SUSE S.A.

Quarterly Statement Q2 2021, for the Three Months ended April 30, 2021

SUSE Continues Its Growth Trajectory in the Second Quarter

- Q2 trading was in line with expectations and the guidance for the full year is confirmed.
- Total ARR of $519.3 million, growth of 16% on the prior year; Rancher ARR was $50.7 million, up 91%; SUSE ARR was $468.6 million, up 11%.
- ACV of $109.0 million in Q2, an increase of 11% above prior year. Underlying growth was 22%, excluding one unusually large contract in the prior period. ACV growth in H1 was 19%.
- Adjusted Revenues were $136.8 million, an increase of 9% above prior year, driven by 47% growth in the Emerging business, leading to 13% growth in H1.
- Adjusted EBITDA was $48.2 million in Q2 representing a margin of 35%, delivering $108.9 million and 40% margin for H1.
- Adjusted Cash EBITDA for Q2 was $54.4 million, representing a margin of 40% and driving unlevered Free Cashflow of $67.6 million. H1 margin was 60% with cash conversion of 98%.
- Successful integration of Rancher contributed to significant growth through cross-sells while executing cost-saving targets.

USD $ millions	**Q2 2021**	**Q2 2020**	**Growth %**	**H1 2021**	**H1 2020**	**Growth %**
ACV	109.0	98.6	11%	246.6	207.1	19%
Adjusted Revenue	136.8	125.5	9%	270.9	240.4	13%
Adjusted EBITDA	48.2	49.8	-3%	108.9	87.4	25%
% Adj EBITDA Margin	35%	40%		40%	36%	
Adjusted Cash EBITDA	54.4	59.2	-8%	161.5	115.1	40%
% Margin	40%	47%		60%	48%	
Adjusted uFCF	67.6	66.7	1%	106.4	95.6	11%
Cash Conversion	140%	134%		98%	109%	

Note: This table contains Alternative Performance Measures as defined in Appendix 4 of this document. The presentation is based on pro forma numbers including Rancher on a coterminous basis in the prior year and in 2021 as if acquired on November 1, 2020. Statutory data for the Half Year is separately available in the Interim Report of SUSE S.A. and its subsidiaries for the six months ended 30 April 2021 on the company website.

Luxembourg – July 15, 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 second quarter of financial year 2021, which ended April 30 2021.

"During the second quarter, we continued to develop and grow our highly profitable business in line with expectations," said Melissa Di Donato, CEO of SUSE. "Our efforts culminated in SUSE's successful listing on the Frankfurt Stock Exchange and catapulted us onto the world stage as Europe's largest software IPO of 2021, to date. This validates our position as a leader in Enterprise Linux and Container Management – the two most foundational technologies powering digital transformation today. It proves that our vision to help enterprises freely innovate everywhere is resonating powerfully with customers across the globe. Our initial public offering has also allowed us to create greater share ownership for our employees, which aligns SUSE's growth with our most important asset: our people. Our global workforce has never been more energized or excited to deliver on our vision for our customers."

"We are seeing strong traction in annual contract value and revenues – benchmarked against an exceptionally strong Q2 FY20," said Andy Myers, CFO of SUSE. "We are particularly excited about the encouraging trajectory of our Cloud business driven by deepened relationships with cloud service providers, and the successful integration of Rancher which continues to drive new business growth. Thanks to our unique business model and fiscal discipline, we have achieved consistently high margins and cash conversion even while we continued to invest in innovation, brand awareness and sales force expansion. Key growth markets such as our North American Federal business, as well as our Asia Pacific and Japan (APJ) and Latin America regions, are all showing the positive impact of new investment, underpinning the confirmation of our guidance. Following the IPO, we have deleveraged – and our ability to raise new capital will enable us to accelerate SUSE's growth as we pursue acquisitions."

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. Historical data is also based on pro forma figures including Rancher prior to its acquisition by SUSE in December 2020. The half-year numbers for 2021 include six months for Rancher on a pro forma basis. A reconciliation to the IFRS financials is included in Appendix 1 and the statutory data for the Half Year is separately available in the IAS 34 Interim Report of SUSE S.A. and its subsidiaries for the six months ended 30 April 2021 on the company website. Results are shown using actual exchange rates.

