

Software AG

Financial Information

Q2 / 2022

July 27, 2022
(unaudited)

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Key Figures as of June 30, 2022 and 2021

(IFRS, unaudited)

in € millions										
(unless otherwise stated)	6M 2022 (as stated)	6M 2022 (acc ¹)	6M 2021 (as stated)	+/- as %	+/- in % acc ¹	Q2 2022 (as stated)	Q2 2022 (acc ¹)	Q2 2021 (as stated)	+/- as %	+/- in % acc ¹
Group revenue	432,9	411,0	401,3	8	2	226,9	213,0	218,2	4	-2
Product revenue										
Digital Business	246,8	235,8	212,7	16	11	135,8	128,5	113,7	19	13
A&N	107,8	101,2	114,7	-6	-12	51,8	47,8	67,2	-23	-29
Licenses	122,9	117,5	109,1	13	8	67,4	63,8	70,6	-5	-10
Maintenance	199,2	188,5	198,3	0	-5	101,8	95,1	99,8	2	-5
SaaS	32,4	31,0	20,0	62	55	18,5	17,4	10,5	76	66
Group Bookings	244,5	232,4	215,4	14	8	132,2	124,4	126,6	4	-2
Bookings Digital Business ²	195,6	186,7	153,5	27	22	115,9	109,3	86,1	35	27
Bookings A&N ²	48,9	45,7	61,9	-21	-26	16,3	15,1	40,6	-60	-63

	Jun. 30, 2022		Jun. 30, 2021	06/22-06/21	
	Jun. 30, 2022	acc ¹		+/- as %	+/- in % acc ¹
Group ARR	658,6	617,1	539,4	22	14
Digital Business ARR ³	481,0	450,9	380,2	27	19
A&N ARR ³	177,6	166,2	159,1	12	4

	6M 2022	6M 2021	+/- as %	Q2 2022	Q2 2021	+/- as %
Operating EBITA (non-IFRS)	90,3	85,3	6	49,4	60,8	-19
<i>as % of revenue</i>	<i>20,9%</i>	<i>21,3%</i>		<i>21,8%</i>	<i>27,8%</i>	
Digital Business segment earnings	18,1	22,7	-20	10,1	20,1	-50
<i>Segment margin</i>	<i>7,3%</i>	<i>10,7%</i>		<i>7,4%</i>	<i>17,7%</i>	
A&N segment earnings	71,7	79,6	-10	33,7	48,5	-31
<i>Segment margin</i>	<i>66,5%</i>	<i>69,4%</i>		<i>65,0%</i>	<i>72,2%</i>	
EBIT (IFRS)	61,9	65,4	-5	31,9	50,1	-36
Net income (non-IFRS)	53,9	57,2	-6	28,4	40,4	-30
Earnings per share (non-IFRS)⁴	0,73	0,77	-6	0,38	0,55	-30
Operating cash flow	12,1	70,5	-83	-18,5	23,5	
CapEx ⁵	4,2	5,6	-25	0,6	1,6	-63
Repayments of lease liabilities	5,3	6,7	-21	2,6	3,4	-24
Free cash flow	2,6	58,2	-96	-21,7	18,5	
Free cash flow per share	0,04	0,79	-96	-0,29	0,25	

Balance sheet	Jun. 30, 2022	Dec. 31, 2021	+/- as %
Total assets	2.662,9	2.221,4	20
Cash and cash equivalents	387,7	585,9	-34
Net debt / Net cash	-244,8	277,3	
Employees (FTE)	5.059	4.819	5

¹ acc = At constant currency.

² Bookings according to the definition in the 2021 annual report, page 78.

³ Annual recurring revenue.

