



**2022**  
**QUARTERLY**  
**STATEMENT**

# KEY FIGURES

## As of September 30, 2022 and 2021

in € millions (unless otherwise stated)	9M 2022	9M 2021	+/- as %	+/- as % acc <sup>1</sup>	Q3 2022	Q3 2021	+/- as %	+/- as % acc <sup>1</sup>
<b>Group revenue<sup>2</sup></b>	<b>654.3</b>	<b>599.3</b>	<b>9</b>	<b>2</b>	<b>221.4</b>	<b>198.0</b>	<b>12</b>	<b>2</b>
<b>Product revenue</b>	<b>534.6</b>	<b>489.4</b>	<b>9</b>	<b>3</b>	<b>180.0</b>	<b>162.0</b>	<b>11</b>	<b>2</b>
Digital Business	380.3	326.2	17	10	133.5	113.6	18	8
Adabas & Natural (A&N)	154.3	163.2	-5	-12	46.5	48.5	-4	-12
Licenses	179.3	159.8	12	5	56.4	50.7	11	1
Maintenance	301.9	298.0	1	-5	102.7	99.8	3	-5
Software as a Service (SaaS)	53.4	31.5	69	60	21.0	11.5	82	68
<b>Group bookings</b>	<b>385.0</b>	<b>322.6</b>	<b>19</b>	<b>12</b>	<b>140.5</b>	<b>107.2</b>	<b>31</b>	<b>20</b>
Digital Business bookings <sup>3</sup>	316.8	241.2	31	23	121.2	87.8	38	26
A&N bookings <sup>3</sup>	68.2	81.4	-16	-22	19.3	19.4	-1	-10
	<b>Sept. 30, 2022</b>	<b>Sept. 30, 2021</b>	<b>+/- as %</b>	<b>+/- as % acc<sup>1</sup></b>				
<b>Group ARR</b>	<b>700.8</b>	<b>555.0</b>	<b>26</b>	<b>16</b>				
Digital Business ARR <sup>4</sup>	516.2	392.9	31	20				
A&N ARR <sup>4</sup>	184.6	162.1	14	4				
	<b>9M 2022</b>	<b>9M 2021</b>	<b>+/- as %</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>+/- as %</b>		
<b>Operating EBITA (non-IFRS)</b>	<b>120.2</b>	<b>118.6</b>	<b>1</b>	<b>29.9</b>	<b>33.3</b>	<b>-10</b>		
as % of revenue	18.4	19.8		13.5	16.8			
Digital Business segment earnings	21.3	32.7	-35	3.2	10.1	-68		
Segment margin as %	5.6	10.0		2.4	8.9			
A&N segment earnings	101.3	112.3	-10	29.6	32.7	-10		
Segment margin as %	65.6	68.8		63.6	67.6			
<b>EBIT (IFRS)</b>	<b>55.3</b>	<b>89.9</b>	<b>-38</b>	<b>-6.6</b>	<b>24.5</b>	<b>-127</b>		
<b>Net income (non-IFRS)</b>	<b>61.1</b>	<b>79.5</b>	<b>-23</b>	<b>26.7</b>	<b>22.4</b>	<b>19</b>		
<b>Earnings per share in € (non-IFRS)<sup>5</sup></b>	<b>0.82</b>	<b>1.07</b>	<b>-23</b>	<b>0.36</b>	<b>0.30</b>	<b>20</b>		
<b>Operating cash flow</b>	<b>22.4</b>	<b>90.9</b>	<b>-75</b>	<b>10.3</b>	<b>20.4</b>	<b>-50</b>		
CapEx <sup>6</sup>	5.0	7.3	-32	0.8	1.8	-56		
Repayment of lease liabilities	8.3	9.9	-16	3.0	3.2	-6		
<b>Free cash flow</b>	<b>9.1</b>	<b>73.7</b>	<b>-88</b>	<b>6.5</b>	<b>15.4</b>	<b>-58</b>		
<b>Free cash flow per share in €</b>	<b>0.12</b>	<b>1.00</b>	<b>-88</b>	<b>0.09</b>	<b>0.21</b>	<b>-58</b>		
<b>Balance sheet</b>	<b>Sept. 30, 2022</b>	<b>Dec. 31, 2021</b>	<b>+/- as %</b>					
<b>Total assets</b>	<b>2,752.6</b>	<b>2,221.4</b>	<b>24</b>					
Cash and cash equivalents	448.8	585.9	-23					
Net debt/cash	-208.7	277.3						
<b>Employees (FTEs)</b>	<b>5,052</b>	<b>4,819</b>	<b>5</b>					

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

<sup>2</sup> Includes product and service revenue.

