Strong Performance in FY2021 with Q4 Ahead of Expectations

- Q4 trading was ahead of expectations and the revised guidance given with the Q3 results
- Group ARR of $560 million, a 17% increase on the prior year
- ACV grew 28% in Q4, giving a total growth of 26% for the full year. In Q4 Core ACV grew by 17% to $98.7 million and Emerging ACV grew 102% to $26.3 million
- Adjusted Revenues were $154 million in Q4 and $575.9 million for the full year, just above the top of our guided range of $564 to $574 million
- Adjusted EBITDA was $48 million in Q4, contributing to a full year Adjusted EBITDA of $212.1 million and a full year margin of 37%
- Adjusted Cash EBITDA was $51.7 million for Q4 and $278.2 million for the year, comfortably above the top end of the previously guided range
- Strong growth has continued in the Cloud route to market and Rancher solutions, as all growth levers continue to deliver
- The acquisition of NeuVector just prior to the year end provides another valuable opportunity to accelerate growth in the medium term with its market-leading container security product
- Positive outlook for FY2022, expected to deliver mid- to high-teens growth in Adjusted Revenue and an Adjusted EBITDA margin around mid-thirties percent

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
ACV	125.0	97.7	28%	490.6	390.7	26%
Adj Revenue	154.0	133.4	15%	575.9	499.1	15%
Adj EBITDA	48.0	35.8	34%	212.1	173.6	22%
Adj EBITDA Margin	*31%*	*27%*		37%	35%	
Adj Cash EBITDA	51.7	28.8	80%	278.2	179.3	55%
Adj Cash EBITDA Margin	34%	22%		48%	36%	
Adj uFCF	54.8	3.6	1422%	200.2	130.1	54%
Cash Conversion	114%	10%		94%	75%	

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. NeuVector is excluded from most Alternative Performance Measures as it was acquired at the end of the financial year. It is included within Net Debt and Leverage. Statutory data for the financial year is available in the separately published Annual Report and Accounts.

Luxembourg – January 20, 2022 – 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 fourth quarter of financial year 2021, which ended October 31, 2021.

"FY21 was a great year for SUSE as we finished it with another strong quarter," said Melissa Di Donato, CEO of SUSE. "Some of our top highlights for the year include two important and complementary acquisitions, SUSE's public listing, and accelerated innovation with our new product offerings. We implemented all growth drivers and delivered on our commitments to the market, putting SUSE in a very solid position for FY22."

"SUSE delivered again in Q4, meeting and mostly surpassing our guidance," said Andy Myers, CFO of SUSE. "We were pleased to complete the purchase of NeuVector with a mixture of existing cash and some new shares, giving us another product for incremental growth going forward. Each quarter, we continue to invest in growth by adding people and innovation to our solution portfolio."

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 Full Year (FY) numbers for 2021 include 12 months for Rancher on a pro forma basis. NeuVector is excluded from most Alternative Performance Measures as it was acquired at the end of the financial year. It is included within Net Debt and Leverage.

A reconciliation to the IFRS financials is included in Appendix 1. Statutory data for the full year is separately available in the Annual Report and Accounts of SUSE SA and its subsidiaries for the 12 months to October 31, 2021. Results are shown using actual exchange rates.

Business Update

The financial year ended with another important acquisition. On October 28, 2021, SUSE announced the closing of the acquisition of NeuVector Inc. ("NeuVector") for $130 million. NeuVector is a leading provider of full lifecycle container security in mission-critical environments, and it complements the existing SUSE Rancher business, providing many cross-sell opportunities as security considerations are key in customers' decisions relating to the adoption of cloud-native platforms. SUSE announced at the time of acquisition close that it would open source the NeuVector platform with the expectation of accelerating growth in FY23 and beyond. On January 18, 2022, SUSE released the NeuVector codebase to the open source community– making it the industry's first end-to-end open source container security platform, and the only solution that delivers enterprise grade zero trust security for containerized workloads.

During the fourth quarter of the financial year SUSE continued to drive forward its innovation program with some significant new product launches.