Market and Revenues

USD $ millions		Q2 2021	Q2 2020	Growth %	H1 2021	H1 2020	Growth %
ACV by Solution	Core	94.6	90.3	5%	205.9	185.4	11%
	Emerging	14.4	8.3	73%	40.7	21.7	88%
	Total	109.0	98.6	11%	246.6	207.1	19%
Revenue/ACV Conversion	Core	128%	127%		117%	119%	
	Emerging	107%	127%		76%	89%	
	Total	126%	127%		110%	116%	
Adjusted Revenue	Core	121.4	115.0	6%	240.0	221.1	9%
	Emerging	15.4	10.5	47%	30.9	19.3	60%
	Total	**136.8**	**125.5**	**9%**	**270.9**	**240.4**	**13%**

SUSE has continued to see strong growth across its business in the second quarter of 2021, showing momentum particularly in the Cloud channel and with SUSE Rancher.

Annual contract value (ACV) was $109.0 million for the second quarter of 2021, representing growth of 11% compared with the same period for the prior year. After growing 27% in the first quarter of 2021, the company saw overall growth of 19% for the half year.

There was a large renewal combined with a significant upsell in our Core business in Q2 2020 which affects the reported growth rates. Adjusting for this, the year-on-year total ACV growth would have been 22%. The Emerging business showed ACV growth of 73% to $14.4 million in the quarter, as more customers adopted cloud-native and container technologies. This is driving strong growth from SUSE Rancher with several large bookings, including the first deal with an independent software vendor (ISV). SUSE Rancher is also seeing an increase in contract lengths and good progress in the EMEA market with products being sold to existing SUSE customers. The pipeline for Emerging continues to grow based on SUSE Rancher momentum.

Global trends in technology, workforces, economies and supply chains are driving the continued migration of on-premises workloads to the Cloud. So growth for SUSE was particularly strong in the Cloud route to market (RTM), which saw over 50% growth in ACV, consistently across Q1 and Q2. This was supported by strong performance with the hyperscalers and significant contracts signed with Managed Service Providers (MSP). As the corresponding demand for multi-cloud and cloud-native infrastructures grows, SUSE Rancher nearly doubled in size year-on-year in Q2. ACV for Independent Hardware Vendor (IHV) RTM was slightly weaker in the second quarter, partly due to hardware supply chain issues increasing customer lead times. But two large contracts in embedded business supported the figures.

Geographically, the North American market was very strong with ACV growth in excess of 30%, supported by several large contracts and benefitting from a high proportion of the SUSE Rancher growth. Excluding the large contract in Core in Q2 2020, the Europe, Middle East and Africa (EMEA) region grew over 10%. In the key target markets of Latin America and APJ, the ongoing investment in sales capabilities continues to deliver with ACV growth of over 50% and 30% respectively, from relatively small bases.

Overall contract duration for the last 12 months to the end of Q2 was unchanged from the preceding quarter at 19 months and was slightly down from the prior year. The change over the last 12 months primarily reflects the increased proportion of Cloud business and the move from direct end-user to cloud service provider, where contract lengths tend to be shorter initially. This has been offset by an increase in the length of end-user contracts, especially in the last six months, which has stabilized average contract lengths.

Adjusted Revenue for the quarter was $136.8 million, up 9% from $125.5 million in the prior year. The increase was 6% in Core and 47% in Emerging. For the first half year, the revenue growth was 13%.

The 6% growth in Core Adjusted Revenues reflects a higher comparable figure in Q2 2020 due to a 'one time' royalty true up of $4.5 million and slightly lower ACV conversion as contracts lengthen in the Cloud business. Adjusted Revenue growth in Emerging of 47% to $15.4 million was driven by SUSE Rancher. The conversion rate in the quarter is lower than prior year due to back-end loading of ACV billings within this quarter.