<sup>3</sup> Bookings according to the definition in the 2021 Annual Report, page 78.

<sup>4</sup> Annual recurring revenue according to the definition in the 2021 Annual Report, page 79.

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

<sup>6</sup> Cash flow from investing activities adjusted for acquisitions and investments in debt instruments.

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All of the information in this quarterly statement is unaudited. This means that the information has not been subject to an audit nor to a review by an independent auditor.

Unless otherwise stated, all figures are in accordance with IFRS. Changes are at constant currency and rounded.

Because the figures in this report are stated in accordance with commercial rounding principles, totals and percentages may not always be exact.

# MANAGEMENT'S ASSESSMENT OF THIRD-QUARTER RESULTS

In the third quarter of 2022, we delivered solid performance, showing that the demand for our mission-critical products remains robust and that our execution is improving, despite a challenging macroeconomic environment. Competing customer priorities continued to influence the timing of some deals during the period, but our results demonstrate that the business fundamentals remain strong.

Alongside our third-quarter results, it was announced that the Supervisory Board and CEO Sanjay Brahmawar would renew Sanjay's contract until 2026. It was also announced that Dr. Matthias Heiden, our Chief Financial Officer and Member of the Management Board, had decided to leave Software AG to pursue other opportunities. The Management Board and the Supervisory Board are grateful for Matthias' contribution while he has been with Software AG. He has made a significant impact, and everyone associated with Software AG wishes him the very best of luck for the future.

Matthias will remain with the Company until December 31, 2022, at which time he will be replaced by Daniela Bünger, an experienced finance executive who joins Software AG from Atos where she is Senior Vice President of Finance and Head of Finance Integration. Daniela joins our business as it enters the acceleration phase of the transformation strategy where her skill-set is ideally suited to the Group's needs.

From a financial perspective, our Digital Business organic bookings performance was up 11 percent in the third quarter and 11 percent in the first nine months, as growth momentum returned following softer second quarter bookings performance. Subscription and Software as a Service bookings accounted for 95 percent of our Digital Business bookings total in the third quarter and 90 percent in the first nine months. Including StreamSets, Digital Business bookings were up 26 percent in the third quarter and 23 percent in the first nine months.

We delivered our sixth consecutive quarter of Digital Business organic product revenue growth,

up 3 percent in the third quarter and 6 percent in the first nine months. With the addition of StreamSets, Digital Business product revenue was up 8 percent in the third quarter and 10 percent in the first nine months. Year-to-date annual recurring revenue (ARR) in the Digital Business saw organic growth of 12 percent, supported by the Group's new business growth. Including StreamSets, Digital Business ARR grew 20 percent.

At the top line, total organic product revenue growth was flat on the same period last year in the first nine months. Our organic recurring revenue growth continued, increasing 1 percent in the first nine months, and representing 92 percent of organic total product revenue. Including StreamSets, Group product revenue growth was 3 percent in the first nine months.

Total organic revenue was €212.8 million in the third quarter and €638.8 million in the first nine months. Including StreamSets, Group revenue was €221.4 million in the third quarter and €654.3 million in the first nine months.

On an organic basis, earnings before interest and taxes (EBIT) were €13.9 million in the third quarter and €90.7 million in the first nine months. Earnings before interest, taxes and amortization (EBITA, non-IFRS) totalled €35.3 million in the third quarter and €130.2 million in the first nine months on an organic basis. With the addition of StreamSets, the Group's operating EBITA (non-IFRS) was at €29.9 million in the third quarter and €120.2 million in the first nine months.

Our organic operating margin performance (non-IFRS) was robust at 16.6 percent in the third quarter and 20.4 percent in the first nine months, inside our full-year guidance range, demonstrating the profitable growth we set out to deliver at the start of our Helix program.

Operationally, our efforts to address more of our market opportunity are being powered by our three key growth drivers in new business, which include landing new logos, expanding existing customer relationships, and migrating customers to subscription and growth from subscription renewals.

In new business, we secured 93 new logos during the third quarter, up 41 percent year-on-year. The Group delivered 219 (9M 2021: 206) new logos in the first nine months. This performance is a clear and important indicator of the continued market demand for our solutions.

Our migrations performance continues to be driven by a combination of new innovation and capacity increases. Our year-to-date Digital Business migration multiplier is tracking in line with our target of 1.5x.

In renewals, the Group continues to progress in line with its expectations with solid performance in our Digital Business during the third quarter, supporting our overall net retention rate (NRR) which is above 100 percent.

