



REMUNERATION REPORT

1 CONTENTS OF THE REMUNERATION REPORT

The Remuneration Report was prepared in accordance with the provisions of section 162 of German Stock Corporation Act (AktG), which were mandatory for first-time application in the 2021 fiscal year. The Remuneration Report for the 2021 fiscal year is primarily oriented to the recommendations of the German Corporate Governance Code (GCGC) and the legal regulations of the AktG. Furthermore, questions and answers regarding the preparation of a remuneration report provided by the Institut der Wirtschaftsprüfer (Institute of Public

Auditors in Germany, IDW) dated December 21, 2021 were taken into consideration. The Remuneration Report is a separate report which provides details on the remuneration system for the Management and Supervisory Boards as well as reports the amounts and structure of their compensation.

2 MANAGEMENT BOARD MEMBER REMUNERATION

2.1 CHANGES IN THE REMUNERATION SYSTEM AS OF FISCAL 2021

In fiscal 2020, Software AG's Supervisory Board focused intensively on the remuneration system for its Management Board members and carried out changes that took effect as of January 1, 2021. These changes ensure compliance with the GCGC and with

the AktG as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of December 12, 2019.

The current remuneration system for Management Board members came into effect as of fiscal 2021 and was approved by the Annual Shareholders' Meeting of May 12, 2021 pursuant to section 120a (1) of AktG with a majority of 94.83 percent. The Remuneration Report

will be presented to the 2022 Annual Shareholders' Meeting for the first time, for a non-binding vote of the shareholders.

The remuneration system applies to any future contract extensions and any new employment contracts signed with Management Board members as of January 1, 2021. In connection with the extension of his mandate to March 31, 2027, application of the current remuneration system was agreed with Dr. Stefan Sigg, effective retroactively as of January 1, 2021. The remaining

Management Board members are still serving under their current employment contracts and thus are not yet subject to all amended policies of the new Management Board remuneration system. Aspects of remuneration which still fall under the old remuneration system are described separately in the Remuneration Report where relevant.

The following changes under the new remuneration system for Management Board members compared with the old system are particularly noteworthy:

Changes in the New Remuneration System Compared with the Old Remuneration System

Requirements	Remuneration system until Dec. 31, 2020	Remuneration system from Jan. 1, 2021
Section 87 (1), s. 2 of AktG [...] At listed companies, the remuneration structure must be geared toward the company's sustainable and long-term development. [...]	The old remuneration system only partially addressed environment, social and governance (ESG) targets.	The new remuneration system includes ESG targets in the Short-Term Incentive (STI) Plan.
Section 87a (1) s. 2 no. 1 of AktG This remuneration system contains, at a minimum, the following information—with regard to remuneration components, however, only those components that are actually in effect: Establishment of a maximum remuneration for Management Board members	The old remuneration system established maximum percentages for variable remuneration components, based on which the maximum remuneration amounts could then be calculated. No explicit maximum amount for overall remuneration was defined.	Under the new remuneration system, the individual maximum remuneration amount is €5,900,000 for the CEO and €2,900,000 for the other Management Board members.
G.10 GCGC [...] Management Board members can access long-term variable amounts only after four years have elapsed.	Under the old remuneration system, the term for long-term variable remuneration components was shorter.	Under the new remuneration system, the term for long-term variable remuneration components was increased to four years.
G.11 GCGC [...] It should be possible to withhold or reclaim variable remuneration for due cause.	The old remuneration system did not contain any clawback or penalty policies.	The adoption of penalty and clawback provisions is planned under the new remuneration system.
G.14 GCGC No payment obligations should be agreed with regard to premature termination of the employment contract by the Management Board member due to a change of control.	The old remuneration system provided for such obligations in the event of a change of control.	The new remuneration system does not grant any awards in connection with a change of control.
Market/investor/proxy advisor requirements: Management Board members should make a significant investment in company stock.	The old remuneration system did not include any share ownership guidelines.	The new remuneration system obligates the Management Board members to hold 100 percent of one net annual fixed salary in Software AG shares (after a four-year accrual period).
Pension benefits	The old remuneration system provided for pension commitments with reinsurance cover.	Under the new remuneration system, pension benefits take the form of an annual cash payment in the amount of €250,000 for the CEO and €150,000 for the other Management Board members.

2.2 REMUNERATION SYSTEM FOR MANAGEMENT BOARD MEMBERS IN 2021

The remuneration system for Management Board members was assessed and adopted by the Supervisory Board in compliance with the legal requirements of sections 87 and 87a of AktG and the recommendations of GCGC. In this connection, the Supervisory Board consulted an independent external consultant. The Personnel Committee is responsible for preparing the resolution of the Supervisory Board and for regularly supplying the Supervisory Board with all information which the Supervisory Board requires in order to carry out an assessment of the remuneration system. The Supervisory Board carries out an assessment of the remuneration system at its reasonable discretion, but every four years at the latest.

The remuneration system for the members of the Software AG Management Board is designed in a clear and comprehensible manner and is geared towards promoting sustainable and long-term value creation, implementation of the business strategy, and growth of the business lines.

2.2.1 COMPONENTS OF MANAGEMENT BOARD REMUNERATION

The remuneration system for the Management Board members consists of fixed and variable remuneration components. Fixed non-performance-based compensation consists of the fixed annual salary, contributions to private pension plans, and additional benefits. Variable performance-based compensation consists of the variable short-term incentive (STI) and the variable long-term incentive (LTI), with the latter subdivided into the Performance Phantom Share (PPS) Plan and the Long-Term Incentive Plan (LIP) (see Figure 1).

2.2.1.1 Fixed non-performance-based remuneration components

Fixed non-performance-based remuneration consists of a fixed annual base salary, contributions to private pension plans and additional benefits.

Fixed annual salary

The Management Board members receive a fixed annual salary. The fixed annual salary is paid in 12 equal monthly 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.

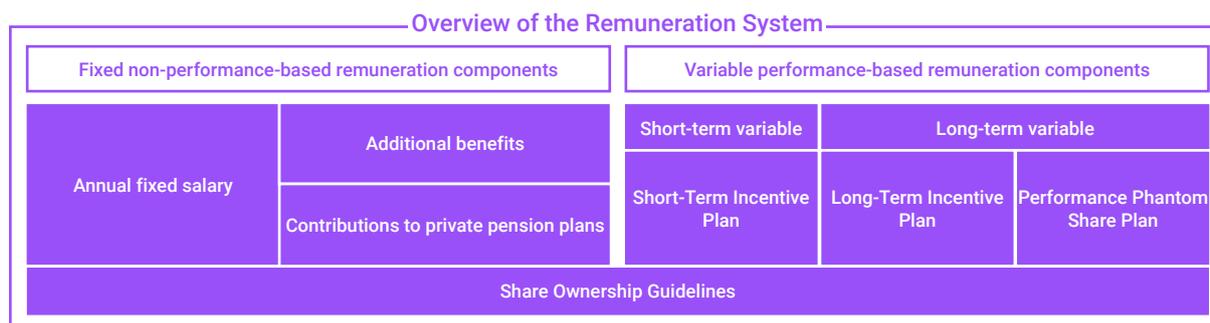
Pension benefits under the new system

Management Board members residing in Germany receive an annual cash payment to support their private pension planning. This pension policy under the new remuneration system applies to Dr. Sigg. He receives an annual payment in the amount of €150,000.00. In addition, in 2021 Dr. Sigg received a one-time payment in the amount of €1,913,097.00 as compensation for the old pension commitment.

Pension benefits under the old system

Mr. Brahmawar, Dr. Frank and Dr. Heiden will be subject to the new pension benefits provisions only in the event that their employment contracts are extended and the new remuneration system then applies to them accordingly. Under the old pension benefit system, members of the Management Board who reside in Germany receive pensions for life after completing their 62nd year of age, regardless of their age when they join the Company. The monthly pension for two members of the Management Board is €13,200.20, for one member €13,627.32, and for the CEO €20,109.18.

Figure 1 Components of Management Board Remuneration



These pensions are increased annually by the percentage by which the consumer price index for Germany published by the German Federal Statistical Office has increased in comparison to the previous year. The pension commitment also includes a survivor annuity of 60 percent of the Management Board member's pension. In the event that a Management Board member leaves the Company prior to the age of 62 (60 in the case of one member) 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 a Management Board member 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 benefit entitlement is retained in full.

The change in the present value of pension commitments (IFRS) in 2021 and the present value of defined benefit obligations (DBO) as of December 31, 2021 is as follows:

Prior-Year Supervisory Board Remuneration

in €	Change in present value (DBO) from pension commitments in 2021	Present value of pension commitments Dec. 31, 2021
Sanjay Brahmawar Chief Executive Officer	400,238.00	2,015,983.00
Dr. Elke Frank Chief Human Resources Officer	312,145.00	936,404.00
Dr. Matthias Heiden Chief Financial Officer	389,724.00	624,150.00
Dr. Stefan Sigg Chief Product Officer	-2,212,211.00	0.00

Additional benefits

Additional benefits consist of the provision of a suitable company car for work and personal use or, alternatively, a monthly car allowance. In addition, the Company maintains accident insurance policies for the Management Board members with an insured amount equaling €1,500 thousand in the event of death and €3,000 thousand in the event of disability. Furthermore, Software AG carries director and officer (D&O) insurance which covers members of the Management Board; the deductible is 10 percent of the damages but no more than 1.5-times the fixed annual salary of the Management Board member.

2.2.1.2 Variable performance-based remuneration components

The variable remuneration of the Management Board members is made up of a short-term component (STI) and two long-term components (LTI). The long-term components are the PPS plan and the LIP. The variable remuneration is linked to the duties and the strategic and operational responsibilities of the Management Board members and to the short-term and long-term results of the Company. The amounts disbursed depend on the Company's results.

