

SUSE Delivers Solid Revenue Growth And Strong Margins In Q1

- Q1 IFRS Revenue of \$168 million was up 10%, and IFRS Operating Profit Before D&A was \$71 million, up 101%
- IFRS Net Cash Inflow From Operating Activities was \$58 million, up 123%
- ARR (as at October 31, 2022) of \$655 million, up 11%, demonstrates the continued strength of SUSE's subscription business
- Adjusted Revenue of \$169 million was up 9%, up 10% at constant currency
- Adjusted EBITDA Margin of 40% was up 6 ppt, while continuing to make disciplined investments across the business, including an increase in R&D spending focusing on product innovation and technical support
- Adjusted Unlevered Free Cash Flow of \$74 million was up 65% with conversion of 110%, supported by a working capital inflow from customer contracts signed late in Q4 and paid in Q1
- In February, SUSE launched its Adaptive Telco Infrastructure Platform (ATIP), a telco-optimized edge computing platform developed in close collaboration with leading European telco operators
- The launch of Rancher Prime underpinned higher Emerging sales in Q1, along with enhanced technical support for Rancher Prime customers; Rancher adoption continues to increase
- SUSE's simplified and re-focused sales structure, implemented early in Q1, supported growth and has enabled efficiency gains across the company
- SUSE reiterates its guidance for FY23 and the medium-term

All USD \$m unless otherwise stated	FY23	FY22	YoY	YoY
	Q1	Q1	Actual	CCY
Non-IFRS measures				
ACV	147.0	143.8	2%	5%
ARR (as at October 31)	654.6	590.5	11%	
Adjusted Revenue	169.0	155.0	9%	10%
Adjusted EBITDA	67.1	52.3	28%	20%
Adjusted EBITDA Margin	40%	34%		
Adjusted uFCF	73.5	44.6	65%	
IFRS measures				
Revenue	168.4	153.5	10%	
Gross Profit	154.8	141.7	9%	
Operating Profit Before D&A	71.0	35.4	101%	
Net Cash Inflow From Operating Activities	58.2	26.1	123%	

Luxembourg – March 16, 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 announced its results for the first quarter of financial year 2023, which ended January 31, 2023.

“We’ve made a strong start to FY23,” said Melissa Di Donato, CEO of SUSE. “With the changes we made to our sales force early in the quarter now behind us, we are fully focused on building on this performance through the rest of the year. Our markets continue to expand, driven by global megatrends, and with our new go-to-market approach, differentiated products and relentless innovation, we are well placed to capitalize on this growth.”

“Our resilient subscription business continues to deliver solid revenue growth and high cash conversion, enabling us to reiterate our full-year guidance,” said Andy Myers, CFO of SUSE. “We are on track to deliver margin expansion in FY23 even as we continue to make disciplined investments to support our growth.”

Notes

This document contains Alternative Performance Measures as defined in Appendix 4.

Operating expenses exclude non-recurring items, as shown in the IFRS operating loss to Adjusted EBITDA reconciliation in Appendix 2.

Constant Currency movements (CCY) have been provided for ACV, Adjusted Revenue and Adjusted EBITDA. The definition of constant currency is included within Appendix 4.

Statutory data for the financial period is reported in Appendix 1. Reconciliations to IFRS measures are shown in Appendix 2.

Summary IFRS Income Statement, KPIs and Adjusted Profit and Loss for Q1 FY23 and Q1 FY22

Summary IFRS Income Statement

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Revenue	168.4	153.5	10%
Cost of sales	(13.6)	(11.8)	15%
Gross profit	154.8	141.7	9%
Operating expenses	(83.8)	(106.3)	(21)%
Amortization of intangible assets	(34.1)	(36.3)	(6)%
Depreciation - PPE	(1.0)	(0.9)	11%
Depreciation - Right of Use Assets	(1.4)	(1.6)	(13)%
Operating profit/(loss)	34.5	(3.4)	n.m.
Net finance costs	(14.7)	(11.6)	27%
Share of losses on associate	(0.9)	(0.9)	0%
Profit/(loss) before tax	18.9	(15.9)	n.m.
Taxation	(12.7)	3.1	n.m.
Profit/(loss) for the period	6.2	(12.8)	n.m.

Items reported separately due to their significance and non-operating nature are \$3.7 million for the quarter ended January 31, 2023 (quarter ended 31 January 2022: nil). Further details are set out in Appendix 1.

