

Report of the executive board of Nemetschek SE concerning the authorizations for excluding the right of subscription specified under Agenda Item 7 (§ 186 (4) Sentence 2 in connection with § 71 (1) No. 8 of the German Stock Corporation Act (AktG))

Under Agenda Item 7, the executive board and supervisory board propose that the company be provided with the option of acquiring own shares within the limits of § 71 (2) Sentence 1 AktG. The authorization to acquire own shares granted by the annual general meeting of May 28, 2019 is valid until May 28, 2024 and is to be re-extended. The company is again to be provided with the option of acquiring own shares up to 10% of the current share capital, or of the lower share capital upon exercising the authorization. The authorization is to have a term of 5 years. The acquisition of own shares by the company can be made for any legally permissible purposes.

1. Acquisition of own shares under authorization for exclusion of any possible put right.

It is to be possible to initially acquire own shares through the stock exchange, via a public tender offer addressed to all shareholders of the company, or via a public call to submit offers of sale addressed to all shareholders of the company.

In the case of acquiring own shares, shareholders are generally entitled to a put right. In the case of a public tender offer as well as in the case of a public call for offers of sale, it may happen that the quantity of shares offered by the shareholders exceeds the quantity of shares requested by the company. In this case, allocation must be made on a pro rata basis. In this regard, it should be possible to provide for preferential subscription of lower quantities up to a maximum of 100 shares tendered per shareholder. This option serves to avoid fractional amounts for the determination of the quotas to be acquired and to avoid small remaining balances, thus facilitating technical processing. The acquisition process is simplified as a result of this. The executive board considers the exclusion of any further applicable put right of the shareholders to be objectively justified and appropriate vis-à-vis the shareholders.

2. Utilization of own shares under authorization for the exclusion of the right of subscription.

The own shares which the company acquires can be resold via the stock exchange or via a public offering addressed to all shareholders. This option complies with the legal principle of equal treatment (§ 53a AktG).

In the use of own shares, shareholders are generally entitled to a right of subscription. In the following cases, the right of subscription, however, is excluded pursuant to the authorization, or the executive board is authorized to exclude the shareholders' right of subscription.

- a) In Section b) aa), in accordance with § 186 (3) Sentence 4 AktG, the proposed authorization stipulates that the executive board may sell the acquired own shares, excluding the shareholders' right of subscription, also in a manner other than via the stock exchange or via an offer addressed to all shareholders, e.g. to institutional investors, if the shares are sold at a price that does not significantly undercut the price determined by the opening auction of the company's shares in Xetra trading on the Frankfurter Wertpapierbörse (Frankfurt securities exchange). This is in the interest of the company and of its shareholders, and puts

the company in a position in which it can react promptly and flexibly to favorable stock market situations. Taking current market conditions into account, the board will endeavor to keep any potential discount on the stock market price as low as possible. This authorization for use is limited to shares with a proportional amount of the share capital, which in total must not exceed 10% of the share capital of the company, neither at the point in time that this authorization takes effect nor, if this value is lower, at the point in time that this authorization is exercised. Since the issue of shares and other securities excluding the right of subscription is possible directly or in other ways by means of the corresponding application of § 186 (3) Sentence 4 AktG, and in order to prevent multiple parallel utilization of the 10% limit, the authorization resolution in these cases provides for consideration of all shares issued in this manner and shares to be issued due to such other securities.

This addresses the shareholders' interest in dilution protection in terms of value. Moreover, given that the placement price of the new shares is close to the stock market price, each shareholder retains the option of acquiring the shares necessary to maintain their proportional stake in the company at approximately the same conditions in the market.

- b) The executive board is to be additionally authorized to offer or transfer the acquired own shares, excluding the shareholders' right of subscription, as consideration within the scope of a merger with other companies, acquisition of companies, parts of companies or interests in companies, or acquisition of other assets (Section b) bb) of the proposed authorization). The authorization is also to include the possibility of granting convertible rights or rights of subscription as well as purchase options within this context, and allow shares to be lent as part of a securities lending arrangement. In either case, the shareholders' right of subscription must be excluded.

