



SAP Announces Q1 2023 Results

Unless otherwise stated, all figures in this statement are based on SAP group results from continuing operations.

- Cloud revenue up 24% and up 22% at constant currencies, up 1 percentage point sequentially. S/4HANA cloud revenue up 77% and up 75% at constant currencies
- Current cloud backlog up 25%, both at nominal and constant currencies, a sequential growth improvement of 1 percentage point
- IFRS cloud gross profit up 28%, non-IFRS cloud gross profit up 28% and up 27 % at constant currencies fueling double-digit non-IFRS operating profit growth
- IFRS operating profit down 45%, non-IFRS operating profit up 12% and up 12% at constant currencies
- 2023 outlook updated to reflect the expected Qualtrics divestiture. SAP reaffirms outlook for continuing operations including anticipated acceleration of topline and operating profit growth

in € millions, unless otherwise stated

| | | | |
|--|---|--|---|
| Total revenue 7,441 ▲ +10% (+9% @cc) | Cloud & Software revenue 6,358 ▲ +10% (+8% @cc) | Cloud revenue 3,178 ▲ +24% (+22% @cc) | S/4HANA cloud revenue 716 ▲ +77% (+75% @cc) |
| Share of more predictable revenue 82% ▲ +1pp | | Current cloud backlog 11,148 ▲ +25% (+25% @cc) | S/4HANA current cloud backlog 3,418 ▲ +78% (+79% @cc) |
| Gross profit (Gross margin in %) | Cloud gross profit (Cloud gross margin in %) | Operating profit | Earnings per Share (in €) |
| IFRS 5,284 (71.0%) ▲ +8% | IFRS 2,239 (70.5%) ▲ +28% | IFRS 803 ▼ -45% | IFRS basic 0.35 ▼ -60% |
| Non-IFRS 5,427 (72.9%) ▲ +10% (+9% @cc) | Non-IFRS 2,269 (71.4%) ▲ +28% (+27% @cc) | Non-IFRS 1,875 ▲ +12% (+12% @cc) | IFRS diluted Non-IFRS basic 0.35 1.08 ▼ -60% ▲ +8% |



Christian Klein, CEO: "We have entered a powerful new phase in our strategic transformation, with topline and bottom-line results clearly demonstrating the tipping point we passed in the fourth quarter 2022. Our cloud momentum continues at a fast pace which is contributing to our strong revenue and double-digit non-IFRS operating profit growth this quarter."



Dominik Asam, CFO: "The year is off to a good start. I am excited to have joined an organization which is delivering and staying on the right track. We have accelerated topline growth and have already achieved double-digit non-IFRS operating profit growth in Q1. Our results set solid groundwork for our full year outlook, thereby pivoting back to profitable growth in 2023. Saying what we do, and doing what we say, will continue to be of great importance to us."

**Walldorf, Germany – April 21, 2023.**

SAP SE (NYSE: SAP) today announced its financial results for the first quarter ended March 31, 2023.

In Q1 2023, the Qualtrics consolidated group ("Qualtrics") has been classified as discontinued operations under IFRS 5. Consequently, the contribution from Qualtrics is not included in the reporting of SAP's continuing operations. See section (N) Discontinued Operations. For more information on changes in SAP's presentation and disclosures please see recorded info session <https://www.sap.com/investors/en/reports/reporting-framework.html>.

Financial Performance

Group results at a glance – First quarter 2023

| € million, unless otherwise stated | IFRS | | | Non-IFRS ¹ | | | |
|---|---------|---------|--------|-----------------------|---------|--------|---------------------|
| | Q1 2023 | Q1 2022 | Δ in % | Q1 2023 | Q1 2022 | Δ in % | Δ in % const. curr. |
| Cloud revenue | 3,178 | 2,565 | 24 | 3,178 | 2,565 | 24 | 22 |
| Thereof SAP S/4HANA Cloud revenue | 716 | 404 | 77 | 716 | 404 | 77 | 75 |
| Software licenses | 276 | 317 | -13 | 276 | 317 | -13 | -13 |
| Software support | 2,905 | 2,923 | -1 | 2,905 | 2,923 | -1 | -1 |
| Software licenses and support revenue | 3,180 | 3,240 | -2 | 3,180 | 3,240 | -2 | -2 |
| Cloud and software revenue | 6,358 | 5,806 | 10 | 6,358 | 5,806 | 10 | 8 |
| Total revenue | 7,441 | 6,773 | 10 | 7,441 | 6,773 | 10 | 9 |
| Share of more predictable revenue (in %) | 82 | 81 | 1pp | 82 | 81 | 1pp | |
| Operating profit (loss) | 803 | 1,471 | -45 | 1,875 | 1,676 | 12 | 12 |
| Profit (loss) after tax from continuing operations | 403 | 1,016 | -60 | 1,254 | 1,171 | 7 | |
| Profit (loss) after tax ² | 509 | 632 | -19 | 1,587 | 1,166 | 36 | |
| Earnings per share - Basic (in €) from continuing operations | 0.35 | 0.87 | -60 | 1.08 | 1.00 | 8 | |
| Earnings per share - Diluted (in €) from continuing operations | 0.35 | 0.87 | -60 | | | | |
| Earnings per share - Basic (in €) ² | 0.41 | 0.63 | -35 | 1.27 | 1.00 | 27 | |
| Earnings per share - Diluted (in €) ² | 0.41 | 0.63 | -35 | | | | |
| Net cash flows from operating activities from continuing operations | 2,311 | 2,465 | -6 | | | | |
| Free cash flow | | | | 1,955 | 2,159 | -9 | |
| Number of employees (FTE, March 31) | 105,132 | 104,670 | 0 | | | | |

¹ For a breakdown of the individual adjustments see table "Non-IFRS Adjustments by Functional Areas" in this Quarterly Statement.

² From continuing and discontinued operations.

Due to rounding, numbers may not add up precisely.



Financial Highlights¹

First Quarter 2023

Current cloud backlog grew by 25% to €11.15 billion and was up 25% at constant currencies, a sequential growth improvement of 1 percentage point. SAP S/4HANA current cloud backlog was up 78% to €3.42 billion and up 79% at constant currencies.

In the first quarter, cloud revenue was up 24% to €3.18 billion and up 22% at constant currencies, up 1 percentage point sequentially. SAP S/4HANA cloud revenue was up 77% to €716 million and up 75% at constant currencies.

Supported by a few major transactions, software licenses revenue decreased by a moderate 13% to €276 million and was down 13% at constant currencies. Cloud and software revenue was up 10% to €6.36 billion and up 8% at constant currencies. Services revenue was up 12% to €1.08 billion and up 11% at constant currencies. Total revenue was up 10% to €7.44 billion and up 9% at constant currencies.

The share of more predictable revenue increased by 1 percentage point to 82% in the first quarter.

Cloud gross profit was up 28% (IFRS) to €2.24 billion, up 28% to €2.27 billion (non-IFRS), and up 27% (non-IFRS at constant currencies).

IFRS operating profit decreased 45% to €803 million. The decrease is mainly driven by the increase in share-based compensation which reflects the increase in share price over the first quarter as compared to last year's decline over the same period. In addition, IFRS operating profit was impacted by restructuring expenses associated with the targeted restructuring program, as well as expenses resulting from a provision for pre-existing regulatory compliance matters (see section (D) Basis of Non-IFRS Presentation). Non-IFRS operating profit was up 12% to €1.87 billion and up 12% at constant currencies.

As a result, IFRS basic earnings per share decreased 60% to €0.35. Non-IFRS earnings per share (basic) increased 8% to €1.08. The effective tax rate was 40.5% (IFRS) and 28.3% (non-IFRS). For IFRS, the year-over-year increase mainly resulted from changes in non-deductible expenses and valuation allowances on deferred tax assets. For non-IFRS, the changes in non-deductible expenses do not apply due to respective adjustments of pre-tax figures.

Free cash flow was down 9% mainly due to the impact of sale of trade receivables in the fourth quarter last year which was weighing on Q1.

Impact of War in Ukraine

The wind down of our business operations in Russia and Belarus is almost complete. Should the situation escalate beyond its current scope, our business could potentially be subject to materially adverse consequences.

¹ The Q1 2023 results were also impacted by other effects. For details, please refer to the disclosures on page 21 of this document.



Business Highlights

In the first quarter, customers around the globe continued to choose “RISE with SAP” to drive their end-to-end business transformations. These customers included BMW Group, DOLCE & GABBANA, GAMA, GlasfaserPlus, The Government of Manitoba, Henkel, KANSAI PAINT CO, Lingong Heavy Machinery, MLS, NEC Networks & System Integration Corporation, Pastificio Rana, Sempra Infrastructure, Sodexo BRS, Sri Intellectual, Thales Defense & Security Inc, VEM Conveniência, and Zagis.

