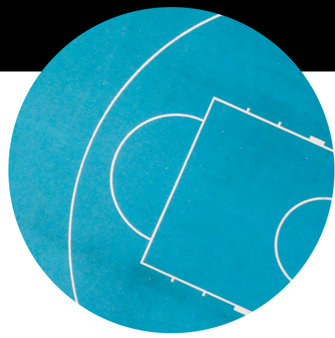
Half-Year Report 2024

Delivering
digital excellence.



Content

Cautionary statement regarding forward-looking and non-IFRS information

This document may contain certain forward-looking statements relating to SoftwareOne Holding AG (the ‘Company’) and each of its subsidiaries and affiliates (jointly referred to as ‘SoftwareOne’ or the ‘group’) and its future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to force majeure, competitive pressures, legislative and regulatory developments, global, macroeconomic and political trends, the group’s ability to attract and retain the employees that are necessary to generate revenues and to manage its businesses, fluctuations in currency exchange rates and general financial market conditions, changes in accounting standards or policies, delay or inability in obtaining approvals from authorities, technical developments, litigation or adverse publicity and news coverage, each of which could cause actual development and results to differ materially from the statements made in this document. SoftwareOne assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Certain financial data included in this document consists of non-IFRS or adjusted financial measures. These non-IFRS or adjusted financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. You are cautioned not to place undue reliance on any non-IFRS or adjusted financial measures and ratios included herein. In addition, certain financial information contained herein has not been audited, confirmed, or otherwise covered by a report by independent accountants and, as such, actual data could vary, possibly significantly, from the data set forth herein.

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

15 November 2024
Q3 Trading update

General information

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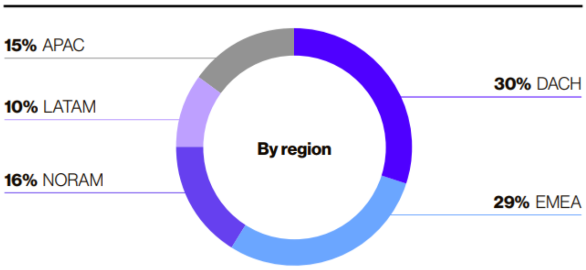
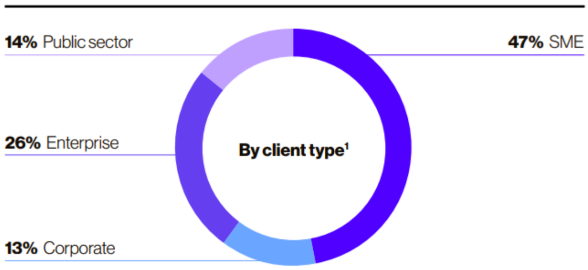
Overview

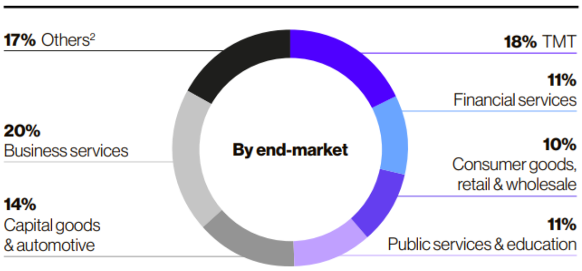
SoftwareOne is a leading global software and cloud solutions provider that is redefining how organizations build, buy and manage everything in the cloud. By helping clients to migrate and modernize their workloads and applications – and in parallel, to navigate and optimise the resulting software and cloud changes – SoftwareOne unlocks the value of technology. The company's ~9,300 employees are driven to deliver a portfolio of 7,500 software brands with a presence in over 60 countries. We serve over 65,000 clients worldwide[1)], including large enterprises, corporates, 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, clients and end-markets
Based on H1 2024 revenues







1) Breakdown based on customer revenue based on information sourced from HG Insights, CapIQ databases and desk research. Large enterprises (>5bn USD), Corporate (1bn to 5bn USD), SME (<1bn USB)
2) Others include logistics & transportation, energy & natural resources and chemicals & pharma

We offer our diversified client base 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 and through our newly introduced revenue-based segmentation, we support clients with defining their technology strategy, followed by 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.

Our integrated suite of solutions is optimised into two highly synergistic business lines: Software & Cloud Marketplace and Software & Cloud Services.

Software & Cloud Marketplace: Our clients benefit from fast, expert-led access to an extensive software and cloud catalogue with vendor partnerships. These include the largest hyperscalers such as Microsoft Azure, Amazon Web Services (AWS) and Google Cloud Platform (GCP), as well as leading software brands such as Adobe, Citrix, Oracle, Red Hat, Vmware, Sophos, Splunk and Veeam.

Our longstanding partnership with Microsoft, spanning over 30 years, has positioned us as one of Microsoft's largest channel partners and Azure's largest partner globally.

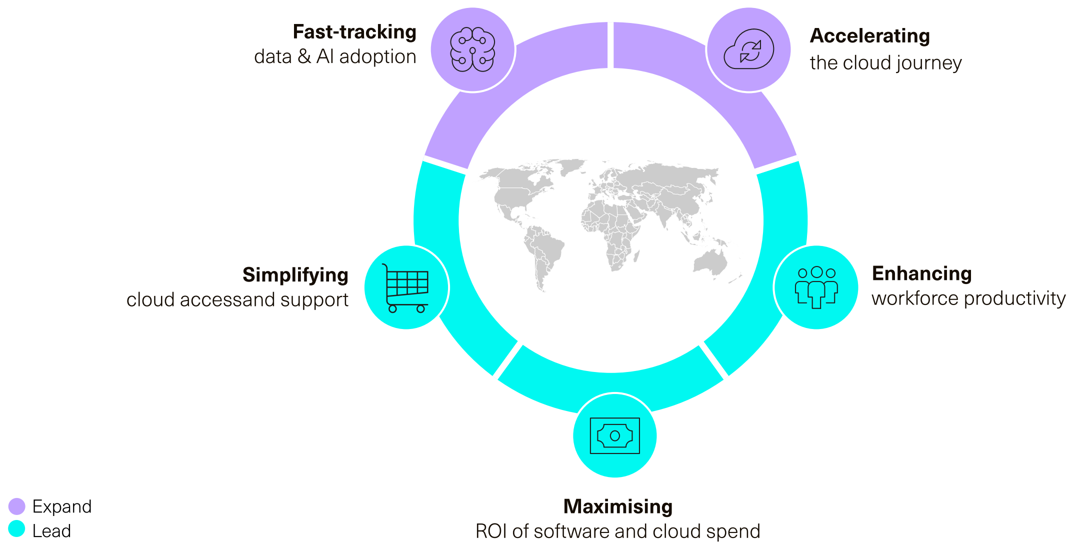
Software & Cloud Services: Our services include cloud infrastructure services, application services, SAP services, digital workplace, IT portfolio management, and software sourcing services. We are at the forefront of FinOps (cloud financial management) as a board member of the FinOps Foundation, and we ensure that security is an integral part of our offerings.

As a certified FinOps Service Provider, SoftwareOne currently has a growing team of 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.

Vision 2026

With Vision 2026, we are set to enter a new chapter of sustainable growth and value creation, focusing on a value proposition that integrates software and services, delivering on five key growth opportunities and sharpening its execution. Our commitment is to elevate our “lead” offerings, ensuring clients have seamless cloud access, maximise the return on investment (ROI) on their software spend, and boost workforce productivity across customer segments. At the same time, we will “expand” into selected high-growth areas such as application modernisation and data & AI, specifically serving mid-market clients.

Value proposition and Vision 2026



Strategic growth priorities

To drive revenue acceleration, we will capitalise on the strong momentum in our serviceable addressable market (SAM) and deliver on five key growth opportunities:

- **Deepen partnerships with hyperscalers –** we are a trusted partner to hyperscalers, with expert certifications across Microsoft, AWS and Google. We will deepen these relationships by driving higher consumption through integrated solutions
- **Drive global Copilot roll-out –** we estimate a mid-term revenue opportunity of c. USD 100 million and are already seeing strong traction around our first-to-market Copilot offering
- **Capitalise on data & AI –** with our extensive capabilities, Intelligence Fabric offering and partnerships with market leaders, we are well-positioned to capitalise on the fast-growing data & AI market
- **Execute on focused Independent Software Vendor (ISV) strategy –** by focusing on the largest vendors with dedicated global and regional teams, we will capture the large opportunity and drive results in other ISVs
- **Leverage Marketplace portal –** the Marketplace portal offers a compelling value proposition for both vendors and clients as a self-serve one-stop-shop

Sharpened execution

As part of its updated strategy, we will focus on sharpening execution through a transformed go-to-market approach. Specifically, we will implement a new client segmentation and coverage model and drive commercial excellence, including pricing realisation. Together with continuous portfolio innovation, delivery excellence and talent management, we will deliver best-in-class business outcomes for clients and performance.

