

Stand Out in the
Digital World



Interim Report
Q3 | 2015

Key Figures

in € millions (unless otherwise stated)

In € millions (unless otherwise stated)	9m 2015	9m 2014	Change in %	Q3 2015	Q3 2014	Change in %
Revenue	615.6	610.5	1%	215.9	205.6	5%
By type:						
• Products	473.3	446.5	6%	169.9	157.8	8%
• Services	141.7	163.5	- 13%	45.7	47.7	- 4%
• Other	0.6	0.5		0.3	0.1	
By business line:						
• Digital Business Platform	294.0	276.4	6%	103.2	96.6	7%
• Adabas & Natural	179.8	168.4	7%	66.9	61.3	9%
• Consulting	141.8	165.7	- 14%	45.8	47.7	- 4%
EBIT*	129.3	104.6	24%	66.8	49.1	36%
• as % of revenue	21.0%	17.1%		30.9%	23.9%	
Net income	83.4	63.1	32%	44.8	30.4	47%
• as % of revenue	13.5%	10.3%		20.8%	14.8%	
Earnings per share (€, basic)	1.06	0.79	34%	0.57	0.38	50%
Earnings per share (€, diluted)	1.06	0.79	34%	0.57	0.38	50%
Free cash flow	128.8	85.8	50%	22.6	19.4	16%
Employees (full-time equivalents)	4,384	4,553				
• of which in Germany	1,176	1,237				
• of which in R&D	992	989				
Balance sheet	Sept. 30, 2015	Dec. 31, 2014				
Total assets	1,791.3	1,848.9				
Cash and cash equivalents	337.0	318.4				
Net debt	7.8	125.7				
Shareholders' equity	1,064.7	1,013.4				
• as % of total assets	59.4%	55%				

* EBIT: net income + income taxes + other taxes + net financial result



Stand Out in the **Digital World**

Digitization is changing the world. New technologies are improving the way companies do business. They are bringing about new organizational approaches. They are creating innovative work opportunities. This is happening at a speed that poses huge challenges, because an enormous volume of data is being produced and must be analyzed in mere milliseconds. Those who can utilize their data effectively will harness exciting opportunities and unlock great potential for success.

Innovative products will be unthinkable in the future without digitization. Every company and every organization needs a digital strategy now. Only those who master the massive amounts of data, optimize their use of information as a raw material and completely digitize their business models and processes will be successful.

Software AG provides what businesses and organizations need to grow and stay competitive. Our portfolio of products and services enables customers to fully exploit the opportunities of the digital era. We build on existing IT landscapes, harmonize them and implement digital technologies to create flexible infrastructures that analyze data in real time—including automated decision-making tools. For our customers, this means they can tap into new, agile business models and design running processes even more efficiently. They will be faster, more competitive and ultimately more successful.

Software AG is the global technology leader in application infrastructure and middleware software and drives innovation in real-time analytics products, which have great potential in the rapidly growing Industry 4.0 (Internet of Things) market. We focused on business-critical software solutions early on. Thanks to our products—comprising the most comprehensive and innovative portfolio of its kind—we are a pioneer in addressing key mega trends of information technology. For that reason, Forrester and Gartner have positioned Software AG as a leader in 13 market sectors worldwide.

SHAPING CHANGE.
For a top position in the digital world.

Significant Events

During the Reporting Period

Innovation World 2015



Software AG's annual mega-event for customers, Innovation World, took place this year in Las Vegas from October 12–14, 2015. Leading up to this key international conference, Software AG unveiled a number of portfolio innovations and, in cooperation with leading companies, presented groundbreaking customer projects.

A year after its launch, Software AG unveiled Digital Business Platform 2.0, the world's first digital business platform with major enhancements. It enables enterprises and the public sector to plan, govern, design, implement and accelerate their digital projects and strategies even faster than before. As a strategic business partner, Software AG drives co-innovation with customers and partners providing the implementation technology in combination with transformation tools and methodologies needed to rapidly digitize. Software AG's Digital Business Platform 2.0 bridges the communication gap from strategic digitization planning to application development and implementation.

The event also marked Software AG's launch of its Digital Marketplace—an online hub designed to help customers respond faster to the accelerating digitization of the global economy. Customers can leverage the marketplace to find IT development components such as business process models, application components, adapters and industry frameworks as well as fully fledged solutions developed by Software AG's partners and customers.

Contract with CFO Arnd Zinnhardt Renewed



At the beginning of August 2015, Software AG's Supervisory Board renewed its contract with Management Board member Arnd Zinnhardt until July 2021. As Chief Financial Officer of the company, he oversees the areas of Finance, Controlling, Taxes, Treasury, Mergers & Acquisitions, Business Operations, Investor Relations and Global Procurement. Mr. Zinnhardt has been a member of Software AG's Management Board since 2002.

Festival App for German Unity Day



The German state of Hesse contracted Software AG to develop an app for a festival celebrating German Unity Day, a German national holiday on October 3, 2015. It was aimed at giving visitors information on the wide variety of activities during the major event in Frankfurt.

Share Buyback Approved



Software AG announced on September 3, 2015 that, with the consent of the Supervisory Board, the Management Board had approved the buyback of treasury shares valued up to €70 million until December 31, 2015. This decision utilized the authorization granted by the Annual Shareholders' Meeting on May 13, 2015. Based on Software AG's Xetra closing price of €24.02 on September 2, 2015, this would equal a maximum volume of approx. 2.9 million shares. The volume of repurchased treasury shares is limited to no more than 10 percent of the share capital at the time of the resolution, less any other treasury shares that the company has already purchased and still holds or that are attributable to it (7,838,144 shares).

Smart Logistics: Blueprint for the Digital Enterprise



Software AG unveiled its Smart Logistics blueprint for its Digital Business Platform in early August 2015. The Smart Logistics blueprint overlays the Digital Business Platform with smart processes for real-time synchronization of global logistics networks. Smart Logistics can analyze streaming Internet of Things, vehicle telematics and contextual data to provide shipping and logistics companies with enhanced visibility across value chains.

Leader in Enterprise Architecture Management and In-Memory Data Grids



Forrester Research Inc., a widely-respected industry analyst firm, named Software AG a "leader" in "The Forrester Wave™: Enterprise Architecture Management Suites" for its Alfabet solution. Part of Software AG's Digital Business Platform, Alfabet Enterprise Architecture Management combines core capabilities of Software AG's Alfabet and ARIS product lines providing a collaborative platform used by business and IT leaders to ensure the IT landscape supports business strategy. Furthermore, Forrester Research Inc. also cited Software AG as a "leader" in "The Forrester Wave™: In-Memory Data Grids" for its Terracotta In-Memory Data Fabric Platform.

