

Q4 & FY 2021 Results

(unaudited)

Earnings Call Presentation

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Agenda





Sanjay Brahmawar

CEO

Headlines

A robust springboard for growth in 2022 delivered through Helix

1

Digital Business reacceleration

15% bookings growth in Q4.

2

Shift to subscription and SaaS pushing ahead

Bookings at 88% of Digital Business total in both Q4 and FY

3

Execution engine firing on all cylinders

Q4 new logos 106; 312 in FY – a record year for Software AG

4

ARR growing strongly

Total ARR up 11%; Digital Business up 12% year-on-year.

Clear growth drivers in place for the future

3 levers for growth over the short, medium and long term

New business

Landing and expanding
new logos

Migrations

Adding value through
innovation

Renewals

Increasing value with
each cohort

2022 Guidance issued: growth expected at top and bottom line

Drivers accelerating and business model becoming a P&L tailwind


	FY 2021 (in €m)	FY2022 Guidance (in %)
Digital Business bookings	€406.0m	+15% to +25% ¹
A&N bookings	€111.7m	+0% to +5% ¹
Total Product Revenue	€684.0m	+7% to +11% ¹
Operating Margin (EBITA, non-IFRS) ²	19.6%	20% to 22%

¹ at constant currency

² adjusted for non-operating factors (see non-IFRS earnings definition)

2023 ambitions reconfirmed

Continued belief in the ambitions we shared at the start of Helix



**Total
Revenue**

To reach €1bn



**Operating
Margin**
(EBITA, non-IFRS)

Between 25% to 30%



**Recurring
Revenue**

Between 85% - 90%
of product revenue



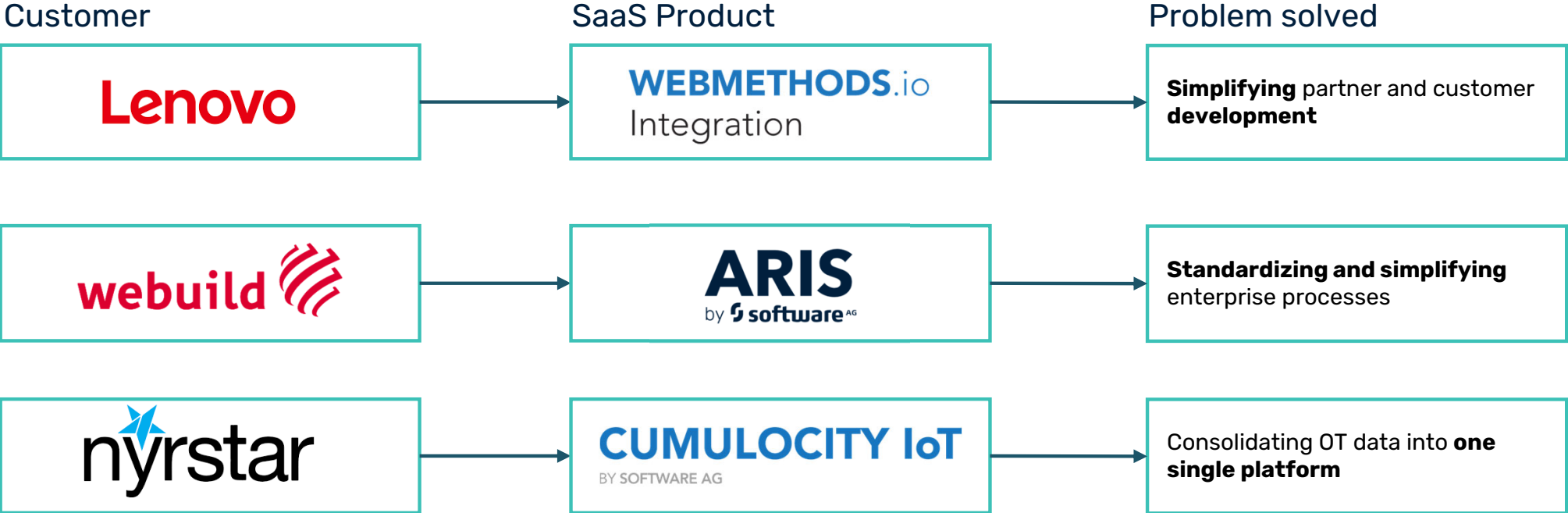
**Digital
Business**

CAGR ~15%

Growth levers underpin confidence in future path

Products resonating, driving our subscription shift and ensuring a record year for new logos

New business
Landing and expanding new logos



Growth levers underpin confidence in future path

Products resonating and driving our subscription shift

Migrations
Adding value through innovation



The first box contains three logos. At the top left is the Ferrari logo, a yellow shield with a black prancing horse and the word 'Ferrari' in black. To its right is the text 'WEBMETHODS.io' in blue, with 'Integration' in black below it. At the bottom left is the Volkswagen logo, a blue 'V' over a 'W' inside a blue circle. To its right is the text 'ARIS' in large, bold, black letters, with 'by software AG' in smaller black letters below it.