01 Transformed go-to-market

- Commercial excellence with fully integrated salesforce
- Global alliances with hyperscalers and top ISVs
- AI-powered cross-sell / up-sell
- Optimised segmentation and coverage design

02 Portfolio innovation

- Standardised and modularised service offerings
- Outcome-oriented solutions adapted to client needs
- Expand our addressable market through Marketplace platform

03 Delivery excellence

- Competitive global footprint coupled with strong local presence for seamless delivery
- Standardised and customised delivery platforms

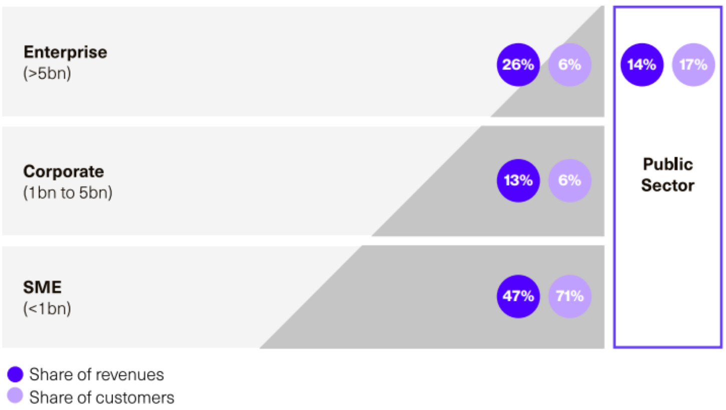
04 Talent ecosystem

- Global, diverse and highly qualified talent base
- Continuous upskilling to meet future business needs

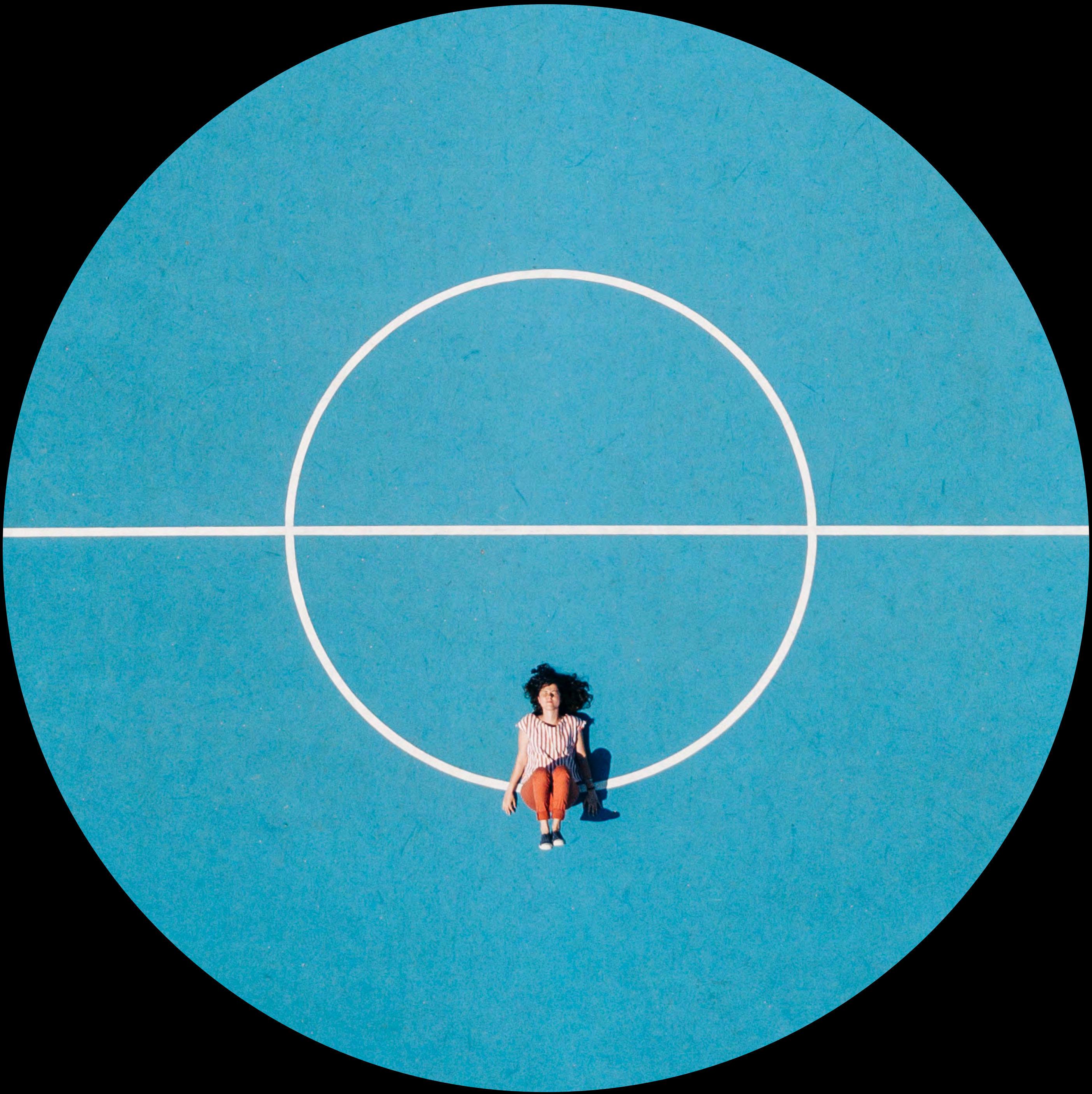
A key element of the transformed GTM approach will be a differentiated coverage model, ranging from “high touch” to “low touch” depending on client size in order to drive cost-effective, yet scalable revenue growth.

Differentiated client coverage model by segment

Revenue-based segmentation (USD), at 30 June 2024



Financial review



Introduction

The financial results of SoftwareOne are reported in accordance with IFRS Accounting Standards.

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.

Results review

Key figures - Group

CHFm	H1 2024	H1 2023	% Δ	% Δ (CCY)	Q2 2024	Q2 2023	% Δ	% Δ (CCY)
Software & Cloud Marketplace	285.8	276.6	3.3%	6.1%	160.2	151.0	6.1%	7.4%
Software & Cloud Services	244.2	230.2	6.0%	8.1%	122.8	116.4	5.5%	5.8%
Total revenue	**529.9**	**506.8**	**4.6%**	**7.0%**	**283.0**	**267.4**	**5.8%**	**6.7%**
Delivery costs	–170.7	–178.2	–4.2%	–2.9%	–83.0	–86.8	–4.3%	–4.8%
Contribution margin	**359.3**	**328.6**	**9.3%**	**12.4%**	**200.0**	**180.6**	**10.7%**	**12.2%**
SG&A	–237.4	–216.9	9.4%	13.0%	–123.5	–108.6	13.7%	15.6%
Adj. EBITDA	**121.9**	**111.7**	**9.1%**	**11.3%**	**76.5**	**72.1**	**6.1%**	**7.2%**
Adj. EBITDA margin (% revenue)	23.0%	22.0%	1.0pp	–	27.0%	27.0%	0.0pp	–
Adj. EPS (diluted)	**0.27**	**0.32**	**–16.0%**	**–**	**–**	**–**	**–**	**–**
IFRS reported								
Net cash from operating activities	–295.3	–286.4	3.1%	–	–	–	–	–
Net debt/(cash)	208.7	71.6	–	–	–	–	–	–
Net working capital (after factoring) at period-end	**182.6**	**176.8**	**–**	**–**	**–**	**–**	**–**	**–**
Headcount (end of period)	**9,327**	**9,257**	**0.8%**	**–**	**–**	**–**	**–**	**–**

Group revenue grew 7.0% YoY ccy and 4.6% reported currency to CHF 529.9 million in H1 2024, compared to CHF 506.8 million in the prior year period.

