

Strong Third Quarter with Growth Across the Business

- As a result of a strong Q3, SUSE now expects to report full year Adjusted Revenue in the top half of the guidance range and Adjusted Cash EBITDA above the top of the guidance range
- ACV grew 39% to \$119.0 million in Q3. Core ACV grew 36% and Emerging ACV grew 59%
- Total ARR of \$555.5 million, growth of 20% on prior year; SUSE ARR of \$489.7 million, (+14%); Rancher ARR of \$65.8 million, (+115%)
- Adjusted Revenue was \$151 million, an increase of 21% above prior year
- Adjusted EBITDA of \$55.2 million for Q3 is up 10% from prior year with a margin of 37%, as SUSE continues to invest in growth
- Adjusted Cash EBITDA was \$65.0 million, an increase of 84% and a margin of 43%
- Net debt at quarter end was \$653.1 million; representing a reduced leverage ratio of 2.6x
- SUSE S.A. was listed on the Frankfurt Stock Exchange during the quarter, enabling a reduction in outstanding debt
- New solutions are driving customers' cloud-native transformation
- Significant continued investment in innovation and sales to drive further growth

USD \$ millions	Q3 2021	Q3 2020	Growth %	Q3 YTD 2021	Q3 YTD 2020	Growth %
ACV	119.0	85.9	39%	365.6	293.0	25%
Adj Revenue	151.0	125.3	21%	421.9	365.7	15%
Adj EBITDA	55.2	50.4	10%	164.1	137.8	19%
<i>Adj EBITDA Margin</i>	37%	40%		39%	38%	
Adj cash EBITDA	65.0	35.4	84%	226.5	150.5	50%
<i>% Margin</i>	43%	28%		54%	41%	
Adj uFCF	39.0	30.9	26%	145.4	126.5	15%
Cash conversion	71%	61%		89%	92%	

Note: This table contains Alternative Performance Measures as defined in Appendix 5 of this document. The presentation is based on pro forma numbers including Rancher on a coterminal basis in the prior year and in 2021 as if acquired on November 1, 2020. Statutory data for the year to date is given in Appendix 1.

Luxembourg – September 16, 2021 – SUSE S.A. (the “Company” or “SUSE”), an independent leader in open source software specializing in Enterprise Linux operating systems, Container Management and Edge software solutions, today announced its results for the third quarter of financial year 2021, which ended July 31, 2021.

“This is a strong quarter for SUSE,” said Melissa Di Donato, SUSE CEO. “We continue to deliver upon our commitments, delivering strong results in our business across all segments and rolling out game-changing innovation that will drive further growth. The momentum of our business is proof that the foundation of SUSE is built for our future success.”

“We have today strengthened our guidance as we continue to see strong growth across all our business areas,” said Andy Myers, SUSE CFO. “All Routes to Market are powering significant and growing business in both Core and Emerging.”

Financial and Business Review

The information in this section is based on the presentation of Alternative Performance Measures as defined in Appendix 5 and has not been audited. Historical data is also based on pro forma figures including Rancher prior to its acquisition by SUSE in December 2020. The Year to Date (YTD) numbers for 2021 include nine months for Rancher on a pro forma basis. A reconciliation to the IFRS financials is included in Appendix 2 and summary financial statements containing statutory data for 2021 year to date are included in Appendix 1. Results are shown using actual exchange rates.

Business Update

SUSECON Digital 2021, SUSE’s principal annual commercial event, took place in early Q3. The Conference brings customers together for technical briefings and updates on new products and solutions, reinforcing SUSE’s position as a global leader in innovative, reliable and enterprise-grade open source solutions. The conference was a resounding success, with attendance up almost 90% over the prior year’s digital conference, demonstrating customer appreciation for SUSE’s unique commitment to delivering truly open, interoperable products and solutions, giving them complete freedom, choice, and flexibility to define and easily adopt the IT strategy that best fits their needs.

This year’s conference was not only an update on SUSE Linux products, it also introduced SUSE Rancher for the first time following the acquisition last year with an exciting announcement of a new SUSE Rancher product. This shows the rapid progress that has been made by the combination of Rancher and SUSE to accelerate new products and bring together complementary capabilities that are attractive to all customers of our company. It also enabled the announcement of a complete software stack, SUSE Hybrid IT, to run traditional and cloud-native applications in data center and cloud environments.

The key new product announcements were:

- SUSE Linux Enterprise Server 15 Service Pack 3 (SLES 15 SP3): the next evolution of our core operating system that helps IT operators and developers drive faster digital transformation.
- SUSE Rancher 2.6: Further increases the usability of Kubernetes at scale and delivers full lifecycle management of Microsoft AKS and Google GKE clusters, adding to existing support for Amazon EKS. Customers can now take advantage of the unique benefits of each public cloud service

provider's Kubernetes service while leveraging the consistent management, advanced features, and automation provided by SUSE Rancher.

- SUSE Edge: An open, lightweight software infrastructure for customers to build, deploy and manage enterprise applications at the edge. SUSE Edge connects edge-based workloads to the cloud and on-prem data centers with an automated and secure management framework.

SUSE continued its investment in open source innovation and introduced its engagement in a number of new open source projects at the conference, including Harvester, Epinio, Opni and Trento. These projects and others are helping maintain and expand SUSE's technology leadership in both Linux and Kubernetes, and SUSE continues to engage with leading-edge projects to contribute, collaborate and help shape Kubernetes and Linux technologies to meet customer challenges today and tomorrow.

SUSE Rancher and Arm have continued to provide customers with a highly efficient cloud-native architecture at the edge with initiatives such as Project Cassini and the recently announced Scalable Open Architecture for Embedded Edge (SOAFEE). As part of SLES for Arm 15 SP3, new features have been added to achieve higher performance on Arm Neoverse-based platforms.

This level of innovation and increasing product features demonstrates SUSE's commitment to building on its strong commercial base and excellent reputation, facilitating increased sales across all business areas and building its presence in key growth markets such as containers and the edge, leveraging its scale and expertise to integrate and accelerate growth with SUSE Rancher.

