

Software AG

Financial Information

Q4 / 2020

January 27, 2021
(unaudited)

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Key Figures as of December 31, 2020 and 2019

(IFRS, unaudited)

in € millions	12M 2020	12M 2020	12M 2019			Q4 2020	Q4 2020	Q4 2019		
(unless otherwise stated)	(as stated)	(acc ¹)	(as stated)	+/- as %	+/- in % acc ¹	(as stated)	(acc ¹)	(as stated)	+/- as %	+/- in % acc ¹
Revenue	834,8	857,1	890,6	-6%	-4%	237,8	250,8	255,0	-7%	-2%
DBP (incl. Cloud & IoT)	448,5	459,7	474,5	-5%	-3%	135,2	142,2	146,9	-8%	-3%
Thereof DBP (excl. Cloud & IoT)	397,5	408,1	432,2	-8%	-6%	121,9	128,3	135,6	-10%	-5%
Thereof DBP (Cloud & IoT)	51,0	51,5	42,3	21%	22%	13,4	13,8	11,3	18%	22%
A&N	222,8	231,9	228,9	-3%	1%	65,8	70,4	59,2	11%	19%
Licenses	217,2	224,9	245,1	-11%	-8%	87,2	92,4	88,2	-1%	5%
Maintenance	422,6	434,5	435,0	-3%	0%	104,6	110,7	111,0	-6%	0%
SaaS	31,3	31,9	22,7	38%	41%	9,1	9,5	6,6	38%	43%
Group Bookings	489,7	506,8	407,8	20%	24%	188,2	199,2	152,0	24%	31%
Bookings DBP (incl. Cloud & IoT) ⁵	360,7	372,8	307,0	17%	21%	138,4	146,3	122,8	13%	19%
Thereof DBP (excl. Cloud & IoT) ⁵	261,5	272,1	241,1	8%	13%	112,5	119,4	103,7	9%	15%
Thereof DBP (Cloud & IoT) ⁵	99,2	100,7	65,9	50%	53%	25,9	26,9	19,1	35%	41%
Bookings A&N ⁵	129,0	134,0	100,8	28%	33%	49,8	52,9	29,2	71%	81%

	Dec. 31, 2020	Dec. 31, 2020 acc ¹	Dec. 31, 2019	12/20-12/19	
				+/- as %	+/- in % acc ¹
Group ARR	508,1	539,6	491,3	3%	10%
DBP (incl. Cloud & IoT) ⁴	358,8	379,0	340,0	6%	11%
A&N	149,3	160,6	151,3	-1%	6%

	12M 2020	12M 2019	+/- as %	Q4 2020	Q4 2019	+/- as %
Operating EBITA (non-IFRS)	177,0	260,3	-32%	62,5	84,2	-26%
<i>as % of revenue</i>	21,2%	29,2%		26,3%	33,0%	
DBP segment earnings	68,9	130,6	-47%	29,8	50,2	-41%
<i>Segment margin</i>	15,4%	27,5%		22,0%	34,2%	
A&N segment earnings	148,7	159,8	-7%	46,9	40,2	17%
<i>Segment margin</i>	66,7%	69,8%		71,3%	68,0%	
EBIT (IFRS)	136,4	214,8	-37%	50,8	65,9	-23%
Net income (non-IFRS)	125,4	188,1	-33%	50,0	61,6	-19%
Earnings per share (non-IFRS)²	1,69	2,54	-33%	0,68	0,83	-19%
Operating cash flow	112,5	172,0	-35%	13,5	48,0	-72%
CapEx ³	-9,3	-10,0	-7%	2,4	-0,5	
Repayments of lease liabilities	-15,6	-16,2	-4%	-3,9	-4,6	-15%
Free cash flow	87,6	145,8	-40%	12,1	42,9	-72%
Free cash flow per share	1,18	1,97	-40%	0,16	0,58	-72%

Balance sheet	Dec. 31, 2020	Dec. 31, 2019	+/- as %
Total assets	2.039,9	2.116,1	-4%
Cash and cash equivalents	480,0	513,6	-7%
Net cash	220,1	217,0	1%
Employees (FTE)	4.700⁶	4.948	-5%

¹ acc = At constant currency

² Based on weighted average shares outstanding (basic) 12M 2020: 74.0 mn / 12M 2019: 74.0 mn / Q4 2020 74.0 mn / Q4 2019: 74.0 mn

³ Cash flow from investing activities adjusted for acquisitions and investments in debt instruments

⁴ Annual recurring revenue

⁵ Bookings according to 2020 definition

⁶ Excl. 438 FTE for sold Spanish Prof. Services unit

Because the figures in this report are stated in accordance with commercial rounding principles, totals and percentages may not always be exact.