The momentum we are generating in these drivers comes down to the ongoing market impact of our most important “growth cohort” of products, which are webMethods in iPaaS, Cumulocity IoT, TrendMiner analytics, our ARIS cloud portfolio and StreamSets. They are all helping our customers deliver insight and value from data across their digital backbones.

Strengthening, favorable market dynamics are providing significant new opportunities for Cumulocity, and as a leader in the field, we have a real opportunity to accelerate our growth and take market share. During the third quarter, our IoT & Analytics portfolio grew bookings in the strong double digits with our solutions in this area being deployed in ever more mission-critical use cases. We won a seven-figure, competitive new logo with Enercon, the €5 billion wind turbine manufacturer from Germany. Enercon will use our Cumulocity platform to connect more than 30,000 turbines, using the data we produce to increase operational efficiency, reduce cost and gain more control over energy use in the context of action against climate change.

StreamSets, which continued its strong stand-alone momentum in the third quarter, delivered double-digit growth and competitive advantage. We won our first synergy deal in the quarter with the Abu Dhabi-based cloud provider for government services, G42. This was a marquee moment with StreamSets delivering a key competitive advantage in a tender process for the first time, alongside our webMethods offering. The quality of the customer feedback to our proposal and the shape of our pipeline indicates this is a sign of things to come.

Our string of pearls M&A strategy, supported by our partner Silver Lake, remains a key part of our overall plan to supplement organic growth in the future, and we continue to build, assess and progress our M&A pipeline.

Looking ahead, we are watching the macro environment closely as we work to deliver our fourth quarter. Along with our robust A&N pipeline and renewals dynamics, we are also seeing good pipeline evolution for the fourth quarter in our Digital Business. These factors give us the confidence to reconfirm our guidance for the full-year 2022.

**Sanjay Brahmawar, CEO of Software AG**

*“During the third quarter, our Digital Business showed resilience, with bookings growing a solid 11 percent and ARR growth accelerating to 12 percent. This shows demand for our mission-critical products remains strong and our execution was solid despite a challenging global macroeconomic environment. We continue to deliver profitable growth with our non-IFRS EBITA margin reaching 20.4 percent year-to-date, and we remain focused on operational excellence to drive further margin expansion. Provided the macroeconomic environment remains relatively consistent, our solid fourth-quarter visibility gives me confidence we will reach our full-year guidance ranges.”*

**Dr. Matthias Heiden, CFO of Software AG**

*“I’m proud of the resilience Software AG is showing despite challenging external circumstances. Our business model transition is ensuring we continue to deliver consistent revenue and profit performance, and with a substantial contribution from renewals expected in the fourth quarter, we can see the benefits of our subscription transformation increasing with each passing year. We are now working diligently to continue our momentum into the fourth quarter and close the year strongly.”*

# BUSINESS LINE DEVELOPMENT

## THIRD QUARTER AND FIRST NINE MONTHS OF 2022

**Digital Business bookings** stood at €121.2 million in the quarter. This represents 26 percent growth at constant currency (Q3 2021: €87.8 million) and brought the Digital Business' nine-month bookings total to €316.8 million, a rise of 23 percent year-on-year (9M 2021: €241.2 million). On an organic basis (excluding StreamSets), Digital Business bookings grew 11 percent year-on-year to €105.1 million in the third quarter of 2022 (Q3 2021: €87.8 million). In the first nine months, organic Digital Business bookings amounted to €281.4 million (9M 2021: €241.2 million), which also represents a year-on-year increase of 11 percent at constant currency.

Including StreamSets, **product revenue** in the Digital Business rose 8 percent to €133.5 million (Q3 2021: €113.6 million). In the first nine months of 2022, the segment delivered product revenue of 10 percent to €380.3 million (9M 2021: 326.2). On an organic basis, Digital Business product revenue saw growth of 3 percent to €126.8 million in the third quarter, representing a sixth consecutive quarter of product revenue growth (Q3 2021: €113.6 million). Nine-month organic Digital

Business product revenue totaled €367.7 million (9M 2021: €326.2 million), an increase of 6 percent.

The Group's **Adabas & Natural (A&N)** business line delivered **bookings** of €19.3 million during the third quarter and €68.2 million during the first nine months of the year (Q3 2021: €19.4 million; 9M 2021: €81.4 million). This represented an expected decline of 10 percent and 22 percent year-on-year, respectively. A&N **product revenue** declined 12 percent in the third-quarter and also in the first nine months to €46.5 million and €154.3 million respectively (Q3 2021: €48.5 million; 9M 2021: €163.2 million). The Group expects a number of large A&N deals in the fourth quarter to end the full year within the guidance range.