KPIs and Adjusted Profit and Loss

All USD \$m unless otherwise stated	FY23	FY22	YoY	YoY
	Q1	Q1	Actual	CCY
ACV by Solution				
Core	118.5	119.9	(1)%	1%
Emerging	28.5	23.9	19%	21%
Total ACV	147.0	143.8	2%	5%
ARR (as at October 31)	654.6	590.5	11%	
NRR (as at October 31)	105.1%	110.9%	(5)%	
Adjusted Revenue by Solution				
Core	137.5	130.2	6%	6%
Emerging	31.5	24.8	27%	28%
Total Adjusted Revenue	169.0	155.0	9%	10%
Adjusted Cost of Sales	13.4	11.8	14%	19%
Adjusted Gross Profit	155.6	143.2	9%	9%
<i>Adjusted Gross Profit Margin</i>	<i>92%</i>	<i>92%</i>		
Sales, Marketing & Operations	42.0	43.0	(2)%	2%
Research & Development	28.0	27.0	4%	9%
General & Administrative	18.5	20.9	(11)%	(7)%
Total Operating Expenses	88.5	90.9	(3)%	2%
Adjusted EBITDA	67.1	52.3	28%	20%
<i>Adjusted EBITDA Margin</i>	<i>40%</i>	<i>34%</i>		
Depreciation & Amortization	4.8	5.0	(4)%	
Adjusted EBIT	62.3	47.3	32%	
Net Finance Costs	14.7	11.6	27%	
Adjusted Profit before Tax	47.6	35.7	33%	
Notional Tax	15.9	10.1	57%	
Adjusted Profit after Tax	31.7	25.6	24%	
Basic number of Shares	169	169	0%	
Basic Adjusted Earnings Per Share	0.19	0.15	27%	
Diluted Adjusted Earnings Per Share	0.18	0.15	20%	

Notes: Basic Adjusted Earnings Per Share is calculated on the basis of the weighted average number of ordinary shares in issue during the period. The number of ordinary shares in issue as at January 31, 2023, was 169.4 million. The weighted average number of ordinary shares in issue during the period, fully diluted, was 173.0 million.

Financial and Business Review

The information in this section is based on the presentation of Alternative Performance Measures as defined in Appendix 4 and has not been audited.

A reconciliation to the IFRS financials is included in Appendix 2. Results are shown using actual exchange rates.

Business and Markets Update

SUSE continued to deliver solid revenue growth and high profitability in Q1, underpinned by its resilient business model. While the macro environment remains challenging, SUSE's markets continue to expand driven by global megatrends. Its competitive position and disciplined approach to investments ensure it is well placed to capture this growth.

Q1 Adjusted Revenue was \$169 million, up 9%, with Core Revenue up 6% and Emerging Revenue up 27%. SUSE's Adjusted EBITDA margin increased to 40% in Q1 despite a continued increase in R&D spending, which was more than offset by higher revenue, efficiency gains in its sales force, foreign exchange rate movements and realized foreign exchange gains.

In the quarter, SUSE signed important deals with new and existing customers. These included a large SLES for SAP renewal at a globally renowned agriculture and construction machinery manufacturer, highlighting SUSE's continued strength in the SAP market, and a new Rancher Prime deal with a worldwide telco leader.

SUSE continues to drive innovation and in February launched its Adaptive Telco Infrastructure Platform (ATIP), a telco-optimized edge computing platform that enables telecom companies to accelerate and future-proof modernization of their networks. ATIP is built for the telco edge from the ground up, enabling faster rollouts with a highly scalable and programmable management solution for telco-grade infrastructure. The platform was developed in close collaboration with leading European telco operators such as Deutsche Telekom, Orange, Telecom Italia, Telefonica and others.

On March 1, Rancher Government Solutions (RGS) launched Rancher Government Carbide. Carbide simplifies Kubernetes security management by providing a better, more standardized way for users to verify and validate that their software is safe and secure.

As announced with its Q4 results, early in Q1 SUSE simplified and re-focused its sales organization. The new structure will underpin growth in the quarters and years ahead and has enabled efficiency gains across the company. As a result, SUSE's headcount declined by 92 people in Q1, driven by a modest reduction in sales, partly offset by continued expansion of R&D functions.

The total number of shares issued at end Q1 was 169.4 million, flat versus end Q4. At March 16 this had increased to 169.9 million shares resulting from Restricted Stock Units vesting earlier in March.

SUSE continues to evaluate M&A opportunities in high-growth adjacent markets.

ACV and Revenues

Q1 ACV was \$147.0 million, up 2%, comprising Core ACV of \$118.5 million, down 1% and up 1% at constant currency, and Emerging ACV of \$28.5 million, up 19% and up 21% at constant currency.

Core ACV performance was driven by the available renewal pool, the impact of the suspension of sales to Russian customers, and challenging market conditions in Greater China, offset by higher ACV through the Cloud Service Provider (CSP) route-to-market. Growth through CSPs is, however, lower than in prior quarters, reflecting the wider slowdown in cloud growth.

Emerging ACV growth was supported by higher renewals as the customer base continues to expand.

Q1 Adjusted Revenue was \$169.0 million, up 9%, comprising Core Revenue of \$137.5 million, up 6% and up 6% at constant currency, and Emerging Revenue of \$31.5 million, up 27% and up 28% at constant currency.

