

# 2020

**QUARTERLY STATEMENT Q1**

# Quarterly Statement Q1 | 2020

A solid performance against a globally uncertain backdrop

**Total Revenue and EBITA (non-IFRS) ahead of market expectations**

**Continued Helix strategy momentum with subscription and SaaS bookings growth of 37 percent**

- **Total product revenue** at €160.9 million, up 4 percent year-on-year (YoY); **Group license revenue** at €46.7 million, up 9 percent YoY.
- **Adabas & Natural:** an exceptional first quarter with YoY revenue growth of 5 percent and YoY bookings growth of 47 percent.
- **Digital Business Platform (DBP) incl. Cloud & IoT:** YoY revenue growth of 3 percent and YoY bookings growth of 19 percent.
- **Cloud & IoT:** performance significantly ahead of expectations with YoY revenue growth of 60 percent and YoY bookings growth of 65 percent.
- Year Two of our Helix transformation is showing continued momentum, with **subscription and SaaS bookings** up 37 percent YoY in DBP and Subscription and SaaS bookings share increased to 69 percent.
- Taken **active steps to address and mitigate for the COVID-19 pandemic**, including swift action to ensure employee welfare and continued service delivery, in addition to several measures to support customers through access to key products.
- Significant **financial stability and liquidity**, with €510.0 million in cash reserves and an Annual Recurring Revenue base of €487.8 million.
- **FY 2020 guidance** adjusted for DBP business lines, allowing for expected potential COVID-19 impact. Medium-Term ambitions for 2023—including achieving €1 billion in revenue and expanding operating margin to a 25 to 30 percent range—unchanged.

## Leading Indicators

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- **Bookings DBP incl. Cloud & IoT:** €58.1 million, up 19 percent
- **Bookings DBP Cloud & IoT:** €23.5 million, up 65 percent
- **Annual Recurring Revenue:** €487.8 million, up 8 percent

## Revenue

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- **Product revenue:** €160.9 million
- **License revenue:** €46.7 million
- **Total revenue:** €207.0 million

## Segments

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- **Digital Business Platform:** €103.5 million in revenue and segment margin at 12.9 percent
- **Adabas & Natural:** €57.5 million in revenue and segment margin at 64.6 percent
- **Professional Services<sup>1</sup>:** €46.0 million in revenue and segment margin at 5.1 percent

## Earnings

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- **Operating EBITA (non-IFRS):** €39.7 million
- **Operating profit margin (non-IFRS):** 19.2 percent
- **Earnings per share<sup>2</sup> (EPS, non-IFRS):** €0.38

Unless otherwise stated, all figures are IFRS-conform, increases at constant currency and rounded.

<sup>1</sup> Consulting until 2018; realigned for solution implementation in cooperation with customers and partners as of 2019

<sup>2</sup> Based on weighted average shares outstanding (basic); Q1 2020: 74.0m

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## Management's Assessment of First-Quarter Results

Q1 2020 marks the start of the second year of our Helix transformation and three months of further strategic momentum for our Company. The quarterly results represent a solid performance against a globally uncertain backdrop, with total revenue and EBITA (non-IFRS) both ahead of market expectations and our Annual Recurring Revenue base now close to €500 million.

Toward the end of the quarter, the COVID-19 pandemic began to make its impact felt on our business. We moved quickly to protect our people, ensure frictionless continuity in our operations and support our customers. We have taken careful steps to requalify our pipeline, which underpins our confidence in delivering a solid H1 performance. We have also taken prudent steps to revise elements of our FY 2020 guidance. We now expect slower than anticipated growth in 2020 for our two DBP revenue lines, but FY 2020 guidance for A&N and Non-IFRS EBITA operating margin remains unchanged. We also continue to support our 2023 medium term ambitions.

For the first quarter, Group revenue was €207.0 million (Q1 2019: €201.4 million): a rise of 2 percent YoY. Total product revenue growth (licenses + maintenance + SaaS) was up 4 percent at €160.9 million. Total license revenue increased 9 percent to €46.7 million (Q1 2019: €42.6 million) while Group maintenance revenue was flat at €107.3 million (Q1 2019: €107.1 million). Q1 Group EBIT was ahead of consensus at €28.7 million (Q1 2019: €42.2 million) but lower YoY as a consequence of planned strategic investment. Non-IFRS EBITA margin was 19.2 percent and non-IFRS operating EBITA was €39.7 million (Q1 2019: €51.6 million).