SUSE's customer-focused innovation and high levels of customer service are, we believe, the primary reasons we once again increased our Net Promoter Score and delivered the strong financial growth set out below.

Annual Contract Value (ACV) and Revenue

USD \$ millions		Q3	Q3	Growth	Q3 YTD	Q3 YTD	Growth
		2021	2020	%	2021	2020	%
ACV by Sol's	Core	101.5	74.9	36%	307.4	260.3	18%
	Emerging	17.5	11.0	59%	58.2	32.7	78%
	Total	119.0	85.9	39%	365.6	293.0	25%
Adj Revenue	Core	133.2	114.5	16%	373.2	335.6	11%
	Emerging	17.8	10.8	65%	48.7	30.1	62%
	Total	151.0	125.3	21%	421.9	365.7	15%

SUSE continued to see strong growth in Q3 with ACV growing across all business areas, most notably in the Emerging business where SUSE Rancher continues to gain traction. In the End User routes to market (RTM), the cloud service providers (CSPs), particularly the hyperscalers, contributed to strong growth. All geographical regions also contributed to the growth.

Core ACV grew by 36% year on year to \$101.5 million for the quarter. This strong performance was driven by delivery of expected renewals and upselling within the End User and CSP RTMs and supported by two retrospective consumption contracts. This included a number of important multiyear renewals which

contributed significantly to ACV growth and deferred revenue. The IHV RTM grew by 8% year on year, having seen a 2% decline in the previous quarter, as embedded sales increased significantly, offsetting continued weakness in IHV driven by hardware supply chain delays.

One particular Embedded win of note in Q3 was with a large U.S.-based Systems Integrator, where we have up-sold an existing \$5.4 million ACV deal with an ACV renewal of \$7.8 million. This includes expansion of additional workloads, and it also displaces competitor OS footprints within the account. Secured with this win is a binding commitment of recurring ACV over the next five years with a monetary value of \$56 million. This win underscores the resiliency and mission criticality of SUSE's business model.

Core ACV Growth for the year to date was 18%, which is in line with our guidance for the year.

Emerging ACV grew 59%, delivering \$17.5 million in the quarter as SUSE Rancher continued to perform well with a number of notable deals including several net new logos wins from incumbent suppliers and our first airline customer. The strongest growth in Emerging was in North America, with several large renewals in the Financial Services and Technology industries.

SUSE also entered into a strategic embedded partnership with UiPath, a leader in the Enterprise Software Automation space. UiPath will leverage SUSE Rancher to provide additional deployment options for UiPath customers to leverage the UiPath Platform.

All geographic regions showed strong growth, with the two largest, EMEA and North America, growing 36% and 39% respectively. North America benefited from the growth in SUSE Rancher and a strong performance in Core. The target growth markets of APJ and Latin America grew at 25% and 22% respectively. Greater China grew 69% to contribute \$10.0 million of ACV, including two large contracts.

Overall weighted average contract length has remained stable at 19 months, because our success in signing multiyear End-user contracts has offset the growing proportion of Cloud on shorter contract lengths.

The impact of FX changes on ACV in Q3 was small, with year-on-year growth of 39% on an actual FX basis and of 37% on a constant currency basis. For the year-to-date figures, ACV reported growth was 25% on an actual FX basis and 21% using constant currency.

Adjusted Revenue in Q3 was \$151.0 million, an increase of 21% over the prior year, with strong contributions from both Core and Emerging.

For the Year to Date, Adjusted Revenue was \$421.9 million, up \$56.2 million, or 15%, from the same period in 2020.

Core revenue growth of 16% in the quarter was powered by increased sales in the CSP channels, including the hyperscalers, and in the North America and EMEA regions. Growth was more modest in the independent hardware vendor (IHV) partner RTM where several large partners saw weaker sales, although the embedded customers did relatively well.

Emerging Revenue grew by 65% to \$17.8 million as SUSE Rancher grew its sales and extended its presence in IHV and CSP channels.

The impact of FX changes on revenue in Q3 was negligible, with year-on-year growth of 21% on both an actual and constant currency basis. For the year-to-date figures there is a small effect from FX changes, with the reported growth of 15% on an actual FX basis being 14% using constant currency.

Annual Recurring Revenue and Net Retention Rate

USD \$ millions	As at April 30		
	2021	2020	Change %
ARR – SUSE as of period end April '21	489.7	431.4	14%
ARR – Rancher as of period end April '21	65.8	30.6	115%
ARR – Total	555.5	462.0	20%
Net Retention Rate – SUSE as %	110.6%	110.5%	
Net Retention Rate – Rancher as %	143.4%	137.4%	

Note: ARR and NRR are reported one quarter in arrears, with ARR in USD millions at actual FX rates. These metrics are reported for each business separately, not pro forma.

ARR has again shown strong and accelerating growth, increasing 20% year on year to \$555.5 million, demonstrating the continuing strength of our business and building on a long track record of increasing contracted revenues and expansion of the active subscription base. The 14% growth in the SUSE business is ahead of the broader market growth CAGR of 12%, while the 115% growth in Rancher shows the combined benefit of high market growth and the synergies with SUSE.

Overall, the reported ARR growth of 20% benefited from some FX change tail wind, and on the basis of constant currencies the reported growth would have been 17%, primarily impacting the SUSE business.

NRR for SUSE was 110.6%, steady year on year and increased by 2% points from Q2.

NRR for Rancher grew to 143.4%, having been 125% in the prior quarter, underlining the excellent progress being made since acquisition.

