

Software AG

Financial Information

Q2 / 2021

July 21, 2021
(unaudited)

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Key Figures as of June 30, 2021 and 2020

(IFRS, unaudited)

in € millions										
(unless otherwise stated)										
	6M 2021 (as stated)	6M 2021 (acc ¹)	6M 2020 (as stated)	+/- as %	+/- in % acc ¹	Q2 2021 (as stated)	Q2 2021 (acc ¹)	Q2 2020 (as stated)	+/- as %	+/- in % acc ¹
Revenue	401,3	416,5	411,7	-3%	1%	218,2	224,6	204,6	7%	10%
Digital Business	212,7	220,2	210,1	1%	5%	113,7	117,0	106,6	7%	10%
A&N	114,7	120,0	109,8	4%	9%	67,2	69,3	52,4	28%	32%
Licenses	109,1	112,4	91,1	20%	23%	70,6	72,2	44,4	59%	63%
Maintenance	198,3	207,3	214,5	-8%	-3%	99,8	103,3	107,2	-7%	-4%
SaaS	20,0	20,6	14,2	41%	45%	10,5	10,8	7,3	44%	48%
Group Bookings	215,4	223,2	200,0	8%	12%	126,6	129,8	109,8	15%	18%
Bookings Digital Business ⁵	153,5	158,2	139,6	10%	13%	86,1	88,0	81,6	5%	8%
Bookings A&N ⁵	61,9	65,0	60,2	3%	8%	40,6	41,7	28,2	44%	48%

	Jun. 30, 2021		06/21-06/20	
	Jun. 30, 2021	acc ¹	Jun. 30, 2020	+/- in % acc ¹
Group ARR	539,4	551,2	508,4	6%
Digital Business	380,3	388,6	355,2	9%
A&N	159,1	162,7	153,2	6%

	6M 2021	6M 2020	+/- as %	Q2 2021	Q2 2020	+/- as %
Operating EBITA (non-IFRS)	85,3	81,1	5%	60,8	41,4	47%
<i>as % of revenue</i>	<i>21,3%</i>	<i>19,7%</i>		<i>27,8%</i>	<i>20,2%</i>	
Digital Business segment earnings	22,7	28,3	-20%	20,1	14,9	34%
<i>Segment margin</i>	<i>10,7%</i>	<i>13,5%</i>		<i>17,7%</i>	<i>14,0%</i>	
A&N segment earnings	79,6	70,8	12%	48,5	33,6	44%
<i>Segment margin</i>	<i>69,4%</i>	<i>64,5%</i>		<i>72,2%</i>	<i>64,3%</i>	
EBIT (IFRS)	65,4	60,7	8%	50,1	31,9	57%
Net income (non-IFRS)	57,2	56,1	2%	40,4	28,2	43%
Earnings per share (non-IFRS)²	0,77	0,76	2%	0,55	0,38	43%
Operating cash flow	70,5	87,7	-20%	23,5	26,2	-10%
CapEx ³	5,6	8,4	-33%	1,6	2,9	-45%
Repayments of lease liabilities	6,7	7,9	-15%	3,4	3,9	-13%
Free cash flow	58,2	71,4	-18%	18,5	19,4	-5%
Free cash flow per share	0,79	0,96	-18%	0,25	0,26	-5%

Balance sheet	Jun. 30, 2021	Dec. 31, 2020	+/- as %
Total assets	2.088,6	2.039,9	2%
Cash and cash equivalents	542,3	480,0	13%
Net cash	232,9	220,1	6%
Employees (FTE)	4.696	4.700	0%

¹ acc = At constant currency

² Based on weighted average shares outstanding (basic) 6M 2021: 74.0 mn / 6M 2020: 74.0 mn / Q2 2021 74.0 mn / Q2 2020: 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

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 Six Months Ended June 30, 2021 and 2020