Adabas & Natural (A&N) achieved an exceptional start to the year, delivering 47 percent growth in bookings despite tough YoY comparatives. This performance was driven by a major win with a US Government Agency and is a sign of the continuing relevance and value of A&N's product set, which in the first quarter became available on Microsoft's Azure Marketplace.

Our Digital Business Platform (DBP) excluding Cloud & IoT saw, toward the end of the quarter, a number of EMEA deals slip into Q2 as a result of the economic uncertainty caused by COVID-19. Despite this, we saw positive developments in North America, which significantly exceeded our Q1 targets and saw DBP growth of more than 20 percent YoY. DBP delivered bookings growth of 1 percent and revenue declined 3 percent to €88.1 million compared to €90.5 million in Q1 2019.

Cloud & IoT delivered significantly ahead of our guidance expectations with strong bookings growth of 65 percent. We are particularly pleased to have delivered on the first set of key implementation milestones for our major recent new IoT customer, Schindler. Business line revenue increased by 60 percent to €15.4 million compared to €9.5 million in Q1 2019.

Taken together, DBP including Cloud & IoT total revenue increased 3 percent YoY. The true leading indicator of our progress is the step-change we have achieved in our shift to subscription. At the end of Q1, 69 percent of all DBP bookings were subscription or SaaS based compared to 63 percent one year ago. This is strong momentum in our strategy to improve the quality and predictability of our earnings over time.

This second year of our Helix transformation is focused on driving our momentum forward. COVID-19 may have some impact on our visibility for H2, but our strategy and opportunity have not changed. We are executing against five strategic focus areas—Sales, Subscription, Partnerships, Culture, Marketing—and prioritizing investment in those areas that can deliver the greatest commercial impact.

Our business transformation is underpinned by cultural transformation. Investing in our Culture remains of paramount importance. Our CHRO, Dr Elke Frank, is helping to rewire our company for growth by retaining key talent, enabling our leaders to drive change, and securing new talent to augment our strong team. In the first quarter we have brought several new leaders in to our global organization from technology peers such as Salesforce, Axway Inc., Apigee, and Tibco.

We saw several highlights in our first quarter Sales performance, most notably in our continued success at winning competitively in the market. In Q1 we added 56 new customers to our base, including Armani, Golden Goose and Quest Diagnostics: each of which were secured as competitive wins. Alongside the achievement of targets by all our regional teams this quarter gives us confidence that our 2019 Go-To-Market (GTM) changes are delivering impact.

Our shift to subscription, which as noted above gathered significant pace in Q1, has served to further strengthen our financial position at a challenging economic time. Software AG is now generating €488 million of Annual Recurring Revenue.

We continue to deepen and derive value from our existing Partnerships in addition to securing new ones. In the first quarter, PwC became a new member of the ADAMOS network and we struck a new partnership with a major IT service provider covering IoT, Analytics and Integration. We were also pleased to expand our strategic partnership with Amazon Web Services to now encompass joint sales and GTM activities.

The efforts of our Marketing team are driving meaningful sales success. We have seen a 43 percent YoY increase in Marketing Qualified Leads during Q1 and a 20 percent YoY increase in visitors to our web pages. In light of the current COVID-19 situation, the team has well-developed plans to make our annual International User Groups conference fully virtual for 2020.

As we move forward in to the second quarter of the year, we believe we are well positioned to manage our business through the current challenge. We have a strong financial footing with over €500 million in available cash and €200m further headroom in credit facilities. Our revenue exposure to the most impacted areas is low; our investments are targeted; and we are actively managing our cost base.

We cannot forget that the COVID-19 pandemic has had a terrible human cost. It has, however, undeniably changed the way many organizations work. From this change, there

is no going back. The transformation markets we target—such as Hybrid Integration Platform market set to reach \$18 billion by 2022<sup>1</sup> and the IoT Platform market set to reach \$25.6 billion by 2023<sup>2</sup>—are not going to go away.

The imperative for companies to transform is now stronger than ever. We believe Software AG continues to have the best products and the right operational approach to execute on those transformations, as they happen.

