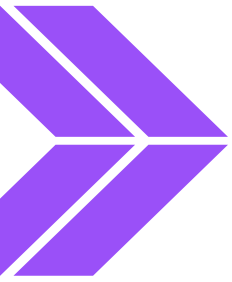




Remuneration Report

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Remuneration Report

1 Basis of Presentation

The Remuneration Report was prepared in accordance with the provisions of section 162 of the German Stock Corporation Act (AktG). It is also oriented to the current recommendations of the German Corporate Governance Code (GCGC) and to those of the Remuneration Reporting Working Group of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V., IDW).

The 2021 Remuneration Report was approved under agenda item 6 at the Annual Shareholders' Meeting on May 17, 2022, by 65.71 percent of votes cast in accordance with section 120a(4) of AktG. Feedback and suggestions from shareholders on the Remuneration Report received and requested by the Management Board and Supervisory Board were incorporated into this year's reporting. The Remuneration Report was prepared based on the principles of comprehensibility, structural clarity, and transparency.

2 Management Board Member Remuneration

2.1 REMUNERATION SYSTEM

The remuneration system for the members of the Software AG Management Board is designed in a simple, comprehensible, and clear manner and is geared towards promoting sustainable and long-term value creation, implementation of the business strategy, and growth in the business lines. It reflects various objectives geared toward profitability, company growth, enterprise value creation, as well as environmental and social sustainability. These targets prioritize the long-term goals defined by Software AG's Helix strategy. The remuneration system uses financial and non-financial metrics with differing, primarily multi-year terms so as to sustainably support the Company's strategic success. In creating the remuneration system, particular emphasis was given to aligning shareholder interests and expectations with Management Board remuneration.

Excluding the following amendment, the remuneration system has been in effect since the 2021 fiscal year and was approved by a 94.83 percent majority at the Annual Shareholders' Meeting on May 12, 2021, pursuant to section 120a(1) of AktG. Following an in-depth assessment of the remuneration system, Software AG's Personnel Committee and Supervisory

Board implemented an amendment effective as of January 1, 2022, regarding the weighting of annual targets within the framework of short-term variable remuneration (short-term incentive). The amendment was approved by an 85.03 percent majority at the Annual Shareholders' Meeting on May 17, 2022, pursuant to section 120a(1) of AktG.

The Management Board remuneration system was reviewed and adopted at the beginning of 2021 by the Supervisory Board in compliance with the legal requirements of sections 87 and 87a of AktG and the recommendations of the GCGC.¹ In this connection, the Supervisory Board engaged an independent external consultant. The Personnel Committee was responsible for preparing the resolution of the Supervisory Board and for regularly providing the Supervisory Board with all information required by the Supervisory Board to carry out a review of the remuneration system. In accordance with legal regulations, the Supervisory Board conducts a review of the remuneration system at its reasonable discretion, but every four years at the latest.

¹ In the 2022 fiscal year, only one resolution for an amendment to the remuneration system, which in essence remained unchanged, was passed.

Remuneration System Overview

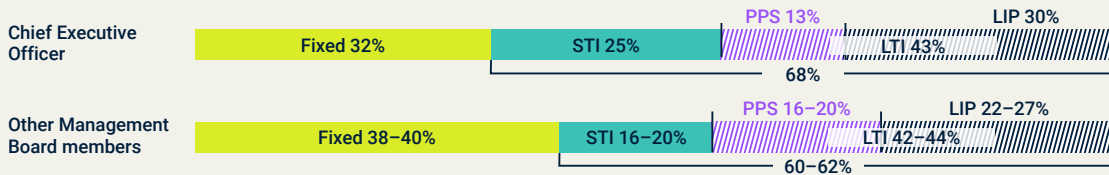
Fixed remuneration components

Fixed annual salary	Pension benefits
	Additional benefits

Variable remuneration components

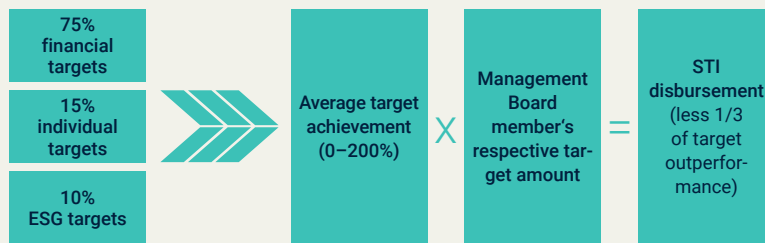
Short-term	Long-term (Long-Term Incentive, LTI)	
Short-Term Incentive Plan (STI)	Performance Phantom Share (PPS) Plan	Long-Term Incentive Plan (LIP)

Proportional distribution of remuneration components

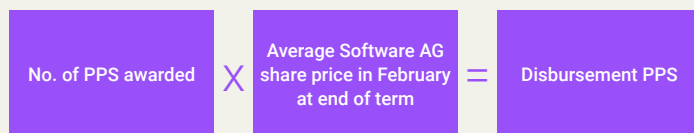
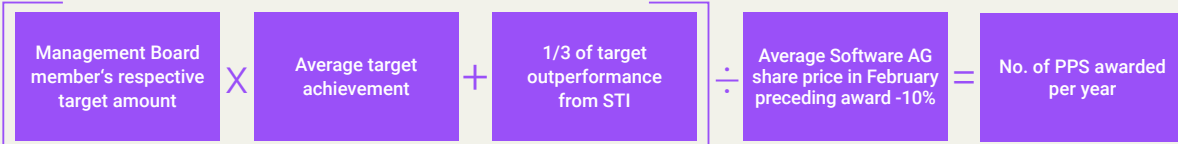


Variable remuneration components

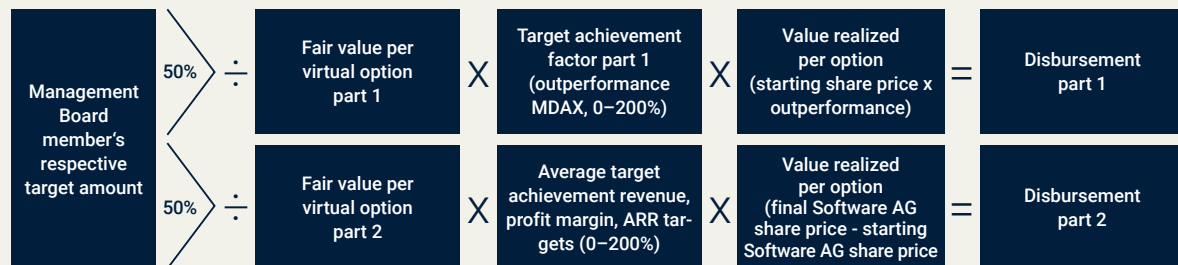
Short-term (STI—1-year term)



Long-term PPS—4-year term



LIP—4-year term



Clawback	Retrospective correction of Consolidated Financial Statements/other basis of calculation, breach of duty pursuant to section 93 of AktG or Code of Conduct
Severance cap	Max. one target total remuneration (excluding LIP, pension benefits, and additional benefits), max. remuneration for remaining term
Share Ownership Guidelines	One net annual salary after four-year accrual period
Maximum remuneration	CEO €5,900,000 Other Management Board members €2,900,000

2.2 INFORMATION ON DEVIATIONS FROM THE MANAGEMENT BOARD REMUNERATION SYSTEM

The current remuneration system applies to any future contract renewals and new employment contracts signed with Management Board members as of January 1, 2021.¹ Accordingly, Dr. Stefan Sigg's (Chief Product Officer, CPO) contract, which was renewed in 2021, and those contracts signed in the year under review with first-time Management Board appointees, Joshua Husk (Chief Revenue Officer, CRO) and Dr. Benno Quade (Chief Operating Officer, COO), generally correspond with the current remuneration system. Specific deviations were established for Joshua Husk; these will be discussed in further detail below.

¹ The weighting of annual targets within the framework of short-term variable remuneration, which went into force following approval by the Annual Shareholders' Meeting on May 17, 2022, is not part of Management Board members' contracts. As such, this amendment became applicable to all Management Board members serving in the fiscal year regardless of any new contracts or contract renewals.

Sanjay Brahmawar (Chief Executive Officer, CEO) is serving under his existing contract and is thus not yet subject to all amended policies of the current remuneration system. However, the Supervisory Board approved a renewal of his contract on October 27, 2022, whereby the contract will become subject to the current remuneration system, effective as of August 1, 2023.

Dr. Elke Frank (Chief Human Resources Officer, CHRO) left the Management Board as of October 31, 2022, Dr. Matthias Heiden (Chief Financial Officer, CFO) as of December 31, 2022. Because both contracts were signed before January 1, 2021, they were not yet subject to the current remuneration system.

Those aspects of remuneration under the old remuneration system applicable to Sanjay Brahmawar, Dr. Elke Frank, and Dr. Matthias Heiden that deviate from the current remuneration system are described separately in [section 2.4](#) where relevant.

