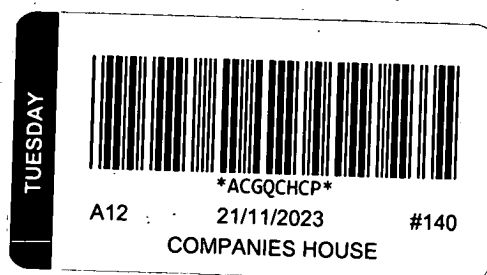


SoftwareONE UK Limited (Reg. 06629601)

Report and Financial Statements

31 December 2022



Directors

R Waldinger
F Rossini
M Kloeppner
A Dunbar
C Williams

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

1 CHAMBERLAIN SQUARE CS
Birmingham
United Kingdom, B3 3AX

Registered No. 06629601

Strategic Report

The directors present their strategic report of SoftwareONE UK Limited (the “company”) for the year ended 31 December 2022.

Principal activity, review of the business and future developments

The principal activity of the company continued to be the provision of software procurement, software agreement management services and software technical services to small, medium and enterprise level companies worldwide.

The company offers reseller activities for over 7,500 software publishers including Microsoft, Adobe, VMware, Citrix, IBM, Oracle, Symantec and many other key strategic vendors. The development of its offerings is focusing more on Cloud based products and, in addition, the company continued to successfully incorporate and develop additional service-based activities, including out-tasking for software procurement activities, software asset management (SAM), presales technical consultancy services and Managed Cloud Services. Its software licensing and cloud experts take a consultative approach to helping customers optimize their software spend, while enhancing their relationships with software publishers and local service providers. The company now has a strong brand recognition towards not only its customer base but also with its supplier base.

The profit before tax in 2022 amounted to £6,926,719 (2021: £7,133,119).

The company is part of the SoftwareONE Group, being a worldwide organization with 120 subsidiaries, an increase from 2018 following the acquisition of the Comparex Group. SoftwareONE Group is a fast growing, premier software and services provider and is the only authorized large account reseller and enterprise software advisor exclusively focused on software licensing as its core business. The Group is acting fully independent from software publishers to offer a comprehensive set of software services and consulting to a large cross section of global companies. The Group is constantly looking to innovate and differentiate itself with solutions, which are unique, including its multi-vendor multi-cloud platform Pyracloud, allied with its aim to always have its personnel fully trained.

Overall, the directors are pleased with the progress of the company during 2022 and are satisfied with its position at the year-end. They are confident that more growth and progress, as well as an increase in efficiency, will be achieved during the coming years.

Key performance indicators

The directors continually monitor and control the company's performance by reference to certain financial and non-financial Key Performance Indicators (KPI). These are turnover, gross profit margin, operating profit, staff numbers, credit control, Services Diversity Index (SDI) and Publisher Diversity Index (PDI) as explained in more detail below:

Turnover

Turnover was £48,854,303 during 2022 (2021: £38,800,617), which is 25.9% higher than that of the previous year.

Gross profit margin

The gross profit percentage achieved during 2022 was 91.16% (2021: 90.82%)

Operating profit

The operating profit of £6,951,794 (2021: £7,259,420) is 4.2% lower than the previous year's operating profit. The decrease in operating profit was mainly driven by the diversification into service-based activities.

Strategic Report (Continued)

Staff numbers

Average staff levels have increased to 282 (2021: 248) as a result of a number of acquisitions and organic growth. The directors expect staff levels to grow during the coming future years as the company continues to recruit personnel with the relevant expertise necessary to support the existing customers and also to support further market gain. The company is proud of its staff and continues to hire personnel with expertise in its market area, both as highly competent sales personnel and SAM and technical consultants.

Credit control

The company has not experienced material defaults or customer's liquidation in 2022. Its principal customer base is made up of medium and large enterprises which are constantly checked to ensure that minimal risk is experienced on its debtors. Average aged debtor days have decreased during 2022 from 83 days in 2021 to 60 days in 2022.

