

SAP SE Annual General Meeting of Shareholders

Christian Klein, CEO

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Dear Shareholders, dear Colleagues,

Change – hardly any other word describes 2021 better. This time last year, I stood here hoping we would come together in person again in 2022. Yet despite all advances to date, the pandemic still isn't over. Your health and safety continue to have absolute priority.

Climate change often seems far removed from our daily lives. But many of us experienced the effects of it first-hand last summer, during the catastrophic floods. And then came the unjustified war, an attack on democracy. Our thoughts go out to all those who have been affected.

Dear shareholders, change is the new reality. Nothing is standing still. The same goes for SAP. We need to keep pace. To do that, we need three things: Stability, reliability, and agility. I'd like to show you today how you can count on SAP for all three.

I'd like to show you today: That SAP is stable and provides stability to others. That SAP is a reliable partner. That SAP adapts to change and helps others do so as well.

And I'd like to show you: That SAP stands for innovation. That SAP is fit for the future. That SAP can help make the world run better.

Let us begin by reflecting on the year that was, and then look at the current situation and what the future holds in store.

2021: An Outstanding Year

2021 was an outstanding year for SAP, as well as a year of change: Record growth in the cloud, we exceeded our cloud and software revenue outlook, the same for the adjusted operating income, and customer satisfaction continued to increase.

We see: our strategy is working:

- Cloud revenue: up 19 percent¹. Once again, our most important growth driver. It already accounts for a third of our revenue. In 2022, cloud revenue will surpass our software support revenue for the first time, thus becoming our biggest source of revenue. And that number continues to increase sharply.
- Current cloud backlog¹: up 26 percent.
- Total revenue¹: up three percent.
- Adjusted operating income²: up one percent.

¹ At constant currencies

² Non-IFRS, at constant currencies

- Operating cash flow – an indicator of whether a company can finance important investments from internal resources: 6.22 billion euros.
- Free cash flow: 5.05 billion euros.
- SAP stock: up 16.5 percent in 2021 – slightly ahead of the DAX.
- Market capitalization: 153.4 billion euros³. With that, we ended the year as the second most valuable company in the DAX40. And we still are today

These are excellent figures for a year of change. Even if we're not yet quite where we want to be. Especially when I look at our share price.

I'd like to thank our 110,000 colleagues worldwide once again for our excellent results in 2021. They are what bring us forward and make our success possible.

Our success is both a team effort and a team result. And the fact that we can say today that our strategic transformation is working, and that we are on the right path, this certainly would not have been possible without Luka Mucic. Luka, for the past 26 years you have been one of the driving forces behind this company. I want to thank you for your dedication and invaluable contribution! I am extremely delighted that we can continue this close cooperation until your departure next year.

Dear shareholders, as always, you too should benefit from our successful year. We propose a dividend today of €2.45 per share. That's an increase of around 32 percent. And it includes a special dividend of 50 cents per share to celebrate our 50th anniversary.

At the end of April, we completed the share buyback program we had announced in January. The repurchased shares are mainly being used for the share-based compensation of our employees. This helps ensure their interests are closely aligned with those of our shareholders.

2021 was yet another extraordinary year. The past months have been a time of adversity for all of us. Pandemic. Climate crisis. War in Ukraine. We are helping our customers through these difficult times and are still in the midst of a transformation ourselves. That we nevertheless achieved such outstanding results makes me incredibly proud.

And it shows that we are well on our way to achieving our 2025 ambition.

2021 was just the beginning. We want to continue to grow. And we will continue to grow. We have everything we need to do it: The right strategy, focus on innovation, the broadest product portfolio, a strong customer base, reliable partners, and colleagues who give their best every day.

Outlook and Strategy

Dear shareholders, 2022 is a special year for SAP. We are celebrating our 50th anniversary – a milestone in German technology and innovation. It is also a decisive year for our own transformation. A year in which we want to migrate our core business even more swiftly to the cloud. A year in which we want to concentrate even more strongly on cloud success. Our shift to the cloud is for the long term.

But 2022 is not just another year of transition. It marks a turning point as well. We have revamped our business model. Away from upfront, one-time payments toward recurring revenues. This approach will initially dampen total revenue. At the same time, we are investing. Which will result in a stagnating to slightly declining operating profit. This is something we have always said. But after this, we will have a tailwind.

The first quarter of 2022 is the best proof of this. We boosted our growth even further. Our numbers show that our strategy is working, show how relevant our solutions are and how much potential our portfolio has. Because we're not just number one in ERP – in other words, the software customers need to steer their processes, from procurement and logistics to accounting. We are also the leading

³ As of December 31, 2021

provider of software for supply chains, procurement, travel expense management, and corporate planning.