The strengthening of the CHF versus in particular the Euro, US dollar, Japanese yen and Turkish lira led to a negative FX translation impact of 2.4 percentage points on group revenue. The significant appreciation of the Colombian peso had a positive translation impact of 2.1 percentage points on revenue for LATAM in H1 2024.

Solid growth in key markets

Revenue by region

CHFm	H1 2024	H1 2023	% Δ (CCY)	Q2 2024	Q2 2023	% Δ (CCY)
DACH	156.6	154.3	3.2%	81.8	77.5	6.1%
Rest of EMEA	154.4	152.9	4.3%	82.1	80.8	3.2%
NORAM	85.1	75.8	15.3%	46.0	43.2	7.2%
LATAM	53.6	47.7	10.1%	28.8	24.6	15.3%
APAC	76.5	72.3	10.1%	43.6	41.0	7.7%

DACH and Rest of EMEA reported separately going forward due to IFRS requirements, following division of operational leadership in early 2024; 2023 includes reallocation of revenue between Group and the regions to align with 2024 reporting, with no change to total revenue

By region, DACH grew revenue by 3.2% YoY ccy to CHF 156.6 million in H1 2024, compared to CHF 154.3 million in the prior period, primarily driven by lower results in the Microsoft business. Momentum improved in Q2 2024 driven by other ISVs and services, with key client wins in IT Portfolio Management and SAP Services.

Rest of EMEA was up 4.3% YoY ccy in H1 2024 to CHF 154.4 million, compared to CHF 152.9 million in the prior year period. Growth was supported by strong performance across Southern Europe, particularly within services, and CEE, offsetting softer results in Northern Europe and the UK & Ireland.

NORAM grew revenue by 15.3% YoY ccy to CHF 85.1 million in H1 2024, driven by a number of large client wins, compared to CHF 75.8 in the prior year period.

APAC delivered revenue growth of 10.1% YoY ccy to CHF 76.5 million in H1 2024, compared to CHF 72.3 million in the prior year period, with strong growth in the Microsoft business across the region. Revenue in Q2 2024 was up 7.7% YoY ccy, driven by strength in India, partially offset by China and Australia.

Revenue in LATAM increased by 10.1% YoY ccy to CHF 53.6 million in H1 2024, compared to CHF 47.7 million in the prior year period, as turnaround measures implemented by the new leadership team led to improved results across several markets. Revenue growth in Q2 2024 accelerated to 15.3% YoY ccy, with particular strength in other ISVs in Brazil.

Continued growth momentum across business lines

Software & Cloud Marketplace

Key figures – Software & Cloud Marketplace

CHFm	H1 2024	H1 2023	% Δ (CCY)	Q2 2024	Q2 2023	% Δ (CCY)
Revenue	**285.8**	**276.6**	**6.1%**	**160.2**	**151.0**	**7.4%**
Contribution margin	**252.5**	**238.9**	**8.6%**	**144.3**	**132.3**	**10.6%**
Contribution margin (% of revenue)	88.4%	86.4%	–	90.1%	87.6%	–
Adj. EBITDA	**143.3**	**135.9**	**7.9%**	**85.4**	**82.5**	**4.9%**
EBITDA margin (% of revenue)	50.2%	49.1%	–	53.3%	54.6%	–

Revenue in Software & Cloud Marketplace grew 6.1% YoY ccy to CHF 285.8 million in H1 2024, compared to CHF 276.6 million in the prior year period.

Gross billings in the Microsoft business amounted to USD 11.9 billion in H1 2024, up 8.1% compared to H1 2023. In Q2 2024, billings increased 9.0% YoY to USD 7.6 billion. Revenue growth in Q2 2024 was broadly consistent with Q1 2024.

Revenue growth in other ISVs accelerated to double-digit in Q2 2024, benefitting from initiatives around pricing and renewals, as well as an increased focus on prioritised partners.

Contribution margin grew 8.6% YoY ccy to CHF 252.5 million in H1 2024, compared to CHF 238.9 million in H1 2023, reflecting an increased margin of 88.4%.

Adjusted EBITDA increased by 7.9% YoY ccy to CHF 143.3 million in H1 2024, compared to CHF 135.9 million in the prior year period. The adjusted EBITDA margin improved to 50.2%, compared to 49.1% in the prior year period.

Software & Cloud Services

Key figures – Software & Cloud Services

CHFm	H1 2024	H1 2023	% Δ (CCY)	Q2 2024	Q2 2023	% Δ (CCY)
Revenue	**244.2**	**230.2**	**8.1%**	**122.8**	**116.4**	**5.8%**
Contribution margin	**106.8**	**89.7**	**22.5%**	**55.6**	**48.3**	**16.9%**
Contribution margin (% of revenue)	43.7%	39.0%	–	45.3%	41.5%	–
Adj. EBITDA	**17.8**	**7.1**	**148.7%**	**13.4**	**4.8**	**174.5%**
EBITDA margin (% of revenue)	7.3%	3.1%	–	10.9%	4.1%	–

Software & Cloud Services delivered revenue growth of 8.1% YoY ccy to CHF 244.2 million in H1 2024, up from CHF 230.2 million in the prior year period. Growth was driven by Cloud Services, IT Portfolio Management and SAP Services.

Focus on cross-selling continued with 74% of LTM (to 30 June 2024) revenue generated by c. 16.1k clients purchasing both software and services, up from 15.6k a year ago.

Revenue in xSimples[1] was up 15% YoY ccy in H1 2024, driven by clients continuing to transition to the CSP model.

Contribution margin increased to CHF 106.8 million in H1 2024, with a margin of 43.7%, up from 39.0% in the prior year period driven by continued optimisation of the delivery network.

Adjusted EBITDA was CHF 17.8 million in H1 2024, compared to CHF 7.1 million in the prior year period. The margin improved to 7.3% compared to 3.1% in the prior year period, driven by a strong contribution margin and operating leverage as the business continues to scale.

[1] Including AzureSimple, 365 Simple and AWS

Focus on profitable growth

Adjusted EBITDA for H1 2024 was CHF 121.9 million, increasing 11.3% YoY ccy from CHF 111.7 million in the prior year period. The adjusted EBITDA margin was up by 1.0pp YoY, reflecting an improved contribution margin, partially offset by higher SG&A as a result of growth investments.

Adjusted profit for the period was CHF 41.6 million in H1 2024, representing a decrease of 16.9% YoY in reported currency, compared to CHF 50.1 million in the prior year period.

IFRS reported profit for the period was CHF 27.9 million in H1 2024, compared to CHF 33.8 million in the prior year period.

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

Implementation of Vision 2026 well on track

During H1 2024, SoftwareOne progressed various initiatives in support of 'Vision 2026 – a new chapter of growth' to drive accelerated growth, margin expansion and cash generation by pursuing key growth priorities and sharpened execution.

Strategic growth priorities

Following a strong start in Q1 2024, SoftwareOne maintained its momentum in capturing the Copilot 365 market opportunity. The number of Copilot 365 users nearly doubled to over 600,000 at 30 June 2024, with 240 new services engagements in the second quarter.

Sharpened execution

Based on the new client segmentation and coverage model, the transformed GTM model was rolled out to key markets, including NORAM, DACH, UK & Ireland, Mexico, Brazil and India. New sales hubs were opened in Nashville and Barcelona, taking a digital-first approach to capture market share in the under-served SME segment in a scalable, cost-efficient way. Bogotá and São Paulo are also currently opening to serve the Latin American market. The hubs will initially focus on the Microsoft tech stack, before offering a broader portfolio. Meanwhile, client coverage was reorganised to allow account managers to go deeper with clients in the enterprise and corporate segments. As a result of the changes, restructuring expenses of CHF 14.2 million were reported in H1 2024.

Supporting the digital sales motion, the Marketplace Platform continued to gain traction with both vendors and clients in H1 2024. With over 17k clients transacting through the platform, the number of cloud subscriptions increased to 35.9k and LTM gross sales to 30 June 2024 was CHF 825.2 million.

Additionally, a global alliance team was established to manage prioritised partnerships with the hyperscalers and other ISVs, and to drive cross and upsell across the broader portfolio.

Lastly, initiatives to drive pricing excellence and renewals via AI-based risk prediction models were implemented.