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Preliminary Remarks

This quarterly report contains forward-looking statements. They are based on plans, estimates and projections that are currently available to Software AG's Management Board. Forward-looking statements therefore apply only to the date on which they were made. Software AG accepts no obligation to develop forward-looking statements based on new information or future events. Forward-looking statements by nature contain factors of risk and uncertainty. A number of important factors can contribute to actual results deviating considerably from forward-looking statements. All of the information in this report that does not represent forward-looking statements relates to the situation

on September 30, 2015, or the third quarter of the current fiscal year ended on that date, unless otherwise stated. Software AG's segment reporting is prepared in accordance with IFRS 8 (Segment Reporting). Segmentation is by business line and corresponds to the Group's internal controlling and reporting lines. Accordingly, Software AG reports on the following business lines: Digital Business Platform (DBP including the webMethods, ARIS, Alfabet, Apama and Terracotta product families), Adabas & Natural (A&N, including the Adabas and Natural product families) and consulting (all consulting services associated with Software AG products).

Interim Management Report

Financial Performance

Total revenue

Software AG reported €215.9 million in **total revenue** for the third quarter of 2015. This is a year-on-year increase of 5 percent (2014: €205.6 million). This positive performance is a result of Software AG's committed focus to the high-margin product business, specifically, high, recurring maintenance revenues.

Software AG's **total product revenue**—comprising license and maintenance sales from the DBP (Digital Business Platform) and A&N (Adabas & Natural) product business lines—rose 8 percent to €169.9 million, an outperformance of more than €12 million over last year (2014: €157.8 million). As a percentage of total revenue, product sales increased to 78.7 percent after 76.8 percent in the third quarter of 2014. This strong revenue mix trend illustrates Software AG's value-oriented strategy with a focus on profitable growth.

Up 8 percent, **global maintenance revenue** increased to €101.0 million (2014: €93.7 million). This shows a continuation of the robust trend from past quarters. Accounting for 46.8 percent of total revenue, recurring income is proving to be a key pillar of Software AG's business. License revenue from the DBP and A&N product lines was up 7 percent to total €68.9 million (2014: €64.1 million) and accounted for 31.9 percent (2014: 31.2 percent) of total revenue.

Exchange rate effects

Currencies again had a positive effect on Software AG's total revenue in the third quarter of 2015, accounting for a 4-percent increase of €8.4 million. This was mainly because Software AG further increased product revenue generated

outside of its home European market, and the euro continued to stagnate against the U.S. dollar. Two-thirds (66 percent) of Software AG's revenue was generated outside the euro zone in the first nine months of 2015.

The positive impact of exchange rate fluctuations lessened after the first two quarters of the year. Of the three types of revenue, maintenance benefited most (+5 percent) from exchange rates in the quarter under review. Licenses and Consulting likewise improved by 3 percent from these effects.

All in all, exchange rates had a positive effect on revenue in the first nine months of the year, leading to 7-percent growth, or €40.8 million. The largest share of total revenue is generated in euros, accounting for 34 percent, followed by the U.S. dollar at 31 percent of revenue. Other currencies representing notable shares of revenue in the nine-month period were the pound sterling (GBP) at 7 percent, the South African rand (ZAR) at 5 percent, the Israeli shekel (ILS) and Brazilian real (BRL) at 4 percent respectively and the Australian dollar (AUD) at 3 percent.

Earnings performance

Software AG further reduced its **cost of sales** in the third quarter of 2015. At €49.1 million (2014: €51.4 million), this is a 4-percent drop year-on-year. This led to an increase in gross profit margin of 2.3 percentage points to 77.3 percent (2014: 75.0 percent). This was primarily due to the growth in the product business—particularly in maintenance revenues—and the Consulting line's improved gross profit margin.

Research and development (R&D) expenses in the third quarter decreased 8 percent to €25.1 million compared to €27.2 million in 2014. Sales and marketing expenses rose to €63.1 million (2014: €57.5 million). General administrative expenses, in contrast, dropped considerably to total

€11.1 million (2014: €19.4 million), or 43 percent, in the third quarter of 2015.

Earnings before interest and taxes (EBIT) climbed 36 percent year-on-year to €66.8 million (2014: €49.1 million) in the third quarter of 2015. Accordingly, the EBIT margin jumped to 30.9 percent (2014: 23.9 percent). Factors contributing to the rise were operational improvements and positive one-time effects.

Software AG continued to grow its operating income in the third quarter while also netting positive one-time effects in the amount of €7.3 million. This amount is the balance of a cancellation of share-based compensation, which is relevant to the income statement, and expenses related to the company's forward-looking sales strategy. The share-based compensation was part of a 5-year management stock option plan from 2011 that defined revenue targets based on organic and acquisitive growth. Software AG's value-oriented strategy, in place since 2014, along with its deliberate avoidance of acquisitions due to high prices in the M&A market will prevent its original aggressive revenue targets from being met. The cancellation increased Software AG's EBIT by €15.6 million gross. Software AG also continued to align its future-oriented Sales organization, which led to expenses in the amount of €8.3 million. The net result of the two one-time effects was a rise in quarterly earnings of €7.3 million.

In order to increase its enterprise value for the long term, Software AG wants to continue growing profitably and augmenting its financial strength. To achieve these strategic goals, the company employs an internal control system. Above all, Software AG regards product revenue based on IFRS reporting, operating income (non-IFRS) and operating profit margin (non-IFRS) to be its most relevant performance indicators. Software AG defines operating income as follows:

Earnings before interest and taxes (EBIT)

- + Acquisition-related depreciation of intangible assets
 - + Acquisition-related decreases in product revenue by way of purchase price allocations
 - + Other acquisition-related effects on earnings
 - + Expenses resulting from share price-based remuneration
 - + Expenses for restructuring and personnel changes
 - + Other one-time effects
-
- = Operating earnings **EBITA (non-IFRS)**

Operating profit margin is calculated by dividing EBITA (non-IFRS) by total Group revenue.

Operating income (EBITA, non-IFRS) increased more than 11 percent to €70.2 million (2014: €62.8 million) in the third quarter of 2015. This represents an operating profit margin of 32.5 percent (2014: 30.5 percent).

Net financial expense was further reduced due to repayment of financial liabilities to total –€0.4 million (2014: –€2.1 million). This is an improvement of 83 percent. Income taxes increased 39 percent to €20.1 million (2014: €14.5 million) in the third quarter of 2015. Software AG's tax rate was therefore 32.6 percent (2014: 35.3 percent).