**“During Q1, Software AG performed well as the momentum building in our Helix transformation showed through in our results. To-date, our business has proven resilient in the face of the Covid-19 pandemic. We have moved fast to support our people, listened carefully to our customers, and reacted quickly to meet their needs. Our mission critical products, limited exposure to the most affected industries, and the continued growth in Q1 of our recurring revenue stream, driven by our transformation, give us some resilience. This growth, enhanced by further competitive customer wins, has strengthened our robust financial position and our ability to manage through the period. It remains impossible to predict how long today’s macroeconomic uncertainty will last. However, IT demand will remain strong and we are well positioned to benefit when market conditions recover.”—Sanjay Brahmawar, CEO of Software AG**

## Business Line Development

Software AG’s **Adabas & Natural (A&N)** delivered an exceptional performance in the first quarter, generating revenues of €57.5 million (Q1 2019: €54.7 million) representing YoY revenue growth of 5 percent. This performance is a sign of the continuing relevance and value of A&N’s product set, which in the first quarter became available on Microsoft’s Azure Marketplace. A&N license sales increased by 20 percent YoY to €21.5 million (Q1 2019: €17.8 million). A&N maintenance revenues totalled €35.9 million in the first quarter: a decrease YoY of 2 percent (Q1 2019: €36.8 million). Bookings in this segment grew by 47 percent YoY.

Software AG’s **Digital Business Platform (DBP)** excluding Cloud & IoT saw a YoY revenue decline of 3 percent to €88.1 million (Q1 2019: €90.5 million), a consequence of a number of DBP deals slipping in to the second quarter in Q1’s final weeks. License revenues declined 13 percent YoY to €18.6 million (Q1 2019: €21.7 million). Bookings in this segment grew by 1 percent YoY.

The Company’s **Cloud & IoT** business performed significantly ahead of expectations, delivering YoY revenue growth of 60 percent to €15.4 million (Q1 2019: €9.5 million). Bookings growth in this business line was strong at 65 percent YoY.

**Professional Services** revenue was €45.0 million (Q1 2019: €46.7 million) in Q1 2020.

<sup>1</sup> Gartner Inc.

<sup>2</sup> McKinsey

## Total Revenue, Bookings and Earnings Development

In the quarter under review, Software AG recorded €207.0 million (Q1 2019: €201.4 million) in **total revenue**. Group **maintenance revenue** was flat at €107.3 million (Q1 2019: €107.1 million), while Group **license revenue** grew by 9 percent to €46.7 million (Q1 2019: €42.6 million). Software AG's total **product revenue** for the quarter (constituting licenses + maintenance + SaaS) amounted to €160.9 million (Q1 2019: €154.5 million): a growth rate of 4 percent.

Software AG uses the metric 'Product Bookings' as a leading indicator to better reflect business progress and the pace of its Helix transformation. In the first quarter, Software AG's **Adabas & Natural (A&N)** business line generated year-on-year bookings growth of 47 percent. **DBP including Cloud & IoT** business line generated year-on-year bookings growth of 19 percent. In the first quarter, 69 percent of all bookings within DBP were **subscription and SaaS** based (Q1 2019: 55 percent).

The Company's earnings before interest and taxes (**EBIT**) performance was ahead of market consensus at €28.7 million (Q1 2019: €42.2 million) for the first quarter. Software AG's **operating EBITA** (non-IFRS) amounted to €39.7 million (Q1 2019: €51.6 million). The year-on-year decline in both values is a result of planned investment in Software AG's Helix transformation. The respective **operating margin** (EBITA, non-IFRS) was 19.2 percent (Q1 2019: 25.6 percent).

## Employees

As of March 31, 2020, Software AG had 5,005 (March 31, 2019: 4,737) employees worldwide (full-time equivalents). Of that total, 1,940 (March 31, 2019: 1,843) worked in Professional Services, 1,434 (March 31, 2019: 1,339) in Research and Development, 967 (March 31, 2019: 936) in Sales and Marketing and 664 (March 31, 2019: 619) in Administration.

## 2020 Outlook

COVID-19 began to impact our business at the end of Q1. Software AG remains confident in its ability to deliver a solid first half performance, however current macro-economic uncertainty reduces visibility in to the second half. The predictability and timing of deal closures has become more uncertain, notably for DBP and IoT, which have a greater reliance on new customer acquisition. Accordingly, the Company now expects slower than anticipated growth for its two DBP revenue lines but maintains its outlook for A&N and for Non-IFRS EBITA operating margin. Over the medium-term, demand for digitization should intensify as a result of the likely lasting changes COVID-19 has caused within businesses and their operating structures. Software AG therefore confirms its 2023 ambitions, most notably to reach €1 billion in revenue and expand operating margin to a 25 to 30 percent range.