Publisher diversity index (PDI)

The company continues to monitor its PDI to accelerate its growth through an increased diversification of Vendors.

Services diversity index (SDI)

The company continues to monitor its SDI to accelerate its growth through providing software asset management services, software procurement services or technical services.

Section 172(1) statement

This section of the strategic report describes how the directors have addressed the matters set out in section 172 (1) (a) to (f), and forms the directors' statement required under Companies Act 2006.

All directors received guidance on their statutory duties including section 172 and were briefed on the reporting requirements by the Company's Secretary to ensure relevant stakeholders' interests are articulated in the board discussions and decisions.

All directors of the Company act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders. The Board identified the key stakeholders as shareholders, employees, suppliers and customers.

Several Board members represent SoftwareONE AG directly on the Company's Board, so communication with shareholders is undertaken as part of regular meetings of the Board. Issues covered on the Board meetings are: review and approval of the Company's short-term and long-term strategy, budgets, appointment of new managers, directors, approval of new investments, mergers, acquisitions and related expenses, addressing issues with the suppliers, customers and regulators.

The Board engaged with employees via several meetings with employees and regular conference calls on different matters. Every year employees are asked to share their thoughts via opinion surveys. Where employees wish to report any concerns related to wrong doing or misconduct, one of the ways to do that is via internal auditors.

The Board members directly and indirectly work with the customers and vendors on deals and are aware of the concerns being raised on a regular basis.

The Board members are playing an active role in the communities in which the Company operates and take care about their environmental impact.

Strategic Report (Continued)

Principal risks and uncertainties

Credit control

The company's principal risk is ensuring its debtors are collected on a timely basis, which is managed each day in accordance with the credit control policies outlined earlier in this report.

Exchange risk

Another risk for the company is its exposure to exchange variances. To this concern, all identified foreign exchange exposures are hedged through SoftwareONE group treasury.

Approved by the Board of Directors and signed on behalf of the board

Chris Williams

Chris Williams (Nov 2, 2023 17:44 GMT)

C Williams

02 November 2023

Directors' Report

The directors present their report and financial statements of SoftwareONE UK Limited (the "Company") for the year ended 31 December 2022.

Directors

The directors who served the company during the year ended 31 December 2022 and up to the date of this report unless otherwise stated, are as follows:

M Kloepfner (appointed 24 January 2022)

A Dunbar (appointed 24 January 2022)

C Williams (appointed 24 January 2022)

R Waldinger (appointed 1 April 2022)

F Rossini (appointed 1 April 2022)

Results and dividends

The Statement of Comprehensive Income is set out on page 13. The profit for the year, after taxation, amounted to £5,489,723 (2021: £5,778,979).

The directors do not recommend payment of an ordinary dividend (2021 – £nil).

Political donations

No donations to political parties have been made.

Streamlined Energy and Carbon Reporting

Whilst SoftwareONE UK is not classified as a top CO2 emitter, the company recognises its responsibility to minimise its impact on the natural environment and is committed to reducing its energy consumption, carbon emissions, water usage and waste. SoftwareONE UK contributes to this via commuting, business travel methods, heating or air conditioning in offices, catering and various other initiatives whilst complying with the many environmental regulations in the UK such as:

- Waste (England and Wales) Regulations 2011
- The Hazardous Waste (England and Wales) Regulations 2011
- Environmental Protection (Duty of Care) Regulations 1991
- The Environment Act 1990
- The Control of Pollution Act 1989

As FY22 is the first year that SoftwareOne is reporting on SECR, there is insufficient reliable data for FY21 to be able to provide a comparative for the previous year. So, for this year only FY22 is reported.

Greenhouse gas emissions

We report Scope 1 and 2 emissions defined by the Greenhouse Gas protocol as follows:

Scope 1 (Direct emissions): operation of facilities; and

Scope 2 (Indirect emissions): consumption of purchased electricity, heat and steam.

