

Software AG

Financial Information

Q3 / 2021

October 21, 2021
(unaudited)

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Key Figures as of September 30, 2021 and 2020

(IFRS, unaudited)

in € millions

(unless otherwise stated)	9M 2021 (as stated)	9M 2021 (acc ¹)	9M 2020 (as stated)	+/- as %	+/- in % acc ¹	Q3 2021 (as stated)	Q3 2021 (acc ¹)	Q3 2020 (as stated)	+/- as %	+/- in % acc ¹
Revenue	599,3	612,9	597,0	0%	3%	198,0	196,4	185,4	7%	6%
Digital Business	326,2	333,1	313,3	4%	6%	113,6	113,0	103,1	10%	10%
A&N	163,2	168,0	157,0	4%	7%	48,5	47,9	47,1	3%	2%
Licenses	159,8	162,8	130,0	23%	25%	50,7	50,4	38,9	31%	30%
Maintenance	298,0	306,3	317,9	-6%	-4%	99,8	99,1	103,4	-4%	-4%
SaaS	31,5	32,0	22,2	42%	44%	11,5	11,4	7,9	45%	44%
Group Bookings	322,6	330,0	301,5	7%	9%	107,2	106,8	101,6	6%	5%
Bookings Digital Business ⁵	241,2	245,6	222,2	9%	11%	87,8	87,3	82,6	6%	6%
Bookings A&N ⁵	81,4	84,5	79,2	3%	7%	19,4	19,5	19,0	2%	2%

	Sept. 30, 2021	Sept. 30, 2021 acc ¹	Sept. 30, 2020	09/21-09/20 +/- as %	+/- in % acc ¹
Group ARR	555,0	548,5	504,3	10%	9%
Digital Business ⁴	392,9	388,7	355,1	11%	9%
A&N ⁴	162,1	159,7	149,2	9%	7%

	9M 2021	9M 2020	+/- as %	Q3 2021	Q3 2020	+/- as %
Operating EBITA (non-IFRS)	118,6	114,6	3%	33,3	33,4	-1%
<i>as % of revenue</i>	19,8%	19,2%		16,8%	18,0%	
Digital Business segment earnings	32,7	39,1	-16%	10,1	10,8	-7%
<i>Segment margin</i>	10,0%	12,5%		8,9%	10,5%	
A&N segment earnings	112,3	101,8	10%	32,7	31,0	6%
<i>Segment margin</i>	68,8%	64,9%		67,6%	65,8%	
EBIT (IFRS)	89,9	85,6	5%	24,5	24,9	-2%
Net income (non-IFRS)	79,5	74,8	6%	22,4	18,7	20%
Earnings per share (non-IFRS)²	1,07	1,01	6%	0,30	0,25	20%
Operating cash flow	90,9	98,9	-8%	20,4	11,2	82%
CapEx ³	7,3	11,7	-38%	1,8	3,3	-45%
Repayments of lease liabilities	9,9	11,7	-15%	3,2	3,8	-16%
Free cash flow	73,7	75,5	-2%	15,4	4,1	276%
Free cash flow per share	1,00	1,02	-2%	0,21	0,06	276%

	Sept. 30, 2021	Dec. 31, 2020	+/- as %
Balance sheet			
Total assets	2.125,7	2.039,9	4%
Cash and cash equivalents	556,6	480,0	16%
Net cash	249,7	220,1	13%
Employees (FTE)	4.749	4.700	1%

¹ acc = At constant currency

² Based on weighted average shares outstanding (basic) 9M 2021: 74.0 mn / 9M 2020: 74.0 mn / Q3 2021 74.0 mn / Q3 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 Nine Months Ended September 30, 2021 and 2020