EUR/USD is the only significant foreign exchange rate to impact our revenues. Excluding the impact of the favorable Euro exchange rate movement, the Adjusted Revenue growth was 9% in the second quarter and 12% in the first half. Excluding the corresponding FX impact on ACV, the growth was 7% in the second quarter and 15% in the first half. This is based on EUR/USD foreign exchange (FX) rates in Q2 2020 of 1.09, and 1.20 in Q2 2021.

Annual Recurring Revenue & Net Retention Rate

USD $ millions	**At April 30**		
	2021	**2020**	**Change %**
ARR – SUSE (as of period end Jan '21)	468.6	420.3	11%
ARR – Rancher (as of period end Jan '21)	50.7	26.5	91%
ARR - Total	**519.3**	**446.8**	**16%**
Net Retention Rate – SUSE (as %)	108.6%	110.4%	-2% pts
Net Retention Rate – Rancher (as %)	124.6%	102.4%	22% pts

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

Annual recurring revenue (ARR) shows steady progress across both the original SUSE business and the newly acquired Rancher business. At the end of Q2, ARR stood at $468.6 million for SUSE, an increase of 11% over the prior year figure of $420.3 million. Rancher nearly doubled its ARR from $26.5 million to $50.7 million.

The net retention rate (NRR) of the SUSE business was relatively flat year on year at 108.6%, while the Rancher business increased its NRR by 22 percentage points, from 102.4% to 124.6%, demonstrating the increasing ACV upsell achievement.

Costs

USD $ millions	Q2 2021	Q2 2020	Growth %	H1 2021	H1 2020	Growth %
Adj Revenue	136.8	125.5	9%	270.9	240.4	13%
Cost of Sales	10.5	7.5	40%	18.6	14.6	27%
Gross Profit	126.3	118.0	7%	252.3	225.8	12%
% Margin	92%	94%		93%	94%	
Sales, Marketing & Operations	35.9	34.1	5%	67.4	69.5	-3%
Research & Development	22.4	20.1	11%	44.4	40.4	10%
General & Administrative	19.8	14.0	41%	31.6	28.5	11%
Total Operating Expenses	78.1	68.2	15%	143.4	138.4	4%

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.

Gross profit margin was slightly down at 92%, compared to 94% for the prior year, which resulted from the growth of the U.S. Federal business (Rancher Government Services, or RGS) which has incurred relatively higher third-party costs to deliver on its consulting obligations to Federal customers.

Total operating expenses in the quarter were $78.1 million, an increase of 15% over the prior year. The increase is primarily driven by headcount, resulting from the separation of SUSE from Micro Focus and the ongoing investment in new sales staff to drive growth opportunities.

Sales, Marketing and Operations costs grew by $1.8 million. This included the impact of IFRS 15 on commissions of -$3 million. The underlying cost increase was $5 million. This was primarily due to a headcount increase of 61 and an increase in marketing spend to drive demand generation.

Research and Development saw a net cost increase of $2.3 million, or 11%. This was primarily driven by new staff, which was partly offset by certain reductions of staff in product areas that showed overlap after the Rancher acquisition.

General and Administrative costs, as anticipated, increased by 41%. This reflected the impact of the carve out from Micro Focus and the consequential additional resources across all areas of G&A as we moved from a Transitional Service Agreement into the operation of our independent systems and processes. It also includes our investment for growth and preparation for becoming a listed company, with headcount increasing year on year by 40 together with increased recruitment and training costs.

Further significant growth in headcount is planned for the remainder of the fiscal year as SUSE continues to invest in growing the business, particularly in the sales and engineering functions.

The tables presented in this statement exclude a number of significant items which are included in the IFRS accounts for the period. These are summarized in Appendix 1, which provides a reconciliation to the IFRS accounts.

Profitability

USD $ millions	Q2 2021	Q2 2020	Growth %	H1 2021	H1 2020	Growth %
Adjusted EBITDA	48.2	49.8	-3%	108.9	87.4	25%
% Adj EBITDA Margin	35%	40%		40%	36%	
Change in Deferred revenue	6.2	9.4	-34%	52.6	27.7	90%
Adjusted Cash EBITDA	54.4	59.2	-8%	161.5	115.1	40%
% Margin	40%	47%		60%	48%	

The Adjusted EBITDA for Q2 was $48.2 million, down 3% from the prior year as a result of continued investment across the business to drive growth. Consequently, the Adjusted EBITDA margin decreased by 5 percentage points.

