Balance Sheet

As at 31 October 2021

	Notes	31 October 2021 US$'000	31 October 2020 US$'000
ASSETS			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	3.1	2,121,229	1,601,859
Loans to affiliated undertakings	3.2	232,901	–
		2,354,130	**1,601,859**
Current assets			
Debtors			
Amounts owed by affiliated undertakings becoming due and payable within one year		197,538	673
Other debtors becoming due and payable within one year		335	67
	4	**197,873**	**740**
Cash at bank and in hand		1,153	137
Prepayments		868	3
TOTAL ASSETS		**2,554,024**	**1,602,739**
CAPITAL, RESERVES AND LIABILITIES			
Capital and reserves			
Subscribed capital		16,903	14
Share premium account		2,523,011	1,604,251
Profit or loss brought forward		(2,156)	(1,646)
Profit or loss for the financial year		(20,148)	(510)
	5	**2,517,610**	**1,602,109**
Creditors			
Trade creditors becoming due and payable within one year		13,525	625
Amounts owed to affiliated undertakings becoming due and payable within one year		22,807	–
Other creditors			
Tax authorities		6	5
Other creditors becoming due and payable within one year		76	–
	6	**36,414**	**630**
TOTAL CAPITAL, RESERVES AND LIABILITIES		**2,554,024**	**1,602,739**

Profit and Loss Account

For the year ended 31 October 2021

	Notes	**Year ended 31 October 2021 US$'000**	Year ended 31 October 2020 US$'000
Other operating income	7	**19,311**	**327**
Raw materials and consumables and other external expenses			
Other external expenses	8	(44,231)	(829)
Income from other investments and loans forming part of the fixed assets			
Derived from affiliated undertakings	10	5,009	-
Other interest receivable and similar income			
Other interest and similar income		15	6
Interest payable and similar expenses			
Other interest and similar expenses		(246)	(9)
Tax on loss	11	-	-
Loss after taxation		**(20,142)**	**(505)**
Other taxes	11	(6)	(5)
Loss for the financial year		**(20,148)**	**(510)**

Notes to the Annual Accounts

For the year ended 31 October 2021

1. General

SUSE S.A. (the "Company") was incorporated in Luxembourg on 20 June 2018 subject to Luxembourg law for an unlimited period of time. The Company has its registered office at 11-13, Boulevard de la Foire, 1528 Luxembourg.

The financial year of the Company starts on the first of November of each year and ends on the thirty first of October of the following year.

The Company is managed by a Management Board under the supervision of the Supervisory Board.

On 26 April 2021 the Company, under its former name Marcel Lux IV SARL, announced plans for an Initial Public Offering ("IPO").

In preparation for the IPO, on 3 May 2021 the corporate name of the Company was amended from Marcel Lux IV SARL to SUSE S.A. and the Company was transformed from a Société à responsabilité limitée into a Société anonyme.

Since 19 May 2021, the Company is a Public Interest Entity in the meaning of the article 1(20) of the Luxembourg law of 23 July 2016 on the audit profession and part of its shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange. The Company is regulated by the Commission de Surveillance du Secteur Financier ("CSSF").

The Company's object is to acquire and hold interests, directly or indirectly, in any form whatsoever, in any other Luxembourg or foreign entities, by way of, among others, the subscription or the acquisition of any securities and rights through participation, contribution, underwriting, firm purchase or option, negotiation or in any other way, or of financial debt instruments in any form whatsoever, and to administrate, develop and manage such holding of interests.

The Company may also render every assistance, whether by way of loans, guarantees or otherwise to its subsidiaries or companies in which it has a direct or indirect interest, even not substantial, or any company being a direct or indirect shareholder of the Company or any company belonging to the same group as the Company (the "Connected Companies"). On an ancillary basis of such assistance, the Company may also render administrative and marketing assistance to its Connected Companies. The Company may subordinate its claims in favor of third parties for the obligations of any such Connected Companies.

