

Software AG Fourth Quarter & Full Year 2022 Earnings

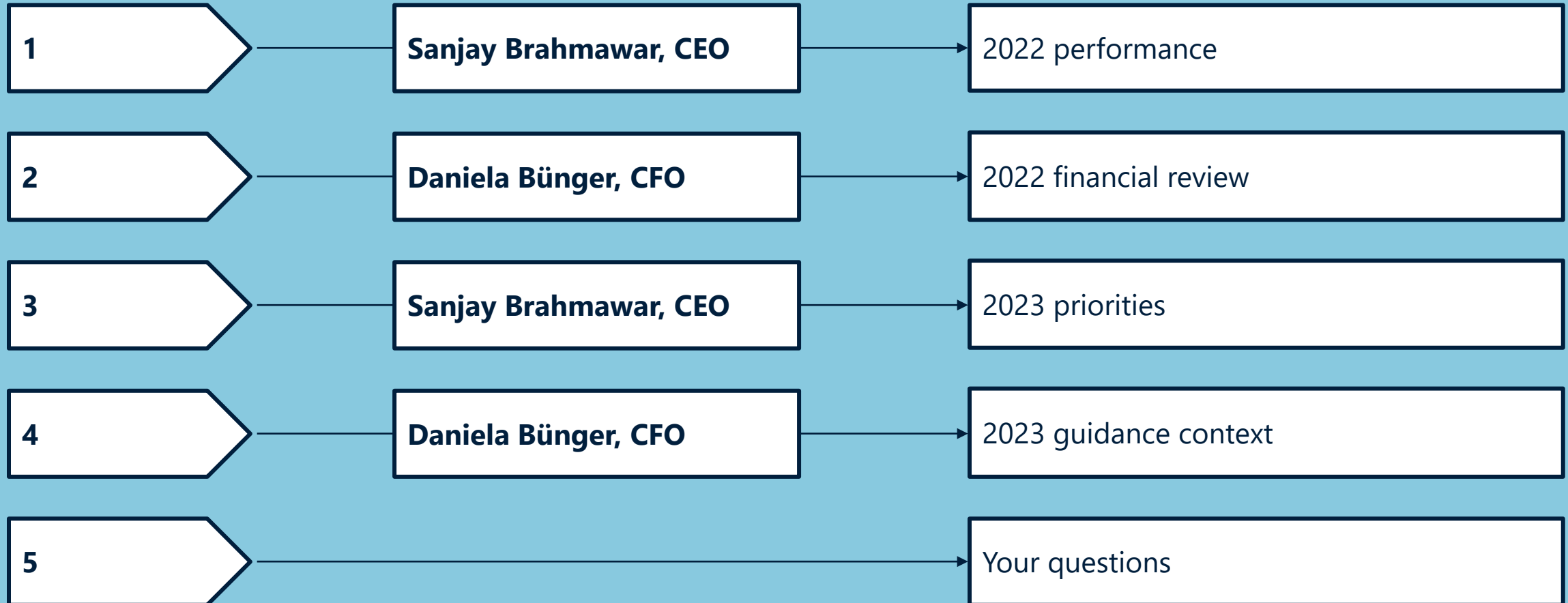
Sanjay Brahmawar

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1 February 2023



Agenda



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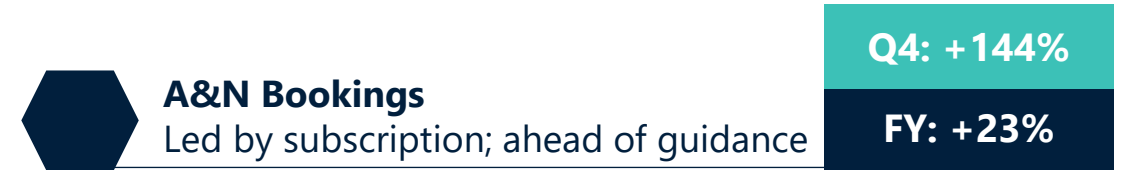
Sanjay Brahmawar