Margin expansion
SoftwareOne completed its operational excellence programme in H1 2024, reaching CHF 76 million annualised cost savings compared to its target of CHF 70 million, of which CHF 7 million were reinvested in growth initiatives. Continued margin expansion over the Vision 2026 period is expected to be driven by improved commercial effectiveness with the new GTM model, as well as further delivery model efficiencies and right-sizing of support functions.

Balance sheet developments

Net working capital (after factoring) increased by CHF 5.8 million to CHF 182.6 million, compared to CHF 176.8 million in the prior year. Net cash from operating activities was CHF (295.3) million in H1 2024, compared to CHF (286.4) million in the prior year period.

Capital expenditure totalled CHF 32.7 million, including investments in the SoftwareOne Marketplace Portal, compared to CHF 26.7 million in the prior year period.

The net debt position was CHF 208.7 million as at 30 June 2024, compared to CHF 71.6 million as at 30 June 2023.

Board of Directors' update

As announced in the trading update of 15 May 2024, the Board of Directors has been approached by several parties regarding a potential going-private transaction and has established a Transaction Committee to ensure an orderly follow-up. Indications of interest have been received. Discussions, although challenging given the general business environment, are progressing. The Board will provide further updates if and when required.

Revised revenue guidance for full-year 2024

As a result of continued macroeconomic uncertainty impacting clients' purchasing behaviour, SoftwareOne updates its 2024 full-year guidance as follows:

- Revenue growth of 7-9% *(previously 8-10%)* for the group in constant currency;
- Adjusted EBITDA margin of 24.5-25.5% of revenue *(unchanged)*;
- Dividend pay-out ratio of 30-50% of adjusted profit for the year (unchanged).

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.

Results overview

Go to full overview of SoftwareOne's interim condensed consolidated financial statements

Reported and adjusted profit and loss statement

	IFRS reported		Adjusted			
CHFm	H1 2024	H1 2023	H1 2024	H1 2023	% Δ	% Δ (CCY)
Revenue from Software & Cloud Marketplace	**285.0**	**276.1**	**285.8**	**276.6**	**3.3%**	**6.1%**
Revenue from Software & Cloud Services	**244.2**	**230.2**	**244.2**	**230.2**	**6.0%**	**8.1%**
Total revenue	**529.2**	**506.4**	**529.9**	**506.8**	**4.6%**	**7.0%**
Delivery costs	–	–	–170.7	–178.2	–4.2%	–2.9%
Contribution margin	**–**	**–**	**359.8**	**328.6**	**9.3%**	**12.4%**
SG&A	–	–	–237.4	–216.9	9.4%	13.0%
EBITDA	**82.2**	**91.4**	**121.9**	**111.7**	**9.1%**	**11.3%**
Depreciation, amortization and impairment[1]	–36.3	–32.4	–36.3	–32.4	11.8%	–
EBIT	**45.9**	**58.9**	**85.6**	**79.3**	**8.0%**	**–**
Net financial items	4.3	–5.9	–16.9	–9.1	85.8%	–
Earnings before tax	**50.1**	**53.1**	**68.7**	**70.2**	**–2.1%**	**–**
Income tax expense	–22.2	–19.3	–27.1	–20.1	34.9%	–
Profit for the period	**27.9**	**33.8**	**41.6**	**50.1**	**–16.9%**	**–**
EBITDA margin (% of revenue)	**15.5%**	**18.0%**	**23.0%**	**22.0%**	**1.0pp**	**–**
EPS (diluted)	**0.18**	**0.22**	**0.27**	**0.32**	**–16.0%**	**–**

1) Includes PPA amortisation (including impairments, if applicable) of CHF 7.2 million and CHF 7.4 million in H1 2024 and H1 2023, respectively

Reconciliation - IFRS reported to adjusted profit

CHFm	H1 2024	H1 2023
IFRS reported profit for the period	**27.9**	**33.8**
Impact of change in revenue recognition of Microsoft Enterprise Agreements	–0.1	0.4
Share-based compensation	–	–
Integration, M&A and earn-out expenses	5.2	7.8
Operational excellence restructuring expenses	9.4	12.5
GTM restructuring expenses	14.2	–
Discontinuation of MTWO vertical	4.2	–
Russia-related loss	–	–0.4
Other non-recurring items	0.7	–
Impact of extraordinary provision for overdue receivables[1]	6.0	–
Total operating expense adjustments	**39.7**	**20.3**
Depreciation / (appreciation) of Crayon shareholding	**–21.1**	**–3.2**
Tax impact on adjustments	**–4.9**	**–0.8**
Adjusted profit for the period	**41.6**	**50.1**

Source: Management view
1) Relates to overdue receivables over 180 days outstanding and under legal dispute, with success rate of collection by SoftwareOne taken down to zero as a conservative measure

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:

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 revenue.

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.

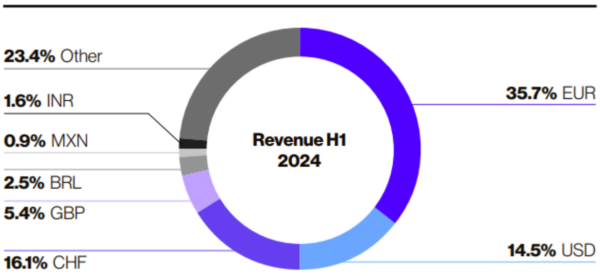
Net debt / (cash) comprises group bank overdrafts, other current and non-current financial liabilities less cash and cash equivalents and current financial assets.

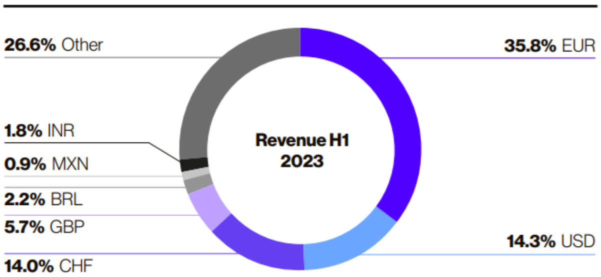
Net working capital is defined as the group's trade receivables, current other receivables, prepayments and contract assets minus trade payables, current other payables and accrued expenses and contract liabilities.

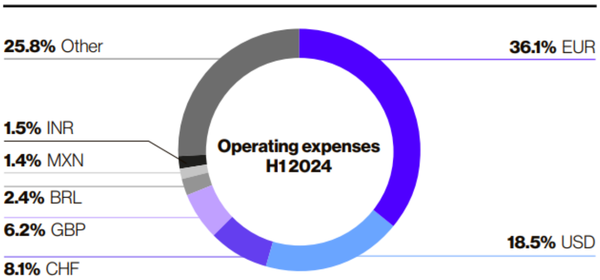
Exchange rates

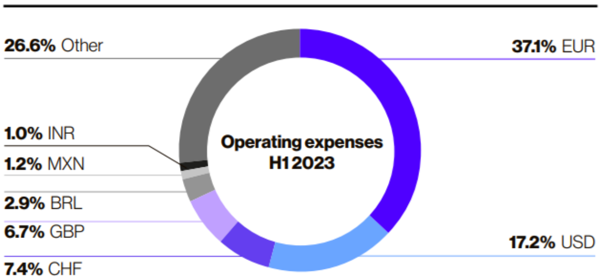
The table below shows the development of the Swiss franc, SoftwareOne's reporting currency. In addition, the charts provide an overview of the currency breakdowns, including currencies which had the biggest impact on revenue and operating expenses. Related calculations are based on underlying management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

