

SUSE Q3 FY23 Quarterly Statement

- Q3 IFRS Revenue of \$173 million was up 2% versus the prior year, and IFRS Operating Profit Before D&A was \$36 million, down 11%, reflecting continued investments in initiatives to support future growth
- ARR (as at April 30, 2023) of \$665 million was up 4%
- Adjusted Revenue of \$173 million, up 1% (same at constant currency), was supported by earlier-than-expected revenue from retrospective consumption contracts
- Adjusted EBITDA Margin of 32%, down 6 ppt, also reflects investments into initiatives to support future growth, including in R&D
- Adjusted Unlevered Free Cash Flow of \$60 million, down 2%, with cash conversion of 108%, was supported by a core working capital inflow
- During Q3 FY23 and since the end of the quarter, SUSE's expectations for future performance and market outlooks have not changed materially
- There will be no further announcement of Q3 results, previously due on September 21, 2023, and no management conference call today
- On August 17, 2023, post quarter end, SUSE announced that its majority shareholder Marcel LUX III SARL (EQT Private Equity) intends to take the company private by delisting it from the Frankfurt Stock Exchange. As part of that, EQT Private Equity announced a voluntary public purchase price offer to acquire the shares it does not own. The offer price per SUSE share to be paid by EQT Private Equity will be EUR 16.00 less the gross amount per SUSE share of an interim dividend to be paid by SUSE to all shareholders, representing a premium of 67% on the XETRA closing share price on 17 August
- The interim dividend will be funded by SUSE through a combination of existing cash and additional borrowing and will be paid to all shareholders, allowing EQT Private Equity to finance its purchase of SUSE shares under the offer and certain transaction costs. For more information see ir.suse.com
- SUSE's Management Board and Supervisory Board support the strategic opportunity from delisting of the company as it will allow SUSE to focus fully on its operational priorities and execution of its long-term strategy
- On August 14, 2023, SUSE announced the appointments of Ian Halifax as Chief Financial Officer from December 11, 2023, and Frank Feldman as Chief Strategy Officer with immediate effect. These appointments completed SUSE's strengthened executive leadership team

All USD \$m unless otherwise stated	FY23	FY22	YoY	YoY	FY23	FY22	YoY	YoY
	Q3	Q3	Actual	CCY	Q3 YTD	Q3 YTD	Actual	CCY
Non-IFRS measures								
ACV	117.0	114.4	2%	1%	394.6	397.6	(1)%	0%
ARR (as at April 30)	664.9	639.6	4%		664.9	639.6	4%	
Adjusted Revenue	173.3	171.2	1%	1%	504.7	487.5	4%	4%
Adjusted EBITDA	55.9	65.1	(14)%	(12)%	175.2	176.0	(0)%	(3)%
Adjusted EBITDA Margin	32%	38%			35%	36%		
Adjusted uFCF	60.1	61.5	(2)%		151.5	143.8	5%	
IFRS measures								
Revenue	173.0	170.1	2%		503.3	483.4	4%	
Gross Profit	159.4	156.8	2%		462.5	444.7	4%	
Operating Profit Before D&A	36.2	40.8	(11)%		118.8	107.9	10%	
Net Cash Inflow from Operating Activities	40.9	54.0	(24)%		103.4	105.1	(2)%	

Luxembourg – August 30, 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 third quarter of financial year 2023, which ended July 31, 2023.

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 Q3 and Q3 YTD FY23, and Q3 and Q3 YTD FY22

Summary IFRS Income Statement

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Revenue	173.0	170.1	2%	503.3	483.4	4%
Cost of sales	(13.6)	(13.3)	2%	(40.9)	(38.7)	6%
Gross profit	159.4	156.8	2%	462.4	444.7	4%
Operating expenses	(123.2)	(116.0)	6%	(343.6)	(336.8)	2%
Amortization of intangible assets	(34.4)	(35.2)	(2)%	(102.7)	(107.6)	(5)%
Depreciation - PPE	(1.2)	(0.9)	33%	(3.3)	(2.8)	18%
Depreciation - Right of Use assets	(1.2)	(1.7)	(29)%	(4.2)	(5.9)	(29)%
Operating profit/(loss)	(0.6)	3.0	n.m.	8.6	(8.4)	n.m.
Net finance costs	(12.5)	(9.1)	37%	(40.1)	(30.7)	31%
Share of losses on associate	(0.2)	(0.3)	(33)%	(1.4)	(1.7)	(18)%
Profit/(Loss) before tax	(13.3)	(6.4)	108%	(32.9)	(40.8)	(19)%
Taxation	(0.7)	(6.5)	(89)%	(6.6)	1.4	n.m.
Profit/(Loss) for the period	(14.0)	(12.9)	9%	(39.5)	(39.4)	0%