We are helping our customers reinvent themselves and to be successful in an ever-changing world while are driving our own transformation forward.

Despite the effects of the war in Ukraine, in April, we confirmed our outlook for 2022 for revenue, profit, and cash flow. We expect double-digit growth as early as 2023 – first in adjusted operating income, then in total revenue. This strong growth will continue through 2025 and beyond. We are convinced of that.

We are where we need to be to get the job done, which is why we have also reiterated our 2025 forecast.

Dear shareholders, for more than 50 years now, SAP has been revolutionizing the way enterprises operate. We want to continue building on this heritage, because we want to deliver on our promises: To equip our customers for the challenges of today and tomorrow; to continue growing – for you, for our customers, and for SAP; and to set ourselves apart from the competition with innovation.

This is why our strategy focuses on three key objectives.

Intelligent and Sustainable Enterprises

First: we help our customers transform to become sustainable, intelligent businesses. Let's see what this means in practice: **[VIDEO]**

The State Office for Roads, Bridges and Waterways (LSBG) in Hamburg: Intelligent and sustainable, powered by SAP.

Dear shareholders, I said it earlier: change is the new reality. That applies to all of us, including enterprises.

But what to do when the world is in constant flux? The answer is as simple as it is complex: Keep evolving with the times. RISE with SAP helps our customers do just that. RISE with SAP makes complex things simple. Customers can introduce and implement our products faster and easier, move to the cloud, and adapt their business processes to the digital world at the same time. For example, through analyses that can help them streamline their sales or procurement practices, to better understand their processes – and improve them.

Take Randstad, for example. The staffing company is redesigning its entire process landscape and has chosen RISE with SAP to do so. The goal? To push its digital transformation forward. To lead the way in the HR services industry. To automate even more processes, such as order acceptance and accounting. So that its employees have more time for the things that make Randstad so special: taking care of customers' needs.

RISE with SAP is a holistic package. Containing everything customers need to reinvent themselves: innovative software, technical aids, a single contract. No matter where our customers are on their digital journey: We are on hand to provide the right solutions. The ability to constantly adapt to new contexts – RISE with SAP makes it possible. Comprehensive. Agile. Simple. And yet as individual as the companies that use it. A single package, from a single source. Only SAP can offer that.

The huge resonance shows: RISE with SAP is exactly what our customers need. It is reflected in our customer satisfaction score as well, which has increased for the second year in a row now.

At the same time, RISE is THE growth driver at SAP. Not only is RISE boosting sales of our ERP SAP S/4HANA Cloud – it is helping us sell additional innovations at the same time. Every contract we close by way of RISE increases our per-customer revenue by a factor of 2.5.

At the heart of this: SAP Business Technology Platform. Customers can use this platform to integrate and extend their various programs, easily and safely, thanks to a standard data model and security

concept. And this further highlights the strengths of our cloud solutions. Customers introducing SAP S/4HANA Cloud for example can, at the same time, improve their customer relationships, HR situation, or procurement practices.

So we can clearly see: RISE with SAP is having a positive impact on our entire portfolio.

Business Network

Let's now turn to the second objective of our strategy.

You've probably all stood in front of empty shelves at the supermarket at some point in the last two years, or you've ordered a new car, or a new computer. Only to be told by the dealer there would be a long delivery date. The reason? Disrupted supply chains.

We believe that companies are only as resilient as the partners they work with and that is why we bring them together in the world's largest business network in the cloud – a social network for enterprises.

Millions of companies in over 190 countries are already participating. Every trading partner can collaborate with others across all supply chains and react to disruptions in real time.

Sticking with our supermarket example: If demand goes up or supply goes down, the supplier can adjust their procurement quantities instantly, on the fly, see what's in stock, or what they can deliver on time.

Here's a different example: Our business network is currently benefiting the people in Ukraine as well. Humanitarian organizations, for example, have access to millions of companies. For free. They can specify what they need most urgently and find the suppliers who can deliver those goods. More than 3,500 suppliers have already offered to help procure more than 125 million U.S. dollars' worth of relief items, including 300,000 first-aid kits.

But how does this work in practice? Let's have a look. [\[VIDEO\]](#)

Sustainability

Now, for the third part of our strategy: We are committed to a sustainable world together with our customers and partners, because climate change is upon us. We need to act. Now.