As a result of this authorization, in addition to the existing option of utilizing authorized capital, Nemetschek SE is to be given the option of utilizing the company's own shares as acquisition currency in suitable cases and consequently being able to react quickly and flexibly to favorable offers or opportunities which arise. The option of providing own shares in the above-mentioned cases may also prove to be the more favorable form of financing for the company compared to the provision of cash – as the use of own shares conserves liquidity – and is thus also in the interest of the shareholders. The price at which own shares are used in the above-mentioned cases depends on the respective circumstances of the individual case and on the respective point in time. The executive board will ensure that the interests of the shareholders are protected by means of an appropriate specification of the valuation ratio. For determination of the price, the executive board will align itself with the interests of the company and, to the extent possible, with the stock market price. A schematic tie-in to the stock market price is not envisaged in particular to avoid any calling into question of negotiation results already achieved should there be fluctuations in the stock market price.

- c) Furthermore, the company is to be granted the possibility to use own shares to fulfill or hedge conversion or option rights or conversion obligations or acquisition rights to shares of the company, especially arising from and in connection with convertible or warrant bonds issued by the company or by a Group company of the company within the context of § 18

AktG (Section b) cc) of the proposed authorization). Like the authorization for use already specified under Section b) aa), this authorization for use is also limited to shares with a proportional amount of the share capital, which in total must not exceed 10% of the share capital of the company, neither at the point in time that this authorization takes effect nor, if this value is lower, at the point in time that this authorization is exercised. Since the issue of shares and other securities excluding the right of subscription is possible directly or in other ways by means of the corresponding application of § 186 (3) Sentence 4 AktG, and in order to prevent multiple parallel utilization of the 10% limit, the authorization resolution in these cases provides for consideration of all shares issued in this manner and shares to be issued due to such other securities.

The proposed resolution does not result in the creation of any new or additional authorization for the issue of convertible or warrant bonds. Its sole purpose is to grant the company the possibility to satisfy option or conversion rights or conversion obligations or acquisition rights to shares of the company, which have been or will be established due to other authorizations granted by the annual general meeting, using its own shares instead of resorting to the otherwise provided contingent capital. The use of own shares with exclusion of the right of subscription instead of new shares from contingent capital to fulfill delivery obligations for shares of the company may be expedient in order to take advantage of favorable market conditions. This use is also in the interest of other shareholders as it does not increase the company's share capital, thereby preventing dilution for the remaining shareholders.

- d) In addition, it should be possible to use own shares for the implementation of a so-called dividend in kind (scrip dividend) (Section b) dd) of the proposed authorization). If an exclusion of the right of subscription within the content of § 186 (3) Sentence 4 AktG is required in order to implement the dividend in kind, the executive board is to be authorized, with the consent of the supervisory board, to exclude the shareholders' right of subscription in this regard so as to be able to implement a dividend in kind under optimum conditions. In the case of the dividend in kind, with the use of own shares, the shareholders are offered the option of ceding their entitlement to the dividend payment that arises with the resolution on the appropriation of profits by the annual general meeting so that they can obtain own shares of the company in return.

The implementation of a dividend in kind subject to the use of own shares can occur as an offer made to all shareholders subject to protection of their right of subscription and in compliance with the principle of equal treatment (§ 53a AktG). For this, the shareholders are only offered the option of subscribing for whole shares in each case; as regards that part in the claim to a dividend that does not reach the subscription price for a whole share (and/or exceeds same), the shareholders are referred to the purchase of the cash dividend and cannot subscribe for shares to that extent; no offer of partial rights is envisaged, nor the setup of trading in rights of subscription or fractions thereof. Since the shareholders receive a pro-rated cash dividend instead of the subscription for own shares, this appears to be justified and appropriate.

In individual cases, depending on the capital market situation, it may be in the interest of the company and of its shareholders to structure the implementation of a dividend in kind using

own shares in such a way that, while the executive board offers all shareholders that are entitled to the dividend the option of subscribing for own shares of the company in return for ceding their claim to a dividend, in compliance with the general principle of equal treatment (§ 53a AktG), the shareholders' right of subscription is nevertheless formally excluded altogether. Implementing the dividend in kind while formally excluding the right of subscription enables the dividend in kind to be implemented at terms and conditions which are more flexible. Given that all shareholders are offered the company's own shares and any excess partial amounts of dividend are settled by payment of the cash dividend, the exclusion of the right of subscription appears to be justified and appropriate in this respect as well.