On August 31, SUSE announced the release of SUSE Rancher 2.6 to better enable customers to manage their Kubernetes environments. This was the first major Rancher-related release from SUSE since the acquisition of Rancher Labs in December 2020. SUSE Rancher 2.6 provides enterprises with a crisp, enhanced user experience, full lifecycle management of hosted clusters in Microsoft AKS and Google GKE in addition to Amazon Web Services EKS, while fortifying their security and compliance posture. Open interoperability of SUSE Rancher gives customers freedom to choose, mix and match solutions that best fit their business strategy.

In October, SUSE expanded its Edge offering with the release of SUSE Linux Enterprise (SLE) Micro 5.1, a lightweight and secure operating system built for containerized and virtualized workloads. This release adds edge-focused security features such as secure device onboarding and live patching, and it enables the modernizing of workloads with support for IBM Z and LinuxONE. SLE Micro makes it easy for organizations of all sizes to adopt Kubernetes because it is designed to work well with K3s, SUSE Rancher (RKE2) or third-party Kubernetes distributions. SLE Micro 5.1 is also helping to expand SUSE's reach into some of its key industry focus segments, such as telecommunications and manufacturing.

Market and Revenues

		3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
ACV by Sol's	Core	98.7	84.7	17%	406.1	345.0	18%
	Emerging	26.3	13.0	102%	84.5	45.7	85%
	Total	**125.0**	**97.7**	28%	490.6	390.7	26%
Adj Revenue	Core	133.4	122.2	9%	506.6	457.8	11%
	Emerging	20.6	11.2	84%	69.3	41.3	68%
	Total	**154.0**	**133.4**	**15%**	**575.9**	**499.1**	**15%**

Q4 demonstrated continued strong growth, with ACV up 28% to $125 million and Adjusted Revenue of $154 million, an increase of 15% over the prior year. This was delivered by good performances across the business, with all key growth drivers delivering. There was continued high levels of growth in the Cloud and across most regions, with SUSE Rancher continuing to build rapidly. Emerging, although a relatively small part of the overall business, provided almost half of the growth in Q4 ACV.

Core ACV grew 17% to $98.7 million in Q4, in line with the overall growth for the year, particularly driven by continued strong growth in the Cloud, most notably with the hyperscalers. Independent hardware vendors (IHV), on the other hand, grew by 11% in the quarter, supported by growth in embedded and reflecting the shift to the Cloud.

Emerging ACV more than doubled to $26.3 million in Q4, with growth of 85% for the year as SUSE Rancher continued to see benefits from being part of SUSE and cross-selling to the company's broader customer base. Growth in the EMEA region was particularly strong, with our largest net new deal to date for SUSE Rancher and a very exciting first deal for Harvester. These deals were with large European companies in the telecoms and automotive sectors.

Customer wins of note in the quarter representing Core and Emerging growth include Oil and Natural Gas Corporation, a top energy company in APJ, and European telco giant Deutsche Telekom.

Q4 ACV growth across our geographic regions was strong. The EMEA region grew 27%, with strong performance from the hyperscalers and some large renewals. Growth in North America was 23%, despite a strong comparable quarter in the prior year. The new Federal business made an important contribution, and we saw continued progress for SUSE Rancher. China showed some softness in Q4 but still delivered new contracts in the quarter and growth of 22% for the year.

The key target growth markets of APJ and Latin America grew ACV at 87% and 95% respectively in Q4, reflecting the investment in leadership and sales. New Cloud growth was an important contributor on both regions.

Weighted average contract length remained consistent at 19 months.

Reported ACV growth for Q4 was not impacted by FX changes. Full year growth on constant FX rates was reduced from 26% to 23%.

Adjusted Revenue in Q4 was $154 million, growth of 15% for the quarter, primarily driven by the 84% growth in Emerging. The total Adjusted Revenue for the year was therefore $575.9 million, also representing 15% growth and exceeding the top of the guidance range for the year.

Core revenues grew 9% in the quarter and 11% for the year, impacted by a high comparator in the prior year. The end user business grew strongly in the quarter, primarily driven by the Cloud Service Provider (CSP) route to market, reflecting the continued migration to the Cloud. IHV growth remained slow.