Core and Emerging ACV and revenues were negatively impacted by foreign exchange rate movements.

The average contract duration on a last-12-months basis remains strong at 20 months, flat versus the prior quarter.

ACV – By Route-to-Market

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
End User & Cloud	126.2	122.5	3%
IHV & Embedded	20.8	21.3	(2)%
Total ACV	147.0	143.8	2%

End User and Cloud ACV grew 3% in Q1, driven by continued growth in sales through CSPs, partly offset by lower renewals, the impact of the suspension of sales to Russian customers, and challenging market conditions in Greater China.

Independent Hardware Vendors (IHV) and Embedded ACV declined 2% in Q1, driven by hardware shortages and a shift to selling through other routes, primarily through CSPs.

ACV – By Region

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Europe, Middle East and Africa	67.7	67.7	0%
North America	55.4	55.8	(1)%
Asia Pacific and Japan	9.5	9.5	0%
Greater China	6.3	6.6	(5)%
Latin America	8.1	4.2	93%
Total ACV	147.0	143.8	2%

Q1 ACV in Europe, Middle East and Africa was flat versus the prior year, with higher sales through CSPs offsetting a negative impact from foreign exchange movements and lower renewals. North America declined 1%, as growth from new customers was more than offset by lower renewals.

Rest of world was up 18%, driven by strong growth in Latin America, supported by higher renewals across both Core and Emerging solutions. Sales in Greater China remain challenging due to local market conditions, with customers prioritizing local service providers.

Annual Recurring Revenue and Net Retention Rate

Total Annual Recurring Revenue (ARR) as at October 31, 2022, of \$654.6 million, up 11%, was supported by growth in both Core and Emerging ARR. Growth was driven by higher ARR from existing customers, reflecting a Net Retention Ratio (NRR) of 105%, and by ARR from new customers.

SUSE's NRR as at October 31, 2022, of 105% demonstrates growth from our existing customer base in a challenging macro environment. NRR was down 6 ppt on the prior year, as the run-off of SUSE legacy business and the suspension of sales to Russian customers impacted NRR by c.2 ppt, and foreign exchange headwinds by a further c.2 ppt. The wider macroeconomic environment, including the slowdown in cloud growth, is also impacting NRR.

ARR and NRR are reported three months in arrears as a significant portion of the revenues are invoiced retrospectively.

Costs

SUSE's Q1 Adjusted Cost of Sales grew broadly in line with Adjusted Revenue versus the prior year, resulting in a consistently high Adjusted Gross Profit margin of 92%.

Total Operating Expenses decreased by 3% in Q1 as disciplined investments in people across Research and Development (R&D) and General and Administrative (G&A) functions were more than offset by efficiency gains enabled by our sales force re-organization, foreign exchange movements and realized foreign exchange gains. At constant currency, costs increased by 2%.

Sales, Marketing and Operations costs declined by 2%, and increased by 2% at constant currency, as a return to more normal levels of business travel was more than offset by lower headcount and foreign exchange rate movements.

R&D costs increased by 4%, and by 9% at constant currency, as SUSE continued to expand its R&D headcount focused on product innovation and technical support, partly offset by foreign exchange rate movements.

G&A costs decreased by 11% and by 7% at constant currency, with continued investment in G&A functions more than offset by a realized foreign exchange gain and foreign exchange rate movements.

Profitability

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Adjusted EBITDA	67.1	52.3	28%
<i>Adjusted EBITDA Margin</i>	<i>40%</i>	<i>34%</i>	
Change in Deferred Revenue	2.5	40.8	(94)%
Adjusted Cash EBITDA	69.6	93.1	(25)%
<i>Adjusted Cash EBITDA Margin</i>	<i>41%</i>	<i>60%</i>	

Adjusted EBITDA grew 28% in Q1 to \$67.1 million, resulting from solid revenue growth and lower operating costs. SUSE's Adjusted EBITDA Margin was 40%, up 6 ppt on the prior year, particularly supported by a realized foreign exchange gain in the quarter.

Change in Deferred Revenue was \$2.5 million, down 94%, driven by a lower gross increase in Deferred Revenue (total contract value) and higher Adjusted Revenue recognition in Q1 versus the prior year.

The increase in Adjusted EBITDA was more than offset by the lower change in Deferred Revenue leading to Adjusted Cash EBITDA of \$69.6 million, down 25%.

In addition to Deferred Revenue, SUSE's Remaining Performance Obligation (RPO) reflects commitments to customers which are not yet invoiced. RPO increased by 49% versus the prior year to \$125.1 million,

representing a strong increase in contracts signed but not paid up-front, which will drive future increases in Deferred Revenue and support future cash flows.

