

# Q1 2021 Results

Earnings Call Presentation

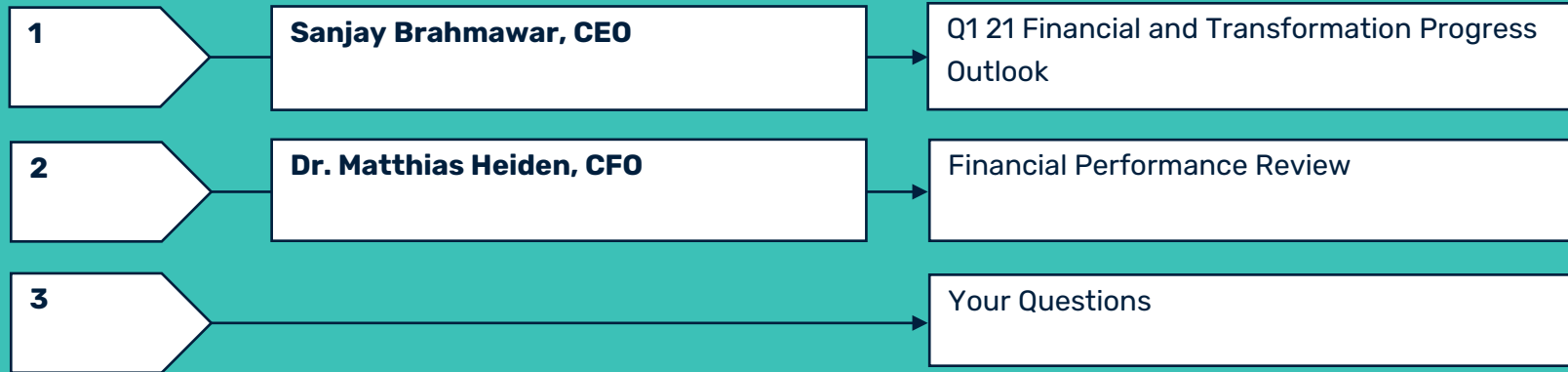
Sanjay Brahmawar  
Dr. Matthias Heiden  
23 April 2021

