

# Software AG

## Financial Information

### Q1 / 2022

*April 27, 2022*  
(unaudited)

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## Key Figures as of March 31, 2022 and 2021

(IFRS, unaudited)

in € millions

(unless otherwise stated)	Q1 2022 (IFRS)	Q1 2022 (acc <sup>1</sup> )	Q1 2021 (IFRS)	+/- as %	+/- in % acc <sup>1</sup>
<b>Group revenue</b>	<b>206,0</b>	<b>198,0</b>	<b>183,1</b>	<b>13</b>	<b>8</b>
<b>Product revenue</b>					
Digital Business	110,9	107,3	98,9	12	8
A&N	56,0	53,3	47,5	18	12
Licenses	55,5	53,7	38,5	44	40
Maintenance	97,5	93,4	98,5	-1	-5
SaaS	14,0	13,6	9,5	47	43
<b>Group Bookings</b>	<b>112,3</b>	<b>108,0</b>	<b>88,8</b>	<b>27</b>	<b>22</b>
Bookings Digital Business <sup>2</sup>	79,7	77,4	67,4	18	15
Bookings A&N <sup>2</sup>	32,6	30,6	21,4	53	43

	March 31, 2022	March 31, 2022 acc <sup>1</sup>	March 31, 2021	03/22-03/21 +/- as %	+/- in % acc <sup>1</sup>
<b>Group ARR</b>	<b>605,5</b>	<b>578,1</b>	<b>522,6</b>	<b>16</b>	<b>11</b>
Digital Business ARR <sup>3</sup>	429,4	411,9	368,7	16	12
A&N ARR <sup>3</sup>	176,1	166,2	154,0	14	8

	Q1 2022	Q1 2021	+/- as %
<b>Operating EBITA (non-IFRS)</b>	<b>40,9</b>	<b>24,5</b>	<b>67</b>
<i>as % of revenue</i>	19,9%	13,4%	
Digital Business segment earnings	8,0	2,6	208
<i>Segment margin</i>	7,2%	2,6%	
A&N segment earnings	38,0	31,1	22
<i>Segment margin</i>	67,8%	65,4%	
<b>EBIT (IFRS)</b>	<b>30,0</b>	<b>15,3</b>	<b>96</b>
<b>Net income (non-IFRS)</b>	<b>25,3</b>	<b>17,0</b>	<b>49</b>
<b>Earnings per share (non-IFRS)<sup>4</sup></b>	<b>0,34</b>	<b>0,23</b>	<b>49</b>
<b>Operating cash flow</b>	<b>30,6</b>	<b>47,0</b>	<b>-35</b>
CapEx <sup>5</sup>	-3,6	-3,9	-8
Repayments of lease liabilities	-2,7	-3,3	-18
<b>Free cash flow</b>	<b>24,3</b>	<b>39,8</b>	<b>-39</b>
<b>Free cash flow per share</b>	<b>0,33</b>	<b>0,54</b>	<b>-39</b>

Balance sheet	Mar. 31, 2022	Dec. 31, 2021	+/- as %
<b>Total assets</b>	<b>2.578,4</b>	<b>2.221,4</b>	<b>16</b>
Cash and cash equivalents	943,9	585,9	61
Net cash	342,8	277,3	24
<b>Employees (FTE)</b>	<b>4.801</b>	<b>4.819</b>	<b>0</b>

<sup>1</sup> acc = At constant currency.

<sup>2</sup> Bookings according to the definition in the 2021 annual report, page 78.

<sup>3</sup> Annual recurring revenue.

<sup>4</sup> Based on weighted average shares outstanding (basic) Q1 2022: 74.0 mn / Q1 2021 74.0 mn.

<sup>5</sup> 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 Three Months Ended March, 2022 and 2021

(IFRS, unaudited)

in € thousands	Q1 2022	Q1 2021	+/- as %
Licenses	55.511	38.467	44%
Maintenance	97.459	98.492	-1%
SaaS	13.967	9.496	47%
Services	39.092	36.649	7%
Other	3	2	50%
<b>Total revenue</b>	<b>206.032</b>	<b>183.106</b>	<b>13%</b>
Costs of sales	-49.271	-46.269	6%
<b>Gross profit</b>	<b>156.761</b>	<b>136.837</b>	<b>15%</b>
Research and development expenses	-40.919	-38.536	6%
Sales, marketing and distribution expenses	-67.056	-62.201	8%
General and administrative expenses	-22.754	-20.523	11%
Other income	13.540	4.406	207%
Other expense	-9.552	-4.672	104%
Other taxes	-1.065	-1.064	0%
<b>Operating income</b>	<b>28.955</b>	<b>14.247</b>	<b>103%</b>
Financing income	2.150	1.297	66%
Financing expenses	-5.592	-1.558	259%
<b>Net financial income/expenses</b>	<b>-3.442</b>	<b>-261</b>	<b>1219%</b>
<b>Earnings before income taxes</b>	<b>25.513</b>	<b>13.986</b>	<b>82%</b>
Income taxes	-7.751	-3.747	107%
<b>Net income</b>	<b>17.762</b>	<b>10.239</b>	<b>73%</b>
thereof attributable to shareholders of Software AG	17.626	10.168	73%
thereof attributable to non-controlling interests	136	71	92%
Earnings per share in € (basic)	0,24	0,14	71%
Earnings per share in € (diluted) <sup>1</sup>	0,24	0,14	71%
Weighted average number of shares outstanding (basic)	73.979.889	73.979.889	-
Weighted average number of shares outstanding (diluted)	77.678.858	73.979.889	-

<sup>1</sup> Net income increased by interest expenses after taxes of convertible bond.

## Consolidated Balance Sheet as of March 31, 2022 and March 31, 2021 (IFRS, unaudited)

Assets (in € thousands)	Mar. 31, 2022	Dec. 31, 2021
<b>Current assets</b>		
Cash and cash equivalents	943.893	585.844
Other financial assets	24.319	24.092
Trade receivables, contract assets and other receivables	206.867	198.466
Other non-financial assets	39.578	39.487
Income tax receivables	27.278	27.029
	<b>1.241.935</b>	<b>874.918</b>
<b>Non-current assets</b>		
Intangible assets	83.684	87.466
Goodwill	993.176	986.136
Property, plant and equipment	76.693	76.877
Investment property	6.180	6.241
Other financial assets	19.672	21.115
Trade receivables, contract assets and other receivables	113.840	128.732
Other non-financial assets	9.109	9.113
Income tax receivables	14.554	14.225
Deferred tax receivables	19.635	16.567
	<b>1.336.543</b>	<b>1.346.472</b>
<b>Total Assets</b>	<b>2.578.478</b>	<b>2.221.390</b>

Equity and Liabilities (in € thousands)	Mar. 31, 2022	Dec. 31, 2021
<b>Current liabilities</b>		
Financial liabilities	57.238	84.866
Trade and other payables	46.344	53.548
Other non-financial liabilities	106.093	137.888
Other provisions	41.881	43.924
Income tax liabilities	33.145	34.980
Contractual obligations/deferred income	177.808	135.675
	<b>462.509</b>	<b>490.881</b>
<b>Non-current liabilities</b>		
Financial liabilities	543.817	223.767
Trade and other payables	252	212
Other non-financial liabilities	1.733	1.564
Other provisions	9.904	12.124
Provisions for pensions and similar obligations	34.737	35.042
Income tax liabilities	1.662	1.629
Deferred tax liabilities	4.948	6.397
Contractual obligations/deferred income	11.870	11.560
	<b>608.923</b>	<b>292.295</b>
<b>Equity</b>		
Share capital	74.000	74.000
Capital reserves	55.950	22.580
Retained earnings	1.387.001	1.369.375
Other reserves	-9.624	-27.798
Treasury shares	-757	-757
<b>Attributable to shareholders of Software AG</b>	<b>1.506.570</b>	<b>1.437.400</b>
<b>Non-controlling interests</b>	<b>476</b>	<b>814</b>
	<b>1.507.046</b>	<b>1.438.214</b>
<b>Total Equity and Liabilities</b>	<b>2.578.478</b>	<b>2.221.390</b>