Cash Flow

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Adjusted Cash EBITDA	69.6	93.1	(25)%
Gross tangible capital expenditure	(2.4)	(2.0)	20%
Change in core working capital	16.1	(34.5)	n.m.
Commissions paid (net of amortization)	(5.1)	(5.1)	0%
Leases paid	(2.0)	(1.9)	5%
Cash taxes	(2.7)	(5.0)	(46)%
Adjusted uFCF	73.5	44.6	65%
Adj uFCF Conversion from Adj EBITDA	110%	85%	

Q1 Adjusted Unlevered Free Cash Flow was \$73.5 million, up 65%, primarily reflecting a working capital inflow related to the timing of customer collections from contracts signed late in Q4 and paid in Q1. Capex, commissions paid (net of amortization) and leases paid were broadly in line with the prior year. Cash taxes were down 46% related to the timing of tax payments.

Leverage

All USD \$m unless otherwise stated	FY23	FY22	YoY
	End Q1	End Q1	Actual
Net Debt	534.9	689.1	(22)%
Adjusted Cash EBITDA (LTM)	271.7	264.2	3%
Leverage	2.0	2.6	(25)%

Net Debt at the end of the first quarter was \$534.9 million, a reduction of \$154.2 million versus the prior year, driven by SUSE's strong cash flow.

As a result, SUSE's Leverage, calculated as the Net Debt divided by the last-12-months Adjusted Cash EBITDA, was 2.0x, significantly lower than the prior year at 2.6x and well within SUSE's commitment to keep Leverage below 3.5x. Versus the prior quarter Leverage of 1.9x, Leverage increased by 0.1x, as the decrease in Net Debt was more than offset by lower last-12-months Adjusted Cash EBITDA.

Outlook

SUSE reiterates its guidance for FY23 and the medium-term.

For FY23, given the growth outlook in SUSE's markets, its competitive position and disciplined approach to investments, SUSE expects to deliver Adjusted Revenue growth of 11-13% at constant currency, with reported growth around 2 ppt lower based on end Q4 exchange rates. This comprises Core Revenue growth of around 10% and Emerging Revenue growth of around 25%, both at constant currency. Core and Emerging reported growth rates are expected to be around 2 ppt and 1 ppt lower, respectively, based on end Q4 exchange rates.

SUSE also expects Adjusted EBITDA margin expansion from FY22 as it balances increasing investments in growth opportunities with strong cost control. At end Q4 rates, margins will be supported by exchange rate movements since FY22.

Adjusted Unlevered Free Cash Conversion is expected to be in excess of 80% in FY23, reflecting the continued demand for long-term contracts with up-front payment.

SUSE will maintain its disciplined approach to investment to balance growth and profitability beyond FY23, and in the medium-term expects Adjusted Revenue growth of mid-to-high teens percent p.a., and an Adjusted EBITDA margin in excess of 40%.

Revenue growth comprises Core Revenue growth in excess of 10% p.a., and Emerging Revenue growth in excess of 30% p.a., reflecting our latest medium-term view of market growth rates and SUSE's ability to gain share in its markets. SUSE expects to build steadily toward these performance levels over the coming years, subject to market and macroeconomic developments.

SUSE also expects Adjusted Unlevered Free Cash Conversion to continue to be in excess of 80% in the medium-term.

Additional Information

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.

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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 CET / 1:00 PM GMT on March 16, 2023, to discuss the results.

If you would like to dial in and ask questions during the conference and have not pre-registered, please call +49 162 2059754 or email suse@kekstcnc.com for dial-in details.

The audio webcast can be followed in listen-only mode using this link:

<https://www.webcast-eqs.com/suse-2023-q1/no-audio>

A replay will be available on the Investor Relations website. The accompanying presentation also can 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>
March 23, 2023	Annual General Meeting
July 6, 2023	Release of Q2 FY23 results
September 21, 2023	Release of Q3 FY23 results

APPENDIX 1 IFRS Figures

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

Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the three months ended 31 January 2023