The following table shows temporary deviations from some components of the remuneration system that was approved by the Annual Shareholders' Meeting on May 17, 2022, in connection with the first-time appointment of Joshua Husk to the Management Board in the 2022 fiscal year:

Component	Remuneration system	Deviation for Joshua Husk
Maximum remuneration	Maximum remuneration for the members of the Management Board other than the CEO is €2,900,000 each.	Maximum remuneration for Joshua Husk is €4,000,000. The one-time payment (sign-on bonus) described below may increase the maximum remuneration in the year of disbursement by the amount of the sign-on bonus.
Proportional distribution of remuneration components for Management Board members other than the CEO	Fixed remuneration (fixed annual salary, pension benefits, and additional benefits) is between approximately 38 and 40 percent of target total remuneration. Variable remuneration is between approximately 60 and 62 percent of target total remuneration. Of that, the STI (target amount) accounts for between approximately 16 and 20 percent of target total remuneration and LTI (target amount) for between about 42 and 44 percent of target total remuneration.	Joshua Husk's fixed remuneration accounts for approximately 35 percent of his target total remuneration. Joshua Husk's variable remuneration accounts for approximately 65 percent of his target total remuneration. Of that, the STI (target amount) accounts for about 29 percent of target total remuneration and the LTI (target amount) for about 36 percent of target total remuneration.

Component	Remuneration system	Deviation for Joshua Husk
Sign-on bonus	The remuneration system does not provide for sign-on bonuses.	Joshua Husk shall receive a sign-on bonus in the amount of € 538,097, which under certain conditions is subject to repayment in the event of his departure from the Management Board within 14 months from his start date. The one-time sign-on bonus was not factored into the calculation of proportional distribution. It will not be included in the calculation of maximum remuneration in the year of disbursement.
Pension benefits	Management Board members residing in Germany receive an additional annual cash payment to contribute to their private pension planning. This payment is equal to €150,000 for full members of the Management Board.	Despite residing outside of Germany, Joshua Husk shall also receive the cash payment determined for Management Board members other than the CEO of €150,000 to contribute to his private pension planning.

In accordance with section 87a (2) of AktG, the Supervisory Board is entitled to temporarily deviate from the remuneration system if extraordinary circumstances so require for the long-term wellbeing of the Company. The remuneration system cites a corporate or economic crisis as examples of such circumstances. By legal definition, extraordinary circumstances do not only occur in times of crisis, but are also to be assumed when, with relevant likelihood, the deviation is expected to promote sustainable value creation and profitability for the Company.

Because Joshua Husk could not have been acquired in the absence of these deviations and the Supervisory Board is certain that Joshua Husk’s appointment to the Management Board is highly likely to have a lasting positive impact on the success of the Company and is in the interest of the Company, the aforementioned deviations were deemed necessary.

The maximum remuneration as well as the remuneration structure (proportional distribution of the remuneration components and no sign-on bonus) stipulated by the remuneration system are inadequate when compared to the remuneration of US-based CROs of global software companies. The US IT sector in particular is a highly competitive market when it comes to talent and thus remuneration, due among other factors to the dominance of hyperscalers. Because 50 percent of Software AG’s total addressable market

(TAM) is in the USA and the largest share of revenue is generated there, a strong sales presence is essential in this key market. This is mainly necessary in order to strengthen the role of US representation, eliminate time zone differences, language barriers, and travel restrictions, better leverage existing networks in the USA, and further expand market expertise and experience. A period during which Software AG’s CRO was not at Management Board level revealed the importance of representing the key values of customer focus and expertise in the Management Board. Consequently, the installation of a member of the Management Board in the USA responsible for Sales is necessary for the long-term wellbeing of the Company as are the resulting temporary deviations from the remuneration system. This change had to occur in a timely manner in order to continue driving the next stage of transformation and long-term strategy implementation.

An in-depth assessment of prospective candidates was conducted as part of the search process. Overall, the key criterion was that the candidate’s qualifications and expertise would drive sustainable value creation and profitability in alignment with the Company’s interests. The Supervisory Board is certain that due to his strategic expertise as well as his track record in transformation and infrastructure software this applies to the candidate appointed to the Management Board, Joshua Husk.

2.3 REMUNERATION AMOUNTS AND ADHERENCE TO MAXIMUM REMUNERATION

The Supervisory Board determines target total remuneration for each Management Board member. Target total remuneration comprises the sum of all remuneration components relevant to total remuneration. For the variable remuneration components, the respective target amounts correspond to 100 percent of the budgeted values. The Supervisory Board reviews the variable remuneration component targets each fiscal year. Based on past years' results, the Supervisory Board decides in the context of budget planning for the current year which objectives the Company and the members of the Management Board need to meet.

The total remuneration (sum of all fixed and variable remuneration components as shown in [the graphic on page 248](#)) granted to members of the Management Board in a fiscal year is capped (maximum remuneration) at an absolute amount—whether payment is made during the given year or at a later date. Maximum remuneration for the CEO is €5,900,000 and for the other members of the Management Board €2,900,000 each.

If total remuneration calculated for one year exceeds the limit, the long-term incentive (LTI) disbursement amount is reduced as necessary so as to comply with the maximum remuneration policy. If necessary, the Supervisory Board may reduce other remuneration components or demand reimbursement of remuneration components already disbursed, at its reasonable discretion. Irrespective of the determined maximum remuneration, the disbursement amounts of individual variable remuneration components are also capped in terms of percentages. Compliance with the specified thresholds for maximum remuneration cannot be reported on conclusively until all components granted for a given fiscal year have been paid out. This means that for fiscal year 2022, this can only be reported in 2026.

Sanjay Brahmawar shall only become subject to the maximum remuneration policy when the current remuneration system becomes applicable to him upon his contract renewal on August 1, 2023. Dr. Matthias Heiden's and Dr. Elke Frank's contracts were also not subject to the maximum remuneration policy. All three contracts are subject to the old remuneration system whereby there are no caps on variable remuneration components in absolute terms; caps are expressed as

percentages, from which an absolute amount can be calculated. There is no explicit cap expressed as an absolute amount on total remuneration. Furthermore, a different maximum remuneration was contractually agreed on an individual basis with Joshua Husk as described in section 2.2.

2.4 REMUNERATION COMPONENTS

The remuneration system comprises fixed and variable remuneration components (for more information, please refer to [the graphic on page 248](#)). Fixed remuneration consists of a fixed annual salary, pension benefits, and additional benefits. Variable remuneration consists of a short-term component (STI) and two long-term components (LTI). The long-term components are the PPS plan and the LIP.

2.4.1 Fixed remuneration components

2.4.1.1 Fixed annual salary

The Management Board members receive a fixed annual salary. The fixed annual salary is paid in 12 equal installments. The amount of the fixed annual salary is geared towards the duties and the strategic and operational responsibilities of the individual Management Board member.

2.4.1.2 Pension benefits

For members of the Management Board residing in Germany, the Remuneration system includes an additional annual cash payment to contribute to their private pension planning. This payment equals €250,000 for the CEO and €150,000 for each of the other members of the Management Board. In accordance with the temporary deviation described above, Joshua Husk shall also receive the cash payment in the amount of €150,000.

The CEO, Sanjay Brahmawar, only becomes subject to the updated policy on pension benefits when the current remuneration system becomes applicable to him upon effectiveness of his contract renewal (as of August 1, 2023). Under the old pension benefit system, which also applied to the contracts of Dr. Elke Frank and Dr. Matthias Heiden, he is subject to a policy providing him with pensions for life after completing his 62nd year of age, regardless of when he joined the Company. The

pension entitlement is increased annually by the percentage by which the consumer price index for Germany published by the Federal Statistical Office has increased in comparison to the previous year. It also includes a survivor annuity of 60 percent of the Management Board member's pension. In the event that Sanjay Brahmawar leaves the Company prior to the age of 62 and before reaching the 15th year as a member of the Company's Management Board, the benefit entitlement is retained, but is reduced. In the event that he leaves the Company prior to the age of 62, but after reaching the 15th year as a member of the Company's Management Board, the full pension entitlement is retained.

The change in present value of defined benefit obligations (DBO) and the present value of DBO as of December 31, 2022, as reflected in the Consolidated Financial Statements of Software AG for fiscal year 2022 in accordance with International Financial Reporting Standards (IFRS) are as follows:

in €	Change in DBO in 2022	DBO as of Dec. 31, 2022
Sanjay Brahmawar CEO	-614,852	1,401,131
Dr. Elke Frank CHRO	-490,018	446,386
Dr. Matthias Heiden CFO	-303,403	320,747

2.4.1.3 Additional benefits

Additional benefits consist of the provision of a suitable company car for work and personal use (alternatively, a monthly car allowance) and coverage through a group accident insurance policy. Furthermore, members of the Management Board are insured under Software AG's director and officer insurance policy. The deductible is 10 percent of the loss up to a maximum of one-and-a-half times the fixed annual salary of the Management Board member.