KPIs and Adjusted Profit and Loss

All USD \$m unless otherwise stated	FY23	FY22	YoY	YoY	FY23	FY22	YoY	YoY
	Q3	Q3	Actual	CCY	Q3 YTD	Q3 YTD	Actual	CCY
ACV by Solution								
Core	93.4	93.2	0%	(1)%	319.4	326.7	(2)%	(1)%
Emerging	23.6	21.2	11%	11%	75.2	70.9	6%	7%
Total ACV	117.0	114.4	2%	1%	394.6	397.6	(1)%	0%
ARR (as at April 30)	664.9	639.6	4%		664.9	639.6	4%	
NRR as % (as at April 30)	100.4%	107.6%	(7)%		100.4%	107.6%	(7)%	
Adjusted Revenue by Solution								
Core	144.0	142.9	1%	0%	413.5	407.0	2%	2%
Emerging	29.3	28.3	4%	4%	91.2	80.5	13%	13%
Total Adjusted Revenue	173.3	171.2	1%	1%	504.7	487.5	4%	4%
Adjusted Cost of Sales	13.4	13.3	1%	0%	40.2	38.2	5%	7%
Adjusted Gross Profit	159.9	157.9	1%	1%	464.5	449.3	3%	3%
<i>Adjusted Gross Profit Margin</i>	<i>92%</i>	<i>92%</i>			<i>92%</i>	<i>92%</i>		
Sales, Marketing & Operations	47.7	45.0	6%	5%	134.2	134.3	(0)%	2%
Research & Development	33.4	27.1	23%	21%	93.1	81.2	15%	16%
General & Administrative	22.9	20.7	11%	6%	62.0	57.8	7%	9%
Total Operating Expenses	104.0	92.8	12%	10%	289.3	273.3	6%	8%
Adjusted EBITDA	55.9	65.1	(14)%	(12)%	175.2	176.0	(0)%	(3)%
<i>Adjusted EBITDA Margin</i>	<i>32%</i>	<i>38%</i>			<i>35%</i>	<i>36%</i>		
Depreciation & Amortization	4.9	5.0	(2)%		15.0	16.3	(8)%	
Adjusted EBIT	51.0	60.1	(15)%		160.2	159.7	0%	
Net Finance Costs	12.5	9.1	37%		40.1	30.7	31%	
Adjusted Profit Before Tax	38.5	51.0	(25)%		120.1	129.0	(7)%	
Notional Tax	11.0	14.2	(23)%		38.4	37.2	3%	
Adjusted Profit After Tax	27.5	36.8	(25)%		81.7	91.8	(11)%	
Weighted average shares in issue	170.6	169.2	1%		169.9	169.1	0%	
Basic Adjusted Earnings Per Share	0.16	0.22	(27)%		0.48	0.54	(11)%	
Diluted Adjusted Earnings Per Share	0.16	0.21	(24)%		0.47	0.53	(11)%	

Notes: Basic Adjusted Earnings Per Share is calculated on the basis of the weighted average number of ordinary shares in issue during the period. Diluted Adjusted Earnings Per Share takes into account potential dilution from outstanding share grants and options. The weighted average number of ordinary shares in issue, fully diluted, during the third quarter, was 174.2 million, and during the Q3 YTD FY23 was 173.5 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

On August 17, 2023, post quarter end, SUSE announced that its majority shareholder Marcel LUX III SARL (EQT Private Equity) intends to take the company private by delisting it from the Frankfurt Stock Exchange via a merger into an unlisted Luxembourg entity in the legal form of an S.A. As part of that, EQT Private Equity has announced a voluntary public purchase price offer to acquire the shares it does not own. The offer price per SUSE share to be paid by EQT Private Equity will be EUR 16.00 less the gross amount per SUSE share of an interim dividend to be paid by SUSE to all shareholders, representing a premium of 67% on the XETRA closing share price on 17 August.