	Three months ended 31 January 2023			Three months ended 31 January 2022		
	Headline US\$'000	Separately reported items US\$'000	Total US\$'000	Headline US\$'000	Separately reported items US\$'000	Total US\$'000
Income statement:						
Revenue	168,383	-	168,383	153,549	-	153,549
Cost of sales	(13,600)	-	(13,600)	(11,771)	-	(11,771)
Gross profit	154,783	-	154,783	141,778	-	141,778
Selling and distribution costs	(42,103)	(4,912)	(47,015)	(43,577)	-	(43,577)
Research and development costs	(28,815)	-	(28,815)	(28,102)	-	(28,102)
Administrative expenses	(7,911)	-	(7,911)	(34,825)	(25)	(34,850)
Reversal of impairment loss on trade receivables	(27)	-	(27)	183	-	183
Operating profit/(loss) before depreciation/impairment and amortization	75,927	(4,912)	71,015	35,457	(25)	35,432
Amortization of intangible assets	(34,108)	-	(34,108)	(36,260)	-	(36,260)
Depreciation – Property, plant and equipment	(1,030)	-	(1,030)	(912)	-	(912)
Depreciation/impairment – Right of use assets	(1,353)	-	(1,353)	(1,639)	-	(1,639)
Operating profit/(loss)	39,436	(4,912)	34,524	(3,354)	(25)	(3,379)
Finance costs	(15,381)	-	(15,381)	(11,635)	-	(11,635)
Finance income	614	-	614	12	-	12
Net finance costs	(14,767)	-	(14,767)	(11,623)	-	(11,623)
Share of losses of associate	(908)	-	(908)	(880)	-	(880)
Profit/(loss) before tax	23,761	(4,912)	18,849	(15,857)	(25)	(15,882)
Taxation	(13,878)	1,218	(12,660)	3,055	-	3,055
Profit/(loss) for the period	9,883	(3,694)	6,189	(12,802)	(25)	(12,827)
<i>Attributable to:</i>						
Equity shareholders of the parent	9,883	(3,694)	6,189	(12,802)	(25)	(12,827)
Non-controlling interests	-	-	-	-	-	-
Profit/(loss) for the period	9,883	(3,694)	6,189	(12,802)	(25)	(12,827)
Basic earnings/(loss) per share (USD/share)			0.04			(0.1)
Diluted earnings per share (USD/share)			0.04			n/a⁽¹⁾

⁽¹⁾For the three months ended 31 January 2022, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded.

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the three months ended 31 January 2023

	Three months ended 31 January 2023			Three months ended 31 January 2022		
	Headline US\$'000	Separately reported items US\$'000	Total US\$'000	Headline US\$'000	Separately reported items US\$'000	Total US\$'000
Profit/(loss) for the period	9,883	(3,694)	6,189	(12,802)	(25)	(12,827)
Other comprehensive income:						
<i>Items not to be reclassified to income statement:</i>						
Remeasurement of defined benefit pension schemes	-	-	-	-	-	-
Related tax impact	-	-	-	-	-	-
<i>Items that may be reclassified to income statement:</i>						
Currency translation differences	(48,990)	-	(48,990)	13,593	-	13,593
Cash flow hedge – changes in fair value	(3,392)	-	(3,392)	(53)	-	(53)
Cash flow hedge – reclassified to income statement	1,778	-	1,778	2,294	-	2,294
Related tax impact	352	-	352	(522)	-	(522)
Other comprehensive loss for the period	(50,252)	-	(50,252)	(15,312)	-	(15,312)
Total comprehensive income/(loss) for the period	(40,369)	(3,694)	(44,063)	2,510	(25)	2,485
<i>Attributable to:</i>						
Equity shareholders of the parent	(40,369)	(3,694)	(44,063)	2,510	(25)	2,485
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	(40,369)	(3,694)	(44,063)	2,510	(25)	2,485

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Financial Position (unaudited)
As at 31 January 2023

	As at 31 January 2023 US\$'000	As at 31 October 2022 US\$'000
Non-current assets		
Goodwill	2,686,320	2,686,320
Intangible assets	361,690	393,427
Property, plant and equipment	16,712	13,914
Right of use assets	17,266	18,089
Investment in associate	11,368	12,276
Derivative asset	2,555	4,051
Long-term pension assets	547	484
Other receivables	9,035	8,697
Deferred tax assets	176,759	178,680
Contract related assets	90,624	78,183
	3,372,876	3,394,121
Current assets		
Trade and other receivables	113,733	158,044
Current tax receivables	3,597	3,597
Cash and cash equivalents	228,842	177,544
Contract related assets	30,460	37,796
	376,632	376,981
Total assets	3,749,508	3,771,102
Current liabilities		
Trade and other payables	80,055	110,490
Borrowings	3,600	3,600
Lease liabilities	6,617	6,249
Provisions	1,638	337
Current tax liabilities	16,283	10,113
Deferred income – contract liabilities	371,899	351,197
	480,092	481,986
Non-current liabilities		
Borrowings	725,321	695,989
Lease liabilities	13,696	14,431
Provisions	1,099	1,033
Non-current tax liabilities	8,083	8,083
Deferred tax liabilities	99,833	98,831
Retirement benefit obligations	2,210	2,142
Deferred income – contract liabilities	197,492	215,034
Other payables	4,287	3,861
	1,052,021	1,039,404
Total liabilities	1,532,113	1,521,390
Equity		
Share capital	16,943	16,936
Share premium	2,522,971	2,522,978
Retained losses	(393,721)	(400,262)
Other reserves	84,228	72,482
Cash flow hedging reserve	2,437	4,051
Foreign currency translation reserve	(15,463)	33,527
Total equity	2,217,395	2,249,712
Total liabilities and equity	3,749,508	3,771,102