The Company may also borrow money in any form or obtain any form of credit facility and raise funds, except by way of public offer, though, including, but not limited to, the issue of bonds, notes, promissory notes, certificates and other debt or equity instruments, convertible or not, or the use of financial derivatives or otherwise. The Company may enter into any guarantee, pledge or any other form of security, whether by personal covenant or by mortgage or charge upon all or part of the undertaking, property assets (present or future) or by all or any of such methods, for the performance of any contracts or obligations of the Company and of any of the Connected Companies, or any director, manager or other agent of the Company or any of the Connected Companies, within the limits of any applicable law provision; and use any techniques and instruments to efficiently manage its investments and to protect itself against credit risks, currency exchange exposure, interest rate risk and other risks.

In addition to the foregoing, the Company may perform all legal, commercial, technical and financial transactions and, in general, all transactions which are necessary or useful to fulfil its corporate object as well as all transactions directly or indirectly connected with the areas described above in order to facilitate the accomplishment of its corporate object in all areas described above.

The Company also prepares consolidated financial statements, which are published with the Luxembourg Stock Exchange and the Luxembourg Business Register according to the provisions of the Luxembourg law of 19 December 2002, the Luxembourg law of 11 January 2008 and the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

2. Accounting policies, valuation principles and methods

2.1 Basis of preparation

The annual accounts are prepared in accordance with the law of 19 December 2002 as amended, the law of 11 January 2008, ESEF Regulation and rules and regulations prevailing as well as accounting principles generally accepted in the Grand Duchy of Luxembourg.

The annual accounts have been prepared under the historical cost convention on a going concern basis.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Management Board.

These annual accounts have been prepared following the layout in the Title II of the law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as subsequently modified.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management Board to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a material impact on the annual accounts in the period in which the assumptions change. The Management Board believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The comparative figures in the balance sheet, profit and loss account and in the notes are unaudited.

Following the reclassification from Net Turnover to Other operating income for the financial year ended 31 October 2021, the presentation of the annual accounts of the financial year ended 31 October 2020 has been modified to ensure comparability.

2.2 Accounting and valuation policies

The accounting and valuation policies applied by the Company are the following:

2.2.1 Expenses

Expenses of the Company are charged directly to the profit and loss account in the period in which they are incurred.

2.2.2 Financial assets

Historical cost model
Valuation at purchase price

Shares in affiliated undertakings and loans to affiliated undertakings are valued at purchase price/nominal value including incidental expenses.

In the case of durable depreciation in value according to the opinion of the Management Board, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4 Prepayments

This asset item includes expenditure incurred during the financial year but relating to subsequent financial periods.

Notes to the Annual Accounts (continued)

For the year ended 31 October 2021

2 Accounting policies, valuation principles and methods (continued)

2.2 Accounting and valuation policies (continued)

2.2.5 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but there is uncertainty as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but there is uncertainty as to their amount or the date on which they will arise.

2.2.6 Creditors

Creditors are recorded at their repayment value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

2.2.7 Deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

2.2.8 Interest income and expense

Interest income and interest expenses are recognised on an accruals basis.

2.2.9 Foreign currency translation

The Company maintains its books and records in United States dollars. Transactions expressed in currencies other than United States dollars are translated into United States dollars at the exchange rate effective at the date of the transaction.

Long-term assets expressed in currencies other than United States dollars are translated into United States dollars at the exchange rate effective at the date of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Cash at bank and in hand denominated in currencies other than United States dollars are translated at exchange rates prevailing at the balance sheet date. Exchange gains and losses arising from the translation are recorded in the profit and loss account.

Other assets and liabilities are translated separately, respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account on realisation.

2.2.10 Share-based payments

Long term incentive plans (“LTIP”)

Following the IPO on 19 May 2021, the Company established long term incentive plans where employees of the Group and the Management Board of SUSE S.A. receive variable remuneration.

These LTIP are arrangements which allow employees and the Management Board to a pro-rata economic participation in the future value increase of the Group subject to employment conditions. The LTIP comprises two Restricted Stock Unit (“RSU”) Programs, and an Annual Option Award for Senior Executives (including members of the Management Board).

