

Software AG

Financial Information

Q4 / 2022

February 1, 2023
(unaudited)

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Key Figures as of December 31, 2022 and 2021

(IFRS, unaudited)

in € millions										
(unless otherwise stated)	12M 2022 (as stated)	12M 2022 (acc ¹)	12M 2021 (as stated)	+/- as %	+/- in % acc ¹	Q4 2022 (as stated)	Q4 2022 (acc ¹)	Q4 2021 (as stated)	+/- as %	+/- in % acc ¹
Group revenue²	958,2	904,5	833,8	15	8	303,8	290,7	234,6	30	24
Product revenue	795,6	751,6	684,0	16	10	261,0	249,8	194,6	34	28
Digital Business	549,7	519,5	469,5	17	11	169,4	161,3	143,3	18	13
Adabas & Natural (A&N)	245,9	232,1	214,5	15	8	91,6	88,4	51,3	79	72
Lizenzen	314,5	299,1	240,5	31	24	135,2	130,5	80,7	68	62
Wartung	405,2	380,9	399,4	1	-5	103,3	98,0	101,3	2	-3
Software as a Service	75,8	71,6	44,1	72	62	22,4	21,3	12,6	78	69
Group Bookings³	700,1	660,4	517,7	35	28	315,0	299,7	195,1	61	54
Bookings Digital Business ³	555,6	523,2	406,0	37	29	238,7	225,8	164,8	45	37
Bookings A&N ³	144,5	137,1	111,7	29	23	76,3	73,9	30,3	152	144

	Dec. 31, 2022	Dec. 31, 2022 acc ¹	Dec. 31, 2021	12/22-12/21 +/- as %	+/- in % acc ¹
Group ARR⁴	700,2	680,9	585,4	20	16
Digital Business ARR ⁴	516,4	501,5	418,5	23	20
A&N ARR ⁴	183,8	179,4	166,9	10	7

	12M 2022	12M 2021	+/- as %	Q4 2022	Q4 2021	+/- as %
Operating EBITA (non-IFRS)	178,5	163,8	9	58,3	45,2	29
<i>as % of revenue</i>	<i>18,6%</i>	<i>19,6%</i>		<i>19,2%</i>	<i>19,3%</i>	
Digital Business segment earnings	38,2	55,8	-32	16,9	23,1	-27
<i>Segment margin in %</i>	<i>6,9%</i>	<i>11,9%</i>		<i>10,0%</i>	<i>16,1%</i>	
A&N segment earnings	169,2	145,9	16	67,9	33,6	102
<i>Segment margin in %</i>	<i>68,8%</i>	<i>68,0%</i>		<i>74,1%</i>	<i>65,5%</i>	
EBIT (IFRS)	78,1	122,1	-36	22,8	32,2	-29
Net income (non-IFRS)	48,9	114,2	-57	-14,3	34,8	
Earnings per share (non-IFRS)⁵	0,66	1,54	-57	-0,19	0,47	
Operating cash flow	18,4	116,2	-84	-4,0	25,4	
CapEx ⁶	-7,5	-11,8		-2,5	-4,6	
Repayments of lease liabilities	-12,0	-13,0		-3,7	-3,1	
Free cash flow	-1,1	91,4		-10,2	17,7	
Free cash flow per share	-0,01	1,24		-0,14	0,24	

Balance sheet	Dec. 31, 2022	Dec. 31, 2021	+/- as %
Total assets	2.678,4	2.221,4	21
Cash and cash equivalents	427,1	585,9	-27
Net debt / Net cash	-240,0	277,3	
Employees (FTE)	4.996	4.819	4

¹ acc = At constant currency.² Includes product revenue and service revenue³ Bookings according to the definition in chapter Internal Corporate Control System.⁴ Annual recurring revenue.⁵ Based on weighted average shares outstanding (basic) 12M 2022: 74.0mn / 12M 2021: 74.0mn / Q4 2022: 74.0 mn / Q4 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 Twelve Months Ended December 31, 2022 and 2021