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# Agenda

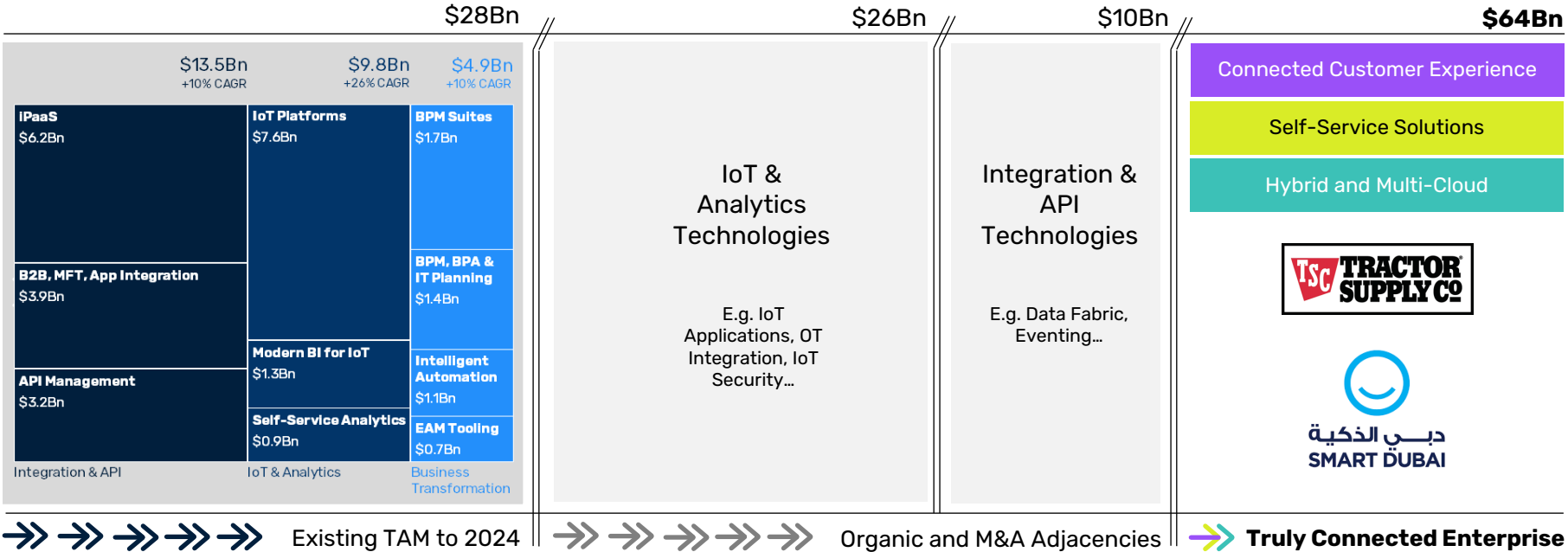


# Sanjay Brahmawar

## CEO

# Toward and beyond 2023

Already shaping and unlocking the \$64Bn Truly Connected Enterprise opportunity



# Q1 headline numbers

Performing in line with our 2021 plan

## Digital Bookings

+21% driven by strong demand

€67.4m

## Operating Margin (EBITA, non-IFRS)

Reflecting incremental Helix investment

13.4%

## A&N Bookings

In-line with expected A&N phasing

€21.4m

## Sub/SaaS % Digital Bookings

Continued strong progress

81%