Consolidated Income Statement for the Twelve Months Ended December 31, 2020 and 2019
(IFRS, unaudited)

in € thousands	12M 2020	12M 2019	+/- as %	Q4 2020	Q4 2019	+/- as %
Licenses	217.217	245.100	-11%	87.247	88.204	-1%
Maintenance	422.552	434.959	-3%	104.629	111.022	-6%
SaaS	31.300	22.651	38%	9.125	6.630	38%
Services	163.561	187.196	-13%	36.831	48.955	-25%
Other	216	701	-69%	1	205	-100%
Total revenue	834.846	890.607	-6%	237.833	255.016	-7%
Costs of sales	-197.221	-203.095	-3%	-47.245	-55.037	-14%
Gross profit	637.625	687.512	-7%	190.588	199.979	-5%
Research and development expenses	-143.926	-131.269	10%	-35.202	-34.825	1%
Sales, marketing and distribution expenses	-272.600	-265.012	3%	-78.251	-75.510	4%
General and administrative expenses	-76.794	-74.767	3%	-20.129	-20.430	-1%
Other income	30.805	15.100	104%	7.707	2.930	163%
Other expense	-38.732	-16.721	132%	-13.933	-6.195	125%
Other taxes	-5.932	-6.805	-13%	-2.277	-2.705	-16%
Operating profit	130.446	208.038	-37%	48.503	63.244	-23%
Financing income	8.401	13.299	-37%	1.977	3.662	-46%
Financing expenses	-5.263	-6.218	-15%	-1.662	-1.493	11%
Net financial income/expenses	3.138	7.081	-56%	315	2.169	-85%
Earnings before income taxes	133.584	215.119	-38%	48.818	65.413	-25%
Income taxes	-37.479	-59.802	-37%	-8.478	-17.201	-51%
Net income	96.105	155.317	-38%	40.340	48.212	-16%
Thereof attributable to shareholders of Software AG	95.706	154.974	-38%	40.129	48.066	-17%
Thereof attributable to non-controlling interests	399	343		211	146	
Earnings per share (€, basic)	1,29	2,09	-38%	0,54	0,65	-17%
Earnings per share (€, diluted)	1,29	2,09	-38%	0,54	0,65	-17%
Weighted average number of shares outstanding (basic)	73.979.889	73.979.889	-	73.979.889	73.979.889	-
Weighted average number of shares outstanding (diluted)	73.979.889	73.979.889	-	73.979.889	73.979.889	-

Consolidated Balance Sheet as of December 31, 2020 and December 31, 2019
(IFRS, unaudited)

Assets (in € thousands)	Dec. 31, 2020	Dec. 31, 2019
Current assets		
Assets held for sale	0	4.795
Cash and cash equivalents	479.982	513.632
Other financial assets	7.368	5.720
Trade receivables, contract assets and other receivables	211.790	206.596
Other non-financial assets	28.692	26.299
Income tax receivables	30.207	18.943
	758.039	775.985
Non-current assets		
Intangible assets	99.282	116.601
Goodwill	947.370	980.088
Property, plant and equipment	82.349	103.977
Investment property	6.917	0
Other financial assets	17.742	17.078
Trade receivables, contract assets and other receivables	95.500	96.544
Other non-financial assets	7.136	3.024
Income tax receivables	11.114	10.835
Deferred tax receivables	14.458	11.955
	1.281.868	1.340.102
Total Assets	2.039.907	2.116.087
Equity and Liabilities (in € thousands)	Dec. 31, 2020	Dec. 31, 2019
Current liabilities		
Liabilities from assets held for sale	0	5.092
Financial liabilities	16.415	96.389
Trade and other payables	47.050	35.793
Other non-financial liabilities	138.172	116.367
Other provisions	38.825	38.099
Income tax liabilities	33.293	35.569
Contractual obligations / deferred income	118.295	140.893
	392.050	468.202
Non-current liabilities		
Financial liabilities	243.519	200.225
Trade and other payables	139	90
Other non-financial liabilities	1.209	1.343
Other provisions	11.077	7.360
Provisions for pensions and similar obligations	55.439	47.963
Income tax liabilities	2.135	2.643
Deferred tax liabilities	8.049	10.594
Contractual obligations / deferred income	13.765	20.212
	335.332	290.430
Equity		
Share capital	74.000	74.000
Capital reserves	22.580	22.580
Retained earnings	1.341.738	1.302.257
Other reserves	-125.772	-41.304
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.311.789	1.356.776
Non-controlling interests	736	679
	1.312.525	1.357.455
Total Equity and Liabilities	2.039.907	2.116.087

