not expect any cash outflow for the litigation at the reporting date.

Related to an ongoing tax audit SoftwareOne is potentially exposed to a liability claim for which SoftwareOne is jointly liable for an amount up to a maximum of CHF 4.4 million. The potential liability still needs to be properly assessed building on the outcome of the tax audit. In addition, SoftwareOne's final obligation will depend on the share of the tax liability borne by the original debtors. Based on the current assessment SoftwareOne expects most of the potential claim to be settled by the original debtors.

27 Related party transactions

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

in CHF 1,000	2022	2021
Services rendered (Board of Directors)	–1,000	–1,014
Share-based payment expenses (Board of Directors)	–596	–628
Salaries and other short-term employee benefits	–5,088	–3,429
Share-based payment expenses (Executive Board)	–2,693	–1,567
Post-employment benefits	–351	–318
Total	**–9,728**	**–6,956**

In addition, in connection with the Management Equity Plan, SoftwareOne recognised expenses in the income statement to an amount of TCHF 2,253 (prior year: TCHF 8,000) which are related to key management. Please also refer to Note 25 Share-based payments.

28 Segment reporting

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

- **EMEA** (Europe, including Mauritius and South Africa);
- **NORAM** (USA, Canada);
- **LATAM** (Latin America);
- **APAC** (Asia Pacific, including Dubai and Qatar).

No operating segments have been aggregated to reportable segments.

The CEO is the Chief Operating Decision Maker (CODM). He assesses each of the reported segments separately for the purpose of evaluating performance and allocating resources. Gross profit and EBITDA are the key performance indicators used for internal management and monitoring purposes of the group and are reported as segment results. The group allocates revenue and expenses to regions based on the customer's headquarter domicile since the region is responsible for the global client relationship. There are no intersegment revenues. Different average exchange rates are used in management reporting than for group consolidation purposes.

The group's financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

The segment totals are reconciled to the figures reported in the consolidated income statement (column 'Total') as follows:

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

Segment disclosure 2022

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consoli-dation	Other	Total
Total revenue (external)	611,559	158,347	109,261	125,537	1,004,704	4,453	–2,038	–3,012	1,004,107
Third-party service delivery costs	–47,670	–5,844	–10,425	–6,725	–70,664	–3,804	3,028	–72	–71,512
Gross profit[1]	**563,889**	**152,503**	**98,836**	**118,812**	**934,040**	**649**	**990**	**–3,084**	**932,595**
Personnel expenses and other operating expenses/income	–350,618	–95,828	–81,251	–77,905	–605,602	–99,838	–537	–89,704	–795,681
EBITDA[2]	**213,271**	**56,675**	**17,585**	**40,907**	**328,438**	**–99,189**	**453**	**–92,788**	**136,914**

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

The most relevant reconciliation items in the column 'Other' were related to one-time costs and accounting related adjustments:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration and M&A expenses	'Trans-formance' expenses	One-time expenses Russia & Ukraine 3)	IFRS 15 upfront revenue recognition	Bad debt provisions	IFRS 16 leases	Remaining	Total Other
Total revenue (external)	–	–	–	–	–3,537	–6,922	10,594	–	–3,147	–3,012
Third-party service delivery costs	–	–	–	–	–	–	–	–	–72	–72
Gross profit1	**–**	**–**	**–**	**–**	**–3,537**	**–6,922**	**10,594**	**–**	**–3,219**	**–3,084**
Personnel expenses and other operating expenses/income	–4,888	–35,862	–8,424	–13,142	–31,677	318	–10,594	16,368	–1,803	–89,704
EBITDA2)	**–4,888**	**–35,862**	**–8,424**	**–13,142**	**–35,214**	**–6,604**	**–**	**16,368**	**–5,022**	**–92,788**

1) Total revenue net of third-party service delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortisation.
3) One-time expenses Russia & Ukraine include the loss on disposal for the sale of SoftwareOne Russia (TCHF -29,655), additional bad debts in connection with clients in Russia (TCHF -3,537) and further one-time expenses (TCHF -2,022).