## Total Product Revenue

A&N impact and subscription shift

€146.5m

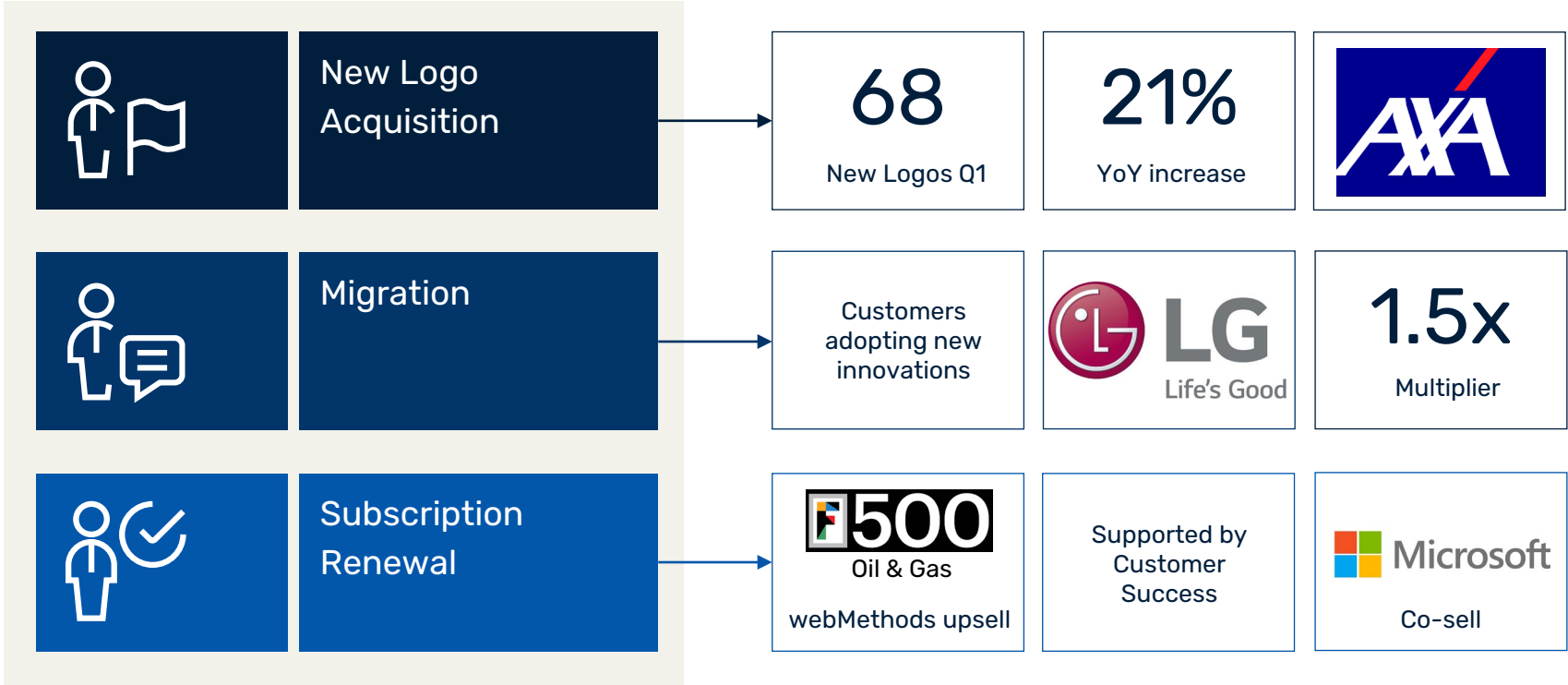
## Recurring Revenue

Ahead of 2023 85% target

89%

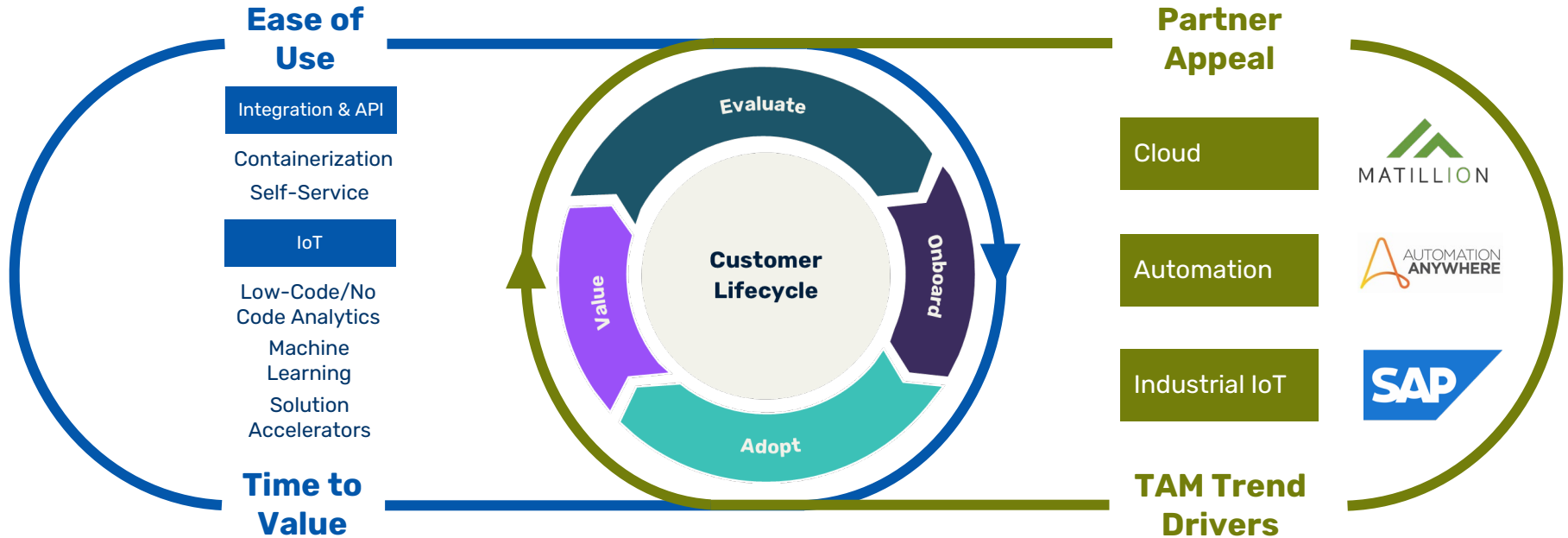
# Acceleration in action

Pursuing multiple drivers for business growth



# Focus

Product powers our acceleration



Powerful combination of product independence, strength and depth supporting new business acquisition



# Execution

## Investing with impact

### DACH

- Mittelstand program proving highly effective
- 5 deals closed in Q1
- >70 new logos in pipeline