The interim dividend will be paid to all shareholders prior to the settlement of the offer and will allow EQT Private Equity to finance its purchase of SUSE shares under the offer and certain transaction costs incurred by it. The payment of the interim dividend will be funded by SUSE through a combination of existing cash and additional borrowing. Any additional borrowing will be in the form of loans taken out by companies of the SUSE group to a maximum of EUR 500 million. The amount of the loans taken out will only be determined after the expiry of the offer acceptance period.

SUSE's Management Board and Supervisory Board support the strategic opportunity from delisting of the company as it will allow SUSE to focus fully on its operational priorities and execution of its long-term strategy.

For more information, see the press release and ad hoc announcement at <https://ir.suse.com/websites/suse/English/4900/eqt-purchase-offer.html>

On August 14, 2023, SUSE announced the appointments of Ian Halifax as Chief Financial Officer from December 11, 2023, and Frank Feldman as Chief Strategy Officer with immediate effect. These appointments completed SUSE's strengthened executive leadership team.

Ian Halifax will take over as CFO on December 11, 2023, following a handover with the interim CFO Jonathan Atack, who retains full responsibility for the role until then. Ian Halifax has more than 30 years' experience in senior financial leadership positions, including as Chief Financial Officer at leading global technology providers such as Trellix, Riverbed Technology, ON24, Wind River Systems and Micromuse. He has substantial strategic and executional experience in private and public technology companies, and he has developed and led global teams to drive performance, rapid growth and diversification.

Frank Feldmann's career includes more than 15 years in several senior management roles at Red Hat, as well as at Novell. Feldmann has a strong foundation in technology product management, sales and technology marketing, focused on business and technology transformation and growth. His role at SUSE includes the development and execution of long-term business strategies.

ACV and Revenues

Q3 ACV was \$117.0 million, up 2%, comprising Core ACV of \$93.4 million, flat versus the prior year, and Emerging ACV of \$23.6 million, up 11%. At constant currency, Q3 total ACV growth was up 1%, Core was down 1% and Emerging up 11%.

Q3 Adjusted Revenue was \$173.3 million, up 1%, comprising Core Revenue of \$144.0 million, up 1%, and Emerging Revenue of \$29.3 million, up 4%. At constant currency, movements are the same for total Adjusted Revenue and Emerging Revenue, with Core Revenue flat versus the prior year.

The average contract duration on a last-12-months basis was 18 months, the same as the prior quarter. This only considers contracts paid up front.

ACV – By Route-to-Market

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
End User & Cloud	108.0	101.9	6%	343.8	335.9	2%
IHV & Embedded	9.0	12.5	(28)%	50.8	61.7	(18)%
Total ACV	117.0	114.4	2%	394.6	397.6	(1)%

End User and Cloud ACV was up 6% in Q3, driven by growth in both Cloud and End User routes-to-market.

Independent Hardware Vendors (IHV) and Embedded ACV declined 28% in Q3, driven by lower hardware shipments and a shift to selling through other routes, primarily through Cloud Service Providers.

ACV – By Region

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Europe, Middle East and Africa	53.8	41.4	30%	178.8	159.7	12%
North America	43.8	53.6	(18)%	154.0	171.5	(10)%
Asia Pacific and Japan	9.7	10.8	(10)%	29.1	28.5	2%
Greater China	5.4	4.6	17%	16.9	20.8	(19)%
Latin America	4.3	4.0	8%	15.8	17.1	(8)%
Total ACV	117.0	114.4	2%	394.6	397.6	(1)%

Annual Recurring Revenue and Net Retention Rate

Total Annual Recurring Revenue (ARR) as at April 30, 2023, was \$664.9 million, up 4%.

SUSE's Net Retention Rate (NRR) as at April 30, 2023, was 100.4%.

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

Costs

SUSE's Q3 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 increased by 12% in Q3, 10% at constant currency.

Profitability

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Adjusted EBITDA	55.9	65.1	(14)%	175.2	176.0	(0)%
<i>Adjusted EBITDA Margin</i>	32%	38%		35%	36%	
Change in Deferred Revenue	(13.6)	(18.9)	(28)%	(17.8)	39.2	n.m
Adjusted Cash EBITDA	42.3	46.2	(8)%	157.4	215.2	(27)%
<i>Adjusted Cash EBITDA Margin</i>	24%	27%		31%	44%	

Adjusted EBITDA declined 14% versus the prior year, as revenue growth was more than offset by higher operating costs.

