

Software AG Q2 & 1H 2022 Preliminary Earnings

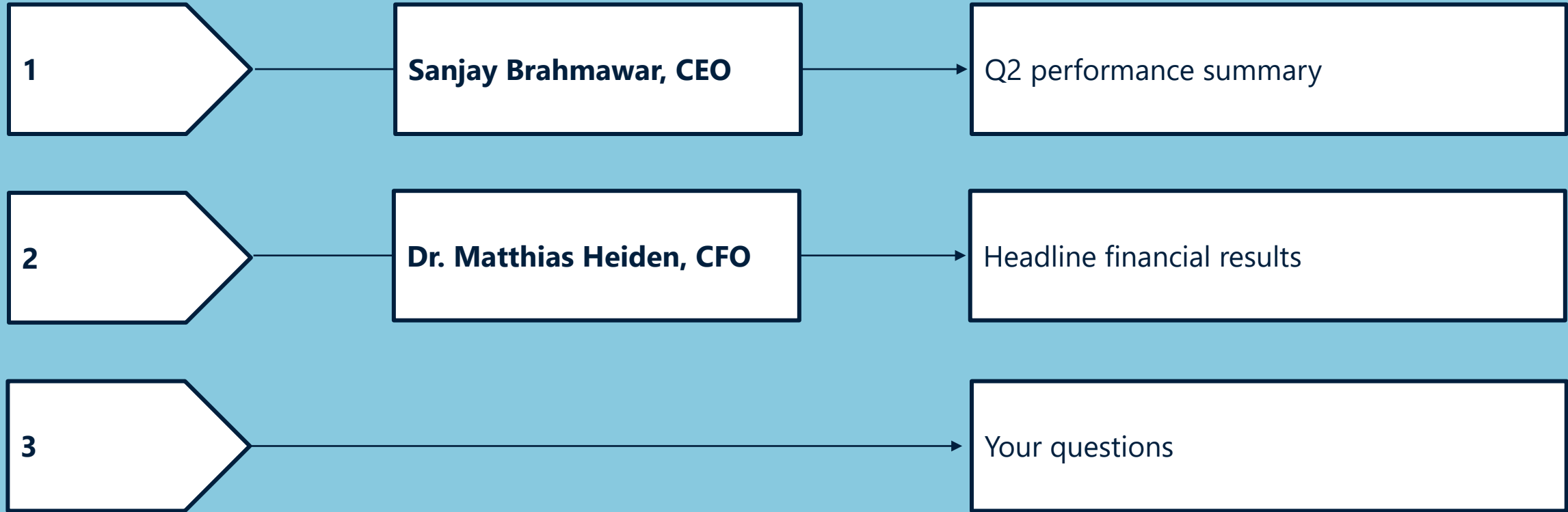
Sanjay Brahmawar

Dr. Matthias Heiden

15 July 2022



Agenda



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Sanjay Brahmawar

CEO



Clear action plan to remediate in-quarter execution issues

Opportunity remains intact with clear plan in place to ensure Digital Business realises its potential

1

Laser focus on closing delayed deals

2

New CRO to drive our acceleration phase forward
New COO to drive operational excellence

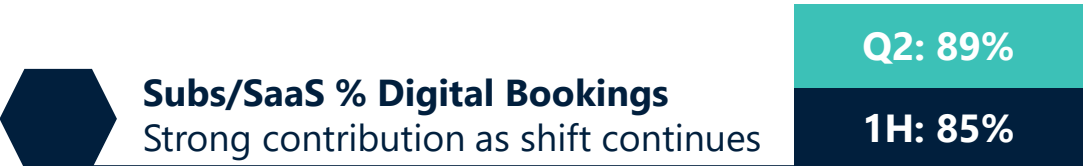
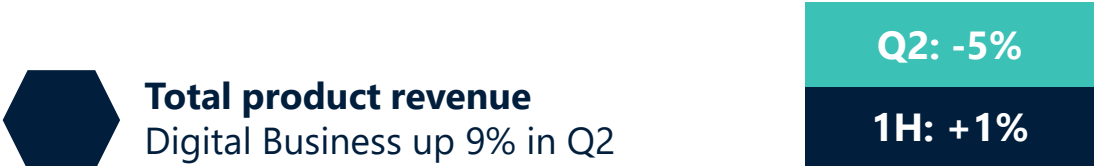
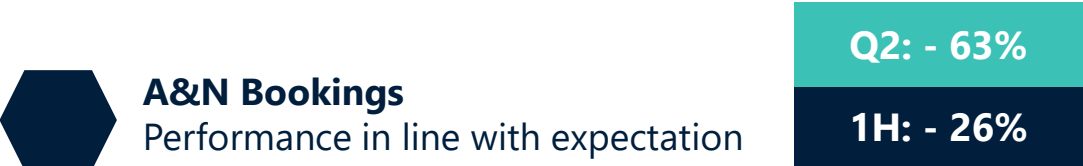
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Actions to improve linearity

**Solid progress
in closing
remaining Q2
deals**

Mixed second quarter organic* performance

Robust organic growth and profit performance despite softer Digital Business bookings



*Organic results exclude contributions from StreamSets. Group results include StreamSets.