The change in deferred revenue was $6.2 million, $3.2 million less than the prior year due to impact of the large, multi-year contract in Q2 2020. As a result, the Adjusted Cash EBITDA in Q2 was $54.4 million, 8% below the prior year.

For the first half year, Adjusted Cash EBITDA was $161.5 million, representing a 40% increase on the comparative period in the last fiscal year.

Cashflow

USD $ millions	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Adjusted Cash EBITDA	54.4	59.2	-8%	161.5	115.1	40%
Gross Capital Expenditure	-0.4	-0.3	33%	-0.8	-1.0	-20%
Change in core working capital	24.1	19.3	25%	-27.6	4.7	nm
IFRS 15	-7.3	-4.3	70%	-17.3	-9.3	86%
IFRS 16	-1.6	-3.0	-47%	-3.6	-6.3	-43%
Cash Taxes	-1.6	-1.9	-16%	-4.0	-3.4	18%
Rancher Pro Forma uFCF	0	-2.3	nm	-1.8	-4.2	-57%
Adjusted uFCF	**67.6**	**66.7**	**1%**	**106.4**	**95.6**	**11%**
Adj uFCF Conv from Adj EBITDA	140%	134%		98%	109%	

Cashflow conversion in the quarter was 140%, given Adjusted Unlevered Cashflow of $67.6 million.

Capex was in line with run rate at $0.4 million, continuing to reflect the low capital intensity of SUSE's business model. Cash taxes were $1.6 million as the company continues to utilize its accumulated tax assets.

Working capital had a positive impact of $24.1 million compared to a negative impact in the first quarter of $(51.7) million. The negative impact in the first quarter was due to a significant increase in trade receivables toward the end of that quarter. The subsequent collection of these receivables resulted in the positive working capital movement in the second quarter.

Leverage

USD $ millions	At April 30		
	2021	2020	Change %
Net Debt	1,204.8	896.9	34%

At April 30, 2021, the group had Net Debt of $1,204.8 million and the leverage ratio, calculated as the Net Debt divided by the Last Twelve Months Adjusted Cash EBITDA, was 5.3x. The debt increased from the prior-year figure of $896.9 million, primarily due to additional financing of $300 million raised in 2020 as part of the funding for the acquisition of Rancher.

Following the initial public offering (IPO) of SUSE in May, which occurred after the period end, approximately $502 million of the proceeds were applied to reducing the indebtedness of the company. 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 equivalent leverage ratio, based on the last 12 months Adjusted Cash EBITDA up to April 30, 2021, was 3.1x. This is within the target leverage range specified at the time of the IPO of 3.0x to 3.5x.

IPO Update – Post Q2 Event

Following the end of the second 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.

There are now 168.3 million shares in issue, of which 76.8% are held by funds advised by EQT AB Group and the remaining 23.2% constitute the free float. As a result of grants already made, there are an additional 1.9 million shares which may be issued under various share option and staff incentive schemes.

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 Q2, SUSE set about re-aligning corporate governance to our new status as a public company. We reviewed our leadership team and supervisory board and overhauled internal policies management. We also remained committed to our people, ensuring employees thrive in an inclusive and engaging work culture. A new reporting process is being set up and enhanced public disclosure will be made from early 2022, based on the Global Reporting Initiative (GRI) Sustainability and CDP standards.

SUSE set an ambitious goal to have 30% women in leadership by 2026, benchmarked against our historical composition. Our impact on society continued unabated as we launched our SUSE-Udacity cloud-native foundation course which is providing critical digital skills to over 15,000 learners. At least 300 of these scholarships prioritize underrepresented groups in technology, and recipients will receive scholarships to undertake a full nanodegree curriculum later in FY21.

Finally, as a green company rooted in good practice, SUSE completed our Green House Gas emissions measurement from when we became independent in 2019. We aspire to set and track an ambitious climate impact target in line with best practice.