Advanced Micro Devices, Air India, Aurobay, FLYING WHALES, Hengan Group, JFE Steel Corporation, Ourofino Agrociência, REPETCO Innovations, and Shinsegae International went live on SAP S/4HANA Cloud in the first quarter.

Key customer wins across SAP’s solution portfolio included: A.S. Watson, BayWa, Berlin Hyp, Brisanet, Dr. Martens (Airwair International Limited), Envision Energy, Grupo Estrella Blanca, Grupo Minero Bacis, Haffner Energy, HCLTech, Hitachi High-Tech Corporation, N+, NTT DATA Business Solutions, Lee Kum Kee Sauce Group, SMA Solar Technology, Soleum, University Hospital Bonn, and Whirlpool Corporation. Numerous customers have also gone live with SAP solutions, including: Dexco, DKSH Holding Limited, Larsen & Toubro Limited, and Wipro.

In the first quarter, SAP’s cloud revenue performance was robust across all regions. Brazil, Germany and India had outstanding cloud revenue growth while China, Japan, Mexico, the Netherlands, Switzerland, and the United States performed particularly strong.

SAP proposed a dividend of €2.05 per share for fiscal year 2022 representing a year-over-year increase of 5% compared to the regular dividend paid for fiscal year 2021. The dividend is subject to shareholder approval at the upcoming AGM scheduled for May 11, 2023.

On February 1, 2023, SAP and Red Hat, Inc., the world’s leading provider of open-source solutions, announced an expanded partnership intended to significantly increase SAP’s use of and support for Red Hat Enterprise Linux.

On February 8, SAP announced a strategic partnership with Merck KGaA, Germany, to jointly drive sustainable business practice innovation. The partnership is expected to further accelerate the migration of the systems of Merck KGaA to the cloud with RISE with SAP, a core element of which is SAP S/4HANA Cloud.

On February 22, SAP announced that the Supervisory Board of SAP SE nominated Dr. h. c. Punit Renjen to stand for election as a new member of the Supervisory Board and proposes Dr. Renjen as the designated successor to Chairman, Prof. Dr. Hasso Plattner.

On March 2, SAP announced that it filed the SAP Annual Report on Form 20-F for the year ended December 31, 2022, with the U.S. Securities and Exchange Commission (SEC) and that the SAP Integrated Report 2022 is available and accessible online at www.sapintegratedreport.com.

On March 8, SAP announced the SAP Datasphere solution, the next generation of its data management portfolio. In addition, SAP also introduced strategic partnerships with industry-leading data and AI companies – Collibra NV, Confluent Inc., Databricks Inc. and DataRobot Inc.

On March 13, SAP announced that it agreed to sell all of its 423 million shares of Qualtrics International Inc. as part of the acquisition of Qualtrics by funds affiliated with Silver Lake as well as Canada Pension Plan Investment Board. At a purchase price of US\$18.15 in cash per share, the transaction corresponds to a Qualtrics equity value of approximately US\$12.5 billion on a fully diluted basis, representing a 73% premium over the 30-day average trading price prior to SAP’s announcement to explore a sale (approx. 62% premium relative to the unaffected closing price on January 25, 2023). SAP’s stake will be acquired for approximately US\$7.7 billion. The closing of the transaction is subject to customary regulatory approvals and closing conditions.

On March 16, SAP announced that it closed a new sustainability-linked revolving credit facility with a volume of €3 billion and a tenor of five years plus two one-year extension options.

On March 21, SAP announced GROW with SAP, a new offering to help midsize customers adopt cloud ERP that enables speed, predictability and continuous innovation. It is a comprehensive offering built on SAP S/4HANA Cloud, public edition and SAP Business Technology Platform.

On March 31, SAP announced that the SAP Supervisory Board extended the contracts of Executive Board Members Julia White, Chief Marketing & Solutions Officer, and Scott Russell, who leads SAP’s Customer Success organization, for three years until 2027. Furthermore, Sabine Bendiek, Chief People & Operating Officer and Labor Relations Director, informed the Supervisory Board that she will not seek to renew her Executive Board contract. Her contract ends on December 31, 2023.



Segment Results at a Glance

SAP's reportable segment showed the following performance:

| | | Q1 2023 | | |
|--|-----------------|---------|-----------------------------|--|
| € million, unless otherwise stated (Non-IFRS) | Actual Currency | Δ in % | Δ in % Constant Currency | |
| SaaS ² | 2,204 | 25 | 23 | |
| PaaS ³ | 482 | 47 | 45 | |
| IaaS ⁴ | 200 | -12 | -13 | |
| Cloud revenue | 2,886 | 24 | 23 | |
| Cloud gross profit | 1,990 | 30 | 28 | |
| Segment revenue | 7,143 | 9 | 8 | |
| Segment profit (loss) | 2,103 | 12 | 12 | |
| SaaS ² (in %) | 68.8 | 0.3pp | 0.5pp | |
| PaaS ³ (in %) | 84.3 | 3.6pp | 4.1pp | |
| IaaS ⁴ (in %) | 33.6 | 6.3pp | 9.0pp | |
| Segment margin (in %) | 29.4 | 0.7pp | 0.9pp | |

¹ Segment information for comparative prior periods were restated to conform with the new segment composition.

² Software as a service

³ Platform as a service

⁴ Infrastructure as a service

In the first quarter, segment revenue in AT&S was up 9% to €7.14 billion year-over-year and up 8% at constant currencies, primarily due to strong cloud revenue growth, which was supported by SAP S/4HANA as well as Business Technology Platform. Software licenses revenue decreased due to the shift to the cloud as more customers chose our 'RISE with SAP' offering. Segment services revenue was up 12% to €1.08 billion year-over-year and up 11% at constant currencies.

Cloud Performance

| | | Q1 2023 | | |
|---|-----------------|--------------|-----------------------------|--|
| € millions, unless otherwise stated (non-IFRS) | Actual currency | Δ in % | Δ in % Constant currency | |
| Current Cloud Backlog | | | | |
| Total | 11,148 | 25 | 25 | |
| Thereof SAP S/4HANA | 3,418 | 78 | 79 | |
| Cloud Revenue | | | | |
| SaaS ¹ | 2,496 | 24 | 22 | |
| PaaS ² | 482 | 47 | 45 | |
| IaaS ³ | 200 | -12 | -13 | |
| Total | 3,178 | 24 | 22 | |
| Thereof SAP S/4HANA | 716 | 77 | 75 | |
| Cloud Gross Profit | | | | |
| SaaS ¹ | 1,796 | 25 | 23 | |
| PaaS ² | 406 | 54 | 53 | |
| IaaS ³ | 67 | 8 | 16 | |
| Total | 2,269 | 28 | 27 | |
| Cloud Gross Margin (in %) | | | | |
| SaaS ¹ (in %) | 71.9 | 0.3pp | 0.5pp | |
| PaaS ² (in %) | 84.3 | 3.6pp | 4.1pp | |
| IaaS ³ (in %) | 33.6 | 6.3pp | 9.0pp | |
| Total | 71.4 | 2.5pp | 2.9pp | |



¹ Software as a service: SaaS comprises all other offerings which are not shown as PaaS and IaaS.

² Platform as a service: PaaS includes primarily SAP Business Technology Platform and SAP Signavio.

³ Infrastructure as a service: Major portion of IaaS comes from SAP HANA Enterprise Cloud.

Due to rounding, numbers may not add up precisely.

The first quarter 2023 results were also impacted by other effects. For details, please refer to the disclosure on page 21 of this document.

Business Outlook

Reflecting the expected Qualtrics divestiture, SAP is updating its full-year 2023 outlook to cover only continuing operations.

Financial Outlook 2023

| | Actual 2022 (continuing operations) | 2023 Outlook (as of January 26) | Adjustment for discontinued operations | 2023 Outlook (continuing operations) |
|---|---|------------------------------------|---|--|
| Cloud revenue (at constant currencies) | €11.43 billion | €15.3 – 15.7 billion | €1.3 billion | €14.0 – 14.4 billion +23% to +26% |
| Cloud and software revenue (at constant currencies) | €25.39 billion | €28.2 – 28.7 billion | €1.3 billion | €26.9 – 27.4 billion +6% to +8% |
| Operating profit (non-IFRS, at constant currencies) | €7.99 billion | €8.8 – 9.1 billion | €0.2 billion | €8.6 – 8.9 billion +8% to +11% |
| Share of more predictable revenue | 79% | approx. 83% | n/a | approx. 82% |
| Free cash flow | n/a | approx. €5.0 billion | €0.1 billion | approx. €4.9 billion |
| Effective tax rate (IFRS) | 32.0% | 28.0 – 32.0% | n/a | 28.0 – 32.0% |
| Effective tax rate (non-IFRS) | 29.6% | 26.0 – 28.0% | n/a | 26.0 – 28.0% |

The adjustment for cloud revenue and operating profit is based on the Qualtrics outlook for 2023 as published by Qualtrics on January 25. In the absence of such guidance, financial outlook parameters are based on the 2023 Qualtrics analyst consensus as of April 19.