As in the first two quarters of 2015, net income increased in the third quarter as well, up 47 percent to €44.8 million (2014: €30.4 million). **Earnings per share** (basic) gained an exceptional 50 percent, reaching €0.57 (2014: €0.38). These earnings increases reflect Software AG's effective efficiency and cost management as well as its commitment to operational core competencies.

in € millions	Sept. 30, 2015	Sept. 30, 2014
EBIT (before all taxes)	66.8	49.1
Amortization on acquisition-related intangible assets	8.4	9.4
Reduction of acquisition-related product revenue by purchase price allocation	-	-
Other effects of M&A activities	-	0.1
Share-based remuneration	-13.3	3.5
Restructuring/severance	8.3	0.7
Gain/loss from sold operations	-	-
EBITA (non-IFRS)	70.2	62.8
as % of revenue (Non-IFRS)	32.5%	30.5%
Net income (non-IFRS)	47.2	39.7
EPS (non-IFRS)*	€0.60	€0.50

*) Weighted average shares outstanding (basic) Q3 2015: 78.6 million/Q3 2014: 78.9 million/Q3 2015: 78.8 million

Revenue and earnings by business line (segment report)

Software AG's total Group revenue in the third quarter of 2015 was €215.9 million (2014: €205.6 million) and was distributed among the three business lines as follows:

- The share of total revenue generated by the Digital Business Platform (DBP) business line grew to 48 percent (2014: 47 percent).
- Adabas & Natural's (A&N) share rose one percentage point to equal 31 percent (2014: 30 percent).
- Consulting accounted for 21 percent (2014: 23 percent) of total revenue.

The continued positive trend in Software AG's revenue mix with DBP's increasing share—given the high-growth field of digital transformation—reflects Software AG's value-oriented strategy. Software AG's intensified focus on high-margin product business is clearly expressed by the distribution of revenue share.

Digital Business Platform (DBP)

The DBP segment comprises all Software AG products for enterprise digitization. Software AG's largest business line increased its revenue in the third quarter to €103.2 million (2014: €96.6 million). This is 7 percent higher than last year. The business line's maintenance revenue performed especially well, up a solid 14 percent to €61.8 million (2014: €54.3 million). This sets a new third-quarter record for Software AG. This performance highlights the sustainability of Software AG's value-oriented strategy and focus on profitable growth.

After significant growth in DBP license sales in the second quarter of 2015 to total €37.0 million, DBP licenses in the quarter under review totaled €41.4 million (2014: €42.2 million), which is below last year. As strategic one-time revenue, license sales by nature are subject to greater volatility than maintenance or services, which are more evenly distributed over longer periods of time, and can have a strong impact on quarterly results. This is particularly true because order volume is increasing. On top of license sales, Software AG also closed new cloud deals worth a total of €3.0 million, which marks growth of 255 percent. Software AG is still positive that its long-term growth strategy for DBP licenses will pay off.

The cost of sales in the DBP line increased to €7.5 million (2014: €5.4 million) due in part to extraordinary one-time effects. Sales and marketing expenses were up at €46.2 million (2014: €40.8 million). A decrease, in contrast, was reported in R&D expenses, at €20.5 million (2014: €21.3 million). Due to the considerable growth in maintenance revenue and the nearly equal license volume year-on-year, the segment's earnings remained high at €29.0 million (2014: €29.1 million). The same was true for the segment's margin, which was 28.1 percent (2014: 30.1 percent).

Adabas & Natural (A&N)

The A&N business line, which encompasses Software AG's traditional database business, performed very well in the first two quarters of the year. In the third quarter of 2015, A&N revenue grew 9 percent to €66.9 million (2014: €61.3 million). The positive trend in A&N is an indication of Software AG's unique long-term care of its traditional database customers and their resulting satisfaction.

The loyalty of these long-standing customers is also reflected in the recurring maintenance revenues. Here, this business line approximated last year's level at €39.2 million (2014: €39.3 million). Maintenance thus accounted for 59 percent of the segment's revenue. This is evidence of the ongoing importance of the A&N product portfolio for Software AG's customer base.

The positive trend in A&N was primarily fueled by the exceptionally high license growth. A&N licenses increased 26 percent to €27.5 million (2014: €21.9 million) in the third quarter. Upgrades among the loyal A&N base and a large transaction in South Africa factored into this growth.

The cost of sales for A&N was slightly up from last year at €3.4 million (2014: €3.1 million). Sales and marketing expenses were also moderately higher at €7.9 million (2014: €7.8 million). In contrast, R&D expenses fell to €4.6 million (2014: €5.9 million).

Thanks to the significant increase in license revenues, the segment's earnings improved to €51.0 million (2014: €44.5 million). Accordingly, its margin also rose substantially to 76.2 percent (2014: 72.6 percent).

Consulting

The Consulting business line generated €45.8 million (2014: €47.7 million) in third-quarter revenue.

The cost of sales in this segment continued to drop from the first two quarters of the year and totaled €34.3 million (2014: €37.6 million) in the third quarter. Similarly, sales and marketing expenses were also down slightly to €4.4 million (2014: €4.8 million).

Due to Software AG's improved efficiency and focus on profitable projects, the Consulting business line was able to increase profitability considerably over last year. The segment's earnings rose to €7.1 million (2014: €5.3 million). The segment's profit margin saw a significant improvement as well at 15.5 percent (2014: 11.1 percent). Consulting primarily enables product sales in the two product-related business lines. Its profitability is clearly Software AG's priority over revenue growth.

The First Nine Months of 2015

Software AG increased its total Group revenue for the first nine months of the current fiscal year to €615.6 million (2014: €610.5 million). Product revenue rose 6 percent to total €473.3 million (2014: €446.5 million). Of product revenue, licenses accounted for €169.0 million (2014: €171.5 million) and maintenance for €304.3 million (2014: €275.0 million). This is an 11-percent increase for maintenance revenue, which, with a quarterly growth rate of 14 percent, set a third-quarter record for Software AG. Software AG's efforts, initiated in early 2014, to boost maintenance sales combined with its strong license performance had a very positive impact on maintenance revenue, which translates to sustainable profitability. The Consulting line posted €141.8 million (2014: €143.5 million) in total revenue.

Earnings before interest and taxes (EBIT) increased 24 percent year-on-year to €129.3 million (2014: €104.6 million). As a result, Software AG's EBIT margin improved from 17 percent to 21 percent. The improvements in profitability were especially apparent with regard to Software AG's earnings per share (basic) for the nine-month period, which were up 34 percent at €1.06 (2014: €0.79).

The increased profitability was due primarily to growth in product sales, specifically in maintenance, as well as to the Consulting business line's improved gross profit margin. As part of its focus on a value-creation strategy, Software AG also leveraged additional areas of efficiency in its internal processes and conducted effective efficiency and cost management. Overall, this strong performance reflects the company's value-oriented strategy, which was established one year ago and consistently focuses on profitable growth through high-margin license and maintenance sales, efficient organization and operational core competencies.

Financial Position

Net cash provided by operating activities in the third quarter performed very well, increasing 28 percent to reach €28.2 million (2014: €22.0 million). Thanks to the high growth rates of the previous quarters, 48-percent growth was posted for the nine-month reporting period year-on-year.