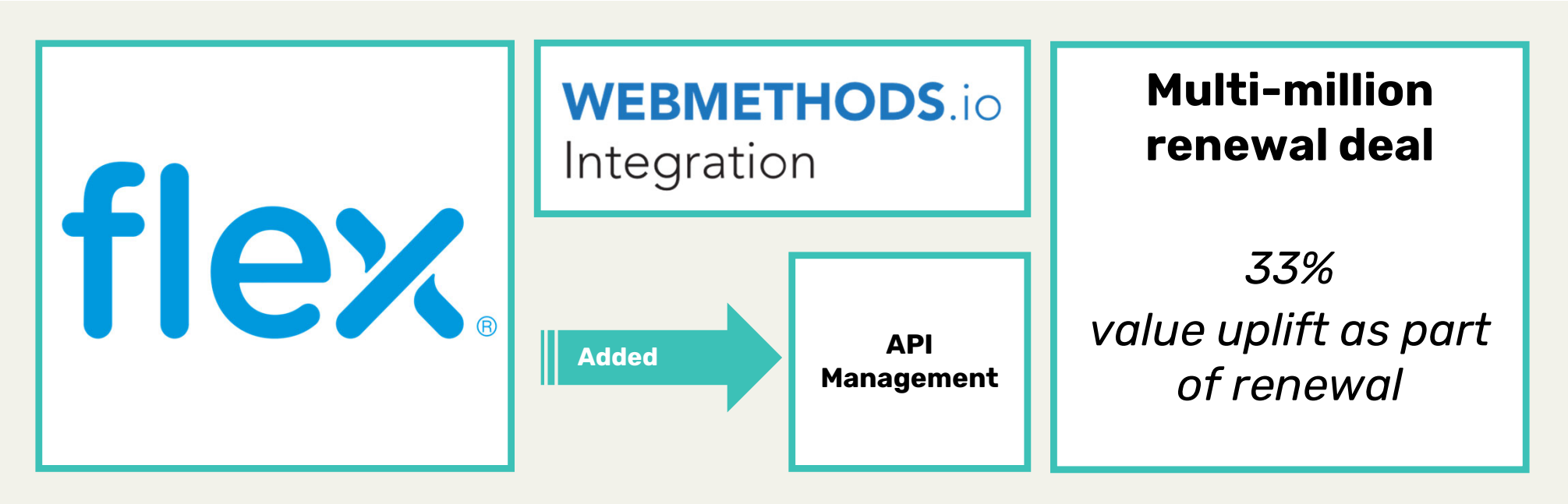
1.4x
Multiplier in
2021

80%
runway left
to go

Growth levers underpin confidence in future path

Products resonating and driving our subscription shift

Renewals
Increasing value with each cohort



Cloud-native products solving biggest customer problems

Pace and quality of innovation supporting additional value creation

WEBMETHODS.io
Integration

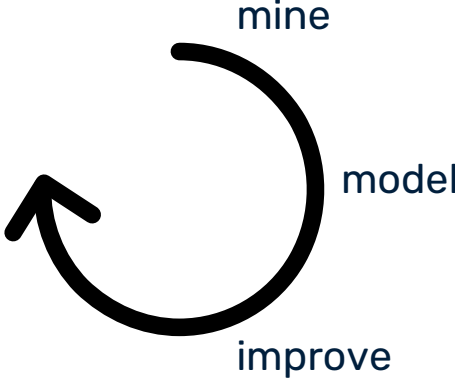
Bringing hybrid to life for our B2B customers

ARIS
by **software AG**

Leading the competition on 'mining-to-model'



- SaaS deployment
- Efficiency and flexibility
- Across on-prem and any multi cloud set-up

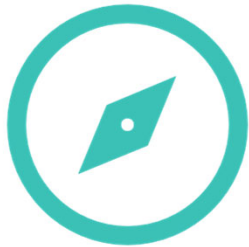


- SaaS deployment
- Combines process mining and BPM
- Unique offering competition can't beat

Team growing stronger all the time

Priorities around leadership, engagement and attracting & retaining the best talent

Leadership



Internal candidates as successors to leadership positions

Engagement



Engagement score at 4.14 / 5

Talent



Team in place to deliver goals, with plan to expand


A high quality team. Engaged, aligned & growing.