2.4.2 Variable remuneration components

2.4.2.1 Short-Term Incentive Plan

The short-term variable remuneration for members of the Management Board is geared towards financial and non-financial results for the respective fiscal year. In the 2022 fiscal year, 75 percent of short-term remuneration depended on financial Company targets, 15 percent on individual financial or non-financial targets, and 10 percent on environmental, social, and governance (ESG) targets, which can be defined individually or jointly for all

Management Board members together. The Short-Term Incentive is only paid if certain thresholds are met or exceeded. The disbursement amount for the Short-Term Incentive is capped at 200 percent of the target amount.

The financial targets for the 2022 fiscal year were those targets communicated to the capital market. The individual targets are different quantitative or qualitative objectives established with each of the Management Board members regarding the areas for which they are responsible and aimed at supporting the medium to long-term strategic growth of the Company. The individual targets may, for example, support the achievement of revenue and growth targets, implementation of the business strategy, or a sustainable approach to operations (e.g., in the area of diversity, succession planning, or innovation performance) in the business line for which the Management Board member is responsible. The same individual targets may be defined for multiple members of the Management Board.

ESG targets are objectives related to environment, social issues, and corporate governance. The Supervisory Board determines the ESG performance criteria and methods for measuring performance for the respective fiscal year. Possible performance criteria may consist of, for example, ESG ratings, customer satisfaction, employee satisfaction, and occupational safety (health and safety). Overall achievement of ESG performance is calculated as average target achievement across the individual ESG performance criteria.

Target achievement is determined by the Supervisory Board every year prior to disbursement of the STI. Average target achievement is calculated based on achievement of the financial, individual, and ESG targets and on the defined weighting. If total target achievement equals 100 percent, the disbursement amount is equal to the target amount. If total target achievement equals 0 percent, no payment is made (threshold amount). If total target achievement equals 200 percent or more, the disbursement amount is 200 percent of the target amount (maximum amount). Linear interpolation is carried out between the threshold amount and the target amount and between the target amount and the maximum amount. One-third of any outperformance exceeding 100 percent will not be paid in cash but invested as PPS and paid out at a later point in time based on future share price performance.

If a contract begins or ends during a given fiscal year, the disbursement amount shall be reduced accordingly on a pro-rated basis.

The Supervisory Board is entitled to temporarily adjust the terms and conditions of the STI appropriately and within reasonable limits in the event of extraordinary events or developments, e.g. the acquisition or disposal of part of the Company. Generally unfavorable market conditions do not fulfill the meaning of extraordinary events or developments. This does apply when amend-

ments to accounting rules applicable to the Company have a material impact on key parameters used for calculating the STI or when a fiscal year has fewer than twelve months (short fiscal year).

The financial targets for all members of the Management Board in 2022, their target achievement, and the applicable performance criteria were as follows:

Financial Company Targets¹

Description of performance criteria	Weighting %	Target achievement 0%	Target achievement 100%	Target achievement 200%	Actual target achievement as %	Actual target achievement weighted at 100% calculated as %
Digital Business Group product bookings	25	2021 +11%	2021 +22,5%	2021 +32%	12.6	3.2
Adabas & Natural Group product bookings	5	2021 -4%	2021 +4%	2021 +10%	200.0	10.0
Group product revenue	25	2021 +6%	2021 +10%	2021 +14%	26.1	6.5
Group EBITA margin (non-IFRS)	20	20%	21%	22%	123.0	24.6
Total	75					44.3

Achievement of Financial Company Targets by Management Board Member

	Remuneration for target achievement of 0% in €	Remuneration for target achievement of 100% in €	Remuneration for target achievement of 200% in € ²	Actual remuneration in €
Sanjay Brahmawar	0	1,166,667	2,361,111	688,722
Dr. Elke Frank	0	319,444	648,148	188,579
Dr. Matthias Heiden	0	508,333	1,027,778	300,086
Joshua Husk	0	426,459	862,684	251,753
Dr. Benno Quade	0	91,146	183,738	53,806
Dr. Stefan Sigg	0	554,167	1,118,056	327,143

The ESG targets for all members of the Management Board in 2022, their target achievement, and the applicable performance criteria were as follows:

ESG Targets

Description of performance criteria	Weighting %	Target achievement 0%	Target achievement 100%	Target achievement 200%	Actual target achievement as %	Actual target achievement weighted at 100% as %
Employee Engagement Score	5	<=3.95	4.14	4.24	170	8.5
Net Promoter Score	5	48	52	56	200	10.0
Total	10					18.5

¹ For a definition of the KPIs, please refer to [Fundamental Aspects of the Group](#) in Software AG's 2022 Combined Management Report.

² The compensation amounts shown in this and subsequent tables in this section include a financial benefit that arises because the rights granted under the PPS plan are subject to a 10 percent discount on the average share price in February. For an explanation of the PPS plan, see [section 2.4.2.2](#).

Achievement of ESG Targets by Management Board Member

	Remuneration for target achievement of 0% in €	Remuneration for target achievement of 100% in €	Remuneration for target achievement of 200% in €	Actual remuneration in €
Sanjay Brahmawar	0	155,556	314,815	287,778
Dr. Elke Frank	0	42,593	86,420	78,796
Dr. Matthias Heiden	0	67,778	137,037	125,389
Joshua Husk	0	56,861	115,025	105,193
Dr. Benno Quade	0	12,153	24,498	22,483
Dr. Stefan Sigg	0	73,889	149,074	136,694

The individual targets in 2022, target achievement, and the applicable performance criteria were as follows:

Individual Targets and Achievement by Management Board Member

	Weighting as %	Topic	Target	Actual target achievement by target as %	Actual total target achievement as %
Sanjay Brahmawar	7.5	StreamSets integration	Realization of target ARR growth ¹	0.0	50.0
	7.5	Helix transformation strategy	Adherence to implementation schedule	100.0	
Dr. Elke Frank	7.5	StreamSets integration	Realization of target ARR growth	0.0	25.0
	7.5	People & Culture	Achievement degree of defined KPIs on schedule ²	50.0	
Dr. Matthias Heiden	7.5	StreamSets integration	Realization of target ARR growth	0.0	25.0
	7.5	Reporting systems	Further development and integration of existing systems for in-depth KPI analysis	50.0	
Joshua Husk	7.5	Sales forecast	Increase forecast accuracy and realization of planned Digital Business bookings	133.0	66.5
	7.5	StreamSets integration	Realization of target ARR growth	0.0	
Dr. Benno Quade	7.5	Professional Services & Operations	Strengthen ecosystem and process optimization	175.0	87.5
	7.5	StreamSets integration	Realization of target ARR growth	0.0	
Dr. Stefan Sigg	7.5	Cloud/SaaS offerings	Support trend toward more SaaS offerings	125.0	62.5
	7.5	StreamSets integration	Realization of target ARR growth	0.0	

¹ ARR = annual recurring revenue; for a definition, please refer to [Fundamental Aspects of the Group](#) in Software AG's 2022 Combined Management Report.

² KPIs = key performance indicators.

Achievement of Individual Targets by Management Board Member

	Remuneration for target achievement of 0% in €	Remuneration for target achievement of 100% in €	Remuneration for target achievement of 200% in €	Actual remuneration in €
Sanjay Brahmawar	0	233,333	472,222	116,667
Dr. Elke Frank	0	63,889	129,630	15,972
Dr. Matthias Heiden	0	101,667	205,556	25,417
Joshua Husk	0	85,292	172,537	56,719
Dr. Benno Quade	0	18,229	36,748	15,951
Dr. Stefan Sigg	0	110,833	223,611	69,271

Total Target Achievement and Bonuses for 2022

	Remuneration for target achievement of 0% in €	Remuneration for target achievement of 100% in €	Remuneration for target achievement of 200% in €	Actual total target achievement as %	Bonus remuneration amount in €	Of which STI amount in € ¹
Sanjay Brahmawar	0	1,555,556	3,148,148	70.3	1,093,167	702,750
Dr. Elke Frank	0	425,926	864,198	66.5	283,347	221,750
Dr. Matthias Heiden	0	677,778	1,370,370	66.5	450,892	266,100
Joshua Husk	0	568,612	1,150,246	72.8	413,665	255,778
Dr. Benno Quade	0	121,528	244,985	75.9	92,240	39,531
Dr. Stefan Sigg	0	738,889	1,490,741	72.2	533,108	252,525

¹ The remaining bonus remuneration amount is granted in PPS and thus corresponds to the PPS awards for 2022 in section 2.4.2.2.

2.4.2.2 Performance Phantom Share Plan

Management Board members' long-term variable remuneration within the framework of the PPS plan is geared toward sustainable enterprise growth. This entails share-based remuneration which is granted annually to Software AG Management in the form of PPS. Each tranche has a term of four years.