⁴ Based on weighted average shares outstanding (basic) 6M 2022: 74.0mn / 6M 2021: 74.0mn / Q2 2022: 74.0 mn / Q2 2021 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 Six Months Ended June 30, 2022 and 2021

(IFRS, unaudited)

in € thousands	6M 2022	6M 2021	+/- as %	Q2 2022	Q2 2021	+/- as %
Licenses	122.892	109.067	13%	67.381	70.600	-5%
Maintenance	199.235	198.284	0%	101.776	99.792	2%
SaaS	32.444	20.010	62%	18.477	10.514	76%
Services	78.355	73.930	6%	39.263	37.281	5%
Other	12	3	300%	9	1	800%
Total revenue	432.938	401.294	8%	226.906	218.188	4%
Costs of sales	-104.548	-91.725	14%	-55.277	-45.456	22%
Gross profit	328.390	309.569	6%	171.629	172.732	-1%
Research and development expenses	-84.595	-74.022	14%	-43.676	-35.486	23%
Sales, marketing and distribution expenses	-153.472	-127.296	21%	-86.416	-65.095	33%
General and administrative expenses	-44.925	-40.189	12%	-22.171	-19.666	13%
Other income	43.334	9.106	376%	29.794	4.700	534%
Other expense	-26.800	-11.758	128%	-17.248	-7.086	143%
Other taxes	-2.339	-2.051	14%	-1.274	-987	29%
Operating income	59.593	63.359	-6%	30.638	49.112	-38%
Financing income	4.986	2.606	91%	2.836	1.309	117%
Financing expenses	-10.347	-3.295	214%	-4.755	-1.737	174%
Net financial income/expenses	-5.361	-689	678%	-1.919	-428	348%
Earnings before income taxes	54.232	62.670	-13%	28.719	48.684	-41%
Income taxes	-18.814	-19.281	-2%	-11.063	-15.534	-29%
Net income	35.418	43.389	-18%	17.656	33.150	-47%
thereof attributable to shareholders of Software AG	35.155	43.229	-19%	17.529	33.061	-47%
thereof attributable to non-controlling interests	263	160	64%	127	89	43%
Earnings per share in € (basic)	0,48	0,58	-17%	0,24	0,45	-47%
Earnings per share in € (diluted)	0,48	0,58	-17%	0,24	0,45	-47%
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 June 30, 2022 and December 31, 2021 (IFRS, unaudited)

Assets (in € thousands)	Jun. 30, 2022	Dec. 31, 2021
Current assets		
Cash and cash equivalents	387.740	585.844
Other financial assets	26.628	24.092
Trade receivables, contract assets and other receivables	217.252	198.466
Other non-financial assets	45.689	39.487
Income tax receivables	44.472	27.029
	721.781	874.918
Non-current assets		
Intangible assets	248.775	87.466
Goodwill	1.431.329	986.136
Property, plant and equipment	77.153	76.877
Investment property	6.119	6.241
Other financial assets	15.366	21.115
Trade receivables, contract assets and other receivables	124.403	128.732
Other non-financial assets	7.114	9.113
Income tax receivables	15.143	14.225
Deferred tax receivables	15.713	16.567
	1.941.115	1.346.472
Total Assets	2.662.896	2.221.390

Equity and Liabilities (in € thousands)	Jun. 30, 2022	Dec. 31, 2021
Current liabilities		
Financial liabilities	92.880	84.866
Trade and other payables	49.003	53.548
Other non-financial liabilities	105.303	137.888
Other provisions	42.731	43.924
Income tax liabilities	26.053	34.980
Contractual obligations/deferred income	181.447	135.675
	497.417	490.881
Non-current liabilities		
Financial liabilities	539.622	223.767
Trade and other payables	228	212
Other non-financial liabilities	1.779	1.564
Other provisions	9.861	12.124
Provisions for pensions and similar obligations	34.270	35.042
Income tax liabilities	1.776	1.629
Deferred tax liabilities	35.750	6.397
Contractual obligations/deferred income	14.001	11.560
	637.287	292.295
Equity		
Share capital	74.000	74.000
Capital reserves	55.737	22.580
Retained earnings	1.348.305	1.369.375
Other reserves	50.304	-27.798
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.527.589	1.437.400
Non-controlling interests	603	814
	1.528.192	1.438.214
Total Equity and Liabilities	2.662.896	2.221.390

Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2022 and 2021
(IFRS, unaudited)

in € thousands	6M 2022	6M 2021	Q2 2022	Q2 2021
Net income	35.418	43.389	17.656	33.150
Income taxes	18.814	19.281	11.063	15.534
Net financial income/expense	5.361	689	1.919	428
Amortization/depreciation of non-current assets	24.412	20.370	14.672	10.474
Other non-cash income/expense	-296	-198	6.901	-312
Changes in receivables and other assets	-23.879	17.337	-34.306	-11.299
Changes in payables and other liabilities	-6.311	-11.634	-10.437	-9.484
Income taxes paid	-39.109	-17.761	-24.680	-14.460
Interest paid	-7.317	-3.694	-4.001	-1.893
Interest received	5.009	2.676	2.710	1.320
Net cash flow from operating activities	12.102	70.455	-18.503	23.458
Proceeds from the sale of property, plant and equipment/intangible assets	607	120	449	66
Purchase of property, plant and equipment/intangible assets	-6.407	-2.330	-4.714	-1.070
Proceeds from the sale of non-current financial assets	3.616	118	3.615	11
Purchase of non-current financial assets	-2.011	-3.432	0	-601
Proceeds from the sale of current financial assets	67	8.698	0	8.695
Purchase of current financial assets	-1.777	-17.857	-937	-41
Net proceeds/payments from disposal of assets held for sale	0	2.132	0	0
Payments for acquisitions, net	-537.317	0	-537.317	0
Net cash flow from investing activities	-543.222	-12.551	-538.904	7.060
Dividends paid	-56.699	-56.629	-56.225	-56.225
Proceeds/payments for current financial liabilities	69.185	-5.987	65.997	-12.841
Repayments of lease liabilities	-5.267	-6.699	-2.550	-3.389
New non-current financial liabilities	364.300	60.000	0	60.000
Repayment of non-current financial liabilities	-75.000	-3	-35.000	-3
Net cash flow from financing activities	296.519	-9.318	-27.778	-12.458
Change in cash and cash equivalents	-234.601	48.586	-585.185	18.060
Change in cash and cash equivalents from currency translation	36.497	13.700	29.032	-3.830
Net change in cash and cash equivalents	-198.104	62.286	-556.153	14.230
Cash and cash equivalents at beginning of period	585.844	479.982	943.893	528.038
Cash and cash equivalents at end of period	387.740	542.268	387.740	542.268
Free cash flow	2.640	58.232	-21.703	18.475

Segment Report for the Six Months Ended June 30, 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	6M 2022	6M 2022	6M 2021	6M 2022	6M 2022	6M 2021	6M 2022	6M 2022	6M 2021	6M 2022	6M 2021	6M 2022	6M 2022	6M 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	66.429	64.108	51.964	24.928	23.617	28.510	0	0	0			91.357	87.725	80.474
Maintenance from Subscription	37.988	36.222	23.115	9.131	8.721	4.457	0	0	0			47.119	44.943	27.572
Maintenance from Perpetual	91.112	86.353	106.525	61.004	57.167	64.187	0	0	0			152.116	143.520	170.712
SaaS	32.444	30.974	20.008	0	0	2	0	0	0			32.444	30.974	20.010
Recurring Revenue	227.973	217.657	201.612	95.063	89.505	97.156	0	0	0	0	0	323.036	307.162	298.768
License from Perpetual	18.786	18.147	11.048	12.749	11.655	17.545	0	0	0			31.535	29.802	28.593
Product revenue	246.759	235.804	212.660	107.812	101.160	114.701	0	0	0	0	0	354.571	336.964	327.361
Services	0	0	0	0	0	0	78.355	74.050	73.930			78.355	74.050	73.930
Other	12	12	0	0	0	0	0	0	3			12	12	3
Total revenue	246.771	235.816	212.660	107.812	101.160	114.701	78.355	74.050	73.933	0	0	432.938	411.026	401.294
Cost of sales	-34.064	-30.228	-28.677	-3.870	1.094	-4.339	-58.222	-54.992	-53.706	-8.392	-5.003	-104.548		-91.725
Gross profit	212.707	205.588	183.983	103.942	102.254	110.362	20.133	19.058	20.227	-8.392	-5.003	328.390		309.569
Sales, marketing and distribution expenses	-126.259	-120.117	-102.888	-16.070	-15.102	-15.186	-6.494	-6.193	-6.332	-4.649	-2.890	-153.472		-127.296
Segment contribution	86.448	85.471	81.095	87.872	87.152	95.176	13.639	12.865	13.895	-13.041	-7.893	174.918		182.273
Research and development expenses	-68.394	-66.209	-58.411	-16.201	-16.188	-15.611	0	0	0	0	0	-84.595		-74.022
Segment earnings	18.054	19.262	22.684	71.671	70.964	79.565	13.639	12.865	13.895	-13.041	-7.893	90.323		108.251
General and administrative expenses												-44.925		-40.189
Other income												43.334		9.106
Other expense												-26.800		-11.758
Other taxes												-2.339		-2.051
Operating income												59.593		63.359
Financing income												4.986		2.606
Financing expenses												-10.347		-3.295
Net financial income/expenses												-5.361		-689
Earnings before income taxes												54.232		62.670
Income taxes												-18.814		-19.281
Net income												35.418		43.389