### NAM

- Marketing investment targeting 500 key accounts
- c.1 year of MQLs anticipated

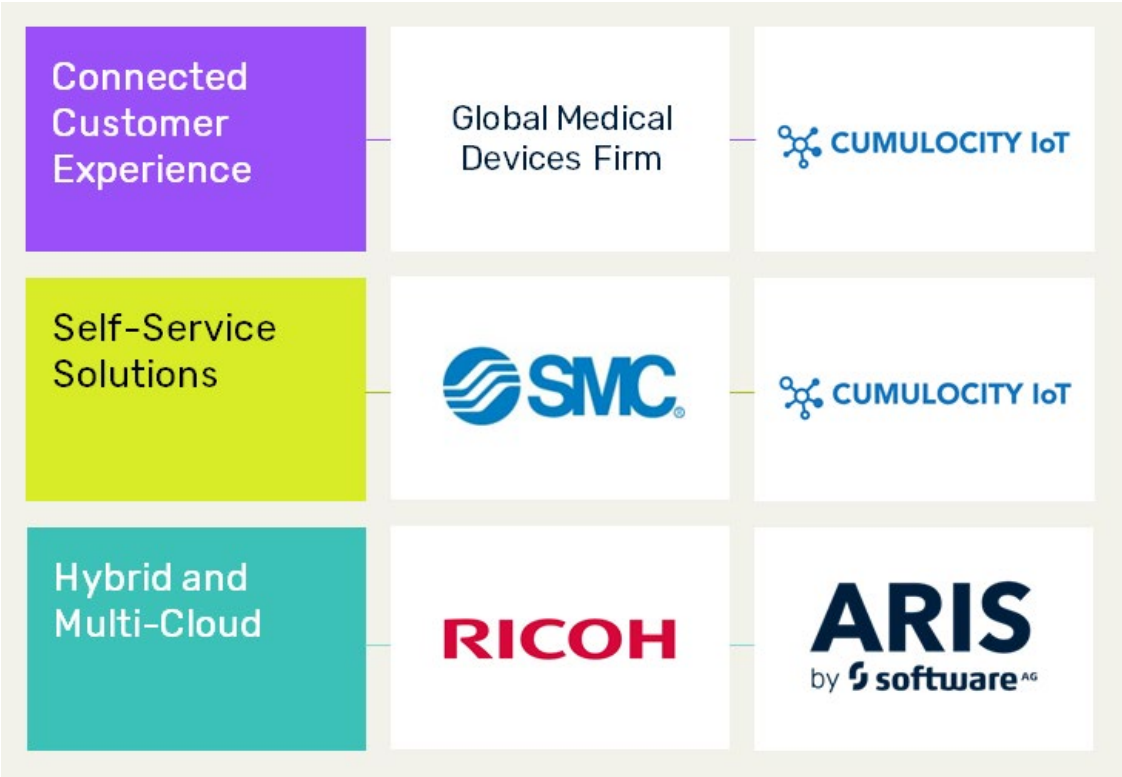
### Partner Ecosystem

- Incremental digital business bookings up >50%
- >200 new partner opportunities registered in Q1

The screenshot shows a Reuters news article. At the top, the Reuters logo is on the left, and navigation links for 'World', 'Business', 'Markets', 'Breakingviews', 'Video', and 'More' are on the right. Below the navigation is a large banner advertisement for software AG with the text 'SEAMLESS CONNECTIONS MORE INSPIRATIONS' and 'From the court to couture, we empower 70% of the Fortune 1000.' The main article title is 'Reuters names Alessandra Galloni as its next editor-in-chief'. Below the title, it says 'By Reuters Staff' and '9 MIN READ'. There are social media icons for Facebook and Twitter. The article text begins with '(Reuters) - Reuters News has named one of its top editors, Alessandra Galloni, as its next editor-in-chief, the first woman to lead the globe-spanning news agency in its 170-year history.' An 'ADVERTISEMENT' label is visible in the bottom right corner of the article area.

# Execution

Bringing the Truly Connected Enterprise to life



# Team

Strength and support



## Leadership Strength

New CMO and APJ Leader in position



## Leadership Learning

>50% people managers enrolled on Learning Journey Program



## The New Normal

Ensuring the flexibility and adaptability of hybrid work

# Guidance

FY 2021 expectations maintained

	FY 2020 <i>(in €m)</i>	FY2021 Outlook <i>(in %)</i>
Digital Business bookings	€360.7m	+15% to +25% <sup>1</sup>
A&N bookings	€129.0m	-30% to -20% <sup>1</sup>
Total Product Revenue	€671.1m	0% to +5% <sup>1</sup>
Operating Margin (EBITA, non-IFRS) <sup>2</sup>	21.2%	16% to 18%

<sup>1</sup> at constant currency

<sup>2</sup> adjusted for non-operating factors (see non-IFRS earnings definition)

# Dr. Matthias Heiden

## CFO

# Session Outline

A quarter of solid performance in line with our plan

**1**



**2**



**3**

**Bookings performance**

**Product revenue  
development**

**Cost base and margin**

# Q1 Bookings Performance

Growth driven by Digital Business and subscription shift

## Group Bookings

(in €m)

	Q1 2021	Q1 2020	Δ%	Δ% acc
Subscription	46.9	33.1	42%	50%
SaaS	13.8	8.4	63%	69%
Perpetual	28.1	48.6	-42%	-39%
<b>Total Bookings</b>	<b>88.8</b>	<b>90.1</b>	<b>-1%</b>	<b>4%</b>
<i>thereof Renewals</i>	<i>14.5</i>	<i>6.8</i>	<i>114%</i>	<i>130%</i>

## Digital Business Bookings

(in €m)