Scott Little

CRO

CRO View

Q4 sales execution strength delivers momentum as we enter 2022



Conversion rate up

Digital Business strength
Conversion rate up YoY
All major regions growing



Competitive wins - OCP

Beat Apigee & Red Hat
API Management win
Best API Gateway solution



Return on investments

Mid-market segment
59 Mittelstand wins
Increased specialization



Partner ecosystem

Generating demand
+ 285 qualified leads
Incremental bookings at 11%

CRO View

Actions to further strengthen pipeline taking hold



NAM Awareness



Investing to capture segment demand

40
Newly qualified sales ops so far

x2
Conversion rate vs traditional method

Rolling out
In T1 markets during 2022



Clear actions



**Resources
Sales plays
Methods**

Marketing Resources
25% lift-and-shift

Repeatable Sales plays
Best 2 repeated 21 times

Pipeline quality
Developing
→
Best case

Dr. Matthias Heiden

CFO

Group bookings performance

Solid performance showing 6% year-on-year growth

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Subscription	133.4	118.2	13%	9%	348.6	276.4	26%	26%
SaaS	33.5	20.4	64%	61%	84.1	68.6	23%	23%
Perpetual	28.2	49.5	-43%	-44%	85.0	144.7	-41%	-41%
Total Bookings	195.1	188.2	4%	1%	517.7	489.7	6%	6%
<i>thereof Renewals</i>	<i>31.3</i>	<i>11.2</i>	<i>179%</i>	<i>169%</i>	<i>86.6</i>	<i>40.5</i>	<i>114%</i>	<i>116%</i>

Digital Business bookings

Q4 reacceleration to 15% growth following strong execution performance

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Subscription	111.6	96.2	16%	11%	274.1	224.9	22%	21%
SaaS	33.5	20.4	64%	61%	84.1	68.5	23%	23%
Perpetual	19.7	21.8	-10%	-12%	47.9	67.2	-29%	-28%
Total Bookings	164.8	138.4	19%	15%	406.0	360.6	13%	12%
<i>thereof Renewals</i>	<i>30.1</i>	<i>11.0</i>	<i>173%</i>	<i>162%</i>	<i>81.5</i>	<i>40.2</i>	<i>103%</i>	<i>103%</i>

A&N bookings

Bookings in line with full year guidance range

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Subscription	21.7	22.0	-1%	-3%	74.6	51.5	45%	49%
Perpetual	8.6	27.8	-69%	-69%	37.1	77.5	-52%	-51%
Total Bookings	30.3	49.8	-39%	-40%	111.7	129.0	-13%	-11%

Group product revenue performance

Product revenue growth in the middle of our guidance range

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Subscription	80.4	62.8	28%	24%	246.0	151.2	63%	63%
SaaS	12.6	9.1	38%	35%	44.1	31.3	41%	42%
Maintenance from Perpetual Licenses	82.4	93.9	-12%	-15%	336.0	390.2	-14%	-13%
Total Recurring Revenue	175.4	165.8	6%	3%	626.1	572.7	9%	10%
Perpetual Licenses	19.2	35.2	-45%	-46%	57.9	98.4	-41%	-41%
Total Product Revenue	194.6	201.0	-3%	-6%	684.0	671.1	2%	3%

Digital Business product revenue

Product revenue growth of 5% reflecting positive impact of transformation on P&L

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Subscription	66.2	50.0	33%	28%	184.9	120.0	54%	53%
SaaS	12.6	9.1	38%	35%	44.1	31.3	41%	42%
Maintenance from Perpetual Licenses	51.5	60.4	-15%	-17%	209.9	253.3	-17%	-16%
Total Recurring Revenue	130.4	119.5	9%	6%	438.9	404.6	8%	9%
Perpetual Licenses	12.9	15.7	-18%	-20%	30.6	43.8	-30%	-30%
Total Product Revenue	143.3	135.2	6%	3%	469.5	448.4	5%	5%

