

Software AG

Financial Information

Q3 / 2022

October 27, 2022
(unaudited)

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Key Figures as of September 30, 2022 and 2021

(IFRS, unaudited)

in € millions (unless otherwise stated)	9M 2022 (as stated)	9M 2022 (acc ¹)	9M 2021 (as stated)	+/- as %	+/- in % acc ¹	Q3 2022 (as stated)	Q3 2022 (acc ¹)	Q3 2021 (as stated)	+/- as %	+/- in % acc ¹
Group revenue²	654,3	613,8	599,3	9	2	221,4	202,8	198,0	12	2
Product revenue	534,6	501,8	489,4	9	3	180,0	164,9	162,0	11	2
Digital Business	380,3	358,2	326,2	17	10	133,5	122,4	113,6	18	8
Adabas & Natural (A&N)	154,3	143,6	163,2	-5	-12	46,5	42,5	48,5	-4	-12
Lizenzen	179,3	168,5	159,8	12	5	56,4	51,0	50,7	11	1
Wartung	301,9	282,9	298,0	1	-5	102,7	94,4	99,8	3	-5
Software as a Service	53,4	50,3	31,5	69	60	21,0	19,4	11,5	82	68
Group Bookings³	385,0	360,7	322,6	19	12	140,5	128,3	107,2	31	20
Bookings Digital Business ³	316,8	297,4	241,2	31	23	121,2	110,7	87,8	38	26
Bookings A&N ³	68,2	63,2	81,4	-16	-22	19,3	17,6	19,4	-1	-10

	Sept. 30, 2022	Sept. 30, 2022 acc ¹	Sept. 30, 2021	09/22-09/21 +/- as %	+/- in % acc ¹
Group ARR⁴	700,8	641,9	555,0	26	16
Digital Business ARR ⁴	516,2	472,7	392,9	31	20
A&N ARR ⁴	184,6	169,1	162,1	14	4

	9M 2022	9M 2021	+/- as %	Q3 2022	Q3 2021	+/- as %
Operating EBITA (non-IFRS)	120,2	118,6	1	29,9	33,3	-10
<i>as % of revenue</i>	18,4	19,8		13,5	16,8	
Digital Business segment earnings	21,3	32,7	-35	3,2	10,1	-68
<i>Segment margin in %</i>	5,6	10,0		2,4	8,9	
A&N segment earnings	101,3	112,3	-10	29,6	32,7	-10
<i>Segment margin in %</i>	65,6	68,8		63,6	67,6	
EBIT (IFRS)	55,3	89,9	-38	-6,6	24,5	-127
Net income (non-IFRS)	61,1	79,5	-23	26,7	22,4	19
Earnings per share (non-IFRS)⁵	0,82	1,07	-23	0,36	0,30	20
Operating cash flow	22,4	90,9	-75	10,3	20,4	-50
CapEx ⁶	5,0	7,3	-32	0,8	1,8	-56
Repayments of lease liabilities	8,3	9,9	-16	3,0	3,2	-6
Free cash flow	9,1	73,7	-88	6,5	15,4	-58
Free cash flow per share	0,12	1,00	-88	0,09	0,21	-58

Balance sheet	Sept. 30, 2022	Dec. 31, 2021	+/- as %
Total assets	2.752,6	2.221,4	24
Cash and cash equivalents	448,8	585,9	-23
Net debt / Net cash	-208,7	277,3	
Employees (FTE)	5.052	4.819	5

¹ acc = At constant currency.

² Includes product revenue and service revenue

³ Bookings according to the definition in the 2021 annual report, page 78.

⁴ Annual recurring revenue.

⁵ Based on weighted average shares outstanding (basic) 9M 2022: 74.0mn / 9M 2021: 74.0mn / Q3 2022: 74.0 mn / Q3 2021 74.0 mn.