The amount granted under the PPS plan equals the contractual annual individual target amount for the respective Management Board member multiplied by the target achievement of STI targets. On the PPS plan grant date, the amount granted under the PPS plan plus the amount transferred to each Management Board member under the STI is converted into virtual Company shares (PPS) on the basis of Software AG's reference share price and allocated to the respective Management Board member as a computational amount. The reference share price equals the average share price of Software AG's share in the February preceding the award, less 10 percent.

Upon expiration of the four-year term, a cash amount is disbursed based on the average price of Software AG's share in the February at the end of the term. The disbursement amount under the PPS plan is limited to 200 percent of the target amount.

The CEO, Sanjay Brahmawar, only becomes subject to the PPS plan as described when the current remuneration system becomes applicable to him upon his contract renewal (as of August 1, 2023). The previous PPS plan applies to him as well as to Management Board members Dr. Elke Frank and Dr. Matthias Heiden, who left in 2022, with the following deviations:

eration system becomes applicable to him upon his contract renewal (as of August 1, 2023). The previous PPS plan applies to him as well as to Management Board members Dr. Elke Frank and Dr. Matthias Heiden, who left in 2022, with the following deviations:

- The PPS are awarded in three identical tranches with minimum holding periods of one, two, and three years each reaching maturity in March.
- When the minimum holding period has elapsed, plan beneficiaries are entitled to request disbursement (exercise) of matured PPS once per quarter (between the publication date of the financial results and the following fifth trading day).
- If shares are exercised as of the end of the minimum holding period, a cash amount is disbursed based on the average price of Software AG's share in the February prior to the disbursement; if they are exercised at a later point in time, a cash amount is disbursed based on the average price of Software AG's share between the sixth and tenth trading days following the decision to exercise.
- During the entire holding period, plan beneficiaries will receive an amount per PPS equal to the dividend paid to Software AG shareholders per share.
- The disbursement is limited to twice the reference price applicable when the respective PPS tranches are issued; this cap is calculated annually for the bal-

ance of PPS awarded to members of the Management Board based on the weighted average of the reference share price.

- All PPS that have not yet been disbursed as of January 15 of the seventh year after a Management Board member has left the Company become due for payment no later than the trading day following the release of the preliminary first-quarter figures.

The number of PPS awarded in the past two fiscal years as well as the number held as of December 31, 2022, is shown in the following table:

PPS Awarded in the Fiscal and Previous Year / Total Balance

	Awarded in 2022 no.	Value awarded in 2022 in €	Awarded in 2021 no.	Value awarded in 2021 in €	Total balance as of Dec. 31, 2022 no.	Total balance as of Dec. 31, 2022 in €
Sanjay Brahmawar	19,852	390,417	24,563	816,852	99,518	2,319,927
Dr. Elke Frank	3,132	61,597	5,541	184,274	15,026	349,670
Dr. Matthias Heiden	9,396	184,792	11,967	397,974	26,728	604,573
Joshua Husk	8,028	157,887	0	0	8,028	157,887
Dr. Benno Quade	2,680	52,708	0	0	2,680	52,708
Dr. Stefan Sigg	14,267	280,583	16,094	535,215	57,497	1,327,614
Total	57,355	1,127,985	58,165	1,934,315	209,477	4,812,380

2.4.2.3 Long-Term Incentive Plan
Long-Term Incentive Plan 2021 and 2022

Management Board members' long-term variable remuneration within the framework of the LIP is geared toward sustainable enterprise growth. Starting with the 2021 fiscal year, remuneration under the LIP is granted to Management Board members annually in the form of virtual stock options. Each tranche has a term of four years.

The LIP consists of two equally weighted parts. When the LIP is granted, 50 percent of the annual individual LIP target amount for each Management Board member is converted into virtual stock options for part 1 and part 2 of the LIP and allocated to the respective Management Board members as a computational amount. On the basis of a fair-value calculation, virtual stock options for part 1 and part 2 are issued, with expected values that correspond to 50 percent, respectively, of the individual target amounts for the respective Management Board members.

Disbursement at the end of the four-year term is determined by the number awarded and target achievement factors.

For part 1 of the LIP, the target achievement factor is based on the outperformance of Software AG's share in comparison to the MDAX. The outperformance is calculated as the difference between the appreciation of the Software AG share and the appreciation of the MDAX price index over the four-year term of the LIP tranche, respectively. The target achievement factor is a minimum of 0 in the case of outperformance of less than 0 percent and 1 in the case of outperformance between 0 and 2 percent. It reaches a maximum of 2 in the case of outperformance of at least 20 percent. Between those values, the target achievement factor grows by 0.1 per outperformance increase of 2 percentage points. The value per option for part 1 is calculated as the product of outperformance and the starting price of the Software AG share and is multiplied by the target achievement factor to determine the disbursement amount. The disbursement for part 1 of the LIP is limited to 200 percent of the target amount.

Under part 2 of the LIP, the target achievement factor is calculated as the average fulfillment of the targets for earnings, profit margin, and annual recurring revenue (ARR). Every year, the Supervisory Board sets a mini-

imum target achievement (threshold amount), a target amount, and maximum target achievement (maximum amount) for each target for the next four fiscal years. Below the threshold amount, target achievement equals 0 percent. At the target amount, target achievement equals 100 percent. Above the maximum amount, target achievement equals 200 percent. Linear interpolation is carried out between the threshold amount and the target amount and between the target amount and the maximum amount. Target achievement is thus limited to 0 to 200 percent per target and in total. In determining average target achievement, the three targets for the fiscal year are weighted (equally) at one-third each. The value per option for part 2 is calculated as the appreciation of the Software AG share from the beginning to the end of the term of the LIP tranche and is multiplied by the average target achievement to determine the disbursement amount. The disbursement for part 2 of the LIP is limited to 200 percent of the target amount.

Existing rights under Management Incentive Plan 2020

Rights under Management Incentive Plan 2020 (MIP 2020) were allocated to Management Board members in June 2020. Because selected Management Board members currently hold rights under MIP 2020, this plan is presented in the Remuneration Report.

The plan differentiates between three types of value rights (VRs): two types of performance shares (components 1 and 2) and retention shares (component 3). Rights granted under MIP 2020 have a term of three years.

Component 1

The number of VRs granted under component 1 at the end of the three-year term is determined by the target achievement factor. For performance stock appreciation rights (PSARs), the target achievement factor is based on the outperformance of Software AG's share in comparison to the MDAX index. The outperformance is calculated as the difference between the appreciation of the Software AG share and the appreciation of the MDAX price index over the three-year term of the MIP tranche. The target achievement factor is a minimum of 0 in the case of outperformance of less than 0 percent and 1 in the case of outperformance between 0 and 2 percent. It reaches a maximum of 2 in the case of outperformance of at least 20 percent. Between those values, the target achievement factor grows by 0.1 per outperformance increase of 2 percentage points.

The disbursement amount of the VRs under component 1 is calculated as the product of the target achievement factor and the difference between the starting and final price of the Software AG share. The starting price is defined as the average Software AG share price during the 20 trading days before (and including) June 8, 2020, i.e., €33.96. The final price is calculated as the average Software AG share price during the 20 trading days before (and including) June 8, 2023.

The disbursement for component 1 is limited to 300 percent of the target amount established by the Supervisory Board, multiplied by 0.3 percent.

Components 2 and 3

The number of allocated VRs under components 2 and 3 does not change over the course of the term. The disbursement amount for both components depends on the Software AG share price. Component 2 is defined as the difference between the starting price and the final price of Software AG's share. This is calculated as the average share price of the Software AG share during the 20 trading days before (and including) June 8, 2020. The final price is calculated as the average Software AG share price during the 20 trading days before (and including) June 8, 2023. Component 2 is only disbursed if the average price of the Software AG share is equal to or higher than €32.72 for at least 10 consecutive trading days between May 10, 2022, and May 10, 2023. The disbursement amount for component 2 is limited to 300 percent of the target amount multiplied by 0.3 percent.

The disbursement for component 3 is based exclusively on this final price. It is limited to 300 percent of the target amount multiplied by 0.4 percent.

Existing rights under Management Incentive Plan 2019

Management Incentive Plan 2019 (MIP 2019) was launched in March 2019. The rights under MIP 2019 were allocated to members of the Management Board in June 2019. Because selected Management Board members currently hold rights under MIP 2019, this plan is presented in the Remuneration Report.

MIP 2019 consists of two differently weighted parts. When MIP 2019 was granted, the target amount for the MIP, as determined by the Supervisory Board individually for each member, was converted into stock appreciation rights (SARs) on the basis of a weighted initial value. These rights were then subdivided into performance SARs (PSARs) at 60 percent, and retention

SARs (RSARs) at 40 percent, and allocated to the Management Board members as computational amounts. Each tranche has a term of four years, i.e., to 2023.