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

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the three months ended 31 January 2023

	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 2022	16,936	2,522,978	(400,262)	72,482	4,051	33,527	2,249,712
Profit for the period	-	-	6,189	-	-	-	6,189
Other comprehensive income for the period	-	-	352	-	(1,614)	(48,990)	(50,252)
Total comprehensive income/(expense) for the period	-	-	6,541	-	(1,614)	(48,990)	(44,063)
<i>Transactions recorded in equity:</i>							
Issue of share capital	7	(7)	-	-	-	-	-
Equity settled share-based payments	-	-	-	11,746	-	-	11,746
Total transactions with owners	7	(7)	-	11,746	-	-	11,746
As at 31 January 2023	16,943	2,522,971	(393,721)	84,228	2,437	(15,463)	2,217,395

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

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the three months ended 31 January 2022

	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 2021	16,903	2,523,011	(355,870)	21,169	(4,337)	(14,866)	2,186,010
Loss for the period	-	-	(12,827)	-	-	-	(12,827)
Other comprehensive (expense)/income for the period	-	-	(522)	-	2,241	13,593	15,312
Total comprehensive (expense)/income for the period	-	-	(13,349)	-	2,241	13,593	2,485
<i>Transactions recorded in equity:</i>							
Equity settled share-based payments	-	-	-	9,879	-	-	9,879
Total transactions with owners	-	-	-	9,879	-	-	9,879
As at 31 January 2022	16,903	2,523,011	(369,219)	31,048	(2,096)	(1,273)	2,198,374

SUSE S.A. and its subsidiaries (“the SUSE Group”)
Interim Condensed Consolidated Statement of Cash Flows (unaudited)
For the three months ended 31 January 2023

	Three months ended 31 January 2023 US\$'000	Three months ended 31 January 2022 US\$'000
Profit/(loss) for the period	6,189	(12,827)
Net finance costs	14,767	11,623
Taxation	12,660	(3,055)
Share of losses of associate	908	880
Operating profit/(loss) for the period	34,524	(3,379)
Addback:		
Depreciation – Property, plant and equipment	1,030	912
Depreciation/impairment – Right of use assets	1,353	1,639
Amortization of intangible assets	34,108	36,260
Amortization of contract related assets	4,826	3,038
Share based payments expense	11,931	9,916
Restructuring charges	4,912	-
Foreign exchange movements	(26,904)	3,209
Impairment credit on trade receivables	27	(183)
Movements:		
Movements in trade receivables	51,672	(1,716)
Movements in other receivables	(7,725)	(2,471)
Movements in trade payables	(6,634)	(1,499)
Movements in other payables	(23,375)	(39,134)
Movement in other pensions	(201)	(299)
Movements in provisions	(3,545)	(1,157)
Movements in contract related assets	(9,882)	(8,267)
Contract assets – fair value haircut	(49)	(129)
Movements in contract liabilities	2,512	40,832
Contract liabilities – fair value haircut	648	1,626
Cash generated from operations	69,228	39,198
Interest paid	(9,008)	(8,118)
Interest received	614	2
Tax paid	(2,653)	(5,019)
Net cash inflow from operating activities	58,181	26,063
Cash flow used from investing activities		
Purchase of property, plant and equipment	(2,407)	(2,046)
Purchase and development of intangible assets	(2,207)	(103)
Acquisition of a business, net of cash	-	(2,545)
Net cash outflow from investing activities	(4,614)	(4,694)
Net cash inflow before financing activities	53,567	21,369

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

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

For the three months ended 31 January 2023

	Three months ended 31 January 2023 US\$'000	Three months ended 31 January 2022 US\$'000
Cash flows used in financing activities		
Repayment of bank borrowings	(900)	(900)
Payment of interest rate swap premia	(1,636)	(2,331)
Lease payments	(1,997)	(1,731)
Net cash outflow from financing activities	(4,533)	(4,961)
Net increase in cash and cash equivalents	49,034	16,408
Foreign exchange movements	2,264	(226)
Cash and cash equivalents at beginning of period	177,544	61,061
Cash and cash equivalents at end of period	228,842	77,243

APPENDIX 2 Reconciliation from IFRS to Adjusted Pro Forma Figures

IFRS Revenue to Adjusted Revenue

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Revenue - IFRS	168.4	153.5	10%
<i>Adjustments</i>			
Deferred revenue haircut amortized	0.6	1.6	(63)%
Contract asset haircut amortized	0.0	(0.1)	(100)%
Adjusted Revenue	169.0	155.0	9%