Subject to the performance of the Group, the Management Board needs authorization from the Supervisory Board to implement a new LTIP arrangement in accordance with the provision of Luxembourg law. Further plans may therefore be released in the coming years.

Restricted Stock Unit (“RSU”) Programs

At the grant date and until the date of vesting, each RSU Program is a commitment to allocate for free one newly issued share of SUSE S.A. to a participant at the end of the vesting period, provided that the participant remains employed by the Group at the end of the respective vesting period. The transitional RSUs have a 2-year vesting period. The Annual RSUs vest in three equal annual tranches after the date of grant. At the vesting date, SUSE S.A. will increase its subscribed capital by incorporation of its share premium (Account 115 – Capital contribution without issue shares) and will create new shares at the par value of $0.10. These shares will be distributed to participants for free.

If the employee leaves the Group before the vesting date, the units are forfeited.

2 Accounting policies, valuation principles and methods (continued)

2.2 Accounting and valuation policies (continued)

2.2.10 Share-based payments (continued)

No expense is recognised for these share awards.

Annual Option Award

Members of the Management Board and senior employees of the Group are eligible for the grant of an Annual Option Award, with an exercise price equal to the IPO price. Annual Option Awards will vest in two equal tranches on the second and third anniversaries of the date of grant. The options will become exercisable on the respective vesting date of each tranche. For the initial grant one half of the options (1st tranche) will vest on 18 May 2023 and the other half (2nd tranche) on 18 May 2024; the option awards will expire on 18 May 2031, if not exercised. 100% of the Annual Options granted are subject to a service condition. At the vesting date, the award holders have the right but not the obligation to exercise this option. Should the holder do so, the holder shall pay a price of €30 per share. SUSE S.A. will increase its subscribed capital by contribution of cash and will create new shares at the par value of $0.10. The difference between the subscription price and the nominal value of the newly issued shares will be recorded as share premium.

If a member of Management Board or senior employee leaves the Group before the vesting date, the options are forfeited.

No expense is recognised for these share awards.

Stock grant award to members of the Supervisory Board

Some members of the Supervisory Board (excluding employees of EQT Partners) were awarded a one-off grant of €200,000 in 2021. The possible full amount of the fees due to the Supervisory Board Members over the vesting period was determined at the inception of the program and was calculated based on the IPO listing price. These members were able to opt for payment to be settled in cash or in shares in SUSE S.A. at the initial listing price of €30.00.

At the grant date, SUSE S.A. will increase its subscribed capital by incorporation of its share premium (Account 115 – contribution of shares without nominal value) and will create new shares at the par value of $0.10 for the part settled in shares. These shares will be distributed to the relevant Supervisory Board Members for free.

The expense corresponding to the cash paid by the Company for the portion of the grant settled in cash is being recognized over the period in which services are being provided by the Supervisory Board on a straight-line basis. The amount of the cash paid is initially recorded as prepaid expenses and then systematically amortized over the vesting period with the assumption that the service condition would be fulfilled.

The Stock grant is subject to a lock-up period, during which the Supervisory Board Member cannot sell, transfer, encumber, use as collateral or otherwise dispose of or liquidate the Stock grant. The vesting period is from the date of appointment on 4 May 2021, to 30 April 2024.

If the grant holder were to leave their role during the vesting period, they are required to re-transfer and re-pay the shares on a pro-rata basis.

2.2.11 Implications of Covid-19 on our business

The Company's principal activity as the holding company of the SUSE Group is to administer and manage the interests it holds. Management have considered the impact of Covid-19 on the Company through assessment of the impact on the Group as the Company's future performance depends on the performance of its subsidiaries. The key considerations include:

(i) Operations – the Group operates in a virtual environment and has the systems and processes that enables its employees and operations to continue to function in a remote environment across all departments and all geographical areas;

(ii) Liquidity – the Group has sufficient resources to meet its obligations as they fall due; and

(iii) Performance - the Group performed substantially in line with expectations during FY21, and in FY22 to date. The Group has not experienced any significant change to contract renewal rates and has not observed a significant deterioration in cash collections or liquidity of its customers since the pandemic began.