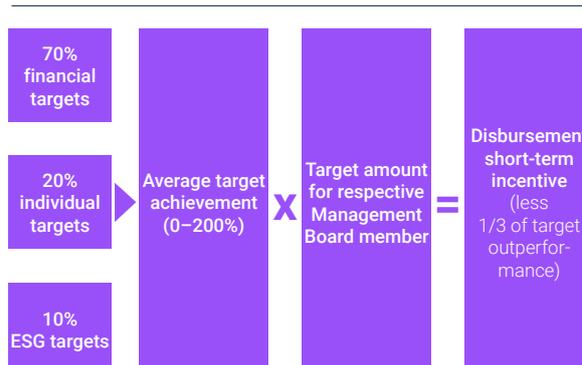
The Supervisory Board ensures that the targets set are rigorous and ambitious and contribute to sustainable value creation. In the event that the targets are not achieved, the variable remuneration can decline to as low as zero. In the event that the targets are exceeded, variable remuneration is limited to 200 percent of the individual target amount.

Short-term variable remuneration components (Short-Term Incentive Plan)

The Short-Term Incentive (STI) Plan is geared towards the achievement of financial, individual and ESG targets for the given fiscal year. For each year in which the STI is to be granted, the Supervisory Board establishes the STI targets, their weighting, and the criteria for measuring target achievement (see Figure 2).

The financial targets are the revenue and earnings targets communicated to the capital market for the fiscal year. The individual targets are the 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.

Figure 2 Calculation of the Short-Term Incentive



The individual targets may support the achievement of revenue and growth targets defined in the business strategy, for example, or the implementation of 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.

ESG targets are non-financial performance indicators and can consist of ESG ratings, customer satisfaction, employee satisfaction, or occupational safety (health and safety). Overall achievement of the ESG target is calculated as average target achievement across the individual ESG performance criteria.

Target achievement is calculated by the Supervisory Board. Average target achievement is calculated based on achievement of the financial, individual and ESG targets and on their weighting. The disbursement amount is the individual target amount multiplied by average target achievement.

If performance equals 100 percent, the disbursement amount is equal to the target amount. If performance equals 0 percent, no disbursement is made ("threshold amount"). If performance is 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. If the targets are exceeded by more than 100 percent, one-third of the outperformance is transferred to the PPS plan and disbursed at a later point in time, taking the future share price into account.

Long-term variable remuneration components

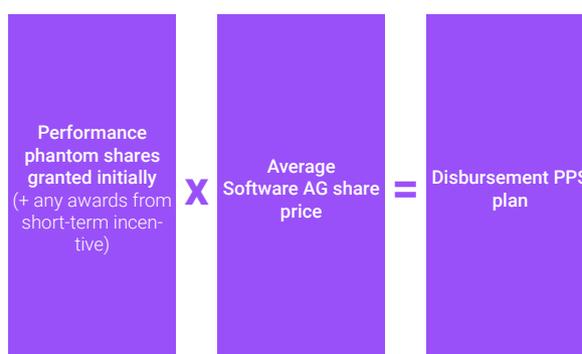
The long-term variable remuneration of the Management Board members consists of the PPS and the LIP plans. There were no disbursements under the current MIP and LIP long-term incentive plans in 2021 since the PPS periods have not yet concluded. There were disbursements under the PPS plan in 2021 (please see tables "Granted and Owed Remuneration for Active/Former Management Board Members").

PPS plan

The amount granted under the PPS plan equals the contractual target amount multiplied by the individual Management Board member's performance in achieving the STI targets. At the point when the amount is granted, the contractual individual amount, plus the

amount transferred to each Management Board member under the STI, is converted into virtual shares of the Company (PPS) on the basis of Software AG's reference share price and allocated to the respective Management Board members as a computational amount. The reference share price is the average share price of Software AG's share in the February prior to the award of the amount, less 10 percent. Each tranche has a term of four years in the future (see Figure 3).

Figure 3 Calculation of the PPS Plan



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

The new PPS plan described above applies to the Management Board member Dr. Sigg. For the CEO Mr. Brahmawar, and the Management Board members Dr. Frank and Dr. Heiden, the old PPS plan applies.

The details of the old PPS plan are as follows:

In contrast to the new PPS plan, the term under the old plan is three years. The number of shares becomes due in three identical tranches with terms of one, two and three years. On the respective due dates, in March of each year, the number of PPS will be multiplied by the applicable share price for February. A limit applies, defined as a maximum of twice the reference price at the time at which the respective PPS tranches were issued. This payment cap is determined annually for the balance of PPS allocated to the members of the Management Board based on the average award price. Plan beneficiaries will receive an amount per phantom share equal to the dividend paid to Software AG shareholders per share. Beneficiaries may elect to let the Company dispose of any PPS that have become due

PPS Granted in Fiscal Year and Prior Year, Total Balance

	Awarded in 2021 No.	Value awarded in 2021 in €	Awarded in 2020 No.	Value awarded in 2020 €	Total balance as of Dec. 31, 2021 No.	Value of provi- sions for total balance as of Dec. 31, 2021 in €
Sanjay Brahmawar	24,563	816,851.86	22,004	804,106.48	79,666	2,749,865.09
Dr. Elke Frank	5,541	184,274.08	4,945	180,705.37	11,894	407,137.32
Dr. Matthias Heiden	11,967	397,974.08	5,365	196,055.61	17,332	586,178.28
Dr. Stefan Sigg	16,094	535,214.81	14,450	528,077.41	43,230	1,487,145.69
Total	58,165	1,934,314.82	46,764	1,708,944.87	152,122	5,230,326.38

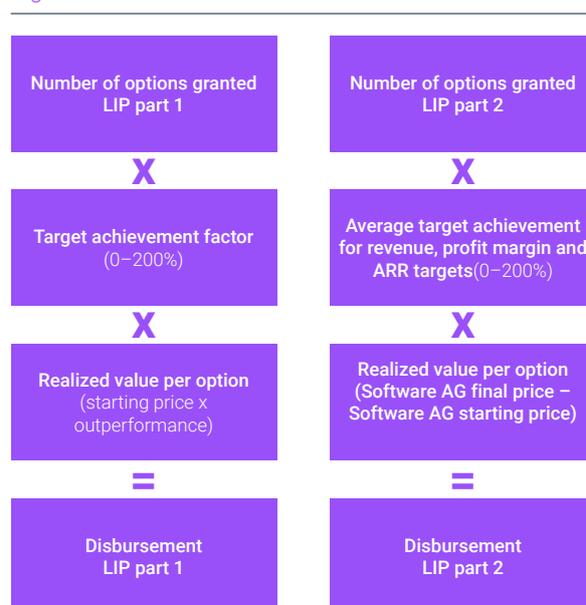
after the defined vesting period and thus continue to participate in the success of the Company. However, all PPS that have not yet been disbursed as of January 15 of the seventh year after a Management Board member has left the Company become due for payment in the seventh year after the member's departure at the latest, on the trading day following the release of the preliminary first-quarter figures. The disbursement amount is determined on the date of disbursement using the disbursement price per share, multiplied by the number of PPS due to be converted. For tranches that are not renewed, the disbursement share price is equal to the average closing price of Software AG's share in Xetra trading on the Frankfurt stock exchange on trading days during the month of February before PPS disbursement. For tranches that are disbursed within the extension period, the disbursement share price is equal to the average closing price for Software AG's share in Xetra trading on the sixth to tenth trading days after the decision to exercise the phantom shares. The decision to exercise options can be made during the period from the date of publication of the financial results until the following fifth trading day. This plan led to expenses relating to the members of the Management Board in the amount of €1,486 thousand (2020: €1,827 thousand) in fiscal year 2021.

The number of PPS is shown in the table above.

LIP

As of fiscal 2021, the LIP replaced the Management Incentive Plan (MIP), the long-term plan that had previously been granted (see Figure 4).

Figure 4 LIP



Remuneration under the LIP is granted to the Software AG Management Board members annually in the form of virtual stock options. The LIP consists of two equally weighted parts. At the point at which the LIP is granted, 50 percent of the annual target amount for the LIP 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. The target amount has been contractually agreed

for Dr. Stefan Sigg; for the other members of the Management Board, the target amounts are decided by the Supervisory Board on an annual basis. Each tranche has a term of four years in the future. The number of granted virtual options at the end of the four-year term is determined by the target achievement factors.

Part 1

For part 1 of the LIP, the target achievement factor is based on the outperformance of the Software AG share in comparison to the MDAX (see Figure 5). 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. The target achievement factor reaches the maximum value of 2 in the case of outperformance of at least 20 percent. Between the minimum and maximum values, the target achievement factor increases on a linear basis. The value per option for part 1 is calculated as the product of outperformance and the starting price of the Software AG share (see Figure 4). The starting price is calculated as the average price of the Software AG share over the course of the 20 trading days before (and including) May 14, 2021 and amounts to €35.44. The disbursement for part 1 of the LIP is calculated as the product of the number of options granted with the target achievement factor and the value per option. The disbursement for part 1 of the LIP is limited to 200 percent of the target amount.

Figure 5 Target Achievement Factor Part 1 LIP

	Target achievement factor
outperformance ≥ 20%	200%
20% > outperformance ≥ 18%	190%
18% > outperformance ≥ 16%	180%
16% > outperformance ≥ 14%	170%
14% > outperformance ≥ 12%	160%
12% > outperformance ≥ 10%	150%
10% > outperformance ≥ 8%	140%
8% > outperformance ≥ 6%	130%
6% > outperformance ≥ 4%	120%
4% > outperformance ≥ 2%	110%
2% > outperformance ≥ 0%	100%
0% > outperformance	0

Part 2

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). For each target, the Supervisory Board sets minimum target achievement (“threshold amount”), a target amount, and maximum target achievement (“maximum amount”) for the fourth fiscal year after the target is issued. 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. Depending on the target and in general, target achievement is thus limited to a range between 0 and 200 percent. 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 defined as the appreciation of the Software AG share from the beginning to the end of the term of the LIP tranche (see Figure 4). The disbursement amount for part 2 of the LIP is calculated as the product of the number of options allocated, average target achievement and value per option. The disbursement for part 2 of the LIP is limited to 200 percent of the target amount.