Within **Professional Services, revenue** in the third quarter increased by 6 percent to €41.4 million (Q3 2021: €35.9 million). For the first nine months, the segment's revenue saw growth of 2 percent to €119.7 million (Q3 2021: €109.9 million). On an organic basis, the segment delivered revenue growth of 1 percent to €39.5 million in the third quarter (Q3 2021: €35.9 million). In the first nine months of the year, stated revenue was €116.7 million (9M 2021: €109.9 million), which at constant currency reflects prior-year level.

# TOTAL REVENUE AND EARNINGS DEVELOPMENT

## THIRD QUARTER AND FIRST NINE MONTHS OF 2022

Software AG reported **Group bookings** of €140.5 million in the third quarter and €385.0 million in the first nine months of this year, representing 20 percent and 12 percent growth respectively (Q3 2021: €107.2 million; 9M 2021: €322.6 million). Total organic bookings reached €124.5 million in the third quarter, representing

growth of 7 percent year-on-year and at constant currency, with total organic bookings of €349.5 million in the first nine months, up 2 percent year-on-year (Q3 €107.2 million; 9M: €322.6 million). The strong double-digit bookings growth in the Internet of Things (IoT) and Analytics product lines was particularly noticeable. In addition, 93 new customers were signed in the third quarter, 41 percent more than in the prior-year period.

**Total revenue** was €221.4 million for the third quarter and €654.3 million for the first nine months of the year (Q3 2021: €198.0 million; 9M 2021: €599.3 million). This represented constant currency growth of 2 percent respectively. This increase in total revenue was driven by product revenue growth of 2 percent in the third quarter to €180.0 million, and a 3 percent increase in the first nine months of the year to €534.6 million (Q3 2021: €162.0 million; 9M 2021: €489.4 million).

Since the acquisition in mid-April, **StreamSets** has continued to deliver strong double-digit revenue growth. The first product synergy deal with webMethods closed during the third quarter. The combination of the two product offerings marked a decisive competitive advantage in the tender process.

Excluding StreamSets, total revenue in the third quarter decreased 1 percent to €212.8 million (Q3 2021: €198.0 million). For the first nine months of the year, organic revenue remained stable on a constant currency basis at €638.8 million (9M 2021: €599.3 million).

The Company's **EBIT** was -€6.6 million in the third quarter and €55.3 million in the first nine months of the year (Q3 2021: €24.5 million; 9M 2021: €89.9 million). This year-on-year decline was driven by a combination of one-off factors as well as additional one-off outflows related to the StreamSets acquisition and the amortization of acquisition-related intangible assets for StreamSets.

An additional negative effect was a non-cash goodwill impairment amounting to €25.3 million in the Group's professional Services business following the agreement with Persistent on the transfer of the North American Professional Services business. To drive the strategic transformation of the Professional Services business, the Group is sub-contracting the North American Digital Business Professional Services implementation work to Persistent, enabling it to support accelerated product growth and the development of a strong customer and partner ecosystem.

In the third quarter, the Group also sold its shareholding in FACT to sharpen its focus in the operational positioning of the business. FACT is a non-core, niche regulatory software product that had been operating as a standalone business since its acquisition by the Group in 2009. With the sale to software provider Actico, FACT now belongs to a group more closely aligned to its core business. The one-off capital gain from the transaction amounted to €11.9 million in the third quarter.

The Group's operating **EBITA (non-IFRS)** was at €29.9 million in the third quarter and €120.2 million in the first nine months of the year (Q3 2021: €33.3 million; 9M 2021: €118.6 million), giving Software AG an **operating EBITA (non-IFRS) margin** of 13.5 percent in the third quarter and 18.4 percent in the first nine months of the year (Q3 2021: 16.8 percent, 9M 2021: 19.8 percent). Excluding StreamSets, the organic operating EBITA (non-IFRS) stood at €35.3 million in the third quarter (Q3 2021: €33.3 million), giving Software AG an operating EBITA (non-IFRS) margin of 16.6 percent (Q3 2021: 16.8 percent). For the first nine months, organic operating EBITA (non-IFRS) was at €130.2 million (9M 2021: €118.6 million), equaling an operating EBITA (non-IFRS) margin of 20.4 percent, up 0.6 percentage points year-on-year (9M 2021: 19.8 percent). The Group's margin expansion performance continues to be underpinned by the operating leverage of its subscription business model. Organic operating margin (EBITA, non-IFRS) was therefore within the guidance range for the full year after nine months.