Performance stock appreciation rights

The number of granted PSARs at the end of the four-year term is determined by the target achievement factor. For the PSARs, the target achievement factor is based on the outperformance of the Software AG share in comparison to the Nasdaq 100 stock index. The outperformance is calculated as the difference between the appreciation of the Software AG share and the appreciation of the Nasdaq over the four-year term of the MIP tranche. The target achievement factor is a minimum of 0 in the case of outperformance of less than 0 percent and 1 in the case of outperformance between 0 and 2 percent. It reaches a maximum of 2 in the case of outperformance of at least 20 percent. Between those values, the target achievement factor grows by 0.1 per outperformance increase of 2 percentage points.

The disbursement amount per PSAR is calculated as the product of the target achievement factor and the

average share price of the Software AG share during the 20 trading days before (and including) March 24, 2023. The disbursement for PSARs is limited to 300 percent of the target amount multiplied by 0.6 percent.

Retention stock appreciation rights

The number of allocated RSARs does not change over the course of the term. The disbursement amount depends on the average share price of the Software AG share during the 20 trading days before (and including) March 24, 2023. Disbursement for RSARs is limited to 300 percent of the target amount multiplied by 0.4 percent.

Total balance of rights held under LIP and MIP

The following table shows the number of virtual stock options granted in the fiscal year as well as virtual stock options held by Management Board members under the presented plans as of December 31, 2022 (measured in accordance with IFRS 2), as reflected in the Consolidated Financial Statements of Software AG for fiscal year 2022:

Virtual Stock Options Granted, Expired, or Held in the Fiscal Year

	Plan	Performance period in years	Grant date	Number of options granted	Committed value in €	Number of options expired	Number of options as of Dec. 31, 2022	Value of options as of Dec. 31, 2022 in €
Sanjay Brahmawar	LIP 2022	3.67	Dec. 1, 2022 ¹	149,247	1,200,000	0	149,247	368,907
	LIP 2021	4.00	May 17, 2021	157,990	1,200,000	0	157,990	330,986
	MIP 2020	3.00	June 10, 2020	109,541	879,464	0	109,541	346,495
	MIP 2019	3.79	June 7, 2019	48,779	1,216,745	0	48,779	468,386
Dr. Elke Frank	LIP 2021	4.00	May 17, 2021	78,995	600,000	50,231	28,764	60,260
	MIP 2020	3.00	June 10, 2020	54,771	439,734	11,104	43,667	138,118
	MIP 2019	3.76	June 7, 2019	10,162	253,482	0	10,162	97,580
Dr. Matthias Heiden	LIP 2022	3.67	Dec. 1, 2022	9,701	78,000	0	9,701	23,979
	LIP 2021	4.00	May 17, 2021	78,995	600,000	46,607	32,388	67,852
	MIP 2020	2.94	July 1, 2020	27,386	219,883	4,108	23,278	73,643
Joshua Husk	LIP 2022	3.67	Dec. 1, 2022	30,281	243,475	0	30,281	74,848
Dr. Benno Quade	LIP 2022	3.67	Dec. 1, 2022	8,291	66,667	0	8,291	20,494
Dr. Stefan Sigg	LIP 2022	3.67	Dec. 1, 2022	74,624	600,000	0	74,624	184,452
	LIP 2021	4.00	May 17, 2021	78,995	600,000	0	78,995	165,493
	MIP 2020	3.00	June 10, 2020	54,771	439,734	0	54,771	173,248
	MIP 2019	3.79	June 7, 2019	24,390	608,384	0	24,390	234,193

¹ The rights granted under LIP 2022 were allocated retroactively effective July 1, 2022, based on valuation parameters as of July 5, 2022.

2.5 OTHER POLICIES

2.5.1 Clawback

The Company is entitled, at its reasonable discretion, to adjust and reclaim the amounts disbursed as variable remuneration if the audited Consolidated Financial Statements and/or the basis for establishing the targets on which the variable remuneration was calculated must subsequently be corrected because they prove to be objectively incorrect, and such error has led to false calculation of the variable remuneration. The amount of the repayment claim is equal to the difference between the amounts actually disbursed by the Company and the amounts that should have been disbursed under the policies on variable remuneration, based on the corrected basis of calculation.

In the event of a breach of duty by a Management Board member pursuant to section 93 of AktG, or a material breach of the Code of Conduct of the Company, the Supervisory Board can reduce or reclaim the variable remuneration components in part or in full.

If the corrected basis of calculation for variable remuneration or the specified breaches affect several of the variable remuneration components that have been disbursed, then all amounts disbursed for the variable remuneration components can be reduced or reclaimed. This repayment claim remains valid until four years have elapsed after disbursement of the variable remuneration components in question.

In fiscal 2022, no variable remuneration components from previous years were reclaimed.

The CEO, Sanjay Brahmawar, only becomes subject to the clawback policy as described when the current remuneration system becomes applicable to him upon his contract renewal (as of August 1, 2023). The contracts of those Management Board members who left in 2022, Dr. Elke Frank and Dr. Matthias Heiden, are not subject to the clawback policy.

2.5.2 Share Ownership Guidelines

As per the Share Ownership Guidelines, after the end of a four-year accrual period, members of the Management Board are contractually required to hold the equivalent of one fixed net annual salary in Software AG shares for the duration of their Management Board term. Compliance with this requirement must be verified at the conclusion of the four-year accrual period and once per year thereafter. If the value of the accrued balance of

Software AG shares drops below the required amount, the Management Board member must purchase additional shares to meet the requirement.

The CEO, Sanjay Brahmawar, only becomes subject to the Share Ownership Guidelines when the current remuneration system becomes applicable to him upon his contract renewal (as of August 1, 2023). The Share Ownership Guidelines are not applicable to the contracts of those Management Board members who left in 2022, Dr. Elke Frank and Dr. Matthias Heiden.

2.5.3 Calculation of remuneration for additional activities

If Management Board members are also members of intra-Group Supervisory Boards, the remuneration is offset. If a Management Board member assumes a Supervisory Board seat at a non-Group entity, the Supervisory Board decides based on its best judgment whether and to what extent that remuneration shall be offset. No remuneration for additional activities was offset in the 2022 fiscal year.

2.5.4 Obligations in connection with termination of service

2.5.4.1 Termination through regular expiration of the appointment

No severance or special payments will be provided.

If a Management Board member's contract is terminated by the Management Board member or is terminated with good cause for which the member him/herself is responsible, a severance payment shall not be paid.

2.5.4.2 Obligations when a Management Board member leaves

If a Management Board contract is terminated prematurely without good cause, a possible severance payment to the Management Board member is limited to the value of one maximum target total remuneration (excluding LIP, pension benefits, and additional benefits) and may not exceed the contractually stipulated remuneration for the remaining term (severance cap).

Dr. Elke Frank left the Management Board as of October 31, 2022. She received a severance payment in the amount of €1,000,000 in the 2022 fiscal year for the premature termination of her contract. This corresponds to her target total remuneration (excluding LIP, contributions to Company pension plans, and additional

benefits). In addition, it was agreed with her that her short-term variable remuneration for 2022 would be disbursed as a cash payment only and not converted to PPS, even in the event of target achievement of more than 100 percent.

Furthermore, Dr. Matthias Heiden, who left the Management Board as of December 31, 2022, shall receive a one-time payment in the amount of €33,333.33 for handover activities carried out in January 2023. This corresponds to one-twelfth of his short-term variable target remuneration. There were no severance payments. For the duration of the agreed post-contractual six-month non-compete period, the Company shall pay non-compete compensation totaling €300,000 (in monthly installments of €50,000), less other earnings. Furthermore, it was agreed with Dr. Matthias Heiden that his short-term variable remuneration for 2022 would be disbursed as a cash payment only and not converted to PPS, even in the event of target achievement of more than 100 percent.

2.5.4.3 Post-contractual non-compete clauses

In the case of agreement on a post-contractual non-compete clause, a severance payment will be offset against the non-compete compensation. Aside from the non-compete clause described in section 2.5.4.2, which was agreed as part of the termination of one Management Board member's contract, four Management Board member contracts currently contain post-contractual non-compete clauses for a period of either 12 months (two contracts: Sanjay Brahmawar and Dr. Stefan Sigg) or 18 months (two contracts: Dr. Benno Quade and Joshua Husk) after termination of the employment contract. The following conditions apply for the duration of the post-contractual non-compete clause:

- Sanjay Brahmawar shall receive monthly non-compete compensation in the amount of one-twelfth of his target total remuneration (excluding LIP, pension benefits, and additional benefits). Thus, the total severance payment by Software AG as described above—consisting of one target total remuneration (excluding LIP, pension benefits, and additional benefits) and non-compete compensation—does not exceed the severance cap of two years' annual remuneration as recommended by the GCGC.
- Dr. Stefan Sigg shall receive monthly non-compete compensation in the amount of one-twelfth of half of the agreed target total remuneration (excluding LIP,

pension benefits, and additional benefits) applicable as of the date of termination of the Management Board employment contract. Thus, the total severance payment by Software AG as described above—consisting of one target total remuneration (excluding LIP, pension benefits, and additional benefits) and non-compete compensation—does not exceed the severance cap of two years' annual remuneration as recommended by the GCGC.