Outlook

Trading in the second quarter has been in line with expectations, and SUSE's outlook and guidance for the current year and medium term, as set out in the IPO prospectus dated May 5, 2021, remains unchanged.

Guidance for 2021 ACV is for growth in mid-to-high teens percentage in Core, weighted towards H2, and for at least $75 million in Emerging.

Adjusted Revenue is expected to be in the range of $550-570 million, with an Adjusted EBITDA margin of mid-30s percent.

Deferred revenue change is expected to be low teens as a percentage of Adjusted Revenue (net inflow), leading to Adjusted Cash EBITDA in the range of $245-265 million, representing a margin of approximately 46%.

It is also expected that the conversion rate of Adjusted EBITDA to Adjusted unlevered Free Cash Flow will be around the mid-90s as a percentage.

In the medium term, ACV in Core is expected to grow mid-to-high teens as an annual percentage, while Emerging is expected to grow in excess of 50% per year. The Adjusted EBITDA margin is expected to be stable from 2021 before gradually increasing toward 40%, and the rate of conversion into Adjusted unlevered Free Cash Flow is expected stay stable or increase slightly from 2021, as a percentage.

Note that the full-year guidance was given at the time of the IPO prospectus and was based on budget exchange rates, including 11 months of Rancher forecasts. The average exchange rates assumed were USD 1 equal to GBP 0.773 and USD 1 equal to EUR 0.905 for the fiscal year 2021.

Please also note that the IPO guidance was given on the basis of Rancher having not been included for the first month of the 2021 financial year, whereas the numbers in the body of this statement do include Rancher on a pro forma basis. The impact on ACV is $5.7 million, Adjusted Revenue is $3.7 million, Adjusted EBITDA is $1.8 million loss, and Adjusted Cash EBITDA is $0.9 million, which is relatively small in relation to ranges given in the guidance.

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 July 15, 2021, to discuss the results.

The audio webcast can be followed via https://www.webcast-eqs.com/suse20210715. A replay will be available on the Investor Relations website. The accompanying presentation as well as the 2021 Half Year report can be also 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

Date	Event
Sep 16, 2021	Release of Q3 results / Analyst conference call
Jan 20, 2022	Release of Q4 results / Analyst conference call
Mar 24, 2022	Annual General Meeting

APPENDIX 1 Reconciliation from IFRS to Adjusted Pro Forma Figures

IFRS Revenue to Adjusted Revenue

USD $ millions	**Q2 2021**	**Q2 2020**	**Change %**	**H1 2021**	**H1 2020**	**Change %**
Revenue – IFRS	**133.2**	**113.4**	*17%*	**259.7**	**215.7**	*20%*
Adjustments:						
Contract liability haircut amortized	3.6	4.6	*-22%*	7.5	11.1	*-32%*
Pro Forma Rancher [1]	0.0	7.5	*nm*	3.7	13.6	*nm*
Adjusted revenue	**136.8**	**125.5**	*9%*	**270.9**	**240.4**	*13%*

Note: The Pro Forma Rancher adjustment is 1 month in H1 2021, and for the full periods in 2020 Q2 and H1.

IFRS Operating Loss to Adjusted EBITDA

USD $ millions	**Q2 2021**	**Q2 2020**	**Change %**	**H1 2021**	**H1 2020**	**Change %**
Operating loss – IFRS	**(130.0)**	**8.0**	*nm*	**(150.8)**	**(2.3)**	*nm*
Adjustments:						
Amortization and Depreciation	40.5	32.8	*23%*	78.8	67.8	*16%*
Separately reported items	4.6	0.0	*nm*	9.2	0.0	*nm*
Contract liability haircut amortized	3.6	4.6	*-22%*	7.5	11.1	*-32%*
Non-recurring items	6.3	6.6	*-5%*	13.3	14.0	*-5%*
Share-based payments	127.6	2.2	*nm*	153.6	4.3	*nm*
Foreign exchange - unrealized	(4.4)	(0.4)	*nm*	(0.9)	0.9	*nm*
Adjusted EBITDA - Non Pro Forma	**48.2**	**53.8**	*-10%*	**110.7**	**95.8**	*16%*
Pro-Forma Rancher [1]	0.0	(4.0)	*nm*	(1.8)	(8.4)	*nm*
Adjusted EBITDA – Pro Forma	**48.2**	**49.8**	*-3%*	**108.9**	**87.4**	*25%*

Note: The Pro Forma Rancher adjustment is 1 month in H1 2021, and for the full periods in 2020 Q2 and H1.