The disposal gain realized upon closing of the transaction will be included into profit (loss) after tax from discontinued operations. The divestiture will not impact operating profit or free cash flow from continuing operations.

SAP confirms its performance expectations underlying its January 2023 outlook for continuing operations but now updates its 2023 outlook to reflect the anticipated divestiture of Qualtrics and expects:

- €14.0 – 14.4 billion cloud revenue at constant currencies (2022: €11.43 billion), up 23% to 26% at constant currencies.
- €26.9 – 27.4 billion cloud and software revenue at constant currencies (2022: €25.39 billion), up 6% to 8% at constant currencies.
- €8.6 – 8.9 billion non-IFRS operating profit at constant currencies (2022: €7.99 billion), up 8% to 11% at constant currencies.
- A share of more predictable revenue of approximately 82% (2022: 79%). It is defined as the total of cloud revenue and software support revenue divided by total revenue.
- Free cash flow of approximately €4.9 billion.
- A full-year effective tax rate (IFRS) of 28.0% to 32.0% (2022: 32.0%) and an effective tax rate (non-IFRS) of 26.0% to 28.0% (2022: 29.6%).



While SAP's full-year 2023 financial outlook is at constant currencies, actual currency reported figures are expected to be impacted by currency exchange rate fluctuations as the Company progresses through the year. See the table below.

Currency Impact Assuming March 2023 Rates Apply for 2023

| In percentage points | Q2 2023 | FY 2023 |
|------------------------------------|--------------|--------------|
| Cloud revenue growth | -3pp to -1pp | -3pp to -1pp |
| Cloud and software revenue growth | -2pp to 0pp | -3pp to -1pp |
| Operating profit growth (non-IFRS) | -3pp to -1pp | -3pp to -1pp |

Non-Financial Outlook 2023

SAP continues to focus on three non-financial indicators: customer loyalty, employee engagement, and carbon emissions.

In 2023, for continuing operations SAP continues to expect:

- a Customer Net Promoter Score of 8 to 12².
- an Employee Engagement Index to be in a range of 76% to 80%.
- Net carbon emissions of 0kt, meaning the Company will be carbon neutral in its own operations.

Ambition 2025

SAP expects to update its mid-term ambition as part of its financial analyst conference at Sapphire on May 16, 2023.

² The guidance is based on an adjusted methodology for 2023 to better reflect the business priorities of the company.



Additional Information

This press release and all information therein is preliminary and unaudited.

SAP Performance Measures

For more information about our key growth metrics and performance measures, their calculation, their usefulness, and their limitation, please refer to the following document on our Investor Relations website:

<https://www.sap.com/investors/performance-measures>

Webcast

SAP senior management will host a financial analyst conference call on Friday, April 21st at 2:00 PM (CEST) / 1:00 PM (BST) / 8:00 AM (Eastern) / 5:00 AM (Pacific). The conference will be webcast on the Company's website at <https://www.sap.com/investor> and will be available for replay. Supplementary financial information pertaining to the first quarter results can be found at <https://www.sap.com/investor>.

Financial Analyst and Investor Conference

SAP will hold a financial analyst event on Tuesday, May 16th, in conjunction with its annual SAP Sapphire conference.

About SAP

SAP's strategy is to help every business run as an intelligent enterprise. As a market leader in enterprise application software, we help companies of all sizes and in all industries run at their best: SAP customers generate 87% of total global commerce. Our machine learning, Internet of Things (IoT), and advanced analytics technologies help turn customers' businesses into intelligent enterprises. SAP helps give people and organizations deep business insight and fosters collaboration that helps them stay ahead of their competition. We simplify technology for companies so they can consume our software the way they want – without disruption. Our end-to-end suite of applications and services enables business and public customers across 25 industries globally to operate profitably, adapt continuously, and make a difference. With a global network of customers, partners, employees, and thought leaders, SAP helps the world run better and improve people's lives. For more information, visit www.sap.com.

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This document contains forward-looking statements, which are predictions, projections, or other statements about future events. These statements are based on current expectations, forecasts, and assumptions that are subject to risks and uncertainties that could cause actual results and outcomes to materially differ. Additional information regarding these risks and uncertainties may be found in our filings with the Securities and Exchange Commission, including but not limited to the risk factors section of SAP's 2022 Annual Report on Form 20-F.

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Placeholder



Financial and Non-Financial Key Facts (IFRS and Non-IFRS)

| € millions, unless otherwise stated | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | TY 2022 | Q1 2023 |
|---|------------|------------|------------|------------|------------|------------|
| Revenues | | | | | | |
| Cloud | 2,565 | 2,796 | 2,986 | 3,078 | 11,426 | 3,178 |
| % change – yoy | 29 | 32 | 36 | 29 | 31 | 24 |
| % change constant currency – yoy | 23 | 23 | 23 | 21 | 23 | 22 |
| SAP S/4HANA Cloud | 404 | 472 | 546 | 660 | 2,081 | 716 |
| % change – yoy | 78 | 84 | 98 | 101 | 91 | 77 |
| % change constant currency – yoy | 71 | 72 | 81 | 90 | 79 | 75 |
| Software licenses | 317 | 426 | 406 | 907 | 2,056 | 276 |
| % change – yoy | -34 | -34 | -38 | -38 | -37 | -13 |
| % change constant currency – yoy | -36 | -38 | -42 | -39 | -39 | -13 |
| Software support | 2,923 | 2,977 | 3,016 | 2,993 | 11,909 | 2,905 |
| % change – yoy | 4 | 5 | 5 | 3 | 4 | -1 |
| % change constant currency – yoy | 1 | 0 | -2 | -1 | 0 | -1 |
| Software licenses and support | 3,240 | 3,403 | 3,422 | 3,900 | 13,965 | 3,180 |
| % change – yoy | -1 | -2 | -3 | -11 | -5 | -2 |
| % change constant currency – yoy | -4 | -7 | -9 | -14 | -9 | -2 |
| Cloud and software | 5,806 | 6,199 | 6,408 | 6,978 | 25,391 | 6,358 |
| % change – yoy | 10 | 11 | 12 | 3 | 9 | 10 |
| % change constant currency – yoy | 6 | 4 | 3 | -1 | 3 | 8 |
| Total revenue | 6,773 | 7,207 | 7,476 | 8,064 | 29,520 | 7,441 |
| % change – yoy | 10 | 11 | 13 | 5 | 10 | 10 |
| % change constant currency – yoy | 6 | 5 | 4 | 0 | 4 | 9 |
| Share of more predictable revenue (in %) | 81 | 80 | 80 | 75 | 79 | 82 |
| Profits | | | | | | |
| Operating profit (loss) (IFRS) | 1,471 | 1,060 | 1,557 | 2,002 | 6,090 | 803 |
| Operating profit (loss) (non-IFRS) | 1,676 | 1,678 | 2,075 | 2,560 | 7,989 | 1,875 |
| % change | -3 | -12 | -1 | 3 | -3 | 12 |
| % change constant currency | -6 | -15 | -8 | 1 | -7 | 12 |
| Profit (loss) after tax (IFRS) | 1,016 | 613 | 839 | 600 | 3,068 | 403 |
| Profit (loss) after tax (non-IFRS) | 1,171 | 1,098 | 1,240 | 1,008 | 4,517 | 1,254 |
| % change | -29 | -50 | -42 | -56 | -45 | 7 |
| Margins | | | | | | |
| Cloud gross margin (IFRS, in %) | 68.2 | 70.2 | 69.8 | 69.2 | 69.4 | 70.5 |
| Cloud gross margin (non-IFRS, in %) | 68.9 | 71.2 | 70.8 | 70.3 | 70.3 | 71.4 |
| Software license and support gross margin (IFRS, in %) | 89.3 | 90.1 | 90.0 | 90.8 | 90.1 | 88.6 |
| Software license and support gross margin (non-IFRS, in %) | 89.7 | 90.7 | 90.7 | 91.4 | 90.7 | 89.2 |
| Cloud and software gross margin (IFRS, in %) | 80.0 | 81.1 | 80.6 | 81.3 | 80.8 | 79.5 |
| Cloud and software gross margin (non-IFRS, in %) | 80.5 | 81.9 | 81.4 | 82.1 | 81.5 | 80.3 |
| Gross margin (IFRS, in %) | 72.2 | 72.7 | 72.8 | 73.4 | 72.8 | 71.0 |
| Gross margin (non-IFRS, in %) | 73.1 | 74.3 | 74.4 | 75.1 | 74.3 | 72.9 |
| Operating margin (IFRS, in %) | 21.7 | 14.7 | 20.8 | 24.8 | 20.6 | 10.8 |
| Operating margin (non-IFRS, in %) | 24.8 | 23.3 | 27.8 | 31.7 | 27.1 | 25.2 |
| ATS segment – Cloud gross margin (in %) | 66.1 | 68.3 | 68.2 | 67.7 | 67.6 | 69.0 |
| ATS segment – Segment gross margin (in %) | 72.4 | 73.6 | 73.3 | 74.4 | 73.5 | 72.2 |
| ATS segment – Segment margin in % | 28.8 | 27.5 | 31.3 | 34.9 | 30.8 | 29.4 |
| Key Profit Ratios | | | | | | |
| Effective tax rate (IFRS, in %) | 25.5 | 34.2 | 28.3 | 42.8 | 32.0 | 40.5 |
| Effective tax rate (non-IFRS, in %) | 25.4 | 29.1 | 26.6 | 37.2 | 29.6 | 28.3 |
| Earnings per share, basic (IFRS, in €) from continuing operations | 0.87 | 0.54 | 0.75 | 0.63 | 2.80 | 0.35 |