- e) According to Section b) ee) of the proposed authorization, the company is to be able to redeem its own shares without any further resolution by the annual general meeting. This redemption can also be effected without any reduction of the share capital by adjusting the proportional amount of the remaining no-par shares of the company's share capital. In this regard, the executive board is also to be authorized to make any necessary amendments to the specification of the number of no-par shares in the Articles. The board is also to be authorized to offer, commit to, sell or transfer any own shares acquired, excluding the shareholders' right of subscription, to members of the executive board of the company, members of the executive boards and management of affiliated Group companies of the company within the context of § 18 AktG, as well as employees of the company or of Group companies, within the framework of agreed upon compensation and/or in order to fulfill obligations of the company arising from management and employee participation programs, share-matching plans, performance share programs, stock appreciation rights or other virtual stock or stock option programs (Section b) ff) of the proposed authorization). Insofar as the own shares are to be issued to members of the executive board of the company, within the framework of the authorization granted by the company, it is not the executive board that decides but instead, in accordance with the distribution of responsibilities under corporate law, the supervisory board that decides.

The issuing of shares to employees and members of management bodies is in the interest of the company and of its shareholders since it strengthens identification with the company. Moreover, this promotes the willingness to assume greater co-responsibility, especially economic co-responsibility, and provides an incentive to focus on sustainable value appreciation for the company. By issuing employee shares and shares to members of the executive board of the company and the management of affiliated Group companies of the company, it is further possible to provide long-term incentives that take into account not only positive but also negative developments. In this way, by granting shares with a sale restriction or retention incentives, in addition to the bonus effect, it is possible to create a malus effect in case of negative developments. Thus, this is an instrument that can bring about greater economic co-responsibility in the interest of the company and of the shareholders.

On the basis of the authorization, shares may also be offered or promised for acquisition without consideration or under other special conditions, and/or sold or transferred. The shares may also be transferred to a credit institution or other entity fulfilling the prerequisites

of § 186 (5) Sentence 1 AktG, which takes on the shares together with the responsibility to undertake to offer, promise, sell or transfer the shares for acquisition exclusively to members of the executive board of the company, members of the executive board and management of affiliated Group companies of the company within the context of § 18 AktG, as well as employees of the company or of affiliated Group companies. The shares to be transferred to employees of the company and of affiliated Group companies, to members of the executive board of the company or to members of the management of affiliated Group companies may also be acquired by way of loans on securities from a credit institution or other entity fulfilling the prerequisites of § 186 (5) Sentence 1 AktG, and shares acquired under the above-mentioned authorization or an earlier authorization may be used to repay these loans on securities.

Since the shares are only intended to be issued to specific persons, the exclusion of the right of subscription is necessary. According to the executive board and the supervisory board, this is justified due to the positive effects associated with employee share ownership.

- f) In addition, the executive board is to be authorized, with the consent of the supervisory board, to exclude the right of subscription in order to grant holders and/or creditors of conversion or option rights to shares of the company and/or of corresponding conversion or option obligations to compensate for dilutions to the extent to which they would be entitled after exercising these rights and/or fulfilling these obligations.
- g) Finally, in the case of an offer for the sale of own shares to all shareholders, the executive board is authorized to exclude fractional amounts from the right of subscription in order to achieve even subscription ratios. Not excluding the right of subscription regarding any fractional amounts would significantly impede the technical implementation of the sale and the exercising of the right of subscription. The new shares excluded from the shareholders' right of subscription as free fractional shares will either be sold via the stock exchange or otherwise maximally utilized for the benefit of the company.

There are currently no specific plans for the utilization of the authorization proposed under Agenda Item 7 for the acquisition and use of own shares subject to the exclusion of the right of subscription.

The executive board will report to the annual general meeting regarding the purchase and use of own shares.