The profit margin is calculated as the ratio of Software AG’s earnings to revenue. The profit margin supports the Company’s long-term profitability and thus strengthens the lasting implementation of the Company’s strategy. ARR shows the respective value of all active contracts at the end of the reporting period with their recurring revenue. ARR is thus an indicator of the recurring annualized cash flows that can be expected for active contracts that are continued and is of key value for Software AG.

Each LIP tranche has a term of four years in the future. The disbursement amount under the LIP plan is limited to 200 percent of the target amount.

Figure 6 Calculation of MIP 2019



Management Incentive Plan 2019 (MIP 2019)

MIP 2019 was launched in March 2019. The rights under MIP 2019 were allocated to members of the Management Board in June 2019.

MIP 2019 consists of two differently weighted parts. At the point at which 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 in the future, i.e. to 2023.

PSARs

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 (see Figure 7). The outperformance is calculated as the difference between the appreciation of the Software AG share and the appreciation of the Nasdaq price index 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. The target achievement factor reaches the maximum value of 2 in the case of outperformance of at least 20 percent. Between the minimum and maximum values, the target achievement factor increases on a linear basis.

The value 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 amount for PSARs is limited to 300 percent of the target amount multiplied by 0.6 percent.

Figure 7 PSAR Target Achievement Factor

	Target achievement factor
outperformance ≥ 20%	200%
20% > outperformance ≥ 18%	190%
18% > outperformance ≥ 16%	180%
16% > outperformance ≥ 14%	170%
14% > outperformance ≥ 12%	160%
12% > outperformance ≥ 10%	150%
10% > outperformance ≥ 8%	140%
8% > outperformance ≥ 6%	130%
6% > outperformance ≥ 4%	120%
4% > outperformance ≥ 2%	110%
2% > outperformance ≥ 0%	100%
0% > outperformance	0

RSARs

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.

Management Incentive Plan 2020 (MIP 2020)

Rights under MIP 2020 were allocated to Management Board members in June 2020.

Figure 8 Calculation of MIP 2020



The plan differentiates between three types of value rights (VRs): two types of performance shares (components 1 and 2) and retention shares (component 3).

Component 1

The number of granted VRs under component 1 at the end of the three-year term is determined by the target achievement factor. For PSARs, the target achievement factor is defined as the outperformance of the Software AG share in comparison to the MDAX price index (see Figure 8). 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. The target achievement factor reaches the maximum value

of 2 in the case of outperformance of at least 20 percent. Between the minimum and maximum values, the target achievement factor increases on a linear basis.

The value 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 amount 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

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

	Performance period	
	Stock option plan	In years
Sanjay Brahmawar Chief Executive Officer	LIP	4.00
	MIP 2020	3.00
	MIP 2019	3.79
Dr. Elke Frank Chief Human Resources Officer	LIP	4.00
	MIP 2020	3.00
	MIP 2019	3.76
Dr. Matthias Heiden Chief Financial Officer	LIP	4.00
	MIP 2020	2.94
	MIP 2019	n/a
Dr. Stefan Sigg Chief Product Officer	LIP	4.00
	MIP 2020	3.00
	MIP 2019	3.79
Arnd Zinnhardt Joined May 1, 2002 Resigned from Management Board March 31, 2020 Employment contract ended Sept. 30, 2020	MIP 2020	n/a
	MIP 2019	0.82
John Schweitzer Joined Nov. 1, 2018 Resigned from Management Board Jan. 13, 2021 End of contract Feb. 28, 2021	MIP 2020	3.00
	MIP 2019	3.79

as the difference between the starting price and the final price of Software AG's shares. 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 not disbursed, however, if the average price of the Software AG share is not equal to or higher than €32.72 for at least 10 consecutive trading days between May 10, 2022 and May 10, 2023.

The value for component 3 is based exclusively on this final price.

The disbursement amount for component 2 is limited to 300 percent of the target amount multiplied by 0.3 percent. The disbursement amount for component 3 is limited to 300 percent of the target amount multiplied by 0.4 percent.

The number of virtual stock options is as shown in the table below.

Clawback

Under the new 2021 remuneration system, 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 calculation of the variable remuneration was based, 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 (to zero).

Allocation date	Stock options granted No.	Value on date granted in €	Stock options expired No.	Value of expired stock options	No. of stock options as of Dec. 31, 2021	Value of stock options as of Dec. 31, 2021
May 17, 2021	157,990	1,200,000.00	0	0.00	157,990	1,112,212.72
June 10, 2020	109,541	879,463.99	0	0.00	109,541	898,650.40
June 7, 2019	48,779	1,216,744.78	0	0.00	48,779	731,893.50
May 17, 2021	78,995	600,000.00	0	0.00	78,995	556,106.36
June 10, 2020	54,771	439,734.44	0	0.00	54,771	449,327.00
June 7, 2019	10,162	253,481.63	0	0.00	10,162	152,477.34
May 17, 2021	78,995	600,000.00	0	0.00	78,995	556,106.36
July 1, 2020	27,386	219,883.14	0	0.00	27,386	224,681.04
n/a	n/a	n/a	n/a	n/a	n/a	n/a
May 17, 2021	78,995	600,000.00	0	0.00	78,995	556,106.36
June 10, 2020	54,771	439,734.44	0	0.00	54,771	449,327.00
June 7, 2019	24,390	608,384.16	0	0.00	24,390	365,947.56
n/a	n/a	n/a	n/a	n/a	n/a	n/a
June 7, 2019	24,390	608,384.16	-12,195	-304,192.08	12,195	182,973.78
June 10, 2020	54,771	439,734.44	-54,771	-439,734.44	0	0.00
June 7, 2019	21,655	540,162.32	-21,655	-540,162.32	0	0.00

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.

The clawback policy under the new remuneration system applies to Dr. Sigg, Mr. Brahmawar, Dr. Frank and Dr. Heiden will be subject to the new clawback policy only in the event that their employment contracts are extended and the new remuneration system applies to them accordingly.

In fiscal 2021, no variable salary components from previous years were reclaimed.

2.2.2 MAXIMUM REMUNERATION

The total remuneration (sum of all remuneration amounts paid for the relevant fiscal year including fixed annual salaries, variable remuneration components, service costs for contributions to private pension plans, and additional benefits) 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 €5,900,000.00 and for the other members of the Management Board €2,900,000.00 each. If total remuneration calculated for one year exceeds the limit, the 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 already granted, at its reasonable discretion. The defined maximum Management Board remuneration was observed in the 2021 fiscal year.

The new remuneration system's maximum remuneration is applicable to Dr. Sigg, Mr. Brahmawar, Dr. Frank and Dr. Heiden are only subject to the new maximum remuneration policy if their employment contracts are renewed and the current remuneration system is accordingly applicable. Under the old remuneration system, 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.

2.2.3 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 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 more retrospectively.

The Share Ownership Guidelines are applicable to Dr. Sigg. They will only be applicable to Mr. Brahmawar, Dr. Frank and Dr. Heiden if their employment contracts are renewed and, accordingly, the current remuneration system becomes applicable.

2.2.4 CALCULATION OF REMUNERATION FOR ADDITIONAL ACTIVITIES

If a Group-internal supervisory board appointment is undertaken by a member of the Management Board, remuneration for the appointment will be credited against total remuneration. If a Supervisory board appointment is undertaken by a member of the Management Board outside of the Group, the Supervisory Board decides based on its best judgment if and how much of that remuneration to offset. No remuneration for additional activities was recognized in the 2021 fiscal year.

2.2.5 OBLIGATIONS IN CONNECTION WITH TERMINATION OF SERVICE

2.2.5.1 Termination through regular expiration of the appointment

No severance or special payments will be provided.

If a Management Board 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 will not be paid.

2.2.5.2 Obligations when a Management Board member leaves

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

2.2.5.3 Post-contractual non-competition clause

In the case of agreement on a post-contractual non-competition clause, a severance payment will be offset against the compensation. Currently, only one Management Board member's employment contract contains a post-contractual non-competition clause valid for a period of 12 months from the end of the contract. This Board member shall receive monthly compensation in the amount of the monthly total target remuneration (not including additional benefits) for the duration of the post-contractual non-competition period. Accordingly, the total severance payment by Software AG as described above—consisting of one total target remuneration (excluding LIP, contributions to private pension plans, and additional benefits) and non-competition compensation—does not exceed the severance cap of two years' annual remuneration as recommended by the GCGC.

2.2.5.4 Obligations in the context of company control

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

The policy on change of control is applicable to Dr. Sigg. It would only apply to Mr. Brahmawar, Dr. Frank and Dr. Heiden if their employment contracts were renewed and, accordingly, the current remuneration system were applicable. They are 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.

2.2.6 REMUNERATION IN THE EVENT OF ILLNESS

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

2.2.7 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 from that in which the permanent disability was determined. When in doubt, permanent disability is determined by an expert assessment. In the case of two Management Board members' contracts, a permanent disability is deemed to be present when the Board member has been unable to work for 12 consecutive months. From the date of departure due to permanent disability until completion of the 62nd year of age, one member of the Management Board will receive a monthly disability pension of €13.6 thousand (2020: €13.6 thousand), two members of the Management Board will receive €13.2 thousand (2020: €13.2 thousand) and the CEO €20.1 thousand (2020: €20.1 thousand). The disability pension 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.