Adjusted Deferred Revenue to IFRS Deferred Revenue

USD $ millions	**Q2 2021**	**Q2 2020**	**Change %**	**H1 2021**	**H1 2020**	**Change %**
Movement in contract liabilities: Pro Forma	(6.2)	(9.4)	**-34%**	(52.6)	(27.7)	**90%**
Pro-Forma Rancher [1]	0	1.6	nm	2.7	4.5	-40%
Movement in contract liabilities: Non Pro Forma	(6.2)	(7.8)	-21%	(49.9)	(23.2)	115%
Adjustments:						
Contract liability haircut amortized	(3.6)	(4.6)	-22%	(7.5)	(11.1)	-32%
Movement in contract liabilities – IFRS	**(9.8)**	**(12.4)**	**-21%**	**(57.4)**	**(34.3)**	**67%**

Note: The Pro Forma Rancher adjustment is 1 month in H1 2021, and for the full periods in 2020 Q2 and H1.

IFRS Net Cash inflow from Operating Activities to Adjusted uFCF

USD $ millions	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Net cash inflow from operating activities	**38.8**	**53.2**	*-27%*	**51.8**	**90.7**	*-43%*
Interest paid	14.8	13.5	*10%*	28.8	27.2	*6%*
Tax paid	1.6	2.0	*-20%*	4.0	3.4	*18%*
Cash generated from operations	**55.2**	**68.7**	*-20%*	**84.6**	**121.3**	*-30%*
Addbacks - non cash items	(164.4)	(42.0)	*291%*	(236.1)	(88.8)	*166%*
Movements - other working capital	(25.7)	(16.8)	*53%*	25.8	(26.1)	*-199%*
Movement in other pensions	0.1	(0.9)	*-111%*	(0.1)	(0.1)	*0%*
Movements in provisions	1.3	0.5	*160%*	3.1	1.6	*94%*
Movements in contract related assets	9.7	6.3	*54%*	21.8	13.0	*68%*
Movements in contract liabilities	(6.2)	(7.8)	*-21%*	(49.9)	(23.2)	*115%*
Operating loss per IFRS Statements	**(130.0)**	**8.0**	*-1725%*	**(150.8)**	**(2.3)**	*6457%*
Depreciation and Amortization	40.5	32.8	*23%*	78.8	67.8	*16%*
EBITDA per IFRS Statements	**(89.5)**	**40.8**	*-319%*	**(72.0)**	**65.5**	*-210%*
Separately reported items	4.6	0.0	*100%*	9.2	0.0	*100%*
Non-recurring items	6.3	6.6	*-5%*	13.3	14.0	*-5%*
Share-based payments and ER taxes	127.6	2.2	*5700%*	153.6	4.3	*3472%*
Deferred revenue haircut	3.6	4.6	*-22%*	7.5	11.1	*-32%*
Foreign Exchange - Unrealized	(4.4)	(0.4)	*1000%*	(0.9)	0.9	*-200%*
Adjusted EBITDA	**48.2**	**53.8**	*-10%*	**110.7**	**95.8**	*16%*
Rancher Pro Forma Adjustment	0.0	(4.0)	*-100%*	(1.8)	(8.4)	*-79%*
Adjusted EBITDA (SUSE & Rancher Pro Forma)	**48.2**	**49.8**	*-3%*	**108.9**	**87.4**	*25%*
Movement in contract liabilities	6.2	9.4	*-34%*	52.6	27.7	*90%*
Cash Adjusted EBITDA (SUSE & Rancher Pro Forma)	**54.4**	**59.2**	*-8%*	**161.5**	**115.1**	*40%*
IFRS 15	(7.3)	(4.3)	*70%*	(17.3)	(9.3)	*86%*
IFRS 16	(1.6)	(3.0)	*-47%*	(3.6)	(6.3)	*-43%*
Change in core working capital	24.1	19.3	*25%*	(27.6)	4.7	*-686%*
Gross capital expenditure	(0.4)	(0.3)	*33%*	(0.8)	(1.0)	*-20%*
Tax expense	(1.6)	(1.9)	*-16%*	(4.0)	(3.4)	*18%*
Other adjustments - Rancher Pro Forma	0.0	(2.3)	*-100%*	(1.8)	(4.2)	*-57%*
Adjusted Unlevered Free Cash Flow	**67.6**	**66.7**	*1%*	**106.4**	**95.6**	*11%*