CEO



KPIs meet or beat guidance ranges; strong Q4 performance

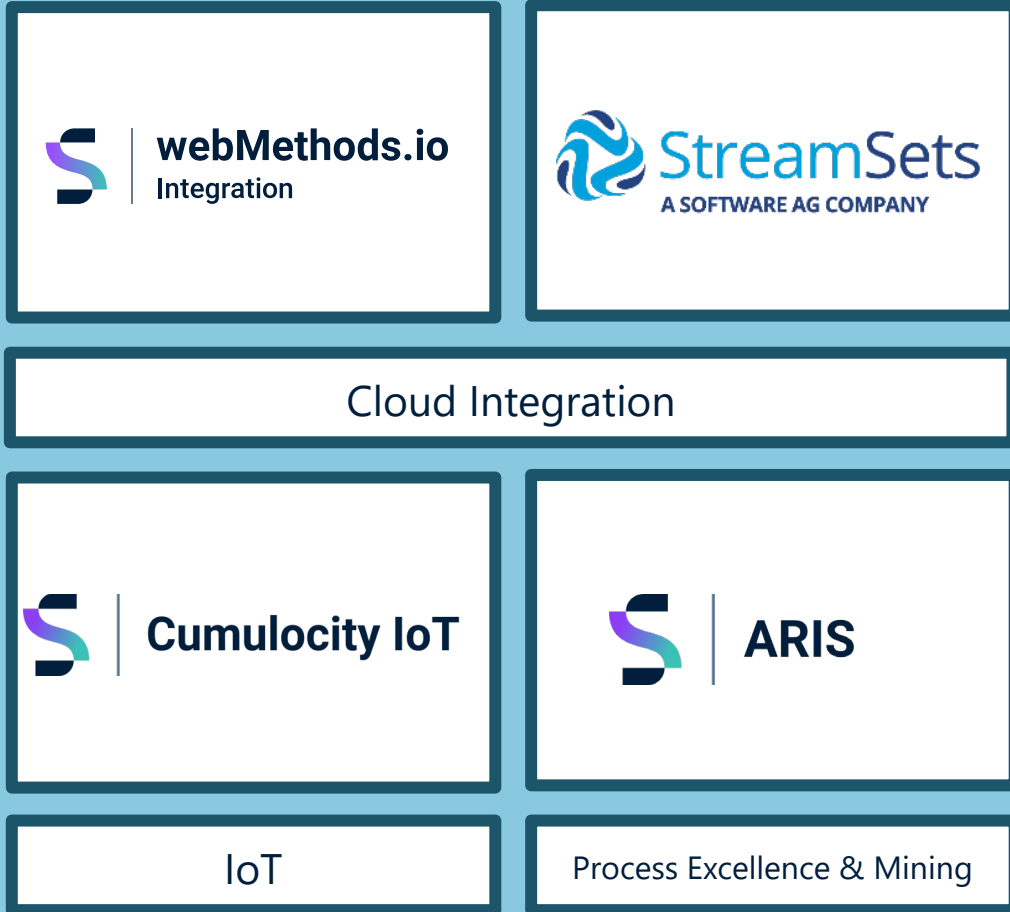
Strong cloud-led Digital Business performance A&N strength drive organic acceleration in fourth quarter¹



¹Numbers on this slide are organic. Organic results exclude contributions from StreamSets.

2022 Strategic Progress

Leadership and recognition from cloud-native product set



2022 Strategic Progress

Integration: solving the chaos of connectivity



- Cloud integration platform
- API Management and Application Integration
- Connecting disparate systems and applications

Market opportunity

Growth of 21% annually
Reaching €11bn by 2026



- Acquired in April 2022
- Cloud data integration
- Bringing disparate data together for analysis

Current growth

Strong double digit growth from cloud integration portfolio in 2022

Customer wins

AIRBUS

مطارات دبي
DUBAI AIRPORTS

2022 Strategic Progress

Sales success

SECOND RECORD NEW LOGO YEAR



New logo wins

2021: **312**

2022: **333**

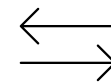
DEMAND REMAINS STRONG



Pipeline strength

Digital Business pipeline coverage **ahead of this time last year**

ADDING VALUE WITH SUBSCRIPTION



Migrations

Digital Multiplier
2021: **1.4x**
2022: **1.5x**



SaaS demand

Organic bookings 3x ahead of subscription

Organic growth of **30% YoY**



Digital Business renewals

Bookings
2021: **€81.5m**
2022: **€132.3m**

Daniela Bünger

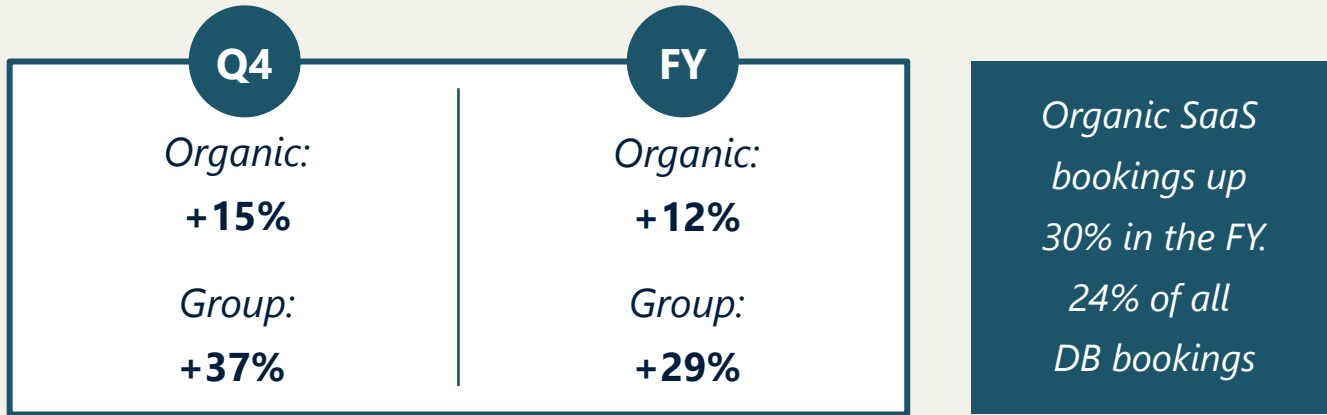
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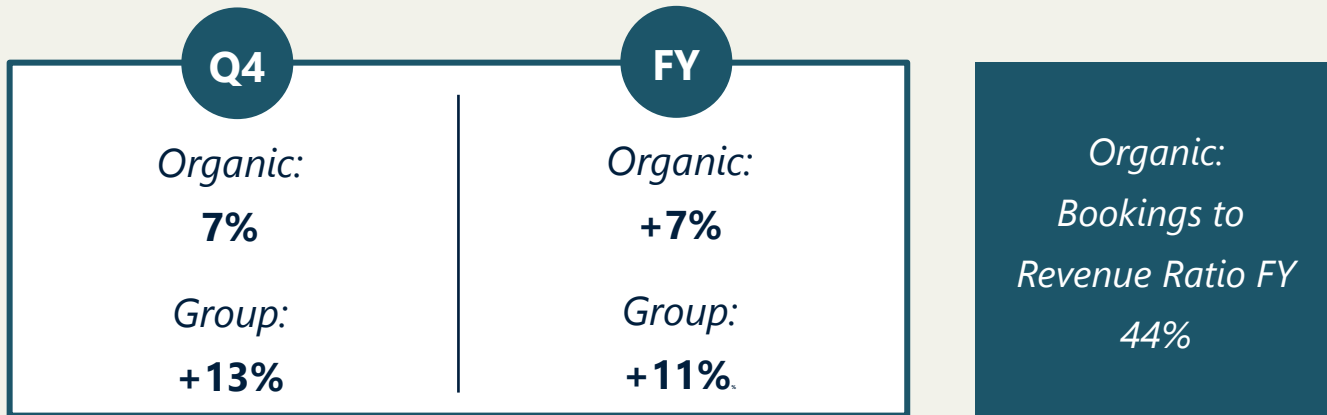
Digital Business

Strong Q4 performance supported by increasing demand for SaaS - FY guidance reached

Digital Business Bookings

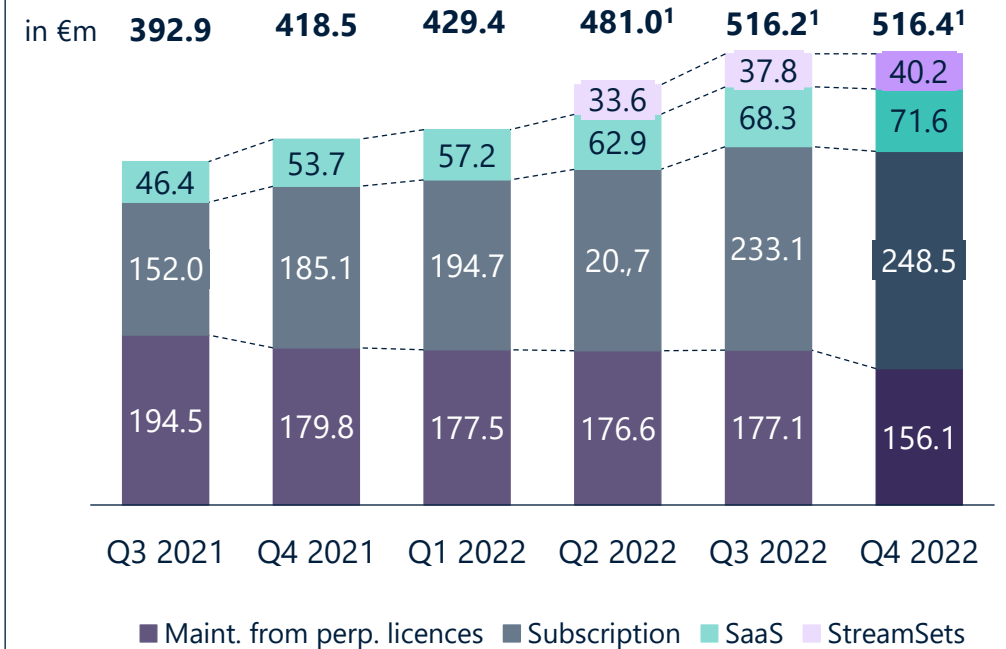


Digital Product Revenue



Digital Business ARR

- Resilient ARR growth demonstrates strength of transformation strategy
- ARR as key factor of building quality and predictability
- Organic ARR growing **11%**, Group **20%**

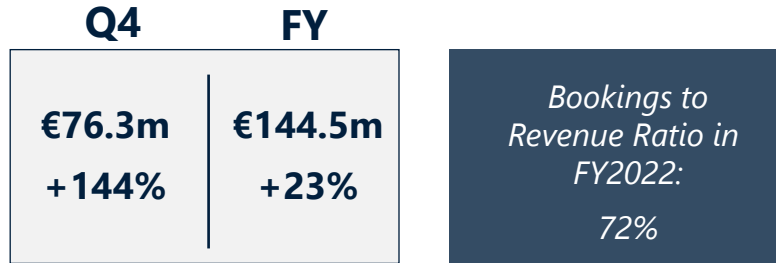


¹ Group (incl. StreamSets)

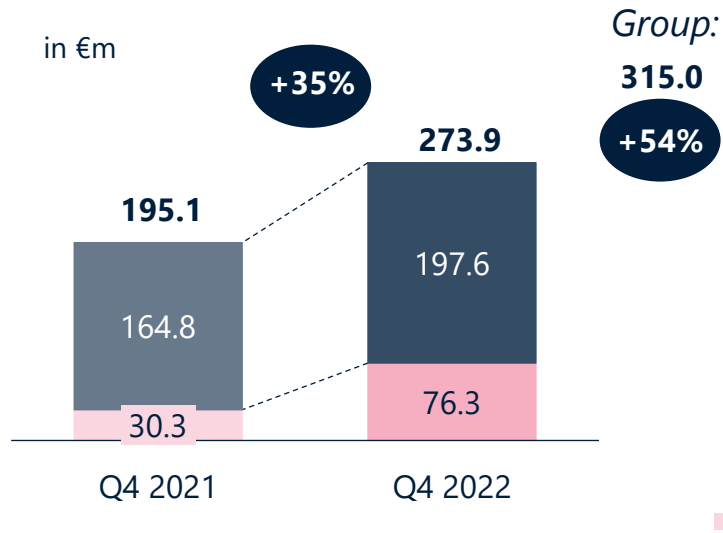
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Group Bookings and Product Revenue

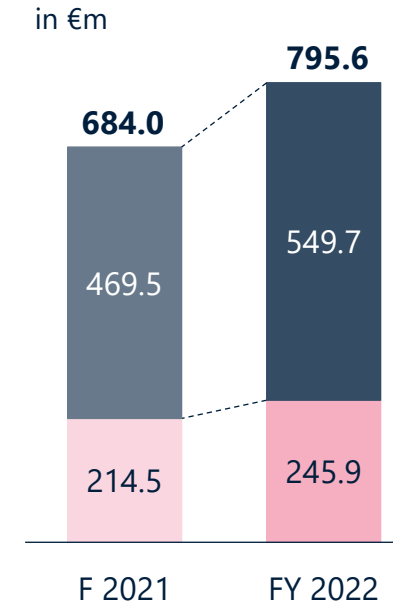
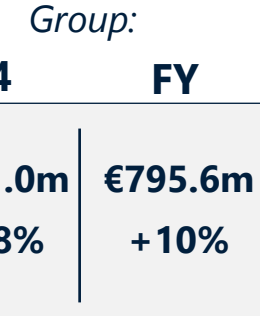
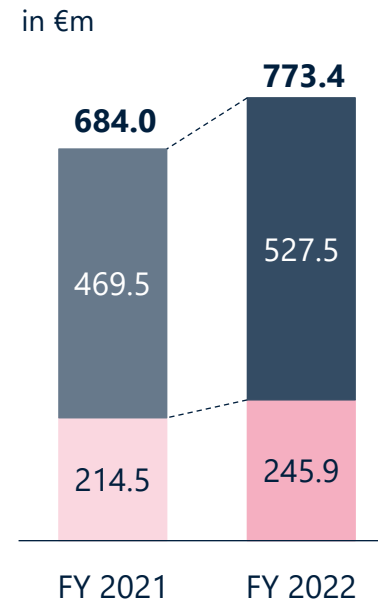
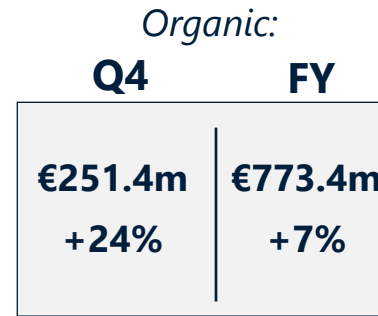
A&N Bookings



Total Bookings



Total Product Revenue



Professional Services



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Cost and Margin (excl. StreamSets)

(in €m)	Q4 2022	Q4 2021	Δ%	Δ% acc	FY 2022	FY 2021	Δ%	Δ% acc
Total revenue (group)	292.0	234.6	24%	19%	930.8	833.8	12%	6%
Cost of sales	-61.7	-50.1	23%	20%	-213.5	-188.8	13%	9%
Gross profit	230.3	184.5	25%	19%	717.3	645.0	11%	5%
<i>Margin in %</i>	78.9%	78.6%			77.1%	77.4%		
Research & Development	-45.1	-39.7	14%	11%	-168.1	-151.2	11%	8%
Sales & Marketing	-92.7	-83.8	11%	6%	-302.6	-280.2	8%	3%
Administration	-24.3	-22.0	10%	8%	-90.2	-82.8	9%	6%
Other income / expense	-25.2	-6.9			-22.6	-8.7		
EBIT	43.1	32.2	34%	12%	133.8	122.1	10%	-8%
<i>Margin in %</i>	14.8%	13.7%			14.4%	14.6%		
EBITA (Non-IFRS)	67.4	45.2	49%		197.6	163.8	21%	
<i>in % of revenue</i>	23.1%	19.3%			21.2%	19.6%		

Cost development:

- Total costs increased 10% for full year
- Adjusting for FX, total costs grew just under 6% for full year.

Investment of 32m across product innovation, sales and GTM, and people and culture.

EBITA (Non-IFRS) margin

- 23.1% increase in the fourth quarter.
- 21.2% increase in FY22

Cost and Margin (incl. StreamSets)

(in €m)	Q4 2022	Q4 2021	Δ%	Δ% acc	FY 2022	FY 2021	Δ%	Δ% acc
Total revenue (group)	303.8	234.6	30%	24%	958.2	833.8	15%	8%
Cost of sales	-74.3	-50.1	48%	44%	-239.9	-188.8	27%	22%
Gross profit	229.5	184.5	24%	18%	718.3	645.0	11%	4%
<i>Margin in %</i>	<i>75.5%</i>	<i>78.6%</i>			<i>75.0%</i>	<i>77.4%</i>		
Research & Development	-48.5	-39.7	22%	18%	-181.4	-151.2	20%	16%
Sales & Marketing	-106.4	-83.8	27%	21%	-342.0	-280.2	22%	15%
Administration	-25.8	-22.0	17%	14%	-94.3	-82.8	14%	11%
Other income / expense	-26.0	-6.9			-22.5	-8.7		
EBIT	22.8	32.2	-29%	-47%	78.1	122.1	-36%	-50%
<i>Margin in %</i>	<i>7.5%</i>	<i>13.7%</i>			<i>8.2%</i>	<i>14.6%</i>		
EBITA (Non-IFRS)	58.3	45.2	29%		178.5	163.8	9%	
<i>in % of revenue</i>	<i>19.2%</i>	<i>19.3%</i>			<i>18.6%</i>	<i>19.6%</i>		

- The impact of StreamSets in 2022 amounted to a negative impact of €19.1m
- This was behind our expectation due to lower than expected revenue resulting from strong SaaS performance.

Cash Flow (incl. StreamSets)

Q4 2022 / Full-year

(in €m)	Q4 2022	Q4 2021	Δ%	FY 2022	FY 2021	Δ%
Operating Cash Flow	-4.0	25.4	-116%	18.4	116.2	-84%
./. CapEx* (long-term, non-current)	-2.5	-4.6		-7.5	-11.8	
./. Repayment of lease liabilities	-3.7	-3.1		-12.0	-13.0	
Free Cash Flow	-10.2	17.7	-158%	-1.1	91.4	-101%
<i>in % of revenue</i>	-3.4%	7.5%		-0.1%	11.0%	
Free Cash Flow per share**	-€0.14	€0.24	-158%	-€0.1	€1.24	-101%

* Cash flow from investing activities except acquisitions/divestitures and except investments in debt instruments

** Based on weighted average shares outstanding (basic): 74.0m

FCF development:

- Continues to be impacted by business model transformation and shift to subscription.
- ARR development gives an indication of future cash flow development as the subscription, SaaS, and new business contracts start to stack up over time.
- Group continues to drive financial discipline into the entire organization as it relates to cash and cash management.

Sanjay Brahmawar

CEO



Reflecting on Helix

Preparing for our next phase

Evolving for the next phase

Building on strengths and learnings of our transformation to-date

Quality of the growth platform

Growth products all consumable in the cloud

Subscription and SaaS bookings almost 90% of total

Strong start made in SaaS

Two consecutive record new logo years

2023 Strategic Priorities

Five priorities to simplify our business and enhance our customer proposition



Accelerating the journey to cloud first



Doubling down on innovation in integration



Increasing specialization to drive efficacy and efficiency



Leveraging the value of A&N



Optimizing our operating platform

Outlook

FY 2023 guidance

	FY 2022 (Total Group) ³	FY 2023 – Total Group Guidance ³ (in %)
Digital Business ARR	€516.4m	+10% to +15% ¹
A&N ARR	€183.8m	-2% to 2% ¹
Total Product Revenue	€795.6m	+6% to +10% ¹
Operating Margin (EBITA, non-IFRS) ²	18.6%	16% to 18%

¹ at constant currency

² adjusted for non-operating factors (see non-IFRS earnings definition)

³ Total Group includes StreamSets

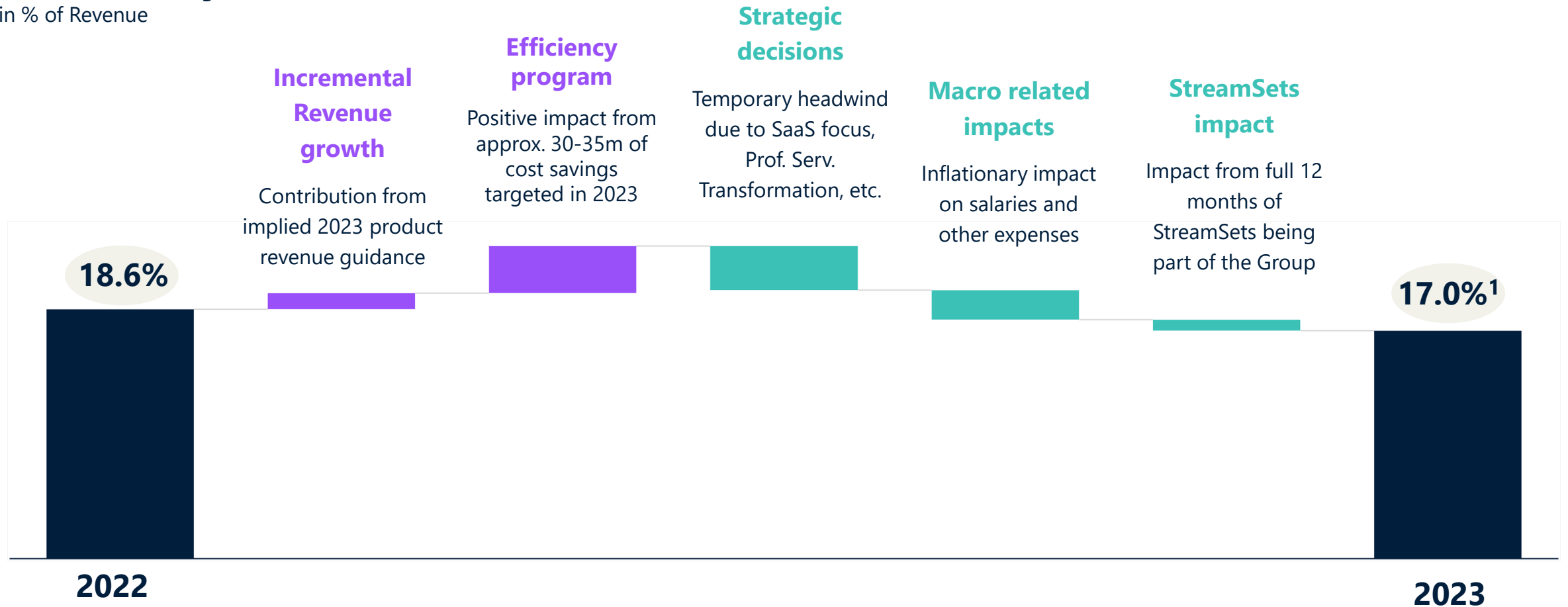
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Drivers of year on year non-IFRS margin development

Non-IFRS EBITA margin
in % of Revenue



¹Midpoint of stated non-IFRS EBITA margin guidance (16 to 18%)

Q&A