The Management Board have therefore determined that Covid-19 does not have a material adverse impact on the Company's Investments and financial position as at 31 October 2021 and its financial performance for the year then ended.

While the status of the pandemic is constantly evolving, the Management Board continues to monitor and observe performance to ensure changes in circumstances or events do not impact this assessment.

Notes to the Annual Accounts (continued)

For the year ended 31 October 2021

3 Financial assets

3.1 Shares in affiliated undertakings

	As at 31 October 2021 US$'000	As at 31 October 2020 US$'000
Gross book value – opening balance	1,601,859	1,601,859
Additions for the year	519,370	1,601,874
Disposals for the year	-	(1,601,874)
Gross book value – closing balance	2,121,229	1,601,859
Net book value – closing balance	2,121,229	1,601,859
Net book value – opening balance	1,601,859	1,601,859

Undertakings in which the Company holds at least 20% of the share capital or is a general Partner are as follows:

Name of undertaking and registered office	Ownership %	Net book value as at 31 October 2021 US$	Net equity as at 31 October 2021* US$	Loss for the year ended 31 October 2021* US$
Marcel UK Topco Ltd, Waterfront Waterside Park, Kingsbury Crescent, Staines TW18 3BA	100%	2,121,229	2,111,898	9,331

* These figures represent the management accounts of the entity, statutory accounts are not yet available.

During the year ended 31 October 2020, the Company purchased 15,000 shares in Marcel Lux DebtCo SARL for the nominal value of US$1 per share. The Company then sold these shares to Marcel UK Topco Ltd for the same value. In addition, the Company exchanged its investment of US$637,176,010 in Marcel Topco LLC for 637,176,010 ordinary shares with nominal value of US$0.01, together with the share premium amount of US$630,804,250, in Marcel UK Topco Ltd. The Company also exchanged its investment of US$964,683,081 in Marcel Topco GmbH for 964,683,081 ordinary shares with nominal value of US$0.01, together with the share premium amount of US$955,036,250, in Marcel UK Topco Ltd.

On 20 November 2020, the Company entered into the Capital Contribution Agreement without issue of shares with Marcel UK Topco Ltd for US$134,987,012.

On 25 November 2020, the Company entered into the Capital Contribution Agreement with Rancher Labs Inc for 2,250,000 ordinary shares with a nominal value of US$0.001 and share premium, in exchange for a capital contribution without issuance of shares from Marcel Lux III SARL for US$38,698,541.

On 25 November 2020, the Company entered into the Capital Contribution Agreement without issuance of shares with Marcel UK Topco Ltd in exchange for 2,250,000 ordinary shares in Rancher Labs Inc for US$38,698,541. This resulted in an addition to the investment held in Marcel UK Topco Ltd.

On 20 May 2021, the Company acquired 102,833,504 shares in Marcel UK Topco Ltd with a nominal value of US$0.01 each and share premium for a total purchase price of US$345,683,926.

3.2 Loans to affiliated undertakings

On 20 May 2021, the Company made a loan of US$232,901,548 to Marcel Lux DebtCo SARL. The loan bears interest at 4% margin +LIBOR of 0.75%. The maturity date of the loan is 25 November 2027. This loan has been classified as a financial asset as it is Management's intention to contribute the receivable to Marcel UK Topco Ltd in exchange for shares. Marcel UK Topco Ltd will in turn use the receivable to partially offset a loan they hold with Marcel Lux DebtCo SARL. The interest on this loan has been recognised as Income from other investments and loans forming part of the fixed assets.

4 Debtors

	As at 31 October 2021 US$'000	As at 31 October 2020 US$'000
Amounts owed by affiliated undertakings becoming due and payable within one year	197,538	673
Other debtors becoming due and payable within one year	335	67
	197,873	740

On 6 March 2019, with an effective date as of 1 September 2018, the Company entered into a Consultancy Agreement with Marcel BidCo GmbH to render consultancy services to the latter in return for a remuneration pro-rata temporis on a yearly basis for the rendered services in an amount of 85% of the cost for the Advisory Board incurred by the Company. This agreement terminated upon IPO of the Company. The services provided were at an amount of US$163,635 for the financial year 2021 (2020: US$327,251). At 31 October 2021 the balance outstanding is US$163,635.