| € millions, unless otherwise stated | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | TY 2022 | Q1 2023 |
|---|------------|------------|------------|------------|------------|------------|
| Earnings per share, basic (non-IFRS, in €) from continuing operations | 1.00 | 0.95 | 1.10 | 0.98 | 4.03 | 1.08 |
| Earnings per share, basic (IFRS, in €) ⁴ | 0.63 | 0.29 | 0.57 | 0.46 | 1.95 | 0.41 |
| Earnings per share, basic (non-IFRS, in €) ⁴ | 1.00 | 0.96 | 1.12 | 1.00 | 4.08 | 1.27 |
| Order Entry and current cloud backlog | | | | | | |
| Current cloud backlog | 8,937 | 9,543 | 10,334 | 11,024 | 11,024 | 11,148 |
| % change – yoy | 25 | 32 | 36 | 27 | 27 | 25 |
| % change constant currency – yoy | 21 | 23 | 24 | 24 | 24 | 25 |
| SAP S/4HANA Current cloud backlog | 1,925 | 2,258 | 2,662 | 3,171 | 3,171 | 3,418 |
| % change – yoy | 86 | 100 | 108 | 86 | 86 | 78 |
| % change constant currency – yoy | 79 | 87 | 90 | 82 | 82 | 79 |
| Share of cloud orders greater than €5 million based on total cloud order entry volume (in %) ³ | 43 | 49 | 42 | 55 | 50 | 45 |
| Share of cloud orders smaller than €1 million based on total cloud order entry volume (in %) ³ | 29 | 25 | 26 | 18 | 23 | 26 |
| Share of on-premise orders greater than €5 million based on total software order entry volume (in %) | 40 | 33 | 28 | 29 | 31 | 26 |
| Share of on-premise orders smaller than €1 million based on total software order entry volume (in %) | 33 | 40 | 49 | 37 | 40 | 50 |
| Liquidity and Cash Flow | | | | | | |
| Net cash flows from operating activities | 2,465 | | | | | 2,311 |
| Capital expenditure | –212 | | | | | –257 |
| Payments of lease liabilities | –93 | | | | | –99 |
| Free cash flow | 2,159 | | | | | 1,955 |
| % of total revenue | 32 | | | | | 26 |
| % of profit after tax (IFRS) | 212 | | | | | 485 |
| Group liquidity | 11,267 | 8,236 | 8,554 | 9,694 | 9,694 | 9,700 |
| Financial debt (–) | –12,171 | –12,282 | –12,282 | –11,764 | –11,764 | –10,751 |
| Net debt (–) | –904 | –4,046 | –3,728 | –2,070 | –2,070 | –1,050 |
| Financial Position⁵ | | | | | | |
| Cash and cash equivalents | 8,927 | 7,472 | 7,316 | 9,008 | 9,008 | 8,766 |
| Goodwill | 32,140 | 33,879 | 35,664 | 33,077 | 33,077 | 28,563 |
| Total assets | 73,754 | 72,605 | 74,840 | 72,159 | 72,159 | 73,533 |
| Contract liabilities (current) | 7,630 | 6,883 | 5,487 | 5,309 | 5,309 | 7,547 |
| Equity ratio (total equity in % of total assets) | 58 | 59 | 62 | 59 | 59 | 58 |
| Non-Financials | | | | | | |
| Number of employees (quarter end) ¹ | 104,670 | 104,988 | 106,912 | 106,312 | 106,312 | 105,132 |
| Employee retention (in %, rolling 12 months) | 92.5 | 92.0 | 92.2 | 92.8 | 92.8 | 93.8 |
| Women in management (in %, quarter end) | 28.6 | 28.9 | 29.2 | 29.3 | 29.3 | 29.4 |
| Net carbon emissions ² (in kilotons) | 20 | 20 | 20 | 20 | 85 | 0 |

¹ In full-time equivalents.

² In CO2 Equivalents. SAP's carbon emission numbers are rounded to the nearest 5kt. Therefore, the rounded full-year totals may not precisely equal the sum of the rounded quarterly numbers.

³ To conform to refined calculation logic prior quarters have been adjusted.

⁴ From continuing and discontinued operations.

⁵ According to IFRS 5, comparison quarters 2022 for our continuing operations is unchanged from what previously has been reported.

Due to rounding, numbers may not add up precisely.



Primary Financial Statements of SAP Group (IFRS)

(A) Consolidated Income Statements

(A.1) Consolidated Income Statements – Quarter

| € millions, unless otherwise stated | Q1 2023 | Q1 2022 | Δ in % |
|--|---------------|---------------|-----------------|
| Cloud | 3,178 | 2,565 | 24 |
| Software licenses | 276 | 317 | -13 |
| Software support | 2,905 | 2,923 | -1 |
| Software licenses and support | 3,180 | 3,240 | -2 |
| Cloud and software | 6,358 | 5,806 | 10 |
| Services | 1,083 | 967 | 12 |
| Total revenue | 7,441 | 6,773 | 10 |
| Cost of cloud | -938 | -817 | 15 |
| Cost of software licenses and support | -363 | -347 | 4 |
| Cost of cloud and software | -1,301 | -1,164 | 12 |
| Cost of services | -855 | -721 | 19 |
| Total cost of revenue | -2,156 | -1,885 | 14 |
| Gross profit | 5,284 | 4,888 | 8 |
| Research and development | -1,573 | -1,396 | 13 |
| Sales and marketing | -2,291 | -1,742 | 32 |
| General and administration | -348 | -270 | 29 |
| Restructuring | -260 | 10 | <-100 |
| Other operating income/expense, net | -8 | -20 | -61 |
| Total operating expenses | -6,637 | -5,302 | 25 |
| Operating profit (loss) | 803 | 1,471 | -45 |
| Other non-operating income/expense, net | -14 | -51 | -73 |
| Finance income | 182 | 342 | -47 |
| Finance costs | -293 | -397 | -26 |
| Financial income, net | -112 | -55 | >100 |
| Profit (loss) before tax from continuing operations | 677 | 1,365 | -50 |
| Income tax expense | -274 | -349 | -21 |
| Profit (loss) after tax from continuing operations | 403 | 1,016 | -60 |
| Attributable to owners of parent | 407 | 1,023 | -60 |
| Attributable to non-controlling interests | -3 | -7 | -48 |
| Profit (loss) after tax from discontinued operations | 106 | -384 | <-100 |
| Profit (loss) after tax² | 509 | 632 | -19 |
| Attributable to owners of parent ² | 479 | 740 | -35 |
| Attributable to non-controlling interests ² | 31 | -108 | <-100 |
| Earnings per share, basic (in €)¹ from continuing operations | 0.35 | 0.87 | -60 |
| Earnings per share, basic (in €)^{1, 2} | 0.41 | 0.63 | -35 |
| Earnings per share, diluted (in €)¹ from continuing operations | 0.35 | 0.87 | -60 |
| Earnings per share, diluted (in €)^{1, 2} | 0.41 | 0.63 | -35 |

¹ For the three months ended March 31, 2023 and 2022, the weighted average number of shares was 1,167 million (diluted 1,174 million) and 1,177 million (diluted: 1,178 million), respectively (treasury stock excluded).