Emerging revenues grew 84% to $20.6 million in the quarter, making total growth of 68% for the year. SUSE Rancher is growing with its existing customers and cross selling successfully across the SUSE customer base, which now extends across all routes to market.

Reported Revenue growth for Q4 was not impacted by FX changes. Full year revenue growth on constant FX rates was reduced from 15% to 14%.

Annual Recurring Revenue and Net Retention Rate

	12 Months ended 31 July 2021 USD $M	12 Months ended 31 July 2020 USD $M	Year on Year Movement %
ARR - SUSE as of period end July '21	498.9	449.8	11%
ARR - Rancher as of period end July '21	61.1	30.5	100%
ARR - Total	**560.0**	**480.3**	17%
NRR - SUSE as %	107.8%	108.3%	0%
NRR - Rancher as %	144.5%	128.9%	12%
NRR - Total as %	110.4%	109.0%	1%

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.

On a combined basis ARR increased from $480.3 million to $560.0 million, a growth of 17%. Growth was driven from both the SUSE ARR Core solutions and the acquired Rancher solutions.

SUSE ARR as of July 2021 (measured at the end of Q4) was $498.9 million, a growth of 11%. The ARR growth is divided between CSPs, with customers migrating workloads to the cloud, cross-selling and up-selling to the existing customer base.

Rancher ARR as of July 2021 (measured at the end of Q4) was $61.1 million, a growth of 100%. The ARR growth is a combination of net new logo customers to the Rancher solutions, and cross-selling and up-selling to the existing customer base.

SUSE NRR has remained broadly consistent with the prior year at 107.8% vs 108.3% and reflects continued growth from the existing customer base who remain loyal to SUSE.

Rancher NRR was 144.5%, a 12.1% improvement over the prior year, reflecting the continued success in growing the business.

As a result of migrating Rancher data to SUSE reporting systems, it has become apparent that there has been a miscalculation in Rancher ARR Q2 numbers reported at Q3, as a result of incomplete data sets. We have recalculated the Q2 ARR reported at Q3, and Rancher ARR has reduced. The same error occurred in the prior year comparison, so the reported growth rates remain high. Prior quarters are not impacted.

Revised Q2 (April) ARR, as reported at Q3, was $59.4 million not $65.8 million as previously reported. The prior year figure is revised to $26.8 million from $30.6 million previously reported and the year on year growth was therefore 122%, not 115%, as previously reported. On a combined basis, revised Q2 (April) ARR, as reported at Q3, was $549.1 million not $555.5 million. The combined prior year figure is revised to

$458.2 million from $462.0 million previously reported and year on year growth was 20%, consistent with the combined ARR reported at Q3. The ARR restatement also impacted NRR for Rancher. The revised Q2 (April) NRR as reported at Q3 was 158%, not 143% as previously reported.

In future reporting periods, SUSE will move to one global SUSE figure for ARR and NRR as the customer base is now fully merged.

Costs

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Adj Revenue	154.0	133.4	15%	575.9	499.1	15%
Cost of sales	10.8	8.4	29%	41.0	30.6	34%
Gross profit	**143.2**	**125.0**	**15%**	**534.9**	**468.5**	**14%**
% Margin	*93%*	*94%*		*93%*	*94%*	
Sales, Marketing & Operations	45.7	42.5	8%	152.1	144.9	5%
Research & Development	24.8	22.2	12%	94.6	82.9	14%
General & Administrative	24.7	24.5	1%	76.1	67.1	13%
Total operating expenses	**95.2**	**89.2**	**7%**	**322.8**	**294.9**	**9%**

Note: Operating expenses in this table exclude 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 margin of 93% for the quarter and for the year was slightly down on prior periods, reflecting some increased investment in the Customer Care and Services organization, as well as some third-party costs relating to new Rancher Government Services business in North America.

Operating expenses for the quarter grew 7% to $95.2 million and for the year 9% to $322.8 million – in both periods significantly less than the 15% growth in revenues.

A key driver of operating expenses is the growth in headcount, which increased by 25%, or 405 employees over the financial year, as SUSE invests in innovation, product development and growth. Around half of the headcount growth was due to the Rancher acquisition at the start of the year.