Costs

USD \$ millions	Q3	Q3	Growth	Q3 YTD	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
Adj Revenue	151.0	125.3	21%	421.9	365.7	15%
Cost of sales	11.6	7.6	53%	30.2	22.2	36%
Gross profit	139.4	117.7	18%	391.7	343.5	14%
% Margin	92%	94%		93%	94%	
Sales, Marketing & Operations	39.0	32.9	19%	106.4	102.4	4%
Research & Development	25.4	20.3	25%	69.8	60.7	15%
General & Administrative	19.8	14.1	40%	51.4	42.6	21%
Total operating expenses	84.2	67.3	25%	227.6	205.7	11%

Note: Operating expenses in this table excludes depreciation and amortization as well as certain other items included in the IFRS accounts, as set out in Appendix 1. All costs are pro forma, including Rancher from November 1 in all periods.

The gross margin of 92% remained at the same level as Q2, slightly down from prior year as the cost of sales increased due to third-party costs relating to the new government business in North America.

Total operating expenses were \$84.2 million in the quarter, a 25% increase on the prior year. The main driver of this increase was additional staff, hired to support our investment in innovation and sales.

Increase in Sales, Marketing and Operations costs was 19% year on year, predominantly due to headcount increases but also due to some increase in marketing program spend as business starts to return to normal following the pandemic restrictions of the prior year.

Research and Development costs also grew as we added headcount, particularly in SUSE Rancher development, and we experienced some increased costs due to rising market salary levels.

General and Administrative costs rose year on year with a number of contributing factors. The overall increase was 40%, very similar to the increase seen at Q2. SUSE moved onto independent systems following the separation from Micro Focus, increased staffing to meet the new requirements of a public company as well as consulting costs and realized FX movement. Q3 costs were at the same level as the prior quarter.

Profitability

USD \$ millions	Q3 2021	Q3 2020	Growth %	Q3 YTD 2021	Q3 YTD 2020	Growth %
Adj EBITDA	55.2	50.4	10%	164.1	137.8	19%
<i>Adj EBITDA Margin</i>	37%	40%		39%	38%	
Change in deferred revenue	9.8	(15.0)	nm	62.4	12.7	nm
Adj Cash EBITDA	65.0	35.4	84%	226.5	150.5	50%
<i>% Margin</i>	43%	28%		54%	41%	

Adjusted EBITDA for Q3 was \$55.2 million, representing a margin of 37% and growth of 10% from the prior year. The margin is slightly down compared to the same period in the prior year as a result of continued investment in costs to support growth. In the year to date, however, the overall growth in Adjusted EBITDA is 19%, with a slightly improved margin of 39%.

Change in deferred revenue was \$9.8 million resulting in Adjusted Cash EBITDA of \$65.0 million, significantly higher than in the same quarter of the prior year. The difference in deferred revenue between the two years was \$25 million contributing to a significant improvement in Adjusted Cash EBITDA and cashflow. This has been driven by strong ACV growth and continued success at selling multiyear contracts, paid in advance, during the quarter.

Cashflow

USD \$ millions	Q3 2021	Q3 2020	Growth %	Q3 YTD 2021	Q3 YTD 2020	Growth %
Adjusted Cash EBITDA	65.0	35.4	84%	226.5	150.5	50%
Gross Capital Expenditure	(1.3)	(0.8)	63%	(2.1)	(1.8)	17%
Change in core working capital	(14.2)	8.8	nm	(41.8)	13.5	nm
IFRS 15	(8.3)	(6.5)	28%	(25.6)	(15.8)	62%
IFRS 16	(1.8)	(2.2)	-18%	(5.4)	(8.5)	-36%
Cash Taxes	(0.4)	(1.6)	-75%	(4.4)	(5.0)	-12%
Rancher Pro Forma uFCF	0.0	(2.2)	nm	(1.8)	(6.4)	-72%
Adjusted uFCF	39.0	30.9	26%	145.4	126.5	15%
<i>Adj uFCF Conv from Adj EBITDA</i>	71%	61%		89%	92%	

Overall, Adjusted unlevered Free Cash Flow for the quarter was \$39.0 million, an increase of 26% over the prior year. The key drivers for this were the increased profitability and higher positive movement in deferred revenue. The strong increase in bookings created a corresponding offsetting increase on working capital of \$23 million, when compared to Q3 of last year.

Cash conversion for Q3 is 71%, a decline from Q2, with Q2 being high following collection of cash from Q1. The year-to-date conversion is 89%.

Leverage

USD \$ millions	At July 31		
	2021	2020	Change %
Net debt	653.1	914.5	-29%

Net debt at July 31, 2021, was \$653 million, a reduction of 29% from the prior year. It is also a significant reduction from the \$1,205 million level at the end of Q2 as approximately \$502 million of the IPO proceeds were applied to reducing the indebtedness of the company in Q3. The Second Lien Term Loan of \$270 million was fully repaid and the balance of \$232 million was applied to the reduction of the Term Loan B.

As a result, the leverage ratio, based on the last 12 months Adjusted Cash EBITDA up to July 31, 2021, was 2.6x. This is below the 3.1x pro forma level reported at the end of Q2 and is also below the maximum leverage specified at the time of the IPO of 3.5x.

Initial Public Offering

During the third quarter, SUSE was listed on the Frankfurt Stock Exchange through an initial public offering of shares. The prospectus relating to the IPO was published on May 5, 2021, and the listing took effect on May 19, 2021.

SUSE S.A. will be included in the SDAX as well as the TecDAX with effect from September 20, 2021.

ESG

Environmental, Social and Governance (ESG) concerns continue to lie at the core of SUSE's open and innovative business model, spanning from how we conduct business to our people and the impact we have on society. The ESG function is established under the direct authority of the CEO.

In Q3, SUSE cemented gains in corporate governance and internal policies management by launching relevant and refreshed versions of key policies including our Employee Code of Business Ethics (COBE), Diversity, Inclusion and Equal Opportunities, and Anti-Harassment and Anti-Bullying, to count others. This was complemented by mandatory companywide training on pertinent topics starting with Diversity & Inclusion.

We also made strides toward our 30% women in leadership goal, establishing key partnerships with organizations such as WeAreTechWomen to support the career progression of our women.