## Consolidated Statement of Cash Flows for the Three Months Ended March 31, 2022 and 2021 (IFRS, unaudited)

in € thousands	Q1 2022	Q1 2021
Net income	17.762	10.239
Income taxes	7.751	3.747
Net financial income/expense	3.442	261
Amortization/depreciation of non-current assets	9.740	9.896
Other non-cash income/expense	-7.197	114
Changes in receivables and other assets	10.427	28.636
Changes in payables and other liabilities	4.126	-2.150
Income taxes paid	-14.429	-3.301
Interest paid	-3.316	-1.801
Interest received	2.299	1.356
<b>Net cash flow from operating activities</b>	<b>30.605</b>	<b>46.997</b>
Proceeds from the sale of property, plant and equipment/intangible assets	158	54
Purchase of property, plant and equipment/intangible assets	-1.693	-1.260
Proceeds from the sale of non-current financial assets	1	107
Purchase of non-current financial assets	-2.011	-2.831
Proceeds from the sale of current financial assets	67	3
Purchase of current financial assets	-840	-17.816
Net proceeds/payments from disposal of assets held for sale	0	2.132
<b>Net cash flow from investing activities</b>	<b>-4.318</b>	<b>-19.611</b>
Dividends paid	-474	-404
Proceeds/payments for current financial liabilities	3.188	6.854
Repayments of lease liabilities	-2.717	-3.310
New non-current financial liabilities	364.300	0
Repayment of non-current financial liabilities	-40.000	0
<b>Net cash flow from financing activities</b>	<b>324.297</b>	<b>3.140</b>
Change in cash and cash equivalents	350.584	30.526
Change in cash and cash equivalents from currency translation	7.465	17.530
<b>Net change in cash and cash equivalents</b>	<b>358.049</b>	<b>48.056</b>
Cash and cash equivalents at beginning of period	585.844	479.982
<b>Cash and cash equivalents at end of period</b>	<b>943.893</b>	<b>528.038</b>
<b>Free cash flow</b>	<b>24.343</b>	<b>39.757</b>