Segment disclosure 2021

in CHF 1,000	EMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consoli-dation	Other	Total
Total revenue (external)1)	572,525	132,529	97,389	114,112	916,555	–	321	–2,598	914,278
Third-party service delivery costs1)	–39,022	–5,675	–8,859	–7,666	–61,222	–2,344	1,251	–322	–62,637
Gross profit1) 2)	**533,503**	**126,854**	**88,530**	**106,446**	**855,333**	**–2,344**	**1,572**	**–2,920**	**851,641**
Personnel expenses and other operating expenses/income1)	–314,260	–84,131	–71,722	–69,898	–540,011	–107,499	–532	–46,693	–694,735
EBITDA1) 3)	**219,243**	**42,723**	**16,808**	**36,548**	**315,322**	**–109,843**	**1,040**	**–49,613**	**156,906**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies. In addition, HeleCloud was assigned to the EMEA region for comparison purposes.
2) Total revenue net of third-party service delivery costs.
3) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortisation.

The most relevant reconciliation items in the column 'Other' were related to one-time costs and accounting related adjustments:

in CHF 1,000	Share-based payment expenses	Earn-out expenses	Integration and M&A expenses	'Trans-formance' expenses	IFRS 15 upfront revenue recognition	Bad debt provisions	Centiq	IFRS 16 leases	Remaining	Total Other
Total revenue (external)[1]	–	–	–	–	–3,431	366	1,849	–	–1,382	–2,598
Third-party service delivery costs	–	–	–	–	–	–	–361	–	39	–322
Gross profit[1] [2]	**–**	**–**	**–**	**–**	**–3,431**	**366**	**1,488**	**–**	**–1,343**	**–2,920**
Personnel expenses and other operating expenses/income[1]	–13,026	–26,888	–9,414	–9,757	158	–366	–1,895	17,522	–3,027	–46,693
EBITDA[1] [3]	**–13,026**	**–26,888**	**–9,414**	**–9,757**	**–3,273**	**–**	**–407**	**17,522**	**–4,370**	**–49,613**

1) Prior-year figures restated, refer to Note 2 Change in accounting policies.
2) Total revenue net of third-party service delivery costs.
3) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortisation.

Additional information for business lines

Even if the regions continue to be the operating segments, SoftwareOne internally also reports EBITDA by business lines to the CODM.

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

The column 'FX & Consolidation' eliminates the effect of using differing average foreign exchange rates in the segment reporting and consolidation effects. The column 'Adjustments' includes one-time costs, so-called 'EBITDA adjustments', that enhance the comparability of other operating costs with adjusted EBITDA and an adjustment for the upfront recognition of multi-year licensing contracts in which the end customer has the right to change the software reseller during the contract term, refer to section Alternative Performance Measures (unaudited). In contrast to the segment reporting, all accounting related adjustments are allocated to the business line 'Software & Cloud Marketplace' and 'Software & Cloud Services', i.e. the application of IFRS 16.

Business line view 2022

in CHF 1,000	Software & Cloud Marketplace	Software & Cloud Services	Corporate	Total business unit	Adjustments	Total
Total revenue (external)	545,318	465,711	–	1,011,029	–6,922	1,004,107
Delivery costs (external)	–	–71,512	–	–71,512	–	–71,512
Gross profit[1]	**545,318**	**394,199**	**–**	**939,517**	**–6,922**	**932,595**
Delivery costs (internal)	–74,056	–229,055	–	–303,111	–	–303,111
Contribution margin[2]	**471,262**	**165,144**	**–**	**636,406**	**–6,922**	**629,484**
Other operating costs	–182,163	–151,592	–62,217	–395,972	–96,598	–492,570
EBITDA[3]	**289,099**	**13,552**	**–62,217**	**240,434**	**–103,520**	**136,914**

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

Business line view 2021

in CHF 1,000	Software & Cloud Marketplace	Software & Cloud Services	Corporate	Total business unit	Adjustments	Total
Total revenue (external)	533,629	384,080	–	917,709	–3,431	914,278
Delivery costs (external)	–	–62,637	–	–62,637	–	–62,637
Gross profit[1]	**533,629**	**321,443**	**–**	**855,072**	**–3,431**	**851,641**
Delivery costs (internal)	–72,755	–187,218	–	–259,973	–	–259,973
Contribution margin[2]	**460,874**	**134,225**	**–**	**595,099**	**–3,431**	**591,668**
Other operating costs	–179,491	–140,059	–56,151	–375,701	–59,061	–434,762
EBITDA[3]	**281,383**	**–5,834**	**–56,151**	**219,398**	**–62,492**	**156,906**

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

Additional geographical information

Switzerland, the US, Germany, and the Netherlands are the main geographical markets for SoftwareOne and represent approximately 50% (prior year: 51%) of total revenue. Revenue is reported based on the customer's headquarter domicile:

2022

in CHF 1,000	Germany	US	Netherlands	Switzerland	Other countries	Total
Revenue (external)	203,169	150,607	71,633	71,680	507,018	1,004,107
Non-current assets	162,253	27,210	101,432	113,833	272,556	677,284

2021

in CHF 1,000	Germany	US	Netherlands	Switzerland	Other countries	Total
Revenue (external)[1]	207,493	125,930	68,459	65,180	447,216	914,278
Non-current assets	183,797	25,586	108,597	95,320	234,525	647,825

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

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

Non-current assets for this purpose consist of tangible, intangible assets, right-of-use assets, and investments in associated companies and are allocated based on the location of the group company.