FX exposure

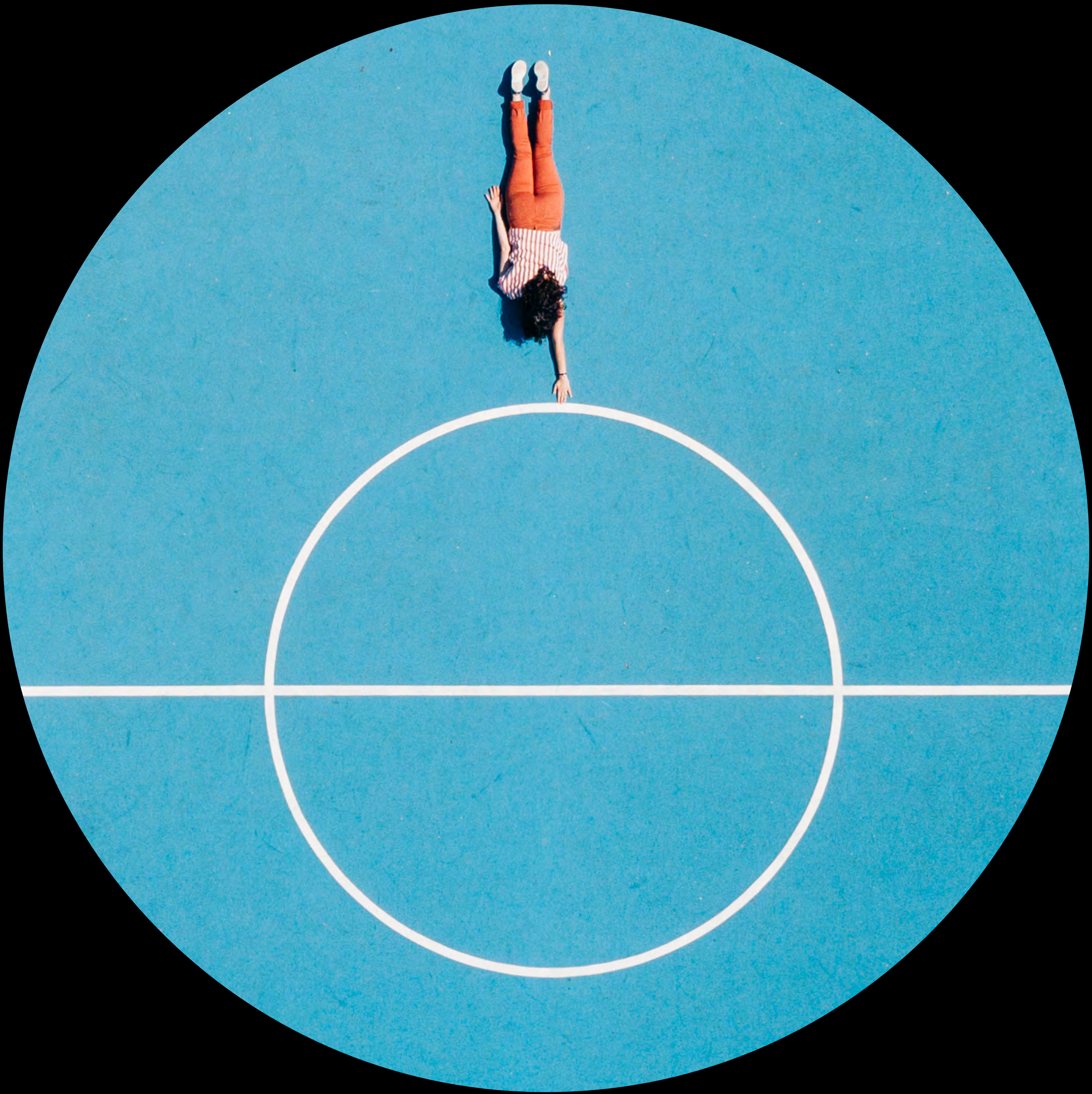








Consolidated financial statements



softwareone

Interim condensed consolidated income statement

For the six months ended 30 June

in CHF 1,000	Note	2024	2023
Revenue from Software & Cloud Marketplace	5	285,010	276,115
Revenue from Software & Cloud Services	5	244,205	230,248
Total revenue		**529,215**	**506,363**
Third-party service delivery costs		–16,660	–18,614
Personnel expenses		–339,400	–325,629
Other operating expenses		–98,446	–78,058
Other operating income		7,462	7,302
Earnings before net financial items, taxes, depreciation and amortisation		**82,171**	**91,364**
Depreciation and amortisation		–36,285	–32,447
Earnings before net financial items and taxes		**45,886**	**58,917**
Finance income	4	29,076	4,518
Finance costs	4	–17,064	–9,004
Foreign exchange differences, net		–7,759	–1,329
Share of result of associated companies		–	–46
Earnings before income tax		**50,139**	**53,056**
Income tax expense		–22,192	–19,286
Profit for the period		**27,947**	**33,770**
Profit attributable to:			
– Owners of the parent		27,974	33,805
– Non-controlling interest		–27	–35
Earnings per share in CHF			
– Basic	6	0.18	0.22
– Diluted	6	0.18	0.22

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June

in CHF 1,000	Note	2024	2023
Profit for the period		**27,947**	**33,770**
Other comprehensive income: **Items that will not be reclassified to profit or loss in subsequent periods**			
Remeasurements of post-employment benefit obligations		5,977	964
Taxes		–890	–144
Items that may be reclassified to profit or loss in subsequent periods			
Currency translation adjustments		36,555	–823
Cash flow hedges		2,812	–1,456
Taxes		–453	226
Total other comprehensive income for the period		**44,001**	**–1,233**
Total comprehensive income for the period		**71,948**	**32,537**
Total comprehensive income attributable to:			
– Owners of the parent		71,975	32,565
– Non-controlling interest		–27	–28

Interim condensed consolidated balance sheet

As of in CHF 1,000	Note	30 June 2024	31 Dec 2023
Assets			
Cash and cash equivalents		146,240	267,389
Trade receivables		3,197,511	2,317,187
Income tax receivables		19,970	20,222
Other receivables		148,068	92,144
Derivative financial instruments	4	3,646	3,006
Prepayments and contract assets		154,336	117,694
Financial assets	4	66,062	43,857
Current assets		**3,735,833**	**2,861,499**
Tangible assets		29,370	28,352
Intangible assets	3	650,198	629,495
Right-of-use assets		35,292	31,443
Other receivables		311,064	207,622
Derivative financial instruments	4	472	401
Deferred tax assets		29,208	25,079
Defined benefit assets		2,357	–
Non-current assets		**1,057,961**	**922,392**
TOTAL ASSETS		**4,793,794**	**3,783,891**

As of in CHF 1,000	Note	30 June 2024	31 Dec 2023
Liabilities and shareholders' equity			
Trade payables		2,905,698	2,290,475
Other payables		220,513	215,849
Accrued expenses and contract liabilities		189,614	181,634
Derivative financial instruments	4	2,643	12,457
Income tax liabilities		20,229	19,569
Provisions		34,975	34,004
Financial liabilities		397,424	140,261
Current liabilities		**3,771,096**	**2,894,249**
Derivative financial instruments	4	342	996
Provisions		7,403	14,572
Financial liabilities		62,323	24,751
Other payables		272,942	178,646
Deferred tax liabilities		24,663	20,998
Defined benefit liabilities		7,476	9,567
Non-current liabilities		**375,149**	**249,530**
TOTAL LIABILITIES		**4,146,245**	**3,143,779**
Share capital		1,586	1,586
Share premium		68,773	123,373
Treasury shares		–45,810	–30,905
Retained earnings		740,408	702,353
Hedging reserve		418	–1,941
Currency translation adjustments		–117,822	–154,377
Equity attributable to owners of the parent		**647,553**	**640,089**
Non-controlling interest		–4	23
TOTAL EQUITY		**647,549**	**640,112**
TOTAL LIABILITIES AND EQUITY		**4,793,794**	**3,783,891**

Interim condensed consolidated statement of cash flows

For the six months ended 30 June in CHF 1,000	Note	2024	2023
Profit for the period		**27,947**	**33,770**
Adjustments for:			
Depreciation and amortisation		36,285	32,447
Total finance result, net		–4,253	5,815
Share of result of associated companies		–	46
Income tax expense		22,192	19,286
Other non-cash items		5,967	–10,084
Change in trade receivables		–888,522	–694,432
Change in other receivables, prepayments and contract assets		–195,968	–20,560
Change in trade and other payables		714,401	376,113
Change in accrued expenses and contract liabilities		7,980	–256
Change in provisions		–6,198	–10,384
Income taxes paid		–15,124	–18,124
Net cash generated from/(used in) operating activities		**–295,293**	**–286,363**
Purchases of tangible and intangible assets		–32,699	–26,671
Proceeds from sale of tangible and intangible assets		7	43
Receipts from swap contracts		10,114	–
Loan repayments received		28	719
Interest received		2,276	743
Acquisition of businesses (net of cash acquired)		–5,264	–5,906
Net cash from/(used) in investing activities		**–25,538**	**–31,072**
Proceeds from financial liabilities		4,532,014	2,906,705
Repayments of financial liabilities		–4,252,364	–2,623,821
Payment of contingent consideration liabilities	4	–555	–2,234
Repurchase of treasury shares under share buyback		–16,181	–3,101
Proceeds from sale of treasury shares		941	982
Interest paid		–11,893	–7,056
Dividends paid to owners of the parent	7	–55,241	–54,315
Net cash from/(used in) financing activities		**196,721**	**217,160**
Net (decrease)/increase in cash and cash equivalents		**–124,110**	**–100,275**
Cash and cash equivalents at beginning of period		267,389	325,791
Net foreign exchange difference on cash and cash equivalents		2,961	–2,268
Cash and cash equivalents at end of period		**146,240**	**223,248**