A&N product revenue

Product revenue performance in line with our expectations

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Subscription	14.1	12.8	10%	8%	61.1	31.2	96%	100%
Maintenance from Perpetual Licenses	30.9	33.5	-8%	-11%	126.1	136.9	-8%	-6%
Total Recurring Revenue	45.0	46.3	-3%	-6%	187.2	168.1	11%	13%
Perpetual Licenses	6.3	19.5	-68%	-68%	27.3	54.5	-50%	-49%
Total Product Revenue	51.3	65.8	-22%	-24%	214.5	222.6	-4%	-2%

Professional Services

Highly profitable Q4 drives strong annual results from right-sized business

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY* 2021	FY 2020	Δ%	Δ% acc
Total Revenue	40.0	36.8	8%	4%	149.8	163.6	-8%	-8%
Cost of sales	-28.0	-29.3	-5%	-9%	-108.6	-130.5	-17%	-17%
Gross profit	12.0	7.5	60%	55%	41.2	33.1	25%	26%
Sales & Marketing	-3.6	-3.6	-1%	-3%	-13.4	-15.4	-13%	-12%
Segment Result	8.4	3.9	116%	109%	27.8	17.7	57%	59%
<i>Margin in %</i>	<i>21.0%</i>	<i>10.5%</i>			<i>18.5%</i>	<i>10.8%</i>		

* 2021 results affected by disposal of the Spanish at June 30, 2020

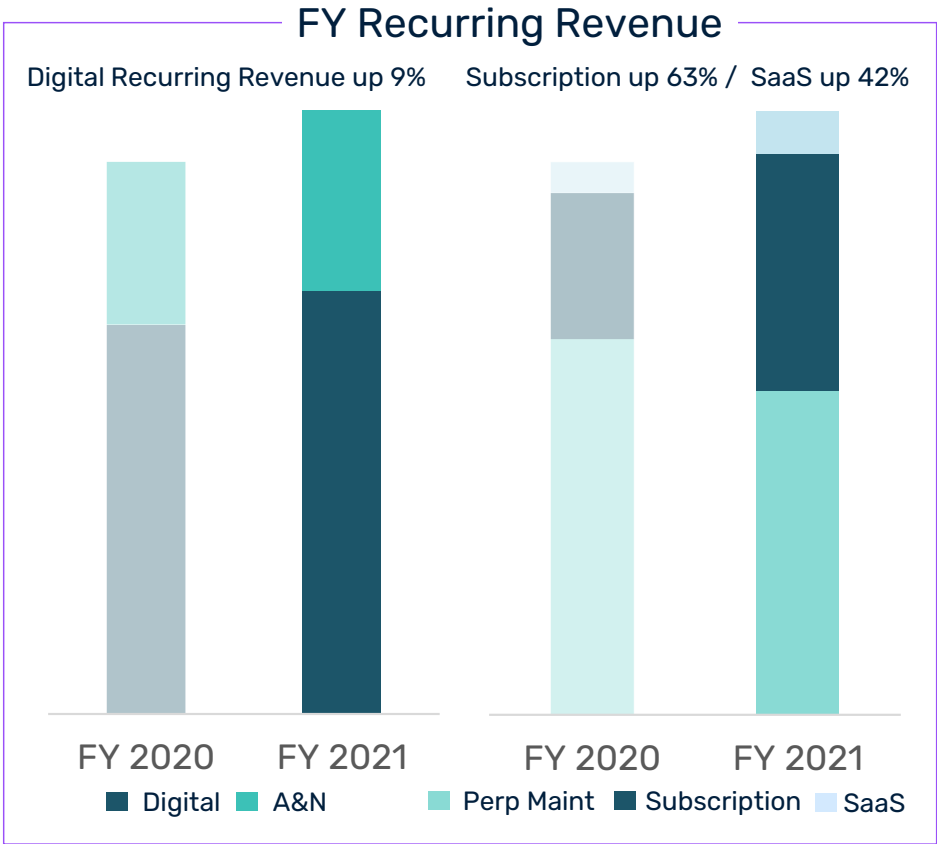
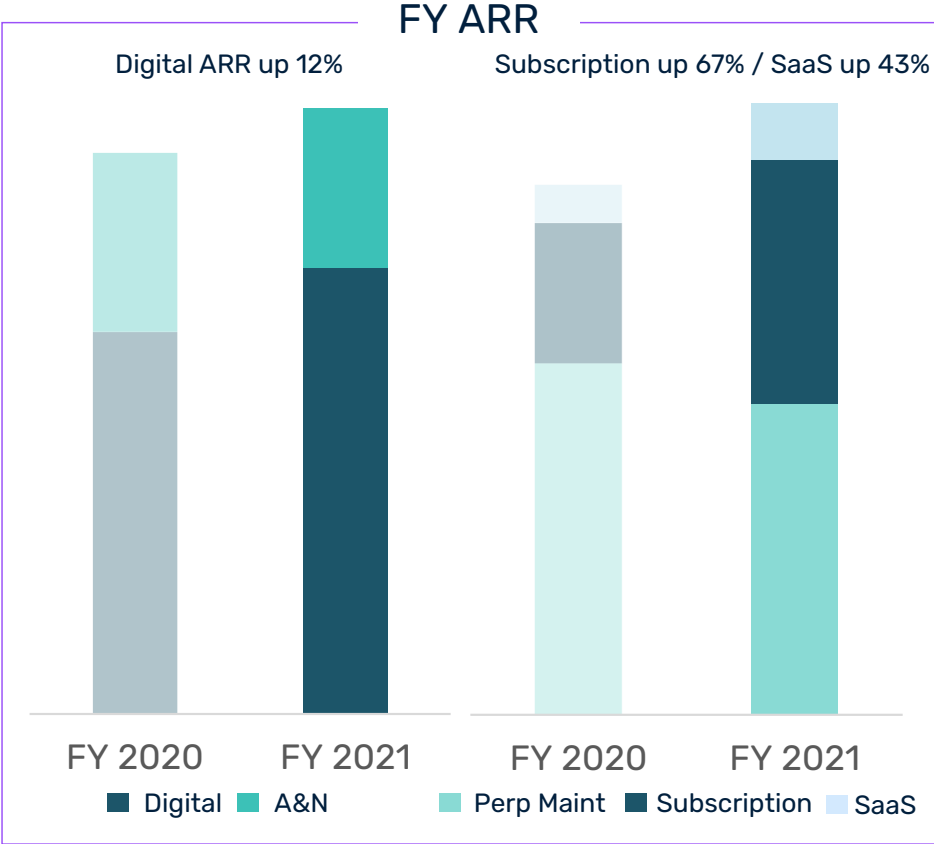
Group revenue