Greenhouse gas emissions data

Emissions data was as below:

	CO2e tonnes
Emission Type	2022
Scope 1: Operation of facilities	8.8
Scope 2: Purchase Energy (UK)	68.6
Total Emissions	77.4

Directors' Report (Continued)

Streamlined Energy and Carbon Reporting (Continued)

Greenhouse gas emissions intensity ratio:

	2022
Total footprint (Scope 1 and Scope 2) – CO2e tonnes	77.4
Turnover (£)	48,555,615
Intensity Ratio (CO2e tonnes/£m)	1.6

Scope and Methodology:

We are reporting on location-based data using spend-based methodology. This data was collated and verified by our third party carbon footprint platform (Diligent) which bases its calculations on a wide range of emissions factors.

We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), except where stated.

The period of our report is from 01 January 2022 to 31 December 2022.

This includes emissions under Scope 1 and 2, except where stated, but excludes emissions from Scope 3.

SoftwareOne aligns itself with the GHG protocol where emissions are classified according to where they occur in the value chain. While we can control our Scope 1 and 2 emissions from company-owned and rented cars and offices, and purchased electricity, most emissions occur in our Scope 3 where we have little control. The Greenhouse Gas Protocol Scope 3 accounting standards provides limited guidance on how to address these emissions, especially for those companies in a unique position such as ourselves. Due to the nature of our business, we do not transport and distribute finished goods. However, these emissions are largely attributed to the sold software licenses and cloud-based solutions which are created and powered by our suppliers. Business travel and our employees' commuting also contribute to our upstream Scope 3 emissions.

Greenhouse gas emissions are measured in CO2e tonnes.

Measures taken to increase SoftwareOne's efficiency

Within our owned office buildings, we are committed to creating sustainable and energy-efficient workplaces and, where possible, making use of renewable energy suppliers. Although we have less control over energy suppliers in our rented buildings, we promote energy reduction initiatives such as LED and PIR1 lighting.

Disclosure of information to the auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report (Continued)

Adverse impact from global conflict

As the horrifying conflict in Ukraine unfolds the world has found itself in a highly challenging and uncertain environment. At SoftwareONE, ensuring the health and safety of our employees, customers, partners and other stakeholders continues to be our priority.

Whilst the conflict has had an impact on the global economy, this has not affected SoftwareOne UK Limited directly, as most of our sales are local to the UK and supplies are not affected by the conflict. We continue to monitor the situation and the conflict is unlikely to have any meaningful impact on our performance going forward.

Post balance sheet events

No adjusting or non-adjusting events have occurred after 31 December 2022 which would materially affect balances as at 31 December 2022. It is worth noting that in 2023, assets and liabilities from an acquisition made in June 2023 (Appscore) were migrated over to SoftwareOne UK Limited from SoftwareONE AG as part of a transaction under common control. Total assets and total liabilities migrated over amounted to £2,340,091 and £447,692 respectively.

Going concern

The company's business activities, together with the factors likely to affect its future developments and positions, are set out in the Business Review section of the Strategic Report on pages 2 to 4.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. To ensure that its cash held under the centralised treasury arrangements will be available to the company in its going concern period ending 02 November 2024 the directors have received a letter of support confirming the continued availability of the centrally held cash to the company.

The directors, having assessed the responses of the directors of the company's parent SoftwareONE AG to their enquiries, have concluded that a material uncertainty does not exist that may cast significant doubt about the ability of SoftwareONE AG to continue as a going concern or its ability to continue with the current banking arrangements. In making their enquiries the directors made reference to the latest published financial information as of 30 June 2023 and took into consideration the forecast available liquidity and limited debt maturing within the going concern period.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of SoftwareONE AG, the company's directors conclude that the company will be able to continue in operational existence for the going concern period ending 02 November 2024. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the board

Chris Williams

Chris Williams (Nov 2, 2023 17:44 GMT)

C Williams

02 November 2023

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Director's Report, and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 reduced disclosures (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of SoftwareONE UK Limited

Opinion

We have audited the financial statements of SoftwareONE UK Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period ending 02 November 2024 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditor's report to the members of SoftwareONE UK Limited (*continued*)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of SoftwareONE UK Limited (*continued*)