While SUSE managed to grow the sales organization by around 20%, it faces challenges in attracting and retaining top talent which is not dissimilar to other technology companies and it is a common theme across the IT industry. Nonetheless, staff retention has been relatively strong due to the unique open source culture of the organization and the attractiveness of being a listed company.

Sales, Marketing and Operations costs for Q4 are $45.7 million, up from $42.5 million for the same period in the prior year, which represents an 8% increase. In addition to the headcount increase, there was a step up in marketing program costs and some return of travel costs.

The Engineering organization also added around 20% to its workforce, mainly to further develop Kubernetes, as well as an increase in marketing linked to sponsorship of open source initiatives.

G&A added a small number of employees, notably in IT and Finance to support the reporting requirements for a listed company. Costs were further increased by some project spend, but the overall cost increase was largely offset by a favorable FX movement leading to a year-on-year increase of only 1% in the quarter.

Profitability

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Adj EBITDA	**48.0**	**35.8**	**34%**	**212.1**	**173.6**	**22%**
Adj EBITDA Margin	*31%*	*27%*		*37%*	*35%*	
Change in deferred revenue	3.7	(7.0)		66.1	5.7	
Adj Cash EBITDA	**51.7**	**28.8**	**80%**	**278.2**	**179.3**	**55%**
% Margin	*34%*	*22%*		*48%*	*36%*	

Adjusted EBITDA in Q4 was $48.0 million, a 34% increase over the prior period, and $212.1 million for the year, an increase of 22%. This is driven by the growth of the business and the higher rate of revenue growth versus costs, which also lead to an improvement in margins. Some of the improvement results from the continued saving in travel and marketing costs due to the ongoing impact of Covid-19.

The Adjusted EBITDA margin in the quarter was 31%, 4 percentage points higher than in the prior year, and for the year the margin was 37%, an increase of 2 percentage points. This is at the top end of the guidance which was for a margin in the mid-thirties.

The change in Deferred Revenue in Q4 was a modest $3.7 million, which is $10.7 million more than in the prior year. It contributes to a change for the year of $66.1 million, compared $5.7 million for the prior year. This reflects an overall return to longer contracts in the end user segment, along with a growing impact from SUSE Rancher which is winning longer-term contracts. It has also been impacted by some important contracts that have concluded on the basis of multiyear commitments, but to be paid annually. As a result of this the Remaining Performance Obligation, corresponding to committed but not invoiced business which is not recorded in the balance sheet at the year end, has increased from $27.2 million last year to $92.2 million at the end of FY21. This secures further revenues in future periods not reflected in the balance sheet.

Overall, Adjusted Cash EBITDA for Q4 was $51.7 million, a 34% margin and an increase from the prior year of 80%. For the year as a whole the Adjusted Cash EBITDA was $278.2 million, growth of 55% and a 48% margin, exceeding the guidance for the year as indicated at the time of our Q3 results.

Cash Flow

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Adjusted Cash EBITDA	**51.7**	**28.8**	**80%**	**278.2**	**179.3**	**55%**
Gross Capital Expenditure	(2.7)	(0.4)	**575%**	(4.8)	(2.2)	**118%**
Change in core working capital	21.8	(12.0)	**nm**	(20.0)	1.5	**nm**
IFRS 15	(11.2)	(6.6)	**70%**	(36.8)	(22.4)	**64%**
IFRS 16	(1.2)	(1.9)	**-37%**	(6.6)	(10.4)	**-37%**
Cash Taxes	(3.6)	(1.3)	**177%**	(8.0)	(6.3)	**27%**
Rancher pro forma uFCF	0.0	(3.0)	**-100%**	(1.8)	(9.4)	**-81%**
Adjusted uFCF	**54.8**	**3.6**	**1422%**	**200.2**	**130.1**	**54%**
Adj uFCF Conv from Adj EBITDA	114%	10%		94%	75%	

Adjusted unlevered Free Cash Flow for the quarter was $54.8 million, compared to $3.6 million in the prior year. This increase was primarily driven by the 80% increase in Adjusted Cash EBITDA and the change in working capital. This is largely due to higher trade payables due to timing of invoices and payroll accruals related to increased headcount over the year.