2.2.8 NO ADDITIONAL OTHER AWARDS

No commitments beyond those outlined 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.

3 COMPLIANCE WITH THE REMUNERATION SYSTEM AND DETERMINATION OF TARGET ACHIEVEMENT

3.1 SUPPORTING THE COMPANY'S SUSTAINABLE DEVELOPMENT

The remuneration system supports Software AG's business strategy and the long-term interests of the Company, investors and shareholders, thereby contributing to Software AG's long-term sustainable development. Driving profitable and sustainable growth in Software AG's business lines is the focus of and basis for the Management Board's remuneration system's structure. The remuneration system addresses sustainable and long-term growth with 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, often multi-year, terms so as to sustainably support the Company's strategic success. In creating the remuneration system, particular emphasis was given to harmonizing shareholder interests and expectations with the Management Board's remuneration.

3.2 COMPLIANCE WITH THE REMUNERATION SYSTEM

The applicable remuneration system was observed without deviation for each member of the Management Board in the 2021 fiscal year.

3.3 TARGET ACHIEVEMENT

3.3.1 SHORT-TERM INCENTIVE PLAN

Performance criteria for 2021

Target achievement for the 2021 fiscal year was comprised as follows: 70 percent financial company targets, 20 percent individual targets for each Board member, and 10 percent ESG targets. If the targets are exceeded by more than 100 percent, one-third of the outperformance is transferred to the PPS plan. The financial targets applicable to all members of the Management Board for 2021 and their target achievement were as follows:

Financial Company Targets

Description of performance criteria	Relative weighting of performance criteria	Target achievement 0%	Target achievement 100%	Target achievement 200%	Target achievement as %	Target achievement weighted at 100% as %
Digital Business Group product bookings	20%	2020 +17.8%	2020 +23.4%	2020 +28.9%	0.0%	0.0%
A&N Group product bookings	10%	2020 -28.8%	2020 -23.3%	2020 -17.9%	200.0%	20.0%
Digital Business product revenue	15%	2020 +4.9%	2020 8.2%	2020 +11.5%	12.9%	1.9%
A&N product revenue	5%	2020 -9.2%	2020 -4.7%	2020 -0.2%	158.7%	7.9%
Group EBITA margin (non-IFRS)	20%	13.9%	16.4%	18.9%	200.0%	40.0%
Total	70%					69.9% projected to 100% >> 99.8%

Achievement of Financial Targets by Management Board Member

Name	Remuneration for target achievement 0% in €	Remuneration for target achievement 100% in €	Remuneration for target achievement 200% in €	Actual remuneration in €
Sanjay Brahmawar CEO	0.00	1,088,888.89	2,290,123.45	1,092,516.43
Dr. Elke Frank	0.00	357,777.78	743,209.88	359,376.48
Dr. Matthias Heiden	0.00	474,444.46	1,002,469.16	475,821.61
Dr. Stefan Sigg	0.00	517,222.22	1,104,012.36	518,233.40

The ESG targets applicable to all Management Board members in 2021 and their target achievement were as follows:

Environmental, Social and Governance (ESG) Targets

Description of performance criteria	Relative weighting of performance criteria	Target achievement 0%	Target achievement 100%	Target achievement 200%	Target achievement as%	Target achievement weighted at 100% as %
Employee Engagement Score	5%	3.80	3.95	4.10	200.0%	10.0%
Net Promoter Score	5%	44	50	56	167.0%	8.4%
Total	10%					18.4% projected to 100% >> 183.5%

Environmental, Social and Governance (ESG) Target Achievement

Name	Remuneration for target achievement 0% in €	Remuneration for target achievement 100% in €	Remuneration for target achievement 200% in €	Actual remuneration in €
Sanjay Brahmawar CEO	0.00	155,555.56	327,160.05	286,913.38
Dr. Elke Frank	0.00	51,111.12	106,172.86	94,378.37
Dr. Matthias Heiden	0.00	67,777.78	143,209.88	124,958.84
Dr. Stefan Sigg	0.00	73,888.88	157,716.04	136,096.90

Individual Targets by Management Board Member and their Achievement

Name	Weighting as %	Topic	Target	Target achievement by target as %	Total target achievement as %
Sanjay Brahmawar CEO	10%	Customer and partner engagement	Generation of new market opportunities	200%	200.0%
	10%	Helix transformation strategy	Adherence to implementation plan including employee engagement	200%	
Dr. Elke Frank	10%	Talent management	Achievement degree of defined KPIs on schedule	200%	200%
	10%	Helix transformation with focus on SecureBiz program	Achievement degree of defined KPIs on schedule	200%	
Dr. Matthias Heiden	10%	Investor relations transparency	Achievement degree of defined transparency-related KPIs including capital market feedback	200%	200.0%
	10%	Cash flow and customer contract management	Development of new systems to improve cash flow and contract management through defined measures	200%	
Dr. Stefan Sigg	7.5%	Product innovation and positioning with analysts	Improved product positioning and acceleration of growth toward IoT market leadership	200%	200%
	7.5%	Product innovation and positioning: competitive performance	Improved market positioning compared with competition; increased percentage of deals won against competition	200%	
	5%	Product quality: average response time to customer queries	Achievement of defined KPIs for response time to customer queries	200%	

Achievement of Individual Targets by Management Board Member

Name	Remuneration for target achievement 0% in €	Remuneration for target achievement 100% in €	Maximum remuneration ¹ for target achievement 200% in €	Actual remuneration in €
Sanjay Brahmawar CEO	0.00	311,111.12	654,321.02	625,555.38
Dr. Elke Frank	0.00	102,222.22	212,172.84	205,772.56
Dr. Matthias Heiden	0.00	135,555.56	276,419.76	272,446.96
Dr. Stefan Sigg	0.00	147,777.78	315,432.10	296,731.18

Total Target Achievement and Bonuses for 2021

Name	Remuneration for target achievement 0% in €	Remuneration for target achievement 100% in €	Remuneration for target achievement 200% in €	Total target achievement as %	Bonus ² remuneration amount in €	Of which one-year variable remuneration in €
Sanjay Brahmawar CEO	0.00	1,555,555.57	3,271,604.52	128.2%	2,004,985.19	1,188,133.33
Dr. Elke Frank	0.00	511,111.12	1,061,555.58	128.2%	659,527.41	475,253.33
Dr. Matthias Heiden	0.00	677,777.80	1,422,098.80	128.2%	873,227.41	475,253.33
Dr. Stefan Sigg	0.00	738,888.88	1,577,160.50	128.2%	951,061.48	415,846.67

¹ The values only apply if all other targets were achieved by either 0 or 200 percent. This logic results from the non-linear calculation of target achievement amounts due to the 10 percent deduction to the average share price in February of the following year when converting target achievement amounts in euros to PPS. The conversion of one-third of the target achievement over 100 percent to PPS is also accounted for.

² The included multi-year remuneration component is not shown as remuneration until disbursement.

4 BENEFITS IN THE 2021 FISCAL YEAR

The introduction of section 162 of AktG significantly changes the presentation of Management Board remuneration as compared to the existing provisions of the GCGC under no. 4.2.5, appendix tables 1 and 2, in the version dated February 7, 2017. Neither the revised GCGC effective as of March 20, 2020 nor the ARUG II version of section 162 of AktG recommends or requires reporting “Benefits Granted” as previously presented. Because past reporting of “Benefits Granted” pursuant to GCGC (old version) is not equivalent to “Granted and Owed Remuneration” pursuant to section 162 (1), sentence 1 of AktG, the key differences will be explained as follows:

- “Benefits Granted” pursuant to GCGC (old version) are—regardless of the date of disbursement—remuneration components that were allocated (at least for a reason) to a member of the Management Board in the fiscal year and their (future) amount can at least be estimated.
- By contrast, “Granted and Owed Remuneration” pursuant to section 162 (1), sentence 1 of AktG is only that remuneration which was actually paid in the fiscal year or that remuneration which, pursuant to the draft justification (BT-Drs. 19/9739, p. 111), can be proven to be “due in accordance with legal categories, but not (yet) paid.”
- This interpretation of section 162 of AktG corresponds to IDW’s interpretation 1 of this new section. Furthermore, the IDW also prepared an interpretation 2 of section 162 of AktG. According to interpretation 2, remuneration completely earned but not due until the following year can also be presented as management board remuneration. Because the IDW’s interpretation 2 more accurately reflects business reality than the purely cash flow-oriented approach in the IDW’s interpretation 1, Software AG’s Management Board and Supervisory Board opted to apply interpretation 2 in this Remuneration Report. Overall, this presentation is significantly closer to the previously used form of reporting pursuant to GCGC.
- The presentation used to report remuneration from share-based remuneration has changed fundamentally compared with previous presentation. Up to now, this remuneration has been shown at fair value in the year of award. The IDW also provided two different presentation options for this. According to interpretation 1, stock appreciation rights, or PPS, are only shown as remuneration in the amount of disbursement in the year they are disbursed. According to the IDW’s interpretation 2, stock appreciation rights are usually shown as remuneration in the year in which all exercise conditions are met and thus the stock appreciation rights become due. This is often the case in the year before actual disbursement. If, due to additional share price changes, the final payments are in amounts other than those indicated in the previous year, these differences must be reported unequivocally in the Remuneration Report in the year of disbursement.
- Interpretation 2 makes reporting of stock appreciation rights significantly more complicated. Specifically regarding PPS, under the old PPS model, these would always have to be shown as remuneration based on the tranches due in the respective year; and the difference between the final payment amounts in the following year and the figure indicated the year before would have to be corrected. Under the new PPS model (Dr. Sigg), one-third of the original award would be earned annually and thus presented as remuneration as per the IDW’s interpretation 2. Here, as well, deviations from remuneration reported in the Remuneration Report in previous years would have to be disclosed in the fifth year, the disbursement year. To avoid the complex presentation of the IDW’s interpretation 2, the Management Board and Supervisory Board opted to present remuneration from stock options in accordance with the IDW’s interpretation 1. Accordingly, remuneration from stock options under all plans will be shown consistently for the year of disbursement.