- Joshua Husk shall receive monthly non-compete compensation in the amount of one-twelfth of half of the agreed target total remuneration (excluding additional benefits) applicable as of the date of termination of the Management Board employment contract. Any other severance payments shall be offset.
- Dr. Benno Quade shall receive monthly non-compete compensation in the amount of one-twelfth of half of the agreed cash remuneration (fixed annual salary and short-term variable remuneration) applicable as of the date of termination of the Management Board employment contract. Any other severance payments shall be offset.

2.5.4.4 Obligations in connection with a change in control

If an employment contract ends due to a change of control, no additional severance will be paid.

The CEO, Sanjay Brahmawar, only becomes subject to this policy when the current remuneration system becomes applicable to him upon his contract renewal (as of August 1, 2023). Until then, he shall be subject to the old policy which stipulates that, if terminated without good cause within 12 months of a change of control, the Management Board member will receive a severance payment equal to 1.5 annual salaries based on the most recently agreed annual target remuneration, capped at the amount of target remuneration for the remaining term of the contract. In the case of resignation by a member of the Management Board, the above-mentioned policy is not applicable if the position of the Management Board member has only been altered marginally through the change of control.

2.5.5 Remuneration in the event of illness

In the event of illness, the members of the Management Board shall receive full pay based on their annual target remuneration for a period of six months (12 months in one Management Board member's contract). Thereafter,

the variable salary will be reduced by one-twelfth for every month that follows. Salary payments will cease at the end of the term of the contract in any event. Any health insurance benefits received must be credited against such payments.

2.5.6 Remuneration in the event of permanent disability

In the event of permanent disability, the employment contract of the Management Board member concerned will terminate at the end of the third month in which the permanent disability was determined. When in doubt, permanent disability is determined by an expert assessment and is deemed to be present when the Board member has been unable to work for 12 consecutive months (excluding Dr. Elke Frank's contract).

From the date of departure due to permanent disability until completion of the 62nd year of age, CEO Sanjay Brahmawar shall receive a monthly disability pension of €20.1 thousand (2021: €20.1 thousand). The disability pension is linked to his pension entitlement and is increased annually by the percentage by which the consumer price index for Germany published by the Federal Statistical Office has increased in comparison to the previous year.

2.5.7 No additional other obligations

No commitments beyond those described above have been made regarding severance pay in the event the employment contract is not renewed or a shareholder change occurs nor regarding continuation of salary payments in the event of early termination of employment or severance annuities.

2.6 GRANTED AND OWED REMUNERATION PURSUANT TO SECTION 162 OF AKTG

According to section 162 of AktG, all fixed and variable remuneration components that were "granted and owed" to individual members of the Management Board in 2021 and 2022 are to be disclosed. Because according to AktG, it is open to interpretation as to when some individual remuneration components are granted and owed, Software AG developed presentation methods for the first-time application of section 162 of AktG in the 2021 Remuneration Report in accordance with IDW guidelines, and continued to apply them in this 2022 Remuneration Report. In Software AG's view, the following remuneration components in particular are open to interpretation:

- Pension benefits: Pension benefits are presented in the year of payment to beneficiaries as granted and owed remuneration. This applies to payments of pensions under defined benefit obligations as well as cash payments that serve as contributions to board members' private pension planning or to settle acquired pension entitlements.
- STI: Short-term variable remuneration under the Short-Term Incentive Plan is fully earned upon conclusion of the fiscal year for which remuneration is contractually granted. Just the Supervisory Board's determination of target achievement and subsequent disbursement occur in the following year. Short-term variable remuneration under the Short-Term Incentive Plan is therefore shown as granted and owed remuneration in the fiscal year for which it is contractually granted.
- PPS plan and LIP: Remuneration from stock options is shown for all plans as granted and owed in the year of disbursement.

The comparability of the relative proportions of all fixed and variable components shown in the following tables with the information on the relative proportions of target total remuneration in [the graphic on page 248](#) is limited. As described in [section 2.3](#), target total remuneration is remuneration granted in relation to the respective financial year irrespective of when it is disbursed, whereas individual remuneration components are shown in the Remuneration Report as granted and owed directly upon disbursement pursuant to AktG.



Granted and Owed Remuneration for Current Management Board Members

			Sanjay Brahmawar CEO Joined Aug. 1, 2018			
in €			2021	2021 (as %)	2022	2022 (as %)
Fixed remuneration components	Fixed annual salary		1,000,000	44.7	1,000,000	56.5
	Additional benefits		6,732	0.3	6,732	0.4
	Pension benefits		0	0.0	0	0.0
	Total, fixed		1,006,732	45.0	1,006,732	56.9
Variable remuneration components	Short-term (STI)		1,188,133	53.1	702,750	39.7
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	41,878	1.9	60,546	3.4
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	0.0
	Total, variable		1,230,012	55.0	763,296	43.1
Other		0	0.0	300	0.0	
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG		0	0.0	0	0.0	
Total remuneration		2,236,743	100.0	1,770,328	100.0	

			Dr. Elke Frank CHRO Joined Aug. 1, 2019 / Left Oct. 31, 2022			
in €			2021	2021 (as %)	2022	2022 (as %)
Fixed remuneration components	Fixed annual salary		500,000	49.9	416,667	25.0
	Additional benefits		21,458	2.1	17,882	1.1
	Pension benefits		0	0.0	0	0.0
	Total, fixed		521,458	52.1	434,549	26.1
Variable remuneration components	Short-term (STI)		475,253	47.5	221,750	13.3
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	4,828	0.5	9,039	0.5
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	0.0
	Total, variable		480,082	47.9	230,789	13.9
Other		0	0.0	1,000,300 ¹	60.1	
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG		0	0.0	0	0.0	
Total remuneration		1,001,540	100.0	1,665,638	100.0	

¹ Includes severance payment in connection with departure from the Management Board in the amount of €1,000,000 (see section 2.5.4.2).

Dr. Matthias Heiden
CFO

Joined July 1, 2020 / Left Dec. 31, 2022

in €		2021	2021 (as %)	2022	2022 (as %)	
Fixed remuneration components	Fixed annual salary	600,000	54.4	600,000	64.0	
	Additional benefits	23,364	2.1	23,364	2.5	
	Pension benefits	0	0.0	0	0.0	
	Total, fixed	623,364	56.5	623,364	66.5	
Variable remuneration components	Short-term (STI)	475,253	43.1	266,100	28.4	
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	4,077	0.4	13,172	1.4
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	0.0
Total, variable	479,331	43.5	279,272	29.8		
Other	0	0.0	34,982 ¹	3.7		
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG	0	0.0	0	0.0		
Total remuneration	1,102,695	100.0	937,619	100.0		

¹ Includes compensation for lost paid vacation entitlement in connection with departure from the Management Board in the amount of €34,682.10.

Joshua Husk
CRO

Joined Aug. 1, 2022

in €		2021	2021 (as %)	2022 ²	2022 (as %)	
Fixed remuneration components	Fixed annual salary	0	—	360,170	29.1	
	Additional benefits	0	—	15,059	1.2	
	Pension benefits	0	—	67,288	5.4	
	Total, fixed	0	—	442,517	35.8	
Variable remuneration components	Short-term (STI)	0	—	255,778	20.7	
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	0	—	0	0.0
		Long-Term Incentive Plan (LIP, MIP)	0	—	0	0.0
Total, variable	0	—	255,778	20.7		
Other	0	—	538,097	43.5		
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG	0	—	0	0.0		
Total remuneration	0	—	1,236,392	100.0		

² With the exception of the STI, amounts paid locally in US dollars were translated into euros on the basis of average monthly exchange rates. The STI is translated on the basis of the year-end exchange rate.