(IFRS, unaudited)

in € thousands	6M 2021	6M 2020	+/- as %	Q2 2021	Q2 2020	+/- as %
Licenses	109.067	91.101	20%	70.600	44.413	59%
Maintenance	198.284	214.536	-8%	99.792	107.228	-7%
SaaS	20.010	14.232	41%	10.514	7.309	44%
Services	73.930	91.577	-19%	37.281	45.589	-18%
Other	3	209	-99%	1	70	-99%
Total revenue	401.294	411.655	-3%	218.188	204.609	7%
Costs of sales	-91.725	-106.819	-14%	-45.456	-51.530	-12%
Gross profit	309.569	304.836	2%	172.732	153.079	13%
Research and development expenses	-74.022	-73.777	0%	-35.486	-37.256	-5%
Sales, marketing and distribution expenses	-127.296	-130.490	-2%	-65.095	-64.540	1%
General and administrative expenses	-40.189	-38.765	4%	-19.666	-17.350	13%
Other income	9.106	13.367	-32%	4.700	4.162	13%
Other expense	-11.758	-14.492	-19%	-7.086	-6.151	15%
Other taxes	-2.051	-2.507	-18%	-987	-1.336	-26%
Operating income	63.359	58.172	9%	49.112	30.608	60%
Financing income	2.606	4.836	-46%	1.309	2.302	-43%
Financing expenses	-3.295	-2.679	23%	-1.737	-1.296	34%
Net financial income/expenses	-689	2.157	-	-428	1.006	-
Earnings before income taxes	62.670	60.329	4%	48.684	31.614	54%
Income taxes	-19.281	-18.434	5%	-15.534	-9.910	57%
Net income	43.389	41.895	4%	33.150	21.704	53%
thereof attributable to shareholders of Software AG	43.229	41.785	3%	33.061	21.628	53%
thereof attributable to non-controlling interests	160	110	45%	89	76	17%
Earnings per share in € (basic)	0,58	0,56	4%	0,45	0,29	55%
Earnings per share in € (diluted)	0,58	0,56	4%	0,45	0,29	55%
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 June 30, 2021 and December 31, 2020

(IFRS, unaudited)

Assets (in € thousands)	Jun. 30, 2021	Dec. 31, 2020
Current assets		
Cash and cash equivalents	542.268	479.982
Other financial assets	15.850	7.368
Trade receivables, contract assets and other receivables	179.617	211.790
Other non-financial assets	34.831	28.692
Income tax receivables	24.412	30.207
	796.978	758.039
Non-current assets		
Intangible assets	92.138	99.282
Goodwill	960.553	947.370
Property, plant and equipment	76.197	82.349
Investment property	6.363	6.917
Other financial assets	23.377	17.742
Trade receivables, contract assets and other receivables	102.529	95.500
Other non-financial assets	7.497	7.136
Income tax receivables	12.250	11.114
Deferred tax receivables	10.672	14.458
	1.291.576	1.281.868
Total Assets	2.088.554	2.039.907
Equity and Liabilities (in € thousands)	Jun. 30, 2021	Dec. 31, 2020
Current liabilities		
Financial liabilities	82.179	16.415
Trade and other payables	39.784	47.050
Other non-financial liabilities	102.828	138.172
Other provisions	39.910	38.825
Income tax liabilities	30.306	33.293
Contractual obligations/deferred income	149.541	118.295
	444.548	392.050
Non-current liabilities		
Financial liabilities	227.227	243.519
Trade and other payables	181	139
Other non-financial liabilities	1.132	1.209
Other provisions	9.120	11.077
Provisions for pensions and similar obligations	56.227	55.439
Income tax liabilities	2.204	2.135
Deferred tax liabilities	3.839	8.049
Contractual obligations/deferred income	14.378	13.765
	314.308	335.332
Equity		
Share capital	74.000	74.000
Capital reserves	22.580	22.580
Retained earnings	1.328.742	1.341.738
Other reserves	-95.359	-125.772
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.329.206	1.311.789
Non-controlling interests	492	736
	1.329.698	1.312.525
Total Equity and Liabilities	2.088.554	2.039.907

Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2021 and 2020

(IFRS, unaudited)

in € thousands	6M 2021	6M 2020	Q2 2021	Q2 2020
Net income	43.389	41.895	33.150	21.704
Income taxes	19.281	18.434	15.534	9.910
Net financial income/expense	689	-2.157	428	-1.006
Amortization/depreciation of non-current assets	20.370	20.337	10.474	10.028
Other non-cash income/expense	-198	2.054	-312	1.950
Changes in receivables and other assets	17.337	30.957	-11.299	13.282
Changes in payables and other liabilities	-11.634	-3.432	-9.484	-15.480
Income taxes paid	-17.761	-22.599	-14.460	-15.128
Interest paid	-3.694	-2.682	-1.893	-1.377
Interest received	2.676	4.888	1.320	2.353
Net cash flow from operating activities	70.455	87.695	23.458	26.236
Proceeds from the sale of property, plant and equipment/intangible assets	120	1.170	66	559
Purchase of property, plant and equipment/intangible assets	-2.330	-6.246	-1.070	-2.810
Proceeds from the sale of non-current financial assets	118	0	11	0
Purchase of non-current financial assets	-3.432	-3.297	-601	-639
Proceeds from the sale of current financial assets	8.698	276	8.695	104
Purchase of current financial assets	-17.857	-523	-41	-255
Net proceeds from disposal of assets held for sale	2.132	128	0	128
Net cash flow from investing activities	-12.551	-8.492	7.060	-2.913
Dividends paid	-56.629	-342	-56.225	0
Proceeds/payments for current financial liabilities	-5.987	-44.750	-12.841	7.413
Repayments of lease liabilities	-6.699	-7.946	-3.389	-3.935
New non-current financial liabilities	60.000	0	60.000	0
Repayment of non-current financial liabilities	-3	-25.001	-3	-25.000
Net cash flow from financing activities	-9.318	-78.039	-12.458	-21.522
Change in cash and cash equivalents	48.586	1.164	18.060	1.801
Change in cash and cash equivalents from currency translation	13.700	-6.938	-3.830	-3.934
Net change in cash and cash equivalents	62.286	-5.774	14.230	-2.133
Cash and cash equivalents at beginning of period	479.982	513.632	528.038	509.991
Cash and cash equivalents at end of period	542.268	507.858	542.268	507.858
Free cash flow	58.232	71.376	18.475	19.411

Segment Report for the Six Months Ended June 30, 2021 and 2020

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	6M 2021	6M 2021	6M 2020	6M 2021	6M 2021	6M 2020	6M 2021	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2021	6M 2020
	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
License from Subscription	51.964	52.928	34.856	28.510	29.806	11.406	0	0	0	0	0	80.474	82.734	46.262
Maintenance from Subscription	23.115	23.927	11.341	4.457	4.659	1.332	0	0	0	0	0	27.572	28.586	12.673
Maintenance from Perpetual	106.525	111.171	131.728	64.187	67.514	70.135	0	0	0	0	0	170.712	178.685	201.863
SaaS	20.008	20.555	14.204	2	2	28	0	0	0	0	0	20.010	20.557	14.232
Recurring Revenue	201.612	208.581	192.129	97.156	101.981	82.901	0	0	0	0	0	298.768	310.562	275.030
License from Perpetual	11.048	11.609	17.968	17.545	18.067	26.871	0	0	0	0	0	28.593	29.676	44.839
Product revenue	212.660	220.190	210.097	114.701	120.048	109.772	0	0	0	0	0	327.361	340.238	319.869
Services	0	0	88	0	0	0	73.930	76.266	91.489			73.930	76.266	91.577
Other	0	0	0	0	0	209	3	3	0			3	3	209
Total revenue	212.660	220.190	210.185	114.701	120.048	109.981	73.933	76.269	91.489	0	0	401.294	416.507	411.655
Cost of sales	-28.677	-29.161	-23.711	-4.339	-4.530	-4.728	-53.706	-55.307	-74.354	-5.003	-4.026	-91.725		-106.819
Gross profit	183.983	191.029	186.474	110.362	115.518	105.253	20.227	20.962	17.135	-5.003	-4.026	309.569		304.836
Sales, marketing and distribution expenses	-102.888	-106.571	-100.594	-15.186	-15.844	-18.201	-6.332	-6.499	-8.462	-2.890	-3.233	-127.296		-130.490
Segment contribution	81.095	84.458	85.880	95.176	99.674	87.052	13.895	14.463	8.673	-7.893	-7.259	182.273		174.346
Research and development expenses	-58.411	-58.000	-57.539	-15.611	-15.600	-16.238	0	0	0	0	0	-74.022		-73.777
Segment earnings	22.684	26.458	28.341	79.565	84.074	70.814	13.895	14.463	8.673	-7.893	-7.259	108.251		100.569
General and administrative expenses												-40.189		-38.765
Other income												9.106		13.367
Other expense												-11.758		-14.492
Other taxes												-2.051		-2.507
Operating income												63.359		58.172
Financing income												2.606		4.836
Financing expenses												-3.295		-2.679
Net financial income/expenses												-689		2.157
Earnings before income taxes												62.670		60.329
Income taxes												-19.281		-18.434
Net income												43.389		41.895