- In contrast to the previous GCGC presentation, service cost will no longer be shown in the year pension entitlements are earned. Under the new provisions of section 162 of AktG, pension will be shown as remuneration in the year of allocation to beneficiaries. Only if a contribution is paid to set up a private pension plan, as per the new Management Board remuneration model, or if pension entitlements acquired to date are paid in one or multiple sums (new model Dr. Sigg), will the pension benefit be shown as remuneration in the year of disbursement or the year it becomes due for disbursement. Pensions will only be shown as remuneration in the years they are disbursed to the pensioner, who will be named. In accordance with the data protection regulations in section 162 (5) of AktG, these disclosures will be made individually for up to 10 years after the end of the fiscal year in which the member left the Management Board.

4.1 GRANTED AND OWED REMUNERATION PURSUANT TO SECTION 162 OF AKTG

According to section 162 (1), sentence 1, sentence 2, no. 1 of AktG, all fixed and variable remuneration components that were "granted and owed" to individual members of the Management Board in 2020 and 2021 are to be disclosed. This does not correspond to the disclosures previously required in accordance with the GCGC (old version) under "allocation." The difference to the previous allocation disclosure is in the application of the IDW's interpretation 1 and the period postponement of the one-year variable remuneration. But because Software AG follows the IDW's interpretation 2, there is no difference regarding one-year variable remuneration compared with the previously presented allocation table pursuant to GCGC. There is however a difference with regard to the former disclosure of service cost as a component of total remuneration in that the service cost will no longer be shown as a component of remuneration or allocation. In contrast to the former allocation disclosures, pension entitlements will now be shown in the year in which they are actually paid to Board members, not in the year in which they were earned. Pension allocations are only shown when they are actually paid to the pensioner. Accordingly, only contributions to setting up a private pension plan and disbursements of previously earned pension entitlements for the transition from the old benefit model to the new, as in the case of Dr. Sigg in 2021, will be presented during active duty of Management Board members.

**Granted and Owed Remuneration for Active Management Board Members (1)**

		Sanjay Brahmawar Chief Executive Officer Joined Aug. 1, 2018			
in €		2020	2020 (as %)	2021	2021 (as %)
Non-performance-based components	Fixed compensation (base salary)	999,999.96	45.2%	999,999.96	44.7%
	Additional benefits ¹	9,675.13	0.4%	6,731.67	0.3%
	Total	1,009,675.09	45.6%	1,006,731.63	45.0%
Performance-based components	One-year variable remuneration ²	1,178,956.67	53.3%	1,188,133.33	53.1%
	Multi-year variable remuneration				
	with long-term share-based incentive	Performance Phantom Shares (PPS) ³	25,155.24	1.1%	41,878.28
Other		0.00	0.0%	0.00	0.0%
Repayment claims pursuant to section 162 (1), s.2 , no. 4 AktG		0.00	0.0%	0.00	0.0%
Total		2,213,787.00	100.0%	2,236,743.24	100.0%
Payout for pension plan ⁴		0.00	0.0%	0.00	0.0%
Total remuneration		2,213,787.00	100.0%	2,236,743.24	100.0%
Percentage of fixed remuneration in total remuneration			45.6%		45.0%
Percentage of variable remuneration in total remuneration			54.4%		55.0%

¹ Additional benefits include provision of a company car, voluntary social security and accident insurance premiums, and vacation allowances.

² The one-year variable remuneration depends, firstly, on the achievement of the Company's bookings and earnings targets communicated to the capital market for the respective fiscal year and, secondly, on the achievement of individual strategic, qualitative or quantitative targets specifically defined according to the responsibilities of the member of the Management Board. The possible range of achieving a target is between 0 and 200 percent. One-third of over achievement (greater than 100 percent) of a target is not paid in cash, but rather must be invested in phantom shares. The highest attainable one-year variable remuneration decreases accordingly.

³ Members of the Management Board invest a portion of their variable compensation in PPS shares, which have a vesting period of one, two and three years for each third of PPS shares respectively. Under the new Management Board remuneration model, first applicable to Dr. Sigg in 2021, the vesting period is consistently four years for all PPS. The investment amount depends, firstly, on the Company's achievement of the revenue and earnings targets communicated to the capital market for the respective fiscal year; secondly, it depends on the achievement of individual strategic, quantitative, ESG or qualitative targets specifically defined according to the responsibilities of the member of the Management Board. The possible range of meeting a target is between 0 and 200 percent. When performance is greater than 100 percent, the conversion amount increases by one-third of the outperformance amount of the one-year variable remuneration, which is not paid out but invested in phantom shares. Conversion to PPS is based on the average price of Software AG's share in February of the following year less 10 percent. When the vesting period is over, members of the Management Board can choose if they want to receive payment of the due amount or to reinvest it partially or entirely in PPS. The term of this reinvestment is limited to a maximum of six years and four months after the term of the Management Board member's contract has ended. Members of the Management Board can request to receive payment at any time during defined windows of time.

⁴ The revised pension policy under the new remuneration system applies to Dr. Sigg for the first time in 2021. He receives an annual contribution to a private pension plan in the amount of €150,000.00. In 2021, Dr. Sigg additionally received a one-time payment in the amount of €1,913,097.00 as compensation for the old pension plan. This one-time payment was not included in the calculation of his maximum remuneration since it represents a severance payment for pension entitlements acquired in previous years. In total, pension payments of €2,063,097.00 were therefore presented in the Remuneration Report.

Dr. Elke Frank
Chief Human Resources Officer
Joined Aug. 1, 2019

	2020	2020 (as %)	2021	2021 (as %)
	500,000.04	50.5%	500,000.04	49.9%
	16,706.19	1.7%	21,458.19	2.1%
	516,706.23	52.2%	521,458.23	52.0%
	471,582.67	47.7%	475,253.33	47.5%
	1,070.08	0.1%	4,828.28	0.5%
		0.0%	0.00	0.0%
	0.00	0.0%	0.00	0.0%
	989,358.98	100.0%	1,001,539.84	100.0%
	0.00	0.0%	0.0	0.0%
	989,358.98	100.0%	1,001,539.84	100.0%
		52.2%		52.1%
		47.8%		47.9%

**Granted and Owed Remuneration for Active Management Board Members (2)**

in €		Dr. Matthias Heiden Chief Financial Officer Joined July 1, 2020			
		2020	2020 (as %)	2021	2021 (as %)
Non-performance-based components	Fixed compensation (base salary)	300,000.00	54.8%	600,000.00	54.4%
	Additional benefits ¹	12,226.40	2.2%	23,364.39	2.1%
	Total	312,226.40	57.0%	623,364.39	56.5%
Performance-based components	One-year variable remuneration ²	235,791.33	43.0%	475,253.33	43.1%
	Multi-year variable remuneration				
	with long-term share-based incentive	Performance Phantom Shares (PPS) ³	0.00	0.0%	4,077.40
Other		0.00	0.0%	0.00	0.0%
Repayment claims pursuant to section 162 (1), s.2, no. 4 AktG		0.00	0.0%	0.00	0.0%
Total		548,017.73	100.0%	1,102,695.12	100.0%
Payout for pension plan ⁴		0.00	0.0%	0.00	0.0%
Total remuneration		548,017.73	100.0%	1,102,695.12	100.0%
Percentage of fixed remuneration in total remuneration			57.0%		56.5%
Percentage of variable remuneration in total remuneration			43.0%		43.5%

¹ Additional benefits include provision of a company car, voluntary social security and accident insurance premiums, and vacation allowances.

² The one-year variable remuneration depends, firstly, on the achievement of the Company's bookings and earnings targets communicated to the capital market for the respective fiscal year and, secondly, on the achievement of individual strategic, qualitative or quantitative targets specifically defined according to the responsibilities of the member of the Management Board. The possible range of achieving a target is between 0 and 200 percent. One-third of over achievement (greater than 100 percent) of a target is not paid in cash, but rather must be invested in phantom shares. The highest attainable one-year variable remuneration decreases accordingly.

³ Members of the Management Board invest a portion of their variable compensation in PPS shares, which have a vesting period of one, two and three years for each third of PPS shares respectively. Under the new Management Board remuneration model, first applicable to Dr. Sigg in 2021, the vesting period is consistently four years for all PPS. The investment amount depends, firstly, on the Company's achievement of the revenue and earnings targets communicated to the capital market for the respective fiscal year; secondly, it depends on the achievement of individual strategic, quantitative, ESG or qualitative targets specifically defined according to the responsibilities of the member of the Management Board. The possible range of meeting a target is between 0 and 200 percent. When performance is greater than 100 percent, the conversion amount increases by one-third of the outperformance amount of the one-year variable remuneration, which is not paid out but invested in phantom shares. Conversion to PPS is based on the average price of Software AG's share in February of the following year less 10 percent. When the vesting period is over, members of the Management Board can choose if they want to receive payment of the due amount or to reinvest it partially or entirely in PPS. The term of this reinvestment is limited to a maximum of six years and four months after the term of the Management Board member's contract has ended. Members of the Management Board can request to receive payment at any time during defined windows of time.

⁴ The revised pension policy under the new remuneration system applies to Dr. Sigg for the first time in 2021. He receives an annual contribution to a private pension plan in the amount of €150,000.00. In 2021, Dr. Sigg additionally received a one-time payment in the amount of €1,913,097.00 as compensation for the old pension plan. This one-time payment was not included in the calculation of his maximum remuneration since it represents a severance payment for pension entitlements acquired in previous years. In total, pension payments of €2,063,097.00 were therefore presented in the Remuneration Report.