On 14 March 2019, the Company made an Agreement for Current Account Transfer of US$1,000,000 to Marcel BidCo GmbH, which was paid out on behalf of the Company in accordance with the Letter of Direction as partial settlement of receivable of capital contribution from the Sole Shareholder. On 25 October 2019, Marcel BidCo GmbH refunded an amount of US$669,000 in cash to the Company. The balance outstanding at 31 October 2021 is US$331,000 (2020: US$331,000).

On 11 September 2020, the Company entered into Share Purchase Agreements with Marcel UK Topco Ltd and sold 15,000 ordinary shares in Marcel Lux DebtCo SARL with a nominal value of US$1 each for the total sale price of US$15,000. This balance is outstanding as at 31 October 2021.

On 17 May 2021, the Company entered an on-charging agreement in relation to the IPO costs with Marcel Bidco GmbH and SUSE LLC. The total costs recharged to these entities during financial year 2021 was US$16,723,303.

On 18 May 2021, the Company entered into a Capital Contribution Agreement with Marcel Lux III SARL whereby the Company took ownership of a loan of US$63,088,930 against Marcel Bidco GmbH in exchange for the capital contribution.

On 27 October 2021, the Company made a cash advance to Marcel UK Topco Ltd of US$29,072,738 with the intention to transfer into a capital contribution.

The remaining balance of US$88,143,797 owed by affiliated undertakings results predominantly from the residual balance of a cash advance following the transfer of IPO funds to SUSE Ireland. This interest free, repayable on demand cash advance is being used by SUSE Ireland to make payments on behalf of SUSE S.A.

The Other debtors balance is primarily VAT receivable.

Notes to the Annual Accounts (continued)

For the year ended 31 October 2021

5 Capital and reserves

	Subscribed capital US$'000	Share premium account US$'000	Profit or loss brought forward US$'000	Profit or loss for the financial year US$'000	Total US$'000
As at 1 November 2020	14	1,604,251	(1,646)	(510)	1,602,109
Allocation of result of the year ended 31 October 2020	–	–	(510)	510	–
Result for the financial year	–	–	–	(20,148)	(20,148)
Change to nominal value of shares	126	(126)	–	–	–
Contribution of share capital and share premium	16,763	249,435	–	–	266,198
Gross proceeds from IPO	–	669,451	–	–	669,451
As at 31 October 2021	**16,903**	**2,523,011**	**(2,156)**	**(20,148)**	**2,517,610**

At 31 October 2021, the subscribed capital of the Company was US$16,902,712 (2020: US$14,000) as represented by 169,027,117 (2020: 1,400,000) ordinary shares without nominal value (2020: fully paid-up with a nominal value of US$0.01).

During November 2020, Marcel LUX III SARL, the immediate parent company, made US$174,035,097 capital contributions without the issuance of shares (from Account 115 – capital contributions without issuance of shares) to the Company which were unconditional and without rights to receive any repayment or redemption prior to liquidation. US$38,698,541 was a non-cash contribution, instead being shares in Rancher Labs Inc.

On 3 May 2021, the share capital of the Company was increased by US$126,000 from its original amount of US$14,000 to US$140,000 through the increase of the nominal value of each share from US$0.01 to US$0.10, with a corresponding reduction to share premium of US$126,000. The nominal value of the shares was cancelled, and the share capital of the Company set at US$140,000 divided into 1,400,000 shares without nominal value. Authorized share capital of US$26,000,000 (including the Company's issued share capital) was created, represented by 260,000,000 shares without any nominal value. The share capital of the Company was further increased by US$14,860,000 from US$140,000 to US$15,000,000 through the creation and issuance of 148,600,000 new shares without nominal value, with a corresponding reduction to share premium of US$14,860,000.