Our impact on society continued unabated as we closed our SUSE-Udacity cloud-native foundation course with over 4,000 learners from more than 100 countries completing the course. SUSE awarded 300 scholarships, and one scholarship recipient, Damilola Banjoko, commented, “The SUSE foundation scholarship gave me immense first-hand working knowledge on how to include cloud concepts in my existing work and how to apply that in future projects.”

SUSE also continued to progress our Climate Action agenda, leveraging insights from our greenhouse gas emissions exercise to ensure our office sites are greener and more climate friendly spaces. We are also on track to set an ambitious climate impact target in line with best practice.

Progress also continues toward enhanced public disclosure which will be made from early 2022, based on the Global Reporting Initiative (GRI) Sustainability and CDP standards.

Outlook

Based on the strength of Q3 we now expect to report full year Adjusted Revenue in the top half of the previously specified pro forma range and to report Adjusted Cash EBITDA above the top of the pro forma range. The pro forma range is the original guidance range adjusted for the inclusion of Rancher from the start of the financial year.

The original guidance for Full Year 2021 Adjusted Revenue, given at the time of the IPO, was for a range of \$550 million to \$570 million. This was based on the inclusion of Rancher from acquisition, one month after the start of the SUSE financial year. As we are now primarily using Alternative Performance Metrics on a pro forma basis, including the extra month of November for Rancher, the comparable range for the guidance is \$554 million to \$574 million (as Rancher had revenues of \$3.7 million in the month of November 2020).

Given our strong performance so far this year and our visibility for the rest of the year, we are now confident the outcome for the full year will be in the top half of the adjusted pro forma revenue range and still expect to achieve an Adjusted EBITDA margin for the year of mid-30s percent.

The original guidance for Full Year 2021 Adjusted Cash EBITDA, given at the time of the IPO, was for a range of \$245 million to \$265 million. On a pro forma basis, including the extra month of November for Rancher, the comparable range for the guidance is \$246 million to \$266 million (as Rancher had Adjusted Cash EBITDA of \$0.9 million in the month of November 2020).

Given the revised expectations for Adjusted Revenue, and the continued increase in longer term contracts that we see contributing to Deferred Revenue (powering future revenue unwind and predictability), we now expect to report Adjusted Cash EBITDA above the upper end of the previously communicated range, with Deferred Revenue in the low to mid-teens as a percentage of revenue.

Apart from these adjustments, our guidance for 2021 and the medium-term guidance remains unchanged.

Additional Information

About SUSE

SUSE is a global leader in innovative, reliable and enterprise-grade open source solutions, relied upon by more than 60% of the Fortune 500 to power their mission-critical workloads. We specialize in Enterprise Linux, Kubernetes 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 nearly 2000 people globally. SUSE is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

For more information, visit www.suse.com.

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Webcast Details

Melissa Di Donato (CEO) and Andy Myers (CFO) will host an analyst and investor conference call at 2:00 PM CEST / 1:00 PM BST on September 16, 2021, to discuss the results.

The audio webcast can be followed via <https://www.webcast-egs.com/suse20210916>. A replay will be available on the Investor Relations website. The accompanying presentation can also be downloaded from the Investor Relations website.

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.

Financial Calendar

<u>Date</u>	<u>Event</u>
Jan 20, 2022	Release of Q4 results / Analyst conference call
Mar 24, 2022	Annual General Meeting

APPENDIX 1 Statutory Financials

IFRS Income Statement

USD \$ millions	Q3	Q3	Growth	Q3 YTD	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
Revenue	148.0	111.7	32%	407.7	327.4	25%
Cost of sales	(12.1)	(5.8)	109%	(32.0)	(19.6)	63%
Gross profit	135.9	105.9	28%	375.7	307.8	22%
Operating expenses	(126.1)	(50.2)	151%	(437.9)	(186.6)	135%
Amortization of intangible assets	(37.7)	(29.3)	29%	(111.1)	(89.4)	24%
Depreciation - PPE	(1.1)	(1.6)	-31%	(3.4)	(3.4)	0%
Depreciation - Right of Use Assets	(1.5)	(1.9)	-21%	(4.6)	(7.8)	-41%
Operating loss	(30.5)	22.9	nm	(181.3)	20.6	nm
Net finance costs	(8.1)	(5.8)	40%	(38.1)	(46.1)	-17%
Share of losses on associate	(0.5)	(0.8)	-38%	(1.6)	(2.0)	-20%
Loss before tax	(39.1)	16.3	nm	(221.0)	(27.5)	nm
Taxation	8.8	(2.9)	nm	51.0	4.9	nm
Loss for the period	(30.3)	13.4	nm	(170.0)	(22.6)	nm

SUSE S.A. and its subsidiaries (“the SUSE Group”)

Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the nine months ended 31 July 2021

Income statement:	Nine months ended 31 July 2021			Nine months ended 31 July 2020		
	Headline US\$'000	Separately reported items US\$'000	Total US\$'000	Headline US\$'000	Separately reported items US\$'000	Total US\$'000
Revenue	407,730	-	407,730	327,351	-	327,351
Cost of sales	(32,024)	-	(32,024)	(19,587)	-	(19,587)
Gross profit	375,706	-	375,706	307,764	-	307,764
Selling and distribution costs	(107,831)	-	(107,831)	(101,384)	-	(101,384)
Research and development costs	(73,441)	-	(73,441)	(53,773)	-	(53,773)
Administrative expenses	(243,060)	(14,061)	(257,121)	(30,866)	(605)	(31,471)
Reversal of / (impairment loss) on trade receivables	433	-	433	86	-	86
Operating (loss) / profit before depreciation and amortization	(48,193)	(14,061)	(62,254)	121,827	(605)	121,222
Amortization of intangible assets	(111,063)	-	(111,063)	(89,426)	-	(89,426)
Depreciation – Property, plant and equipment	(3,365)	-	(3,365)	(3,388)	-	(3,388)
Depreciation/impairment – Right of use assets	(4,632)	-	(4,632)	(7,792)	-	(7,792)
Operating (loss)/profit	(167,253)	(14,061)	(181,314)	21,221	(605)	20,616
Finance costs	(38,086)	-	(38,086)	(57,514)	-	(57,514)
Finance income	8	-	8	11,462	-	11,462
Net finance costs	(38,078)	-	(38,078)	(46,052)	-	(46,052)
Share of losses on associate	(1,582)	-	(1,582)	(2,008)	-	(2,008)
Loss before tax	(206,913)	(14,061)	(220,974)	(26,839)	(605)	(27,444)
Taxation	48,553	2,393	50,946	4,886	-	4,886
Loss for the period	(158,360)	(11,668)	(170,028)	(21,953)	(605)	(22,558)
Attributable to:						
Equity shareholders of the parent	(158,360)	(11,668)	(170,028)	(21,953)	(605)	(22,558)
Non-controlling interests	-	-	-	-	-	-
Loss for the period	(158,360)	(11,668)	(170,028)	(21,953)	(605)	(22,558)