IFRS Operating Profit/(Loss) to Adjusted EBITDA

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Operating profit/(loss) - IFRS	34.5	(3.4)	n.m.
<i>Adjustments</i>			
Depreciation and Amortization	36.5	38.8	(6)%
Separately reported items	4.9	0.0	n.m.
Deferred revenue haircut amortized	0.6	1.6	(63)%
Contract asset haircut amortized	0.0	(0.1)	(100)%
Non-recurring items	1.3	2.8	(54)%
Share-based payments - charge	11.9	9.9	20%
Share-based payments - ER taxes	0.6	0.4	50%
Foreign exchange - unrealized	(23.2)	2.3	n.m.
Adjusted EBITDA	67.1	52.3	28%

Adjusted Deferred Revenue to IFRS Deferred Revenue

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Change in Deferred Revenue	(2.5)	(40.8)	(94)%
<i>Adjustments</i>			
Deferred revenue haircut amortized	(0.6)	(1.6)	(63)%
Contract asset haircut amortized	0.0	0.1	(100)%
Change in deferred revenue - IFRS	(3.1)	(42.3)	(93)%

IFRS Net Cash Inflow from Operating Activities to Adjusted uFCF

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Net cash inflow from operating activities	58.2	26.1	123%
Interest paid	8.4	8.1	4%
Tax paid	2.7	5.0	(46)%
Cash generated from operations	69.3	39.2	77%
Addbacks - non cash items	(31.9)	(56.4)	(43)%
Movements - other working capital	(14.0)	44.8	n.m.
Movement in other pensions	0.2	0.3	(33)%
Movements in provisions	3.5	1.2	192%
Movements in contract related assets	9.9	8.3	19%
Movements in deferred revenue	(2.5)	(40.8)	(94)%
Settlement of share-based payments	0.0	0.0	0%
Operating profit/(loss) per IFRS	34.5	(3.4)	n.m.
Depreciation and Amortization	36.5	38.8	(6)%
EBITDA per IFRS Statements	71.0	35.4	101%
Separately reported items	4.9	0.0	n.m.
Non-recurring items	1.3	2.8	(54)%
Share-based payments - charge	11.9	9.9	20%
Share-based payments - ER taxes	0.6	0.4	50%
Contract liability haircut amortized	0.6	1.6	(63)%
Contract asset haircut amortized	0.0	(0.1)	(100)%
Foreign exchange - Unrealized	(23.2)	2.3	n.m.
Adjusted EBITDA	67.1	52.3	28%
Change in Deferred Revenue	2.5	40.8	(94)%
Adjusted Cash EBITDA	69.6	93.1	(25)%
Gross tangible capital expenditure	(2.4)	(2.0)	20%
Change in core working capital	16.1	(34.5)	n.m.
Commissions paid (net of amortization)	(5.1)	(5.1)	0%
Leases paid	(2.0)	(1.9)	5%
Cash taxes	(2.7)	(5.0)	(46)%
Adjusted Unlevered Free Cash Flow	73.5	44.6	65%

IFRS Working Capital Movements to Change in Core Working Capital

All USD \$m unless otherwise stated	FY23	FY22	YoY
	Q1	Q1	Actual
Working Capital Movements – IFRS			
Movements in trade receivables	51.7	(1.7)	n.m.
Movements in other receivables	(7.7)	(2.5)	208%
Movements in trade payables	(6.6)	(1.5)	340%
Movements in other payables	(23.4)	(39.1)	(40)%
Total Working Capital Movements – IFRS	14.0	(44.8)	n.m.
Remove non-recurring items:			
Third party consulting fees	0.5	(0.1)	n.m.
Transaction costs	1.2	10.4	(88)%
Integration costs	0.4	0.0	n.m.
Total Working Capital Adjustments	2.1	10.3	(80)%
Change in core working capital (within uFCF)	16.1	(34.5)	n.m.

APPENDIX 3 Comparable Data for Prior Periods

All USD \$m unless otherwise stated	FY21			FY22				FY23
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ACV by Solution								
Core	94.6	101.5	98.7	119.9	113.6	93.2	102.4	118.5
Emerging	14.4	17.5	26.3	23.9	25.8	21.2	35.9	28.5
Total ACV	109.0	119.0	125.0	143.8	139.4	114.4	138.3	147.0
Adjusted Revenue by Solution								
Core	121.4	133.2	133.4	130.2	133.9	142.9	139.8	137.5
Emerging	15.4	17.8	20.6	24.8	27.4	28.3	30.5	31.5
Total Adjusted Revenue	136.8	151.0	154.0	155.0	161.3	171.2	170.3	169.0
Adjusted Cost of Sales	10.5	11.6	10.8	11.8	13.1	13.3	12.7	13.4
Adjusted Gross Profit	126.3	139.4	143.2	143.2	148.2	157.9	157.6	155.6
<i>Adjusted Gross Profit Margin</i>	<i>92%</i>	<i>92%</i>	<i>93%</i>	<i>92%</i>	<i>92%</i>	<i>92%</i>	<i>93%</i>	<i>92%</i>
Sales, Marketing & Operations	35.9	39.0	45.7	43.0	46.3	45.0	45.1	42.0
Research & Development	22.4	25.4	24.8	27.0	27.1	27.1	26.0	28.0
General & Administrative	19.8	19.8	24.7	20.9	16.2	20.7	20.6	18.5
Total Operating Expenses	78.1	84.2	95.2	90.9	89.6	92.8	91.7	88.5
Adjusted EBITDA	48.2	55.2	48.0	52.3	58.6	65.1	65.9	67.1
<i>Adjusted EBITDA Margin</i>	<i>35%</i>	<i>37%</i>	<i>31%</i>	<i>34%</i>	<i>36%</i>	<i>38%</i>	<i>39%</i>	<i>40%</i>
Change in deferred revenue	6.2	9.8	3.7	40.8	17.3	(18.9)	14.1	2.5
Adjusted Cash EBITDA	54.4	65.0	51.7	93.1	75.9	46.2	80.0	69.6
<i>Adjusted Cash EBITDA Margin</i>	<i>40%</i>	<i>43%</i>	<i>34%</i>	<i>60%</i>	<i>47%</i>	<i>27%</i>	<i>47%</i>	<i>41%</i>