On 18 May 2021, Marcel LUX III SARL, the immediate parent company, made a capital contribution of US$63,088,930 without the issuance of shares (from Account 115 – capital contributions without issuance of shares) to the Company which were unconditional and without rights to receive any repayment or redemption prior to liquidation.

On 18 May 2021, the share capital of the Company was increased by US$1,830,000 from US$15,000,000 to US$16,830,000 through the creation and issuance of 18,300,000 new shares without nominal value, with a corresponding reduction to share premium of US$1,830,000.

On 19 May 2021, on completion of pricing of the IPO, the Company raised proceeds of €549,000,000, equivalent to US$669,450,600, having transferred 18,300,000 ordinary shares of €30.00 per share to new investors, resulting in a credit to share premium.

On 11 June 2021, the share capital of the Company was increased by US$3,126 by the creation of 31,264 new shares, with a corresponding reduction to share premium.

On 26 October 2021, the share capital of the Company was increased by US$69,585.30 by the creation of 695,853 new shares together with a share premium in the amount of US$29,003,153.04.

Legal reserve

Under Luxembourg law, the Company is required to transfer to a legal reserve, a minimum of 5% of its net profits each year until this reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution. No contribution has been made to this reserve as the Company is loss making.

6 Creditors

Amounts due and payable for the accounts shown under 'Creditors' are as follows:

	Within 1 year US$'000	After 1 year and within 5 years US$'000	After more than 5 years US$'000	**Total as at 31 October 2021 US$'000**	Total as at 31 October 2020 US$'000
Trade creditors becoming due and payable within one year	13,525	–	–	13,525	625
Amounts owed to affiliated undertakings becoming due and payable within one year	22,807			22,807	–
Other creditors becoming due and payable within one year	82	–	–	82	5
Total	**36,414**	**–**	**–**	**36,414**	**630**

On 11 June 2021 the Company entered into a Management Services Agreement with SUSE Software Solutions UK Ltd for the on-charge of a proportion of costs of the Management Board. For the financial year ended 31 October 2021 US$52,020 has been on-charged to the Company (2020: US$nil), refer to Notes 8 and 9.

All other amounts owed to affiliated undertakings relate predominantly to payments made on behalf of SUSE S.A. and recharged accordingly. The largest balance relates to IPO transaction costs paid by other SUSE Group entities including: SUSE Software Solutions Ireland Ltd US$15,215,715, SUSE Software Solutions UK Ltd US$2,816,905 and SUSE Software Solutions Germany GmbH US$1,947,568.

Other creditors includes the employers tax liabilities on the Supervisory Board fees and share-based payments.

7 Other operating income

The other operating income amounted to US$19,310,831 (2020: US$327,250) and was attributable to providing services to other SUSE Group entities based on service level agreements. The significant increase in 2021 related to the recharge of certain transaction costs, predominantly related to the IPO.

8 Raw material and consumables and other external expenses

Other external expenses

	Year ended 31 October 2021 US$'000	Year ended 31 October 2020 US$'000
IPO transaction costs	40,857	–
Supervisory Board fees	371	–
Management Board fees	52	–
Share-based payment expense – Supervisory board	53	–
Taxes related to Supervisory board remuneration	69	–
Advisory Board fees	193	385
Audit fees	1,038	258
Management fees	200	83
Professional fees	469	74
Administration and accounting fees	592	16
Tax advice fees	89	7
Other expenses	207	4
Bank charges	4	2
Legal fees	37	–
	44,231	**829**

Notes to the Annual Accounts (continued)

For the year ended 31 October 2021

9 Management remuneration

The emoluments granted to the members of the management and supervisory bodies in this capacity and the obligations arising or entered into in respect of retirement pensions for former members of those bodies for the financial year are broken down as follows (refer also to Note 8):

	Year ended 31 October 2021 US$'000	Year ended 31 October 2020 US$'000
Management board		
Fees – refer Note 6	**52**	–
Supervisory board		
Fees	**371**	–
Share-based payment expense	**53**	–
	476	**–**

10 Income from other investments and loans forming part of fixed assets

	Year ended 31 October 2021 US$'000	Year ended 31 October 2020 US$'000
Interest derived from affiliated undertakings (Note 3.2)	5,009	–
	5,009	**–**

11 Taxes

The Company is subject to all taxes relevant to commercial companies in Luxembourg.