29 List of group companies

Fully consolidated

Company	Registered country	Voting & capital right in % 2022	Voting & capital right in % 2021
Western Europe (EMEA)			
SoftwareONE Holding AG	Stans, CH	n/a	n/a
SoftwareONE AG	Stans, CH	100	100
SoftwareONE UK Ltd	Richmond, London, UK	100	100
SoftwareONE Italia Srl	Assago, IT	100	100
SoftwareONE France SAS	Levallois-Perret, FR	100	100
SoftwareONE AB Sweden	Kista, SE	100	100
SoftwareONE Norway AS	Oslo, NO	100	100
SoftwareONE LATAM Holding SL	Madrid, ES	100	100
Software Pipeline Ireland Ltd	Cork, IE	100	100
SoftwareONE Finland Oy	Espoo, FI	100	100
SoftwareONE Luxembourg SARL	Luxembourg, LU	100	100
SoftwareONE Beteiligungs GmbH[5)]	Vienna, AT	100	100
COMPAREX Beteiligungsverwaltung GmbH	Vienna, AT	100	100
SoftwareONE Deutschland GmbH	Leipzig, DE	100	100
SoftwareONE BE	Brussels, BE	100	100
SoftwareONE Österreich GmbH	Vienna, AT	100	100
ISP*D International Software Partners GmbH[6)]	Leipzig, DE	–	100
Systematica Distribution srl	Saronno, IT	100	100
SoftwareONE Denmark ApS	Birkerød, DK	100	100
SoftwareONE Netherlands BV	Amsterdam, NL	100	100
SoftwareONE Espana SA	Madrid, ES	100	100
Intelligence Partners SL[1)]	Madrid, ES	–	100
ITPC AG[1)]	Zürich, CH	–	100
HeleCloud Limited	Richmond, London, UK	100	100
OlinData BV[1)]	The Hague, NL	–	100
Dino Newco Limited	Richmond, London, UK	100	100
Centiq Group Limited	Richmond, London, UK	100	100
Taurus Informatics Holdings Limited	Richmond, London, UK	100	100
Centiq Limited	Richmond, London, UK	100	100
SoftwareONE Mauritius	Port Louis, MU	100	100
SoftwareONE Experts South Africa[2)]	Johannesburg, ZA	49	49
Eastern Europe (EMEA)			
SoftwareONE Czech Republic sro	Prague, CZ	100	100
SoftwareONE Slovakia sro	Bratislava, SK	100	100
SoftwareONE Hungary Ltd	Budapest, HU	100	100
SoftwareONE Licensing Experts SRL	Bucharest, RO	100	100
SoftwareONE doo Serbia[3)]	Belgrade, RS	100	100
COMPAREX DOO BEOGRAD	Belgrade, RS	100	100
SoftwareONE Polska Sp zoo[5)]	Warsaw, PL	100	100
SoftwareONE, informacijski sistemi, doo	Ljubljana, SL	100	100
SoftwareONE Ukraine LLC	Kiev, UA	100	100
SoftwareONE LLC[5) 6)]	Moscow, RU	–	100
SoftwareONE Bulgaria EOOD	Sofia, BG	100	100
SoftwareONE Turkey Bilişim Teknolojileri Ticaret Anonim Şirketi	Istanbul, TR	90	90
COMPAREX HRVATSKA doo	Zagreb, HR	100	100

HeleCloud Bulgaria EOOD[1]	Sofia, BG	–	100
Datastork EOOD[1]	Sofia, BG	–	100
Predica Bulgaria EOOD	Sofia, BG	100	–
Predica Sp z o.o.	Warsaw, PL	100	–
Predica BMC Sp. z o.o.,	Warsaw, PL	100	–

Latin America (LATAM)

