

Software AG

Financial Information

Q4 / 2021

January 27, 2022
(unaudited)

Table of Contents

p. 3	Key Figures as of December 31, 2021 and 2020
p. 4	Consolidated Income Statement for the Twelve Months Ended December 31, 2021 and 2020
p. 5	Consolidated Balance Sheet as of December 31, 2021 and December 31, 2020
p. 6	Consolidated Statement of Cash Flows for the Twelve Months Ended December 31, 2021 and 2020
p. 7	Segment Report for the Twelve Months Ended December 31, 2021 and 2020
p. 8	Segment Report for the Forth Quarter 2021 and 2020
p. 9	Statement of Comprehensive Income for the Twelve Months Ended December 31, 2021 and 2020

Key Figures as of December 31, 2021 and 2020

(IFRS, unaudited)

in € millions										
(unless otherwise stated)	12M 2021 (as stated)	12M 2021 (acc ¹)	12M 2020 (as stated)	+/- as %	+/- in % acc ¹	Q4 2021 (as stated)	Q4 2021 (acc ¹)	Q4 2020 (as stated)	+/- as %	+/- in % acc ¹
Group revenue	833,8	840,4	834,8	0	1	234,6	227,5	237,8	-1	-4
Product revenue										
Digital Business	469,5	472,2	448,4	5	5	143,3	139,0	135,2	6	3
A&N	214,5	218,0	222,6	-4	-2	51,3	50,0	65,8	-22	-24
Licenses	240,5	241,1	217,2	11	11	80,7	78,3	87,2	-8	-10
Maintenance	399,4	404,8	422,6	-5	-4	101,3	98,4	104,6	-3	-6
SaaS	44,1	44,3	31,3	41	42	12,6	12,3	9,1	38	35
Group Bookings	517,7	519,4	489,7	6	6	195,1	189,3	188,2	4	1
Bookings Digital Business ²	406,0	404,8	360,6	13	12	164,8	159,2	138,4	19	15
Bookings A&N ²	111,7	114,5	129,0	-13	-11	30,3	30,1	49,8	-39	-40

	Dec. 31, 2021	Dec. 31, 2021 acc ¹	Dec. 31, 2020	12/21-12/20 +/- as %	12/21-12/20 +/- in % acc ¹
Group ARR	585,4	563,5	508,1	15	11
Digital Business ARR ³	418,5	402,8	358,7	17	12
A&N ARR ³	166,9	160,7	149,3	12	8

	12M 2021	12M 2020	+/- as %	Q4 2021	Q4 2020	+/- as %
Operating EBITA (non-IFRS)	163,8	177,0	-8	45,2	62,5	-28
<i>as % of revenue</i>	<i>19,6%</i>	<i>21,2%</i>		<i>19,3%</i>	<i>26,3%</i>	
Digital Business segment earnings	55,8	68,9	-19	23,1	29,8	-23
<i>Segment margin</i>	<i>11,9%</i>	<i>15,4%</i>		<i>16,1%</i>	<i>22,0%</i>	
A&N segment earnings	145,9	148,7	-2	33,6	46,9	-28
<i>Segment margin</i>	<i>68,0%</i>	<i>66,8%</i>		<i>65,5%</i>	<i>71,3%</i>	
EBIT (IFRS)	122,1	136,4	-10	32,2	50,8	-37
Net income (non-IFRS)	114,2	125,4	-9	34,8	50,0	-30
Earnings per share (non-IFRS)⁴	1,54	1,69	-9	0,47	0,67	-31
Operating cash flow	116,2	112,5	3	25,4	13,5	88
CapEx ⁵	-11,8	-9,3	27	-4,6	2,5	
Repayments of lease liabilities	-13,0	-15,6	-17	-3,1	-3,9	-21
Free cash flow	91,4	87,6	4	17,7	12,1	46
Free cash flow per share	1,24	1,18	4	0,24	0,16	46

Balance sheet	Dec. 31, 2021	Dec. 31, 2020	+/- as %
Total assets	2.221,4	2.039,9	9
Cash and cash equivalents	585,9	480,0	22
Net cash	277,3	220,1	26
Employees (FTE)	4.819	4.700	3

¹ acc = At constant currency.

² Bookings according to the definition in the 2020 annual report, page 50.

³ Annual recurring revenue.

⁴ Based on weighted average shares outstanding (basic) 12M 2021: 74.0 mn / 12M 2020: 74.0 mn / Q4 2021 74.0 mn / Q4 2020: 74.0 mn.