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 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
Balance as of 1 January 2023	**1,586**	**176,363**	**–8,096**	**677,965**	**–128**	**–108,701**	**738,989**	**7**	**738,996**
Profit for the period				33,805			33,805	–35	33,770
Other comprehensive income for the period				820	–1,230	–830	–1,240	7	1,233
Total comprehensive income for the period				**34,625**	**–1,230**	**–830**	**32,565**	**–28**	**32,537**
Transactions in treasury shares[1]		604	–1,028	–2,044			–2,468		–2,468
Dividends paid		–54,315					–54,315		–54,315
Share-based payments				4,271			4,271		4,271
Balance as of 30 June 2023	**1,586**	**122,652**	**–9,124**	**714,817**	**–1,358**	**–109,531**	**719,042**	**–21**	**719,021**
Balance as of 1 January 2024	**1,586**	**123,373**	**–30,905**	**702,353**	**–1,941**	**–154,377**	**640,089**	**23**	**640,112**
Profit for the period				27,974			27,974	–27	27,947
Other comprehensive income for the period				5,087	2,359	36,555	44,001	–	44,001
Total comprehensive income for the period				**33,061**	**2,359**	**36,555**	**71,975**	**–27**	**71,948**
Transactions in treasury shares[1]		641	–14,905	–1,224			–15,488		–15,488
Dividends paid		–55,241					–55,241		–55,241
Share-based payments				6,218			6,218		6,218
Balance as of 30 June 2024	**1,586**	**68,773**	**–45,810**	**740,408**	**418**	**–117,822**	**647,553**	**–4**	**647,549**

1) Transactions in treasury shares include repurchases under share buyback programme. Shares in an amount of TCHF 16,429 were repurchased as of 30 June 2024 (comparative period: TCHF 3,449).

Notes to the interim condensed 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 service 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'.

These interim condensed consolidated financial statements for the six months ended 30 June 2024 were authorised for issue by the Board of Directors on 20 August 2024.

2 Basis of preparation and changes to the group's accounting policies

Basis of presentation

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements as of 31 December 2023 approved by the Board of Directors on 18 March 2024.

New standards, interpretations and amendments adopted by the group

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the group's consolidated financial statements as of and for the year ended 31 December 2023 except for changes effective from 1 January 2024.

As of 1 January 2024, the following amendments to the IFRS Accounting Standards entered into force:

- Amendment to IAS 1: Classification of liabilities with covenants as current or non-current — adoption by 1 January 2024
- Amendments to IAS 7 and IFRS 7: Disclosure requirements about supplier finance arrangements — adoption by 1 January 2024

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

Pillar Two income taxes

SoftwareOne applies the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the group operates. The legislation is effective for the group's financial year beginning 1 January 2024. SoftwareOne is in scope of the enacted or substantively enacted legislation and has performed an assessment of the group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. SoftwareOne does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Separation of the reporting segment EMEA into DACH and rEMEA

SoftwareOne modified the breakdown of its segments in January 2024 and separated EMEA into DACH, encompassing Germany, Austria and Switzerland, and rEMEA, encompassing Rest of Europe, including Mauritius and South Africa and excluding DACH. The change in the breakdown of the financial information reflects the focus on two clearly differentiated geographical markets within Europe, the level of decision-making for both markets within the group and the relative importance of the profits and assets of the DACH segment.

As a result, the group reallocated the goodwill previously allocated to EMEA between DACH and rEMEA. The split was done based on the relative value of the recoverable amount. The following table shows the composition of goodwill by CGU after the reallocation:

in CHF 1,000	EMEA	DACH	rEMEA	NORAM	LATAM	APAC	Carrying amount
On 1 January 2024	388,288	–	–	27,895	38,555	8,290	463,028
Reallocation	–388,288	136,197	252,091	–	–	–	–
On 1 January 2024 after reallocation[1)]	**–**	**136,197**	**252,091**	**27,895**	**38,555**	**8,290**	**463,028**

1) After the reallocation, no indications of impairment had been detected.

Foreign currency translation

The following exchange rates were used:

		Six-month period ended 30 June 2024		Six-month period ended 30 June 2023		31 Dec 2023
Currency (CHF 1 =)	Code	Ø-rate	Closing rate	Ø-rate	Closing rate	Closing rate
Euro	EUR	1.04	1.04	1.01	1.02	1.08
US dollar	USD	1.12	1.12	1.10	1.12	1.19
British pound	GBP	0.88	0.88	0.89	0.88	0.94
Swedish krone	SEK	11.72	11.80	11.49	12.08	11.87
Norwegian krone	NOK	11.84	11.86	11.46	12.01	12.12

Seasonality of operations

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

3 Changes in the scope of consolidation

During the period to June 2024, no business combinations occurred. The group has finalised the purchase accounting of acquisitions that took place in 2023.

Acquisitions in 2023

On 21 December 2023, SoftwareOne acquired 100% of Novis Euforia S.L., Spain ('Novis'), a SAP and cloud services company specialised in migrating and converting SAP environments to SAP S/4HANA and the cloud. During the period to 30 June 2024, the group adjusted the purchase accounting. In April 2024, a subsequent purchase price adjustment of TCHF 742 was made which led to an increase in goodwill to TCHF 4,367. There were no other changes in the final fair values of acquired assets and liabilities compared to the provisional amounts disclosed in the Annual Report 2023.

Reconciliation of carrying amount of goodwill

The change in carrying values for goodwill from 1 January 2024 to 30 June 2024 are set forth below:

in CHF 1,000	2024
On 1 January 2024	463,028
Additions due to subsequent purchase price allocation adjustment	742
Currency translation adjustments	15,013
As of 30 June 2024	**478,783**

4 Financial instruments and fair values

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

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

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.

There have been a transfer from level 3 to level 2 between 1 January 2024 and 30 June 2024. No transfers of the hierarchy levels have been made between 1 January 2023 and 30 June 2023.

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

As of 30 June 2024 in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Fair value through profit or loss	2,787	Level 2
Derivative financial instruments	Designated as cash flow hedge	1,331	Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	65,956	Level 1
Total financial assets		**70,074**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	854	Level 3
Contingent consideration liabilities	Fair value through profit or loss	1,431	Level 2
Derivative financial instruments	Fair value through profit or loss	2,161	Level 2
Derivative financial instruments	Designated as cash flow hedge	824	Level 2
Total financial liabilities		**5,270**	

As of 31 December 2023

in CHF 1,000	IFRS 9 category	Carrying amount	Fair value level
FINANCIAL ASSETS			
Derivative financial instruments	Fair value through profit or loss	2,537	Level 2
Derivative financial instruments	Designated as cash flow hedge	870	Level 2
Financial assets - listed equity instrument	Fair value through profit or loss	43,732	Level 1
Total financial assets		**47,139**	
FINANCIAL LIABILITIES			
Contingent consideration liabilities	Fair value through profit or loss	7,342	Level 3
Derivative financial instruments	Fair value through profit or loss	10,281	Level 2
Derivative financial instruments	Designated as cash flow hedge	3,172	Level 2
Total financial liabilities		**20,795**	

The group's interest-bearing instruments with variable interest are cash, bank overdrafts, bank loans and a multiple currency revolving credit facility. An interest rate risk exists due to changes in market interest rates. Since May 2024, the group manages the risk of changes in the interest rate on the basis of limits using interest rate derivatives as part of the defined risk strategy. The underlying transactions are designated as cash flow hedges. They are expected to affect profit and loss within the next 30 months (end of December 26). 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.