Change in Deferred Revenue was negative \$13.6 million, despite higher ACV and stable contract lengths in Q3 versus the prior year, as revenue recognition more than offset the total contract value booked in the period.

The decrease in Adjusted EBITDA was partly offset by the lower negative Change in Deferred Revenue, leading to Q3 Adjusted Cash EBITDA of \$42.3 million, down 8%.

Cash Flow

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Adjusted Cash EBITDA	42.3	46.2	(8)%	157.4	215.2	(27)%
Gross capital expenditure	(1.3)	(2.5)	(48)%	(6.9)	(7.2)	(4)%
Change in core working capital	27.5	27.2	1%	30.6	(27.2)	n.m.
Commission paid (net of amortization)	(2.6)	(5.3)	(51)%	(10.9)	(18.6)	(41)%
Leases paid	(2.1)	(1.9)	11%	(6.3)	(5.7)	11%
Cash taxes	(3.7)	(2.2)	68%	(12.4)	(12.7)	(2)%
Adjusted uFCF	60.1	61.5	(2)%	151.5	143.8	5%
Adj. uFCF Conv from Adj. EBITDA	108%	94%		86%	82%	

Adjusted Unlevered Free Cash Flow of \$60.1 million in Q3 was down 2% versus the prior year, driven primarily by the lower Adjusted Cash EBITDA, partly offset by lower commissions paid (net of amortization). The Core Working Capital inflow of \$27.5 million in Q3 was broadly similar to the prior year, reflecting customer payment for contracts signed in the prior quarter.

Leverage

All USD \$m unless otherwise stated	FY23	FY22	YoY
	End Q3	End Q3	Actual
Net Debt	507.3	604.1	(16)%
Adjusted Cash EBITDA (LTM)	237.4	266.9	(11)%
Leverage	2.1	2.3	(9)%

Net Debt at the end of Q3 was \$507.3 million, a reduction of \$96.8 million versus the prior year, driven by SUSE's strong cash flow.

Outlook

During Q3 FY23 and since the end of the quarter, SUSE's expectations for future performance and market outlooks have not changed materially.

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. The company behind Rancher, NeuVector and SUSE Linux Enterprise (SLE), SUSE collaborates with partners and communities to empower 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 ability to tackle innovation challenges today and the freedom to evolve their strategy and solutions tomorrow. The company employs more than 2,400 people globally and is listed on the Frankfurt Stock Exchange. For more information, visit www.suse.com.

For reference you'll find all releases here <https://www.suse.com/news/>

Contacts

Investors:

Matt Jones
Investor Relations, SUSE
Phone: +44 7809 690 336
Email: ir@suse.com

Media:

Christopher Deifuss
Kekst CNC
Phone: +49 162 2059754
Email: christopher.Deifuss@kekstcnc.com

Monique Perks
Kekst CNC
Phone: +44 758 1033 557
Email: monique.perks@kekstcnc.com

Webcast Details

There will be no management conference call covering Q3 FY23 results. Please see above contact details for any questions.

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.

APPENDIX 1 IFRS Figures

Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the nine months ended 31 July 2023

	Nine months ended 31 July 2023			Nine months ended 31 July 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	503,307	-	503,307	483,409	-	483,409
Cost of sales	(40,857)	-	(40,857)	(38,751)	-	(38,751)
Gross profit	462,450	-	462,450	444,658	-	444,658
Selling and distribution costs	(140,646)	(6,836)	(147,482)	(136,914)	-	(136,914)
Research and development costs	(95,858)	-	(95,858)	(86,075)	-	(86,075)
Administrative expenses	(100,940)	-	(100,940)	(114,378)	-	(114,378)
Impairment credit on trade receivables	657	-	657	531	-	531
Operating profit before depreciation/impairment and amortization	125,663	(6,836)	118,827	107,822	-	107,822
Amortization of intangible assets	(102,707)	-	(102,707)	(107,568)	-	(107,568)
Depreciation – Property, plant and equipment	(3,266)	-	(3,266)	(2,760)	-	(2,760)
Depreciation/impairment – Right of use assets	(4,237)	-	(4,237)	(5,888)	-	(5,888)
Operating profit/(loss)	15,453	(6,836)	8,617	(8,394)	-	(8,394)
Finance costs	(44,132)	-	(44,132)	(30,949)	-	(30,949)
Finance income	4,074	-	4,074	268	-	268
Net finance costs	(40,058)	-	(40,058)	(30,681)	-	(30,681)
Share of losses of associate	(1,501)	-	(1,501)	(1,745)	-	(1,745)
Loss before tax	(26,106)	(6,836)	(32,942)	(40,820)	-	(40,820)
Taxation	(8,295)	1,706	(6,589)	1,419	-	1,419
Loss for the period	(34,401)	(5,130)	(39,531)	(39,401)	-	(39,401)
<i>Attributable to:</i>						
Equity shareholders of the parent	(34,401)	(5,130)	(39,531)	(39,401)	-	(39,401)
Non-controlling interests	-	-	-	-	-	-
Loss for the period	(34,401)	(5,130)	(39,531)	(39,401)	-	(39,401)
Basic loss per share (USD/share) ⁽ⁱ⁾			(0.2)			(0.2)