Software AG achieved these sustainable cash flow increases by improving its operating income and ensuring consistent receivables management.

Cash outflows from investing activities increased from €7.5 million in 2014 to inflows of 19.4 million in the third quarter of 2015. This rise was due primarily to the sale of short-term securities worth €25.0 million in total (2014: net cash outflows of €4.8 million). Investments in property, plant and equipment totaled €3.2 million (2014: €2.6 million); and investments in financial assets totaled €2.4 million.

Cash outflows from financing activities rose significantly to €118.4 million, compared to just €0.5 million the year before. The considerable increase is due to the repayment of financial liabilities in the amount of €103.2 and a payment of €16.3 million for the repurchase of treasury shares.

As of September 30, 2015 **cash and cash equivalents** were €337.0 million, compared to €275.0 million on the same date one year before and €318.4 million at the beginning of the current fiscal year. In contrast, cash and cash equivalents decreased in the quarter under review by €87.0 million compared to €423.9 million as of June 30, 2015. This decrease was because of a repayment on financial liabilities in the amount of €103.2 million and a payout for the repurchase of treasury shares in the amount of €16.3 million during the quarter.

Free cash flow in the third quarter improved year-on-year by 16 percent to €22.6 million (2014: €19.4 million) and for the nine-month period by 50 percent to €128.8 million (2014: €85.8 million). With this result, the level of fiscal year 2014 has nearly been reached in the just first nine months of 2015. The ratio of free cash flow to total revenue in the third quarter went up to 10.5 percent (2014: 9.4 percent). Free cash flow per share increased to €0.29 (2014: €0.25) in the quarter under review.

Assets

Software AG's **total assets** as of September 30, 2015 were equivalent to last year's level (€1,791.8 million) at €1,791.3 million. This is however a drop of €58 million compared to December 31, 2014 (€1,848.9 million). The main reasons for the decrease in assets were the drop in trade receivables and in financial liabilities and securities.

On the **assets** side of the balance sheet, cash and cash equivalents increased 6 percent to €337.0 million compared to the beginning of 2015 (€318.4 million). Active working capital management resulted in a reduction of short and long-term trade receivables from €298.6 million at the beginning of fiscal 2015 to €255.1 million as of September 30, 2015. Fueled by favorable exchange rates, goodwill increased by €30.8 million to €888.1 million (Dec. 31, 2014: €857.3 million). At €46.3 million, the sum of income tax receivables and deferred tax assets approximated the comparable figure at the end of fiscal 2014.

On the **liabilities side**, financial liabilities decreased by €99.4 million to €344.7 million compared to December 31, 2014 due to a large loan repayment. Thanks to the dedicated expansion of the maintenance business, deferred income, which includes the increasing volume of future maintenance revenues, grew to €137.9 million as compared to €134.3 million as of September 30, 2014.

Software AG's **shareholders' equity** increased by €51.3 million to total €1,064.7 million (Dec. 31, 2014: €1,013.4 million) as of September 30, 2015. Accordingly, the equity ratio continued on an upward climb to 59.4 percent from 54.8 percent at the beginning of the year.

Employees

As of September 30, 2015, the Software AG Group employed 4,384 (Dec. 31, 2014: 4,421) people (full-time equivalents). This shows a slight increase with respect to June 30, 2015 (4,349) and a decrease with respect to September 30, 2014 (4,553).

From a functional point of view, the number of employees in Consulting and Services was 1,853 (2014: 1,884), in Sales and Marketing 919 (2014: 1,026), in R&D 992 (2014: 989) and in Administration 620 (2014: 654).

Broken down by worldwide regions, the number of employees in Germany was 1,176 (2014: 1,237) and in the USA 602 (2014: 695) as of September 30, 2015. The vast majority of Software AG staff members work in the other countries in which Software AG operates, accounting for 2,606 (2014: 2,621) employees.

Management's Assessment of Third-Quarter Results

Software AG's value-oriented strategy focusing on sustainable profitability, which we have been committed to for more than a year, translated to a continual increase in earnings strength in the first nine months of 2015. As the Management Board of the Group, we consider this to be confirmation of our value-creating strategy.

We focus on seven fundamental value drivers: profitable growth, efficiency, recurring revenue (maintenance), growth through the Digital Business Platform enhanced by partners and co-innovation with customers, loyal A&N customers and attractive dividends and share buybacks. We are on track to further expanding our lead with the Digital Business Platform. Our early adoption of the digitization mega trend and our technology lead are producing initial successes. We aim to further increase the value of our company with these unique selling points and our focus on profitable growth.

We continued our trend of improving results in the past quarter. Maintenance revenue posted 8-percent growth, confirming the strong performance of the previous quarters. Up 9 percent, the A&N business line again contributed

to revenue growth, fueled by an exceptional 26-percent increase in licenses. The high level of loyalty customers in our traditional database segment as well as the robust and reliable nature of our technology are decisive to this success. With 14-percent growth, maintenance revenue in the Digital Business Platform business line performed especially well. This marks a new third-quarter record for Software AG. Software AG again increased its total Group revenue, exceeding last year by 5 percent.

Operating earnings (EBITA, non-IFRS) improved significantly with double-digit growth—both year-on-year (+12 percent) and quarter-on-quarter (+44 percent). This is the case for the operating figure as well as the reported figure, which includes special effects. This led to a jump in our operating margin (EBITA, non-IFRS) to 32.5 percent, which is first-rate for our industry.

Our free cash flow demonstrated exceptional performance, increasing 50 percent to reach the level of the last full year in just nine months. Software AG also reported very solid assets in the same period, with the equity ratio up to 59.4 percent. In addition, we launched a share buyback in the third quarter to continue improving earnings per share. All of these measures reflect our focus on profitability and value. Based on this foundation we are very well equipped for the future and can respond quickly to dynamic market developments.

Events After the Balance Sheet Date

There were no significant events after the balance sheet date.

Risks and Opportunities

Software AG's 2014 Annual Report contains a comprehensive Risk and Opportunity Report (see pp. 81–89) which describes specific risks that could have a negative impact on business and financial performance or assets and financial position. It also describes key opportunities for Software AG. There were no changes to the risk and opportunity situation of the Software AG Group in the third quarter of 2015 as compared to the risks and opportunities identified in the 2014 Annual Report.

Outlook

Based on its performance in the first nine months of the year and its project pipeline for the fourth quarter, Software AG updated its forecast for the 2015 fiscal year on October 13, 2015. The company now anticipates revenue growth in the Digital Business Platform business line between 0 and 3 percent (previously 6 to 12 percent; after Q3 2015 = –2 percent at constant currency) and a revenue decline in Adabas & Natural between 4 and 6 percent (previously 8 to 14 percent; after Q3 2015 = 0 percent at constant currency) year-on-year and at constant currency. Furthermore, Software AG has raised its forecast for its operating profit margin (EBITA, non-IFRS) by 50 basis points to between 28.0 and 29.0 percent (previously 27.5 to 28.5 percent).