12 Share-based payments

Long term incentive plans ("LTIP)

The total grants awarded under the LTIP are summarized in the table below:

	Annual RSU			**Transitional RSU**		**Annual Option Awards**		
Grant date in FY21	**21 May**	**19 Oct**	**27 Oct**	**21 May**	**27 Oct**	**18 May***	**18 May****	**Total**
Granted during the year	957,792	83,546	97,426	740,025	137,019	100,585	100,584	2,216,977
Cancelled during the year	(41,809)	–	–	(32,310)	–	–	–	(74,119)
Outstanding at end of year	**915,983**	**83,546**	**97,426**	**707,715**	**137,019**	**100,585**	**100,584**	2,142,858

* vesting after 2 years

** vesting after 3 years

As at 31 October 2021, there are 1,941,689 RSU units outstanding. Should the holder of the RSU unit be employed by the Group at the end of the vesting period, the entity would increase its capital by US$194,168.9.

As at 31 October 2021, there are 201,169 options outstanding. Should the holder of the Annual Option Award be employed by the Group at the end of the vesting period and should the market price of the share be higher than grant price of €30 (US$34.68 equivalent), the entity would increase its capital by up to US$20,116.9 and a share premium of US$6,956,424. As at 31 October 2021, the fair value of the Annual Option Awards was determined as €6.17 and €7.50 for the awards that respectively have an expected term of 2 years and 3 years following the Black Scholes Merton Valuation Model.

Under all LTIP programs, no shares have been issued to date.

12 Share-based payments (continued)

Stock grant award to members of the Supervisory Board

In aggregate, a total grant of €1,200,000 was made of which €262,080 was settled in cash and the residual amount of €937,920 was granted in the form of 31,264 SUSE S.A. shares on 11 June 2021.

The total expense of €262,080 (equivalent US$320,391) is being recognised over the vesting period in line with the services being provided by the Supervisory Board. For the year ended 31 October 21 an expense of US$53,386 (net of tax) has been recognised (2020: US$nil).

13 Staff costs

During the financial year ended 31 October 2021 the Company had no employees (2020: US$nil).

14 Audit fees

KPMG are the auditors of the Company and the Consolidated Group for the financial year ended 31 October 2021.

The total fees expensed by the Company are:

	Year ended 31 October 2021 US$'000	Year ended 31 October 2020 US$'000
Audit fees – current year Company audit	18	-
Audit fees – current year Group audit	758	148
Audit fees – prior year	52	110
Other audit related fees	210	-
	1,038	**258**

There were also US$1,801,884 fees paid to KPMG in relation to professional services provided in connection to the IPO (other audit related fees). These are included in the IPO transaction costs balance in Note 8.

15 Off-balance sheet commitments

On 14 March 2019, the Company, as Pledgor, entered into the Account Pledge Agreement and Receivables Pledge Agreement with Wilmington Trust (London) Ltd, as Pledgee, in connection with the Senior Facilities Agreement, Second Lien Notes Purchase Agreement and the Intercreditor Agreement, where the Pledgor has agreed to grant a pledge over the Security Assets standing to the credit of the Accounts of the Pledgee and over the Receivables to the Pledgee as security for the Secured Obligations in compliance with Senior Facilities Agreement, the Second Lien Notes Purchase Agreement (Marcel Bidco GmbH being the borrower) and in accordance with terms of these Pledge Agreements.

On 21 May 2021, following the IPO at the Frankfurt Stock Exchange on 19 May 2021, the Group repaid the Second Lien loan Note.

On 21 December 2021, an amendment was made to the Senior Facilities Agreement to increase the available revolving facility under the agreement of US$81,000,000 by US$88,300,000 to US$169,300,000. At the date of approval of these Financial Statements, the full amount was available for drawdown.