	Q1 2021	Q1 2020	Δ%	Δ% acc
Subscription	40.8	31.6	29%	34%
SaaS	13.8	8.3	65%	71%
Perpetual	12.8	18.0	-29%	-25%
<b>Total Bookings</b>	<b>67.4</b>	<b>58.0</b>	<b>16%</b>	<b>21%</b>
<i>thereof Renewals</i>	<i>13.1</i>	<i>6.8</i>	<i>94%</i>	<i>103%</i>

# Q1 A&N Bookings Performance

A&N performance in line with expected dynamics given tough Q1 2020 comparator

(in €m)

	Q1 2021	Q1 2020	Δ%	Δ% acc
Subscription	6.1	1.6	320%	395%
Perpetual	15.3	30.6	-50%	-48%
<b>Total Bookings</b>	<b>21.4</b>	<b>32.1</b>	<b>-33%</b>	<b>-28%</b>
<i>thereof Renewals</i>	<i>1.4</i>	<i>0.0</i>	<i>-</i>	<i>-</i>



# Q1 Digital Business Product Revenue Performance

Digital recurring revenue up 5%; Product Revenue flat as subscription shift continues

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
Subscription	30.2	19.2	57%	62%
SaaS	9.5	6.9	37%	42%
Maintenance from Perpetual Licenses	53.3	66.0	-19%	-15%
<b>Total Recurring Revenue</b>	<b>93.0</b>	<b>92.1</b>	<b>1%</b>	<b>5%</b>
Perpetual Licenses	5.9	11.4	-48%	-45%
<b>Total Product Revenue</b>	<b>98.9</b>	<b>103.5</b>	<b>-4%</b>	<b>0%</b>

# Q1 A&N Product Revenue Performance

Revenue performance in line with expected phasing of A&N business and year-on-year comparison

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
Subscription	4.9	1.3	267%	298%
Maintenance from Perpetual Licenses	31.8	35.2	-10%	-3%
<b>Total Recurring Revenue</b>	<b>36.7</b>	<b>36.6</b>	<b>0%</b>	<b>8%</b>
Perpetual Licenses	10.8	20.8	-48%	-45%
<b>Total Product Revenue</b>	<b>47.5</b>	<b>57.4</b>	<b>-17%</b>	<b>-12%</b>

# Group Product Revenue Performance

Increasing share of subscription and SaaS

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
Subscription	35.1	20.5	71%	77%
SaaS	9.5	6.9	37%	42%
Maintenance from Perpetual Licenses	85.1	101.2	-16%	-11%
<b>Total Recurring Revenue</b>	<b>129.7</b>	<b>128.7</b>	<b>1%</b>	<b>6%</b>
Perpetual Licenses	16.7	32.3	-48%	-45%
<b>Total Product Revenue</b>	<b>146.5</b>	<b>160.9</b>	<b>-9%</b>	<b>-4%</b>