The table below shows the full forecast for the 2020 fiscal year.

### Outlook for Fiscal Year 2020

	<b>FY 2019 Results per Dec 31, 2019 in € mn</b>	<b>FY 2020 Outlook as of Jan. 29, 2020 as %<sup>1</sup></b>	<b>FY 2020 Outlook as of April 23, 2020 as %<sup>1</sup></b>
DBP excl. Cloud & IoT product bookings	241.1	+10% to +15% <sup>1</sup>	+0% to +10% <sup>1</sup>
DBP Cloud & IoT product bookings	65.9	+40% to +60% <sup>1</sup>	+20% to +40% <sup>1</sup>
A&N product bookings	100.8	-3% to +3% <sup>1</sup>	unchanged
Operating margin (EBITA, non-IFRS) <sup>2</sup>	29.2%	20% to 22%	unchanged

<sup>1</sup> at constant currency

<sup>2</sup> adjusted for non-operating factors (see non-IFRS earnings definition in the 2019 annual report on p. 50f)

# Key Figures

As of the First Quarter and as of March 31, 2020 and December 31, 2019 (IFRS, unaudited)

in € millions (unless otherwise stated)	Q1 2020 (as stated)	Q1 2019 (as stated)	+/- as %	+/- as % acc <sup>1</sup>
<b>Leading Indicators</b>				
<b>Bookings Group<sup>2</sup></b>	<b>90.1</b>	<b>70.4</b>	<b>28%</b>	<b>28%</b>
Thereof Subscription and SaaS <sup>2</sup>	41.5	30.7	35%	37%
Bookings DBP (incl. Cloud & IoT) <sup>2</sup>	58.1	48.9	19%	19%
Bookings Adabas & Natural <sup>2</sup>	32.0	21.4	49%	47%
<b>ARR Group<sup>3</sup> (as of March 31)</b>	<b>487.8</b>	<b>456.9</b>	<b>7%</b>	<b>8%</b>
ARR DBP (incl. Cloud & IoT) <sup>3</sup>	341.0	308.6	11%	11%
<b>P&amp;L</b>				
<b>Revenue Group</b>	<b>207.0</b>	<b>201.4</b>	<b>3%</b>	<b>2%</b>
Product Revenue	160.9	154.5	4%	4%
Thereof DBP (incl. Cloud & IoT)	103.5	100.0	4%	3%
Thereof Adabas & Natural	57.5	54.7	5%	5%
Professional Services Revenue	46.0	46.7	-2%	-3%
<b>Operating EBITA (non-IFRS)</b>	<b>39.7</b>	<b>51.6</b>	<b>-23%</b>	
as % of revenue	19.2%	25.6%		
DBP segment earnings	13.4	17.5	-23%	
Segment margin	12.9%	17.5%		
A&N segment earnings	37.2	39.3	-5%	
Segment margin	64.6%	71.7%		
<b>Net income (non-IFRS)</b>	<b>27.9</b>	<b>36.3</b>	<b>-23%</b>	
<b>Earnings per share (non-IFRS)<sup>4</sup></b>	<b>€0.38</b>	<b>€0.49</b>	<b>-23%</b>	
<b>Cash Flow</b>				
<b>Operating cash flow</b>	<b>61.5</b>	<b>60.0</b>	<b>2%</b>	
<b>Free cash flow</b>	<b>52.0</b>	<b>54.5</b>	<b>-5%</b>	
<b>Free cash flow per share</b>	<b>€0.70</b>	<b>€0.74</b>	<b>-5%</b>	
<b>Balance sheet</b>				
	<b>Mar. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>+/- as %</b>	
<b>Total assets</b>	<b>2,094.9</b>	<b>2,116.1</b>	<b>-1%</b>	
Cash and cash equivalents	510.0	513.6	-1%	
Net cash	265.8	217.0	22%	
<b>Employees</b>				
<b>Number of Employees (FTE)</b>	<b>5,005</b>	<b>4,948</b>	<b>1%</b>	
Thereof R&D	1,434	1,419	1%	
Thereof Germany	1,280	1,278	0%	

<sup>1</sup> acc = at constant currency

<sup>2</sup> Bookings according to 2020 definition

<sup>3</sup> Annual recurring revenue

<sup>4</sup> Based on weighted average shares outstanding (basic) Q1 2020: 74.0 mn / Q1 2019: 74.0 mn