Dr. Stefan Sigg
Chief Product Officer
Joined April 1, 2017

	2020	2020 (as %)	2021	2021 (as %)
	699,999.96	48.6%	699,999.96	19.1%
	29,194.79	2.0%	42,082.03	1.1%
	729,194.75	50.6%	742,081.99	20.2%
	412,634.83	28.6%	415,846.67	11.3%
	300,297.08	20.8%	456,143.62	12.4%
	0.00	0.0%	0.00	0.0%
	0.00	0.0%	0.00	0.0%
	1,442,126.66	100.0%	1,614,072.28	43.9%
	0.00	0.0%	2,063,097.00	56.1%
	1,442,126.66	100.0%	3,677,169.28	100.0%
		50.6%		76.3%
		49.4%		23.7%

**Granted and Owed Remuneration for Active Management Board Members (3)**

John Schweitzer
Chief Revenue Officer
Joined Nov. 1, 2018
Resigned from
Management Board Jan. 13, 2021
End of contract Feb. 28, 2021

in €		2020	2020 (as %)	2021	2021 (as %)
Non-performance-based components	Fixed compensation (base salary)	614,293.79	25.7%	96,148.12	13.6%
	Additional benefits ¹	53,738.55	2.3%	72,940.71	10.3%
	Total	668,032.34	28.0%	169,088.83	23.9%
Performance-based components	One-year variable remuneration ²	1,687,995.68	70.6%	137,764.96	19.5%
	Multi-year variable remuneration				
	with long-term share-based incentive	Performance Phantom Shares (PPS) ³	20,525.17	0.9%	398,064.60
Other (severance payments)		0.00	0.0%	0.00	0.0%
Repayments claims pursuant to section 162 (1), s.2 , no. 4 AktG		0.00	0.0%	0.00	0.0%
Total		2,376,553.19	99.5%	704,918.39	99.7%
Payout for pension plan ⁴		12,759.30	0.5%	2,065.77	0.3%
Total remuneration		2,389,312.49	100%	706,984.16	100%
Percentage of fixed remuneration in total remuneration			28.5%		24.2%
Percentage of variable remuneration in total remuneration			71.5%		75.8%

¹ Additional benefits include provision of a company car, voluntary social security and accident insurance premiums, and vacation allowances.

² The one-year variable remuneration depends, firstly, on the achievement of the Company's bookings and earnings targets communicated to the capital market for the respective fiscal year and, secondly, on the achievement of individual strategic, qualitative or quantitative targets specifically defined according to the responsibilities of the member of the Management Board. The possible range of achieving a target is between 0 and 200 percent. One-third of over achievement (greater than 100 percent) of a target is not paid in cash, but rather must be invested in phantom shares. The highest attainable one-year variable remuneration decreases accordingly.

³ Members of the Management Board invest a portion of their variable compensation in PPS shares, which have a vesting period of one, two and three years for each third of PPS shares respectively. Under the new Management Board remuneration model, first applicable to Dr. Sigg in 2021, the vesting period is consistently four years for all PPS. The investment amount depends, firstly, on the Company's achievement of the revenue and earnings targets communicated to the capital market for the respective fiscal year; secondly, it depends on the achievement of individual strategic, quantitative, ESG or qualitative targets specifically defined according to the responsibilities of the member of the Management Board. The possible range of meeting a target is between 0 and 200 percent. When performance is greater than 100 percent, the conversion amount increases by one-third of the outperformance amount of the one-year variable remuneration, which is not paid out but invested in phantom shares. Conversion to PPS is based on the average price of Software AG's share in February of the following year less 10 percent. When the vesting period is over, members of the Management Board can choose if they want to receive payment of the due amount or to reinvest it partially or entirely in PPS. The term of this reinvestment is limited to a maximum of six years and four months after the term of the Management Board member's contract has ended. Members of the Management Board can request to receive payment at any time during defined windows of time.

⁴ The revised pension policy under the new remuneration system applies to Dr. Sigg for the first time in 2021. He receives an annual contribution to a private pension plan in the amount of €150,000.00. In 2021, Dr. Sigg additionally received a one-time payment in the amount of €1,913,097.00 as compensation for the old pension plan. This one-time payment was not included in the calculation of his maximum remuneration since it represents a severance payment for pension entitlements acquired in previous years. In total, pension payments of €2,063,097.00 were therefore presented in the Remuneration Report.

Granted and Owed Remuneration for Former Management Board Members (4)

	Arnd Zinnhardt Chief Financial Officer Joined May 1, 2002 Resigned from Management Board March 31, 2020 End of contract Sept. 30, 2020				Karl-Heinz Streibich Chief Executive Officer Served Oct. 1, 2003- July 7, 2018			
	2020	2020 (as %)	2021	2021 (as %)	2020	2020 (as %)	2021	2021 (as %)
	110,428.83	2.4%	0.00	0.0%	0.00	0.0%	0.00	0.0%
	9,425.53	0.2%	0.00	0.0%	0.00	0.0%	0.00	0.0%
	119,854.36	2.6%	0.00	0.0%	0.00	0.0%	0.00	0.0%
	808,968.83	17.7%	0.00	0.0%	0.00	0.0%	0.00	0.0%
	1,321,321.55	28.9%	1,216,403.58	84.4%	274,386.60	43.3%	274,386.60	43.3%
	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
	4,573,140.41	100%	1,441,403.58	100%	274,386.60	43.3%	274,386.60	43.3%
	0.00	0.0%	0.00	0.0%	358,926.72	56.7%	358,926.72	56.7%
	4,573,140.41	100%	1,441,403.58	100%	633,313.32	100%	633,313.32	100%
		2.6%		0.0%		56.7%		56.7%
		97.4%		100%		43.3%		43.3%

4.2 PROPORTIONAL DISTRIBUTION OF REMUNERATION COMPONENTS

The Supervisory Board determines the total target remuneration for the individual Management Board members. Target remuneration comprises the sum of all remuneration components relevant to total remuneration. For the short-term and long-term variable remuneration components, the respective target amounts correspond to 100 percent (“Target Amounts for the Variable Remuneration Components”) of the budgeted values when targets are achieved. The Supervisory Board reviews the variable remuneration components’ target amounts each fiscal year. Based on past years’ results in the context of budget planning for the current year, the Supervisory Board decides which objectives the Company and the members of the Management Board need to meet with regard to the stated performance criteria.

Under the new remuneration system, the CEO’s fixed remuneration (fixed annual salary, service cost for contributions to private pension plans and additional benefits) is approximately 32 percent of the total target remuneration; the CEO’s variable remuneration is approximately 68 percent of the total target remuneration. Of that, the CEO’s STI (target amount) accounts for about 25 percent of total target remuneration and the LTI (target amount) for about 43 percent of total target remuneration. For the other members of the Management Board in the 2021 fiscal year, fixed remuneration (fixed annual salary, service cost for contributions to private pension plans, and additional benefits) is between approximately 38 and 40 percent of total target remuneration; and variable remuneration is between approximately 60 and 62 percent of total target remuneration. Of that, their STI (target amount) accounts for between approximately 16 and 20 percent of total target remuneration and the LTI (target amount) for between about 42 and 44 percent of total target remuneration.

Figure 9 CEO’s Target Remuneration Components as %

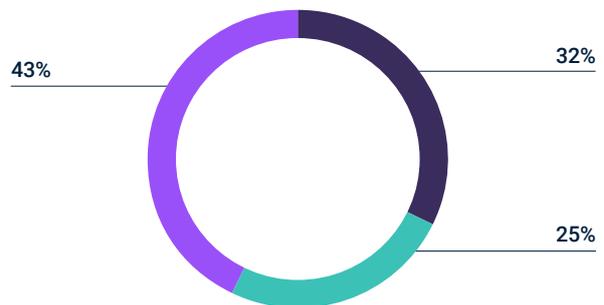
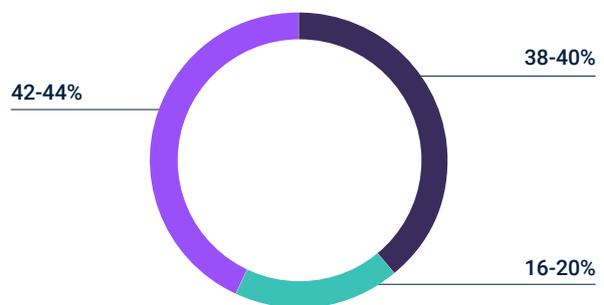


Figure 10 Management Board Members’ Target Remuneration Components as %



- Long-term variable remuneration
- Fixed remuneration components
- Short-term variable remuneration

The proportional distribution of remuneration components is applicable to Dr. Sigg. This distribution would only apply to Mr. Brahmawar, Dr. Frank and Dr. Heiden if their employment contracts were renewed and, accordingly, the current remuneration system were applicable.

The introduction of section 162 of AktG changed the presentation of the long-term variable remuneration components. In contrast to previous presentation under which long-term share-based remuneration components were shown at fair value on the award date, this remuneration is now only presented in the year of disbursement (usually after four years).

The active Management Board members’ remuneration components in the 2021 fiscal year were as follows:

In the 2021 fiscal year, the CEO’s fixed remuneration (fixed annual salary, service cost for contributions to private pension plans, and additional benefits) is approximately 45 percent of total target remuneration and the CEO’s variable remuneration is approximately 55 percent

of total target remuneration. The CEO's STI (target amount) accounts for about 53 percent of total target remuneration and the LTI (target amount) for about 2 percent of total target remuneration. For the other members of the Management Board in the 2021 fiscal year, fixed remuneration (fixed annual salary and additional benefits) is between approximately 20 and 57 percent of total target remuneration; variable remuneration is between approximately 24 and 48 percent of total target remuneration. Their STI (target amount) accounts for between approximately 11 and 48 percent of total target remuneration and the LTI (target amount) for between 0 and 12 percent of total target remuneration. Due to the transition to the new Management Board Remuneration System, disbursements for pension plans for Dr. Sigg represented 56 percent of total remuneration in the 2021 fiscal year.