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)
For the nine months ended 31 July 2021

	Nine months ended 31 July 2021			Nine months ended 31 July 2020		
	Headline US\$'000	Separately reported items US\$'000	Total US\$'000	Headline US\$'000	Separately reported items US\$'000	Total US\$'000
Loss for the period	(158,360)	(11,668)	(170,028)	(21,953)	(605)	(22,558)
Other comprehensive income:						
Items not to be reclassified to income statement:						
Remeasurement of defined benefit pension schemes	1,068	-	1,068	30	-	30
Related tax impact	(288)	-	(288)	(8)	-	(8)
Currency translation differences	(12,000)	-	(12,000)	(45,967)	-	(45,967)
Cash flow hedge – changes in fair value	(610)	-	(610)	(7,385)	-	(7,385)
Cash flow hedge – reclassified to income statement	6,702	-	6,702	4,290	-	4,290
Related tax impact	(1,495)	-	(1,495)	772	-	772
Other comprehensive losses for the period	(6,623)	-	(6,623)	(48,268)	-	(48,268)
Total comprehensive loss for the period	(164,983)	(11,668)	(176,651)	(70,221)	(605)	(70,826)
Attributable to:						
Equity shareholders of the parent	(164,983)	(11,668)	(176,651)	(70,221)	(605)	(70,826)
Non-controlling interests	-	-	-	-	-	-
Total comprehensive loss for the period	(164,983)	(11,668)	(176,651)	(70,221)	(605)	(70,826)

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Financial Position (unaudited)
As at 31 July 2021

	As at 31 July 2021 US\$'000	As at 31 October 2020 US\$'000
Non-current assets		
Goodwill	2,573,318	2,134,881
Intangible assets	538,503	519,370
Property, plant and equipment	7,065	7,624
Right of use assets	11,089	13,677
Investment in associate	14,593	16,174
Derivative asset	-	11
Long-term pension assets	1,100	1,039
Other receivables	8,037	7,895
Deferred tax assets	170,014	107,347
Contract related assets	45,677	25,761
	3,369,396	2,833,779
Current assets		
Trade and other receivables	132,844	101,042
Current tax receivables	1,523	1,523
Cash and cash equivalents	135,013	94,933
Contract related assets	26,153	19,649
	295,533	217,147
Total assets	3,664,929	3,050,926
Current liabilities		
Trade and other payables	113,352	93,128
Borrowings	3,600	3,600
Lease liabilities	5,654	5,721
Provisions	4,093	7,199
Current tax liabilities	8,698	10,584
Deferred income – contract liabilities	319,539	246,485
	454,936	366,717
Non-current liabilities		
Borrowings	740,730	934,660
Lease liabilities	7,428	10,729
Provisions	2,336	2,329
Non-current tax liabilities	6,601	6,601
Deferred tax liabilities	96,505	68,695
Retirement benefit obligations	6,672	7,541
Share-based payments	539	13,019
Deferred income – contract liabilities	179,455	155,989
Derivative liabilities	7,645	25,440
Other payables	8,339	11,861
	1,056,250	1,236,864
Total liabilities	1,511,186	1,603,581

SUSE S.A. and its subsidiaries (“the SUSE Group”)**Interim Condensed Consolidated Statement of Financial Position (unaudited)****As at 31 July 2021**

	As at 31 July 2021 US\$'000	As at 31 October 2020 US\$'000
Equity		
Share capital	16,830	14
Share premium	2,494,004	1,604,251
Retained losses	(334,336)	(130,824)
Other reserves	12,449	3,200
Cash flow hedging reserve	(6,706)	(12,798)
Foreign currency translation reserve	(28,498)	(16,498)
Total equity	2,153,743	1,447,345

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the nine months ended 31 July 2021

	Share capital US\$'000	Share premium US\$'000	Retained losses US\$'000	Other reserve US\$'000	Cash flow Hedging reserve US\$'000	Foreign currency translation reserve US\$'000	Total equity US\$'000
As at 1 November 2020	14	1,604,251	(130,824)	3,200	(12,798)	(16,498)	1,447,345
Loss for the period	-	-	(170,028)	-	-	-	(170,028)
Other comprehensive income/(expense) for the period	-	-	(715)	-	6,092	(12,000)	(6,623)
Total comprehensive income/(expense) for the period	-	-	(170,743)	-	6,092	(12,000)	(176,651)
Transactions recorded in equity:							
Contribution of share premium	-	174,036	-	-	-	-	174,036
Contribution of share capital	16,816	(16,816)	-	-	-	-	-
Gross proceeds from Initial Public Offering	-	669,451	-	-	-	-	669,451
Purchase of own shares	-	63,082	-	-	-	-	63,082
Capitalized transaction costs	-	-	(32,769)	-	-	-	(32,769)
Equity settled share-based payments	-	-	-	9,249	-	-	9,249
Total transactions with owners	16,816	889,753	(32,769)	9,249	-	-	883,049
As at 31 July 2021	16,830	2,494,004	(334,336)	12,449	(6,706)	(28,498)	2,153,743

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the nine months ended 31 July 2020