Consolidated Statement of Cash Flows for the Twelve Months Ended December 31, 2020 and 2019
(IFRS, unaudited)

in € thousands	12M 2020	12M 2019	Q4 2020	Q4 2019
Net income	96.105	155.317	40.340	48.212
Income taxes	37.479	59.802	8.478	17.201
Net financial income/expense	-3.138	-7.081	-315	-2.169
Amortization/depreciation of non-current assets	39.927	47.451	9.758	11.925
Payments for optional cash-settled claims to share-based compensation	0	-32	0	0
Other non-cash income/expense	235	5.304	-1.310	5.231
Changes in receivables and other assets	-5.689	-31.092	-40.573	-51.224
Changes in payables and other liabilities	1.864	973	16.899	37.708
Income taxes paid/received	-57.056	-65.685	-19.848	-20.891
Interest paid	-5.698	-6.220	-1.873	-1.584
Interest received	8.419	13.299	1.964	3.658
Net cash flow from operating activities	112.448	172.036	13.520	48.067
Proceeds from the sale of property, plant and equipment/intangible assets	1.361	1.624	0	60
Purchase of property, plant and equipment/intangible assets	-9.475	-11.634	0	-2.132
Proceeds from the sale of non-current financial assets	2.643	2.060	2.642	1.570
Purchase of non-current financial assets	-3.828	-1.989	-200	-51
Proceeds from the sale of current financial assets	403	809	97	491
Purchase of current financial assets	-630	-953	-86	-76
Net proceeds from disposal of assets held for sale	-738	0	-866	0
Net payments for acquisitions	0	-5.135	0	0
Net cash flow from investing activities	-10.264	-15.218	1.587	-138
Dividends paid	-56.567	-52.846	0	0
Proceeds/payments for current financial liabilities	-52.776	-49.353	-50.706	-39.804
Repayments of lease liabilities	-15.572	-16.249	-3.861	-4.601
New non-current financial liabilities	50.096	0	0	0
Repayment of non-current financial liabilities	-25.004	-5	-3	0
Net cash flow from financing activities	-99.823	-118.453	-54.570	-44.405
Change in cash and cash equivalents	2.361	38.365	-39.463	3.524
Change in cash and cash equivalents from currency translation	-36.011	12.905	-12.026	-8.814
Net change in cash and cash equivalents	-33.650	51.270	-51.489	-5.290
Cash and cash equivalents at beginning of period	513.632	462.362	531.471	518.922
Cash and cash equivalents at end of period	479.982	513.632	479.982	513.632
Free cash flow	87.577	145.848	12.101	42.913

Segment Report for the Twelve Months Ended December 31, 2020 and 2019

(IFRS, unaudited)