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 First Quarter of 2020 (IFRS, unaudited)

in € thousands	Q1 2020	Q1 2019	+/- as %
Licenses	46,689	42,579	10%
Maintenance	107,308	107,092	0%
SaaS	6,923	4,866	42%
Professional Services	45,988	46,707	-2%
Other	138	173	-20%
<b>Total revenue</b>	<b>207,046</b>	<b>201,417</b>	<b>3%</b>
Costs of sales	-55,289	-49,459	12%
<b>Gross profit</b>	<b>151,757</b>	<b>151,958</b>	<b>0%</b>
Research and development expenses	-36,522	-33,301	10%
Sales, marketing and distribution expenses	-65,950	-60,811	8%
General and administrative expenses	-21,415	-17,620	22%
Other income	9,206	4,036	128%
Other expense	-8,341	-2,053	306%
Other taxes	-1,171	-1,461	-20%
<b>Operating profit</b>	<b>27,564</b>	<b>40,748</b>	<b>-32%</b>
Finance income	2,534	2,857	-11%
Finance cost	-1,383	-1,464	-6%
<b>Finance income, net</b>	<b>1,151</b>	<b>1,393</b>	<b>-17%</b>
<b>Earnings before income taxes</b>	<b>28,715</b>	<b>42,141</b>	<b>-32%</b>
Income taxes	-8,524	-12,471	-32%
<b>Net income</b>	<b>20,191</b>	<b>29,670</b>	<b>-32%</b>
<b>Thereof attributable to shareholders of Software AG</b>	<b>20,157</b>	<b>29,567</b>	<b>-32%</b>
<b>Thereof attributable to non-controlling interests</b>	<b>34</b>	<b>103</b>	
Earnings per share (€, basic)	0.27	0.40	-33%
Earnings per share (€, diluted)	0.27	0.40	-33%
Weighted average number of shares outstanding (basic)	73,979,889	73,979,889	—
Weighted average number of shares outstanding (diluted)	73,979,889	73,981,320	—



# Consolidated Balance Sheet

As of March 31, 2020 (IFRS, unaudited)

## Assets

in € thousands	Mar. 31, 2020	Dec. 31, 2019
<b>Current assets</b>		
Assets held for sale	4,795	4,795
Cash and cash equivalents	509,991	513,632
Other financial assets	4,820	5,720
Trade and other receivables	187,169	206,596
Other non-financial assets	30,998	26,299
Income tax receivables	17,219	18,943
	<b>754,992</b>	<b>775,985</b>
<b>Non-current assets</b>		
Intangible assets	115,080	116,601
Goodwill	986,912	980,088
Property, plant and equipment	101,227	103,977
Other financial assets	17,428	17,078
Trade and other receivables	92,623	96,544
Other non-financial assets	2,816	3,024
Income tax receivables	10,938	10,835
Deferred tax receivables	12,857	11,955
	<b>1,339,881</b>	<b>1,340,102</b>
<b>Total Assets</b>	<b>2,094,873</b>	<b>2,116,087</b>

## Equity and Liabilities

in € thousands	Mar. 31, 2020	Dec. 31, 2019
<b>Current liabilities</b>		
Liabilities from assets held for sale	5,092	5,092
Financial liabilities	43,085	96,389
Trade and other payables	32,918	35,793
Other non-financial liabilities	90,655	116,367
Other provisions	37,473	38,099
Income tax liabilities	39,694	35,569
Contract liabilities/Deferred income	183,727	140,893
	<b>432,644</b>	<b>468,202</b>
<b>Non-current liabilities</b>		
Financial liabilities	201,134	200,225
Trade and other payables	187	90
Other non-financial liabilities	955	1,343
Other provisions	7,206	7,360
Provisions for pensions and similar obligations	47,417	47,963
Income tax liabilities	2,710	2,643
Deferred tax liabilities	6,735	10,594
Contract liabilities/Deferred income	19,598	20,212
	<b>285,942</b>	<b>290,430</b>
<b>Equity</b>		
Share capital	74,000	74,000
Capital reserves	22,580	22,580
Retained earnings	1,322,396	1,302,257
Other reserves	-42,303	-41,304
Treasury shares	-757	-757
<b>Attributable to shareholders of Software AG</b>	<b>1,375,916</b>	<b>1,356,776</b>
<b>Non-controlling interests</b>	<b>371</b>	<b>679</b>
	<b>1,376,287</b>	<b>1,357,455</b>
<b>Total Equity and Liabilities</b>	<b>2,094,873</b>	<b>2,116,087</b>