	Share capital US\$'000	Share premium US\$'000	Retained losses US\$'000	Other reserve US\$'000	Cash flow Hedging reserve US\$'000	Foreign currency translatio n reserve US\$'000	Total equity US\$'000
As at 1 November 2019	14	1,604,251	(80,037)	839	(11,961)	10,102	1,523,208
Loss for the period	-	-	(22,558)	-	-	-	(22,558)
Other comprehensive income/(expense) for the period	-	-	794	-	(3,095)	(45,967)	(48,268)
Total comprehensive income/(expense) for the period	-	-	(21,764)	-	(3,095)	(45,967)	(70,826)
<i>Transactions recorded in equity:</i>							
Equity settled share-based payments	-	-	-	1,008	-	-	1,008
Total transactions with owners	-	-	-	1,008	-	-	1,008
As at 31 July 2020	14	1,604,251	(101,801)	1,847	(15,056)	(35,865)	1,453,390

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Cash Flows (unaudited)
For the nine months ended 31 July 2021

	Nine months ended 31 July 2021 US\$'000	Nine months ended 31 July 2020 US\$'000
Loss for the period	(170,028)	(22,558)
Net finance costs	38,078	46,052
Taxation	(50,946)	(4,886)
Share of losses on associate	1,582	2,008
Operating (loss)/profit for the period	(181,314)	20,616
Addback:		
Depreciation – Property, plant and equipment	3,365	3,388
Depreciation – Right of use assets	4,632	7,792
Amortization of intangible assets	111,063	89,426
Amortization of contract related assets	6,370	1,888
Contract liabilities - fair value haircut	10,455	14,975
Share based payments expense	166,099	7,338
Restructuring charges	1,407	-
Foreign exchange movements	10,004	(13,808)
Impairment (credit)/loss on trade receivables	(433)	(86)
Movements:		
Movements in trade receivables	(17,216)	11,347
Movements in other receivables	(476)	14,723
Movements in trade payables	(1,421)	1,796
Movements in other payables	(11,455)	10,018
Movement in other pensions	(121)	(367)
Movements in provisions	(4,506)	2,100
Movements in contract related assets	(32,791)	(20,812)
Movements in contract liabilities	59,701	5,223
Cash generated from operations	123,363	155,557
Interest paid	(40,470)	(38,072)
Interest received	8	17
Tax paid	(4,434)	(4,955)
Net cash inflow from operating activities	78,467	112,547
Cash flow from/(used in) investing activities		
Purchase of property, plant and equipment	(2,095)	(1,768)
Purchase and development of intangible assets	(3,201)	(33,629)
Acquisition of a business, net of cash	(489,432)	(15,964)
Proceeds from IPO, net of underwriting costs	659,409	-
Settlement of share-based payments	(112,686)	-
Net cash inflow/(outflow) from investing activities	51,995	(51,361)
Net cash inflow before financing activities	130,462	61,186

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Cash Flows (unaudited)
For the nine months ended 31 July 2021

	Nine months ended 31 July 2021 US\$'000	Nine months ended 31 July 2020 US\$'000
Cash flows from/(used in) financing activities		
Proceeds from contribution of share premium	135,338	-
Proceeds from bank borrowings	300,000	-
Payment of arrangement fees	(3,764)	-
Repayment of bank borrowings	(513,062)	(2,700)
Payment of interest rate swap premia	(6,702)	(4,290)
Lease payments	(3,680)	(8,121)
Loan repaid by intermediary parent undertaking	1,500	-
Net cash outflow from financing activities	(90,370)	(15,111)
Net increase in cash and cash equivalents	40,092	46,075
Foreign exchange movements	(12)	(559)
Cash and cash equivalents at beginning of period	94,933	38,197
Cash and cash equivalents at end of period	135,013	83,713

APPENDIX 2 Reconciliation from IFRS to Adjusted Pro Forma Figures

IFRS Revenue to Adjusted Revenue

USD \$ millions	Q3 2021	Q3 2020	Growth %	Q3 YTD 2021	Q3 YTD 2020	Growth %
Revenue - IFRS	148.0	111.7	32%	407.7	327.4	25%
<i>Adjustments</i>						
Contract liability haircut amortized	3.0	3.9	-23%	10.5	15.0	-30%
Pro Forma Rancher	0.0	9.7	-100%	3.7	23.3	-84%
Adjusted revenue	151.0	125.3	21%	421.9	365.7	15%

Note: The Pro Forma Rancher adjustment is 1 month in 2021 Q3YTD, and for the full periods in 2020 Q3 and Q3 YTD.

IFRS Operating Loss to Adjusted EBITDA

USD \$ millions	Q3 2021	Q3 2020	Growth %	Q3 YTD 2021	Q3 YTD 2020	Growth %
Operating loss - IFRS	(30.5)	22.9	nm	(181.3)	20.6	nm
<i>Adjustments</i>						
Depreciation and Amortization	40.3	32.8	23%	119.1	100.6	18%
Separately reported items	4.9	0.6	nm	14.1	0.6	nm
Contract liability haircut amortized	3.0	3.9	-23%	10.5	15.0	-30%
Non-recurring items	5.0	6.8	-26%	18.3	20.8	-12%
Share-based payments - charge	18.3	3.0	nm	166.1	7.3	nm
Share-based payments - ER taxes	1.2	0.0	nm	7.0	0.0	nm
Foreign exchange - unrealized	13.0	(15.9)	nm	12.1	(15.0)	nm
Adjusted EBITDA - Non Pro Forma	55.2	54.1	2%	165.9	149.9	11%
Pro Forma Rancher	0.0	(3.7)	-100%	(1.8)	(12.1)	-85%
Adjusted EBITDA - Pro Forma	55.2	50.4	10%	164.1	137.8	19%

Note: The Pro Forma Rancher adjustment is 1 month in YTD 2021, and for the full periods in 2020 Q3 and YTD.