⁽ⁱ⁾For the nine months ended 31 July 2023 and 31 July 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.

Interim Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the nine months ended 31 July 2023

	Nine months ended 31 July 2023			Nine months ended 31 July 2022		
	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	(34,401)	(5,130)	(39,531)	(39,401)	-	(39,401)
Other comprehensive (loss)/income:						
<i>Items not to be reclassified to income statement:</i>						
Remeasurement of defined benefit pension schemes	325	-	325	2,304	-	2,304
Related tax impact	(8)	-	(8)	(706)	-	(706)
<i>Items that may be reclassified to income statement:</i>						
Currency translation differences	(32,587)	-	(32,587)	48,671	-	48,671
Cash flow hedge – changes in fair value	7,832	-	7,832	(49)	-	(49)
Cash flow hedge – reclassified to income statement	89	-	89	4,386	-	4,386
Related tax impact	(1,861)	-	(1,861)	(1,003)	-	(1,003)
Other comprehensive (loss)/income for the period	(26,210)	-	(26,210)	53,603	-	53,603
Total comprehensive (loss)/income for the period	(60,611)	(5,130)	(65,741)	14,202	-	14,202
<i>Attributable to:</i>						
Equity shareholders of the parent	(60,611)	(5,130)	(65,741)	14,202	-	14,202
Non-controlling interests	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	(60,611)	(5,130)	(65,741)	14,202	-	14,202

Interim Condensed Consolidated Statement of Financial Position (unaudited)

As at 31 July 2023

	As at 31 July 2023 US\$'000	As at 31 October 2022 US\$'000
Non-current assets		
Goodwill	2,686,320	2,686,320
Intangible assets	294,269	393,427
Property, plant and equipment	17,580	13,914
Right of use assets	16,681	18,089
Investment in associate	10,775	12,276
Derivative asset	12,194	4,051
Long-term pension assets	569	484
Other receivables	8,813	8,697
Deferred tax assets	184,374	178,680
Contract related assets	94,714	78,183
	3,326,289	3,394,121
Current assets		
Trade and other receivables	111,943	158,044
Current tax receivables	3,597	3,597
Cash and cash equivalents	258,787	177,544
Contract related assets	32,307	37,796
	406,634	376,981
Total assets	3,732,923	3,771,102
Current liabilities		
Trade and other payables	88,633	110,490
Borrowings	3,600	3,600
Lease liabilities	6,705	6,249
Provisions	692	337
Current tax liabilities	7,950	10,113
Deferred income – contract liabilities	361,186	351,197
	468,766	481,986
Non-current liabilities		
Borrowings	730,675	695,989
Lease liabilities	12,458	14,431
Provisions	1,043	1,033
Non-current tax liabilities	8,083	8,083
Deferred tax liabilities	102,050	98,831
Retirement benefit obligations	2,163	2,142
Deferred income – contract liabilities	188,700	215,034
Other payables	2,574	3,861
	1,047,746	1,039,404
Total liabilities	1,516,512	1,521,390
Equity		
Share capital	17,079	16,936
Share premium	2,522,835	2,522,978
Retained losses	(441,337)	(400,262)
Other reserves	104,922	72,482
Cash flow hedging reserve	11,972	4,051
Foreign currency translation reserve	940	33,527
	2,216,411	2,249,712
Total liabilities and equity	3,732,923	3,771,102