Financial assets consist of an investment in listed equity instruments. In the period to 30 June 2024, the group recognised a fair value gain of TCHF 21,574 in finance income (comparative period: TCHF 1,644). For a part of these listed equity instruments, the group entered into a total return swap agreement in 2022, in which it sold shares but remains exposed to the price risk related to these shares. Therefore, refer to section 4.1 Financial risk factors in the Annual Report 2023. The market price of the underlying asset has risen compared to 31 December 2023 and is above the agreed threshold. Thus, SoftwareOne recorded a cash inflow of TCHF 10,114 which is recognized as a financial liability and classified as investing cashflow. The financial liability for the receipts from swap contracts amounted to TCHF 37,944 at the end of the reporting period (comparative period: TCHF 27,050).

The change in carrying values associated with 'Level 3' contingent consideration liabilities from 31 December 2023 to 30 June 2024 is set forth below:

in CHF 1,000	2024
On 1 January 2024	7,342
Settlement in cash[1]	–3,674
Fair value adjustment	–1,551
Transfer to 'Level 2'[2]	–1,431
Currency translation adjustments	168
As of 30 June 2024	**854**

1) Payments of TCHF 3,119 are presented in cashflow from investing activities.
2) The remaining contingent consideration of Predica was fixed to TCHF 1,431 and, therefore, the liability was transferred from "Level 3" to "Level 2" in the fair value hierarchy.

5 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 by 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 (point in time).

In the Software & Cloud Marketplace business a distinction is made between two types of software selling arrangements. In the direct business, the group's obligation is only to arrange for another entity to provide the software license to the end customer and therefore receives an agency commission from the software provider. In the indirect business, the group is party to a contractual relationship between the software provider and the end customer. SoftwareOne provides pre-sales consulting services to end customers but is not primarily responsible for fulfilling the promise to provide the software or cloud solution. SoftwareOne invoices the end customer and receives the considerations from the end customer. In addition, SoftwareOne is compensated by the software provider to place orders and manage customer purchases on behalf of the end customer. SoftwareOne acts as an agent in both types of software selling arrangements and, hence, recognises revenue in the net amount, i.e. the agency fee or the difference between the consideration received from the end customer and cost of software purchased.

For management purposes, SoftwareOne is organised by geographical areas. The below breakdown of revenue follows the regional clusters by the group's operating segments, refer to Note 10 Segment reporting.

Revenue is broken down as follows:

For the six months ended 30 June 2024

in CHF 1,000	DACH	rEMEA	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud Marketplace	106,597	79,475	33,058	20,049	45,831	285,010
Revenue from Software & Cloud Services	74,213	67,417	41,434	31,983	29,158	244,205
Total revenue	**180,810**	**146,892**	**74,492**	**52,032**	**74,989**	**529,215**

For the six months ended 30 June 2023

in CHF 1,000	DACH 1)	rEMEA 1)	NORAM	LATAM	APAC	Total
Revenue from Software & Cloud Marketplace	115,108	67,929	32,351	14,965	45,762	276,115
Revenue from Software & Cloud Services	65,869	65,419	38,655	30,322	29,983	230,248
Total revenue	**180,977**	**133,348**	**71,006**	**45,287**	**75,745**	**506,363**

1) The comparative period was restated, refer to Note 2 Separation of the reporting segment EMEA into DACH and rEMEA.

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

in CHF 1,000	2024	2023 1)
Revenue from Software & Cloud Marketplace		
– indirect business	236,881	234,515
– direct business	48,129	41,600
Total revenue from Software & Cloud Marketplace	**285,010**	**276,115**

1) An incorrect account allocation has been identified in the comparative period, which has been corrected. An amount of TCHF 27,485 has been reclassified from direct business to indirect business.

6 Earnings per share

For the six months ended 30 June

in CHF 1,000	2024	2023
Profit for the period attributable to owners of the parent	27,974	33,805

Number of shares	2024	2023
Weighted average number of ordinary shares	153,587,514	155,161,241
Adjustment for share-based payment plans	436,428	630,010
Weighted average number of shares used to calculate diluted earnings per share	154,023,942	155,791,251
Basic earnings per share in CHF	**0.18**	**0.22**
Diluted earnings per share in CHF	**0.18**	**0.22**

7 Dividends

The dividend approved in 2024 was TCHF 55,241 or CHF 0.36 per share (excluding treasury shares; prior year TCHF 54,315, or CHF 0.35 per share). The dividend was paid out of the capital contribution reserve of SoftwareOne Holding AG and thus deducted from share premium in these interim condensed consolidated financial statements.

8 Employee share plan and share-based payment

In the first half of 2024, SoftwareOne granted new awards under the Long-term Incentive Plan (‘LTIP24’). In addition, arrangements that were launched in previous years, the Employee Share Purchase Plan and the Long-term Incentive Plan (‘LTIP22’ and ‘LTIP23’) still exist.

SoftwareOne recognised total share-based payment expenses of TCHF 6,231 for the six months ended 30 June 2024 (comparative period: TCHF 4,334). The following table discloses how the expenses are allocated to the existing share-based payment arrangements:

For the six months ended 30 June 2024

in CHF 1,000	Employee Share Purchase Plan (ESPP)	Long-term Incentive Plan (LTIP)	Board of Directors fees paid in shares	TOTAL
Programme granted in	2023	2022/2023/2024	2024	
Expenses recognised in income statement	186	5,778	267	6,231
Thereof expenses related to key management	–	1,591	267	1,858

For the six months ended 30 June 2023

in CHF 1,000	Employee Share Purchase Plan (ESPP)	Long-term Incentive Plan (LTIP)	Board of Directors fees paid in shares	TOTAL
Programme granted in	2020	2021/2022/2023	2023	
Expenses recognised in income statement	240	3,804	290	4,334
Thereof expenses related to key management	–	953	290	1,243

SoftwareOne has recognised an increase in equity in the balance sheet of TCHF 6,218 for share-based payment (comparative period: TCHF 4,271). The difference in share-based payments recorded in the interim condensed consolidated income statement compared to the related expenses recognised in equity is due to foreign exchange gains of TCHF 13 (comparative period: TCHF 63).

Long-term Incentive Plan

The LTIP24 grants the Executive Board, the Executive Leadership Team and selected key employees so-called performance share unit (PSU) subscription rights. In the first half of 2024, SoftwareOne granted new awards under this plan (‘LTIP24’).

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 40% on revenue growth, 40% EBITDA margin and 20% on relative total shareholder return (rTSR). In all variables, the target factor is 1.00, while the minimum factor is 0.0 and the maximum factor is 2.0. The revenue growth vesting factor depends on SoftwareOne’s average revenue growth over three years. The EBITDA margin vesting factor depends on SoftwareOne’s average EBITDA margin over three years. Both are determined on a straight-line basis between the target ranges. The relative rTSR vesting factor depends on the TSR of the company and the TSR of the STOXX ® Global 1800 Industry Technology Index. A relative TSR of <= –33% leads to a vesting factor of 0 and a TSR of >= 33% to a vesting factor of 2.0. The rTSR vesting factor distributes linearly between the target ranges. The award cycle (service period) is 34 months from the contractual grant date.

The LTIP24 is valued using a Monte Carlo simulation.

In 2024, 1,044,725 PSUs were granted at a fair value of CHF 15.34 per PSU. The term of the PSUs starts on 29 February 2024 (valuation date) and ends on 15 March 2027 (end of the vesting period).

9 Contingencies

As an internationally operating group, SoftwareOne is aware of proceedings, or the threat of proceedings, against it and others in respect of private claims by customers and other third parties. In addition, the group is subject to other claims and legal proceedings, as well as investigations carried out by various law enforcement authorities. With respect to the above-mentioned claims, regulatory matters, and any related proceedings, SoftwareOne will bear the related costs, including costs necessary to resolve them.

There are no significant changes for the contingent liabilities disclosed in Note 25 Contingencies of the Consolidated Financial Statements 2023.