The Group's **free cash flow** in the third quarter was €6.5 million (Q3 2021: €15.4 million). In the first nine months of the year, the Group's free cash flow was €9.1 million (9M 2021: €73.7 million). The Group is still seeing the technical impact of its transformation process on cash flow. On a year-on-year comparison, free cash flow is down 58 percent and 88 percent for the third quarter and year-to-date, respectively. This was driven by the ongoing transformation of the Group's business model and the switch to subscriptions. The Group expects to begin exiting from its cash flow trough as of next year.



# EMPLOYEES

As of September 30, 2022, Software AG had 5,052 employees (full-time equivalents, FTEs) worldwide (Sept. 30, 2021: 4,749). This represents growth in the Group's employee base of 6 percent year-on-year. Of that total, 1,565 (Sept. 30, 2021: 1,510) worked in

Professional Services, 1,565 (Sept. 30, 2021: 1,468) worked in Research & Development, 1,157 (Sept. 30, 2021: 1,063) worked in Marketing and Sales, and 765 (Sept. 30, 2021: 708) worked in Administration.

# 2022 OUTLOOK

The Group reconfirmed its revised guidance for the 2022 fiscal year from July 14, 2022. Due to the macro-economic situation, prolonged customer decision making in concluding contracts is expected to continue in the fourth quarter. At the same time, the Company has good visibility into the pipeline for the final quarter, traditionally the strongest quarter of the year. It is expected to be strongly influenced by the momentum in contract renewals. Moreover, longstanding customer relationships are expected to have a positive impact on contract signings in the A&N segment.

The Group's organic guidance ranges, at constant currency (except for margin), are as follows:

- Digital Business bookings: +12 to +18 percent
- A&N bookings: 0 to +5 percent
- Product revenue: +7 to +11 percent
- Operating margin (EBITA, non-IFRS): 20 to 22 percent

On top of this organic development, with the addition of StreamSets, the Group continues to expect 2022 non-IFRS product revenue growth in the range of 12 percent to 16 percent and an impact on non-IFRS EBITA of between -€17 million and -€13 million in 2022.

The Group has started its operating and strategic planning process for 2023 and beyond. As part of this process, the Group's former 2023 mid-term ambition will evolve into an operating budget and guidance for the year 2023. The Company will provide a further update to this 2023 outlook when its fourth-quarter and full-year earnings are released in early 2023.

## Outlook for Fiscal Year 2022 (organic business)

	FY 2021 in € millions	Outlook FY 2022 as of Jan. 27, 2022 as %	Revised FY 2022 outlook as of July 14, 2022 as %
Digital Business bookings	406.0	+15 to +25 <sup>1</sup>	+12 to +18 <sup>1</sup>
Adabas & Natural bookings	111.7	0 to +5 <sup>1</sup>	0 to +5 <sup>1</sup> (unchanged)
Product revenue	684.0	+7 to +11 <sup>1</sup>	+7 to +11 <sup>1</sup> (unchanged)
Operating margin (EBITA, non-IFRS) <sup>2</sup>	19.6	20 to 22	20 to 22 (unchanged)

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

<sup>2</sup> Before adjusting for non-operating factors (see non-IFRS earnings definition in the 2021 Annual Report from page 77).



# CONSOLIDATED INCOME STATEMENT

For the nine months ended September 30, 2022 and 2021

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	
<b>Total revenue</b>	<b>654,349</b>	<b>599,256</b>	<b>9</b>	<b>221,411</b>	<b>197,962</b>	<b>12</b>
Cost of sales	-165,571	-138,737	19	-61,023	-47,012	30
<b>Gross profit</b>	<b>488,778</b>	<b>460,519</b>	<b>6</b>	<b>160,388</b>	<b>150,950</b>	<b>6</b>
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 expenses	-62,902	-14,835	324	-36,102	-3,077	1,073
Other taxes	-3,448	-3,147	10	-1,109	-1,096	1
<b>Operating income</b>	<b>51,880</b>	<b>86,746</b>	<b>-40</b>	<b>-7,713</b>	<b>23,387</b>	<b>-133</b>
Financing income	8,799	4,138	113	3,813	1,532	149
Financing expenses	-16,953	-4,924	244	-6,606	-1,629	306
<b>Net financial income/expenses</b>	<b>-8,154</b>	<b>-786</b>	<b>937</b>	<b>-2,793</b>	<b>-97</b>	<b>2,779</b>
<b>Earnings before income taxes</b>	<b>43,726</b>	<b>85,960</b>	<b>-49</b>	<b>-10,506</b>	<b>23,290</b>	<b>-145</b>
Income taxes	-19,112	-26,317	-27	-298	-7,036	-96
<b>Net income</b>	<b>24,614</b>	<b>59,643</b>	<b>-59</b>	<b>-10,804</b>	<b>16,254</b>	<b>-166</b>
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	-

# STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2022 and 2021

in € thousands	9M 2022	9M 2021	Q3 2022	Q3 2021
<b>Net income</b>	<b>24,614</b>	<b>59,643</b>	<b>-10,804</b>	<b>16,254</b>
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
<b>Items to be reclassified to the income statement if certain conditions are met</b>	<b>154,373</b>	<b>55,562</b>	<b>75,859</b>	<b>23,615</b>
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
<b>Items not to be reclassified to the income statement</b>	<b>-79</b>	<b>-1,467</b>	<b>333</b>	<b>67</b>
<b>Gain/loss recognized in equity</b>	<b>154,294</b>	<b>54,095</b>	<b>76,192</b>	<b>23,682</b>
<b>Total comprehensive income</b>	<b>178,908</b>	<b>113,738</b>	<b>65,388</b>	<b>39,936</b>
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

# CONSOLIDATED BALANCE SHEET

As of September 30, 2022 and December 31, 2021

## ASSETS

in € thousands	Sept. 30, 2022	Dec. 31, 2021
<b>Current assets</b>		
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
	<b>779,976</b>	<b>874,918</b>
<b>Non-current assets</b>		
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
	<b>1,972,621</b>	<b>1,346,472</b>
<b>Total Assets</b>	<b>2,752,597</b>	<b>2,221,390</b>

## As of September 30, 2022 and December 31, 2021

### EQUITY AND LIABILITIES

in € thousands	Sept. 30, 2022	Dec. 31, 2021
<b>Current liabilities</b>		
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
Contract liabilities	169,900	135,675
	<b>531,323</b>	<b>490,881</b>
<b>Non-current liabilities</b>		
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
Contract liabilities	13,217	11,560
	<b>628,297</b>	<b>292,295</b>
<b>Equity</b>		
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
<b>Attributable to shareholders of Software AG</b>	<b>1,592,977</b>	<b>1,437,400</b>
<b>Non-controlling interests</b>	<b>0</b>	<b>814</b>
	<b>1,592,977</b>	<b>1,438,214</b>
<b>Total Equity and Liabilities</b>	<b>2,752,597</b>	<b>2,221,390</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2022 and 2021

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/expenses	8,153	786	2,792	97
Amortization/depreciation of non-current assets	66,161	30,109	41,749	9,739
Other non-cash income/expenses	-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
<b>Net cash flow from operating activities</b>	<b>22,447</b>	<b>90,861</b>	<b>10,345</b>	<b>20,406</b>
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
Proceeds from disposals of assets held for sale	0	2,132	0	0
Payments for acquisitions, net	-537,317	0	0	0
<b>Net cash flow from investing activities</b>	<b>-514,664</b>	<b>-23,661</b>	<b>28,558</b>	<b>-11,110</b>
Dividends paid	-56,699	-56,629	0	0
Proceeds/payments for current financial liabilities	87,196	-8,109	18,011	-2,122
Repayment 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
<b>Net cash flow from financing activities</b>	<b>308,150</b>	<b>-14,672</b>	<b>11,631</b>	<b>-5,354</b>
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
<b>Net change in cash and cash equivalents</b>	<b>-137,092</b>	<b>76,621</b>	<b>61,012</b>	<b>14,335</b>
Cash and cash equivalents at beginning of period	585,844	479,982	387,740	542,268
<b>Cash and cash equivalents at end of period</b>	<b>448,752</b>	<b>556,603</b>	<b>448,752</b>	<b>556,603</b>
<b>Free cash flow</b>	<b>9,098</b>	<b>73,669</b>	<b>6,458</b>	<b>15,437</b>