⁶ 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 Nine Months Ended September 30, 2022 and 2021

(IFRS, unaudited)

in € thousands	9M 2022	9M 2021	+/- as %	Q3 2022	Q3 2021	+/- as %
Licenses	179.253	159.810	12	56.361	50.743	11
Maintenance	301.936	298.048	1	102.701	99.764	3
Software as a Service (SaaS)	53.398	31.521	69	20.954	11.511	82
Services	119.745	109.874	9	41.390	35.944	15
Other	17	3	467	5	0	
Total revenue	654.349	599.256	9	221.411	197.962	12
Costs of sales	-165.571	-138.737	19	-61.023	-47.012	30
Gross profit	488.778	460.519	6	160.388	150.950	6
Research and development expenses	-132.847	-111.529	19	-48.252	-37.507	29
Sales, marketing and distribution expenses	-235.594	-196.425	20	-82.122	-69.129	19
General and administrative expenses	-68.561	-60.785	13	-23.636	-20.596	15
Other income	66.454	12.948	413	23.120	3.842	502
Other expense	-62.902	-14.835	324	-36.102	-3.077	1.073
Other taxes	-3.448	-3.147	10	-1.109	-1.096	1
Operating income	51.880	86.746	-40	-7.713	23.387	-133
Financing income	8.799	4.138	113	3.813	1.532	149
Financing expenses	-16.953	-4.924	244	-6.606	-1.629	306
Net financial income/expenses	-8.154	-786	937	-2.793	-97	2.779
Earnings before income taxes	43.726	85.960	-49	-10.506	23.290	-145
Income taxes	-19.112	-26.317	-27	-298	-7.036	-96
Net income	24.614	59.643	-59	-10.804	16.254	-166
thereof attributable to shareholders of Software AG	24.351	59.416	-59	-10.804	16.187	-167
thereof attributable to non-controlling interests	263	227	16	0	67	-100
Earnings per share in € (basic)	0,33	0,80	-59	-0,15	0,22	-168
Earnings per share in € (diluted)	0,33	0,80	-59	-0,15	0,22	-168
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 September 30, 2022 and December 31, 2021

(IFRS, unaudited)

Assets (in € thousands)	Sept. 30, 2022	Dec. 31, 2021
Current assets		
Cash and cash equivalents	448.752	585.844
Other financial assets	7.159	24.092
Trade receivables, contract assets and other receivables	229.798	198.466
Other non-financial assets	45.998	39.487
Income tax receivables	48.269	27.029
	779.976	874.918
Non-current assets		
Intangible assets	255.592	87.466
Goodwill	1.456.325	986.136
Property, plant and equipment	76.359	76.877
Investment property	6.058	6.241
Other financial assets	13.887	21.115
Trade receivables, contract assets and other receivables	111.740	128.732
Other non-financial assets	11.547	9.113
Income tax receivables	16.509	14.225
Deferred tax receivables	24.604	16.567
	1.972.621	1.346.472
Total Assets	2.752.597	2.221.390

Equity and Liabilities (in € thousands)	Sept. 30, 2022	Dec. 31, 2021
Current liabilities		
Financial liabilities	119.825	84.866
Trade and other payables	45.709	53.548
Other non-financial liabilities	125.715	137.888
Other provisions	38.620	43.924
Income tax liabilities	31.554	34.980
Contractual obligations/deferred income	169.900	135.675
	531.323	490.881
Non-current liabilities		
Financial liabilities	537.613	223.767
Trade and other payables	145	212
Other non-financial liabilities	2.203	1.564
Other provisions	4.610	12.124
Provisions for pensions and similar obligations	31.057	35.042
Income tax liabilities	1.892	1.629
Deferred tax liabilities	37.560	6.397
Contractual obligations/deferred income	13.217	11.560
	628.297	292.295
Equity		
Share capital	74.000	74.000
Capital reserves	55.737	22.580
Retained earnings	1.337.501	1.369.375
Other reserves	126.496	-27.798
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.592.977	1.437.400
Non-controlling interests	0	814
	1.592.977	1.438.214
Total Equity and Liabilities	2.752.597	2.221.390