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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Data Protection Act 1998, UK tax regulation and Health and safety regulations.
- We understood how SoftwareONE UK Limited is complying with those frameworks by holding enquiries with management, those charged with governance and those responsible for legal compliance procedures. We corroborated our enquiries through our reading of board minutes, as well as consideration of the results of our audit procedures and noted that there was no contradictory evidence. We identified management's attitude and tone from the top embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and determined the compliance with the above laws with management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the business processes, obtaining and reading internal policies, holding enquiries of management as to any fraud risk framework within the entity. In doing so we focused on the risk of misstatement of revenue recognised at or near year end due to manual override related to year end journals posted. We have addressed this risk performing the procedures below:
 - Ensuring that management had appropriate controls in place to address this risk and that we designed and executed additional audit procedures to address this risk.
 - Auditing the risk of management override of controls, including performing analytical procedures, confirming revenue to cash receipts, testing of journal entries and auditing adjustments for appropriateness.
 - We understood the performance obligations of the revenue streams and audited management's revenue recognition with specific focus on revenue recognised around the period end.

Independent auditor's report to the members of SoftwareONE UK Limited (*continued*)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved
 - Enquiry of management as to any fraud risk framework within the entity.
 - Enquiry of management around actual and potential litigation and claims.
 - Evaluating the business rationale of significant transactions outside the normal course of business.
 - Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence.
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jacqueline Geary (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

03 November 2023

Statement of Comprehensive Income

for the year ended 31 December 2022

		2022	2021
	Notes	£	£
Turnover	3	48,854,303	38,800,617
Cost of sales		(4,316,466)	(3,561,061)
Gross Profit		44,527,838	35,239,556
Administrative expenses		(37,586,043)	(27,980,136)
Operating Profit	4	6,951,794	7,259,420
Interest payable and similar charges	7	(25,075)	(126,301)
Profit before taxation		6,926,719	7,133,119
Taxation on profit	8	(1,436,996)	(1,354,140)
Profit after taxation		5,489,723	5,778,979
Total comprehensive income for the year		5,489,723	5,778,979

The notes on pages 16 to 29 form part of these financial statements.

Statement of Changes in Equity

As at 31 December 2022

As at 31 December 2022

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Total equity
At 1 January 2022	12,500	143,739	3,061,271	22,178,498	25,396,008
Total comprehensive income for the year	-	-	-	5,489,723	5,489,723
At 31 December 2022	12,500	143,739	3,061,271	27,668,221	30,885,731

As at 31 December 2021

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Total equity
At 1 January 2021	12,500	143,739	3,061,271	16,399,519	19,617,029
Total comprehensive income for the year	-	-	-	5,778,979	5,778,979
At 31 December 2021	12,500	143,739	3,061,271	22,178,498	25,396,008

The share capital and share premium accounts represent the nominal value and premium arising on the issue of Ordinary shares.

The notes on pages 16 to 29 form part of these financial statements.

Balance sheet

Registered No. 06629601

at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible fixed assets	9	1,159,037	2,373,093
Intangible fixed assets	10	210,264	3,689
Total Fixed Assets		1,369,300	2,376,782
Current assets			
Debtors: amounts falling due within one year	11	210,945,677	129,032,945
Debtors: amounts falling due after one year	11	1,659,568	
Cash at bank and in hand		807,382	2,021,553
Total Current Assets		213,412,627	131,054,498
Current liabilities			
Creditors – Amounts falling due within 1 year	12	(181,349,862)	(105,906,301)
Lease liabilities		(388,714)	(552,434)
Total Current Liabilities		(181,738,576)	(106,458,735)
Net Current Assets		31,674,051	24,595,763
Creditors – Amounts falling due after one year			
Lease liabilities		(506,570)	(1,542,021)
Accrued expenses	12	(1,611,231)	-
Total Creditors – Amounts falling due after one year		(2,117,801)	(1,542,021)
Provision for Liabilities – deferred tax		(39,819)	(34,516)
Net Assets		30,885,731	25,396,008
Capital and reserves			
Share capital		12,500	12,500
Share premium account		143,739	143,739
Capital contribution reserve		3,061,271	3,061,271
Retained earnings		27,668,221	22,178,498
Total Equity	13	30,885,731	25,396,008

The financial statements were approved and authorised for issue by the board and signed on its behalf on

Chris Williams

Chris Williams (Nov 2, 2023 17:44 GMT)

C Williams

02 November 2023

The notes on pages 16 to 29 form part of these financial statements.

Notes to the financial statements

at 31 December 2022

1. Accounting for Transaction under common control

During 2022 assets and liabilities from two of the acquisitions (Helecloud and Centiq) made in 2021 by SoftwareOne AG were migrated over at book value to SoftwareOne UK as part of a transaction under common control.

For Centiq, total current assets, non-current assets and total liabilities transferred amounted to £1,067,077, £89,820 and £2,043,765 respectively.

For Helecloud, total assets and total liabilities transferred amounted to £4,725,184 and £4,152,854 respectively.

2. Accounting Policies

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of SoftwareONE UK Limited (the "Company") for the year ended 31 December 2022 were authorised for issue by the board of directors on 02 November 2023 and balance sheet was signed on the board's behalf by C Williams. The results of SoftwareONE UK Limited are included in the consolidated financial statements of its ultimate parent undertaking, SoftwareONE Holding AG. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

SoftwareONE UK is incorporated and domiciled in England. The Company is private and limited by shares. The registered office is 1 Parkshot, Richmond, Surrey, TW9 2RD. The Company's financial statements have been presented in Pound Sterling.

The principal accounting policies adopted by the Company are set out below.

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Notes to the financial statements

at 31 December 2022 (Continued)

2. Accounting Policies (*continued*)

Financial reporting standard 101 - reduced disclosure exemptions (Continued)

- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member and key management personnel
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of paragraph 58 of IFRS 16 Leases

Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimations have had the most significant effect on amounts recognised in the financial statements:

- Revenue recognition as detailed in later notes

Going concern

The company's business activities, together with the factors likely to affect its future developments and positions, are set out in the Business Review section of the Strategic Report on pages 2 to 4.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. To ensure that its cash held under the centralised treasury arrangements will be available to the company in its going concern period ending 02 November 2024 the directors have received a letter of support confirming the continued availability of the centrally held cash to the company.

The directors, having assessed the responses of the directors of the company's parent SoftwareONE AG to their enquiries, have no reason to believe that a material uncertainty exist that may cast significant doubt about the ability of SoftwareONE AG to continue as a going concern or its ability to continue with the current banking arrangements. In making their enquiries the directors made reference to the latest published financial information as of 30 June 2023 and took into consideration the forecast available liquidity and limited debt maturing within the going concern period.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of SoftwareONE AG, the company's directors conclude that the company will be able to continue in operational existence for the going concern period ending 02 November 2024. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements

at 31 December 2022 (Continued)

2. Accounting Policies (continued)

Revenue recognition

Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its supply of goods and related services. Commission is recognised following confirmation from the licensor that the company has obtained the right to consideration. Revenue is measured at the fair value of the right to consideration, which represents amounts chargeable to customer, excluding value added tax.

(a) Sales of software licenses

The company sells software licenses and software assurance from various vendors. As an agent, SoftwareONE recognizes revenue in the net amount that it is entitled to retain in return for its agent services and end customer invoicing to the software provider, ie, the difference between the consideration received from the customer and cost of software purchased.

Revenues are recorded upon delivery of the license key to the customer on a net basis.

Software License is broken down between Direct and Indirect model.

- Commission (Direct licence model) is when the customer buys directly from the vendor and SoftwareONE charges a commission for organising the deal.
- License Fees (Indirect License model) is charged when SoftwareOne buys the license from the supplier before selling it forward to the Customer.

Assets and Liabilities are not netted off as SoftwareOne still carries some of the risks associated with the sale.

(b) Sales of services

SoftwareONE provides various services, including Software Portfolio Management, Software Asset Management and Security Services which can be separately identified in the customer contract. The following three types of revenue recognition patterns exist:

- Revenue for sales of services, including maintenance and support arrangements, are recognized over the time period over which the service will be provided if there is no discernible pattern of recognition of the cost to perform the service.
- For professional services engagements that are on a time and materials basis, revenue is recognized based upon hours incurred as the services are performed and amounts are earned.
- Revenues for fixed fee professional services contracts are recognized based on the ratio of costs incurred to total estimated costs. Any overruns that cannot be recovered are immediately recognized in the profit or loss.

(c) Hardware and Other

As part of its services SoftwareOne also provides minor hardware support to facilitate license sales. This forms a minor part of sales for the company.

Other income earned at group level and distributed to SoftwareOne UK is also included in hardware.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is recognised using the straight-line method at the following annual rates:

Hardware	20%
Furniture and Equipment	20%
IT Equipment	33%

Notes to the financial statements

at 31 December 2022 (Continued)

2. Accounting Policies (*continued*)

Tangible fixed assets (Continued)

Depreciation starts in the month in which the asset is taken into use and ends when the asset is fully depreciated or in the month in which it is sold. As long as the fully depreciated asset remains in use the cost and accumulated depreciation are kept in the accounting records.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are recognised based on future economic benefit and are measured at cost.

In order to be recognized, an intangible asset must cumulatively meet the following criteria which are based on the definitions stated above:

- It has to be identifiable (i.e. it must be separable or arise from contractual or other legal rights) to distinguish it from goodwill (IAS 38.11/38.12).
- The entity has to be able to control the asset (i.e. have the power to obtain the future economic benefits flowing from it and to restrict the access of others to those benefits) (IAS 38.13ff).
- There must be future economic benefits flowing from it (e.g. revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset) and that flow has to be probable (IAS 38.17).
- Its cost has to be reliably measurable (IAS 38.21).

Third party Software is always assumed to have a finite useful live (normally 3-10 years). If software is used under a short term license or contract, the respective intangible asset shall be amortized over the shorter of the expected useful life of the asset and the length of the license. It is, however, usually expected that a license will cover (at least) the expected useful life of the software.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2022 (Continued)

2. Accounting Policies (*continued*)

Leases

Right-of-use assets

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

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

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

Right-of-use assets are subject to impairment.

Lease liabilities

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

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

In calculating the present value of lease payments, the company 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.

Short-term leases and leases of low-value assets

The company 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. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Notes to the financial statements

at 31 December 2022 (Continued)

2. Accounting Policies (*continued*)

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transactions, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in profit or loss.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit or loss.

Trade receivables

Trade receivables are initially recorded at a transaction price determined in accordance with IFRS 15 less expected credit losses. See "Impairment of financial assets" below for the company's policy for expected credit losses.

Derecognition

The company derecognizes financial assets when:

- The rights to receive cash flows from the asset have expired; or
- the company 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 company has transferred substantially all the risks and rewards of the asset, or;
 - (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Notes to the financial statements

at 31 December 2022 (Continued)

2. Accounting Policies (continued)

Impairment of financial assets

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

For trade receivables and contract assets the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The company 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.

Trade payables

Trade payables are measured at amortized cost.

Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Pensions

The company operates a defined contribution pension scheme. The assets and liabilities of the scheme are held separately from those of the company. The annual contributions payable are charged to profit or loss.