Segment Report for the Second Quarter 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q2 2022	Q2 2022	Q2 2021	Q2 2022	Q2 2022	Q2 2021	Q2 2022	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2022	Q2 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	43.723	42.027	32.993	11.135	10.269	25.762	0	0	0			54.858	52.296	58.755
Maintenance from Subscription	19.912	18.792	11.886	4.943	4.676	2.324	0	0	0			24.855	23.468	14.210
Maintenance from Perpetual	46.628	43.662	53.211	30.293	27.966	32.371	0	0	0			76.921	71.628	85.582
SaaS	18.477	17.405	10.514	0	0	0	0	0	0			18.477	17.405	10.514
Recurring Revenue	128.740	121.886	108.604	46.371	42.911	60.457	0	0	0	0	0	175.111	164.797	169.061
License from Perpetual	7.100	6.608	5.131	5.423	4.900	6.714	0	0	0			12.523	11.508	11.845
Product revenue	135.840	128.494	113.735	51.794	47.811	67.171	0	0	0	0	0	187.634	176.305	180.906
Services	0	0	0	0	0	0	39.263	36.735	37.281			39.263	36.735	37.281
Other	9	10	0	0	0	0	0	0	1			9	10	1
Total revenue	135.849	128.504	113.735	51.794	47.811	67.171	39.263	36.735	37.282	0	0	226.906	213.050	218.188
Cost of sales	-18.642	-16.302	-14.206	-1.709	1.236	-2.195	-29.029	-27.103	-26.554	-5.897	-2.501	-55.277		-45.456
Gross profit	117.207	112.202	99.529	50.085	49.047	64.976	10.234	9.632	10.728	-5.897	-2.501	171.629		172.732
Sales, marketing and distribution expenses	-71.152	-66.780	-51.119	-8.722	-8.122	-9.319	-3.415	-3.240	-3.211	-3.127	-1.446	-86.416		-65.095
Segment contribution	46.055	45.422	48.410	41.363	40.925	55.657	6.819	6.392	7.517	-9.024	-3.947	85.213		107.637
Research and development expenses	-35.992	-34.495	-28.324	-7.684	-7.683	-7.162	0	0	0	0	0	-43.676		-35.486
Segment earnings	10.063	10.927	20.086	33.679	33.242	48.495	6.819	6.392	7.517	-9.024	-3.947	41.537		72.151
General and administrative expenses												-22.171		-19.666
Other income												29.794		4.700
Other expense												-17.248		-7.086
Other taxes												-1.274		-987
Operating income												30.638		49.112
Financing income												2.836		1.309
Financing expenses												-4.755		-1.737
Net financial income/expenses												-1.919		-428
Earnings before income taxes												28.719		48.684
Income taxes												-11.063		-15.534
Net income												17.656		33.150

Statement of Comprehensive Income for the Six Months Ended June 30, 2022 and 2021

(IFRS, unaudited)

in € thousands	6M 2022	6M 2021	Q2 2022	Q2 2021
Net income	35.418	43.389	17.656	33.150
Currency translation differences from foreign operations	62.676	30.424	44.017	-6.820
Net gain/(loss) from cash flow hedges	127	1.523	572	515
Currency translation gain/loss from net investments in foreign operations	15.711	0	15.711	-1
Items to be reclassified to the income statement if certain conditions are met	78.514	31.947	60.300	-6.306
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-950	-44	-740	78
Net actuarial gain/loss on pension obligations	538	-1.490	368	274
Items not to be reclassified to the income statement	-412	-1.534	-372	352
Gain/loss recognized in equity	78.102	30.413	59.928	-5.954
Total comprehensive income	113.520	73.802	77.584	27.196
thereof attributable to shareholders of Software AG	113.257	73.642	77.457	27.107
thereof attributable to non-controlling interests	263	160	127	89

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