Note: The Pro Forma Rancher adjustment is 1 month in H1 2021, and for the full periods in 2020 Q2 and H1.

APPENDIX 2 Supplementary Information

Adjusted Profit Before Tax

USD $ millions	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Adjusted revenue	**136.8**	**125.5**	*9%*	**270.9**	**240.4**	*13%*
Adjusted EBITDA – Pro Forma	**48.2**	**49.8**	*-3%*	**108.9**	**87.4**	*25%*
Depreciation - PPE	1.1	1.0	*10%*	2.3	1.8	*28%*
Depreciation - Right of Use Assets	1.4	2.7	*-48%*	3.1	5.9	*-47%*
Net Finance Costs	23.4	23.3	*0%*	30.0	40.3	*-26%*
Adjusted profit before tax	**22.3**	**22.8**	*-2%*	**73.5**	**39.4**	*87%*
Adjusted profit before tax %	*16%*	*18%*		*27%*	*16%*	

ACV – By Route to Market

USD $ millions	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
End User	87.0	76.1	*14%*	203.4	167.3	*22%*
Independent Hardware Vendor & Embedded	22.0	22.5	*-2%*	43.2	39.8	*9%*
Total ACV	**109.0**	**98.6**	*11%*	**246.6**	**207.1**	*19%*

ACV – By Region

USD $ millions	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Europe, Middle East and Africa	43.0	47.6	*-10%*	120.8	107.5	*12%*
North America	46.4	35.3	*31%*	86.7	69.1	*25%*
Asia Pacific and Japan	7.0	5.4	*30%*	17.1	13.2	*30%*
Greater China	9.6	8.4	*14%*	16.4	14.0	*17%*
Latin America	3.0	1.9	*58%*	5.6	3.3	*70%*
Total ACV	**109.0**	**98.6**	*11%*	**246.6**	**207.1**	*19%*

APPENDIX 3 Comparable Data for Prior Periods

USD $ millions		2020 Q1	2020 Q2	2021 Q1	2021 Q2
ACV by Solution	Core	95.1	90.3	111.3	94.6
	Emerging	13.3	8.3	26.4	14.4
	Total	108.4	98.6	137.7	109.0
Adjusted revenue	Core	106.1	115.0	118.6	121.4
	Emerging	8.8	10.5	15.5	15.4
	Total	**114.9**	**125.5**	**134.1**	**136.8**
Cost of sales		7.1	7.5	8.1	10.5
Gross profit		**107.8**	**118.0**	**126.0**	**126.3**
% Margin		*94%*	*94%*	*94%*	*92%*
Sales, Marketing & Operations		35.4	34.1	31.5	35.9
Research & Development		20.3	20.1	22.0	22.4
General & Administrative		14.5	14.0	11.8	19.8
Total Operating Expenses		**70.2**	**68.2**	**65.3**	**78.1**
Adjusted EBITDA – Pro Forma		**37.6**	**49.8**	**60.7**	**48.2**
% Adjusted EBITDA – Pro Forma Margin		*33%*	*40%*	*45%*	*35%*
Change in deferred revenue		18.3	9.4	46.4	6.2
Adjusted Cash EBITDA – Pro Forma		**55.9**	**59.2**	**107.1**	**54.4**
% Cash Adjusted EBITDA – Pro Forma Margin		*49%*	*47%*	*80%*	*40%*

APPENDIX 4 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;

"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).