And we all have to do our part. SAP wants to lead by example and become carbon-neutral in our own operations by the end of 2023, two years earlier than previously planned. Starting 2025, SAP will add only zero-emission vehicles to its car fleet. Our aim is to achieve net-zero along our entire value chain by 2030. And to that end, we are working with carbon-neutral suppliers using best-in-class data centers with sustainable programming and investing in nature-based removal projects aimed at neutralizing residual carbon emissions.

But our influence is much greater. Our solutions help keep the world's most mission-critical and energy-intense processes up and running. Our customers accounted for 87 percent of total global commerce. For the past 50 years, SAP has been helping customers manage their top and bottom lines. And now we're doing the same for their green line.

Just recently, I spoke with one of the world's largest car manufacturers and learned that they don't know the carbon footprint of their products. Because they lack transparency along their supply chain.

In fact, more than 80 percent of the carbon footprint in the production of a vehicle is not created by the manufacturer itself, but rather through the activities of other partners in the supply chain. So you see: having ambitious goals is not enough, you also need to know how to achieve them.

This is where SAP comes in. We enable our customers to embed sustainability seamlessly in their business operations. We have made this new dimension of sustainability the standard in our offerings. We depict the entire carbon footprint of a product. End-to-end. Transparent. Comparable. Only SAP can offer that.

But remember: Sustainability is more than just climate protection. That's why our solutions also help promote diversity, safeguard human rights, and foster more humane working conditions. Because today's companies are concerned about more than just maximizing profit. Successful companies create value for everyone: Shareholders, customers, employees, society, and the environment

Our Impact

This is what we do. We help people from underserved groups acquire digital skills. We develop educational concepts for young people together with UNICEF. We have joined Generation Unlimited as a founding member to provide over 500 million young people with access to training. We support non-profits and social enterprises. We form partnerships. We develop joint solutions for our most pressing challenges.

And here, too, we see: Our people make us what we are. They don't hesitate to help with ideas, with active engagement. We bring to the table what we do best: technology.

We contributed to the fight against COVID-19 by helping 17 of the 20 largest vaccine producers. In addition, our Corona-Warn-App has warned over 116 million users, playing a decisive role in breaking infection chains.

The app is now available in the Ukrainian app store as well. Enabling refugees to prove their vaccination status and enter Germany more easily.

Dear shareholders, we are just as shaken by this war in Ukraine as you are. We took early action in response, by shutting down all new and cloud business in Russia and Belarus. Existing cloud contracts with Russian customers will not be extended when they expire.

Most of our customers there have purchased our software as licenses which they run themselves. We cannot turn these off at the push of a button. It is a similar situation to a car. People in Moscow still drive German cars even though the manufacturers have stopped sales there. However, we have decided to withdraw completely and in an orderly fashion from Russia. And are currently working out the various options.

But there's much more at stake here than just business.

Both financially and logistically, we have supported employees who were willing and able to flee Ukraine. We have already donated over 4 million euros in humanitarian aid to date. We have offered to turn our office space into warehouses and refugee shelters.

Our colleagues are rolling up their sleeves to help where needed. Driving to the borders, transporting food and relief items to the crisis region, taking refugees to safety, and connecting volunteers, organizing airlifts, offering free daycare for the children. Their willingness to help knows no bounds.

And I am deeply impressed by the commitment our fellow colleagues have shown.

Yet here too, we knew our technology can help: To register refugees, coordinate volunteers and their tasks, provide support. We are currently working with the Ukrainian government to get relief items delivered faster. We've just seen how our business network is helping on the ground. But we also want to help Ukrainian refugees by matching them with job vacancies across our network of global offices and ensuring they get onboarded as quickly and smoothly as possible.

In closing

Dear shareholders, change – it's the word I began my speech with and it's the word I want to end it with. Yes, the world is changing, faster and faster. Never have our challenges been this many, or so great. But I am convinced: Our opportunities have never been greater, either.

In the past few years, we've seen what's possible when we work together, when we help where it is needed most, serve those in distress, tackle challenges together. Because together, we achieve more than going it alone.

We can reinvent entire economies. We can reimagine our collaboration. We can make the world better. More connected. More sustainable. More just. Create value for all stakeholders. And not leave anyone behind.

I hope I was able to show you today that we have everything it takes to do our part. Count on us, because you can rely on us. 50 years and still going strong. SAP has never been more relevant than today.

Our solutions help our customers rise up to their challenges today and in the future. We are helping them become intelligent, connected, and sustainable enterprises. Because SAP is reinventing itself. SAP is changing. And we are helping others do the same.

Many thanks.