Group level growth of 1% as we build towards €1bn in 2023

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Total Product Revenue	194.6	201.0	-3%	-6%	684.0	671.1	2%	3%
Services Revenue	40.0	36.8	8%	4%	149.8	163.6	-8%	-8%
Total revenue (group)	234.6	237.8	-1%	-4%	833.8	834.8	0%	1%

Recurring revenue and ARR*

Digital Business ARR grows 12% and recurring revenue reached 75% of total revenue



*All at constant currency

Cost base & margin

Margin slightly ahead of guidance with stronger A&N performance during the year

(in €m)	Q4 2021	Q4 2020	Δ%	Δ% acc	FY 2021	FY 2020	Δ%	Δ% acc
Total revenue (group)	234.6	237.8	-1%	-4%	833.8	834.8	0%	1%
Cost of sales	-50.1	-47.2	6%	3%	-188.8	-197.2	-4%	-4%
Gross profit	184.5	190.6	-3%	-6%	645.0	637.6	1%	2%
<i>Margin in %</i>	<i>78.6%</i>	<i>80.1%</i>			<i>77.4%</i>	<i>76.4%</i>		
Research & Development	-39.7	-35.2	13%	12%	-151.2	-143.9	5%	6%
Sales & Marketing	-83.8	-78.3	7%	4%	-280.2	-272.6	3%	4%
Administration	-22.0	-20.1	9%	8%	-82.8	-76.8	8%	9%
Other income / expense	-6.9	-6.2			-8.7	-7.9		
EBIT	32.2	50.8	-37%	-43%	122.1	136.4	-10%	-9%
<i>Margin in %</i>	<i>13.7%</i>	<i>21.4%</i>			<i>14.6%</i>	<i>16.3%</i>		
EBITA (non-IFRS)	45.2	62.5	-28%		163.8	177.0	-8%	
<i>Margin in %</i>	<i>19.3%</i>	<i>26.3%</i>			<i>19.6%</i>	<i>21.2%</i>		

Cash flow

Strong performance as we exit the trough with better cash collection and payment structuring

(in €m)