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the nine months ended 31 July 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
Loss for the period	-	-	(39,531)	-	-	-	(39,531)
Other comprehensive (loss)/income for the period	-	-	(1,544)	-	7,921	(32,587)	(26,210)
Total comprehensive (expense)/income for the period	-	-	(41,075)	-	7,921	(32,587)	(65,741)
<i>Transactions recorded in equity:</i>							
Issue of share capital	143	(143)	-	-	-	-	-
Equity settled share-based payments	-	-	-	32,440	-	-	32,440
Total transactions with owners	143	(143)	-	32,440	-	-	32,440
As at 31 July 2023	17,079	2,522,835	(441,337)	104,922	11,972	940	2,216,411

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the nine months ended 31 July 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	-	-	(39,401)	-	-	-	(39,401)
Other comprehensive income for the period	-	-	595	-	4,337	48,671	53,603
Total comprehensive (expense)/income for the period	-	-	(38,806)	-	4,337	48,671	14,202
<i>Transactions recorded in equity:</i>							
Issue of share capital	26	(26)	-	-	-	-	-
Equity settled share-based payments	-	-	-	37,024	-	-	37,024
Total transactions with owners	26	(26)	-	37,024	-	-	37,024
As at 31 July 2022	16,929	2,522,985	(394,676)	58,193	-	33,805	2,237,236

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

For the nine months ended 31 July 2023

	Nine months ended 31 July 2023 US\$'000	Nine months ended 31 July 2022 US\$'000
Loss for the period	(39,531)	(39,401)
Net finance costs	40,058	30,681
Taxation	6,589	(1,419)
Share of losses of associate	1,501	1,745
Operating profit/(loss) for the period	8,617	(8,394)
Addback:		
Depreciation – Property, plant and equipment	3,266	2,760
Depreciation/impairment – Right of use assets	4,237	5,888
Amortization of intangible assets	102,707	107,568
Amortization of contract related assets	15,317	10,733
Share-based payments expense	34,078	37,771
Restructuring charges	6,836	-
Foreign exchange movements	(5,303)	13,340
Impairment credit on trade receivables	(657)	(531)
Movements:		
Movements in trade receivables	54,579	11,104
Movements in other receivables	(7,939)	(839)
Movements in trade payables	(8,319)	(5,505)
Movements in other payables	(6,229)	(43,857)
Movement in other pensions	(606)	(494)
Movements in provisions	(6,471)	(2,499)
Movements in contract related assets	(26,243)	(29,294)
Contract assets – fair value haircut	(116)	(286)
Movements in contract liabilities	(17,887)	39,238
Contract liabilities – fair value haircut	1,542	4,290
Cash-settled share-based payments	(1,892)	(198)
Cash generated from operations	149,517	140,795
Interest paid	(37,711)	(23,069)
Interest received	4,074	8
Tax paid	(12,443)	(12,655)
Net cash inflow from operating activities	103,437	105,079
Cash flow used in investing activities		
Purchase of property, plant and equipment	(6,868)	(7,151)
Purchase and development of intangible assets	(9,266)	(957)
Acquisition of a business, net of cash	-	(2,545)
Net cash outflow from investing activities	(16,134)	(10,653)
Net cash inflow before financing activities	87,303	94,426

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

For the nine months ended 31 July 2023

	Nine months ended 31 July 2023 US\$'000	Nine months ended 31 July 2022 US\$'000
Cash flows used in financing activities		
Repayment of bank borrowings	(2,700)	(2,700)
Payment of interest rate swap premia	(88)	(4,386)
Lease payments	(6,251)	(5,675)
Net cash outflow from financing activities	(9,039)	(12,761)
Net increase in cash and cash equivalents	78,264	81,665
Foreign exchange movements	2,979	(2,191)
Cash and cash equivalents at beginning of period	177,544	61,061
Cash and cash equivalents at end of period	258,787	140,535

APPENDIX 2 Reconciliation from IFRS to Adjusted Pro Forma Figures

IFRS Revenue to Adjusted Revenue

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Revenue - IFRS	173.0	170.1	2%	503.3	483.4	4%
<i>Adjustments</i>						
Deferred revenue haircut amortized	0.3	1.1	(73)%	1.5	4.3	(65)%
Contract Asset haircut amortized	0.0	0.0	0%	(0.1)	(0.2)	(50)%
Adjusted Revenue	173.3	171.2	1%	504.7	487.5	4%