(IFRS, unaudited)

in € thousands	9M 2021	9M 2020	+/- as %	Q3 2021	Q3 2020	+/- as %
Licenses	159.810	129.971	23%	50.743	38.869	31%
Maintenance	298.048	317.922	-6%	99.764	103.386	-4%
SaaS	31.521	22.175	42%	11.511	7.944	45%
Services	109.874	126.730	-13%	35.944	35.153	2%
Other	3	215	-99%	0	6	-100%
Total revenue	599.256	597.013	0%	197.962	185.358	7%
Costs of sales	-138.737	-149.975	-7%	-47.012	-43.157	9%
Gross profit	460.519	447.038	3%	150.950	142.201	6%
Research and development expenses	-111.529	-108.724	3%	-37.507	-34.946	7%
Sales, marketing and distribution expenses	-196.425	-194.349	1%	-69.129	-63.859	8%
General and administrative expenses	-60.785	-56.665	7%	-20.596	-17.899	15%
Other income	12.948	23.097	-44%	3.842	9.730	-61%
Other expense	-14.835	-24.799	-40%	-3.077	-10.307	-70%
Other taxes	-3.147	-3.655	-14%	-1.096	-1.149	-5%
Operating income	86.746	81.943	6%	23.387	23.771	-2%
Financing income	4.138	6.423	-36%	1.532	1.587	-3%
Financing expenses	-4.924	-3.600	37%	-1.629	-921	77%
Net financial income/expenses	-786	2.823	-	-97	666	-
Earnings before income taxes	85.960	84.766	1%	23.290	24.437	-5%
Income taxes	-26.317	-29.001	-9%	-7.036	-10.567	-33%
Net income	59.643	55.765	7%	16.254	13.870	17%
thereof attributable to shareholders of Software AG	59.416	55.577	7%	16.187	13.792	17%
thereof attributable to non-controlling interests	227	188	21%	67	78	-14%
Earnings per share in € (basic)	0,80	0,75	7%	0,22	0,19	16%
Earnings per share in € (diluted)	0,80	0,75	7%	0,22	0,19	16%
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 September 30, 2021 and December 31, 2020

(IFRS, unaudited)

Assets (in € thousands)	Sept. 30, 2021	Dec. 31, 2020
Current assets		
Cash and cash equivalents	556.603	479.982
Other financial assets	26.732	7.368
Trade receivables, contract assets and other receivables	173.381	211.790
Other non-financial assets	32.727	28.692
Income tax receivables	26.648	30.207
	816.091	758.039
Non-current assets		
Intangible assets	88.839	99.282
Goodwill	972.315	947.370
Property, plant and equipment	74.702	82.349
Investment property	6.302	6.917
Other financial assets	25.186	17.742
Trade receivables, contract assets and other receivables	106.998	95.500
Other non-financial assets	7.504	7.136
Income tax receivables	13.046	11.114
Deferred tax receivables	14.761	14.458
	1.309.653	1.281.868
Total Assets	2.125.744	2.039.907

Equity and Liabilities (in € thousands)	Sept. 30, 2021	Dec. 31, 2020
Current liabilities		
Financial liabilities	84.815	16.415
Trade and other payables	34.993	47.050
Other non-financial liabilities	113.502	138.172
Other provisions	42.009	38.825
Income tax liabilities	35.348	33.293
Contractual obligations/deferred income	137.421	118.295
	448.088	392.050
Non-current liabilities		
Financial liabilities	222.062	243.519
Trade and other payables	241	139
Other non-financial liabilities	1.206	1.209
Other provisions	12.131	11.077
Provisions for pensions and similar obligations	53.391	55.439
Income tax liabilities	2.262	2.135
Deferred tax liabilities	3.833	8.049
Contractual obligations/deferred income	12.896	13.765
	308.022	335.332
Equity		
Share capital	74.000	74.000
Capital reserves	22.580	22.580
Retained earnings	1.344.929	1.341.738
Other reserves	-71.677	-125.772
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.369.075	1.311.789
Non-controlling interests	559	736
	1.369.634	1.312.525
Total Equity and Liabilities	2.125.744	2.039.907

Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2021 and 2020
(IFRS, unaudited)

in € thousands	9M 2021	9M 2020	Q3 2021	Q3 2020
Net income	59.643	55.765	16.254	13.870
Income taxes	26.317	29.001	7.036	10.567
Net financial income/expense	786	-2.823	97	-666
Amortization/depreciation of non-current assets	30.109	30.169	9.739	9.832
Other non-cash income/expense	573	1.545	771	-509
Changes in receivables and other assets	18.211	34.884	874	3.927
Changes in payables and other liabilities	-16.526	-15.035	-4.892	-11.603
Income taxes paid	-26.826	-37.208	-9.065	-14.609
Interest paid	-5.641	-3.825	-1.947	-1.143
Interest received	4.215	6.455	1.539	1.567
Net cash flow from operating activities	90.861	98.928	20.406	11.233
Proceeds from the sale of property, plant and equipment/intangible assets	1.494	1.361	1.374	191
Purchase of property, plant and equipment/intangible assets	-5.132	-9.475	-2.802	-3.229
Proceeds from the sale of non-current financial assets	149	1	31	1
Purchase of non-current financial assets	-3.772	-3.628	-340	-331
Proceeds from the sale of current financial assets	8.698	306	0	30
Purchase of current financial assets	-27.230	-544	-9.373	-21
Net proceeds from disposal of assets held for sale	2.132	128	0	0
Net cash flow from investing activities	-23.661	-11.851	-11.110	-3.359
Dividends paid	-56.629	-56.567	0	-56.225
Proceeds/payments for current financial liabilities	-8.109	-2.070	-2.122	42.680
Repayments of lease liabilities	-9.931	-11.711	-3.232	-3.765
New non-current financial liabilities	60.000	50.096	0	50.096
Repayment of non-current financial liabilities	-3	-25.001	0	0
Net cash flow from financing activities	-14.672	-45.253	-5.354	32.786
Change in cash and cash equivalents	52.528	41.824	3.942	40.660
Change in cash and cash equivalents from currency translation	24.093	-23.985	10.393	-17.047
Net change in cash and cash equivalents	76.621	17.839	14.335	23.613
Cash and cash equivalents at beginning of period	479.982	513.632	542.268	507.858
Cash and cash equivalents at end of period	556.603	531.471	556.603	531.471
Free cash flow	73.669	75.476	15.437	4.100

Segment Report for the Nine Months Ended September 30, 2021 and 2020

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	9M 2021	9M 2021	9M 2020	9M 2021	9M 2021	9M 2020	9M 2021	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2021	9M 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	81.787	82.545	51.189	39.313	40.603	15.628	0	0	0			121.100	123.148	66.817
Maintenance from Subscription	36.845	37.560	18.850	7.662	7.868	2.710	0	0	0			44.507	45.428	21.560
Maintenance from Perpetual	158.363	162.791	192.941	95.178	98.131	103.421	0	0	0			253.541	260.922	296.362
SaaS	31.519	31.985	22.140	2	2	35	0	0	0			31.521	31.987	22.175
Recurring Revenue	308.514	314.881	285.120	142.155	146.604	121.794	0	0	0	0	0	450.669	461.485	406.914
License from Perpetual	17.702	18.262	28.116	21.008	21.375	35.038						38.710	39.637	63.154
Product revenue	326.216	333.143	313.236	163.163	167.979	156.832	0	0	0	0	0	489.379	501.122	470.068
Services	0	0	0	0	0	0	109.874	111.783	126.730			109.874	111.783	126.730
Other	0	0	0	0	0	214	3	3	1			3	3	215
Total revenue	326.216	333.143	313.236	163.163	167.979	157.046	109.877	111.786	126.731	0	0	599.256	612.908	597.013
Cost of sales	-44.456	-44.915	-36.192	-6.162	-6.347	-6.630	-80.618	-81.832	-101.156	-7.501	-5.997	-138.737		-149.975
Gross profit	281.760	288.228	277.044	157.001	161.632	150.416	29.259	29.954	25.575	-7.501	-5.997	460.519		447.038
Sales, marketing and distribution expenses	-160.665	-164.119	-152.792	-21.517	-22.099	-24.996	-9.884	-10.015	-11.777	-4.359	-4.784	-196.425		-194.349
Segment contribution	121.095	124.109	124.252	135.484	139.533	125.420	19.375	19.939	13.798	-11.860	-10.781	264.094		252.689
Research and development expenses	-88.347	-87.253	-85.104	-23.182	-23.022	-23.620	0	0	0	0	0	-111.529		-108.724
Segment earnings	32.748	36.856	39.148	112.302	116.511	101.800	19.375	19.939	13.798	-11.860	-10.781	152.565		143.965
General and administrative expenses												-60.785		-56.665
Other income												12.948		23.097
Other expense												-14.835		-24.799
Other taxes												-3.147		-3.655
Operating income												86.746		81.943
Financing income												4.138		6.423
Financing expenses												-4.924		-3.600
Net financial income/expenses												-786		2.823
Earnings before income taxes												85.960		84.766
Income taxes												-26.317		-29.001
Net income												59.643		55.765