Dr. Benno Quade
COO

Joined Aug. 1, 2022

in €		2021	2021 (as %)	2022	2022 (as %)	
Fixed remuneration components	Fixed annual salary	0	—	52,083	31.7	
	Additional benefits	0	—	9,981	6.1	
	Pension benefits	0	—	62,500	38.0	
	Total, fixed	0	—	124,564	75.8	
Variable remuneration components	Short-term (STI)	0	—	39,531	24.0	
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	0	—	0	0.0
		Long-Term Incentive Plan (LIP, MIP)	0	—	0	0.0
Total, variable	0	—	39,531	24.0		
Other	0	—	300	0.2		
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG	0	—	0	0.0		
Total remuneration	0	—	164,395	100.0		



		Dr. Stefan Sigg CPO Joined April 1, 2017				
in €		2021	2021 (as %)	2022	2022 (as %)	
Fixed remuneration components	Fixed annual salary	700,000	19.0	700,000	59.4	
	Additional benefits	42,082	1.1	42,283	3.6	
	Pension benefits	2,063,097	56.1	150,000	12.7	
	Total, fixed	2,805,179	76.3	892,283	75.7	
Variable remuneration components	Short-term (STI)	415,847	11.3	252,525	21.4	
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	456,144	12.4	32,855	2.8
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	0.0
	Total, variable	871,990	23.7	285,380	24.2	
Other	0	0.0	300	0.0		
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG	0	0.0	0	0.0		
Total remuneration		3,677,169	100.0	1,177,963	100.0	

Granted and Owed Remuneration for Former Management Board Members

		John Schweitzer former CRO Joined Nov. 1, 2018 / Left Feb. 28, 2021				
in €		2021	2021 (as %)	2022	2022 (as %)	
Fixed remuneration components	Fixed annual salary	96,148	13.6	0	–	
	Additional benefits	72,941	10.3	0	–	
	Pension benefits	2,066	0.3	0	–	
	Total, fixed	171,155	24.2	0	–	
Variable remuneration components	Short-term (STI)	137,765	19.5	0	–	
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	398,065	56.3	0	–
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	–
	Total, variable	535,830	75.8	0	–	
Other	0	0.0	0	–		
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG	0	0.0	0	–		
Total remuneration		706,984	100.0	0	–	

			Karl-Heinz Streibich former CEO Joined Oct. 1, 2003 / Left July 31, 2018			
in €			2021	2021 (as %)	2022	2022 (as %)
Fixed remuneration components	Fixed annual salary		0	0.0	0	0.0
	Additional benefits		0	0.0	0	0.0
	Pension benefits		358,927	56.7	377,986	57.9
	Total, fixed		358,927	56.7	377,986	57.9
Variable remuneration components	Short-term (STI)		0	0.0	0	0.0
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	274,387	43.3	274,387	42.1
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	0.0
	Total, variable		274,387	43.3	274,387	42.1
Other		0	0.0	0	0.0	
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG		0	0.0	0	0.0	
Total remuneration		633,313	100.0	652,372	100.0	

			Arnd Zinnhardt former CFO Joined May 1, 2002 / Resigned March 31, 2020 / Left Sept. 30, 2020			
in €			2021	2021 (as %)	2022	2022 (as %)
Fixed remuneration components	Fixed annual salary		0	0.0	0	0.0
	Additional benefits		0	0.0	0	0.0
	Pension benefits		0	0.0	141,787	86.7
	Total, fixed		0	0.0	141,787	86.7
Variable remuneration components	Short-term (STI)		0	0.0	0	0.0
	Long-term (LTI) share-based incentive	Performance Phantom Shares (PPS)	1,216,404	84.4	21,801	13.3
		Long-Term Incentive Plan (LIP, MIP)	0	0.0	0	0.0
	Total, variable		1,216,404	84.4	21,801	13.3
Other		225,000	15.6	0	0.0	
Repayment claims pursuant to section 162(1), s. 2, no. 4 AktG		0	0.0	0	0.0	
Total remuneration		1,441,404	100.0	163,589	100.0	

2.7 VERTICAL REMUNERATION COMPARISON

In accordance with the recommendations of the GCGC, when assessing the usual level of Management Board remuneration within Software AG, the Supervisory Board takes into account the relationship between Management Board remuneration and that of senior management and the staff as a whole, and how remuneration has developed over time.

The following table illustrates the rate of change of Management Board members' remuneration compared with Software AG's earnings development and

employees' (FTE) average remuneration year-on-year. The basis for the rates of change presented are the amounts indicated as "granted and owed remuneration" in section 2.6 in accordance with section 162 of AktG. Significant fluctuations in the rate of change are because of one-off effects (e.g., from severance payments) or because members of the Management Board only received pro-rated remuneration in certain fiscal years due to having joined or left the Company mid-year.

Earnings development is shown in accordance with legal regulations based on the development of Software AG's net income under German commercial law. Because Software AG's net income under German

commercial law is regularly influenced by subsidiaries' dividend disbursements to varying degrees, the comparison is only of limited significance. A comparison of Management Board remuneration relative to Software AG's operating earnings (EBITA, non-IFRS) was therefore also carried out.

The average remuneration of Software AG's staff worldwide is used in the comparison with the development of employees' average remuneration. This assessment examined the remuneration of all employees, including senior managers, in accordance with section 5(3) of BetrVG (German Works Constitution Act). Additional compensation for employees serving on the Supervisory Board of Software AG is not included. Furthermore, a comparison with all managers who report directly to the Management Board was also conducted.

Comparison of Annual Change in Management Board Remuneration

	% change 2022 vs. 2021	% change 2021 vs. 2020
Remuneration of current Management Board members		
Sanjay Brahmawar CEO	-20.9	
Dr. Elke Frank CHRO (until Oct. 31, 2022)	66.2	
Dr. Matthias Heiden CFO (until Dec. 31, 2022)	-15.0	
Joshua Husk CRO (since Aug. 1, 2022)	100.0	
Dr. Benno Quade COO (since Aug. 1, 2022)	100.0	
Dr. Stefan Sigg CPO	-68.0	
Remuneration of former Management Board members		
John Schweitzer former CRO (until Feb. 28, 2021)	-100.0	
Karl-Heinz Streibich former CEO (until July 31, 2018)	3.0	
Arnd Zinnhardt former CFO (until Sept. 30, 2020)	-88.7	
Software AG's financial performance		
Operating EBITA (non-IFRS) Software AG Group	9.0	
Net income after tax Software AG	399.7	
Average employee salary growth		
Salary growth of all employees	5.8	1.9
Salary growth in the second tier of management	3.5	4.9

2.8 ASSESSMENT OF THE APPROPRIATENESS OF MANAGEMENT BOARD REMUNERATION

Software AG's Supervisory Board assessed the appropriateness of Management Board remuneration in 2020 and arrived at the conclusion that Management Board remuneration is appropriate from a legal point of view in accordance with section 87(1) of AktG.

To assess the appropriateness of Management Board remuneration and pensions, the Supervisory Board called upon an external consultant. On the one hand, the relationship of the amount and structure of the Management Board's remuneration with the remuneration of senior management and the staff as a whole was evaluated from a company-external perspective (vertical comparison). In addition to the status quo, the vertical comparison also took into account the development of remuneration correlations over time. On the other hand, remuneration amounts and structures were evaluated from the point of view of Software AG's position in comparison with the market (horizontal comparison). The comparative peer-group market consisted of MDAX companies. Companies in the financial services sector were not included because their remuneration is subject to different regulations and their remuneration structures are not comparable with other industries. In addition to fixed remuneration, the horizontal comparison also included short and long-term remuneration components as well as additional benefits and pension benefits. The Supervisory Board compiled the peer group with a sense of perspective in order to prevent an automatic upward remuneration trend.

For new appointments of Management Board members in the 2022 fiscal year, a horizontal comparison with the described peer-group market was carried out for each new position with the help of an external consultant to ensure appropriate remuneration for new members of the Management Board. To account for regional specifics and guarantee competitiveness in the US labor market, the peer-group market for Joshua Husk's remuneration was adjusted accordingly. That comparison used remuneration of CROs and heads of sales at publicly listed companies with revenue between \$500 and \$1,000 million based on both the East and West Coasts of the USA.

3 Supervisory Board Remuneration

3.1 REMUNERATION SYSTEM

The Supervisory Board remuneration system is approved by the Annual Shareholders' Meeting based on a proposal by the Management Board and Supervisory Board. The remuneration is specified by way of resolution passed at the Annual Shareholders' Meeting. At regular intervals no longer than four years apart, the Management Board and Supervisory Board review whether the amount and structure of Supervisory Board remuneration have remained market-oriented and in appropriate relation to the tasks of the Supervisory Board and to the Company's overall situation. This includes a horizontal comparison conducted by the Supervisory Board for which external independent experts can be consulted. The remuneration system's market suitability was confirmed in the 2021 fiscal year. If there are grounds to change the Supervisory Board remuneration system, the Management Board and Supervisory Board shall make a proposal to the Annual Shareholders' Meeting to amend Supervisory Board remuneration.

The current remuneration system for the members of the Supervisory Board of Software AG was approved at the Annual Shareholders' Meeting on May 12, 2021, by a majority of 99.91 percent of shareholders' voting shares, in accordance with section 113(3), sentences 1 and 2 of AktG, in conjunction with section 14 of Software AG's Articles of Association.

3.2 REMUNERATION AMOUNT AND COMPONENTS

Supervisory Board remuneration consists solely of fixed remuneration, plus compensation for attending committee meetings. There are no variable components or share-based remuneration. The Management Board and Supervisory Board do not consider performance-based remuneration to be appropriate for the Supervisory Board based on the understanding of the Superviso-

ry Board's function. The Management Board and the Supervisory Board are of the opinion that the governing role of the Supervisory Board should be carried out independently of the Company's success targets. Granting remuneration that is entirely fixed reflects common practice in other listed companies and corresponds to recommendation G.18 of the GCGC.