# Consolidated Statement of Cash Flows

For the First Quarter of 2020 (IFRS, unaudited)

in € thousands	Q1 2020	Q1 2019
Net income	20,191	29,670
Income taxes	8,524	12,471
Net financial income/expense	-1,151	-1,394
Amortization/depreciation of non-current assets	10,309	11,588
Payments for the settlement of share based payment rights with a choice of settlement	0	0
Other non-cash income/expense	104	41
Changes in receivables and other assets	17,675	37,126
Changes in payables and other liabilities	12,048	-17,533
Income taxes paid/received	-7,471	-13,482
Interest paid	-1,305	-1,382
Interest received	2,535	2,857
<b>Net cash flow from operating activities</b>	<b>61,459</b>	<b>59,962</b>
Proceeds from the sale of property, plant and equipment/intangible assets	611	162
Purchase of property, plant and equipment/intangible assets	-3,436	-2,444
Proceeds from the sale of non-current financial assets	0	171
Purchase of non-current financial assets	-2,658	-116
Proceeds from the sale of current financial assets	172	70
Purchase of current financial assets	-268	-569
Payments for acquisitions, net	0	-5,000
<b>Net cash flow from investing activities</b>	<b>-5,579</b>	<b>-7,726</b>
Use of treasury shares	0	0
Dividends paid	-342	-320
Proceeds/payments for current financial liabilities	-52,163	-38,241
Repayments of lease liabilities	-4,011	-3,240
New non-current financial liabilities	0	0
Repayment of non-current financial liabilities	-1	0
<b>Net cash flow from financing activities</b>	<b>-56,517</b>	<b>-41,801</b>
Change in cash and cash equivalents	-637	10,435
Change in cash and cash equivalents from currency translation	-3,004	10,734
<b>Net change in cash and cash equivalents</b>	<b>-3,641</b>	<b>21,169</b>
Cash and cash equivalents at beginning of period	513,632	462,362
<b>Cash and cash equivalents at end of period</b>	<b>509,991</b>	<b>483,531</b>
<b>Free cash flow</b>	<b>51,965</b>	<b>54,495</b>

# Segment Report

For the First Quarter of 2020 (IFRS, unaudited)

in € thousands	DBP (incl. Cloud & IoT)			A&N			Professional Services			Reconciliation		Total		
	Q1 2020	Q1 2020	Q1 2019	Q1 2020	Q1 2020	Q1 2019	Q1 2020	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2020	Q1 2019
	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
Licenses	25,144	25,200	24,802	21,545	21,345	17,777						46,689	46,545	42,579
Maintenance	71,446	70,857	70,300	35,862	35,911	36,792						107,308	106,768	107,092
SaaS	6,923	6,880	4,866	0	0	0						6,923	6,880	4,866
<b>Product revenue</b>	<b>103,513</b>	<b>102,937</b>	<b>99,968</b>	<b>57,407</b>	<b>57,256</b>	<b>54,569</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>160,920</b>	<b>160,193</b>	<b>154,537</b>
Professional Services	0	0	0	0	0	0	45,988	45,395	46,707			45,988	45,395	46,707
Other	0	0	0	138	138	173	0	0	0			138	138	173
<b>Total revenue</b>	<b>103,513</b>	<b>102,937</b>	<b>99,968</b>	<b>57,545</b>	<b>57,394</b>	<b>54,742</b>	<b>45,988</b>	<b>45,395</b>	<b>46,707</b>	<b>0</b>	<b>0</b>	<b>207,046</b>	<b>205,726</b>	<b>201,417</b>
Cost of sales	-11,475	-11,443	-9,336	-2,566	-2,572	-2,203	-39,237	-38,689	-35,710	-2,011	-2,210	-55,289		-49,459
<b>Gross profit</b>	<b>92,038</b>	<b>91,494</b>	<b>90,632</b>	<b>54,979</b>	<b>54,822</b>	<b>52,539</b>	<b>6,751</b>	<b>6,706</b>	<b>10,997</b>	<b>-2,011</b>	<b>-2,210</b>	<b>151,757</b>		<b>151,958</b>
Sales, marketing and distribution expenses	-50,654	-50,312	-45,791	-9,278	-9,269	-7,365	-4,390	-4,336	-4,270	-1,628	-3,385	-65,950		-60,811
<b>Segment contribution</b>	<b>41,384</b>	<b>41,182</b>	<b>44,841</b>	<b>45,701</b>	<b>45,553</b>	<b>45,174</b>	<b>2,361</b>	<b>2,370</b>	<b>6,727</b>	<b>-3,639</b>	<b>-5,595</b>	<b>85,807</b>		<b>91,147</b>
Research and development expenses	-27,981	-27,425	-27,385	-8,541	-8,448	-5,916	0	0	0	0	0	-36,522		-33,301
<b>Segment earnings</b>	<b>13,403</b>	<b>13,757</b>	<b>17,456</b>	<b>37,160</b>	<b>37,105</b>	<b>39,258</b>	<b>2,361</b>	<b>2,370</b>	<b>6,727</b>	<b>-3,639</b>	<b>-5,595</b>	<b>49,285</b>		<b>57,846</b>
General and administrative expenses												-21,415		-17,620
Other income												9,206		4,036
Other expense												-8,341		-2,053
Other taxes												-1,171		-1,461
<b>Operating profit</b>												<b>27,564</b>		<b>40,748</b>
Finance income												2,534		2,857
Finance cost												-1,383		-1,464
<b>Finance income, net</b>												<b>1,151</b>		<b>1,393</b>
<b>Earnings before income taxes</b>												<b>28,715</b>		<b>42,141</b>
Income taxes												-8,524		-12,471
<b>Net income</b>												<b>20,191</b>		<b>29,670</b>