# SEGMENT REPORT

For the nine months ended September 30, 2022 and 2021

in € thousands	Digital Business			Adabas & Natural (A&N)		
	9M 2022	9M 2022	9M 2021	9M 2022	9M 2022	9M 2021
	IFRS	acc <sup>1</sup>	IFRS	IFRS	acc <sup>1</sup>	IFRS
Subscription licenses	107,889	101,632	81,787	31,964	29,998	39,313
Subscription maintenance	59,759	56,420	36,845	14,130	13,395	7,662
Perpetual maintenance	137,161	128,598	158,363	90,886	84,515	95,178
Software as a Service (SaaS)	53,398	50,327	31,519	0	0	2
<b>Recurring revenue</b>	<b>358,207</b>	<b>336,977</b>	<b>308,514</b>	<b>136,980</b>	<b>127,908</b>	<b>142,155</b>
Perpetual licenses	22,055	21,174	17,702	17,345	15,703	21,008
<b>Product revenue</b>	<b>380,262</b>	<b>358,151</b>	<b>326,216</b>	<b>154,325</b>	<b>143,611</b>	<b>163,163</b>
Services	0	0	0	0	0	0
Other	17	18	0	0	0	0
<b>Total revenue</b>	<b>380,279</b>	<b>358,169</b>	<b>326,216</b>	<b>154,325</b>	<b>143,611</b>	<b>163,163</b>
Cost of sales	-53,845	-44,971	-44,456	-5,744	2,451	-6,162
<b>Gross profit</b>	<b>326,434</b>	<b>313,198</b>	<b>281,760</b>	<b>148,581</b>	<b>146,062</b>	<b>157,001</b>
Sales, marketing and distribution expenses	-196,137	-184,055	-160,665	-23,465	-21,738	-21,517
<b>Segment contribution</b>	<b>130,297</b>	<b>129,143</b>	<b>121,095</b>	<b>125,116</b>	<b>124,324</b>	<b>135,484</b>
Research and development expenses	-109,004	-104,497	-88,347	-23,843	-23,833	-23,182
<b>Segment earnings</b>	<b>21,293</b>	<b>24,646</b>	<b>32,748</b>	<b>101,273</b>	<b>100,491</b>	<b>112,302</b>
General and administrative expenses						
Other income						
Other expenses						
Other taxes						
<b>Operating income</b>						
Financing income						
Financing expenses						
<b>Net financial income/expenses</b>						
<b>Earnings before income taxes</b>						
Income taxes						
<b>Net income</b>						

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

	Professional Services			Reconciliation		Total		
	9M 2022	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2022	9M 2021
	IFRS	acc <sup>1</sup>	IFRS	IFRS	IFRS	IFRS	acc <sup>1</sup>	IFRS
	0	0	0	0	0	139,853	131,630	121,100
	0	0	0	0	0	73,889	69,815	44,507
	0	0	0	0	0	228,047	213,113	253,541
	0	0	0	0	0	53,398	50,327	31,521
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>495,187</b>	<b>464,885</b>	<b>450,669</b>
	0	0	0	0	0	39,400	36,877	38,710
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>534,587</b>	<b>501,762</b>	<b>489,379</b>
	119,745	112,061	109,874	0	0	119,745	112,061	109,874
	0	0	3	0	0	17	18	3
	<b>119,745</b>	<b>112,061</b>	<b>109,877</b>	<b>0</b>	<b>0</b>	<b>654,349</b>	<b>613,841</b>	<b>599,256</b>
	-88,501	-82,834	-80,618	-17,481	-7,501	-165,571		-138,737
	<b>31,244</b>	<b>29,227</b>	<b>29,259</b>	<b>-17,481</b>	<b>-7,501</b>	<b>488,778</b>		<b>460,519</b>
	-9,901	-9,302	-9,884	-6,091	-4,359	-235,594		-196,425
	<b>21,343</b>	<b>19,925</b>	<b>19,375</b>	<b>-23,572</b>	<b>-11,860</b>	<b>253,184</b>		<b>264,094</b>
	0	0	0	0	0	-132,847		-111,529
	<b>21,343</b>	<b>19,925</b>	<b>19,375</b>	<b>-23,572</b>	<b>-11,860</b>	<b>120,337</b>		<b>152,565</b>
						-68,561		-60,785
						66,454		12,948
						-62,902		-14,835
						-3,448		-3,147
						<b>51,880</b>		<b>86,746</b>
						8,799		4,138
						-16,953		-4,924
						<b>-8,154</b>		<b>-786</b>
						<b>43,726</b>		<b>85,960</b>
						-19,112		-26,317
						<b>24,614</b>		<b>59,643</b>