In accordance with the policies approved at the Annual Shareholders' Meeting, the fixed annual base remuneration for the chair of the Supervisory Board equals €145,200, for each deputy chair €99,000, and for every other member of the Supervisory Board €66,000. As per the recommendations of the GCGC, the higher time commitment of the chair and deputy chair on the Supervisory Board is accounted for in the calculation of their remuneration.

The higher time commitment is also accounted for with respect to membership in and chairing committees. Committee members receive €2,000 each time they attend a committee meeting. Attendance compensation is €4,000 for the committee chairs. Attendance compensation is granted only once for multiple committee sessions occurring on the same day or for a session that takes place over consecutive days.

Maximum Supervisory Board remuneration is the sum of fixed remuneration, the individual amounts of which depend upon tasks assumed within the Supervisory Board, and of meeting attendance compensation, the amount of which is calculated according to tasks assumed within the committees and attendance of committee meetings. Supervisory Board remuneration is not capped at a specific amount.

Members of the Supervisory Board are covered by a directors' and officers' liability insurance policy carried by the Company; their premiums are paid by Software AG. In addition, the Company reimburses Supervisory Board members for any expenses incurred in connection with their Supervisory Board activities as well as any statutory value added tax on their income.

The details of Supervisory Board members' remuneration are finalized by the Annual Shareholders' Meet-

ing; no additional or supplementary agreements exist. Remuneration is contingent upon the length of appointment as member of the Supervisory Board.

Members of the Supervisory Board who were only on the Supervisory Board for part of the fiscal year will receive pro-rated fixed remuneration. Their remuneration

is adjusted on a pro rata temporis basis and rounded to the next full month. Awards for severance payments, pension plans, and early retirement plans do not exist.

Remuneration policies apply equally to shareholder representatives and employee representatives on the Supervisory Board.

3.3 GRANTED AND OWED REMUNERATION PURSUANT TO SECTION 162 OF AKTG

Supervisory Board Members' Remuneration in the 2022 and 2021 Fiscal Years

	Fiscal year		Fixed remuneration	Committee remuneration	Total
Remuneration of current Supervisory Board Members					
Karl-Heinz Streibich Chair (until Jan. 31, 2022) Personnel Committee (chair) Nominating Committee (chair)	2022	in €	12,100	4,000	16,100
		% of total	75	25	100
	2021	in €	145,200	32,000	177,200
		% of total	82	18	100
Christian Yannick Lucas Chair (since Feb. 3, 2022) Personnel Committee (chair) Nominating Committee (chair) Audit Committee	2022	in €	–	–	– ¹
		% of total	–	–	–
	2021	in €	–	–	–
		% of total	–	–	–
Madlen Ehrlich Dep. chair Audit Committee	2022	in €	99,000	6,000	105,000
		% of total	94	6	100
	2021	in €	16,545	4,000	20,545
		% of total	81	19	100
Ralf Dieter (until Jan. 31, 2022) Audit Committee (chair) Nominating Committee	2022	in €	5,500	–	5,500
		% of total	100	–	100
	2021	in €	66,000	24,000	90,000
		% of total	73	27	100
Oliver Collmann (since April 4, 2022) Audit Committee (chair) Nominating Committee	2022	in €	49,500	8,000	57,500
		% of total	86	14	100
	2021	in €	–	–	–
		% of total	–	–	–
Bettina Schraudolf Personnel Committee	2022	in €	66,000	4,000	70,000
		% of total	94	6	100
	2021	in €	11,030	2,000	13,030
		% of total	85	15	100
Ursula Soritsch-Renier Personnel Committee Nominating Committee	2022	in €	66,000	6,000	72,000
		% of total	92	8	100
	2021	in €	66,000	10,000	76,000
		% of total	87	13	100
Markus Ziener (until May 17, 2022) Audit Committee (chair Feb. 1, 2022 until May 17, 2022) Nominating Committee	2022	in €	27,500	6,000	33,500
		% of total	82	18	100
	2021	in €	66,000	18,000	84,000
		% of total	79	21	100

¹ The chair of the Supervisory Board, Christian Lucas, waived his remuneration for the 2022 fiscal year.

Supervisory Board Members' Remuneration in the 2022 and 2021 Fiscal Years

	Fiscal year		Fixed remuneration	Committee remuneration	Total
Remuneration of former Supervisory Board Members					
Guido Falkenberg Dep. chair (until Nov. 4, 2021) Personnel Committee	2022	in €	–	–	–
		% of total	–	–	–
	2021	in €	82,455	14,000	96,455
		% of total	85	15	100
Christian Zimmermann (until Nov. 4, 2021) Audit Committee	2022	in €	–	–	–
		% of total	–	–	–
	2021	in €	54,970	8,000	62,970
		% of total	87	13	100
Total Supervisory Board remuneration	2022	in €	325,600	34,000	359,600
		% of total	91	9	100
	2021	in €	508,200	112,000	620,200
		% of total	82	18	100

**3.4 VERTICAL REMUNERATION
COMPARISON**

Analogous to the principles of presentation applied in the vertical comparison of Management Board remuneration in section 2.7, the following table shows a comparison of the rate of change in Supervisory Board remuneration with Software AG's earnings development and employees' (FTE) average remuneration year-on-year. The basis for the rates of change presented are the amounts indicated as "granted and owed remuneration" in section 3.3 in accordance with section 162 of AktG. Significant fluctuations in the rate of change are because some members of the Supervisory Board only received pro-rated remuneration in certain fiscal years due to having joined or left the Company mid-year. Any remuneration received by a member of the Supervisory Board for previous service on Software AG's Management Board is not included in the comparison.

Comparison of Annual Change in Supervisory Board Remuneration

	% change 2022 vs. 2021	% change 2021 vs. 2020
Remuneration of current Supervisory Board Members		
Karl-Heinz Streibich Chair (until Jan. 31, 2022) Personnel Committee (chair) Nominating Committee (chair)	-90.9	
Christian Yannick Lucas Chair (since Feb. 3, 2022) Personnel Committee (chair) Nominating Committee (chair) Audit Committee	–	
Madlen Ehrlich Dep. chair Audit Committee	411.1	
Ralf Dieter (until Jan. 31, 2022) Audit Committee (chair) Nominating Committee	-93.9	
Oliver Collmann (since April 4, 2022) Audit Committee (chair) Nominating Committee	100.0	
Bettina Schraudolf Personnel Committee	437.2	
Ursula Soritsch-Renier Personnel Committee Nominating Committee	-5.3	
Markus Ziener (until May 17, 2022) Audit Committee (chair Feb. 1, 2022 until May 17, 2022) Nominating Committee	-60.1	
Remuneration of former Supervisory Board Members		
Guido Falkenberg Dep. chair (until Nov. 4, 2021) Personnel Committee	-100.0	
Christian Zimmermann (until Nov. 4, 2021) Audit Committee	-100.0	
Software AG's financial performance		
Operating EBITA (non-IFRS) Software AG Group	9.0	
Net income after tax Software AG	399.7	
Average employee salary growth		
Salary growth of all employees	5.8	1.9
Salary growth in the second tier of management	3.5	4.9

Report of the Independent Auditor

To Software Aktiengesellschaft, Darmstadt/Germany

We have audited the accompanying remuneration report of Software Aktiengesellschaft, Darmstadt/Germany, (“the Company”) for the financial year from January 1 to December 31, 2022, including the related disclosures, which has been prepared to comply with Section 162 German Stock Corporation Act (AktG).

Responsibilities of the Executive Directors and of the Supervisory Board

The executive directors and the supervisory board of Software Aktiengesellschaft, Darmstadt/Germany, are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These Standards require that we fulfill the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the remuneration report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the remuneration report, including the related disclosures. The choice of the audit procedures is subject to the auditor's professional judgment. This includes assessing the risk of material misstatements, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the system of internal control, which is relevant to preparing the remuneration report, including the related disclosures. Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, of the reasonableness of accounting estimates made by the executive directors and the supervisory board as well as an evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2022, including the related disclosures, complies, in all material respects, with the accounting principles of Section 162 AktG.

**Other Matter – Formal Audit of the Remuneration
Report**

The content audit of the remuneration report described in this report comprises the formal audit required under Section 162 (3) AktG including the issuance of a report on this audit. Since our audit opinion on the content audit is unmodified, this audit opinion includes that the disclosures required under Section 162 (1) and (2) AktG are contained, in all material respects, in the remuneration report.

Intended Use of the Report

We issue this report as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report is solely intended to inform the Company about the result of the audit.

Liability

This report is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to Software Aktiengesellschaft, Darmstadt/Germany, and our liability is also governed by the engagement letter dated December 12, 2022 agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated January 1, 2017 (IDW-AAB). However, we do not accept or assume liability to third parties.

Frankfurt am Main/Germany, March 8, 2023

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Kirsten Gräbner-Vogel)
Wirtschaftsprüferin
(German Public Auditor)

(Dr. Steffen Umlauf)
Wirtschaftsprüfer
(German Public Auditor)