Interim Financial Statements

Consolidated Income Statement

for the nine months and quarter ended September 30, 2015 (IFRS, unaudited)

in € thousands	9m 2015	9m 2014	Change in %	Q3 2015	Q3 2014	Change in %
Licenses	168,950	171,495	- 1%	68,897	64,184	7%
Maintenance	304,328	274,986	11%	101,002	93,631	8%
Services	141,705	163,549	- 13%	45,736	47,685	- 4%
Other	575	480	20%	236	141	67%
Total revenue	615,558	610,510	1%	215,871	205,641	5%
Cost of sales	- 157,857	- 182,316	- 13%	- 49,034	- 51,412	- 5%
Gross profit	457,701	428,194	7%	166,837	154,229	8%
Research and development expenses	- 79,350	- 81,010	- 2%	- 25,123	- 27,210	- 8%
Sales, marketing and distribution expenses	- 197,529	- 191,105	3%	- 63,062	- 57,463	10%
General and administrative expenses	- 50,079	- 54,413	- 8%	- 11,135	- 19,401	- 43%
Other taxes	- 4,449	- 6,150	- 28%	- 1,548	- 2,109	- 27%
Operating earnings	126,294	95,516	32%	65,969	48,046	37%
Other income	21,304	37,707	- 44%	4,727	21,495	- 78%
Other expenses	- 22,712	- 34,749	- 35%	- 5,422	- 22,528	- 76%
Net financial income/expense	- 2,793	- 7,602	- 63%	- 354	- 2,126	- 83%
Earnings before income taxes	122,093	90,872	34%	64,920	44,887	45%
Income taxes	- 38,657	- 27,748	39%	- 20,125	- 14,485	39%
Net income	83,436	63,124	32%	44,795	30,402	47%
Thereof attributable to shareholders of Software AG	83,269	62,990	32%	44,720	30,369	47%
Thereof attributable to non-controlling interests	167	134		75	33	
Earnings per share in € (basic)	1.06	0.79	34%	0.57	0.38	50%
Earnings per share in € (diluted)	1.06	0.79	34%	0.57	0.38	50%
Weighted average number of shares outstanding (basic)	78,816,237	79,331,652		78,611,023	78,918,844	
Weighted average number of shares outstanding (diluted)	78,885,704	79,374,563		78,715,932	78,918,844	

Statement of Comprehensive Income

for the nine months and quarter ended September 30, 2015 (IFRS, unaudited)

in € thousands	9m 2015	9m 2014	Q3 2015	Q3 2014
Net income	83,436	63,124	44,795	30,402
Currency translation differences	22,240	42,924	-27,460	29,061
Net gain/loss on remeasuring financial assets	1,709	523	310	36
Net gain/loss arising from translating net investments in foreign operations	3,082	3,112	-50	2,796
Items that may be reclassified to profit or loss	27,031	46,559	-27,200	31,893
Net actuarial gain/loss and asset caps on defined benefit plans	0	-79	0	-160
Items not to be reclassified to profit or loss	0	-79	0	-160
Other comprehensive income	27,031	46,480	-27,200	31,733
Total comprehensive income	110,467	109,604	17,595	62,135
Thereof attributable to shareholders of Software AG	110,300	109,470	17,520	62,102
Thereof attributable to non-controlling interests	167	134	75	33

Consolidated Balance Sheet

as of September 30, 2015 (IFRS, unaudited)

Assets

in € thousands	Sept. 30, 2015	Dec. 31, 2014
Current assets		
Cash and cash equivalents	336,955	318,396
Securities	6,135	55,311
Inventories	90	85
Trade receivables	204,152	211,178
Other receivables and other assets	20,175	20,689
Income tax assets	28,084	29,725
	595,591	635,384
Non-current assets		
Intangible assets	163,423	180,196
Goodwill	888,065	857,279
Property, plant and equipment	55,660	61,171
Financial assets	11,620	7,103
Trade receivables	50,948	87,447
Other receivables and other assets	7,736	4,996
Income tax assets	5,494	4,423
Deferred taxes	12,768	10,937
	1,195,714	1,213,552
Total Assets	1,791,305	1,848,936

Equity and Liabilities

in € thousands	Sept. 30, 2015	Dec. 31, 2014
Current liabilities		
Financial liabilities	132,240	103,646
Trade payables	25,816	32,600
Other liabilities	47,513	56,049
Other provisions	66,803	78,849
Tax liabilities	26,040	32,605
Deferred income	137,257	111,348
	435,669	415,097
Non-current liabilities		
Financial liabilities	212,517	340,499
Trade payables	0	0
Other liabilities	1,651	6,320
Provisions for pensions	42,278	42,566
Other provisions	16,202	13,205
Deferred taxes	17,708	17,131
Deferred income	604	738
	290,960	420,459
Equity		
Share capital	79,000	86,944
Capital reserves	39,741	43,195
Retained earnings	990,969	1,161,411
Other reserves	-27,504	-54,535
Treasury shares	-18,021	-224,466
Share attributable to shareholders of Software AG	1,064,185	1,012,549
Non-controlling interests	491	831
	1,064,676	1,013,380
Total Equity and Liabilities	1,791,305	1,848,936

Consolidated Statement of Cash Flows

for the nine months and quarter ended September 30, 2015 (IFRS, unaudited)

in € thousands	9m 2015	9m 2014	Q3 2015	Q3 2014
Net income	83,436	63,124	44,795	30,402
Income taxes	38,657	27,748	20,125	14,485
Net financial income/expense	2,793	7,602	354	2,126
Amortization/depreciation of non-current assets	37,957	39,625	11,500	12,185
Other non-cash income/expense	-8,890	11,220	-15,432	7,271
Operating cash flow before changes in working capital	153,953	149,319	61,342	66,469
Changes in inventories, receivables and other current assets	34,131	38,135	-5,427	-17,414
Changes in payables and other liabilities	2,012	-16,313	-8,779	-4,437
Income taxes paid	-45,901	-65,798	-15,428	-17,658
Interest paid	-10,195	-16,976	-5,702	-6,752
Interest received	5,944	6,171	2,161	1,837
Net cash provided by operating activities	139,944	94,538	28,167	22,045
Proceeds from the sale of property, plant and equipment/intangible assets	2,388	2,418	0	1,083
Purchase of property, plant and equipment/intangible assets	-9,174	-8,609	-3,198	-2,607
Proceeds from the sale of financial assets	144	177	6	21
Purchase of financial assets	-4,503	-2,769	-2,373	-1,136
Proceeds from the sale of current financial assets	49,232	26,000	25,011	20,000
Purchase of current financial assets	-3	-29,533	0	-24,779
Proceeds from the sale of disposal groups	-1,000	18,057	0	-131
Payment for acquisitions, net	0	-3,667	0	0
Net cash used in investing activities	37,084	2,074	19,446	-7,549