## DBP Segment with Revenue Split

For the First Quarter of 2020 (IFRS, unaudited)

in € thousands	DBP (Cloud & IoT)			DBP (excl. Cloud & IoT)			DBP (incl. Cloud & IoT)		
	Q1 2020	Q1 2020	Q1 2019	Q1 2020	Q1 2020	Q1 2019	Q1 2020	Q1 2020	Q1 2019
	as stated	at constant currency	as stated	as stated	at constant currency	as stated	as stated	at constant currency	as stated
Licenses	6,498	6,334	3,059	18,646	18,866	21,743	25,144	25,200	24,802
Maintenance	2,014	1,994	1,575	69,432	68,863	68,725	71,446	70,857	70,300
SaaS	6,923	6,880	4,866	0	0	0	6,923	6,880	4,866
<b>Product revenue</b>	<b>15,435</b>	<b>15,208</b>	<b>9,500</b>	<b>88,078</b>	<b>87,729</b>	<b>90,468</b>	<b>103,513</b>	<b>102,937</b>	<b>99,968</b>
Professional Services	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Total revenue</b>	<b>15,435</b>	<b>15,208</b>	<b>9,500</b>	<b>88,078</b>	<b>87,729</b>	<b>90,468</b>	<b>103,513</b>	<b>102,937</b>	<b>99,968</b>
Cost of sales							-11,475	-11,443	-9,336
<b>Gross profit</b>							<b>92,038</b>	<b>91,494</b>	<b>90,632</b>
Sales, marketing and distribution expenses							-50,654	-50,312	-45,791
<b>Segment contribution</b>							<b>41,384</b>	<b>41,182</b>	<b>44,841</b>
Research and development expenses							-27,981	-27,425	-27,385
<b>Segment earnings</b>							<b>13,403</b>	<b>13,757</b>	<b>17,456</b>

# Statement of Comprehensive Income

For the First Quarter of 2020 (IFRS, unaudited)

in € thousands	Q1 2020	Q1 2019
<b>Net income</b>	<b>20,157</b>	<b>29,670</b>
Currency translation differences from foreign operations	-1,964	25,807
Net profit/(loss) from cash flow hedges	127	50
Currency translation gain/loss from net investments in foreign operations	0	747
<b>Items to be reclassified to the income statement if certain conditions are met</b>	<b>-1,837</b>	<b>26,604</b>
Net profit/(loss) from equity instruments designated to measurement at fair value through other comprehensive income	-286	-58
Net actuarial gain/loss on pension obligations	1,124	-880
<b>Items not to be reclassified to the income statement</b>	<b>838</b>	<b>-938</b>
<b>Other comprehensive income</b>	<b>-999</b>	<b>25,666</b>
<b>Total comprehensive income</b>	<b>19,158</b>	<b>55,336</b>
Thereof attributable to shareholders of Software AG	19,124	55,233
Thereof attributable to non-controlling interests	34	103

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