Outlook

Digital Business bookings guidance updated, all other guidance is unchanged

	FY 2022 Organic Guidance (in %)		FY 2022 Group Guidance (including StreamSets) (in %)	Organic 2023 ambitions
	Original	New	Reconfirmed	Reconfirmed
Digital Business bookings	+15% to +25% ¹	+12% to +18%	Non-IFRS product revenue growth of between 12% and 16% ³ An impact on non-IFRS EBITA of between -€17 million and -€13 million ³	€1bn Revenue 25%-30% Margin 85%-90% Product Revenue Recurring ~15% Digital Business CAGR With the addition of StreamSets , the Group expects total revenue to be comfortably ahead of its €1bn
A&N bookings	+0% to +5% ¹	Unchanged		
Total Product Revenue	+7% to +11% ¹	Unchanged		
Operating Margin (EBITA, non-IFRS) ²	20% to 22%	Unchanged		

¹ at constant currency

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

³excludes the impact of Purchase Price Allocation and the translation of non-IFRS revenue and profit numbers into IFRS.

Dr. Matthias Heiden

CFO



Digital Business results (excl. StreamSets)

Robust revenue performance despite softer bookings

<i>(in €m)</i>	Q2 2022	Q2 2021	Δ%	Δ% acc	H1 2022	H1 2021	Δ%	Δ% acc
Subscription	61.9	63.0	-2%	-6%	107.9	103.8	4%	0%
SaaS	23.6	18.1	31%	26%	42.2	31.8	33%	28%
Perpetual	11.0	5.0	121%	105%	26.0	17.8	46%	40%
Total Bookings	96.5	86.1	12%	7%	176.2	153.5	15%	11%
<i>thereof Renewals</i>	<i>18.3</i>	<i>18.9</i>	<i>-3%</i>	<i>-7%</i>	<i>40.7</i>	<i>32.0</i>	<i>27%</i>	<i>23%</i>
Subscription	207.9	137.7	51%	43%	207.9	137.7	51%	43%
SaaS	62.9	43.0	46%	40%	62.9	43.0	46%	40%
Maintenance from Perpetual Licenses	176.6	199.6	-12%	-17%	176.6	199.6	-12%	-17%
Total ARR (as of quarter end)	447.4	380.2	18%	11%	447.4	380.2	18%	11%
Subscription	61.0	44.9	36%	30%	101.8	75.1	36%	31%
SaaS	15.3	10.5	45%	39%	29.2	20.0	46%	41%
Maintenance from Perpetual Licenses	46.6	53.2	-12%	-18%	91.1	106.5	-14%	-19%
Total Recurring Revenue	122.9	108.6	13%	7%	222.1	201.6	10%	5%
Perpetual Licenses	7.1	5.1	38%	29%	18.8	11.0	70%	64%
Total Product Revenue	130.0	113.7	14%	8%	240.9	212.7	13%	8%

Digital Business results (incl. StreamSets)

Robust revenue performance despite softer bookings

<i>(in €m)</i>	Q2 2022	Q2 2021	Δ%	Δ% acc	H1 2022	H1 2021	Δ%	Δ% acc
Subscription	75.5	63.0	20%	13%	121.6	103.8	17%	12%
SaaS	29.4	18.1	63%	54%	48.0	31.8	51%	44%
Perpetual	11.0	5.0	121%	105%	26.0	17.8	46%	40%
Total Bookings	115.9	86.1	35%	27%	195.6	153.5	27%	22%
Subscription	228.0	137.7	66%	56%	228.0	137.7	66%	56%
SaaS	76.4	43.0	78%	67%	76.4	43.0	78%	67%
Maintenance from Perpetual Licenses	176.6	199.6	-12%	-17%	176.6	199.6	-12%	-17%
Total ARR (as of quarter end)	481.0	380.2	27%	19%	481.0	380.2	27%	19%
Subscription	63.6	44.9	42%	36%	104.4	75.1	39%	34%
SaaS	18.5	10.5	76%	66%	32.4	20.0	62%	55%
Maintenance from Perpetual Licenses	46.6	53.2	-12%	-18%	91.1	106.5	-14%	-19%
Total Recurring Revenue	128.7	108.6	19%	12%	228.0	201.6	13%	8%
Perpetual Licenses	7.1	5.1	38%	29%	18.8	11.0	70%	64%
Total Product Revenue	135.8	113.7	19%	13%	246.8	212.7	16%	11%