² From continuing and discontinued operations.

Due to rounding, numbers may not add up precisely.

**(B) Consolidated Statements of Financial Position**

as at 03/31/2023 and 12/31/2022

| € millions | 2023 | 2022 |
|--|---------------|---------------|
| Cash and cash equivalents | 8,766 | 9,008 |
| Other financial assets | 1,124 | 853 |
| Trade and other receivables | 6,674 | 6,236 |
| Other non-financial assets | 2,242 | 2,139 |
| Tax assets | 317 | 287 |
| Assets classified as held for sale | 7,385 | 0 |
| Total current assets | 26,507 | 18,522 |
| Goodwill | 28,563 | 33,077 |
| Intangible assets | 2,349 | 3,835 |
| Property, plant, and equipment | 4,465 | 4,934 |
| Other financial assets | 5,498 | 5,626 |
| Trade and other receivables | 115 | 169 |
| Other non-financial assets | 3,352 | 3,580 |
| Tax assets | 319 | 323 |
| Deferred tax assets | 2,366 | 2,095 |
| Total non-current assets | 47,026 | 53,638 |
| Total assets | 73,533 | 72,159 |
| € millions | 2023 | 2022 |
| Trade and other payables | 1,607 | 2,147 |
| Tax liabilities | 581 | 283 |
| Financial liabilities | 3,689 | 4,808 |
| Other non-financial liabilities | 3,876 | 4,818 |
| Provisions | 455 | 90 |
| Contract liabilities | 7,547 | 5,309 |
| Liabilities associated with assets classified as held for sale | 1,094 | 0 |
| Total current liabilities | 18,849 | 17,453 |
| Trade and other payables | 65 | 79 |
| Tax liabilities | 909 | 893 |
| Financial liabilities | 9,239 | 9,547 |
| Other non-financial liabilities | 971 | 705 |
| Provisions | 335 | 359 |
| Deferred tax liabilities | 149 | 241 |
| Contract liabilities | 21 | 33 |
| Total non-current liabilities | 11,689 | 11,858 |
| Total liabilities | 30,537 | 29,310 |
| Issued capital | 1,229 | 1,229 |
| Share premium | 3,383 | 3,081 |
| Retained earnings | 36,866 | 36,418 |
| Other components of equity | 3,019 | 3,801 |
| Treasury shares | -4,246 | -4,341 |
| Equity attributable to owners of parent | 40,250 | 40,185 |
| Non-controlling interests | 2,746 | 2,662 |
| Total equity | 42,996 | 42,848 |
| Total equity and liabilities | 73,533 | 72,159 |

Due to rounding, numbers may not add up precisely.

**(C) Consolidated Statements of Cash Flows**

| € millions | Q1 2023 | Q1 2022 ² |
|---|---------------|----------------------|
| Profit (loss) after tax¹ | 509 | 632 |
| Adjustments to reconcile profit (loss) after tax to net cash flows from operating activities: | | |
| (Profit) loss after tax from discontinued operations | -106 | 384 |
| Depreciation and amortization | 365 | 383 |
| Share-based payment expense | 553 | 119 |
| Income tax expense | 274 | 349 |
| Financial income, net | 112 | 55 |
| Decrease/increase in allowances on trade receivables | 10 | 18 |
| Other adjustments for non-cash items | 17 | -21 |
| Decrease/increase in trade and other receivables | -657 | -384 |
| Decrease/increase in other assets | -279 | -320 |
| Increase/decrease in trade payables, provisions, and other liabilities | -779 | -1,087 |
| Increase/decrease in contract liabilities | 2,873 | 2,962 |
| Share-based payments | -118 | -141 |
| Interest paid | -141 | -84 |
| Interest received | 88 | 21 |
| Income taxes paid, net of refunds | -409 | -419 |
| Net cash flows from operating activities – continuing operations | 2,311 | 2,465 |
| Net cash flows from operating activities – discontinued operations | 62 | 17 |
| Net cash flows from operating activities¹ | 2,373 | 2,482 |
| Business combinations, net of cash and cash equivalents acquired | 0 | -662 |
| Purchase of intangible assets or property, plant, and equipment | -257 | -212 |
| Proceeds from sales of intangible assets or property, plant, and equipment | 24 | 25 |
| Purchase of equity or debt instruments of other entities | -358 | -1,521 |
| Proceeds from sales of equity or debt instruments of other entities | 101 | 1,658 |
| Net cash flows from investing activities – continuing operations | -489 | -712 |
| Net cash flows from investing activities – discontinued operations | -9 | -7 |
| Net cash flows from investing activities¹ | -499 | -720 |
| Dividends paid on non-controlling interests | -8 | -2 |
| Purchase of treasury shares | 0 | -581 |
| Repayments of borrowings | -1,119 | -944 |
| Payments of lease liabilities | -99 | -93 |
| Net cash flows from financing activities – continuing operations | -1,226 | -1,620 |
| Net cash flows from financing activities – discontinued operations | 13 | -172 |
| Net cash flows from financing activities¹ | -1,213 | -1,792 |
| Effect of foreign currency rates on cash and cash equivalents | -161 | 58 |
| Net decrease/increase in cash and cash equivalents | 500 | 28 |
| Cash and cash equivalents at the beginning of the period¹ | 9,008 | 8,898 |
| Cash and cash equivalents at the end of the period¹ | 9,507 | 8,927 |
| Less: Cash and cash equivalents from discontinued operations at the end of the period | 742 | - |
| Cash and cash equivalents at the end of the period (Consolidated Statements of Financial Position) | 8,766 | 8,927 |

¹ From continuing and discontinued operations.

² We do no longer show cash flows linked to the supply chain financing (SCF) transactions from Taulia in investing/financing cash flow separately and therefore adjusted the comparative figures accordingly.

Due to rounding, numbers may not add up precisely.



Non-IFRS Numbers

(D) Basis of Non-IFRS Presentation

SAP disclose certain financial measures such as expense (non-IFRS) and profit measures (non-IFRS) that are not prepared in accordance with IFRS and are therefore considered non-IFRS financial measures.

In Q1 2023, SAP introduced an additional financial non-IFRS measure to adjust its non-IFRS operating profit by excluding expenses relating to regulatory compliance matters.

For a more detailed description of all of SAP's non-IFRS measures and their limitations as well as SAP's constant currency and free cash flow figures, see [Explanation of Non-IFRS Measures](#) online.

(E) Reconciliation from Non-IFRS Numbers to IFRS Numbers

(E.1) Reconciliation of Non-IFRS Revenue – Quarter

| € millions, unless otherwise stated | Q1 2023 | | | Q1 2022 | | Δ in % |
|-------------------------------------|--------------|-----------------|----------------------------|--------------|-----------|---|
| | IFRS | Currency Impact | Non-IFRS Constant Currency | IFRS | IFRS | Non-IFRS Constant Currency ¹ |
| Revenue Numbers | | | | | | |
| Cloud | 3,178 | -47 | 3,131 | 2,565 | 24 | 22 |
| Software licenses | 276 | 0 | 276 | 317 | -13 | -13 |
| Software support | 2,905 | -19 | 2,885 | 2,923 | -1 | -1 |
| Software licenses and support | 3,180 | -19 | 3,161 | 3,240 | -2 | -2 |
| Cloud and software | 6,358 | -66 | 6,292 | 5,806 | 10 | 8 |
| Services | 1,083 | -12 | 1,070 | 967 | 12 | 11 |
| Total revenue | 7,441 | -78 | 7,362 | 6,773 | 10 | 9 |

¹ Constant currency period-over-period changes are calculated by comparing the current year's non-IFRS constant currency numbers with the IFRS numbers of the previous year's respective period.

Due to rounding, numbers may not add up precisely.