For the year as a whole, the Adjusted unlevered Free Cash Flow was $200.2 million, an increase of 54% over the prior year, with the increased profitability being the main driver of the growth. In addition to the strong Adjusted Cash EBITDA performance, there is a decrease in working capital, due to the increase in ACV bookings over the prior year. The adjustment for IFRS15 has increased, related to increased commission costs, in turn leading to higher cost deferrals.

Cash conversion was 114% for the quarter and 94% for the year, in line with our guidance. The key drivers were the increased profitability and higher positive movement in deferred revenue.

Leverage

	As at 31 Oct 2021 USD $M	As at 31 Oct 2020 USD $M	Year on Year Movement %
Net debt	720.5	895.5	**20%**
Adjusted Cash AEBITDA YTD Q4 '21	278.2	179.3	**55%**
Leverage	2.6	5.0	**48%**

Total net debt at the year end was $720.5 million, 20% lower than the prior year, but higher than the $653.1 million reported at the end of Q3.

The reduction over the full year has been driven by the proceeds of the IPO and the cash generated from the business, net of the funding of two acquisitions. In Q4 the important factors driving the sequential increase were the cash element of the funding for the NeuVector acquisition ($101 million) and the cash generated by the business operations.

The leverage ratio, calculated as the Net debt divided by the last 12 months Adjusted Cash EBITDA, was 2.6x at the end of the full year, the same as at the end of Q3 and significantly lower than the prior year figure of 5.0x. It is also well within the maximum leverage specified at the time of the IPO of 3.5x, despite having funded a tuck-in acquisition primarily from existing cash resources. Excluding the NeuVector acquisition, the leverage ratio would have been 2.2x.

ESG

Environmental, Social and Governance (ESG) is central to our business and our sustainable growth.

In FY21 we made significant progress across multiple areas, including the release of our first NFDR (non-financial disclosure report), aligned with Global Reporting Initiative (GRI) standards and were influenced by the UN Sustainable Development Goals. This can be found in section 7 and 12 of the FY2021 Annual Report which also published today.

We also made a public commitment to set science-based targets in FY22, as we believe in taking urgent action to combat climate change.

To ensure our commitment to climate action is realized, we introduced ESG targets to the Management Board compensation and are embedding ESG KPIs across business functions.

We know there is more work to be done in this area, and as a purpose-driven company we will continually strive to improve in the years to come and will continue to make progress in our areas of focus. We will also continue to release new policies and training programs as part of our commitment to business integrity and compliance.

Outlook

Having met or slightly exceeded guidance for 2021, SUSE is pleased to confirm its guidance for continuing growth in FY2022 and the medium term. We expect to see ACV Core continuing to grow at a rate of mid-to high-teens percent per year, while ACV Emerging should continue to growth in excess of 60% in FY 2022 and in excess of 50% per year in the medium term.

We expect Adjusted Revenue to grow at mid-to-high teens percent in 2022, thereafter with growth around 20% per year in the medium term.

In Q1 2021 we successfully closed a number of large, multi-year renewals. These deals (primarily in Core) reduce the size of the renewal pool in Q1 2022, although they do contribute to revenues. This is an instance of the normal quarterly variability of our ACV metric. As a result, we expect Core ACV growth to be limited in Q1 2022 and to build across the rest of our financial year to achieve our full year guidance.

As already communicated, the Adjusted EBITDA margin is expected to be in the mid-thirties percent in FY2022, allowing for some dilution from NeuVector, but it will then grow in the medium term toward 40%.

Adjusted unlevered Free Cash Flow conversion is expected to be stable to slightly increasing from the FY2021 level, measured as a percentage of Adjusted EBITDA.

SUSE

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 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 CEST / 1:00 PM GMT on January 20, 2022, to discuss the results.