(IFRS, unaudited)

in € thousands	12M 2022	12M 2021	+/- as %	Q4 2022	Q4 2021	+/- as %
Licenses	314.497	240.504	31	135.244	80.694	68
Maintenance	405.264	399.363	1	103.328	101.315	2
Software as a Service (SaaS)	75.844	44.138	72	22.446	12.617	78
Services	162.568	149.834	8	42.823	39.960	7
Other	7	3	133	-10	0	
Total revenue	958.180	833.842	15	303.831	234.586	30
Costs of sales	-239.894	-188.827	27	-74.323	-50.090	48
Gross profit	718.286	645.015	11	229.508	184.496	24
Research and development expenses	-181.387	-151.180	20	-48.540	-39.651	22
Sales, marketing and distribution expenses	-341.976	-280.208	22	-106.382	-83.783	27
General and administrative expenses	-94.343	-82.807	14	-25.782	-22.022	17
Other income	58.877	16.477	257	-7.577	3.528	-315
Other expense	-81.333	-25.224	222	-18.431	-10.388	77
Other taxes	-2.483	-5.297	-53	965	-2.150	-145
Operating income	75.641	116.776	-35	23.761	30.030	-21
Financing income	14.868	7.181	107	6.069	3.043	99
Financing expenses	-25.402	-6.164	312	-8.449	-1.240	581
Net financial income/expenses	-10.534	1.017	-1.136	-2.380	1.803	-232
Earnings before income taxes	65.107	117.793	-45	21.381	31.833	-33
Income taxes	-45.860	-33.449	37	-26.748	-7.132	275
Net income	19.247	84.344	-77	-5.367	24.701	-122
thereof attributable to shareholders of Software AG	18.984	83.862	-77	-5.367	24.446	-122
thereof attributable to non-controlling interests	263	482	-45	0	255	-100
Earnings per share in € (basic)	0,26	1,13	-77	-0,07	0,33	-121
Earnings per share in € (diluted)	0,26	1,13	-77	-0,07	0,33	-121
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 December 31, 2022 and December 31, 2021

(IFRS, unaudited)

Assets (in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Current assets		
Cash and cash equivalents	427.105	585.844
Other financial assets	2.551	24.092
Trade receivables, contract assets and other receivables	251.799	198.466
Other non-financial assets	51.987	39.487
Income tax receivables	36.505	27.029
	769.947	874.918
Non-current assets		
Intangible assets	221.702	87.466
Goodwill	1.381.828	986.136
Property, plant and equipment	76.005	76.877
Investment property	5.635	6.241
Other financial assets	9.823	21.115
Trade receivables, contract assets and other receivables	135.848	128.732
Other non-financial assets	52.812	9.113
Income tax receivables	15.748	14.225
Deferred tax receivables	9.057	16.567
	1.908.458	1.346.472
Total assets	2.678.405	2.221.390
Equity and Liabilities (in € thousands)	Dec. 31, 2022	Dec. 31, 2021
Current liabilities		
Financial liabilities	31.888	84.866
Trade and other payables	57.350	53.548
Other non-financial liabilities	138.037	137.888
Other provisions	59.529	43.924
Income tax liabilities	30.673	34.980
Contractual obligations/deferred income	137.168	135.675
	454.645	490.881
Non-current liabilities		
Financial liabilities	635.217	223.767
Trade and other payables	130	212
Other non-financial liabilities	866	1.564
Other provisions	5.504	12.124
Provisions for pensions and similar obligations	11.750	35.042
Income tax liabilities	911	1.629
Deferred tax liabilities	42.671	6.397
Contractual obligations/deferred income	15.559	11.560
	712.608	292.295
Equity		
Share capital	74.000	74.000
Capital reserves	55.737	22.580
Retained earnings	1.332.134	1.369.375
Other reserves	50.038	-27.798
Treasury shares	-757	-757
Attributable to shareholders of Software AG	1.511.152	1.437.400
Non-controlling interests	0	814
	1.511.152	1.438.214
Total equity and liabilities	2.678.405	2.221.390

Consolidated Statement of Cash Flows for the Twelve Months Ended December 31, 2022 and 2021 (IFRS, unaudited)