⁵ Cash flow from investing activities adjusted for acquisitions and investments in debt instruments.

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, 2021 and 2020

(IFRS, unaudited)

in € thousands	12M 2021	12M 2020	+/- as %	Q4 2021	Q4 2020	+/- as %
Licenses	240.504	217.217	11%	80.694	87.247	-8%
Maintenance	399.363	422.552	-5%	101.315	104.629	-3%
SaaS	44.138	31.300	41%	12.617	9.125	38%
Services	149.834	163.561	-8%	39.960	36.831	8%
Other	3	216	-99%	0	1	-100%
Total revenue	833.842	834.846	0%	234.586	237.833	-1%
Costs of sales	-188.827	-197.221	-4%	-50.090	-47.245	6%
Gross profit	645.015	637.625	1%	184.496	190.588	-3%
Research and development expenses	-151.180	-143.926	5%	-39.651	-35.202	13%
Sales, marketing and distribution expenses	-280.208	-272.600	3%	-83.783	-78.251	7%
General and administrative expenses	-82.807	-76.794	8%	-22.022	-20.129	9%
Other income	16.477	30.805	-47%	3.528	7.707	-54%
Other expense	-25.224	-38.732	-35%	-10.388	-13.933	-25%
Other taxes	-5.297	-5.932	-11%	-2.150	-2.277	-6%
Operating income	116.776	130.446	-10%	30.030	48.503	-38%
Financing income	7.181	8.401	-15%	3.043	1.977	54%
Financing expenses	-6.164	-5.263	17%	-1.240	-1.662	-25%
Net financial income/expenses	1.017	3.138	-68%	1.803	315	472%
Earnings before income taxes	117.793	133.584	-12%	31.833	48.818	-35%
Income taxes	-33.449	-37.479	-11%	-7.132	-8.478	-16%
Net income	84.344	96.105	-12%	24.701	40.340	-39%
thereof attributable to shareholders of Software AG	83.862	95.706	-12%	24.446	40.129	-39%
thereof attributable to non-controlling interests	482	399	21%	255	211	21%
Earnings per share in € (basic)	1,13	1,29	-12%	0,33	0,54	-39%
Earnings per share in € (diluted)	1,13	1,29	-12%	0,33	0,54	-39%
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, 2021 and December 31, 2020 (IFRS, unaudited)

Assets (in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Current assets		
Cash and cash equivalents	585.844	479.982
Other financial assets	24.092	7.368
Trade receivables, contract assets and other receivables	198.466	211.790
Other non-financial assets	39.487	28.692
Income tax receivables	27.029	30.207
	874.918	758.039
Non-current assets		
Intangible assets	87.466	99.282
Goodwill	986.136	947.370
Property, plant and equipment	76.877	82.349
Investment property	6.241	6.917
Other financial assets	21.115	17.742
Trade receivables, contract assets and other receivables	128.732	95.500
Other non-financial assets	9.113	7.136
Income tax receivables	14.225	11.114
Deferred tax receivables	16.567	14.458
	1.346.472	1.281.868
Total Assets	2.221.390	2.039.907
Equity and Liabilities (in € thousands)	Dec. 31, 2021	Dec. 31, 2020
Current liabilities		
Financial liabilities	84.866	16.415
Trade and other payables	53.548	47.050
Other non-financial liabilities	137.888	138.172
Other provisions	43.924	38.825
Income tax liabilities	34.980	33.293
Contractual obligations/deferred income	135.675	118.295
	490.881	392.050
Non-current liabilities		
Financial liabilities	223.767	243.519
Trade and other payables	212	139
Other non-financial liabilities	1.564	1.209
Other provisions	12.124	11.077
Provisions for pensions and similar obligations	35.042	55.439
Income tax liabilities	1.629	2.135
Deferred tax liabilities	6.397	8.049
Contractual obligations/deferred income	11.560	13.765
	292.295	335.332
Equity		
Share capital	74.000	74.000
Capital reserves	22.580	22.580
Retained earnings	1.369.375	1.341.738
Other reserves	-27.798	-125.772
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.437.400	1.311.789
Non-controlling interests	814	736
	1.438.214	1.312.525
Total Equity and Liabilities	2.221.390	2.039.907