The audio webcast can be followed via https://www.webcast-eqs.com/suse20220120. A replay will be available on the Investor Relations website. The accompanying presentation 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**
17 March 2022	Release of Q1 results
24 March 2022	Annual General Meeting
7 July 2022	Release of Q2 results and H1 Financial Report
22 September 2022	Release of Q3 results
19 January 2023	Release of Q4 results and FY22 Annual Report

SUSE

APPENDIX 1 Reconciliation from IFRS to Adjusted Pro Forma Figures

IFRS Revenue to Adjusted Revenue

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Revenue - IFRS	151.8	120.0	**27%**	559.5	447.4	**25%**
Adjustments						
Contract liability haircut amortized	2.2	3.6	**-39%**	12.7	18.6	**-32%**
Pro Forma Rancher	0.0	9.8	**-100%**	3.7	33.1	**-89%**
Adjusted revenue	**154.0**	**133.4**	**15%**	575.9	499.1	**15%**

Note: The Pro Forma Rancher adjustment is 1 month in FY 2021, and for the full periods in 2020 Q4 and FY.

IFRS Operating Loss to Adjusted EBITDA

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Operating loss - IFRS	(19.6)	(29.3)	**-33%**	(200.9)	(8.7)	**2209%**
Adjustments						
Depreciation and Amortization	33.9	34.4	**-1%**	153.0	135.0	**13%**
Separately reported items	12.8	24.9	**-49%**	26.9	25.5	**5%**
Contract liability haircut amortized	2.2	3.6	**-39%**	12.7	18.6	**-32%**
Non-recurring items	5.6	0.6	**833%**	23.9	21.4	**12%**
Share-based payments - charge	9.1	4.5	**102%**	175.2	11.8	**1385%**
Share-based payments - ER taxes	0.0	0.0	**0%**	7.0	0.0	**nm**
Foreign exchange - unrealized	4.0	1.5	**167%**	16.1	(13.5)	**nm**
Adjusted EBITDA - Non pro forma	**48.0**	**40.2**	**19%**	**213.9**	**190.1**	**13%**
Pro Forma Rancher	0.0	(4.4)	**-100%**	(1.8)	(16.5)	**-89%**
Adjusted EBITDA - pro forma	**48.0**	**35.8**	**34%**	**212.1**	**173.6**	**22%**

Note: The Pro Forma Rancher adjustment is 1 month in FY 2021, and for the full periods in 2020 Q4 and FY.

IFRS Net Cash inflow from Operating Activities to Adjusted uFCF

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Net cash inflow from operating activities	**(75.7)**	**16.8**	**n.m**	**2.8**	**129.3**	**-98%**
Interest paid	7.1	12.0	**-41%**	47.6	50.1	**-5%**
Tax paid	3.6	1.3	**177%**	8.0	6.3	**27%**
Cash generated from operations	**(65.0)**	**30.1**	**n.m**	**58.4**	**185.7**	**-69%**
Addbacks - non cash items	(53.8)	(76.1)	**-29%**	(366.8)	(187.1)	**96%**
Movements - other working capital	(26.5)	(11.3)	**135%**	4.1	(49.2)	**n.m**
Movement in other pensions	(0.7)	(0.9)	**-22%**	(0.6)	(0.5)	**20%**
Movements in provisions	3.5	7.3	**-52%**	8.0	5.2	**54%**
Movements in contract-related assets	13.3	10.4	**28%**	46.1	31.2	**48%**
Movements in contract liabilities	(3.7)	11.2	**n.m**	(63.4)	6.0	**n.m**
Settlement of VSOP Scheme	113.3	0.0	**n.m**	113.3	0.0	**n.m**
Operating loss per IFRS Statements	**(19.6)**	**(29.3)**	**-33%**	**(200.9)**	**(8.7)**	**2209%**
Depreciation and Amortization	33.9	34.4	**-1%**	153.0	135.0	**13%**
EBITDA per IFRS Statements	**14.3**	**5.1**	**180%**	**(47.9)**	**126.3**	**-138%**
Separately reported items	12.8	24.9	**-49%**	26.9	25.5	**5%**
Non-recurring items	5.6	0.6	**833%**	23.9	21.4	**12%**
Share-based payments - charge	9.1	4.5	**102%**	175.2	11.8	**1385%**
Share-based payments - ER taxes	0.0	0.0	**0%**	7.0	0.0	**n.m**
Deferred revenue haircut	2.2	3.6	**-39%**	12.7	18.6	**-32%**
Foreign Exchange - Unrealized	4.0	1.5	**167%**	16.1	(13.5)	**n.m**
Adjusted EBITDA	**48.0**	**40.2**	**19%**	**213.9**	**190.1**	**13%**
Rancher pro forma Adjustment	0.0	(4.4)	**n.m**	(1.8)	(16.5)	**-89%**
Adjusted EBITDA (SUSE & Rancher pro forma)	**48.0**	**35.8**	**34%**	**212.1**	**173.6**	**22%**
Movement in contract liabilities	3.7	(7.0)	**-153%**	66.1	5.7	**1060%**
Adjusted Cash EBITDA (SUSE & Rancher pro forma)	**51.7**	**28.8**	**80%**	**278.2**	**179.3**	**55%**
IFRS 15	(11.2)	(6.6)	**70%**	(36.8)	(22.4)	**64%**
IFRS 16	(1.2)	(1.9)	**-37%**	(6.6)	(10.4)	**-37%**
Change in core working capital	21.8	(12.0)	**n.m.**	(20.0)	1.5	**n.m.**
Gross capital expenditure	(2.7)	(0.4)	**575%**	(4.8)	(2.2)	**118%**
Tax expense	(3.6)	(1.3)	**177%**	(8.0)	(6.3)	**27%**
Other adjustments - Rancher pro forma	0.0	(3.0)	**n.m.**	(1.8)	(9.4)	**-81%**
Adjusted unlevered Free Cash Flow	**54.8**	**3.6**		**200.2**	**130.1**	