# Professional Services Performance\*

Solid performance indicating improving market conditions

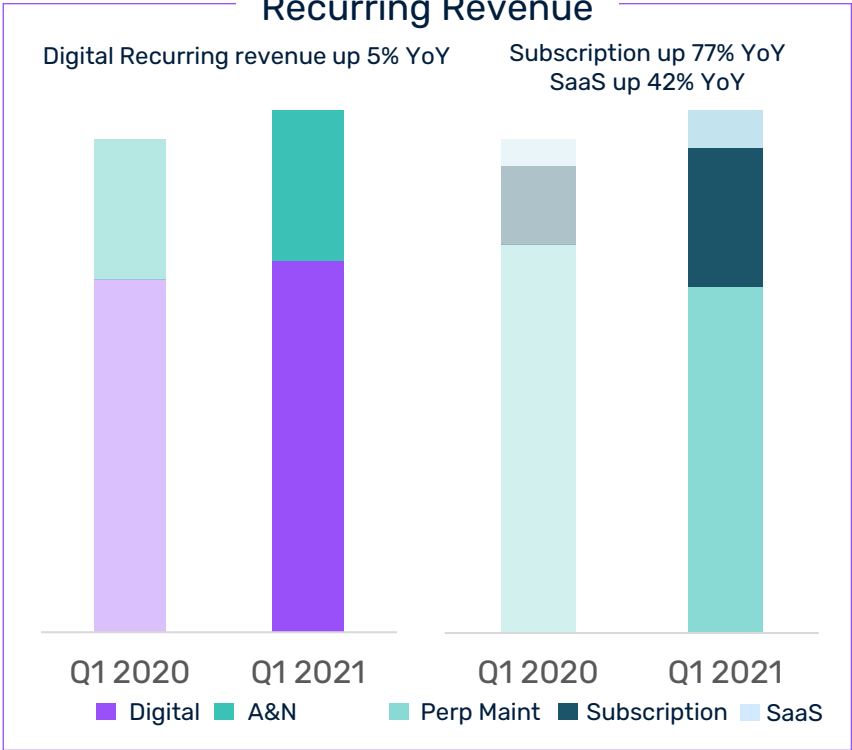
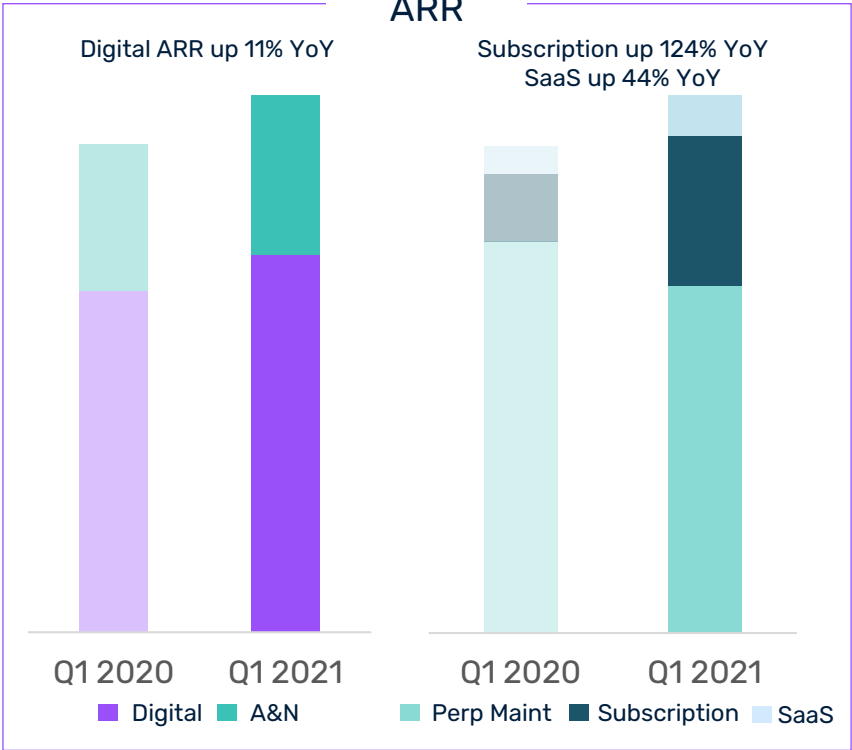
<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
<b>Total revenue</b>	<b>36.7</b>	<b>46.0</b>	<b>-20%</b>	<b>-17%</b>
Cost of sales	-27.2	-39.2	-31%	-28%
<b>Gross profit</b>	<b>9.5</b>	<b>6.8</b>	<b>41%</b>	<b>46%</b>
Sales & Marketing	-3.1	-4.4	-29%	-27%
<b>Segment result</b>	<b>6.4</b>	<b>2.4</b>	<b>170%</b>	<b>181%</b>
<i>Margin in %</i>	<i>17.4%</i>	<i>5.1%</i>		

\* Q1 2021 results affected by disposal of the Spanish unit at June 30, 2020.

**NB:** while we continue to sell software in Spain and support our customers through our in-market partner, Q2 of this year is the last time our Spanish Professional Services business will be present in the comparison of quarterly results.

# Recurring Revenue and ARR\*

Growth in high quality and highly predictable revenue



\*All growth rates at constant currency

# Q1 Cost Base & Margin

Helix investments to continue, no change to FY margin ambition

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
<b>Total revenue (group)</b>	<b>183.1</b>	<b>207.0</b>	<b>-12%</b>	<b>-7%</b>
Cost of sales	-46.3	-55.3	-16%	-14%
<b>Gross profit</b>	<b>136.8</b>	<b>151.8</b>	<b>-10%</b>	<b>-5%</b>
<i>Margin in %</i>	<i>74.7%</i>	<i>73.3%</i>		
Research & Development	-38.5	-36.5	6%	8%
Sales & Marketing	-62.2	-66.0	-6%	-2%
Administration	-20.5	-21.4	-4%	-1%
Other income / expense	-0.3	0.9		
<b>EBIT</b>	<b>15.3</b>	<b>28.7</b>	<b>-47%</b>	<b>-34%</b>
<i>Margin in %</i>	<i>8.4%</i>	<i>13.9%</i>		
<b>EBITA (Non-IFRS)</b>	<b>24.5</b>	<b>39.7</b>	<b>-38%</b>	
<i>in % of revenue (Non-IFRS)</i>	<i>13.4%</i>	<i>19.2%</i>		