IFRS Operating Profit/(Loss) to Adjusted EBITDA

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Operating profit/(loss) - IFRS	(0.6)	3.0	n.m.	8.6	(8.4)	n.m.
<i>Adjustments</i>						
Depreciation and Amortization	36.7	37.7	(3)%	110.2	116.2	(5)%
Separately reported items	0.0	0.0	0%	6.8	0.0	100%
Contract liability haircut amortized	0.3	1.1	(73)%	1.5	4.3	(65)%
Contract Asset haircut amortized	0.0	0.0	0%	(0.1)	(0.2)	(50)%
Non-recurring items	10.4	5.3	96%	15.2	14.4	6%
Share-based payments - charge	10.1	15.2	(34)%	34.1	37.8	(10)%
Share-based payments - ER taxes	(0.3)	0.0	n.m.	0.3	0.9	(67)%
Foreign exchange - unrealized	(0.7)	2.8	n.m.	(1.4)	11.0	n.m.
Adjusted EBITDA	55.9	65.1	(14)%	175.2	176.0	0%

Adjusted Deferred Revenue to IFRS Deferred Revenue

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Change in Deferred Revenue	(13.6)	(18.9)	(28)%	(17.8)	39.2	n.m.
<i>Adjustments</i>						
Contract liability haircut amortized	0.3	1.1	(73)%	1.5	4.3	(65)%
Contract asset haircut amortized	0.0	0.0	0%	(0.1)	(0.2)	(50)%
Change in deferred revenue - IFRS	(13.3)	(17.8)	(25)%	(16.4)	43.3	n.m.

IFRS Net Cash Inflow from Operating Activities to Adjusted uFCF

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Net cash inflow from operating activities	40.9	54.0	(24)%	103.4	105.1	(2)%
Interest paid	12.8	8.0	60%	33.6	23.1	45%
Tax paid	3.7	2.2	68%	12.4	12.7	(2)%
Cash generated from operations	57.4	64.2	(11)%	149.4	140.9	6%
Addbacks - non cash items	(51.7)	(62.1)	(17)%	(161.7)	(181.6)	(11)%
Movements - other working capital	(29.4)	(27.7)	6%	(32.2)	39.0	n.m.
Movement in other pensions	0.0	0.0	0%	0.6	0.5	20%
Movements in provisions	0.9	0.5	80%	6.5	2.5	160%
Movements in contract related assets	8.0	9.0	(11)%	26.3	29.3	(10)%
Movements in deferred revenue	13.6	18.9	(28)%	17.8	(39.2)	n.m.
Cash-settled share-based payments	0.6	0.2	200%	1.9	0.2	850%
Operating profit/(loss) per IFRS	(0.6)	3.0	n.m.	8.6	(8.4)	n.m.
Depreciation and Amortization	36.7	37.7	(3)%	110.2	116.2	(5)%
EBITDA per IFRS Statements	36.1	40.7	(11)%	118.8	107.8	10%
Separately reported items	0.0	0.0	0%	6.8	0.0	n.m.
Contract liability haircut amortized	0.3	1.1	(73)%	1.5	4.3	(65)%
Contract asset haircut amortized	0.0	0.0	0%	(0.1)	(0.2)	(50)%
Non-recurring items	10.4	5.3	96%	15.2	14.4	6%
Share-based payments - charge	10.1	15.2	(34)%	34.1	37.8	(10)%
Share-based payments - ER taxes	(0.3)	0.0	n.m.	0.3	0.9	(67)%
Foreign exchange - Unrealized	(0.7)	2.8	n.m.	(1.4)	11.0	n.m.
Adjusted EBITDA	55.9	65.1	(14)%	175.2	176.0	0%
Change in deferred revenue	(13.6)	(18.9)	(28)%	(17.8)	39.2	n.m.
Adjusted Cash EBITDA	42.3	46.2	(8)%	157.4	215.2	(27)%
Gross tangible capital expenditure	(1.3)	(2.5)	(48)%	(6.9)	(7.2)	(4)%
Change in core working capital	27.5	27.2	1%	30.6	(27.2)	n.m.
Commissions paid (net of amortization)	(2.6)	(5.3)	(51)%	(10.9)	(18.6)	(41)%
Leases paid	(2.1)	(1.9)	11%	(6.3)	(5.7)	11%
Cash taxes	(3.7)	(2.2)	68%	(12.4)	(12.7)	(2)%
Adjusted Unlevered Free Cash Flow	60.1	61.5	(2)%	151.5	143.8	5%