(E.2) Reconciliation of Non-IFRS Operating Expenses – Quarter

| € millions, unless otherwise stated | Q1 2023 | | | | | Q1 2022 | | | | | Δ in % | |
|---------------------------------------|---------------|--------------|---------------|-----------------|----------------------------|---------------|------------|---------------|-----------|-----------|----------|---|
| | IFRS | Adj. | Non-IFRS | Currency Impact | Non-IFRS Constant Currency | IFRS | Adj. | Non-IFRS | IFRS | Non-IFRS | | Non-IFRS Constant Currency ¹ |
| Operating Expense Numbers | | | | | | | | | | | | |
| Cost of cloud | -938 | 30 | -909 | | | -817 | 18 | -798 | 15 | 14 | | |
| Cost of software licenses and support | -363 | 21 | -342 | | | -347 | 14 | -334 | 4 | 3 | | |
| Cost of cloud and software | -1,301 | 50 | -1,251 | | | -1,164 | 32 | -1,132 | 12 | 11 | | |
| Cost of services | -855 | 92 | -763 | | | -721 | 28 | -693 | 19 | 10 | | |
| Total cost of revenue | -2,156 | 142 | -2,014 | | | -1,885 | 60 | -1,825 | 14 | 10 | | |
| Gross profit | 5,284 | 142 | 5,427 | | | 4,888 | 60 | 4,948 | 8 | 10 | | |
| Research and development | -1,573 | 171 | -1,403 | | | -1,396 | 45 | -1,351 | 13 | 4 | | |
| Sales and marketing | -2,291 | 438 | -1,854 | | | -1,742 | 101 | -1,641 | 32 | 13 | | |
| General and administration | -348 | 60 | -288 | | | -270 | 9 | -261 | 29 | 10 | | |
| Restructuring | -260 | 260 | 0 | | | 10 | -10 | 0 | <-100 | NA | | |
| Other operating income/expense, net | -8 | 0 | -8 | | | -20 | 0 | -20 | -61 | -61 | | |
| Total operating expenses | -6,637 | 1,072 | -5,566 | 87 | -5,479 | -5,302 | 205 | -5,097 | 25 | 9 | 8 | |

¹ Constant currency period-over-period changes are calculated by comparing the current year's non-IFRS constant currency numbers with the non-IFRS numbers of the previous year's respective period.

Due to rounding, numbers may not add up precisely.

(E.3) Reconciliation of Non-IFRS Profit Figures, Income Tax and Key Ratios – Quarter

| € millions, unless otherwise stated | Q1 2023 | | | | | Q1 2022 | | | | | Δ in % | |
|--|-------------|--------------|--------------|-----------------|----------------------------|--------------|------------|--------------|----------------|--------------|--------------|---|
| | IFRS | Adj. | Non-IFRS | Currency Impact | Non-IFRS Constant Currency | IFRS | Adj. | Non-IFRS | IFRS | Non-IFRS | | Non-IFRS Constant Currency ¹ |
| Profit Numbers | | | | | | | | | | | | |
| Operating profit (loss) | 803 | 1,072 | 1,875 | 9 | 1,883 | 1,471 | 205 | 1,676 | -45 | 12 | 12 | |
| Profit (loss) before tax from continuing operations | 677 | 1,072 | 1,749 | | | 1,365 | 205 | 1,570 | -50 | 11 | | |
| Income tax expense | -274 | -221 | -495 | | | -349 | -50 | -399 | -21 | 24 | | |
| Profit (loss) after tax from continuing operations | 403 | 851 | 1,254 | | | 1,016 | 155 | 1,171 | -60 | 7 | | |
| Attributable to owners of parent | 407 | 850 | 1,256 | | | 1,023 | 155 | 1,178 | -60 | 7 | | |
| Attributable to non-controlling interests | -3 | 1 | -2 | | | -7 | 0 | -7 | -48 | -64 | | |
| Profit (loss) after tax³ | 509 | 1,078 | 1,587 | | | 632 | 534 | 1,166 | -19 | 36 | | |
| Attributable to owners of parent ³ | 479 | 1,010 | 1,488 | | | 740 | 438 | 1,178 | -35 | 26 | | |
| Attributable to non-controlling interests ³ | 31 | 68 | 99 | | | -108 | 96 | -12 | <-100 | <-100 | | |
| Key Ratios | | | | | | | | | | | | |
| Operating margin (in %) | 10.8 | | 25.2 | | 25.6 | 21.7 | | 24.8 | -10.9pp | 0.4pp | 0.8pp | |
| Effective tax rate (in %)² | 40.5 | | 28.3 | | | 25.5 | | 25.4 | 14.9pp | 2.9pp | | |
| Earnings per share, basic (in €) from continuing operations | 0.35 | | 1.08 | | | 0.87 | | 1.00 | -60 | 8 | | |
| Earnings per share, basic (in €)³ | 0.41 | | 1.27 | | | 0.63 | | 1.00 | -35 | 27 | | |

¹ Constant currency period-over-period changes are calculated by comparing the current year's non-IFRS constant currency numbers with the non-IFRS numbers of the previous year's respective period.

² The difference between our effective tax rate (IFRS) and effective tax rate (non-IFRS) in Q1 2023 mainly resulted from tax effects of share-based payment expenses and restructuring expenses. The difference between our effective tax rate (IFRS) and effective tax rate (non-IFRS) in Q1 2022 mainly resulted from tax effects of share-based payment expenses and acquisition-related charges.

³ From continuing and discontinued operations

Due to rounding, numbers may not add up precisely.



(F) Non-IFRS Adjustments – Actuals and Estimates

| € millions | Estimated Amounts for Full Year 2023 | Q1 2023 | Q1 2022 |
|--|--------------------------------------|--------------|--------------|
| Operating profit (loss) (IFRS) | | 803 | 1,471 |
| Adjustment for acquisition-related charges | 300–380 | 88 | 97 |
| Adjustment for share-based payment expenses | 1,850–2,250 | 553 | 119 |
| Adjustment for restructuring | 250–300 | 260 | –10 |
| Adjustment for regulatory compliance matter expenses | 170 | 170 | - |
| Operating expense adjustments | | 1,072 | 205 |
| Operating profit (loss) (non-IFRS) | | 1,875 | 1,676 |

Due to rounding, numbers may not add up precisely.

(G) Non-IFRS Adjustments by Functional Areas

| € millions | Q1 2023 | | | | | | Q1 2022 | | | | | |
|---------------------------------------|---------------|---------------------|------------------|---------------|------------------|---------------|---------------|---------------------|------------------|---------------|------------------|---------------|
| | IFRS | Acquisition-Related | SBP ¹ | Restructuring | RCM ² | Non-IFRS | IFRS | Acquisition-Related | SBP ¹ | Restructuring | RCM ² | Non-IFRS |
| Cost of cloud | -938 | 10 | 20 | 0 | 0 | -909 | -817 | 13 | 5 | 0 | - | -798 |
| Cost of software licenses and support | -363 | 11 | 9 | 0 | 0 | -342 | -347 | 8 | 6 | 0 | - | -334 |
| Cost of services | -855 | 0 | 92 | 0 | 0 | -763 | -721 | 0 | 28 | 0 | - | -693 |
| Research and development | -1,573 | 2 | 169 | 0 | 0 | -1,403 | -1,396 | 2 | 43 | 0 | - | -1,351 |
| Sales and marketing | -2,291 | 65 | 203 | 0 | 170 | -1,854 | -1,742 | 69 | 32 | 0 | - | -1,641 |
| General and administration | -348 | 0 | 60 | 0 | 0 | -288 | -270 | 5 | 4 | 0 | - | -261 |
| Restructuring | -260 | 0 | 0 | 260 | 0 | 0 | 10 | 0 | 0 | -10 | - | 0 |
| Other operating income/expense, net | -8 | 0 | 0 | 0 | 0 | -8 | -20 | 0 | 0 | 0 | - | -20 |
| Total operating expenses | -6,637 | 88 | 553 | 260 | 170 | -5,566 | -5,302 | 97 | 119 | -10 | - | -5,097 |

¹ Share-based Payments

² Regulatory Compliance Matters

Due to rounding, numbers may not add up precisely.

If not presented in a separate line item in our income statement, the restructuring expenses would break down as follows:

| € millions | Q1 2023 | Q1 2022 |
|---------------------------------------|-------------|-----------|
| Cost of cloud | -5 | 17 |
| Cost of software licenses and support | -11 | -1 |
| Cost of services | -35 | -1 |
| Research and development | -37 | -3 |
| Sales and marketing | -159 | -1 |
| General and administration | -12 | 0 |
| Restructuring expenses | -260 | 10 |

Due to rounding, numbers may not add up precisely.



Disaggregations

(H) Segment Reporting

(H.1) Segment Policies and Segment Changes

SAP has one reportable segment: the Applications, Technology & Services segment.

The Qualtrics segment will no longer be reported due to disclosures made according to IFRS 5 for discontinued operations. For additional financial and non-financial information relating to Qualtrics, see [Note \(N\)](#) in this quarterly statement.

In the first quarter, the non-reportable SAP Signavio segment was dissolved and integrated into the Applications, Technology & Services segment. The segment information for comparative prior periods were restated to conform with the new segment composition.