A&N results

Results in line with expectations despite a tough comparator period

<i>(in €m)</i>	Q2 2022	Q2 2021	Δ%	Δ% acc	H1 2022	H1 2021	Δ%	Δ% acc
Subscription	9.8	31.5	-69%	-71%	31.5	37.6	-16%	-20%
Perpetual	6.5	9.1	-28%	-36%	17.4	24.3	-29%	-36%
Total Bookings	16.3	40.6	-60%	-63%	48.9	61.9	-21%	-26%
<i>thereof Renewals</i>								
Subscription	58.4	36.4	61%	52%	58.4	36.4	61%	52%
Maintenance from Perpetual Licenses	119.2	122.8	-3%	-10%	119.2	122.8	-3%	-10%
Total ARR (as of quarter end)	177.6	159.1	12%	4%	177.6	159.1	12%	4%
Subscription	16.1	28.1	-43%	-47%	34.1	33.0	3%	-2%
Maintenance from Perpetual Licenses	30.3	32.4	-6%	-14%	61.0	64.2	-5%	-11%
Total Recurring Revenue	46.4	60.5	-23%	-29%	95.1	97.2	-2%	-8%
Perpetual Licenses	5.4	6.7	-19%	-27%	12.7	17.5	-27%	-34%
Total Product Revenue	51.8	67.2	-23%	-29%	107.8	114.7	-6%	-12%

Group top line results (excl. StreamSets)

Second quarter and first half organic results

(in €m)	Q2 2022	Q2 2021	Δ%	Δ% acc	YTD 2022	YTD 2021	Δ%	Δ% acc	
Subscription	71.7	94.5	-24%	-27%	139.4	141.5	-1%	-5%	Bookings
SaaS	23.6	18.1	31%	26%	42.2	31.8	33%	28%	
Perpetual	17.5	14.0	24%	14%	43.4	42.1	3%	-4%	
Total Bookings	112.8	126.6	-11%	-15%	225.1	215.4	5%	0%	
<i>thereof Renewals</i>	18.8	20.0	-6%	-10%	41.5	34.4	21%	17%	
Subscription	266.4	174.0	53%	45%	266.4	174.0	53%	45%	ARR
SaaS	62.9	43.0	46%	40%	62.9	43.0	46%	40%	
Maintenance from Perpetual Licenses	295.7	322.3	-8%	-14%	295.7	322.3	-8%	-14%	
Total ARR (as of quarter end)	625.0	539.4	16%	9%	625.0	539.4	16%	9%	
Subscription	77.1	73.0	6%	1%	135.8	108.0	26%	21%	Revenue
SaaS	15.3	10.5	45%	39%	29.2	20.0	46%	41%	
Maintenance from Perpetual Licenses	76.9	85.6	-10%	-16%	152.1	170.7	-11%	-16%	
Total Recurring Revenue	169.3	169.1	0%	-6%	317.2	298.8	6%	1%	
Perpetual Licenses	12.5	11.8	6%	-3%	31.5	28.6	10%	4%	
Total Product Revenue	181.8	180.9	0%	-5%	348.7	327.4	7%	1%	

Group top line results (incl. StreamSets)

Second quarter and first half Group results

(in €m)	Q2 2022	Q2 2021	Δ%	Δ% acc	YTD 2022	YTD 2021	Δ%	Δ% acc	
Subscription	85.3	94.5	-10%	-15%	153.0	141.5	8%	3%	Bookings
SaaS	29.4	18.1	63%	54%	48.0	31.8	51%	44%	
Perpetual	17.5	14.0	24%	14%	43.4	42.1	3%	-4%	
Total Bookings	132.2	126.6	4%	-2%	244.5	215.4	14%	8%	
<i>thereof Renewals</i>	36.9	20.0	85%	70%	59.6	34.4	73%	63%	
Subscription	286.4	174.0	65%	55%	286.4	174.0	65%	55%	ARR
SaaS	76.4	43.0	78%	67%	76.4	43.0	78%	67%	
Maintenance from Perpetual Licenses	295.7	322.3	-8%	-14%	295.7	322.3	-8%	-14%	
Total ARR (as of quarter end)	658.6	539.4	22%	14%	658.6	539.4	22%	14%	
Subscription	79.7	73.0	9%	4%	138.5	108.0	28%	23%	Revenue
SaaS	18.5	10.5	76%	66%	32.4	20.0	62%	55%	
Maintenance from Perpetual Licenses	76.9	85.6	-10%	-16%	152.1	170.7	-11%	-16%	
Total Recurring Revenue	175.1	169.1	4%	-3%	323.0	298.8	8%	3%	
Perpetual Licenses	12.5	11.8	6%	-3%	31.5	28.6	10%	4%	
Total Product Revenue	187.6	180.9	4%	-3%	354.6	327.4	8%	3%	