4.3 COMPARISON OF ANNUAL CHANGE IN REMUNERATION WITH GROWTH OF EARNINGS AND EMPLOYEE SALARIES

In determining the remuneration system, the Supervisory Board's internal considerations included Software AG's compensation and employment conditions for senior management and all other employees, and particularly how salaries progressed over the course of past years. In accordance with the recommendations of the GCGC, the Supervisory Board defined the groups pertaining to senior management and to other employees consistently throughout the years of comparison; furthermore, in considering Management Board member remuneration compared with that of senior management and other employees, the Supervisory Board thoroughly verified that the Management Board members' remuneration does not increase at a faster rate than for senior management and other employees.

The table on the following page illustrates the rate of change of the Management Board members' remuneration compared with Software AG's earnings development and employees' (FTE) average remuneration year-on-year. The Management Board remuneration presented in the table are the amounts actually paid in the respective fiscal year. For current members of the Management Board, these values for the 2021 fiscal year correspond to the values indicated in the table "Granted or Owed Remuneration" in accordance with section 162 (1), sentence 1 of AktG. If a member of the Management Board was compensated on a pro rata basis in a particular fiscal year, for example due to having joined the Company mid-year, remuneration for that fiscal year was projected based on a full year for the purpose of accurate comparability.

The following section is a mandatory disclosure pursuant to section 162 (1), sentence 2, no. 2 of AktG and is not subject to the audit pursuant to section 162 (3), sentence 2 of AktG.

Earnings development is generally presented based on Software AG's net income development in accordance with section 275 (2), no. 17 of HGB. Because Software AG's net income is regularly and significantly influenced by subsidiaries' dividend disbursements in varying degrees, the comparison does not make sense from a business point of view, but is nevertheless legally required. Therefore, the Company also compares the

Figure 11 CEO's Actual Remuneration Components in 2021 as %

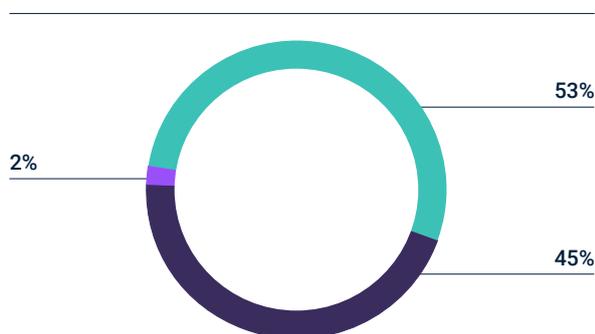
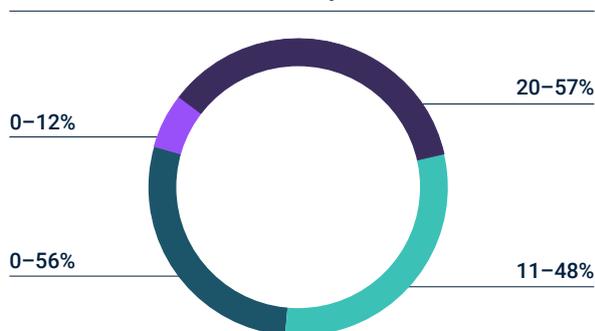


Figure 12 Management Board Members' Actual Remuneration Components in 2021 as %



- Long-term variable remuneration
- Fixed remuneration components
- Short-term variable remuneration
- Payout for pension plan

Comparison of Annual Change in Management Board Remuneration:

	Remuneration 2020 in € thousands	Remuneration 2021 in € thousands	Rate of change 2021 vs. 2020	Notes
1. Remuneration of current Management Board members				
Sanjay Brahmawar CEO (since Aug. 1, 2018)	2,214	2,237	+1.0%	
Dr. Elke Frank (since Aug. 1, 2019)	989	1,002	+1.2%	
Dr. Matthias Heiden (since July 1, 2020)	1,096	1,103	+0.6%	Dr. Heiden's salary in the previous year was projected based on a full year (due to starting date on July 1, 2020).
Dr. Stefan Sigg (since April 1, 2017)	1,142	1,614	+11.9%	Dr. Sigg received payments in 2021 in the amount of €1,913 thousand for previously acquired retirement entitlements and in the amount of €150 thousand to set up a private pension plan; these were therefore recognized as remuneration in accordance with section 162 of AktG. Both pension components were subtracted from calculations to ensure accurate comparability.
John Schweitzer (joined Nov. 1, 2018 resigned from Management Board Jan. 13, 2021, end of contract Feb. 28, 2021)	2,389	2,389	0.0%	Mr. Schweitzer's salary was calculated based on 12 full months due to the termination of his employment contract on Feb. 28, 2021.
Total	8,131	8,344	+2.6%	
2. Remuneration of former Management Board members				
Arnd Zinnhardt (resigned from Management Board March 31, 2020, end of contract Sept. 30, 2020)	4,573	1,441	-68.5%	The decrease is due to Mr. Zinnhardt's resignation from the Management Board on March 31, 2020; therefore no adjustment for resignation-related one-time effects in the previous year's salary.
Karl-Heinz Streibich (CEO) Served Oct. 1, 2003- July 7, 2018	633	633	0.0%	
Software AG's financial performance				
Operating EBITA (non-IFRS) Software AG Group	177,049	163,756	-7.5%	
Net income after tax Software AG	41,509	7,912	-80.9%	
Average salary growth for employees				
Salary growth of all employees	82.7	84.3	+1.9%	These figures represent the average salaries of all employees worldwide. Part-time salaries have been translated into full-time equivalents.
Salary growth in the second tier of management	312.1	327.5	+4.9%	These figures represent the average salaries of all members of management who report directly to the Management Board.

growth of Management Board remuneration with the growth of the Software AG Group's operating EBITA (non-IFRS), which, through the EBIT (non-IFRS) margin, accounts in part as a target for variable Management Board remuneration.

The average remuneration of Software AG's staff worldwide is used in the comparison with the growth of employees' average remuneration. This comparison group was also used to assess the appropriateness of the Management Board's remuneration. This assessment examined the remuneration of all employees, including senior managers, in accordance with section 5 (3) of Germany's Works Constitution Act (BetrVG). Additional compensation for employees serving on the Supervisory Board of Software AG was not included. For the purpose of accurate comparability, remuneration for part-time staff members was calculated on the basis of full-time equivalents. To increase transparency, the growth of Management Board remuneration was also compared with the growth of remuneration for employees in the second tier of management, i.e. one level below the Management Board.

As per the IDW's "Questions and Answers: Preparation of a Remuneration Report in Accordance with Section 162 of AktG" of December 21, 2021, due to the ambiguous legal situation, there are three possible time ranges for a vertical comparison of growth of Management Board remuneration, growth of average employee salary, and growth of Software AG's earnings. A year-on-year comparison can be carried out over five years, four years and one year. A comparison of the figures for 2021 and for 2020 therefore meets the legal requirements. For the purpose of reporting efficiency, Software AG's Management Board and Supervisory Board opted to present the vertical comparison for 2021 and 2020.

4.4 ASSESSMENT OF THE APPROPRIATENESS OF THE MANAGEMENT BOARD'S REMUNERATION

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

To assess the appropriateness of the Management Board's remuneration and pension, the Supervisory Board regularly makes use of external consultancy services. On one hand, the amount and structure of the Management Board's remuneration are evaluated relative to the remuneration of senior management and the staff as a whole from a company-external perspective (vertical comparison). In addition to presenting the status quo, the vertical comparison also illustrates changes in remuneration proportions over time. On the other hand, the remuneration amount and structure are evaluated from the point of view of Software AG's position relative to the market (horizontal comparison). The comparison market is comprised of companies from the MDAX, the index where Software AG is listed consisting of companies of comparable size, structure, country of origin and sector as of the date of evaluation. Companies in the financial service sector are 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 includes short and long-term remuneration components as well as additional benefits and contributions to private pension plans. The Supervisory Board compiled the comparison group carefully so as to avoid an automatic upward remuneration progression.

5 SUPERVISORY BOARD REMUNERATION

5.1 SUPERVISORY BOARD REMUNERATION FOR THE 2021 FISCAL YEAR

The Supervisory Board's 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 the Supervisory Board's remuneration have remained market-oriented and in appropriate relation to the duties of the Supervisory Board and to the position of the Company. This includes a horizontal market 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's remuneration system, the Management Board and Supervisory Board will make a proposal to the Annual Shareholders' Meeting to amend the Supervisory Board's 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 with a majority of 99.91 percent of shareholders' voting shares, in accordance with section 113 (3), sentence 1 and 2 of AktG, in conjunction with section 14 of Software AG's Articles of Association.

5.1.1 COMPONENTS OF SUPERVISORY BOARD REMUNERATION

The Supervisory Board's 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 success-based remuneration to be appropriate for the Supervisory Board based on the understanding of the Supervisory 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 as well as corresponds to the GCGC's suggestion (G.18, sentence 1).

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 larger time commitment of the chair and deputy chair on the Supervisory Board is accounted for in the calculation of their remuneration.

The larger time commitment is also accounted for with respect to membership in and chairing committees. Committee members receive €2,000 each time they attend a meeting of one of their committees. 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. The Supervisory Board's remuneration is not capped at a specific amount.