in € thousands	9m 2015	9m 2014	Q3 2015	Q3 2014
Repurchase of treasury stock (including hedge premiums paid)	- 16,291	- 70,582	- 16,291	0
Sale of treasury stock	466	1,423	466	0
Dividends paid	- 39,633	- 36,430	- 174	0
Additions to financial liabilities	6,170	35,000	1,323	10,000
Repayments of financial liabilities	- 106,201	- 212,566	- 103,245	- 10,554
Payments for non-controlling interests	- 500	0	- 500	0
Net cash provided by/used in financing activities	- 155,989	- 283,155	- 118,421	- 554
Change in cash and cash equivalents from cash-relevant transactions	21,039	- 186,543	- 70,808	13,942
Valuation-related change in cash and cash equivalents	- 2,480	11,592	- 16,173	7,147
Net change in cash and cash equivalents	18,559	- 174,951	- 86,981	21,089
Cash and cash equivalents at the beginning of period	318,396	449,984	423,936	253,944
Cash and cash equivalents at the end of period	336,955	275,033	336,955	275,033
Free cash flow	128,799	85,755	22,602	19,406

Consolidated Statement of Changes in Equity

for the nine months ended September 30, 2015 (IFRS, unaudited)

	Common shares outstanding (no.)	Share capital	Capital reserves	Retained earnings
in € thousands				
Equity as of January 1, 2014	81,513,689	86,944	46,144	1,087,328
Comprehensive income				62,990
Transactions with shareholders				
Dividend payment				-36,275
New shares issued				
Stock options			2,679	
Issue and disposal of treasury stock	59,000		-165	
Repurchase of treasury stock	-2,653,845			
Other				
Transactions between shareholders				
Equity as of September 30, 2014	78,918,844	86,944	48,658	1,114,043
Equity as of January 1, 2015	78,918,844	86,944	43,195	1,161,411
Comprehensive income				83,269
Transactions with shareholders				
Dividend payment				-39,459
New shares issued				
Stock options			-3,287	
Issue and disposal of treasury stock	19,300	-7,944		-214,252
Repurchase of treasury stock	-634,943			
Other				
Transactions between shareholders			-167	
Equity as of September 30, 2015	78,303,201	79,000	39,741	990,969

Other reserves				Treasury shares	Attributable to shareholders of Software AG	Non-controlling interests	Total
Currency translation differences	Fair value measurement of securities and derivatives	Actuarial gains/losses from defined benefit plans	Currency translation gains/losses from net investments in foreign operations				
-77,111	-2,055	-22,945	2,031	-155,534	964,802	793	965,595
42,924	523	-79	3,112		109,470	134	109,604
							0
					-36,275	-155	-36,430
							0
					2,679		2,679
				1,650	1,485		1,485
				-70,582	-70,582		-70,582
					0		0
					0		0
-34,187	-1,532	-23,024	5,143	-224,466	971,579	772	972,351
-32,299	-1,365	-27,308	6,437	-224,466	1,012,549	831	1,013,380
22,240	1,709	0	3,082		110,300	167	110,467
							0
					-39,459	-174	-39,633
					0		0
					-3,287		-3,287
				222,736	540		540
				-16,291	-16,291		-16,291
					0		0
					-167	-333	-500
-10,059	344	-27,308	9,519	-18,021	1,064,185	491	1,064,676

Notes to the Interim Financial Statements

General

Basis of Presentation

Software AG's condensed and unaudited consolidated financial statements (interim financial statements) as of September 30, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable on the balance sheet date, as endorsed by the EU. The IASs/IFRSs applicable as of September 30, 2015 were observed, as were the corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC—formerly SIC).

Software AG is a registered stock corporation under German law with registered offices in Darmstadt. Software AG is the parent company of a group that is globally active in the fields of software development, licensing and maintenance as well as IT services.

The consolidated interim financial statements of Software AG are expressed in thousands of euros unless otherwise stated.

Software AG waived a voluntary audit and review of the consolidated interim financial statements.

Changes in the Consolidated Group

The following changes occurred in the consolidated Group in the first nine months of fiscal 2015.

	Germany	Foreign	Total
January 1, 2015	11	70	81
Disposals (including mergers)	2	1	3
September 30, 2015	9	69	78

The disposals resulted from two mergers in Germany and one closure in Singapore.

Accounting Policies

The same accounting policies have been applied to the consolidated interim financial statements as were applicable to the consolidated financial statements as of December 31, 2014. For more detailed information on accounting policies, please see Note 3 of the consolidated financial statements for fiscal 2014. These quarterly financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting.

First-time application of new accounting rules

The new accounting rules to be applied starting in the 2015 fiscal year had no significant effect on Software AG's quarterly financial statements.

New but not yet effective accounting rules

For more details on new but not yet effective accounting rules and those for which Software AG has not opted for early application, please refer to Note 3 of the 2014 Annual Report.

Business Combinations

Software AG did not acquire any companies during the first nine months of 2015.

Notes to the Consolidated Balance Sheet

Intangible Assets and Goodwill

Goodwill amounted to €888,065 thousand as of September 30, 2015, an increase of €30,786 thousand compared to December 31, 2014. This change is due solely to exchange rate fluctuations.

Equity

Share capital

Software AG's share capital totaled €79,000 thousand as of September 30, 2015 (Dec. 31, 2014: €86,944 thousand), divided into 79,000,000 bearer shares (Dec. 31, 2014: 86,943,945). Each share entitles its holder to one vote.

The change resulted from the redemption of a total of 7,943,945 treasury shares, which the Management Board of Software AG approved on April 28, 2015. That represents 9.14 percent of Software AG's share capital prior to the redemption and capital decrease.

The decision was passed making use of the authorization granted by the Annual Shareholders' Meeting of May 3, 2013. The shares were retired on April 30, 2015.

Dividend

Pursuant to the proposal of the Management Board and the Supervisory Board, the Annual Shareholders' Meeting resolved on May 13, 2015 to appropriate €39,459 thousand (2014: €36,275 thousand) for a dividend payout from the net retained profits of €91,144 thousand reported by Software AG, the controlling Group company, in 2014. This corresponded to a dividend of €0.50 (2014: €0.46) per share. A total amount of €51,685 thousand (2014: €99,767 thousand) was carried forward.

Treasury shares

As of December 31, 2014 Software AG held 8,025,101 (Dec. 31, 2013: 5,430,256) treasury shares representing an interest of €8,025,101 (Dec. 31, 2013: €5,430,256) or 9.23 percent (Dec. 31, 2013: 6.25 percent) of the share capital.