	Q4 2021	Q4 2020	Δ%	FY 2021	FY 2020	Δ%
Operating Cash Flow	25.4	13.5	88%	116.2	112.5	3%
./. CapEx* (long-term, non-current)	-4.6	2.5		-11.8	-9.3	
./. Repayment of lease liabilities**	-3.1	-3.9		-13.0	-15.6	
Free Cash Flow	17.7	12.1	46%	91.4	87.6	4%
<i>in % of revenue</i>	7.5%	5.1%		11.0%	10.5%	
Free Cash Flow per share***	€0.24	€0.16	46%	€1.24	€1.18	4%

* 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 and closing

Heading into 2022 with confidence and a clear plan to deliver on our ambitions

1

Digital Business reacceleration means we start 2022 with momentum

2

Cloud-native product set driving subscription shift forward and improving quality of revenues

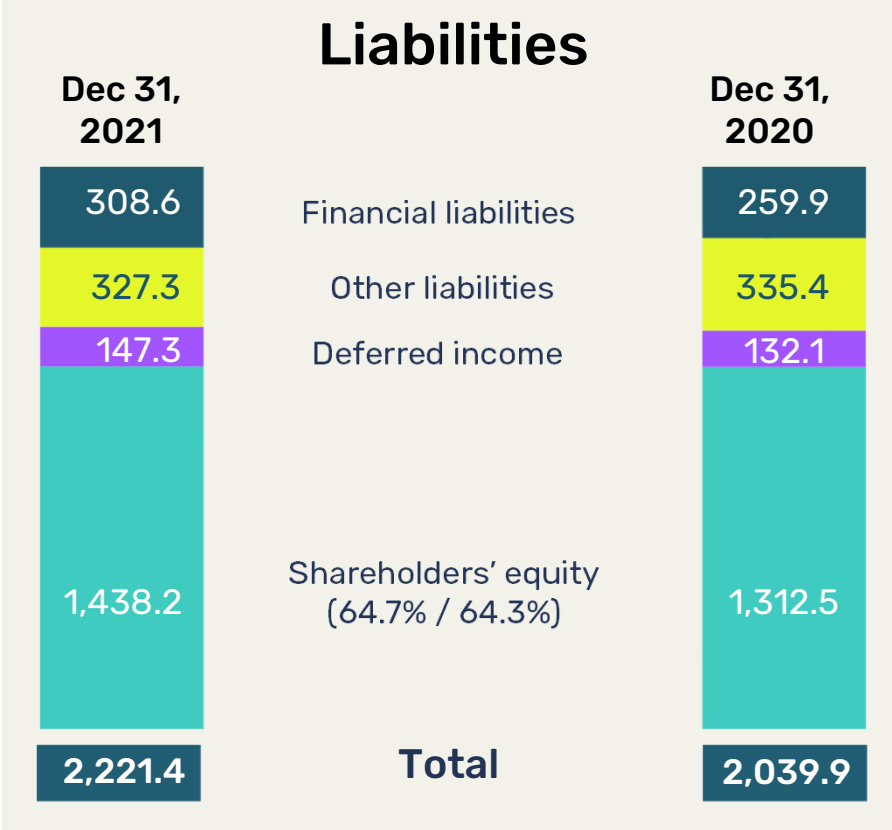
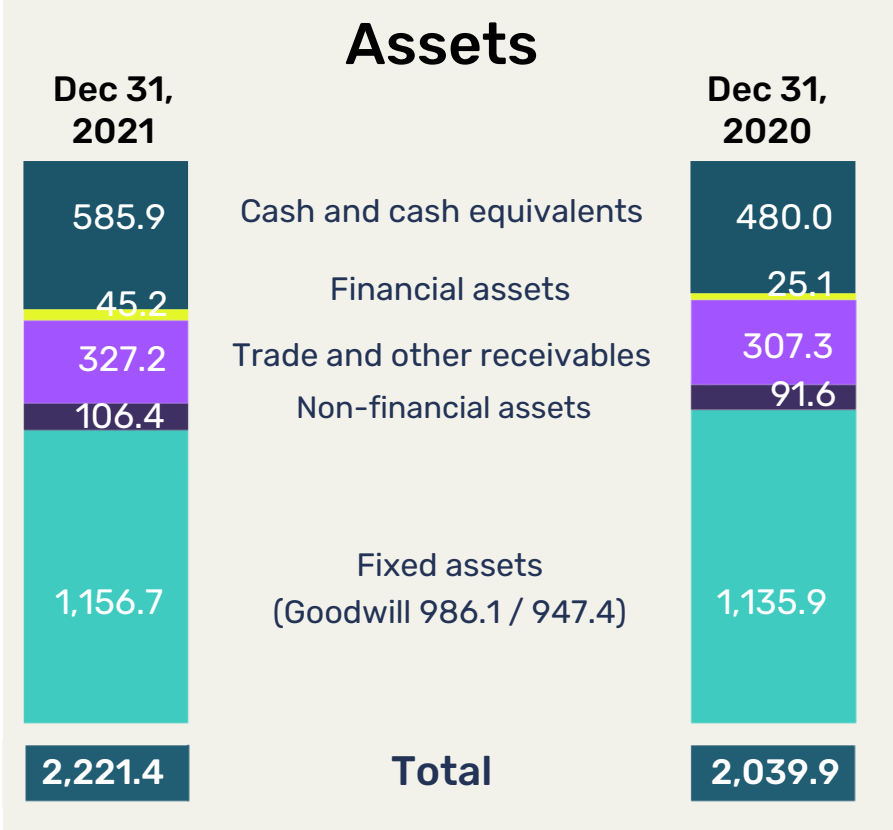
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Guidance for growth indicates our confidence for 2022 and beyond