10 Segment reporting

For management purposes, the group is organised by geographical areas. After the separation of the operating segment EMEA into DACH and rEMEA, the following regional clusters are the group's operating segments:

- **DACH** (Germany, Austria and Switzerland)
- **rEMEA** (Rest of 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. Total revenue, contribution margin 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 segment reporting presents a breakdown of total revenue, directly attributable delivery costs, and indirectly attributable other operating costs such as sales and marketing costs as well as general and admin costs. The group's financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

The segment totals are reconciled to the figures reported in the interim condensed consolidated income statement (column 'Total') as follows:

The column '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 in internal reporting. They consist of costs affecting comparability in operating expenses such as integration expenses, M&A and earn-out expenses, restructuring expenses for the commercial and operational excellence programme and the discontinuance of the MTWO business, one-time expenses for the strategic review, extraordinary bad debt expenses 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 an adjustment for differences in accounting policies of IFRS 16 that are not reflected in the segments, an allocation of internal delivery costs to transition from the internal to the external reporting structure and, to a limited extent, minor reconciliation items.

For the six months ended 30 June 2024

in CHF 1,000	DACH	rEMEA	NORAM	LATAM	APAC	Total segments	Group	FX & Consoli-dation	Other incl. allocation of delivery costs	Total
Total revenue	156,630	154,358	85,140	53,553	76,459	526,140	3,919	–74	–770	529,215
Delivery costs	–48,350	–50,275	–24,667	–24,741	–22,719	–170,752	–106	105	170,753	n/a
Contribution margin[1]	**108,280**	**104,083**	**60,473**	**28,812**	**53,740**	**355,388**	**3,813**	**31**	**169,983**	**n/a**
Other operating costs	–39,029	–58,160	–32,368	–20,018	–26,680	–176,255	–66,020	–371	–204,398	–447,044
EBITDA[2]	**69,251**	**45,923**	**28,105**	**8,794**	**27,060**	**179,133**	**–62,207**	**–340**	**–34,415**	**82,171**

1) Total revenue net of third-party service delivery costs and directly attributable internal 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' break down as follows:

in CHF 1,000	Integration, M&A and earn-out expenses	Restructuring expenses [3]	Restructuring MTWO business	One-time expenses strategic review	Extraordinary bad debt expenses	IFRS 15 upfront revenue recognition	IFRS 16 leases	Allocation of delivery costs	Remaining	Total Other
Total revenue	–	–	–747	–	–	80	–	–	–103	–770
Delivery costs	–	–	–	–	–	–	–	170,654	99	170,753
Contribution margin[1]	**–**	**–**	**–747**	**–**	**–**	**80**	**–**	**170,654**	**–4**	**169,983**
Other operating costs	–5,205	–23,630	–3,452	–707	–6,000	–4	8,305	–170,654	–3,051	–204,398
EBITDA[2]	**–5,205**	**–23,630**	**–4,199**	**–707**	**–6,000**	**76**	**8,305**	**–**	**–3,055**	**–34,415**

1) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortisation.
3) Restructuring expenses include expenses of the commercial excellence programme (TCHF 14,249) and the operational excellence programme (TCHF 9,381).

For the six months ended 30 June 2023

in CHF 1,000	DACH [3]	rEMEA [3]	NORAM	LATAM	APAC	Total segments	Group	FX & Consolidation	Other incl. allocation of delivery costs	Total
Total revenue	154,277	152,853	75,806	47,718	72,280	502,934	3,843	274	–688	506,363
Delivery costs	–54,491	–50,117	–22,580	–24,406	–26,647	–178,241	–220	77	178,384	n/a
Contribution margin[1]	**99,786**	**102,736**	**53,226**	**23,312**	**45,633**	**324,693**	**3,623**	**351**	**177,696**	**n/a**
Other operating costs	–34,676	–57,639	–29,680	–20,703	–24,099	–166,797	–55,755	–1,061	–191,386	–414,999
EBITDA[2]	**65,110**	**45,097**	**23,546**	**2,609**	**21,534**	**157,896**	**–52,132**	**–710**	**–13,690**	**91,364**

1) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortisation.
3) The comparative period was restated, refer to Note 2 Separation of the reporting segment EMEA into DACH and rEMEA.

The most relevant reconciliation items in the column 'Other' break down as follows:

in CHF 1,000	Integration, M&A and earn-out expenses	Restructuring expenses	IFRS 15 upfront revenue recognition	IFRS 16 leases	Allocation of delivery costs	Remaining	Total Other
Total revenue	–	–	–447	–	–	–241	–688
Delivery costs	–	–	–	–	178,182	202	178,384
Contribution margin[1]	**–**	**–**	**–447**	**–**	**178,182**	**–39**	**177,696**
Other operating costs	–7,814	–12,471	21	7,914	–178,182	–854	–191,386
EBITDA[2]	**–7,814**	**–12,471**	**–426**	**7,914**	**–**	**–893**	**–13,690**

1) Total revenue net of third-party service delivery costs and directly attributable internal delivery costs.
2) EBITDA from segment reporting reconciled to earnings before net financial items, taxes, depreciation and amortisation.

Additional information for business lines

Even if the regions are the operating segments, SoftwareOne internally also reports total revenue, contribution margin and EBITDA by business lines 'Software & Cloud Marketplace', 'Software & Cloud Services' and 'Corporate', which includes non-operational group costs, 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.

The column 'Adjustments' includes costs affecting comparability in operating expenses and are therefore adjusted in internal reporting 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. In contrast to the segment reporting, the IFRS 16 adjustment and minor reconciliation items are allocated to the business lines 'Software & Cloud Marketplace' and 'Software & Cloud Services'.

For the six months ended 30 June 2024

in CHF 1,000	Software & Cloud Marketplace	Software & Cloud Services	Corporate	Total business unit	Adjustments	Allocation of delivery costs	Total
Total revenue	285,754	244,155	–	529,909	–694	–	529,215
Delivery costs	–33,255	–137,395	–	–170,650	–	170,650	n/a
Contribution margin[1]	**252,499**	**106,760**	**–**	**359,259**	**–694**	**170,650**	**n/a**
Other operating costs	–109,949	–89,006	–38,442	–237,397	–38,997	–170,650	–447,044
EBITDA[2]	**142,550**	**17,754**	**–38,442**	**121,862**	**–39,691**	**–**	**82,171**

1) Total revenue net of directly attributable external and internal delivery costs.
2) EBITDA from additional business line view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

For the six months ended 30 June 2023

in CHF 1,000	Software & Cloud Marketplace	Software & Cloud Services	Corporate	Total business unit	Adjustments	Allocation of delivery costs	Total
Total revenue	276,562	230,248	–	506,810	–447	–	506,363
Delivery costs	–37,652	–140,530	–	–178,182	–	178,182	n/a
Contribution margin[1]	**238,910**	**89,718**	**–**	**328,628**	**–447**	**178,182**	**n/a**
Other operating costs	–111,439	–82,611	–22,871	–216,921	–19,896	–178,182	–414,999
EBITDA[2]	**127,471**	**7,107**	**–22,871**	**111,707**	**–20,343**	**–**	**91,364**

1) Total revenue net of directly attributable external and internal delivery costs.
2) EBITDA from additional business line view reconciled to earnings before net financial items, taxes, depreciation and amortisation.

Additional geographical information

Germany, the US, Switzerland and the Netherlands are the main geographical markets for SoftwareOne and represent approximately 48% (comparative period: 49%) of total revenue. Revenue is reported based on the customer's headquarter domicile:

in CHF 1,000	Germany	US	Switzerland	Netherlands	Other countries	Total
Revenue for the six months ended 30 June 2024	94,912	72,450	52,142	33,040	276,672	529,215
Revenue for the six months ended 30 June 2023	101,345	72,211	43,366	33,475	255,966	506,363

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

11 Subsequent Events

From the balance sheet date until the interim condensed consolidated financial statements were approved by the Board of Directors on 20 August 2024, the following significant events occurred:

Acquisitions

On 8 August 2024, SoftwareOne acquired 100% of Medalsoft International Co. Ltd., a cloud application solutions provider based in China after signing the purchase agreement in February 2024. The acquisition furthers SoftwareOne's growth strategy in the attractive APAC region, bringing a differentiated portfolio and delivery capabilities to serve multi-national clients on the Microsoft Cloud. The upfront purchase price amounts to CNY 120 million (CHF 15 million). In addition, an earn-out of a maximum of CNY 90 million (CHF 11 million) was agreed, which is contingent on continuing employment of the selling shareholders. No disclosures are made in accordance with IFRS 3 due to the recent acquisition dates and purchase accounting, as no company figures were available at the time of publication of this report.

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