SoftwareONE Comércio e Servicos de Informatica Ltda	São Paulo, BR	100	100
SoftwareONE Chile SpA	Santiago, CL	100	100
SoftwareONE Argentina SRL	Buenos Aires, AR	100	100
SoftwareONE Puerto Rico Inc	San Juan, PR	100	100
SoftwareONE Bolivia SRL	La Paz, BO	100	100
SoftwareONE Colombia SAS	Bogota, CO	100	100
SoftwareONE Ecuador Soluciones SA	Quito, EC	100	100
SoftwareONE SW1 Dominican Republic Srl	Santo Domingo, DO	100	100
Softwarepipeline S de RL de CV	Mexico City, MX	100	100
SWON IT Services México, SA de CV	Mexico City, MX	100	100
Yaima SA	Guatemala City, GT	100	100
SoftwareONE Uruguay SA	Montevideo, UY	100	100
SoftwareONE Panamá SA	Panama City, PA	100	100
SoftwareONE Peru SAC	Lima, PE	100	100
SoftwareONE El Salvador SA de CV	San Salvador, SV	100	100
SoftwareONE Honduras SA	Tegucigalpa, HN	100	100
SoftwareONE Nicaragua SA	Managua, NI	100	100
SoftwareONE West Indies SA[3]	Gros Islet, LC	100	100
SoftwareONE Jamaica Inc Ltd	Kingston, JM	100	100
SoftwareONE Trinidad and Tobago Ltd	Port of Spain, TT	100	100
SoftwareONE Costa Rica SA	San José, CR	100	100
SoftwareONE IT Services SA	San José, CR	100	100
COMPAREX Brasil SA	São Paulo, BR	100	100
IG Services SAS	Sabaneta, CO	100	100
Intelligence Partner Brasil Consultoria De Informatica Ltda[1]	São Paulo, BR	–	100
IG Unified Communications SAS	Sabaneta, CO	100	100
IG Branch Mexico SA de CV	Mexico City, MX	100	100
BigBranch SA	Quito, EC	100	100
Intergrupo Dominicana SRL	Santo Domingo, DO	100	100
SoftwareONE Panamá IT Services SA	Panama City, PA	100	100

North America (NORAM)

SoftwareONE Inc.	Milwaukee, Wisconsin, US	100	100
SoftwareONE Canada Inc	Toronto, CA	100	100
SynchroNet Corp	Houston, Texas, US	100	70
Predica Inc, USA	San Diego, California, US	100	–

Asia Pacific (APAC)

SoftwareONE Pte. Ltd.	Singapore, SG	100	100
SoftwareONE Experts Sdn Bhd Malaysia	Kuala Lumpur, MY	100	100
SoftwareONE (Shanghai) Trading Co Ltd	Shanghai, CN	100	100
SoftwareONE India Private Ltd	New Delhi, IN	100	100
SoftwareONE Japan KK	Tokyo, JP	100	99.92
SoftwareONE AG Trading LLC[2]	Dubai, AE	49	49
SoftwareONE Ltd Liability CO Saudi Arabia	Dubai, AE	100	100
SoftwareONE Australia Pty Ltd	Sydney, AU	100	100

Brave New World Consulting Pty Ltd	Sydney, AU	100	100
SoftwareONE Philippines Corporation	Makati City, PH	100	100
SoftwareONE Thailand Co Ltd	Bangkok, TH	100	100
Software Pipeline Co Ltd	Bangkok, TH	100	100
SoftwareONE Hong Kong Ltd	Hong Kong, CN	100	100
PT SoftwareONE Indonesia	Jakarta Pusat, ID	100	100
SoftwareONE Taiwan Ltd	Taipei, TW	100	100
SoftwareONE Vietnam Co Limited	Hanoi, VN	100	100
SoftwareONE Korea Ltd	Seoul, KR	100	100
SoftwareONE New Zealand Ltd	Auckland, NZ	100	100
SoftwareONE Kazakhstan LLP	Almaty, KZ	100	100
COMPAREX Singapore Pte Ltd 4)	Singapore, SG	–	100
COMPAREX India Pvt Ltd 1)	New Delhi, IN	–	100
COMPAREX Indonesia PT 3)	Jakarta, ID	100	100
COMPAREX Thailand Limited 3)	Bangkok, TH	100	100
GorillaStack Pty Ltd	Sydney, AU	100	100
ITPC India Private Ltd	Pune, IN	100	100
Predica FZ LLC	Dubai, AE	100	–
Predica FZ LLC – Mainland Dubai Branch	Dubai, AE	100	–
Predica Middle East LLC	Doha,QA	100	–
SoftwareONE Projects (Private) Limited	Colombo, LK	100	–

1) Company was merged in 2022
2) SoftwareOne is full economic owner of this company and has full control
3) Company in liquidation
4) Company was liquidated in 2022
5) Company was renamed in 2022
6) Company was disposed in 2022

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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 30 March 2023

Report of the statutory auditor

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 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 95 to 166) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of 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 (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

2

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 has recognized significant goodwill balances in the amount of MCHF 462 (13.4 % of total assets) and the SoftwareONE brand with an indefinite useful life and carrying amount of MCHF 31 (0.9% of total assets). Management performs an annual impairment test as of 30 September in order to identify potential impairments. Goodwill and the brand are tested by determining the recoverable amounts of each CGU to which the assets have been allocated. In determining the value in use of cash-generating units, Management applies judgment in estimating, amongst other factors, future revenues and margins, long-term growth and discount rates. These are disclosed in note 16 of the consolidated financial statements.
Our audit response	Our procedures included assessing Management’s process for impairment testing of goodwill and intangible assets with indefinite useful life, gaining an understanding of the approved budgets, medium-term planning and assumptions therein and evaluating the reliability and accuracy of Management’s forecasts, especially in respect of revenue growth by comparing prior-year estimates with actual results. Furthermore, we assessed whether significant changes in key assumptions could result in an impairment loss by means of sensitivity analyses. We involved internal valuation specialists in the technical assessment of the impairment testing model and the evaluation of significant estimates and key assumptions (growth rates, discount rates) with reference to available market data and relevant benchmarks for each CGU. Our audit procedures did not lead to any reservations regarding the impairment testing of goodwill and intangible assets with indefinite useful life.

Revenue Recognition

Risk	The Group recognizes revenue from contracts with customers for Software & Cloud Marketplace and Software & Cloud Services, as disclosed in note 6 of the consolidated financial statements. As a result of the IFRS Interpretations Committee (IFRS IC) agenda decision “Principal versus Agent: Software Reseller (IFRS 15)”, Management concluded that the Group acts as an agent for contracts in the indirect business and changed its revenue recognition policy retrospectively already in prior year. In 2022 Management completed the assessment with regards to further implications of the final agenda decision on other revenue contracts. Based on this assessment, the Group retrospectively changed the accounting for multi-year contracts in which the end

	customer has the right to change the software reseller during the contract term (see note 2 of the consolidated financial statements). As the Group acts as an agent also in these arrangements, the performance obligation to arrange for software licenses is fulfilled at inception of the multi-year contract and, hence, the Group recognizes revenue at that point in time at the estimated transaction price that reflects the Group's expectation of the effects of a potential change in channel partner based on historical experience.
Our audit response	Our procedures included gaining an understanding of the revenue recognition process, performing a walkthrough of the significant revenue streams and evaluating the design of controls in this area. We assessed the revenue recognition policy based on IFRS 15. We reviewed Management's reassessment related to multi-year contracts in the indirect business and the effect of the IFRS IC agenda decision "Principal versus Agent: Software Reseller (IFRS 15)" thereon. We also inspected a sample of revenue transactions to assess whether the revenue has been recognized in the appropriate period. In addition to substantive audit procedures, we performed data-based analytical procedures based on the Group's underlying journal entries. Our audit procedures did not lead to any reservations regarding revenue recognition.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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, ISA and SA-CH 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 on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the 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

Parent company statutory financial statements

Balance sheet

For the year ended 31 December

in CHF	Note	2022	2021
Assets			
Cash and cash equivalents		30,797	867,883
Other current receivables due from third parties		892,473	2,473,369
Other current receivables due from group companies		42,951,426	2,490,024
Short-term loans due from group companies		205,881,374	131,620,423
Financial assets	3	3,545,252	23,153,650
Current assets		**253,301,322**	**160,605,349**
Investments	4	211,097,254	211,097,254
Property, plant and equipment		10,584,800	10,880,000
Non-current assets		**221,682,054**	**221,977,254**
Total assets		**474,983,376**	**382,582,603**

in CHF	Note	2022	2021
Liabilities and equity			
Other current liabilities due to third parties		572,121	630,937
Other current liabilities due to group companies		4,211,724	1,050,218
Accruals and deferred income due to third parties		1,125,319	1,200,864
Accruals and deferred income due to group companies		154,054	3,312,469
Current liabilities		**6,063,217**	**6,194,489**
Shareholders' equity			
Share capital	5	1,585,815	1,585,815
Legal capital reserves			
Share premium		115,632,701	114,076,671
Capital contribution reserves (Swiss)	6	18,761,557	18,761,557
Capital contribution reserves (non-Swiss)	6	134,803,271	185,912,411
Voluntary retained earnings			
Profit brought forward		65,268,449	57,207,834
Profit for the period		140,964,762	8,060,615
Treasury shares	7	–8,096,396	–9,216,789
Equity		**468,920,159**	**376,388,114**
Total liabilities and equity		**474,983,376**	**382,582,603**

Income statement

For the year ended 31 December

in CHF	Note	1 January to 31 December 2022	1 January to 31 December 2021
Dividend income	8	50,000,000	15,000,000
Rental income		758,121	816,819
Financial income	9	124,010,465	2,324,108
Other income		17,534	6,390
Total income		**174,786,121**	**18,147,317**
Administrative expenses	10	–10,773,283	–5,847,875
Other expenses		–20,166	–
Depreciation on property, plant and equipment		–295,200	–295,200
Financial expenses	11	–22,669,509	–3,870,243
Direct taxes		–63,202	–73,383
Total expenses		**–33,821,359**	**–10,086,701**
Net profit for the year		**140,964,762**	**8,060,615**

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 fair value gains, dividends, interest income from subsidiaries, recharges for some administrative expenses and treasury shares to other group companies. SoftwareONE Holding AG does not have any employees, nor does it have any research or development activities.

SoftwareONE Holding AG's risk management is integrated into the group-wide risk management system of SoftwareOne group. Risks identified are assessed individually based on their probability of occurrence and scope of potential losses. Appropriate measures are defined for the individual risks. Risks are systematically collected and updated once a year. The risk situation and the implementation of the measures defined are monitored. The Board of Directors of SoftwareONE Holding AG addresses the topic of risk management at least once a year. Please refer to Note 4 Financial risk management of the consolidated financial statements for an explanation of group-wide risk management at SoftwareOne group.

SoftwareONE Holding AG will continue to act as the holding company of the SoftwareOne group in the 2023 financial year. There are no plans to change the company's business activities.

2 Accounting principles

The financial statements of SoftwareONE Holding AG, Stans, have been prepared in accordance with the provisions of Swiss accounting legislation (Title 32 of the Swiss Code of Obligations).

The following section describes the main valuation principles applied that are not specified by law.

Financial assets

Financial assets are valued at their acquisition cost adjusted for impairment losses.

Property, plant and equipment

Property, plant and equipment are 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.

Derivative financial instruments

In case of a positive value, no asset is recognised. In case of a negative value a liability is recognised (classified as non-current when the remaining maturity is more than 12 months and as current when the remaining maturity is less than 12 months.

Treasury shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. The gain or loss related to treasury shares is recognised directly in equity.

3 Financial assets

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

In 2022, the company started to sell down the investment in Crayon in several steps. In this context the company entered into a NOK denominated total return swap (TRS) agreement in December 2022. The nominal value of the TRS is CHF 42,5 million. The TRS counterparty charges quarterly interest, based on NIBOR 3M plus margin.

Under the TRS, SoftwareOne sold the underlying shares but remains exposed to changes in the market value of these shares. In the event of a negative market price development, there is a risk of a cash outflow when agreed thresholds are exceeded up to the amount of the consideration received. At the end of the reporting period, the total return swap had a positive market value.

4 Investments

All investments except SoftwareONE AG are indirectly held. For details, please refer to Note 30 List of group companies in the consolidated financial statements.

5 Share capital

The share capital as of 31 December 2022 was composed of 158,581,460 (2021: 158,581,460) fully paid-in registered shares, each with a nominal value of CHF 0.01.

6 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 in 2019.

7 Treasury shares

The following table summarises the balance of treasury shares:

	Number of shares	Average in CHF	In CHF 1,000
Total treasury shares as of 1 January 2021	**4,016,801**	**2.65**	**10,650**
Distribution to employee share plans	–264,490	4.85	–1,283
Distribution to members of the Board of Directors	–27,846	5.40	–150
Total treasury shares as of 1 January 2022	**3,724,465**	**2.47**	**9,217**
Distribution to employee share plans	–162,609	5.40	–878
Distribution to members of the Board of Directors	–45,025	5.40	–243
Total treasury shares as of 31 December 2022	**3,516,831**	**2.30**	**8,096**

8 Dividend income

Dividend income comprises dividends received from subsidiaries.