Your Questions

Balance Sheet

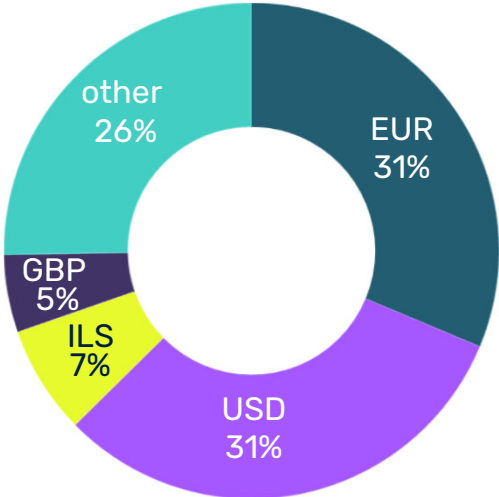
(in €m)



Currency Impact on Revenue

Q4 2021 / FY 2021

- ⇒ 31% revenue in Euro
- ⇒ 69% revenue in foreign currency



Currency split Q4 2021

Currency impact on revenue

<i>(in €m; yoy)</i>	Q4 2021	in %	FY 2021	in %
Subscription	2.5	3%	-0.4	0%
SaaS	0.3	3%	-0.2	0%
Perpetual	2.7	3%	-5.6	-1%
Professional Services & other	1.5	4%	-0.4	0%
Total	7.0	3%	-6.6	-1%

Headcount

By functional areas* and geography

<i>(in FTE)</i>	December 31, 2021	September 30, 2021	Δ%	December 31, 2020	Δ% yoy
Total	4,819	4,749	1%	4,700	3%
Professional Services**	1,526	1,510	1%	1,490	2%
Research & Development	1,477	1,468	1%	1,494	-1%
Sales & Marketing	1,074	1,063	1%	1,027	5%
Administration	742	708	5%	689	8%
Germany	1,385	1,355	2%	1,314	5%
USA	601	608	-1%	629	-4%
India	1,097	1,057	4%	1,043	5%
Rest of world	1,736	1,729	0%	1,714	1%

* According to P&L Structure

** incl. Professional Services, Support and Cloud Operations

Earnings (IFRS)

Q4 2021 / FY 2021

<i>(in €m)</i>	Q4 2021	Q4 2020	Δ%	FY 2021	FY 2020	Δ%
EBIT (before all taxes)	32.2	50.8	-37%	122.1	136.4	-10%
Financial result	1.8	0.3		1.0	3.1	
Profit before taxes	34.0	51.1	-33%	123.1	139.5	-12%
Other taxes	-2.2	-2.3	-6%	-5.3	-5.9	-11%
Income taxes	-7.2	-8.5	-15%	-33.5	-37.5	-11%
<i>Tax rate in %</i>	<i>-27.4%</i>	<i>-21.0%</i>		<i>-31.5%</i>	<i>-31.1%</i>	
Net income	24.7	40.3	-39%	84.3	96.1	-12%
EPS in €*	€0.33	€0.54	-39%	€1.13	€1.29	-12%

*Weighted average shares outstanding (basic): 74.0m