16 Related party transactions

The remuneration of the members of the Management Board is borne by another entity in the SUSE Group. The Company has a Management Services Agreement with that entity to on-charge a proportion of costs of the Management Board. For the financial year ended 31 October 2021 US$52,020 has been on-charged (2020: US$nil).

The Management Board have also received share awards during the year totalling 106,768 Annual Option Awards and 35,588 Restricted Stock Units (2020: US$nil). Refer to Note 12 for detail.

The remuneration of the Supervisory Board amounts to US$424,353 (2020: US$nil).

Please refer to Notes 4 and 6 for details of all other transactions with related parties.

Responsibility statement

We, Melissa Di Donato (Chief Executive Officer) and Andy Myers (Chief Financial Officer), confirm, to the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of SUSE S.A., and the Management Report for SUSE S.A., which has been combined with the Group Management Report, includes a fair review of the development and performance of the business and the position of SUSE S.A., together with a description of the material opportunities and risks associated with the expected development of SUSE S.A.

Melissa Di Donato
Member of the Management Board

Andy Myers
Member of the Management Board

Independent auditor's report

To the Shareholders of
SUSE S.A.
11-13, Boulevard de la Foire
L-1528 Luxembourg
Luxembourg

Report of the Reviseur d'entreprises agree

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of SUSE S.A. (the "Company"), which comprise the balance sheet as at 31 October 2021, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 October 2021 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation Nº 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Presentation, recognition and measurement of Incentive schemes

a) Why the matter was considered to be one of most significance in our audit of the annual accounts for the year ended 31 October 2021?

Further to the admission of the Company's shares to trading on the regulated market of the Frankfurt Stock Exchange on 19 May 2021, the Company entered into four incentive schemes which are described in accounting policy 2.2.10. The Company's Management Board and some of the Supervisory Board members benefit from these incentive schemes to a certain extent.

Refer to accounting policy 2.2.10 and Note 12 of the annual accounts.

Certain programs were initiated in the year ended 31 October 2021. The Share Grant Award resulted in the increase of share capital of USD 3.126 on 11 June 2021 and in a prepaid expense of USD 320.391, out of which USD 53.386 were charged to the profit and loss account for the year ended 31 October 2021. The three long term incentive plans had no effect on the balance sheet and profit and loss account as at and for the year ended 31 October 2021. They could result in an increase in share capital, should the market price of the share be higher than USD 30 at the vesting date of the Annual Option Award and should the service condition be met at the vesting date of the three long term incentive plans.

The recognition, measurement and presentation of incentive schemes was a matter of most significance to our audit due to the following:

- The accounting policy election requires Management Board's judgement because of the lack of authoritative guidance;
- There are related parties benefiting from these incentive schemes;
- Further programs may be released in the coming years.

b) How the matter was addressed during the audit?

Our procedures over incentive schemes included, but were not limited to:

- Assessing the Company's accounting policy in respect of incentive schemes against the relevant Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts;
- Assessing the design of the Company's Key controls in relation to incentive schemes;
- Agreeing the proper application of the accounting policy and related accounting entries;
- Tracing the amounts recognized in the balance sheet and profit and loss account and the information disclosed in the notes to the annual accounts to supporting documentation;
- Assessing the adequacy of the Management Board's critical judgement disclosures in respect of incentive schemes.

Other matter – unaudited corresponding figures

We draw attention to the fact that we have not audited the corresponding figures of the Company as at 31 October 2020 and for the year then ended, or any of the related notes and accordingly, we do not express an opinion on them.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the annual report including the combined management report and the corporate governance statement but does not include the annual accounts and our report of the "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Audit Committee for the annual accounts

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Management Board is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation Nº 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “Réviseur d'Entreprises agréé” by the Extraordinary General Meeting of the Sole Shareholder on 3 May 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The combined management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The corporate governance statement is included in the combined management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 October 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of SUSE S.A. as at 31 October 2021, identified as susesa-2021-10-31-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of SUSE S.A. as at 31 October 2021, identified as susesa-2021-10-31-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which are the only authoritative version.

Luxembourg, 20 January 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Christelle Bousser
Partner

KPMG Luxembourg is a Société anonyme with its registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg.