Independent Auditor's Report

To the Software Aktiengesellschaft, Darmstadt

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Software Aktiengesellschaft, Darmstadt, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated income statement, statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from January 1, 2020 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of the Group for the financial year from January 1, 2020 to December 31, 2020. In accordance with the German legal requirements we have not audited the content of those parts of the combined management report listed in "other information" section.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1, 2020 to December 31, 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the parts of the combined management report listed in the "other information" section.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2020 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We have identified the following items as key audit matters:

1. Revenue recognition for software licenses
2. Impairment of goodwill
3. Recognition and measurement of income taxes

Revenue Recognition for Software Licenses

Facts and circumstances

In the consolidated financial statements of Software AG, revenue amounting to €834.8 million was disclosed in the consolidated income statement and was mainly generated by granting software licenses (€217.2 million), from maintenance (€422.6 million) and from services (€163.6 million). Frequently, the Company's customers are granted software licenses combined with maintenance and/or services in multiple element contracts. To ensure that revenue generated from these highly complex business transactions is uniformly and consistently recognized, Software AG has implemented detailed accounting policy guidelines in line with the applicable accounting standards, and has established uniform processes throughout the Group. Due to the size of individually large contracts, management decisions requiring significant judgment may materially affect the consolidated financial statements. These decisions by management may especially be necessary in identifying performance obligations of a contract, as well as determining and allocating the transaction price to those separate obligations.

The respective revenue disclosures presented by Software AG are to be found in the notes to the consolidated financial statements in sections "[3] Accounting Policies and Measurement Methods," "[5] Total Revenue" and "[31] Segment Reporting."

Audit response and findings

We examined whether the Software AG accounting policies complied with IFRS 15 Revenue from Contracts with Customers. We assessed the processes and controls for recognizing revenues generated by granting software licenses, especially in transactions involving multiple element contracts established by the Group, and examined their effectiveness. In particular, controls involving the proper identification of performance obligations, the determination and the allocation of the transaction price were thereby tested. By involving our IT specialists, we additionally assessed the related systems used in accounting for revenue. For all of the significant contracts and a selection of the remaining contracts for granting software licenses we performed substantial audit procedures and assessed management decisions with regards to the identification of performance obligations, determination of the transaction price and allocation of this price among the separate performance obligations. We examined the contracts to the extent required for assessing if they were presented in the consolidated financial statements in accordance with IFRS, and if the accounting policies of Software AG had been uniformly applied throughout the Group. By giving appropriate instructions to the component auditors and then performing an assessment of the reporting from their audit, we ensured that the audit procedures were performed uniformly throughout the Group. Furthermore we examined the disclosures required by IFRS 15 Revenue from Contracts with Customers as presented in the notes.

Based on the audit procedures we performed, we are of the opinion that the underlying assumptions and management's judgment used for revenue recognition, in particular in the area of identifying performance obligations, determining transaction prices and allocation of the transaction prices among separate obligations , were presented fairly, in all material respects.

Impairment of Goodwill

Facts and circumstances

In the consolidated financial statements of Software AG, goodwill as presented under non-current assets, amounts to €947.4 million, representing 46% of the balance sheet total. Goodwill was allocated to cash-generating units.

Cash-generating units with goodwill are subject to impairment tests (according to IAS 36) by the company at least once a year as well as to an additional impairment test if there are any indications of an impairment. In addition to the annual impairment test the company performed an impairment test as of June 30, 2020 for the cash generating unit Professional Services due to indications that it may be impaired. The valuation is thereby made by using the discounted cash flow method. If the carrying amount of a cash-generating unit is higher than its recoverable amount, the carrying amount is written down to the recoverable amount.

Assessing the recoverability of goodwill is complex and requires that management make numerous estimates and use significant judgment, especially with regard to revenue growth and the development of profit margins within a detailed four year budget period, a sustainable growth rate for cash flows expected for a forecast beyond the detailed budget period, and the discount rate to be used. This is a key audit matter due to the significance of the balance for goodwill in the consolidated financial statements of Software AG and because of considerable uncertainties associated with such a measurement.

Software AG's disclosures concerning goodwill are contained in sections "[3] Accounting Policies and Measurement Methods" and "[20] Intangible Assets and Goodwill" in the notes to the consolidated financial statements.

Audit response and findings

In the course of our audit we assessed the appropriateness of the material assumptions and the valuation parameters as well as the calculation methods used for impairment testing by involving our valuation specialists. We gained an understanding of the planning system and planning processes of management as well as of the significant assumptions they used. The budget for the subsequent year, as approved by the Supervisory Board, thereby constitutes the starting point for forecasting future cash flows within the detailed budget period. The basis for forecasting future cash flows of the cash generating unit Professional Services as of June 30, 2020 was the current forecast at that time. We examined the underlying budget assumptions and growth rates assumed for the expected cash flows beyond the detailed budget period by comparing past developments and current industry-specific market expectations. We reconciled the forecast of future cash flows in the first year of the detailed budget period with the budget approved by the Supervisory Board and determined reasonableness of the company's historical forecasting accuracy by means of an analysis of budget-to-actual variances. Furthermore, we critically analysed the discount rates used on the basis of the average costs of capital of a peer group. Our audit also encompassed sensitivity analyses made by Software AG. Regarding the effects of possible changes in costs of capital and the growth rates assumed, we additionally performed our own sensitivity analyses.

Overall, we were able to gain reasonable assurance that the assumptions made by management when performing impairment tests and the valuation parameters used were traceable and within an appropriate range.

Recognition and Measurement of Income Taxes

Facts and circumstances

In the consolidated financial statements of Software AG, income taxes reduced earnings before income taxes by 28.1%. This reduction comprised expenses for current taxes (30.7%) as well as income from deferred taxes (2.7%). Software AG conducts business in numerous jurisdictions and is consequently subject to many tax laws worldwide. The recognition and measurement of income tax liabilities and tax receivables, including estimating the probability and extent income tax-related issues result in payment obligations, require significant judgment, and demand a high degree of expertise. In addition, the assessment of the extent to which tax authorities will question tax-related facts is subject to a high amount of uncertainty. Along with current taxes, tax items also encompass deferred taxes that result from temporary differences and tax loss carryforwards that will be realized in future financial years. In particular, the assessment of recoverability for deferred tax assets, which result from deductible temporary differences and tax loss carryforwards, requires significant judgment by management.

Software AG's disclosures on income taxes and deferred taxes are contained in sections "[3] Accounting Policies and Measurement Methods," "[12] Income Taxes," "[19] Income Tax Receivables," "[22] Deferred Taxes" and "[27] Income Tax Liabilities" in the notes to the consolidated financial statements.

Audit response and findings

We involved internal specialists from our Tax Department, who worked closely with the audit team. With their support we assessed, amongst others, the methodical procedures for determining, measuring, and accounting for all tax items. We examined the calculations of income tax liabilities and of tax receivables according to IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax Treatments on the basis of our knowledge of the relevant tax regulations as well as their present application by government authorities and courts. In order to assess income tax risks, we furthermore read the correspondence with tax authorities as well as the transfer pricing documentation critically. The plausibility of the assumptions of the legal representatives about the future taxable income situation was assessed, as it serves as the basis for the recognition and measurement of deferred tax assets resulting from deductible temporary differences and tax loss carryforwards. Tax specialists in our international network supported us in assessing tax items as well as in estimating the tax risks of significant foreign entities and reported the results of their assessments to us. We had our tax specialists analyse these reports.

On the basis of the accounting procedures performed by us, we were, on the whole, able to gain reasonable assurance over the underlying assumptions held and the judgment used by management in accounting for and measuring current and deferred taxes.

Other Information

The executive directors are responsible for the other information. The other information comprises:

- the non-financial statement included in the section "combined non-financial statement" of the combined management report
- the separately published statement on corporate governance to which section „statement on corporate governance" of the combined management report refers
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report 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 that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in Accordance wth § 317 (3b) HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Opinion

We have performed assurance work in accordance with § 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the attached electronic file [Software_KA20_ESEF.zip: c873f1f83b089e329bc84f49cf3485c1bf7269446 a3d958db35804acdc5d12a9] and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from January 1, 2020 to December 31, 2020 contained in the „AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS AND ON THE COMBINED MANAGEMENT REPORT" above.

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the annual financial statements and the combined management report contained in the above-mentioned attached electronic file in accordance with § 317 (3b) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Combined Management Reports Prepared for Publication Purposes (ED IDW AS 410). Accordingly, our responsibilities are further described below in the "AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited combined management report as well as other documents to be published to the operator of the Federal Gazette.

The supervisory board is responsible for overseeing the preparation of ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance that the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinions.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documentation meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file applicable at the reporting date.
- Evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 28, 2020. We were engaged by the supervisory board on August 14, 2020. We have been the group auditor of Software AG without interruption since the financial year 1997.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Ralf Pfeiffer.

Berlin, March 8, 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

Klaus Eckmann
German Public Auditor

Ralf Pfeiffer
German Public Auditor