Note: The Pro Forma Rancher adjustment is 1 month in FY 2021, and for the full periods in 2020 Q4 and FY.

APPENDIX 2 Supplementary Information

Adjusted Profit Before Tax and Adjusted Earnings Per Share

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Adj Revenue	**154.0**	**133.4**	**15%**	**575.9**	**499.1**	**15%**
Adj EBITDA	**48.0**	**35.8**	**34%**	**212.1**	**173.6**	**22%**
Depreciation - PPE	1.1	1.1	**0%**	4.5	4.5	**0%**
Depreciation - Right of Use Assets	1.9	2.7	**-30%**	6.5	10.5	**-38%**
Amortization - Purchased Software	2.1	1.8	**17%**	8.1	5.9	**37%**
Amortization - Development Costs	0.3	0.3	**0%**	1.2	0.8	**50%**
Net Finance Costs	20.8	15.2	**37%**	58.9	61.3	**-4%**
Adj Profit Before Tax	**21.8**	**14.7**	**48%**	**132.9**	**90.6**	**47%**
Notional Tax	**Not Reported**	**Not Reported**		**47.8**	**29.0**	**65%**
Adj Profit After Tax	**Not Reported**	**Not Reported**		**85.1**	**61.6**	**38%**
Adj Profit After Tax %	*Not Reported*	*Not Reported*		*15%*	*12%*	*20%*
Number of Shares	63.2	nm	nm	63.2	nm	nm
Adj Earnings Per Share ($)	**Not Reported**	**nm**	**nm**	**1.3**	**nm**	**nm**

Note: Adj Earnings Per Share is calculated on the basis of the weighted average number of ordinary shares in issue during the year. The number of ordinary shares in issue at the year end was 169,027,117.

ACV – By Route to Market

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
ACV by RTM						
End User	112.6	86.5	**30%**	413.8	320.0	**29%**
IHV	12.4	11.2	**11%**	76.8	70.7	**9%**
Total	**125.0**	**97.7**	**28%**	490.6	390.7	**26%**

SUSE

ACV – By Region

	3 Months ended 31 Oct 2021 USD $M	3 Months ended 31 Oct 2020 USD $M	Year on Year Movement %	Year ended 31 Oct 2021 USD $M	Year ended 31 Oct 2020 USD $M	Year on Year Movement %
Europe, Middle East and Africa	49.9	39.2	**27%**	210.6	176.0	**20%**
North America	50.6	41.2	**23%**	194.1	151.1	**28%**
Asia Pacific and Japan	11.4	6.1	**87%**	37.5	26.5	**42%**
Greater China	8.8	9.0	**-2%**	35.2	28.9	**22%**
Latin America	4.3	2.2	**95%**	13.2	8.2	**61%**
Total	**125.0**	**97.7**	**28%**	490.6	**390.7**	**26%**