For a more detailed description of SAP's segment reporting, see [Note \(C.1\)](#) "Results of Segments" of our Consolidated Financial Statements 2022.

(H.2) Segment Reporting – Quarter

Applications, Technology & Services¹

| € millions, unless otherwise stated (non-IFRS) | Q1 2023 | | Q1 2022 | Δ in % | |
|---|--------------------|----------------------|--------------------|--------------------|----------------------|
| | Actual Currency | Constant Currency | Actual Currency | Actual Currency | Constant Currency |
| Cloud – SaaS ² | 2,204 | 2,170 | 1,767 | 25 | 23 |
| Cloud – PaaS ³ | 482 | 476 | 328 | 47 | 45 |
| Cloud – IaaS ⁴ | 200 | 199 | 228 | -12 | -13 |
| Cloud | 2,886 | 2,845 | 2,322 | 24 | 23 |
| Software licenses | 276 | 276 | 317 | -13 | -13 |
| Software support | 2,905 | 2,885 | 2,923 | -1 | -1 |
| Software licenses and support | 3,180 | 3,161 | 3,240 | -2 | -2 |
| Cloud and software | 6,066 | 6,006 | 5,563 | 9 | 8 |
| Services | 1,076 | 1,064 | 961 | 12 | 11 |
| Total segment revenue | 7,143 | 7,070 | 6,524 | 9 | 8 |
| Cost of cloud | -896 | -872 | -786 | 14 | 11 |
| Cost of software licenses and support | -335 | -331 | -333 | 1 | -1 |
| Cost of cloud and software | -1,231 | -1,202 | -1,119 | 10 | 7 |
| Cost of services | -752 | -745 | -680 | 11 | 9 |
| Total cost of revenue | -1,983 | -1,947 | -1,799 | 10 | 8 |
| Cloud gross profit – SaaS ² | 1,517 | 1,497 | 1,209 | 25 | 24 |
| Cloud gross profit – PaaS ³ | 406 | 404 | 264 | 54 | 53 |
| Cloud gross profit – IaaS ⁴ | 67 | 72 | 62 | 8 | 16 |
| Cloud gross profit | 1,990 | 1,973 | 1,536 | 30 | 28 |
| Segment gross profit | 5,159 | 5,123 | 4,725 | 9 | 8 |
| Other segment expenses | -3,057 | -3,023 | -2,848 | 7 | 6 |
| Segment profit (loss) | 2,103 | 2,100 | 1,876 | 12 | 12 |
| SAP S/4 HANA | | | | | |
| SAP S/4HANA Cloud revenue | 716 | 708 | 404 | 77 | 75 |
| SAP S/4HANA Current cloud backlog | 3,418 | 3,438 | 1,925 | 78 | 79 |
| Margins | | | | | |
| Cloud gross margin – SaaS ² (in %) | 68.8 | 69.0 | 68.5 | 0.3pp | 0.5pp |
| Cloud gross margin – PaaS ³ (in %) | 84.3 | 84.8 | 80.7 | 3.6pp | 4.1pp |
| Cloud gross margin – IaaS ⁴ (in %) | 33.6 | 36.4 | 27.4 | 6.3pp | 9.0pp |
| Cloud gross margin (in %) | 69.0 | 69.4 | 66.1 | 2.8pp | 3.2pp |



| € millions, unless otherwise stated (non-IFRS) | Q1 2023 | | Q1 2022 | Δ in % | Δ in % |
|---|--------------------|----------------------|--------------------|--------------------|----------------------|
| | Actual Currency | Constant Currency | Actual Currency | Actual Currency | Constant Currency |
| Segment gross margin (in %) | 72.2 | 72.5 | 72.4 | -0.2pp | 0.0pp |
| Segment margin (in %) | 29.4 | 29.7 | 28.8 | 0.7pp | 0.9pp |

¹ Segment information for comparative prior periods were restated to conform with the new segment composition.

² Software as a service

³ Platform as a service

⁴ Infrastructure as a service

Due to rounding, numbers may not add up precisely.

Reconciliation of Cloud Revenues and Margins – Quarter

| € millions, unless otherwise stated (Non-IFRS) | Q1 2023 | | | Q1 2022 | Δ in % | |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|-----------------------------------|
| | Actual currency | Currency impact | Constant currency | Actual currency | Actual currency | Constant currency ⁴ |
| Cloud revenue – SaaS ¹ | 2,496 | -40 | 2,456 | 2,010 | 24 | 22 |
| Cloud revenue – PaaS ² | 482 | -5 | 476 | 328 | 47 | 45 |
| Cloud revenue – IaaS ³ | 200 | -1 | 199 | 228 | -12 | -13 |
| Cloud revenue | 3,178 | -47 | 3,131 | 2,565 | 24 | 22 |
| Cloud gross margin – SaaS ¹ (in %) | 71.9 | | 72.2 | 71.7 | 0.3pp | 0.5pp |
| Cloud gross margin – PaaS ² (in %) | 84.3 | | 84.8 | 80.7 | 3.6pp | 4.1pp |
| Cloud gross margin – IaaS ³ (in %) | 33.6 | | 36.4 | 27.4 | 6.3pp | 9.0pp |
| Cloud gross margin (in %) | 71.4 | | 71.8 | 68.9 | 2.5pp | 2.9pp |

¹ Software as a service: SaaS comprises all other offerings which are not shown as PaaS and IaaS.

² Platform as a service: PaaS includes primarily SAP Business Technology Platform and SAP Signavio.

³ Infrastructure as a service: Major portion of IaaS comes from SAP HANA Enterprise Cloud.

⁴ Constant currency period-over-period changes are calculated by comparing the current year's non-IFRS constant currency numbers with the non-IFRS numbers of the previous year's respective period.

Due to rounding, numbers may not add up precisely.



(I) Revenue by Region (IFRS and Non-IFRS)

(I.1) Revenue by Region (IFRS and Non-IFRS) – Quarter

| € millions | Q1 2023 | | | Q1 2022 | | Δ in % |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|--------------------------------|
| | Actual currency | Currency Impact | Constant Currency | Actual currency | Actual currency | Constant Currency ¹ |
| Cloud Revenue by Region | | | | | | |
| EMEA | 1,191 | 0 | 1,191 | 952 | 25 | 25 |
| Americas | 1,573 | -59 | 1,514 | 1,277 | 23 | 19 |
| APJ | 414 | 12 | 426 | 337 | 23 | 27 |
| Cloud revenue | 3,178 | -47 | 3,131 | 2,565 | 24 | 22 |
| Cloud and Software Revenue by Region | | | | | | |
| EMEA | 2,783 | 5 | 2,787 | 2,596 | 7 | 7 |
| Americas | 2,637 | -100 | 2,536 | 2,309 | 14 | 10 |
| APJ | 939 | 30 | 968 | 901 | 4 | 7 |
| Cloud and software revenue | 6,358 | -66 | 6,292 | 5,806 | 10 | 8 |
| Total Revenue by Region | | | | | | |
| Germany | 1,137 | -1 | 1,136 | 1,054 | 8 | 8 |
| Rest of EMEA | 2,139 | 5 | 2,144 | 1,978 | 8 | 8 |
| Total EMEA | 3,275 | 5 | 3,280 | 3,031 | 8 | 8 |
| United States | 2,497 | -102 | 2,395 | 2,178 | 15 | 10 |
| Rest of Americas | 605 | -15 | 590 | 534 | 13 | 10 |
| Total Americas | 3,102 | -117 | 2,985 | 2,712 | 14 | 10 |
| Japan | 303 | 26 | 329 | 306 | -1 | 8 |
| Rest of APJ | 760 | 8 | 768 | 724 | 5 | 6 |
| Total APJ | 1,063 | 34 | 1,097 | 1,030 | 3 | 7 |
| Total revenue | 7,441 | -78 | 7,362 | 6,773 | 10 | 9 |

¹ Constant currency period-over-period changes are calculated by comparing the current year's constant currency numbers with the actual currency numbers of the previous year's respective period.

Due to rounding, numbers may not add up precisely.