Consolidated Statement of Cash Flows for the Twelve Months Ended December 31, 2021 and 2020
(IFRS, unaudited)

in € thousands	12M 2021	12M 2020	Q4 2021	Q4 2020
Net income	84.344	96.105	24.701	40.340
Income taxes	33.449	37.479	7.132	8.478
Net financial income/expense	-1.017	-3.138	-1.803	-315
Amortization/depreciation of non-current assets	40.165	39.927	10.056	9.758
Other non-cash income/expense	544	235	-29	-1.310
Changes in receivables and other assets	-29.064	-5.689	-47.275	-40.573
Changes in payables and other liabilities	23.590	1.864	40.116	16.899
Income taxes paid	-35.765	-57.056	-8.939	-19.848
Interest paid	-7.221	-5.698	-1.580	-1.873
Interest received	7.210	8.419	2.995	1.964
Net cash flow from operating activities	116.235	112.448	25.374	13.520
Proceeds from the sale of property, plant and equipment/intangible assets	2.127	1.361	633	0
Purchase of property, plant and equipment/intangible assets	-11.158	-9.475	-6.026	0
Proceeds from the sale of non-current financial assets	1.063	2.643	914	2.642
Purchase of non-current financial assets	-3.904	-3.828	-132	-200
Proceeds from the sale of current financial assets	8.698	403	0	97
Purchase of current financial assets	-27.666	-630	-436	-86
Net proceeds/payments from disposal of assets held for sale	2.132	-738	0	-866
Net cash flow from investing activities	-28.708	-10.264	-5.047	1.587
Dividends paid	-56.629	-56.567	0	0
Proceeds/payments for current financial liabilities	-7.496	-52.776	613	-50.706
Repayments of lease liabilities	-12.974	-15.572	-3.043	-3.861
New non-current financial liabilities	60.000	50.096	0	0
Repayment of non-current financial liabilities	-3	-25.004	0	-3
Net cash flow from financing activities	-17.102	-99.823	-2.430	-54.570
Change in cash and cash equivalents	70.425	2.361	17.897	-39.463
Change in cash and cash equivalents from currency translation	35.437	-36.011	11.344	-12.026
Net change in cash and cash equivalents	105.862	-33.650	29.241	-51.489
Cash and cash equivalents at beginning of period	479.982	513.632	556.603	531.471
Cash and cash equivalents at end of period	585.844	479.982	585.844	479.982
Free cash flow	91.389	87.577	17.720	12.101

Segment Report for the Twelve Months Ended December 31, 2021 and 2020

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	12M 2021	12M 2021	12M 2020	12M 2021	12M 2021	12M 2020	12M 2021	12M 2021	12M 2020	12M 2021	12M 2020	12M 2021	12M 2021	12M 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	132.709	131.692	91.990	49.869	50.901	26.873	0	0	0			182.578	182.593	118.863
Maintenance from Subscription	52.168	52.462	28.033	11.243	11.381	4.287	0	0	0			63.411	63.843	32.320
Maintenance from Perpetual	209.871	212.930	253.339	126.081	128.027	136.893	0	0	0			335.952	340.957	390.232
SaaS	44.136	44.293	31.258	2	2	42	0	0	0			44.138	44.295	31.300
Recurring Revenue	438.884	441.377	404.620	187.195	190.311	168.095	0	0	0	0	0	626.079	631.688	572.715
License from Perpetual	30.642	30.813	43.819	27.284	27.695	54.535	0	0	0			57.926	58.508	98.354
Product revenue	469.526	472.190	448.439	214.479	218.006	222.630	0	0	0	0	0	684.005	690.196	671.069
Services	0	0	0	0	0	0	149.834	150.247	163.561			149.834	150.247	163.561
Other	0	0	0	0	0	215	3	3	1			3	3	216
Total revenue	469.526	472.190	448.439	214.479	218.006	222.845	149.837	150.250	163.562	0	0	833.842	840.446	834.846
Cost of sales	-62.500	-62.790	-50.482	-7.732	-7.859	-8.279	-108.612	-108.685	-130.505	-9.983	-7.955	-188.827		-197.221
Gross profit	407.026	409.400	397.957	206.747	210.147	214.566	41.225	41.565	33.057	-9.983	-7.955	645.015		637.625
Sales, marketing and distribution expenses	-231.129	-232.730	-215.972	-29.767	-30.171	-35.022	-13.446	-13.495	-15.373	-5.866	-6.233	-280.208		-272.600
Segment contribution	175.897	176.670	181.985	176.980	179.976	179.544	27.779	28.070	17.684	-15.849	-14.188	364.807		365.025
Research and development expenses	-120.100	-116.231	-113.070	-31.080	-30.712	-30.856	0	0	0	0	0	-151.180		-143.926
Segment earnings	55.797	60.439	68.915	145.900	149.264	148.688	27.779	28.070	17.684	-15.849	-14.188	213.627		221.099
General and administrative expenses												-82.807		-76.794
Other income												16.477		30.805
Other expense												-25.224		-38.732
Other taxes												-5.297		-5.932
Operating income												116.776		130.446
Financing income												7.181		8.401
Financing expenses												-6.164		-5.263
Net financial income/expenses												1.017		3.138
Earnings before income taxes												117.793		133.584
Income taxes												-33.449		-37.479
Net income												84.344		96.105