APPENDIX 4 Alternative Performance Measures (APMs)

This document contains certain alternative performance measures (collectively, “APMs”) as defined below 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. SUSE has defined each of its APMs as follows:

Annual Contract Value or ACV	represents the first 12 months value of a contract. If total contract duration is less than 12 months, 100% of invoicing is included in ACV.
Annual Recurring Revenue or ARR	represents the sum of the monthly contractual value for subscriptions and recurring elements of contracts in a given one month period, multiplied by 12. ARR is calculated three months in arrears, given backdated royalties relating to IHV and Cloud Service Providers, and hence reflects the customer base as of three months prior.
Adjusted Cash EBITDA	represents Adjusted EBITDA plus changes in contract liabilities (also referred to as deferred revenue) in the related period and excludes the impact of contract liabilities haircut (also referred to as deferred revenue haircut).
Adjusted Cash EBITDA Margin	expressed as a percentage, this APM represents Adjusted Cash EBITDA divided by Adjusted Revenue.
Adjusted Gross Profit	represents Adjusted Revenue less cost of sales adjusted for non-recurring items.
Adjusted Gross Profit Margin	expressed as a percentage, this APM represents Adjusted Gross Profit divided by Adjusted Revenue.
Adjusted Earnings per share	represents Adjusted Profit after Tax divided by the weighted average number of ordinary shares in issue during the period.
Adjusted EBITDA	represents earnings before net finance costs, share of loss on associate and tax, adjusted for depreciation and amortization of intangible assets, share-based payments, contract liabilities haircut, separately reported items, specific non-recurring items and net unrealized foreign exchange (gains)/losses.
Adjusted EBITDA Margin	expressed as a percentage, this APM represents Adjusted EBITDA divided by Adjusted Revenue.
Adjusted Effective Tax Rate	represents the IFRS effective tax rate adjusted for the tax effect of adjusting items (those items adjusted for to arrive at Adjusted Profit before Tax).
Adjusted Profit Before Tax	represents Adjusted EBITDA, less depreciation and amortization (excluding intangible amortization for customer relationships, intellectual property and non-compete agreements) less net finance costs.
Adjusted Profit After Tax	represents Adjusted Profit Before Tax less notional tax.

Adjusted Revenue	represents Revenue as reported in the statutory accounts of the Group, adjusted for contract liability fair value adjustment (also referred to as deferred revenue haircut).
Adjusted unlevered Free Cash Flow or Adjusted uFCF	represents Adjusted Cash EBITDA less tangible capital expenditure related cash outflow, working capital movements (including commissions paid net of amortization of contract-related assets and excluding non-recurring items), cash taxes paid and leases paid.
Cash Conversion	expressed as a percentage, this APM represents Adjusted uFCF divided by Adjusted EBITDA.
Contractual Liabilities and Remaining Performance Obligations or "RPO"	a Contract Liability is an entity's obligation to transfer goods or services to a customer and is recognized in the Statement of Financial Position, when a payment from a customer is invoiced, before a related performance obligation is satisfied. A remaining performance obligation is a promise to transfer goods or services to a customer (with a contract agreed), at a point in the future, but is yet to be invoiced or recognized in the Statement of Financial Position.
Leverage	expressed as a multiple, Leverage is Net Debt divided by Adjusted Cash EBITDA.
Net Debt	represents the sum of current and non-current interest bearing borrowings (excluding un-amortized capitalized arrangement fees, gains or losses on loan modifications), current and non-current lease liabilities, less cash and cash equivalents.
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.
Notional Tax	represents total income tax charge/credit for the year less the taxation charge/credit associated with adjusting items (those items adjusted for to arrive at Adjusted Profit before Tax).