Segment Report for the Third Quarter 2021 and 2020

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q3 2021	Q3 2021	Q3 2020	Q3 2021	Q3 2021	Q3 2020	Q3 2021	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2021	Q3 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	29.821	29.618	16.332	10.804	10.797	4.222	0	0	0			40.625	40.415	20.554
Maintenance from Subscription	13.730	13.632	7.509	3.205	3.209	1.379	0	0	0			16.935	16.841	8.888
Maintenance from Perpetual	51.838	51.620	61.212	30.991	30.617	33.286	0	0	0			82.829	82.237	94.498
SaaS	11.511	11.430	7.937	0	0	7	0	0	0			11.511	11.430	7.944
Recurring Revenue	106.900	106.300	92.990	45.000	44.623	38.894	0	0	0	0	0	151.900	150.923	131.884
License from Perpetual	6.655	6.653	10.148	3.463	3.308	8.167						10.118	9.961	18.315
Product revenue	113.555	112.953	103.138	48.463	47.931	47.061	0	0	0	0	0	162.018	160.884	150.199
Services	0	0	-88	0	0	0	35.944	35.517	35.241			35.944	35.517	35.153
Other	0	0	0	0	0	5	0	0	1			0	0	6
Total revenue	113.555	112.953	103.050	48.463	47.931	47.066	35.944	35.517	35.242	0	0	197.962	196.401	185.358
Cost of sales	-15.780	-15.754	-12.481	-1.823	-1.817	-1.902	-26.911	-26.525	-26.803	-2.498	-1.971	-47.012		-43.157
Gross profit	97.775	97.199	90.569	46.640	46.114	45.164	9.033	8.992	8.439	-2.498	-1.971	150.950		142.201
Sales, marketing and distribution expenses	-57.777	-57.547	-52.198	-6.331	-6.254	-6.795	-3.552	-3.516	-3.315	-1.469	-1.551	-69.129		-63.859
Segment contribution	39.998	39.652	38.371	40.309	39.860	38.369	5.481	5.476	5.124	-3.967	-3.522	81.821		78.342
Research and development expenses	-29.936	-29.253	-27.565	-7.571	-7.422	-7.381	0	0	0			-37.507		-34.946
Segment earnings	10.062	10.399	10.806	32.738	32.438	30.988	5.481	5.476	5.124	-3.967	-3.522	44.314		43.396
General and administrative expenses												-20.596		-17.899
Other income												3.842		9.730
Other expense												-3.077		-10.307
Other taxes												-1.096		-1.149
Operating income												23.387		23.771
Financing income												1.532		1.587
Financing expenses												-1.629		-921
Net financial income/expenses												-97		666
Earnings before income taxes												23.290		24.437
Income taxes												-7.036		-10.567
Net income												16.254		13.870

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

(IFRS, unaudited)

in € thousands	9M 2021	9M 2020	Q3 2021	Q3 2020
Net income	59.643	55.765	16.254	13.870
Currency translation differences from foreign operations	53.352	-54.048	22.928	-38.401
Net gain/(loss) from cash flow hedges	2.210	3.278	687	1.919
Currency translation gain/loss from net investments in foreign operations	0	1	0	0
Items to be reclassified to the income statement if certain conditions are met	55.562	-50.769	23.615	-36.482
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-156	182	-112	254
Net actuarial gain/loss on pension obligations	-1.311	2.441	179	-31
Items not to be reclassified to the income statement	-1.467	2.623	67	223
Gain/loss recognized in equity	54.095	-48.146	23.682	-36.259
Total comprehensive income	113.738	7.619	39.936	-22.389
thereof attributable to shareholders of Software AG	113.511	7.431	39.869	-22.467
thereof attributable to non-controlling interests	227	188	67	78

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