in € thousands	DBP (incl. Cloud & IoT)			A&N			Professional Services			Reconciliation		TOTAL		
	12M 2020	12M 2020	12M 2019	12M 2020	12M 2020	12M 2019	12M 2020	12M 2020	12M 2019	12M 2020	12M 2019	12M 2020	12M 2020	12M 2019
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	as stated	as stated	at constant currency	as stated
Licenses	135.810	140.371	163.893	81.407	84.570	81.207	0	0	0	0	0	217.217	224.941	245.100
Maintenance	281.372	287.426	287.926	141.180	147.097	147.033	0	0	0	0	0	422.552	434.523	434.959
SaaS	31.300	31.853	22.651	0	0	0	0	0	0	0	0	31.300	31.853	22.651
Product revenue	448.482	459.650	474.470	222.587	231.667	228.240	0	0	0	0	0	671.069	691.317	702.710
Services	0	0	0	0	0	0	163.561	165.537	187.196	0	0	163.561	165.537	187.196
Other	1	1	0	215	215	701	0	0	0	0	0	216	216	701
Total revenue	448.483	459.651	474.470	222.802	231.882	228.941	163.561	165.537	187.196	0	0	834.846	857.070	890.607
Cost of sales	-50.481	-51.006	-40.579	-8.279	-8.529	-8.069	-130.506	-131.679	-146.224	-7.955	-8.223	-197.221		-203.095
Gross profit	398.002	408.645	433.891	214.523	223.353	220.872	33.055	33.858	40.972	-7.955	-8.223	637.625		687.512
Sales, marketing and distribution expenses	-215.980	-221.244	-198.226	-35.014	-36.141	-34.874	-15.373	-15.626	-18.235	-6.233	-13.677	-272.600		-265.012
Segment contribution	182.022	187.401	235.665	179.509	187.212	185.998	17.682	18.232	22.737	-14.188	-21.900	365.025		422.500
Research and development expenses	-113.071	-113.004	-105.104	-30.855	-30.763	-26.165	0	0	0	0	0	-143.926		-131.269
Segment earnings	68.951	74.397	130.561	148.654	156.449	159.833	17.682	18.232	22.737	-14.188	-21.900	221.099		291.231
General and administrative expenses												-76.794		-74.767
Other income												30.805		15.100
Other expense												-38.732		-16.721
Other taxes												-5.932		-6.805
Operating profit												130.446		208.038
Finance income												8.401		13.299
Finance cost												-5.263		-6.218
Finance income, net												3.138		7.081
Earnings before income taxes												133.584		215.119
Income taxes												-37.479		-59.802
Net income												96.105		155.317

Segment Report for the Fourth Quarter 2020 and 2019

(IFRS, unaudited)

in € thousands	DBP (incl. Cloud & IoT)			A&N			Professional Services			Reconciliation		TOTAL		
	Q4 2020	Q4 2020	Q4 2019	Q4 2020	Q4 2020	Q4 2019	Q4 2020	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2020	Q4 2019
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	as stated	as stated	at constant currency	as stated
Licenses	56.506	59.590	65.967	30.741	32.781	22.237	0	0	0	0	0	87.247	92.371	88.204
Maintenance	69.580	73.096	74.260	35.049	37.643	36.762	0	0	0	0	0	104.629	110.739	111.022
SaaS	9.125	9.466	6.630	0	0	0	0	0	0	0	0	9.125	9.466	6.630
Product revenue	135.211	142.152	146.857	65.790	70.424	58.999	0	0	0	0	0	201.001	212.576	205.856
Services	0	0	0	0	0	0	36.831	38.266	48.955	0	0	36.831	38.266	48.955
Other	1	1	0	0	0	205	0	0	0	0	0	1	1	205
Total revenue	135.212	142.153	146.857	65.790	70.424	59.204	36.831	38.266	48.955	0	0	237.833	250.843	255.016
Cost of sales	-14.289	-14.739	-11.681	-1.649	-1.748	-2.336	-29.349	-30.430	-39.011	-1.958	-2.009	-47.245		-55.037
Gross profit	120.923	127.414	135.176	64.141	68.676	56.868	7.482	7.836	9.944	-1.958	-2.009	190.588		199.979
Sales, marketing and distribution expenses	-63.181	-66.398	-57.263	-10.025	-10.633	-9.474	-3.596	-3.744	-5.329	-1.449	-3.444	-78.251		-75.510
Segment contribution	57.742	61.016	77.913	54.116	58.043	47.394	3.886	4.092	4.615	-3.407	-5.453	112.337		124.469
Research and development expenses	-27.966	-28.669	-27.664	-7.236	-7.290	-7.161	0	0	0	0	0	-35.202		-34.825
Segment earnings	29.776	32.347	50.249	46.880	50.753	40.233	3.886	4.092	4.615	-3.407	-5.453	77.135		89.644
General and administrative expenses												-20.129		-20.430
Other income												7.707		2.930
Other expense												-13.933		-6.195
Other taxes												-2.277		-2.705
Operating profit												48.503		63.244
Finance income												1.977		3.662
Finance cost												-1.662		-1.493
Finance income, net												315		2.169
Earnings before income taxes												48.818		65.413
Income taxes												-8.478		-17.201
Net income												40.340		48.212