As of September 30, 2015 Software AG held 696,799 (Sept. 30, 2014: 8,025,101) treasury shares representing an interest of €696,799 (Sept. 30, 2014: €8,025,101) or 0.88 percent (Sept. 30, 2014: 9.23 percent) of the share capital.

The change resulted from above mentioned redemption of 7,943,945 treasury shares and the transfer of 19,300 treasury shares related to the exercise of options under Management Incentive Plan III (MIP III). In addition, Software AG repurchased 634,943 treasury shares (based on a value date) between September 8, 2015 up to and including September 30, 2015 at an average price of €25.65 per share—not including transaction fees (€25.66 including transaction fees)—for a total cost of €16,286 thousand not including transaction fees (€16,291 thousand including transaction fees).

Other Disclosures

Segment Reporting

Segmentation is in accordance with the internal control of the Group. Software AG therefore reports on the following three segments:

- Digital Business Platform
(DBP: integration, business process management and big data with the webMethods, ARIS, Alfabet, Apama and Terracotta product families)
- Adabas & Natural
(A&N: data management with the Adabas & Natural products)
- Consulting
(implementation of Software AG products)

The table below shows the segment data for the first nine months of 2015 and 2014:

Segment report for the nine months ended September 30, 2015, IFRS, unaudited

	Adabas & Natural	
	9m 2015	9m 2014
in € thousands		
Licenses	59,456	52,610
Maintenance	119,893	115,271
Product revenue	179,349	167,881
Services	0	0
Other	445	465
Total revenue	179,794	168,346
Cost of sales	-10,037	-9,318
Gross profit	169,757	159,028
Sales, marketing and distribution expenses	-24,981	-25,750
Segment contribution	144,776	133,278
Research and development expenses	-15,377	-18,407
Segment result	129,399	114,871
General and administrative expenses		
Other taxes		
Operating earnings		
Other income/expense, net		
Financial income/expense, net		
Earnings before income taxes		
Income taxes		
Net income		

Digital Business Platform		Consulting		Reconciliation		Total	
9m 2015	9m 2014	9m 2015	9m 2014	9m 2015	9m 2014	9m 2015	9m 2014
109,494	118,693	0	192			168,950	171,495
184,435	157,732	0	1,983			304,328	274,986
293,929	276,425	0	2,175			473,278	446,481
2	0	141,703	163,549			141,705	163,549
8	0	122	15			575	480
293,939	276,425	141,825	165,739			615,558	610,510
-20,996	-16,556	-112,913	-137,655	-13,911	-18,787	-157,857	-182,316
272,943	259,869	28,912	28,084	-13,911	-18,787	457,701	428,194
-144,630	-135,321	-14,215	-17,947	-13,703	-12,087	-197,529	-191,105
128,313	124,548	14,697	10,137	-27,614	-30,874	260,172	237,089
-63,973	-62,603	0	0	0	0	-79,350	-81,010
64,340	61,945	14,697	10,137	-27,614	-30,874	180,822	156,079
						-50,079	-54,413
						-4,449	-6,150
						126,294	95,516
						-1,408	2,958
						-2,793	-7,602
						122,093	90,872
						-38,657	-27,748
						83,436	63,124

Segment report for the three months ended September 30, 2015, IFRS, unaudited

	Adabas & Natural	
	Q3 2015	Q3 2014
in € thousands		
Licenses	27,507	21,949
Maintenance	39,240	39,259
Product revenue	66,747	61,208
Services	0	0
Other	154	136
Total revenue	66,901	61,344
Cost of sales	- 3,374	- 3,100
Gross profit	63,527	58,244
Sales, marketing and distribution expenses	- 7,939	- 7,816
Segment contribution	55,588	50,428
Research and development expenses	- 4,606	- 5,923
Segment result	50,982	44,505
General and administrative expenses		
Other taxes		
Operating earnings		
Other income/expense, net		
Financial income/expense, net		
Earnings before income taxes		
Income taxes		
Net income		

Digital Business Platform		Consulting		Reconciliation		Total	
Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014	Q3 2015	Q3 2014
41,390	42,235	0	0			68,897	64,184
61,762	54,345	0	27			101,002	93,631
103,152	96,580	0	27			169,899	157,815
0	0	45,736	47,685			45,736	47,685
1	0	81	5			236	141
103,153	96,580	45,817	47,717			215,871	205,641
-7,435	-5,380	-34,327	-37,642	-3,898	-5,290	-49,034	-51,412
95,718	91,200	11,490	10,075	-3,898	-5,290	166,837	154,229
-46,222	-40,806	-4,397	-4,768	-4,504	-4,073	-63,062	-57,463
49,496	50,394	7,093	5,307	-8,402	-9,363	103,775	96,766
-20,517	-21,287	0	0	0	0	-25,123	-27,210
28,979	29,107	7,093	5,307	-8,402	-9,363	78,652	69,556
						-11,135	-19,401
						-1,548	-2,109
						65,969	48,046
						-695	-1,033
						-354	-2,126
						64,920	44,887
						-20,125	-14,485
						44,795	30,402

Contingent Liabilities

As in 2014, there were no reportable contingent liabilities as of September 30, 2015.

The carrying amount of collateral received was €13 thousand (2014: €32 thousand).

Disclosures on leases

The Group's rental agreements and operating leases relate chiefly to office space, vehicles and IT equipment. Lease payments under operating leases are recognized as an expense over the term of the lease.

in € thousands	Up to 1 year	>1 to 5 years	> 5 years	Total
Contractually agreed payments (gross amount)	9,813	50,464	13,008	73,285
Estimated income from subleases	876	3,520	0	4,396
Contractually agreed payments (net amount)	8,937	46,944	13,008	68,889

Seasonal Influences

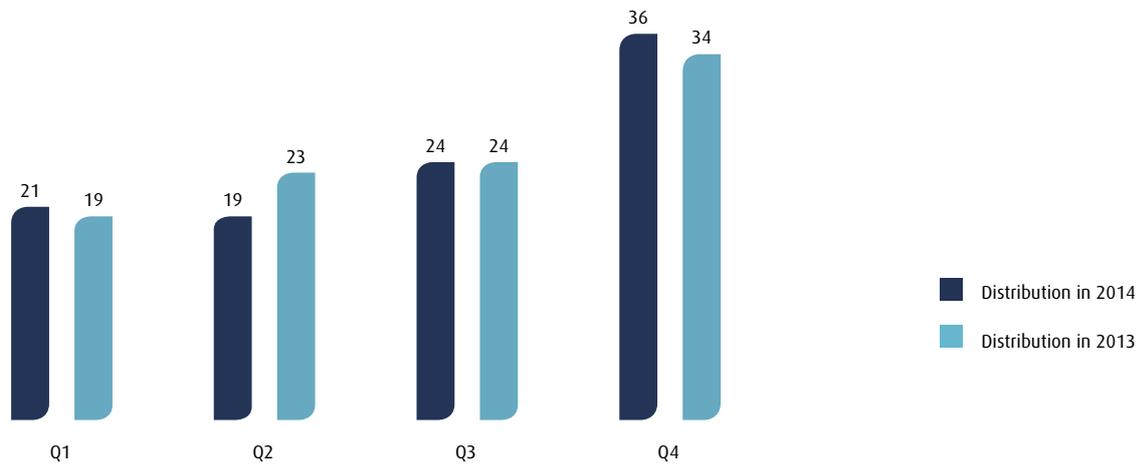
Revenues and pre-tax earnings were distributed over fiscal year 2014 as follows:

in € thousands	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014
License revenue	57,103	50,207	64,184	98,605	270,099
as % of license revenue for the year	21	19	24	36	100
Total revenue	208,886	195,984	205,641	247,323	857,834
as % of revenue for the year	24	23	24	29	100
Earnings before taxes	25,994	19,991	44,887	67,512	158,384
as % of earnings for the year	16	13	28	43	100

Based on historical data, the revenue and earnings distribution from 2014 is not fully representative. The distribution of revenue and earnings is regularly affected by large individual deals and is thus difficult to predict.

The following graph illustrates the development of license revenues in 2014 and 2013.

As % of total annual license revenue



Litigation

All litigation that is potentially significant to Software AG has been described in Note 32 of the 2014 consolidated financial statements. There were no substantial changes in the first three quarters of 2015 with respect to the legal disputes reported, nor were there any new legal disputes or other legal risks that, based on present assessments, could potentially have a significant effect on the company's financial position, financial performance or cash flows.

Provisions for litigation totaled €6,880 thousand (Dec. 31, 2014: €3,295 thousand) as of September 30, 2015. In addition, contingent liabilities in the amount of €25,886 thousand existed (Dec. 31, 2014: €25,100 thousand). But since a resource outflow as of September 30, 2015 was not probable, no provisions were set up. These are also related to specific legal disputes, for which accounting provisions were made.

Stock Option Plans and Stock Appreciation Rights Program

Software AG has various stock option plans for members of the Management Board, managers and other Group employees. Our stock price-based remuneration plans as of March 31, 2015 are described in detail on pages 172–178 of our 2014 Annual Report.

Management Incentive Plan 2015 – MIP V 2015

The rights granted under Management Incentive Plan 2015 (MIP V) changed as follows in the first nine months of the fiscal year:

	Number of rights	Exercise price per right (in €)	Remaining term (in years)
Balance as of December 31, 2014	555,600	0	3.00
Granted	28,050		
Forfeited	-52,300		
Balance as of September 30, 2015	531,350		2.25
Thereof exercisable as of September 30, 2015	0		

**Management Incentive Plan 2011 (MIP IV)
(2011 – 2016)**

The rights granted under Management Incentive Plan 2011 (MIP IV) changed as follows in the first nine months of the fiscal year:

	Number of rights	Exercise price per right (in €)	Remaining term (in years)	Aggregated intrinsic value (in €)
Balance as of December 31, 2014	4,182,500	41.34	6.50	0
Forfeited	-680,000	41.34		
Balance as of September 30, 2015	3,502,500	41.34	5.75	0
Thereof exercisable as of September 30, 2015	0			

Due to management's expectation that the plan's defined revenue targets will not be met, income in the amount of the expense accumulated to date (€15.6 million) was recognized for the third quarter. The plan's target required Group revenue for new products to double by 2015 as compared to fiscal year 2010. Please refer to Note 33 on page 173 of our 2014 Annual Report for a detailed description of the plan's targets.

Management Incentive Plan 2007 (MIP III)

(2007–2011)

The rights granted under Management Incentive Plan 2007 (MIP III) changed as follows in the first nine months of the fiscal year:

	Number of rights	Exercise price per right (in €)	Remaining term (in years)	Aggregated intrinsic value (in €)
Balance as of December 31, 2014	1,719,800	24.12	4.50	0
Exercised (in Q3)	-19,300	24.12		
Forfeited	-11,000	24.12		
Balance as of September 30, 2015	1,689,500	24.12	3.75	3.328^{*)}
Thereof exercisable as of September 30, 2015	1,689,500	24.12		

*) Based on the closing price on September 30, 2015

Employees

In the first three quarters of 2015 the average number of employees (i.e., part-time employees are taken into account on a pro-rata basis only) by area of activity was as follows:

	Sept. 30, 2015	Sept. 30, 2014
Maintenance and Services	1,832	2,024
Sales and Marketing	943	1,072
Research and Development	970	987
Administration	622	672
	4,367	4,755

In absolute terms (i.e., part-time employees are counted in full), the Group employed 4,547 (Sept. 30, 2014: 4,704) people as of September 30, 2015.

Changes and Information Regarding Corporate Bodies

No changes occurred on the Management Board between January 1, 2015 and September 30, 2015.

As scheduled, Software AG shareholders elected their new representatives to the Supervisory Board at the company's Annual Shareholders' Meeting on May 13, 2015. The new Supervisory Board of Software AG is now composed of the following members:

- Dr. Andreas Bereczky, director of production, ZDF
- Ms. Eun-Kyung Park, CEO, ProSiebenSat.1 TV Deutschland GmbH
- Mr. Alf Henryk Wulf, chairman of the board, Alstom Deutschland AG
- Mr. Markus Ziener, board member, director of asset management, Software AG Foundation

Software AG employees had elected their representatives to the Supervisory Board on May 7, 2015 as follows:

- Mr. Guido Falkenberg, employee representative, Software AG
- Mr. Christian Zimmermann, employee representative, Software AG

In its inaugural session on June 15, 2015, the Supervisory Board elected Dr. Bereczky as its new Chairman and Mr. Guido Falkenberg as Deputy Chairman.

The composition of the Supervisory Board's committees as of June 15, 2015 was as follows:

Committee for Compensation and Succession Issues

Dr. Andreas Bereczky (Chairman)

Guido Falkenberg

Alf Henryk Wulf

Audit Committee

Markus Ziener (Chairman)

Eun-Kyung Park

Christian Zimmermann

Nominating Committee

Dr. Andreas Bereczky (Chairman)

Alf Henryk Wulf

Markus Ziener

Events After the Balance Sheet Date

There were no events that occurred between September 30, 2015 and the date of release of this report that were of significance to the consolidated financial statements.

Date and authorization for issue

Software AG's Management Board approved the consolidated financial statements on November 12, 2015.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable principles of interim financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Darmstadt/Germany, November 12, 2015

Software AG



K.-H. Streibich



E. Duffaut



Dr. W. Jost



A. Zinnhardt

Financial Calendar 2016

January 27

Financial results Q4 2015 and FY 2015 (IFRS, unaudited), Darmstadt, Germany

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