# Cash flow

Free Cash Flow follows expected trajectory with lower profit impacting result

(in €m)

	Q1 2021	Q1 2020	Δ%
<b>Operating Cash Flow</b>	47.0	61.5	-24%
./. CapEx* (long-term, non-current)	-3.9	-5.5	
./. Repayment of lease liabilities**	-3.3	-4.0	
<b>Free Cash Flow</b>	39.8	52.0	-23%
<i>in % of revenue</i>	21.7%	25.1%	
<b>Free Cash Flow per share***</b>	0.54€	0.70€	-22%

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

\*\* New reporting line due to IFRS 16

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

# Summary

Looking ahead with positivity to the remainder of 2021

**1**

Digital business and  
subscription shift driving  
performance



**2**

Growth acceleration  
moving forward as  
planned



**3**

Confident in 2021  
guidance



# Q&A



# PRODUCT BOOKINGS | ARR | REVENUE (GROUP)

## Q1 2021

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc	
Subscription	46.9	33.1	42%	50%	Bookings
SaaS	13.8	8.4	63%	69%	
Perpetual	28.1	48.6	-42%	-39%	
<b>Total Bookings</b>	<b>88.8</b>	<b>90.1</b>	<b>-1%</b>	<b>4%</b>	
<i>thereof Renewals</i>	<i>14.5</i>	<i>6.8</i>	<i>114%</i>	<i>130%</i>	
Subscription	146.6	67.0	119%	124%	ARR
SaaS	39.6	28.0	42%	44%	
Maintenance from Perpetual Licenses	336.4	392.8	-14%	-11%	
<b>Total ARR (as of quarter end)</b>	<b>522.6</b>	<b>487.8</b>	<b>7%</b>	<b>10%</b>	
Subscription	35.1	20.5	71%	77%	Revenue
SaaS	9.5	6.9	37%	42%	
Maintenance from Perpetual Licenses	85.1	101.2	-16%	-11%	
<b>Total Recurring Revenue</b>	<b>129.7</b>	<b>128.7</b>	<b>1%</b>	<b>6%</b>	
Perpetual Licenses	16.7	32.3	-48%	-45%	
<b>Total Product Revenue</b>	<b>146.5</b>	<b>160.9</b>	<b>-9%</b>	<b>-4%</b>	

# IFRS STANDARD BUSINESS LINE REVENUE REPORTING

## Q1 2021

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
<b>Digital Business</b>				
Licenses	24.9	25.1	-1%	2%
Maintenance	64.5	71.4	-10%	-5%
SaaS / Usage-based	9.5	6.9	37%	42%
<b>Total revenue</b>	<b>98.9</b>	<b>103.5</b>	<b>-4%</b>	<b>0%</b>

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%	Δ% acc
<b>Adabas &amp; Natural</b>				
Licenses	13.6	21.5	-37%	-33%
Maintenance	33.9	36.0	-5%	1%
<b>Total revenue</b>	<b>47.5</b>	<b>57.6</b>	<b>-17%</b>	<b>-12%</b>

# EARNINGS (IFRS)

## Q1 2021

<i>(in €m)</i>	Q1 2021	Q1 2020	Δ%
<b>EBIT (before all taxes)</b>	<b>15.3</b>	<b>28.7</b>	<b>-47%</b>
Financial result	-0.3	1.2	
Profit before taxes	15.0	29.9	-50%
Other taxes	-1.1	-1.2	-9%
Income taxes	-3.7	-8.5	-56%
<i>Tax rate in %</i>	<i>-32.0%</i>	<i>-32.4%</i>	
<b>Net income</b>	<b>10.2</b>	<b>20.2</b>	<b>-50%</b>
<b>EPS in €*</b>	<b>0.14€</b>	<b>0.27€</b>	<b>-50%</b>

\* Weighted average shares outstanding (basic): 74.0m

# AMORTISATION / DEPRECIATION IMPACT (PRELIMINARY)

(in €m)