Segment Report for the Second Quarter 2021 and 2020

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q2 2021	Q2 2021	Q2 2020	Q2 2021	Q2 2021	Q2 2020	Q2 2021	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2021	Q2 2020
	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
License from Subscription	32.993	33.520	21.117	25.762	26.760	10.709	0	0	0	0	0	58.755	60.280	31.826
Maintenance from Subscription	11.886	12.251	5.864	2.324	2.411	700	0	0	0	0	0	14.210	14.662	6.564
Maintenance from Perpetual	53.211	55.143	65.759	32.371	33.466	34.905	0	0	0	0	0	85.582	88.609	100.664
SaaS	10.514	10.760	7.294	0	0	15	0	0	0	0	0	10.514	10.760	7.309
Recurring Revenue	108.604	111.674	100.034	60.457	62.637	46.329	0	0	0	0	0	169.061	174.311	146.363
License from Perpetual	5.131	5.283	6.563	6.714	6.661	6.024	0	0	0	0	0	11.845	11.944	12.587
Product revenue	113.735	116.957	106.597	67.171	69.298	52.353	0	0	0	0	0	180.906	186.255	158.950
Services	0	0	88	0	0	0	37.281	38.301	45.501			37.281	38.301	45.589
Other	0	0	0	0	0	0	1	0	0			1	0	70
Total revenue	113.735	116.957	106.685	67.171	69.298	52.423	37.282	38.301	45.501	0	0	218.188	224.556	204.609
Cost of sales	-14.206	-14.410	-12.237	-2.195	-2.257	-2.162	-26.554	-27.190	-35.117	-2.501	-2.014	-45.456		-51.530
Gross profit	99.529	102.547	94.448	64.976	67.041	50.261	10.728	11.111	10.384	-2.501	-2.014	172.732		153.079
Sales, marketing and distribution expenses	-51.119	-52.652	-49.943	-9.319	-9.556	-8.921	-3.211	-3.281	-4.071	-1.446	-1.605	-65.095		-64.540
Segment contribution	48.410	49.895	44.505	55.657	57.485	41.340	7.517	7.830	6.313	-3.947	-3.619	107.637		88.539
Research and development expenses	-28.324	-27.970	-29.559	-7.162	-7.172	-7.697	0	0	0	0	0	-35.486		-37.256
Segment earnings	20.086	21.925	14.946	48.495	50.313	33.643	7.517	7.830	6.313	-3.947	-3.619	72.151		51.283
General and administrative expenses												-19.666		-17.350
Other income												4.700		4.162
Other expense												-7.086		-6.151
Other taxes												-987		-1.336
Operating income												49.112		30.608
Financing income												1.309		2.302
Financing expenses												-1.737		-1.296
Net financial income/expenses												-428		1.006
Earnings before income taxes												48.684		31.614
Income taxes												-15.534		-9.910
Net income												33.150		21.704

Statement of Comprehensive Income for the Six Months Ended June 30, 2021 and 2020

(IFRS, unaudited)

in € thousands	6M 2021	6M 2020	Q2 2021	Q2 2020
Net income	43.389	41.895	33.150	21.704
Currency translation differences from foreign operations	30.424	-15.647	-6.820	-13.683
Net gain/(loss) from cash flow hedges	1.523	1.359	515	1.232
Currency translation gain/loss from net investments in foreign operations	0	1	-1	1
Items to be reclassified to the income statement if certain conditions are met	31.947	-14.287	-6.306	-12.450
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-44	-72	78	214
Net actuarial gain/loss on pension obligations	-1.490	2.472	274	1.348
Items not to be reclassified to the income statement	-1.534	2.400	352	1.562
Gain/loss recognized in equity	30.413	-11.887	-5.954	-10.888
Total comprehensive income	73.802	30.008	27.196	10.816
thereof attributable to shareholders of Software AG	73.642	29.898	27.107	10.740
thereof attributable to non-controlling interests	160	110	89	76

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