9 Financial income

in CHF	2022	2021
Interest income	2,769,688	2,324,108
Foreign exchange gains	22,796,427	–
Gain on disposal of financial assets[1]	98,444,350	–
Total financial income	**124,010,465**	**2,324,108**

1) Disposal of 10.40% Crayon Group Holding ASA shares thereof 5.13% under TRS.

10 Administrative expenses

in CHF	2022	2021
Personnel expenses BoD	–1,605,078	–1,505,307
Legal, consulting and other professional fees	–8,735,289	–4,245,606
Other	–432,916	–96,962
Total administrative expenses	**–10,773,283**	**–5,847,875**

11 Financial expenses

in CHF	2022	2021
Interest expenses	–41,318	–
Bank charges	–987,374	–146,200
Foreign exchange loss	–21,640,817	–3,724,043
Total financial expenses	**–22,669,509**	**–3,870,243**

12 Major shareholders

Shareholder/group of shareholders	Shares held	% of voting rights
Dr. Daniel Marc von Stockar- Scherer-Castell, Naxxar, Malta[1]	17,517,529 (PY: 17,505,107)	11.06% (PY: 11.05%)
B. Curti Holding AG[1] [2]	16,031,853 (PY: 16,031,853)	10.11% (PY: 10.11%)
René Rudolf Gilli, Emmetten, Switzerland[1]	12,449,637 (PY: 12,449,637)	7.85% (PY: 7.85%)
UBS Fund Management[3]	8,022,013 (PY: 4,806,309)	5.05% (PY: 3%)
Pictet Asset Management SA[4]	5,154,610 (PY: 5,154,610)	3.25% (PY: 3.25%)

1) 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 29% of voting rights. The representative of this group of shareholders is Dr. Beat Curti, Erlenbach, Switzerland.
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) Based on the disclosure notification published on 12 March 2022.
4) Based on the disclosure notification published on 2 November 2019.

13 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 of 31 December 2022.

Members of the BoD	Number of directly held shares 1) Vested shares	Blocked shares 2)	Total shareholdings as of 31 December 2022	Total shareholdings as of 31 December 2021
Daniel von Stockar	17,489,874	27,655	17,517,529	17,505,107
Peter Kurer	299,630	11,752	311,382	286,103
José Alberto Duarte	–	9,678	9,678	5,331
René Gilli(3)	12,445,068	4,569	12,449,637	12,449,637
Timo Ihamuotila	20,000	11,061	31,061	26,093
Marie-Pierre Rogers	23,745	11,061	34,806	21,838
Jean-Pierre Saad4)	–	5,331	5,331	5,331
Adam Warby	4,000	6,830	10,830	6,483
Isabelle Romy	–	6,830	6,830	2,483
Jim Freeman	–	4,347	4,347	–
Total	**30,282,317**	**99,114**	**30,381,431**	**30,308,406**

1) Ordinary registered shares of SoftwareONE Holding AG.
2) At grant, a restriction period of three years is applied.
3) René Gilli retired from BoD effective 5 May 2022.
4) Jean-Pierre Saad retired from BoD effective 5 May 2022. 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.

The table below shows the shareholdings of the Board of Directors (BoD) and closely related persons to the members of the BoD as of 31 December 2021.

Members of the BoD	Number of directly held shares 1) Vested shares	Blocked shares 2)	Total shareholdings as of 31 December 2021	Total shareholdings as of 31 December 2020
Daniel von Stockar	17,489,874	15,233	17,505,107	17,498,012
Peter Kurer	279,630	6,473	286,103	283,088
José Alberto Duarte	–	5,331	5,331	2,848
René Gilli	12,445,068	4,569	12,449,637	12,447,509
Timo Ihamuotila	20,000	6,093	26,093	13,255
Marie-Pierre Rogers	15,745	6,093	21,838	19,000
Jean-Pierre Saad3)	–	5,331	5,331	2,848
Beat Curti4)	–	–	–	16,031,853
Adam Warby	4,000	2,483	6,483	–
Isabelle Romy	–	2,483	2,483	–
Total	**30,254,317**	**54,089**	**30,308,406**	**46,298,413**

1) Ordinary registered shares of SoftwareONE Holding AG.
2) At grant, a restriction period of three years is applied.
3) 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.
4) B. Curti retired from the BoD effective 8 October 2020. Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE.

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 of 31 December 2022.