Members of the Supervisory Board are covered by a D&O liability insurance plan that the Company carries for members of its corporate bodies and whose premiums are paid by Software AG. In addition, the Company reimburses Supervisory Board members for any expenses incurred as well as any statutory value added tax on their income.

The details of Supervisory Board members' remuneration is 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.

The remuneration policies apply equally to the Supervisory Board's shareholder representatives and employee representatives.

Supervisory Board Members' Remuneration in the 2020 and 2021 Fiscal Years

in €	Fiscal year	Fixed remuneration	Remuneration for committee work	Total
Remuneration of Current Supervisory Board Members				
Karl-Heinz Streibich Chair (since June 26, 2020) Personnel Committee (chair)	2021	145,200.00	32,000.00	177,200.00
Nominating Committee (chair)	2020	74,776.02	8,000.00	82,776.02
Guido Falkenberg Dep. chair Personnel Committee	2021	82,454.79	14,000.00	96,454.79
	2020	99,000.00	12,000.00	111,000.00
Ralf Dieter (Since June 26, 2020) Audit Committee (chair)	2021	66,000.00	24,000.00	90,000.00
Nominating Committee	2020	33,989.10	16,000.00	49,989.10
Madlen Ehrlich (Since Nov. 4, 2021) Dep. chair Audit Committee	2021	16,545.21	4,000.00	20,545.21
	2020	--	--	--
Bettina Schraudolf (Since Nov. 1, 2021) Personnel Committee	2021	11,030.14	2,000.00	13,030.14
	2020	--	--	--
Ursula Soritsch-Renier (Since June 26, 2020) Audit Committee	2021	66,000.00	10,000.00	76,000.00
	2020	33,989.10	8,000.00	41,989.10
Alf Henryk Wulf (Until June 26, 2020) Personnel Committee	2021	--	--	--
Nominating Committee	2020	32,010.90	10,000.00	42,010.90
Markus Ziener Personnel Committee (since June 26, 2020) Audit Committee (until June 26, 2020)	2021	66,000.00	18,000.00	84,000.00
Nominating Committee	2020	66,000.00	10,000.00	76,000.00
Christian Zimmermann Audit Committee	2021	54,969.86	8,000.00	62,969.86
	2020	66,000.00	10,000.00	76,000.00
Remuneration of Former Supervisory Board Members				
Dr. Andreas Berezky Chair (until June 26, 2020) Personnel Committee (chair)	2021	--	--	--
Nominating Committee (chair)	2020	70,423.98	20,000.00	90,423.98
Eun-Kyung Park (Until June 26, 2020) Audit Committee (chair)	2021	--	--	--
	2020	32,010.90	4,000.00	36,010.90
Total Supervisory Board remuneration	2021	508,200.00	112,000.00	620,200.00
	2020	508,200.00	98,000.00	606,200.00

5.1.2 COMPARISON OF ANNUAL CHANGE IN REMUNERATION WITH GROWTH OF EARNINGS AND EMPLOYEE SALARIES

The table on the following page illustrates the rate of change of the Supervisory Board members' remuneration compared with Software AG's earnings development and employees' (FTE) average remuneration year-on-year. The Supervisory Board remuneration presented in the table are the amounts actually paid in the respective fiscal year.

For the 2021 fiscal year, these values correspond to the values provided in the table "Granted and Owed Remuneration" in accordance with section 162 (1), sentence 1 of AktG. If a member of the Supervisory Board was compensated on a pro rata basis in a particular fiscal year, for example due to having joined or left the Company mid-year, remuneration was projected based on a full year for the purpose of accurate comparability. Because the number of meetings differed in the two years presented, the projections cause total amounts to deviate from the Supervisory Board's actual remuneration. For this reason, a comparison with the Supervisory Board's actual total remuneration was also carried out. This comparison seems to make the most sense from a business point of view. 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.

The following section is a mandatory disclosure pursuant to section 162 (1), sentence 2, no. 2 of AktG and is not subject to the audit pursuant to section 162 (3), sentence 2 of AktG.

Earnings development is generally presented based on Software AG's net income development in accordance with section 275 (2), no. 17 of HGB. Because Software AG's net income is regularly and significantly influenced by subsidiaries' dividend disbursements in varying degrees, the comparison does not make sense from a business point of view, but is nevertheless legally required. The Company therefore additionally compares the growth of Supervisory Board remuneration with the growth of operating EBITA (non-IFRS).

The average remuneration of Software AG's staff worldwide is used in the comparison with the growth of employees' average remuneration. This comparison group was also used to assess the appropriateness of the Management Board's remuneration. This assessment examined the remuneration of all employees,

including senior managers, in accordance with section 5 (3) of BetrVG. Additional compensation for employees serving on the Supervisory Board of Software AG was not included. For the purpose of accurate comparability, remuneration for part-time staff members was calculated on the basis of full-time equivalents. To increase transparency, the growth of Supervisory Board remuneration was also compared with the growth of remuneration of employees in the second tier of management, i.e. one level below the Management Board.

As per the IDW's "Questions and Answers: Preparation of a Remuneration Report in Accordance with Section 162 of AktG" dated December 21, 2021, due to the ambiguous legal situation, there are three possible time ranges for a vertical comparison of the growth of Supervisory Board remuneration, growth of the average employee salary, and growth of Software AG's earnings.

A year-on-year comparison can be carried out over five years, four years and one year. A comparison of the figures for 2021 and for 2020 therefore meets the legal requirements. For the purpose of reporting efficiency, Software AG's Management Board and Supervisory Board opted to present the vertical comparison for 2021 and 2020.

Comparison of Annual Change in Supervisory Board Remuneration Pursuant to Section 162 (1), No. 2 of AktG

	Remuneration 2020 in € thousands	Remuneration 2021 in € thousands	Rate of change 2021 vs. 2020	Notes
Karl-Heinz Streibich Since June 26, 2020 Chair of the Supervisory Board and of the Personnel Committee	160.7	177.2	+10.3%	
Dr. Andreas Bereczky Until June 26, 2020 Chair of the Supervisory Board and of the Personnel Committee	186.5	0.0	-100.0%	
Guido Falkenberg Until Nov. 4, 2021 Deputy chair and member of the Per- sonnel Committee	111.0	114.7	+3.3%	
Bettina Schraudolf Since Nov. 4, 2021 Member of the Personnel Committee	0.0	83.4	+100.0%	
Madlen Ehrlich Since Nov. 4, 2021 Deputy chair and member of the Audit Committee	0.0	131.6	+100.0%	
Eun-Kyung Park Until June 26, 2020 Chair of the Audit Committee	74.3	0.0	-100.0%	
Ralf Dieter Since June 26, 2020 Chair of the Audit Committee	97.0	90.0	-7.3%	
Markus Ziener Until June 26, 2020 Member of the Audit Committee Since June 26, 2020 Member of the Personnel Committee	76.0	84.0	+10.5%	
Ursula Soritsch-Renier Since June 26, 2020 Member of the Audit Committee (Until Nov. 22, 2021) Since Nov. 22, 2021 Member of the Personnel Committee	81.5	76.0	-6.8%	
Christian Zimmermann Until Nov. 4, 2021 Member of the Audit Committee	76.0	74.9	-1.5%	
Alf Henry Wulf Until June 26, 2020 Member of the Personnel Committee	86.6	0.0	-100.0%	
Total projected Supervisory Board remuneration	949.6	831.7	-12.4%	
Total actual Supervisory Board Remuneration	606.2	620.2	2.3%	
Software AG's financial performance				
Operating EBITA (non-IFRS) Software AG Group	177,049	163,756	-7.5%	
Net income after tax Software AG	41,509	7,912	-80.9%	
Average salary growth for employees				
Salary growth of all employees	82.7	84.3	+1.9%	These figures represent the average salaries of all employees worldwide. Part-time salaries have been translated into full-time equivalents.
Salary growth in the second tier of management	312.1	327.5	+4.9%	These figures represent the average salaries of all members of management who report directly to the Management Board.

AUDITOR'S REPORT

To Software Aktiengesellschaft, Darmstadt

AUDITOR'S REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the accompanying remuneration report of Software Aktiengesellschaft, Darmstadt, prepared to comply with Sec. 162 AktG (Aktiengesetz: German Stock Corporation Act) for the financial year from January 1, 2021 to December 31, 2021 and the related disclosures.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The Executive Directors and the Supervisory Board of Software Aktiengesellschaft are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of § 162 AktG. The Executive Directors and the Supervisory Board are also responsible for internal controls they consider to be 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 accordance with German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the remuneration report. The procedures selected

depend on the auditor's professional judgment. This includes the assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report and related disclosures. In making those risk assessments, the auditor considers the internal control system relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Directors and the Supervisory Board, as well as evaluating 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, based on the evidence obtained in our audit, the remuneration report for the financial year from January 1 to December 31, 2021, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT

The audit of the remuneration report described in this auditor's report comprises the formal audit of the remuneration report required by § 162 (3) AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this also includes the opinion that the information required by § 162 (1) and (2) AktG has been disclosed in all material respects in the remuneration report.

ENGAGEMENT TERMS AND LIABILITY

This auditor's report is intended exclusively for Software Aktiengesellschaft, Darmstadt, for information on the result of the audit and liability is limited in accordance with the "BDO AG Wirtschaftsprüfungsgesellschaft - Special Terms and Conditions" dated March 1, 2021 agreed with the company and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated January 1, 2017 as issued by the IDW (www.bdo.de/terms-and-conditions).

It was explicitly agreed in the audit contract with the client that the inclusion of third parties in the scope of protection is not intended. Therefore, we do not assume any responsibility towards third parties.

Berlin, March 9, 2022

BDO AG
Wirtschaftsprüfungsgesellschaft



Klaus Eckmann
German Public Auditor



Ralf Pfeiffer
German Public Auditor