Adjusted Deferred Revenue to IFRS Deferred Revenue

USD \$ millions	Q3	Q3	Growth	Q3 YTD	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
Movement in contract liabilities: Pro Forma	(9.8)	15.0	nm	(62.4)	(12.7)	nm
Pro Forma Rancher	0.0	3.0	nm	2.7	7.5	-64%
Movement in contract liabilities: Non Pro Forma	(9.8)	18.0	nm	(59.7)	(5.2)	nm
Adjustments:						
Contract liability haircut amortized	(3.0)	(3.9)	-23%	(10.5)	(15.0)	-30%
Movement in contract liabilities - IFRS	(12.8)	14.1	nm	(70.2)	(20.2)	nm

Note: The Pro Forma Rancher adjustment is 1 month in YTD 2021, and for the full periods in 2020 Q3 and YTD.

IFRS Net Cash inflow from Operating Activities to Adjusted uFCF

USD \$ millions	Q3	Q3	Growth	Q3 YTD	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
Net cash inflow from operating activities	26.7	21.8	22%	78.5	112.5	-30%
Interest paid	11.7	10.9	7%	40.5	38.1	6%
Tax paid	0.4	1.6	-75%	4.4	5.0	-12%
Cash generated from operations	38.8	34.3	13%	123.4	155.6	-21%
Addbacks - non cash items	(76.9)	(22.2)	246%	(313.0)	(111.0)	182%
Movements - other working capital	4.8	(11.8)	nm	30.6	(37.9)	nm
Movement in other pensions	0.2	0.5	-60%	0.1	0.4	-75%
Movements in provisions	1.4	(3.7)	nm	4.5	(2.1)	nm
Movements in contract related assets	11.0	7.8	41%	32.8	20.8	58%
Movements in contract liabilities	(9.8)	18.0	nm	(59.7)	(5.2)	nm
Operating loss per IFRS Statements	(30.5)	22.9	nm	(181.3)	20.6	nm
Depreciation and Amortization	40.3	32.8	23%	119.1	100.6	18%
EBITDA per IFRS Statements	9.8	55.7	-82%	(62.2)	121.2	nm
Separately reported items	4.9	0.6	nm	14.1	0.6	nm
Non-recurring items	5.0	6.8	-26%	18.3	20.8	-12%
Share-based payments - charge	18.3	3.0	nm	166.1	7.3	nm
Share-based payments - ER taxes	1.2	0.0	nm	7.0	0.0	nm
Deferred revenue haircut	3.0	3.9	-23%	10.5	15.0	-30%
Foreign Exchange - Unrealized	13.0	(15.9)	nm	12.1	(15.0)	nm
Adjusted EBITDA	55.2	54.1	2%	165.9	149.9	11%
Rancher Pro-Forma Adjustment	0.0	(3.7)	-100%	(1.8)	(12.1)	-85%
Adjusted EBITDA (SUSE & Rancher Pro Forma)	55.2	50.4	10%	164.1	137.8	19%
Movement in contract liabilities	9.8	(15.0)	nm	62.4	12.7	nm
Adjusted Cash EBITDA (SUSE & Rancher Pro Forma)	65.0	35.4	84%	226.5	150.5	50%
IFRS 15	(8.3)	(6.5)	28%	(25.6)	(15.8)	62%
IFRS 16	(1.8)	(2.2)	-18%	(5.4)	(8.5)	-36%
Change in core working capital	(14.2)	8.8	nm	(41.8)	13.5	nm
Gross capital expenditure	(1.3)	(0.8)	63%	(2.1)	(1.8)	17%
Tax expense	(0.4)	(1.6)	-75%	(4.4)	(5.0)	-12%
Other adjustments - Rancher Pro Forma	0.0	(2.2)	-100%	(1.8)	(6.4)	-72%
Adjusted Unlevered Free Cash Flow	39.0	30.9		145.4	126.5	

Note: The Pro Forma Rancher adjustment is 1 month in YTD 2021, and for the full periods in 2020 Q3 and YTD.

APPENDIX 3 Supplementary Information

Adjusted Profit Before Tax

USD \$ millions	Q3	Q3	Growth	Q3 YTD	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
Adj Revenue	151.0	125.3	21%	421.9	365.7	15%
Adj EBITDA	55.2	50.4	10%	164.1	137.8	19%
Depreciation - PPE	1.1	1.6	-31%	3.4	3.4	0%
Depreciation - Right of Use Assets	1.5	1.9	-21%	4.6	7.8	-41%
Net Finance Costs	8.1	5.8	40%	38.1	46.1	-17%
Adj Profit Before Tax	44.5	41.1	8%	118.0	80.5	47%
<i>Adj Profit Before Tax %</i>	<i>29%</i>	<i>33%</i>		<i>28%</i>	<i>22%</i>	

ACV - By Route to Market

USD \$ millions	Q3	Q3	Growth	Q3 YTD (3mR)	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
ACV by RTM						
End User	97.8	66.2	48%	301.2	233.5	29%
IHV	21.2	19.7	8%	64.4	59.5	8%
Total	119.0	85.9	39%	365.6	293.0	25%

ACV - By Region

USD \$ millions	Q3	Q3	Growth	Q3 YTD (3mR)	Q3 YTD	Growth
	2021	2020	%	2021	2020	%
Europe, Middle East and Africa	39.9	29.3	36%	160.7	136.8	17%
North America	56.8	40.8	39%	143.5	109.9	31%
Asia Pacific and Japan	9.0	7.2	25%	26.1	20.4	28%
Greater China	10.0	5.9	69%	26.4	19.9	33%
Latin America	3.3	2.7	22%	8.9	6.0	48%
Total	119.0	85.9	39%	365.6	293.0	25%