in € thousands	12M 2022	12M 2021	Q4 2022	Q4 2021
Net income	19.247	84.344	-5.367	24.701
Income taxes	45.860	33.449	26.747	7.132
Net financial income/expense	10.534	-1.017	2.381	-1.803
Amortization/depreciation of non-current assets	83.222	40.165	17.061	10.056
Other non-cash income/expense	-12.094	544	54	-29
Changes in receivables and other assets	-117.735	-29.064	-86.053	-47.275
Changes in payables and other liabilities	33.757	23.590	39.053	40.116
Income taxes paid	-39.604	-35.765	4.556	-8.939
Interest paid	-19.695	-7.221	-8.451	-1.580
Interest received	14.907	7.210	5.971	2.995
Net cash flow from operating activities	18.399	116.235	-4.048	25.374
Proceeds from the sale of property, plant and equipment/intangible assets	3.055	2.127	254	633
Purchase of property, plant and equipment/intangible assets	-13.465	-11.158	-3.154	-6.026
Proceeds from the sale of non-current financial assets	4.902	1.063	416	914
Purchase of non-current financial assets	-2.011	-3.904	0	-132
Proceeds from the sale of current financial assets	23.268	8.698	3.995	0
Purchase of current financial assets	-2.381	-27.666	-20	-436
Proceeds from the sale of an affiliated entity	10.776	0	0	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	-513.173	-28.708	1.491	-5.047
Dividends paid	-56.699	-56.629	0	0
Proceeds/payments for current financial liabilities	-583	-7.496	-87.779	613
Repayments of lease liabilities	-11.968	-12.974	-3.654	-3.043
New non-current financial liabilities	464.300	60.000	100.000	0
Repayment of non-current financial liabilities	-78.333	-3	0	0
Net cash flow from financing activities	316.717	-17.102	8.567	-2.430
Change in cash and cash equivalents	-178.057	70.425	6.010	17.897
Change in cash and cash equivalents from currency translation	19.318	35.437	-27.657	11.344
Net change in cash and cash equivalents	-158.739	105.862	-21.647	29.241
Cash and cash equivalents at beginning of period	585.844	479.982	448.752	556.603
Cash and cash equivalents at end of period	427.105	585.844	427.105	585.844
Free cash flow	-1.088	91.389	-10.186	17.720

Segment Report for the Twelve Months Ended December 31, 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	12M 2022	12M 2022	12M 2021	12M 2022	12M 2022	12M 2021	12M 2022	12M 2022	12M 2021	12M 2022	12M 2021	12M 2022	12M 2022	12M 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	178.868	169.456	132.709	81.131	78.165	49.869	0	0	0	0	0	259.999	247.621	182.578
Maintenance from Subscription	83.415	78.972	52.168	19.470	18.524	11.243	0	0	0	0	0	102.885	97.496	63.411
Maintenance from Perpetual	181.326	170.357	209.871	121.053	113.025	126.081	0	0	0	0	0	302.379	283.382	335.952
Software as a Service (SaaS)	75.844	71.629	44.136	0	0	2	0	0	0	0	0	75.844	71.629	44.138
Recurring Revenue	519.453	490.414	438.884	221.654	209.714	187.195	0	0	0	0	0	741.107	700.128	626.079
License from Perpetual	30.225	29.093	30.642	24.273	22.346	27.284	0	0	0	0	0	54.498	51.439	57.926
Product revenue	549.678	519.507	469.526	245.927	232.060	214.479	0	0	0	0	0	795.605	751.567	684.005
Services	0	0	0	0	0	0	162.568	152.960	149.834	0	0	162.568	152.960	149.834
Other	7	7	0	0	0	0	0	0	3	0	0	7	7	3
Total revenue	549.685	519.514	469.526	245.927	232.060	214.479	162.568	152.960	149.837	0	0	958.180	904.534	833.842
Cost of sales	-77.772	-65.034	-62.500	-8.464	2.255	-7.732	-127.853	-120.734	-108.612	-25.805	-9.983	-239.894		-188.827
Gross profit	471.913	454.480	407.026	237.463	234.315	206.747	34.715	32.226	41.225	-25.805	-9.983	718.286		645.015
Sales, marketing and distribution expenses	-284.259	-267.658	-231.129	-36.381	-34.199	-29.767	-12.861	-12.106	-13.446	-8.475	-5.866	-341.976		-280.208
Segment contribution	187.654	186.822	175.897	201.082	200.116	176.980	21.854	20.120	27.779	-34.280	-15.849	376.310		364.807
Research and development expenses	-149.470	-143.373	-120.100	-31.917	-31.927	-31.080	0	0	0	0	0	-181.387		-151.180
Segment earnings	38.184	43.449	55.797	169.165	168.189	145.900	21.854	20.120	27.779	-34.280	-15.849	194.923		213.627
General and administrative expenses												-94.343		-82.807
Other income												58.877		16.477
Other expense												-81.333		-25.224
Other taxes												-2.483		-5.297
Operating income												75.641		116.776
Financing income												14.868		7.181
Financing expenses												-25.402		-6.164
Net financial income/expenses												-10.534		1.017
Earnings before income taxes												65.107		117.793
Income taxes												-45.860		-33.449
Net income												19.247		84.344

