

Software AG Capital Markets Day Accelerating towards 2023 ambitions

Helix progress and Digital Business reacceleration create powerful springboard for growth in 2022, 2023 and beyond

Darmstadt, Germany – February 22, 2022: [Software AG](#) (Frankfurt MDAX®: SOW) is today hosting a Capital Markets Day event for financial analysts and investors. At the event, members of the Software AG Management Board including Sanjay Brahmawar, CEO, Dr. Matthias Heiden, CFO, Dr. Stefan Sigg, CPO, Dr. Elke Frank, CHRO, and members of the Management Team, Scott Little, CRO, and Dr. Benno Quade, CCO, will provide details on:

- Software AG's transformation progress over the past three years and the robust springboard for future growth it has built through its Helix transformation
- Its strategic plan and priorities for achieving its 2022 guidance and 2023 ambitions
- Further insights on its growth trajectory in 2023 and beyond

Software AG CEO, Sanjay Brahmawar, said:

"After three years of Helix we're right on target to achieve the bold ambitions we set ourselves. Our confidence is founded on the return on investment we have seen in our cloud-native product sets, targeted in areas of greatest opportunity, that now underpin our future growth. We have the products, execution engine and team in place to meet our organic goals in 2022 and 2023 and start building beyond them with M&A. I've never been more excited about the future for Software AG."

Adding his perspective, **Software AG CFO, Dr. Matthias Heiden, said:**

"The momentum behind our organic growth drivers gives me confidence we'll accelerate successfully towards our 2023 ambitions. We exited 2021 with strong results and the quality of our revenue stream has increased substantially in the last three years. Thanks to our subscription shift, we have achieved consistent double-digit ARR growth in our Digital Business, with recurring revenue accounting for more than 75 percent of our Group revenue last year. This year, the increasing efficiency and productivity in our operating platform will enable continued re-investment in our growth and robust cost management. Such a strong foundation sets us up very well to deliver on our 2022 guidance and beyond."

Three product sets addressing major growth markets

Since the start of Helix, Software AG has invested behind its cloud-native product offerings in the greatest areas of opportunity within digital transformation: Hybrid Integration, IoT & Analytics, and Business Transformation. The recent strong performance of these three growth segments gives Software AG confidence that its best-in-class products are resonating with both customers and leading industry analysts, underpinning the Group's future growth trajectory in 2022 and toward its midterm ambitions and beyond.

Software AG CPO, Dr. Stefan Sigg, said:

"These three growth areas form the foundation of our digital portfolio. They can be seen as a digital backbone for further software development that leads industry players to new business models. This is enabling them to keep their digital sovereignty as our offerings run on all major cloud stacks."

Addressing a growing market opportunity

Software AG estimates that its total addressable market is around €61 billion, growing at a 16 percent CAGR between 2020 and 2026. Through its Helix investment, the Group has seen outstanding competitive success within its three growth product areas, capturing significant opportunities in the marketplace.

To access a greater portion of its total addressable market, Software AG has sharpened its sales approach and taken existing products into customer segment adjacencies such as the mid-market, focussing on high-growth areas. Software AG's third entry point is a 'string-of-pearls' M&A strategy, building out offerings in key growth areas to move towards servicing the entirety of its total addressable market.

Robust springboard for growth

Through Helix, Software AG has built a robust springboard for future growth. In 2021, the positive impact of three years of transformation was evident in the Group's key financial metrics. The Digital Business reaccelerated in the fourth quarter and has continued that momentum going into 2022, increasing the quality and visibility of the Group's revenue stream. This was driven by Software AG's successful shift to subscription transforming into a tailwind for the Group's operations.

At the bottom line, Software AG has remained committed to profitability throughout the Helix process. The Group has passed the peak of its transformation investment and will continue to balance margin expansion with reinvestment for growth going forward, supported by operating leverage from previous investments, efficiency gains in operations and boosted productivity levels.

This robust springboard for growth gives the Group confidence in accelerating growth toward its 2023 ambitions and beyond.

Reconfirming organic ambitions for 2023

On January 27, 2022, Software AG reconfirmed its mid-term ambitions. Under these ambitions, Software AG aims to achieve in 2023:

- €1 billion Group revenue
- 25 percent to 30 percent operating margin
- 85 percent to 90 percent recurring product revenue
- Approximately 15 percent Digital Business CAGR

About Software AG

Software AG is the software pioneer of a truly connected world. Since 1969, it has helped 10,000+ organizations use software to connect people, departments, systems and devices. Software AG empowers truly connected enterprises using integration & APIs, IoT & analytics and business & IT transformation. Software AG's products establish a fluid flow of data that allows everything and everyone to work together. The company has more than 4,800 employees across more than 70 countries and annual revenue of over €830m. It is committed to its ambition of exceeding €1 billion of revenue and reaching an operating profit margin (EBITA, non-IFRS) of between 25 percent to 30 percent in 2023.

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