3. Turnover

An analysis of revenues by product, which form one reportable segment, is set out below:

	2022	2021
	£	£
Licence Fees (Indirect Licence Model)	11,060,895	9,658,564
Commissions (Direct Licence Model)	7,649,984	7,896,639
Services	24,433,018	16,154,135
Hardware and other	5,710,406	5,091,279
	48,854,303	38,800,617

Notes to the financial statements

at 31 December 2022 (Continued)

4. Operating profit

This is stated after charging / (crediting):

	2022	2021
	£	£
Auditors' remuneration: audit of financial statements	38,729	97,668
Depreciation of tangible assets	676,330	720,987
Amortisation of intangible assets	3,069	25,340
Foreign exchange (gains) / losses	896,674	(319,826)

5. Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	447,841	448,701
Compensation for loss of office	-	215,000
Pension	18,670	17,044
	<u>466,511</u>	<u>680,745</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	247,803	274,919
Compensation for loss of office	-	200,000
Pension	6,567	9,994
	<u>254,370</u>	<u>484,913</u>

During 2022, there are two directors to whom retirement benefits are accruing under money purchase pension schemes in respect of qualifying services. During 2021, two of the directors were eligible for Long Term Incentive plans.

Notes to the financial statements

at 31 December 2022 (Continued)

6. Staff costs

	2022	2021
	£	£
Wages and salaries	27,790,536	23,151,463
Social security costs	3,856,806	3,132,470
Other pension costs	902,425	883,606
	<u>32,549,767</u>	<u>27,167,539</u>

	2022	2021
	No.	No.
The average number of employees, including directors, during the year was:		
Sales and administration	277	241
Management	5	7
	<u>282</u>	<u>248</u>

7. Interest payable and similar charges

	2022	2021
	£	£
Interest on leasing liabilities	22,831	35,605
Factoring fees	2,244	90,696
	<u>25,075</u>	<u>126,301</u>

Notes to the financial statements

at 31 December 2022 (Continued)

8. Tax

(a) Tax on Profit

The tax charge is made up as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	1,434,592	1,243,242
Adjustment in respect of previous years	(2,900)	-
Total current corporation tax	1,431,692	1,243,242
Deferred tax:		
Origination and reversal of timing differences	5,315	112,060
Impact of tax rate change	(3,826)	8,284
Adjustment in respect of prior periods	3,815	(9,446)
Total deferred tax	5,304	110,898
Tax expense	1,436,996	1,354,140

(b) Reconciliation of tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022	2021
	£	£
Profit before tax	6,926,719	7,133,119
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	1,316,076	1,355,293
<i>Effects of:</i>		
Expenses not deductible for tax purposes	48,054	8,108
Adjustments in respect of capital allowances and depreciation	-	(8,099)
Movement arising from transfer of assets	75,776	-
Adjustment in respect of previous years	916	(9,446)
Deferred Tax rate changes	(3,826)	8,284
Total tax charge for the year	1,436,996	1,354,140

Notes to the financial statements

at 31 December 2022 (Continued)

8. Tax (Continued)

Deferred Tax

The net deferred tax asset (liability) comprises:

	<i>Tax losses</i>	<i>Accelerated Capital Allowances</i>	<i>Other Temporary Differences</i>	<i>Total</i>
	£	£	£	£
Deferred Tax Asset (liability) at 1 January 2022	10,331	(80,360)	35,513	(34,516)
Prior year adjustment	-	-	(3,815)	(3,815)
Credited (Debited) to profit or loss	-	(45,970)	44,482	(1,488)
Deferred Tax Asset (liability) at 31 December 2022	10,331	(126,330)	76,180	(39,819)

Factors that may affect future tax charges

The Finance Act 2021, enacted on 10 June 2021, included legislation to increase the rate of Corporation tax to 25% as of 1 April 2023.

9. Tangible Fixed assets

	<i>Hardware</i>	<i>Furniture and Equipment</i>	<i>Right of Use</i>	<i>Total</i>
	£	£	£	£
Cost				
As at 1 January 2022	534,557	229,173	3,697,892	4,461,622
Additions	88,685	3,319	-	92,004
Asset Transfer	76,666	128,868	-	205,534
Disposals	(189,541)	(114,029)	(1,291,374)	(1,594,944)
As at 31 December 2022	510,367	247,331	2,406,518	3,164,216