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

in € thousands	9M 2022	9M 2021	Q3 2022	Q3 2021
Net income	24.614	59.643	-10.804	16.254
Income taxes	19.113	26.317	299	7.036
Net financial income/expense	8.153	786	2.792	97
Amortization/depreciation of non-current assets	66.161	30.109	41.749	9.739
Other non-cash income/expense	-12.148	573	-11.852	771
Changes in receivables and other assets	-31.682	18.211	-7.803	874
Changes in payables and other liabilities	-5.296	-16.526	1.015	-4.892
Income taxes paid	-44.160	-26.826	-5.051	-9.065
Interest paid	-11.244	-5.641	-3.927	-1.947
Interest received	8.936	4.215	3.927	1.539
Net cash flow from operating activities	22.447	90.861	10.345	20.406
Proceeds from the sale of property, plant and equipment/intangible assets	2.801	1.494	2.194	1.374
Purchase of property, plant and equipment/intangible assets	-10.311	-5.132	-3.904	-2.802
Proceeds from the sale of non-current financial assets	4.486	149	870	31
Purchase of non-current financial assets	-2.011	-3.772	0	-340
Proceeds from the sale of current financial assets	19.273	8.698	19.206	0
Purchase of current financial assets	-2.361	-27.230	-584	-9.373
Proceeds from the sale of an affiliated entity	10.776	0	10.776	0
Net proceeds from disposal of assets held for sale	0	2.132	0	0
Payments for acquisitions, net	-537.317	0	0	0
Net cash flow from investing activities	-514.664	-23.661	28.558	-11.110
Dividends paid	-56.699	-56.629	0	0
Proceeds/payments for current financial liabilities	87.196	-8.109	18.011	-2.122
Repayments of lease liabilities	-8.314	-9.931	-3.047	-3.232
New non-current financial liabilities	364.300	60.000	0	0
Repayment of non-current financial liabilities	-78.333	-3	-3.333	0
Net cash flow from financing activities	308.150	-14.672	11.631	-5.354
Change in cash and cash equivalents	-184.067	52.528	50.534	3.942
Change in cash and cash equivalents from currency translation	46.975	24.093	10.478	10.393
Net change in cash and cash equivalents	-137.092	76.621	61.012	14.335
Cash and cash equivalents at beginning of period	585.844	479.982	387.740	542.268
Cash and cash equivalents at end of period	448.752	556.603	448.752	556.603
Free cash flow	9.098	73.669	6.458	15.437

Segment Report for the Nine Months Ended September 30, 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	9M 2022	9M 2022	9M 2021	9M 2022	9M 2022	9M 2021	9M 2022	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2022	9M 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	107.889	101.632	81.787	31.964	29.998	39.313	0	0	0	0	0	139.853	131.630	121.100
Maintenance from Subscription	59.759	56.420	36.845	14.130	13.395	7.662	0	0	0	0	0	73.889	69.815	44.507
Maintenance from Perpetual	137.161	128.598	158.363	90.886	84.515	95.178	0	0	0	0	0	228.047	213.113	253.541
Software as a Service (SaaS)	53.398	50.327	31.519	0	0	2	0	0	0	0	0	53.398	50.327	31.521
Recurring Revenue	358.207	336.977	308.514	136.980	127.908	142.155	0	0	0	0	0	495.187	464.885	450.669
License from Perpetual	22.055	21.174	17.702	17.345	15.703	21.008	0	0	0	0	0	39.400	36.877	38.710
Product revenue	380.262	358.151	326.216	154.325	143.611	163.163	0	0	0	0	0	534.587	501.762	489.379
Services	0	0	0	0	0	0	119.745	112.061	109.874	0	0	119.745	112.061	109.874
Other	17	18	0	0	0	0	0	0	3	0	0	17	18	3
Total revenue	380.279	358.169	326.216	154.325	143.611	163.163	119.745	112.061	109.877	0	0	654.349	613.841	599.256
Cost of sales	-53.845	-44.971	-44.456	-5.744	2.451	-6.162	-88.501	-82.834	-80.618	-17.481	-7.501	-165.571		-138.737
Gross profit	326.434	313.198	281.760	148.581	146.062	157.001	31.244	29.227	29.259	-17.481	-7.501	488.778		460.519
Sales, marketing and distribution expenses	-196.137	-184.055	-160.665	-23.465	-21.738	-21.517	-9.901	-9.302	-9.884	-6.091	-4.359	-235.594		-196.425
Segment contribution	130.297	129.143	121.095	125.116	124.324	135.484	21.343	19.925	19.375	-23.572	-11.860	253.184		264.094
Research and development expenses	-109.004	-104.497	-88.347	-23.843	-23.833	-23.182	0	0	0	0	0	-132.847		-111.529
Segment earnings	21.293	24.646	32.748	101.273	100.491	112.302	21.343	19.925	19.375	-23.572	-11.860	120.337		152.565
General and administrative expenses												-68.561		-60.785
Other income												66.454		12.948
Other expense												-62.902		-14.835
Other taxes												-3.448		-3.147
Operating income												51.880		86.746
Financing income												8.799		4.138
Financing expenses												-16.953		-4.924
Net financial income/expenses												-8.154		-786
Earnings before income taxes												43.726		85.960
Income taxes												-19.112		-26.317
Net income												24.614		59.643