IFRS Working Capital Movements to Change in Core Working Capital

All USD \$m unless otherwise stated	FY23	FY22	YoY	FY23	FY22	YoY
	Q3	Q3	Actual	Q3 YTD	Q3 YTD	Actual
Working Capital Movements - IFRS						
Movements in trade receivables	23.9	26.2	(9)%	54.6	11.1	392%
Movements in other receivables	2.9	3.7	(22)%	(7.9)	(0.8)	888%
Movements in trade payables	(7.2)	(0.3)	2300%	(8.3)	(5.5)	51%
Movements in other payables	9.8	(2.1)	n.m.	(6.2)	(43.9)	(86)%
Total Working Capital Movements - IFRS	29.4	27.5	7%	32.2	(39.1)	n.m.
Remove non-recurring items:						
Third party consulting fees	(1.1)	(0.3)	267%	(0.9)	(1.0)	(10)%
Transaction costs	0.0	0.0	0%	1.3	12.9	(90)%
Integration costs	(0.8)	0.0	n.m.	(2.0)	0.0	n.m.
Total Working Capital Adjustments	(1.9)	(0.3)	533%	(1.6)	11.9	(113)%
Change in core working capital (within uFCF)	27.5	27.2	1%	30.6	(27.2)	n.m.

APPENDIX 3 Comparable Data for Prior Periods

All USD \$m unless otherwise stated	FY21	FY22				FY23		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ACV by Solution								
Core	98.7	119.9	113.6	93.2	102.4	118.5	107.5	93.4
Emerging	26.3	23.9	25.8	21.2	35.9	28.5	23.1	23.6
Total ACV	125.0	143.8	139.4	114.4	138.3	147.0	130.6	117.0
Adjusted Revenue by Solution								
Core	133.4	130.2	133.9	142.9	139.8	137.5	132.0	144.0
Emerging	20.6	24.8	27.4	28.3	30.5	31.5	30.4	29.3
Total Adjusted Revenue	154.0	155.0	161.3	171.2	170.3	169.0	162.4	173.3
Adjusted Cost of Sales	10.8	11.8	13.1	13.3	12.7	13.4	13.4	13.4
Adjusted Gross Profit	143.2	143.2	148.2	157.9	157.6	155.6	149.0	159.9
<i>Adjusted Gross Profit Margin</i>	<i>93%</i>	<i>92%</i>	<i>92%</i>	<i>92%</i>	<i>93%</i>	<i>92%</i>	<i>92%</i>	<i>92%</i>
Sales, Marketing & Operations	45.7	43.0	46.3	45.0	45.1	42.0	44.5	47.7
Research & Development	24.8	27.0	27.1	27.1	26.0	28.0	31.7	33.4
General & Administrative	24.7	20.9	16.2	20.7	20.6	18.5	20.6	22.9
Total Operating Expenses	95.2	90.9	89.6	92.8	91.7	88.5	96.8	104.0
Adjusted EBITDA	48.0	52.3	58.6	65.1	65.9	67.1	52.2	55.9
<i>Adjusted EBITDA Margin</i>	<i>31%</i>	<i>34%</i>	<i>36%</i>	<i>38%</i>	<i>39%</i>	<i>40%</i>	<i>32%</i>	<i>32%</i>
Change in deferred revenue	3.7	40.8	17.3	(18.9)	14.1	2.5	(6.7)	(13.6)
Adjusted Cash EBITDA	51.7	93.1	75.9	46.2	80.0	69.6	45.5	42.3
<i>Adjusted Cash EBITDA Margin</i>	<i>34%</i>	<i>60%</i>	<i>47%</i>	<i>27%</i>	<i>47%</i>	<i>41%</i>	<i>28%</i>	<i>24%</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. Diluted Adjusted Earnings Per Share takes into account potential dilution from outstanding share grants and options.
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.
Constant Currency	Reported for Adjusted Revenue, ACV and Adjusted EBITDA. Prior year metrics are re-stated at prevailing exchange rates, to compare with current year results.
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).