EB members	Number of directly held shares		Total shareholdings as at 31 December 2022	Total shareholdings as at 31 December 2021
	Vested shares [1]	Blocked shares [2]		
Dieter Schlosser	918,788	–	918,788	858,788
Alex Alexandrov	758,626	–	758,626	982,823
Neil Lomax	892,948	–	892,948	872,948
Bernd Schlotter	33,000	–	33,000	–
Rodolfo Savitzky	53,340	–	53,340	–
Julia Braun[3]	–	–	–	–
Hans Grüter[4]	–	–	–	436,954
Total	**2,656,702**	**–**	**2,656,702**	**3,151,513**

1) Also includes shares individually purchased under the ESP.
2) Consisting of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.
3) Julia Braun joined SoftwareOne effective 1 November 2022.
4) Hans Grüter retired from the EB effective 31 December 2021.

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 of 31 December 2021.

Members of the EB	Number of directly held shares		Total shareholdings as at 31 December 2021	Total shareholdings as at 31 December 2020
	Vested shares [1]	Blocked shares [2]		
Dieter Schlosser	714,822	143,966	858,788	858,788
Hans Grüter	292,988	143,966	436,954	436,954
Alex Alexandrov	806,026	176,797	982,823	915,623
Neil Lomax	728,982	143,966	872,948	781,183
Bernd Schlotter	–	–	–	–
Total	**2,542,818**	**608,695**	**3,151,513**	**2,992,548**

1) Also includes shares individually purchased under the ESP.
2) Consisting of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.

14 Shares or options on shares for members of the Board and Executive Board

For disclosures related to shares and options held by members of the Board and Executive Board please refer to section 'Share ownership' of the Compensation Report.

15 Events after the reporting period

none

Appropriation of available earnings

SoftwareONE Holding AG, Stans

Retained earnings

in CHF	2022	2021
Retained earnings brought forward	65,268,449	57,207,834
Profit for the period	140,964,762	8,060,615
Voluntary retained earnings before proposed distribution	**206,233,211**	**65,268,449**
Voluntary retained earnings after proposed distribution	**206,233,211**	**65,268,449**

Capital contribution reserve

in CHF	2022	2021
Capital contribution reserves brought forward (Swiss)	**18,761,557**	**18,761,557**
Transactions with treasury shares	–	–
Capital contribution reserves after proposed distribution (Swiss)	**18,761,557**	**18,761,557**
Capital contribution reserves brought forward (non-Swiss)	**134,803,271**	**185,912,411**
Proposed distribution out of capital contribution reserves (non-Swiss)	–55,503,511	–51,109,140
Capital contribution reserves after proposed distribution (non-Swiss)	**79,299,760**	**134,803,271**

The Board of Directors will submit a proposal to the Annual General Meeting of SoftwareONE Holding AG on 4 May 2023 to issue a dividend for fiscal year 2022 of CHF 0.35 per registered share from the capital contribution reserves (non-Swiss). All shares outstanding as of 31 December 2022 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 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SoftwareONE Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and notes to the statutory financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 172 to 178) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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 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 responsibilities for the audit of the 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 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.

Building a better working world

Impairment of investments and short-term loans due from group companies

Risk	As of 31 December 2022, SoftwareONE Holding AG holds all shares in SoftwareONE AG in the amount of MCHF 211 (44% 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 206 (43% of total assets). SoftwareONE AG holds significant investments in subsidiaries. Therefore, the measurement of the investment in SoftwareONE AG is also affected by the value of the indirectly held investments. To assess these investments for impairment, Management uses a variety of valuation methods and makes significant estimates and judgments related to the expected timing of future cash flows and other key assumptions which could have a significant impact on net income, such as revenue growth rates and discount rates.
Our audit response	In our audit of the valuation of investments and short-term loans due from group companies, we tested analyses prepared by management, which consisted of comparing the net assets balances with the carrying amount of the investment and the results of the impairment tests prepared in the context of the consolidated financial statements that were based on discounted cash flow models. We involved internal valuation specialists in the technical assessment of impairment testing models and evaluation of significant estimates and key assumptions (growth rates, discount rates) with reference to available market data. Our audit procedures did not lead to any reservations regarding the impairment of investments and short-term loans due from group companies.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 and SA-CH 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings and the proposed repayment of capital contribution reserves comply 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

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

4 May 2023
Annual General Meeting (AGM) 2023

17 May 2023
Q1 2023 Trading update

24 August 2023
H1 2023 Results and Half-year Report

15 November 2023
Q3 2023 Trading update

General information

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Concept and realisation

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Corporate and Financial Communications
www.PETRANIX.com

Technical production

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