APPENDIX 4 Comparable Data for Prior Periods

USD \$ millions		2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
ACV by Sol's	Core	95.1	90.3	74.9	84.7	111.3	94.6	101.5
	Emerging	13.4	8.3	11.0	13.0	26.3	14.4	17.5
	Total	108.5	98.6	85.9	97.7	137.6	109.0	119.0
Adj Revenue	Core	106.1	115.0	114.5	122.2	118.6	121.4	133.2
	Emerging	8.8	10.5	10.8	11.2	15.5	15.4	17.8
	Total	114.9	125.5	125.3	133.4	134.1	136.8	151.0
Cost of sales		7.1	7.5	7.6	8.4	8.1	10.5	11.6
Gross Profit		107.8	118.0	117.7	125.0	126.0	126.3	139.4
% Margin		94%	94%	94%	94%	94%	92%	92%
Sales, Marketing & Operations		35.4	34.1	32.9	42.5	31.5	35.9	39.0
Research & Development		20.3	20.1	20.3	22.2	22.0	22.4	25.4
General & Administrative		14.5	14.0	14.1	24.5	11.8	19.8	19.8
Total operating expenses		70.2	68.2	67.3	89.2	65.3	78.1	84.2
Adj EBITDA		37.6	49.8	50.4	35.8	60.7	48.2	55.2
Adj EBITDA Margin		33%	40%	40%	27%	45%	35%	37%
Change in deferred revenue		18.3	9.4	(15.0)	(7.0)	46.4	6.2	9.8
Adj Cash EBITDA		55.9	59.2	35.4	28.8	107.1	54.4	65.0
% Margin		49%	47%	28%	22%	80%	40%	43%

Note: The Q3/Q4 20 Adjusted AEBITDA has been revised since the publication of the pro forma history on the Company website. This represents a phasing adjustment, reducing Cash AEBITDA by \$3.9m in Q3 20, and increasing Cash AEBITDA Q4 '20 by \$3.9m.

APPENDIX 5 Alternative Performance Measures (APM)

This document contains certain alternative performance measures (collectively, “APMs”) including ACV, ARR, NRR, ACV to Revenue Conversion, Adjusted Revenue, Adjusted EBITDA, Adjusted Cash EBITDA, Adjusted Cash EBITDA margin, Adjusted uFCF, Cash Conversion, and Net Debt that are not required by, or presented in accordance with, IFRS, Luxembourg GAAP or any other generally accepted accounting principles. Certain of these measures are derived from the IFRS accounts of the Company and others are derived from management reporting or the accounting or controlling systems of the Group.

SUSE presents APMs because they are used by management in monitoring, evaluating and managing its business, and management believes these measures provide an enhanced understanding of SUSE’s underlying results and related trends. The definitions of the APMs may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of SUSE’s operating results as reported under IFRS or Luxembourg GAAP. APMs such as ACV, ARR, NRR, ACV to Revenue Conversion, Adjusted Revenue, Adjusted EBITDA, Adjusted Cash EBITDA, Adjusted Cash EBITDA Margin, Adjusted uFCF, Cash Conversion, RPO and Net Debt are not measurements of SUSE’s performance or liquidity under IFRS, Luxembourg GAAP or German GAAP and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, Luxembourg GAAP, German GAAP or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

SUSE has defined each of the following APMs as follows:

“Annual Contract Value” or “ACV”: ACV represents the first 12 months monetary value of a contract. If total contract duration is less than 12 months, 100% of invoicing is included in ACV;

“ACV to Revenue Conversion”: expressed as a percentage, this APM represents revenue in a given period expressed as a percentage of ACV generated over the same period. The conversion percentage is dependent on the duration and timing of new contracts in the period as well as the renewal timing of existing contracts for any given quarter or fiscal year;

“Annual Recurring Revenue” or “ARR”: ARR represents the sum of the monthly contractual value for subscriptions and recurring elements of contracts in a given period, multiplied by 12. ARR for SUSE is calculated three months in arrears, given backdated royalties relating to IHV and Cloud, and hence reflects the customer base as of three months prior;

“Net Retention Rate” or “NRR”: expressed as a percentage, NRR indicates the proportion of ARR that has been retained over the prior 12-month period, which is inclusive of up-sell, cross-sell, down-sell, churn and pricing. It excludes ARR from net new logo end-user customers. The NRR is calculated three months in arrears, aligned to the calculation of ARR;

“Adjusted Revenue”: Revenue as reported in the statutory accounts of the Company, adjusted for fair value adjustments;

“Adjusted EBITDA”: this APM represents earnings before net finance costs, share of loss of associate and tax, adjusted for depreciation and amortization, share based payments, fair value adjustment to deferred revenue, statutory separately reported items, specific non-recurring items and net unrealized foreign exchange (gains)/losses;

“Adjusted Cash EBITDA”: this APM represents Adjusted EBITDA plus changes in contract liabilities in the related period and excludes the impact of contract liabilities – deferred revenue haircut;

“Adjusted Cash EBITDA Margin”: expressed as a percentage, this APM represents Adjusted Cash EBITDA divided by Adjusted Revenue;

“Adjusted Unlevered Free Cash Flow” or “Adjusted uFCF”: this APM represents Adjusted Cash EBITDA less capital expenditure related cash outflow, working capital movements (excluding deferred revenue, which is factored into Adjusted Cash EBITDA, and non-recurring items), cash taxes and the reversal of non-cash accounting adjustments relating to IFRS 15 and IFRS 16;

“Cash Conversion”: expressed as a percentage, this APM represents Adjusted uFCF divided by Adjusted EBITDA;

“Adjusted PBT”: is Adjusted EBITDA (post IFRS 15 and 16), less D&A (excluding intangible amortization) less net financial expense;

“Contractual Liabilities and Remaining Performance Obligations” or “RPO”: RPO represents the unrecognized proportion of remaining performance obligations towards subscribers (e.g., the amount of revenue that has been invoiced, but not yet recognized as revenue) plus amounts for which binding irrevocable commitments have been received but have yet to be invoiced; and

“Net Debt”: this APM represents the sum of non-current financial liabilities, non-current lease liabilities, current financial liabilities and current lease liabilities less cash and cash equivalents as of the respective balance sheet date (excluding capitalized debt arrangement fees (net of amortization) and gains on loan modifications).