## Segment Report for the First Quarter 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q1 2022	Q1 2022	Q1 2021	Q1 2022	Q1 2022	Q1 2021	Q1 2022	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2022	Q1 2021
	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	22.707	22.081	18.970	13.793	13.348	2.748	0	0	0			36.500	35.429	21.718
Maintenance from Subscription	18.075	17.430	11.230	4.188	4.045	2.133	0	0	0			22.263	21.475	13.363
Maintenance from Perpetual	44.485	42.697	53.313	30.711	29.200	31.816	0	0	0			75.196	71.891	85.129
SaaS	13.967	13.568	9.494	0	0	2	0	0	0			13.967	13.568	9.496
<b>Recurring Revenue</b>	<b>99.234</b>	<b>95.770</b>	<b>93.007</b>	<b>48.692</b>	<b>46.593</b>	<b>36.699</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147.926</b>	<b>142.363</b>	<b>129.706</b>
License from Perpetual	11.685	11.539	5.917	7.326	6.755	10.832	0	0	0			19.011	18.294	16.749
<b>Product revenue</b>	<b>110.919</b>	<b>107.309</b>	<b>98.924</b>	<b>56.018</b>	<b>53.348</b>	<b>47.531</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>166.937</b>	<b>160.657</b>	<b>146.455</b>
Services	0	0	0	0	0	0	39.092	37.315	36.649			39.092	37.315	36.649
Other	3	3	0	0	0	0	0	0	2			3	3	2
<b>Total revenue</b>	<b>110.922</b>	<b>107.312</b>	<b>98.924</b>	<b>56.018</b>	<b>53.348</b>	<b>47.531</b>	<b>39.092</b>	<b>37.315</b>	<b>36.651</b>	<b>0</b>	<b>0</b>	<b>206.032</b>	<b>197.975</b>	<b>183.106</b>
Cost of sales	-15.422	-13.926	-14.470	-2.161	-142	-2.144	-29.193	-27.889	-27.153	-2.495	-2.502	-49.271		-46.269
<b>Gross profit</b>	<b>95.500</b>	<b>93.386</b>	<b>84.454</b>	<b>53.857</b>	<b>53.206</b>	<b>45.387</b>	<b>9.899</b>	<b>9.426</b>	<b>9.498</b>	<b>-2.495</b>	<b>-2.502</b>	<b>156.761</b>		<b>136.837</b>
Sales, marketing and distribution expenses	-55.106	-53.337	-51.768	-7.348	-6.980	-5.867	-3.080	-2.954	-3.121	-1.522	-1.445	-67.056		-62.201
<b>Segment contribution</b>	<b>40.394</b>	<b>40.049</b>	<b>32.686</b>	<b>46.509</b>	<b>46.226</b>	<b>39.520</b>	<b>6.819</b>	<b>6.472</b>	<b>6.377</b>	<b>-4.017</b>	<b>-3.947</b>	<b>89.705</b>		<b>74.636</b>
Research and development expenses	-32.402	-31.714	-30.088	-8.517	-8.505	-8.448	0	0	0	0	0	-40.919		-38.536
<b>Segment earnings</b>	<b>7.992</b>	<b>8.335</b>	<b>2.598</b>	<b>37.992</b>	<b>37.721</b>	<b>31.072</b>	<b>6.819</b>	<b>6.472</b>	<b>6.377</b>	<b>-4.017</b>	<b>-3.947</b>	<b>48.786</b>		<b>36.100</b>
General and administrative expenses												-22.754		-20.523
Other income												13.540		4.406
Other expense												-9.552		-4.672
Other taxes												-1.065		-1.064
<b>Operating income</b>												<b>28.955</b>		<b>14.247</b>
Financing income												2.150		1.297
Financing expenses												-5.592		-1.558
<b>Net financial income/expenses</b>												<b>-3.442</b>		<b>-261</b>
<b>Earnings before income taxes</b>												<b>25.513</b>		<b>13.986</b>
Income taxes												-7.751		-3.747
<b>Net income</b>												<b>17.762</b>		<b>10.239</b>

## Statement of Comprehensive Income for the Three Months Ended March 31, 2022 and 2021

(IFRS, unaudited)

in € thousands	Q1 2022	Q1 2021
<b>Net income</b>	<b>17.762</b>	<b>10.239</b>
Currency translation differences from foreign operations	18.659	37.244
Net gain/(loss) from cash flow hedges	-445	1.008
Currency translation gain/loss from net investments in foreign operations	0	1
<b>Items to be reclassified to the income statement if certain conditions are met</b>	<b>18.214</b>	<b>38.253</b>
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-210	-122
Net actuarial gain/loss on pension obligations	170	-1.764
<b>Items not to be reclassified to the income statement</b>	<b>-40</b>	<b>-1.886</b>
<b>Gain/loss recognized in equity</b>	<b>18.174</b>	<b>36.367</b>
<b>Total comprehensive income</b>	<b>35.936</b>	<b>46.606</b>
thereof attributable to shareholders of Software AG	35.800	46.535
thereof attributable to non-controlling interests	136	71



## Investor Relations

Uhlandstraße 12  
64297 Darmstadt  
Germany

Telephone: +49 (0) 6151 / 92 1900  
Fax: +49 (0) 6151 / 9234 1900  
E-Mail: [investor.relations@softwareag.com](mailto:investor.relations@softwareag.com)

[www.softwareag.com](http://www.softwareag.com)