Professional Services (excl. StreamSets)

Second quarter and first half organic results

(in €m)

	Q2 2022	Q2 2021	Δ%	Δ% acc	YTD 2022	YTD 2021	Δ%	Δ% acc
Total Revenue	38.1	37.3	2%	-4%	77.2	73.9	4%	-1%
Cost of sales	-27.8	-26.6	5%	-2%	-57.0	-53.7	6%	0%
Gross profit	10.3	10.7	-4%	-10%	20.2	20.2	0%	-5%
Sales & Marketing	-3.4	-3.2	7%	1%	-6.5	-6.3	3%	-2%
Segment Result	6.9	7.5	-9%	-14%	13.7	13.9	-1%	-7%
<i>Margin in %</i>	<i>18.0%</i>	<i>20.2%</i>			<i>17.7%</i>	<i>18.8%</i>		

Professional Services (incl. StreamSets)

Second quarter and first half results

(in €m)

	Q2 2022	Q2 2021	Δ%	Δ% acc	YTD 2022	YTD 2021	Δ%	Δ% acc
Total Revenue	39.3	37.3	5%	-1%	78.4	73.9	6%	0%
Cost of sales	-29.0	-26.6	9%	2%	-58.2	-53.7	8%	2%
Gross profit	10.2	10.7	-5%	-10.22%	20.1	20.2	0%	-6%
Sales & Marketing	-3.4	-3.2	6%	1%	-6.5	-6.3	3%	-2%
Segment Result	6.8	7.5	-9%	-15%	13.6	13.9	-2%	-7%
Margin in %	17.4%	20.2%			17.4%	18.8%		

Cost and Margin (excl. StreamSets)

Continued strong margin performance

(in €m)	Q2 2022	Q2 2021	Δ%	Δ% acc	YTD 2022	YTD 2021	Δ%	Δ% acc
Total Revenue (group)	219.9	218.2	1%	-5%	426.0	401.3	6%	1%
Cost of sales	-50.0	-45.5	10%	5%	-99.3	-91.7	8%	4%
Gross profit	169.9	172.7	-2%	-8%	326.7	309.6	6%	0%
<i>Margin in %</i>	<i>77.3%</i>	<i>79.2%</i>			<i>76.7%</i>	<i>77.1%</i>		
Research & Development	-39.2	-35.5	10%	8%	-80.1	-74.0	8%	6%
Sales & Marketing	-74.6	-65.1	15%	9%	-141.6	-127.3	11%	6%
Administration	-20.9	-19.7	6%	3%	-43.7	-40.2	9%	6%
Other income / expense	11.5	-2.4			15.5	-2.7		
EBIT	46.8	50.1	-7%	-20%	76.8	65.4	17%	2%
<i>Margin in %</i>	<i>21.3%</i>	<i>23.0%</i>			<i>18.0%</i>	<i>16.3%</i>		
EBITA (Non-IFRS)	54.0	60.8	-11%		94.9	85.3	11%	
<i>in % of revenue (Non-IFRS)</i>	<i>24.6%</i>	<i>27.8%</i>			<i>22.3%</i>	<i>21.3%</i>		

Cost and Margin (incl. StreamSets)

Continued strong margin performance

(in €m)	Q2 2022	Q2 2021	Δ%	Δ% acc	YTD 2022	YTD 2021	Δ%	Δ% acc
Total Revenue (group)	226.9	218.2	4%	-2%	432.9	401.3	8%	2%
Cost of sales	-55.3	-45.5	22%	16%	-104.5	-91.7	14%	10%
Gross profit	171.6	172.7	-1%	-7%	328.4	309.6	6%	0%
<i>Margin in %</i>	<i>75.6%</i>	<i>79.2%</i>			<i>75.9%</i>	<i>77.1%</i>		
Research & Development	-43.7	-35.5	23%	19%	-84.6	-74.0	14%	11%
Sales & Marketing	-86.4	-65.1	33%	25%	-153.5	-127.3	21%	15%
Administration	-22.2	-19.7	13%	9%	-44.9	-40.2	12%	9%
Other income / expense	12.5	-2.4			16.5	-2.7		
EBIT	31.9	50.1	-36%	-47%	61.9	65.4	-5%	-18%
<i>Margin in %</i>	<i>14.1%</i>	<i>23.0%</i>			<i>14.3%</i>	<i>16.3%</i>		
EBITA (Non-IFRS)	49.4	60.8			90.3	85.3	6%	
<i>in % of revenue (Non-IFRS)</i>	<i>21.8%</i>	<i>27.8%</i>			<i>20.9%</i>	<i>21.3%</i>		

Q&A