APPENDIX 3 Comparable Data for Prior Periods

		2020				2021			
USD $M		**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
ACV by Sol's	Core	95.1	90.3	74.9	84.7	111.3	94.6	101.5	98.7
	Emerging	13.4	8.3	11.0	13.0	26.3	14.4	17.5	26.3
	Total	**108.5**	**98.6**	**85.9**	**97.7**	**137.6**	**109.0**	**119.0**	**125.0**
Adj Revenue	Core	106.1	115.0	114.5	122.2	118.6	121.4	133.2	133.4
	Emerging	8.8	10.5	10.8	11.2	15.5	15.4	17.8	20.6
	Total	**114.9**	**125.5**	**125.3**	**133.4**	**134.1**	**136.8**	**151.0**	**154.0**
Cost of sales		7.1	7.5	7.6	8.4	8.1	10.5	11.6	10.8
Gross Profit		**107.8**	**118.0**	**117.7**	**125.0**	**126.0**	**126.3**	**139.4**	**143.2**
% Margin		*94%*	*94%*	*94%*	*94%*	*94%*	*92%*	*92%*	*93%*
Sales, Marketing & Operations		35.4	34.1	32.9	42.5	31.5	35.9	39.0	45.7
Research & Development		20.3	20.1	20.3	22.2	22.0	22.4	25.4	24.8
General & Administrative		14.5	14.0	14.1	24.5	11.8	19.8	19.8	24.7
Total operating expenses		**70.2**	**68.2**	**67.3**	**89.2**	**65.3**	**78.1**	**84.2**	**95.2**
Adj EBITDA		**37.6**	**49.8**	**50.4**	**35.8**	**60.7**	**48.2**	**55.2**	**48.0**
Adj EBITDA Margin		*33%*	*40%*	*40%*	*27%*	*45%*	*35%*	*37%*	*31%*
Change in deferred revenue		18.3	9.4	(15.0)	(7.0)	46.4	6.2	9.8	3.7
Adj Cash EBITDA		**55.9**	**59.2**	**35.4**	**28.8**	**107.1**	**54.4**	**65.0**	**51.7**
% Margin		*49%*	*47%*	*28%*	*22%*	*80%*	*40%*	*43%*	*34%*

APPENDIX 4 Alternative Performance Measures (APM)

This document contains certain alternative performance measures (collectively, "APMs") including ACV, ARR, NRR, Adjusted Revenue, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Cash EBITDA, Adjusted Cash EBITDA margin, Adjusted uFCF, Cash Conversion, and Net Debt and Leverage 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, Adjusted Revenue, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Cash EBITDA, Adjusted Cash EBITDA Margin, Adjusted uFCF, Cash Conversion, RPO and Net Debt and Leverage 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;

"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 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 Group, adjusted for fair value adjustments;

"Adjusted Gross Profit": this APM represents Adjusted Revenue less operating costs adjusted for non-recurring items;

"Adjusted Gross Profit Margin" expressed as a percentage, this APM represents Adjusted Gross Profit divided by Adjusted Revenue

"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 Profit before Tax" s Adjusted EBITDA (post IFRS 15 and 16), less D&A (excluding intangible amortization for Customer relationships, intellectual property and non-complete agreements) less net financial expense

"Adjusted Profit after Tax" is Adjusted Profit before Tax less notional tax

"Adjusted Earnings per share" represents Adjusted Profit after Tax less notional tax divided by the weighted average number of shares during the period

"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 current and non-current interest bearing borrowings (net of un-amortized capitalized arrangement fees, gains or losses on loan modifications), current and non-current lease liabilities, less cash and cash equivalents

"Leverage" - Expressed as a multiple, Leverage is Net Debt divided by Adjusted Cash EBITDA