Segment Report for the Forth Quarter 2022 and 2021

(IFRS, unaudited)

in € thousands	Digital Business			A&N			Professional Services			Reconciliation		TOTAL		
	Q4 2022	Q4 2022	Q4 2021	Q4 2022	Q4 2022	Q4 2021	Q4 2022	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2022	Q4 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	70.978	67.824	50.923	49.167	48.167	10.555	0	0	0	0	0	120.145	115.991	61.478
Maintenance from Subscription	23.656	22.552	15.322	5.340	5.129	3.581	0	0	0	0	0	28.996	27.681	18.903
Maintenance from Perpetual	44.166	41.760	51.509	30.166	28.510	30.903	0	0	0	0	0	74.332	70.270	82.412
Software as a Service (SaaS)	22.446	21.302	12.617	0	0	0	0	0	0	0	0	22.446	21.302	12.617
Recurring Revenue	161.246	153.438	130.371	84.673	81.806	45.039	0	0	0	0	0	245.919	235.244	175.410
License from Perpetual	8.171	7.919	12.940	6.928	6.642	6.276	0	0	0	0	0	15.099	14.561	19.216
Product revenue	169.417	161.357	143.311	91.601	88.448	51.315	0	0	0	0	0	261.018	249.805	194.626
Services	0	0	0	0	0	0	42.823	40.899	39.960	0	0	42.823	40.899	39.960
Other	-10	-11	0	0	0	0	0	0	0	0	0	-10	-11	0
Total revenue	169.407	161.346	143.311	91.601	88.448	51.315	42.823	40.899	39.960	0	0	303.831	290.693	234.586
Cost of sales	-23.927	-20.063	-18.043	-2.721	-196	-1.570	-39.352	-37.900	-27.995	-8.323	-2.482	-74.323		-50.090
Gross profit	145.480	141.283	125.268	88.880	88.252	49.745	3.471	2.999	11.965	-8.323	-2.482	229.508		184.496
Sales, marketing and distribution expenses	-88.123	-83.603	-70.464	-12.915	-12.461	-8.250	-2.960	-2.804	-3.562	-2.384	-1.507	-106.382		-83.783
Segment contribution	57.357	57.680	54.804	75.965	75.791	41.495	511	195	8.403	-10.707	-3.989	123.126		100.713
Research and development expenses	-40.466	-38.876	-31.752	-8.074	-8.094	-7.899	0	0	0	0	0	-48.540		-39.651
Segment earnings	16.891	18.804	23.052	67.891	67.697	33.596	511	195	8.403	-10.707	-3.989	74.586		61.062
General and administrative expenses												-25.782		-22.022
Other income												-7.577		3.528
Other expense												-18.431		-10.388
Other taxes												965		-2.150
Operating income												23.761		30.030
Financing income												6.069		3.043
Financing expenses												-8.449		-1.240
Net financial income/expenses												-2.380		1.803
Earnings before income taxes												21.381		31.833
Income taxes												-26.748		-7.132
Net income												-5.367		24.701

Statement of Comprehensive Income for the Twelve Months Ended December 31, 2022 and 2021

(IFRS, unaudited)

in € thousands	12M 2022	12M 2021	Q4 2022	Q4 2021
Net income	19.247	84.344	-5.367	24.701
Currency translation differences from foreign operations	30.750	83.647	-84.804	30.295
Net gain/(loss) from cash flow hedges	26	912	518	-1.298
Currency translation gain/loss from net investments in foreign operations	6.295	0	-33.016	0
Items to be reclassified to the income statement if certain conditions are met	37.071	84.559	-117.302	28.997
Net gain/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-679	-470	669	-314
Net actuarial gain/loss on pension obligations	41.444	13.885	40.175	15.196
Items not to be reclassified to the income statement	40.765	13.415	40.844	14.882
Gain/loss recognized in equity	77.836	97.974	-76.458	43.879
Total comprehensive income	97.083	182.318	-81.825	68.580
thereof attributable to shareholders of Software AG	96.820	181.836	-81.825	68.325
thereof attributable to non-controlling interests	263	482	0	255

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

www.softwareag.com