Segment Report for the Forth Quarter 2021 and 2020

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q4 2021	Q4 2021	Q4 2020	Q4 2021	Q4 2021	Q4 2020	Q4 2021	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2021	Q4 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	50.923	49.147	40.804	10.555	10.299	11.244	0	0	0			61.478	59.446	52.048
Maintenance from Subscription	15.322	14.902	9.183	3.581	3.513	1.577	0	0	0			18.903	18.415	10.760
Maintenance from Perpetual	51.509	50.139	60.397	30.903	29.896	33.472	0	0	0			82.412	80.035	93.869
SaaS	12.617	12.308	9.118	0	0	7	0	0	0			12.617	12.308	9.125
Recurring Revenue	130.371	126.496	119.502	45.039	43.708	46.300	0	0	0	0	0	175.410	170.204	165.802
License from Perpetual	12.940	12.551	15.703	6.276	6.320	19.496						19.216	18.871	35.199
Product revenue	143.311	139.047	135.205	51.315	50.028	65.796	0	0	0	0	0	194.626	189.075	201.001
Services	0	0	0	0	0	0	39.960	38.464	36.831			39.960	38.464	36.831
Other	0	0	1	0	0	0	0	0	0			0	0	1
Total revenue	143.311	139.047	135.206	51.315	50.028	65.796	39.960	38.464	36.831	0	0	234.586	227.539	237.833
Cost of sales	-18.043	-17.875	-14.289	-1.570	-1.512	-1.649	-27.995	-26.853	-29.349	-2.482	-1.958	-50.090		-47.245
Gross profit	125.268	121.172	120.917	49.745	48.516	64.147	11.965	11.611	7.482	-2.482	-1.958	184.496		190.588
Sales, marketing and distribution expenses	-70.464	-68.612	-63.180	-8.250	-8.072	-10.026	-3.562	-3.479	-3.596	-1.507	-1.449	-83.783		-78.251
Segment contribution	54.804	52.560	57.737	41.495	40.444	54.121	8.403	8.132	3.886	-3.989	-3.407	100.713		112.337
Research and development expenses	-31.752	-28.978	-27.966	-7.899	-7.690	-7.236	0	0	0			-39.651		-35.202
Segment earnings	23.052	23.582	29.771	33.596	32.754	46.885	8.403	8.132	3.886	-3.989	-3.407	61.062		77.135
General and administrative expenses												-22.022		-20.129
Other income												3.528		7.707
Other expense												-10.388		-13.933
Other taxes												-2.150		-2.277
Operating income												30.030		48.503
Financing income												3.043		1.977
Financing expenses												-1.240		-1.662
Net financial income/expenses												1.803		315
Earnings before income taxes												31.833		48.818
Income taxes												-7.132		-8.478
Net income												24.701		40.340

Statement of Comprehensive Income for the Twelve Months Ended December 31, 2021 and 2020

(IFRS, unaudited)

in € thousands	12M 2021	12M 2020	Q4 2021	Q4 2020
Net income	84.344	96.105	24.701	40.340
Currency translation differences from foreign operations	83.647	-78.113	30.295	-24.065
Net gain/(loss) from cash flow hedges	912	-125	-1.298	-3.403
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	84.559	-78.237	28.997	-27.468
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-470	217	-314	35
Net actuarial gain/loss on pension obligations	13.885	-6.448	15.196	-8.889
Items not to be reclassified to the income statement	13.415	-6.231	14.882	-8.854
Gain/loss recognized in equity	97.974	-84.468	43.879	-36.322
Total comprehensive income	182.318	11.637	68.580	4.018
thereof attributable to shareholders of Software AG	181.836	11.238	68.325	3.807
thereof attributable to non-controlling interests	482	399	255	211

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