Segment Report for the Third Quarter 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q3 2022	Q3 2022	Q3 2021	Q3 2022	Q3 2022	Q3 2021	Q3 2022	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2022	Q3 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	41.460	37.524	29.821	7.036	6.381	10.804	0	0	0	0	0	48.496	43.905	40.625
Maintenance from Subscription	21.770	20.198	13.730	5.000	4.674	3.205	0	0	0	0	0	26.770	24.872	16.935
Maintenance from Perpetual	46.048	42.245	51.838	29.883	27.348	30.991	0	0	0	0	0	75.931	69.593	82.829
Software as a Service (SaaS)	20.954	19.353	11.511	0	0	0	0	0	0	0	0	20.954	19.353	11.511
Recurring Revenue	130.232	119.320	106.900	41.919	38.403	45.000	0	0	0	0	0	172.151	157.723	151.900
License from Perpetual	3.269	3.028	6.655	4.596	4.048	3.463	0	0	0	0	0	7.865	7.076	10.118
Product revenue	133.501	122.348	113.555	46.515	42.451	48.463	0	0	0	0	0	180.016	164.799	162.018
Services	0	0	0	0	0	0	41.390	38.011	35.944	0	0	41.390	38.011	35.944
Other	5	5	0	0	0	0	0	0	0	0	0	5	5	0
Total revenue	133.506	122.353	113.555	46.515	42.451	48.463	41.390	38.011	35.944	0	0	221.411	202.815	197.962
Cost of sales	-19.781	-14.743	-15.780	-1.874	1.357	-1.823	-30.279	-27.842	-26.911	-9.089	-2.498	-61.023		-47.012
Gross profit	113.725	107.610	97.775	44.641	43.808	46.640	11.111	10.169	9.033	-9.089	-2.498	160.388		150.950
Sales, marketing and distribution expenses	-69.877	-63.938	-57.777	-7.396	-6.636	-6.331	-3.407	-3.109	-3.552	-1.442	-1.469	-82.122		-69.129
Segment contribution	43.848	43.672	39.998	37.245	37.172	40.309	7.704	7.060	5.481	-10.531	-3.967	78.266		81.821
Research and development expenses	-40.610	-38.288	-29.936	-7.642	-7.645	-7.571	0	0	0	0	0	-48.252		-37.507
Segment earnings	3.238	5.384	10.062	29.603	29.527	32.738	7.704	7.060	5.481	-10.531	-3.967	30.014		44.314
General and administrative expenses												-23.636		-20.596
Other income												23.120		3.842
Other expense												-36.102		-3.077
Other taxes												-1.109		-1.096
Operating income												-7.713		23.387
Financing income												3.813		1.532
Financing expenses												-6.606		-1.629
Net financial income/expenses												-2.793		-97
Earnings before income taxes												-10.506		23.290
Income taxes												-298		-7.036
Net income												-10.804		16.254

Statement of Comprehensive Income for the Nine Months Ended September 30, 2022 and 2021

(IFRS, unaudited)

in € thousands	9M 2022	9M 2021	Q3 2022	Q3 2021
Net income	24.614	59.643	-10.804	16.254
Currency translation differences from foreign operations	115.554	53.352	52.878	22.928
Net gain/(loss) from cash flow hedges	-492	2.210	-619	687
Currency translation gain/loss from net investments in foreign operations	39.311	0	23.600	0
Items to be reclassified to the income statement if certain conditions are met	154.373	55.562	75.859	23.615
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-1.348	-156	-398	-112
Net actuarial gain/loss on pension obligations	1.269	-1.311	731	179
Items not to be reclassified to the income statement	-79	-1.467	333	67
Gain/loss recognized in equity	154.294	54.095	76.192	23.682
Total comprehensive income	178.908	113.738	65.388	39.936
thereof attributable to shareholders of Software AG	178.645	113.511	65.388	39.869
thereof attributable to non-controlling interests	263	227	0	67

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