(J) Employees by Region and Functional Areas

| Full-time equivalents | 03/31/2023 | | | | 03/31/2022 | | | |
|--|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
| | EMEA | Americas | APJ | Total | EMEA | Americas | APJ | Total |
| Cloud and software | 3,860 | 3,803 | 3,743 | 11,405 | 4,581 | 4,191 | 4,432 | 13,205 |
| Services | 8,070 | 5,081 | 5,716 | 18,867 | 8,220 | 5,153 | 5,894 | 19,267 |
| Research and development | 17,980 | 5,780 | 12,391 | 36,150 | 16,875 | 5,754 | 11,353 | 33,982 |
| Sales and marketing | 11,747 | 10,213 | 5,321 | 27,282 | 11,161 | 10,482 | 5,313 | 26,956 |
| General and administration | 3,433 | 1,773 | 1,255 | 6,461 | 3,312 | 1,852 | 1,204 | 6,367 |
| Infrastructure | 2,813 | 1,285 | 870 | 4,968 | 2,696 | 1,342 | 856 | 4,893 |
| SAP Group (03/31) | 47,902 | 27,934 | 29,295 | 105,132 | 46,845 | 28,774 | 29,051 | 104,670 |
| Thereof acquisitions ¹ | 0 | 0 | 0 | 0 | 173 | 189 | 8 | 370 |
| SAP Group (three months' end average) | 47,879 | 28,206 | 29,404 | 105,490 | 46,416 | 28,537 | 28,878 | 103,831 |

¹ Acquisitions closed between January 1 and March 31 of the respective year
Due to rounding numbers may not add up precisely



Other Disclosures

(K) Financial Income, Net

In the first quarter of 2023, finance income mainly consisted of gains from disposals and fair value adjustments of equity securities totaling €104 million (Q1/2022: €317 million), and interest income from loans and receivables, other financial assets (cash, cash equivalents, and current investments) as well as from derivatives amounting to €87 million (Q1/2022: €26 million).

In the first quarter of 2023, finance costs were primarily impacted by losses from disposals and fair value adjustments of equity securities amounting to €133 million (Q1/2022: €318 million), and interest expense on financial liabilities including lease liabilities and negative effects from derivatives amounting to €132 million (Q1/2022: €47 million).

(L) Share Based Payments

In the first three months of 2023, we granted 12.7 million (Q1/2022: 14.8 million) share units. This includes 12.2 million (Q1/2022: 13.9 million) share units which we intend to settle in shares. The dilutive effect of outstanding equity-settled share units is reflected in the calculation of earnings per share, diluted.

Under the Own SAP plan, employees can purchase, on a monthly basis, SAP shares without any required holding period. The number of shares purchased by our employees under this plan was 1.8 million in the first three months of 2023 (Q1/2022: 2.2 million).

(M) Updated Cost Allocation Policy

Starting January 1, 2023, all activities related to changes in the code of SAP's cloud and on-premise solutions are treated as development-related activities. Some of those activities, specifically code corrections, were previously considered support-related activities. SAP believes this update aligns SAP's accounting policy with market standards and increases comparability to its peers.

In the first quarter 2023, this update of our cost allocation policy resulted in an increase of the cloud gross profit by approximately €25 million, an increase of the software license and support gross profit by approximately €75 million, and an increase of our R&D expenses by approximately €100 million.

For the full year 2023, the updated cost allocation policy is expected to result in decreased cost of cloud by approximately €100 million and cost of support by approximately €300 million, while in consequence increased R&D expense by approximately €400 million.

Had SAP applied this accounting policy in 2022, its cost of cloud, cost of software licenses and support and R&D expense would have been as follows:

| € millions | IFRS | | | | | Non-IFRS | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
| | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | FY 2022 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | FY 2022 |
| Cost of cloud | -817 | -833 | -902 | -947 | -3,499 | -798 | -806 | -873 | -915 | -3,391 |
| Cost of software licenses and support | -347 | -339 | -341 | -358 | -1,384 | -334 | -316 | -319 | -334 | -1,302 |
| Research and development expenses | -1,396 | -1,514 | -1,571 | -1,598 | -6,080 | -1,351 | -1,393 | -1,437 | -1,449 | -5,629 |

Due to rounding, numbers may not add up precisely.



(N) Discontinued Operations

On March 13, resulting from a process that was initiated on January 26, SAP announced it has agreed to sell all of its 423 million shares of Qualtrics International Inc. as part of the acquisition of Qualtrics by funds affiliated with Silver Lake as well as Canada Pension Plan Investment Board. At a purchase price of US\$18.15 in cash per share, SAP's stake will be acquired for approximately US\$7.7 billion. SAP intends to remain a close go-to-market and technology partner, servicing joint customers and continuing to contribute to Qualtrics' success. The transaction is subject to customary regulatory clearances and expected to close in the second half of 2023. SAP's financial results for the first quarter present Qualtrics as a discontinued operation, in accordance with IFRS 5. The Qualtrics disposal group was previously included in the Qualtrics reportable segment, which will no longer be presented due to disclosures made under IFRS 5.

The disposal gain realized upon closing of the transaction will be included into profit (loss) after tax from discontinued operations.

Additional financial and non-financial information relating to Qualtrics is presented in the following tables:

| € millions, unless otherwise stated | Q1 2023 | Q1 2022 |
|--|---------|---------|
| Consolidated Income Statements | | |
| Cloud revenue | 309 | 254 |
| Total revenue | 374 | 304 |
| Cost of cloud | -53 | -62 |
| Total cost of revenue | -114 | -120 |
| Total operating expenses | -636 | -722 |
| Operating profit | -262 | -418 |
| Profit (loss) before tax | -257 | -420 |
| Income tax (expense) / income ¹ | 363 | 36 |
| Profit (loss) after tax | 106 | -384 |
| Attributable to owners of parent | 72 | -283 |
| Earnings per share, basic (IFRS, in €) ² | 0.06 | -0.23 |
| Earnings per share, diluted (IFRS, in €) ² | 0.06 | -0.24 |
| Earnings per share, basic (Non-IFRS, in €) ² | 0.19 | 0.00 |
| Major Components of Consolidated Statements of Financial Position | | |
| Goodwill | 4,004 | - |
| Intangible assets | 1,293 | - |
| Consolidated Statements of Cash Flow | | |
| Net operating cash flow | 62 | 17 |
| Net investing cash flow | -9 | -7 |
| Net financing cash flow | 13 | -172 |
| Non-financial measures | | |
| Number of employees (quarter end) ³ | 5,418 | 5,128 |

¹ The year-over-year increase in income tax income mainly resulted from the recognition of deferred tax assets on outside basis differences due to the agreed disposal of the shares of Qualtrics International Inc.

² For the three months ended March 31, 2023 and 2022, the weighted average number of shares was 1,167 million (diluted 1,174 million) and 1,177 million (diluted: 1,178 million), respectively (treasury stock excluded).

³ In full time equivalents

Due to rounding, numbers may not add up precisely.



The cumulative income recognized within equity in other components of equity relating to SAP's assets held for sale amounted to €243 million as of March 31, 2023, including cumulative income from non-controlling interests.

| € millions, unless otherwise stated | Q1 2023 | Q1 2022 |
|---|------------|-------------|
| Profit (loss) after tax (IFRS) | 106 | -384 |
| Adjustment for acquisition related charges | 43 | 67 |
| Adjustment for share-based payment expenses | 206 | 352 |
| Adjustment for restructuring expenses | 7 | 0 |
| Adjustment for tax impact of non-IFRS adjustments | -29 | -40 |
| Profit (loss) after tax (non-IFRS) | 333 | -5 |
| Attributable to owners of parent | 232 | 0 |

Due to rounding, numbers may not add up precisely.

(O) Restructuring

In the first quarter of 2023, SAP announced and launched a targeted restructuring program in selected areas of the company to further focus on its strategic growth areas and the accelerated cloud transformation. Restructuring expenses are projected to be between €250 million and €300 million with the vast majority of €255 million already recognized in the first quarter, impacting IFRS operating profit. Restructuring expenses primarily include employee benefits that result from severance payments for employee terminations. The program is expected to contribute to cost savings in 2023 and to achieve its full annual cost savings rate of €300m to €350m as of 2024, impacting both IFRS and Non-IFRS operating profit.

(P) Change in Non-IFRS Expense Measures

In the first quarter of 2023, we changed our non-IFRS definition. Going forward, we adjust our IFRS expense measures by excluding expenses for regulatory compliance matters associated with the provision for (potential) penalties arising from certain ongoing governmental investigations into our business operations, which are described in our Notes to the Consolidated Financial Statements 2022, Note [G.3.], section "Anti-Bribery Matters" and are limited to the scope of IAS 37.

The adjustment of our non-IFRS definition also impacts our operating profit (non-IFRS), profit before tax (non-IFRS), profit after tax (non-IFRS), and our non-IFRS key ratios such as operating margin, effective tax rate, and earnings per share, basic.

For more details such as the explanation, the usefulness, and the limitations of non-IFRS measures, please refer to the [SAP Performance Measures](#).