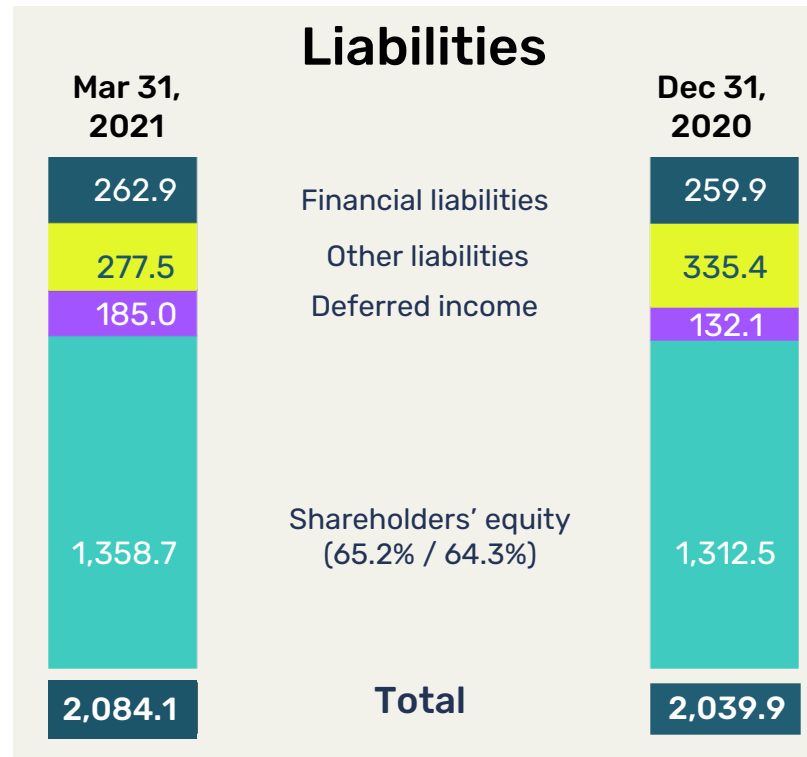
	Q1 2021		FY 2020	FY 2021*	FY 2022*	FY 2023*
Amortisation	-3.9		-14.2	-16.1**	-15.6**	-10.8
Depreciation	-6.0		-25.7	-24.0	-24.0	-24.0

\* Estimated

\*\* incl. 2.2 €m amortisation for IDS trademark

# BALANCE SHEET

(in €m)

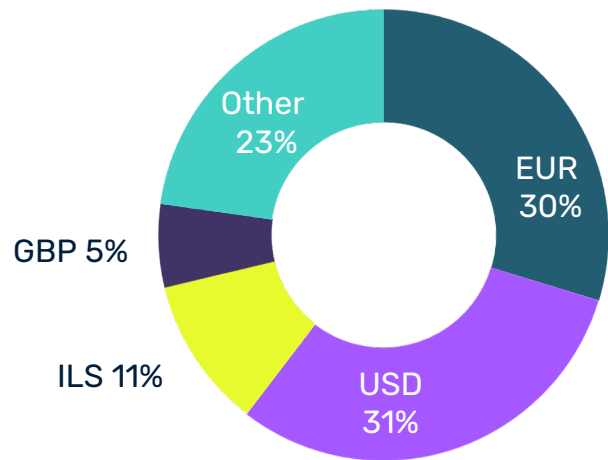


# CURRENCY IMPACT ON REVENUE

## Q1 2021

⇒ 30% revenue in Euro

⇒ 70% revenue in foreign currency



Currency split Q1 2021

## Currency impact on revenue

<i>(in €m; yoy)</i>	Q1 2021	in %
Subscription	-1.3	-4%
SaaS	-0.3	-3%
Perpetual	-5.9	-6%
Professional Services & other	-1.3	-3%
<b>Total</b>	<b>-8.8</b>	<b>-5%</b>



# HEADCOUNT

## BY FUNCTIONAL AREAS\* AND GEOGRAPHY

<i>(in FTE)</i>	Mar 31, 2021	Dec 31, 2020	Δ%	Mar 31, 2020	Δ% yoy
<b>Total</b>	<b>4,669</b>	<b>4,700</b>	<b>-1%</b>	<b>5,005</b>	<b>-7%</b>
Professional Services**	1,491***	1,490***	0%	1,940	-23%
Research & Development	1,475	1,494	-1%	1,434	3%
Sales & Marketing	1,032	1,027	1%	967	7%
Administration	670	689	-3%	664	1%
Germany	1,317	1,314	0%	1,280	3%
USA	603	629	-4%	604	0%
India	1,034	1,043	-1%	1,011	2%
Rest of World	1,714***	1,714***	0%	2,110	-19%

\* According to P&L structure

\*\* incl. Professional Services, Support and Cloud Operations

\*\*\* excl. 438 FTE of sold Professional Service unit in Spain