Depreciation

	£	£	£	£
As at 1 January 2022	318,453	120,921	1,649,156	2,088,529
Charge for the Year	144,594	45,756	485,980	676,330
Asset Transfer	23,383	91,712	-	115,095
Disposals	(189,541)	(106,912)	(578,322)	(874,775)
As at 31 December 2022	296,889	151,477	1,556,813	2,005,179

Net Book Value 31 December 2022

Net Book Value 31 December 2021

	213,478	95,854	849,705	1,159,037
	216,104	108,252	2,048,737	2,373,093

Notes to the financial statements

at 31 December 2022 (Continued)

10. Intangible assets

	<i>Total</i> £
Cost	
As at 1 January 2022	116,723
Additions	275,726
Disposal	(93,098)
As at 31 December 2022	299,351
Amortisation	£
As at 1 January 2022	113,034
Charge for the Year	69,151
Disposal	(93,098)
As at 31 December 2022	89,087
Net Book Value 31 December 2022	210,264
Net Book Value 31 December 2021	3,689

11. Debtors

	<i>2022</i> £	<i>2021</i> £
Trade debtors	82,162,607	88,755,432
Amounts owed by parent	117,137,771	36,803,887
Amounts owed by fellow subsidiaries	6,113,260	1,251,903
Other debtors	713,340	892,341
Prepayments and accrued income	4,818,699	1,329,382
	210,945,677	129,032,945

Trade Debtors includes £278,344 (2021: £1,712,411) of trade debtors that are factored out to BNP Paribas with recourse to the company which are not derecognised until the recourse period has expired and the risks and rewards of the receivable have been fully transferred. The corresponding cash received from BNP Paribas was recorded as borrowings which was cleared. Fees of £2,244 (2021: £90,697) have been incurred to effect factoring and are netted off against borrowings and included within the statement of comprehensive income under finance costs.

Debtors; amounts falling due after one year of £1,659,568 relate to multiple year deals signed by SoftwareOne before the end of the year and receivable more than a year after year-end.

Notes to the financial statements

at 31 December 2022 (Continued)

12. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	62,500,205	42,161,464
Amounts owed to parent	68,762,236	2,248,782
Amounts owed to fellow subsidiaries	4,116,191	4,250,668
Corporation tax	580,509	210,586
Bank overdraft	-	186,739
Other taxes and social security costs	17,861,544	10,341,534
Provisions	1,175,000	-
Accruals and deferred income	26,354,177	46,506,528
	181,349,862	105,906,301

Creditors: amounts falling due after one year

Accrued expenses of £1,611,231 relate to multiple year deals signed by SoftwareOne before the end of the year and payable more than a year after year-end.

13. Capital and Reserves

Share Capital shows the statutory nominal capital of the issued shares (= number of issued shares x nominal value per share)002E

Share Premium Account - (additional paid-in capital) represents the consideration received for shares in excess of their nominal value.

Capital Contribution Reserve relates to the Migration of Comparex assets in FY20, transferred from SoftwareOne AG, following the acquisition a year earlier.

Retained Earnings are accumulated profits and losses of previous years which have not been distributed to the shareholders.

14. Events since the balance sheet date

No adjusting or non-adjusting events have occurred after 31 December 2022 which would materially affect balances as at 31 December 2022. It is worth noting that in 2023, assets and liabilities from an acquisition made in June 2023 (Appscore) were migrated over to SoftwareOne UK from SoftwareONE AG as part of a transaction under common control. Total assets and total liabilities amounted to £1,156,897 and £2,043,765 respectively.

15. Pensions

The Company operates a defined contribution pension scheme.

The pension charge for the year represents contributions payable by the company scheme and amounted to £1,082,412 (2021 - £883,606). There were £98,726 unpaid contributions outstanding at the year-end (2021 - £126,793).

Notes to the financial statements

at 31 December 2022 (Continued)

16. Ultimate parent undertaking and controlling party

The immediate holding company is SoftwareONE AG (4 Riedenmatt, 6370, Stans, Switzerland), the ultimate parent and controlling party is SoftwareONE Holding AG.