

# Lower than expected trading in Q2 FY23 leading to revised guidance

SUSE has experienced softer trading than anticipated in the quarter ended April 30, 2023. The impact of the ongoing economic uncertainty on customers' decision making has resulted in further delays to the completion of new contracts and a reduction in average contract lengths. Furthermore, the recent salesforce reorganisation has not gained the expected level of traction and is impacting our performance. We have also seen a lower-than-anticipated rate of growth in sales through the Cloud route-to-market. These have collectively led to downward pressure on our current and expected revenues and cashflow in 2023.

Adjusted Revenue in the quarter is expected to be \$162.2 million, representing reported year-on-year growth of 1% and growth of 1% on a constant currency basis. Core revenues in Q2 were down 1% compared to the prior year, whilst Emerging delivered growth of 11%.

SUSE will publish its full Q2 FY23 results and H1 FY23 Interim Report on July 6, 2023.

## Outlook

Given the current trading conditions we are revising our guidance for the current year to October 31, 2023. We now expect reported Adjusted Revenue growth for the year to be mid-single digits percent, with constant currency growth slightly lower. We expect our Adjusted EBITDA margin to be in the mid-thirties percent and Adjusted Unlevered Free Cash Flow conversion to be in excess of 50%.

**Luxembourg – May 10, 2023** – SUSE S.A. (the "Company" or "SUSE"), an independent leader in open source software specializing in Enterprise Linux operating systems, Enterprise Container Management and Edge software solutions, today published a trading update for the second quarter of financial year 2023, which ended April 30, 2023.

"Our business model remains resilient. Despite the current headwinds we continue to grow, with high profit margins, and to generate cash," said Andy Myers, CFO of SUSE. "We are confident that we will recover from this slowdown and deliver on our long-term potential."



## Additional Information

The information in this Trading Update provides provisional basic information on SUSE's key Alternative Performance Measures as defined in SUSE's Q1 FY23 Quarterly Statement, available on [ir.suse.com](http://ir.suse.com). The information in this Trading Update has not been audited, may be subject to change and may differ from the numbers in the full Q2 FY23 results.

## About SUSE

SUSE is a global leader in innovative, reliable and secure enterprise-grade open source solutions, relied upon by more than 60% of the Fortune 500 to power their mission-critical workloads. We specialize in Business-critical Linux, Enterprise Container Management and Edge solutions, and collaborate with partners and communities to empower our customers to innovate everywhere – from the data center, to the cloud, to the edge and beyond. SUSE puts the “open” back in open source, giving customers the agility to tackle innovation challenges today and the freedom to evolve their strategy and solutions tomorrow. The company is headquartered in Luxembourg and employs more than 2,000 people globally. SUSE is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

For more information, visit [www.suse.com](http://www.suse.com).

This announcement contains inside information.

The person responsible for arranging the release of this announcement on behalf of SUSE S.A. is Andrew McDonald, Chief Legal Officer and Company Secretary.

## Contacts

### Investors:

Jonathan Attack  
Investor Relations, SUSE  
Phone: +44 7741 136 019  
Email: [ir@suse.com](mailto:ir@suse.com)

Matt Jones  
Investor Relations, SUSE  
Phone: +44 7809 690 336  
Email: [ir@suse.com](mailto:ir@suse.com)

### Media:

Christopher Deifuß  
Kekst CNC  
Phone: +49 162 2059754  
Email: [christopher.deifuss@kekstcnc.com](mailto:christopher.deifuss@kekstcnc.com)

Monique Perks  
Kekst CNC  
Phone: +44 7581 033 557  
Email: [Monique.Perks@kekstcnc.com](mailto:Monique.Perks@kekstcnc.com)

## Important Notice

Certain statements in this communication may constitute forward-looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties, including, but not limited to, those risks and

uncertainties described in SUSE's disclosures. You should not rely on these forward-looking statements as predictions of future events, and we undertake no obligation to update or revise these statements. Our actual results may differ materially and adversely from any forward-looking statements discussed in these statements due to several factors, including without limitation, risks from macroeconomic developments, external fraud, lack of innovation capabilities, inadequate data security and changes in competition levels.

The Company undertakes no obligation, and does not expect to publicly update, or publicly revise, any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to it or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this communication.