# SEGMENT REPORT

For the third quarter of 2022 and 2021

in € thousands	Digital Business			Adabas & Natural (A&N)		
	Q3 2022	Q3 2022	Q3 2021	Q3 2022	Q3 2022	Q3 2021
	IFRS	acc <sup>1</sup>	IFRS	IFRS	acc <sup>1</sup>	IFRS
Subscription licenses	41,460	37,524	29,821	7,036	6,381	10,804
Subscription maintenance	21,770	20,198	13,730	5,000	4,674	3,205
Perpetual maintenance	46,048	42,245	51,838	29,883	27,348	30,991
Software as a Service (SaaS)	20,954	19,353	11,511	0	0	0
<b>Recurring revenue</b>	<b>130,232</b>	<b>119,320</b>	<b>106,900</b>	<b>41,919</b>	<b>38,403</b>	<b>45,000</b>
Perpetual licenses	3,269	3,028	6,655	4,596	4,048	3,463
<b>Product revenue</b>	<b>133,501</b>	<b>122,348</b>	<b>113,555</b>	<b>46,515</b>	<b>42,451</b>	<b>48,463</b>
Services	0	0	0	0	0	0
Other	5	5	0	0	0	0
<b>Total revenue</b>	<b>133,506</b>	<b>122,353</b>	<b>113,555</b>	<b>46,515</b>	<b>42,451</b>	<b>48,463</b>
Cost of sales	-19,781	-14,743	-15,780	-1,874	1,357	-1,823
<b>Gross profit</b>	<b>113,725</b>	<b>107,610</b>	<b>97,775</b>	<b>44,641</b>	<b>43,808</b>	<b>46,640</b>
Sales, marketing and distribution expenses	-69,877	-63,938	-57,777	-7,396	-6,636	-6,331
<b>Segment contribution</b>	<b>43,848</b>	<b>43,672</b>	<b>39,998</b>	<b>37,245</b>	<b>37,172</b>	<b>40,309</b>
Research and development expenses	-40,610	-38,288	-29,936	-7,642	-7,645	-7,571
<b>Segment earnings</b>	<b>3,238</b>	<b>5,384</b>	<b>10,062</b>	<b>29,603</b>	<b>29,527</b>	<b>32,738</b>
General and administrative expenses						
Other income						
Other expenses						
Other taxes						
<b>Operating income</b>						
Financing income						
Financing expenses						
<b>Net financial income/expenses</b>						
<b>Earnings before income taxes</b>						
Income taxes						
<b>Net income</b>						

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

	Professional Services			Reconciliation		Total		
	Q3 2022	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2022	Q3 2021
	IFRS	acc <sup>1</sup>	IFRS	IFRS	IFRS	IFRS	acc <sup>1</sup>	IFRS
	0	0	0	0	0	48,496	43,905	40,625
	0	0	0	0	0	26,770	24,872	16,935
	0	0	0	0	0	75,931	69,593	82,829
	0	0	0	0	0	20,954	19,353	11,511
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>172,151</b>	<b>157,723</b>	<b>151,900</b>
	0	0	0	0	0	7,865	7,076	10,118
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>180,016</b>	<b>164,799</b>	<b>162,018</b>
	41,390	38,011	35,944	0	0	41,390	38,011	35,944
	0	0	0	0	0	5	5	0
	<b>41,390</b>	<b>38,011</b>	<b>35,944</b>	<b>0</b>	<b>0</b>	<b>221,411</b>	<b>202,815</b>	<b>197,962</b>
	-30,279	-27,842	-26,911	-9,089	-2,498	-61,023		-47,012
	<b>11,111</b>	<b>10,169</b>	<b>9,033</b>	<b>-9,089</b>	<b>-2,498</b>	<b>160,388</b>		<b>150,950</b>
	-3,407	-3,109	-3,552	-1,442	-1,469	-82,122		-69,129
	<b>7,704</b>	<b>7,060</b>	<b>5,481</b>	<b>-10,531</b>	<b>-3,967</b>	<b>78,266</b>		<b>81,821</b>
	0	0	0	0	0	-48,252		-37,507
	<b>7,704</b>	<b>7,060</b>	<b>5,481</b>	<b>-10,531</b>	<b>-3,967</b>	<b>30,014</b>		<b>44,314</b>
						-23,636		-20,596
						23,120		3,842
						-36,102		-3,077
						-1,109		-1,096
						<b>-7,713</b>		<b>23,387</b>
						3,813		1,532
						-6,606		-1,629
						<b>-2,793</b>		<b>-97</b>
						<b>-10,506</b>		<b>23,290</b>
						-298		-7,036
						<b>-10,804</b>		<b>16,254</b>

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Software AG simplifies the connected world. Founded in 1969, it helps deliver the experiences that employees, partners and customers now expect. Its technology creates the digital backbone that integrates applications, devices, data and clouds; empowers streamlined processes; and connects “things” like sensors, devices

and machines. It helps 10,000+ organizations to become a truly connected enterprise and make smarter decisions, faster. The Company has more than 5,000 employees across more than 70 countries and annual revenue of over €830 million.

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