Segment DBP with Revenue Split for the Twelve Months Ended December 31, 2020 and 2019

(IFRS, unaudited)

in € thousands	DBP (Cloud & IoT)			DBP (excl. Cloud & IoT)			DBP (incl. Cloud & IoT)		
	12M 2020	12M 2020	12M 2019	12M 2020	12M 2020	12M 2019	12M 2020	12M 2020	12M 2019
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated
Licenses	10.942	10.866	12.624	124.868	129.505	151.269	135.810	140.371	163.893
Maintenance	8.776	8.785	6.992	272.596	278.641	280.934	281.372	287.426	287.926
SaaS	31.300	31.853	22.651	0	0	0	31.300	31.853	22.651
Product revenue	51.018	51.504	42.267	397.464	408.146	432.203	448.482	459.650	474.470
Services	0	0	0	0	0	0	0	0	0
Other	0	0	0	1	1	0	1	1	0
Total revenue	51.018	51.504	42.267	397.465	408.147	432.203	448.483	459.651	474.470
Cost of sales							-50.481	-51.006	-40.579
Gross profit							398.002	408.645	433.891
Sales, marketing and distribution expenses							-215.980	-221.244	-198.226
Segment contribution							182.022	187.401	235.665
Research and development expenses							-113.071	-113.004	-105.104
Segment earnings							68.951	74.397	130.561

Segment DBP with Revenue Split for the Fourth Quarter 2020 and 2019

(IFRS, unaudited)

in € thousands	DBP (Cloud & IoT)			DBP (excl. Cloud & IoT)			DBP (incl. Cloud & IoT)		
	Q4 2020	Q4 2020	Q4 2019	Q4 2020	Q4 2020	Q4 2019	Q4 2020	Q4 2020	Q4 2019
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated
Licenses	1.850	1.932	2.641	54.656	57.658	63.326	56.506	59.590	65.967
Maintenance	2.383	2.413	2.023	67.197	70.683	72.237	69.580	73.096	74.260
SaaS	9.125	9.466	6.630	0	0	0	9.125	9.466	6.630
Product revenue	13.358	13.811	11.294	121.853	128.341	135.563	135.211	142.152	146.857
Services	0	0	0	0	0	0	0	0	0
Other	0	0	0	1	1	0	1	1	0
Total revenue	13.358	13.811	11.294	121.854	128.342	135.563	135.212	142.153	146.857
Cost of sales							-14.289	-14.739	-11.681
Gross profit							120.923	127.414	135.176
Sales, marketing and distribution expenses							-63.181	-66.398	-57.263
Segment contribution							57.742	61.016	77.913
Research and development expenses							-27.966	-28.669	-27.664
Segment earnings							29.776	32.347	50.249

Statement of Comprehensive Income for the Twelve Months Ended December 31, 2020 and 2019

(IFRS, unaudited)

in € thousands	12M 2020	12M 2019	Q4 2020	Q4 2019
Net income	96.105	155.317	40.340	48.212
Currency translation differences from foreign operations	-78.113	32.494	-24.065	-22.133
Net profit/(loss) from cash flow hedges	-125	1.258	-3.403	1.960
Currency translation gain/loss from net investments in foreign operations	1	-1.736	0	-2.582
Items to be reclassified to the income statement if certain conditions are met	-78.237	32.016	-27.468	-22.755
Net profit/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	217	-1.514	35	132
Net actuarial gain/loss on pension obligations	-6.448	-12.668	-8.889	-12.733
Items not to be reclassified to the income statement	-6.231	-14.182	-8.854	-12.601
Gain/loss recognized in equity	-84.468	17.834	-36.322	-35.356
Total comprehensive income	11.637	173.151	4.018	12.856
Thereof attributable to shareholders of Software AG	11.238	172.808	3.807	12.709
Thereof attributable to non-controlling interests	399	343	211	147

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