

## **Annex on Agenda Item 6 – Remuneration system for members of the executive board**

### **1. Principles of the remuneration system**

#### **1.1 Introduction, background, purpose of the revised remuneration system**

The remuneration system for the Executive Board is aimed at appropriately remunerating the members of the Executive Board in line with their respective tasks and performance, taking into account the success of the Company. It also aims to promote the sustainable and long-term development of the Company.

#### **1.2 General principles for the assessment of the remuneration of the Executive Board**

The remuneration system for members of the Executive Board of Nemetschek SE makes a significant contribution to promoting the long-term corporate strategy of the Nemetschek Group.

The Executive Board is tasked with leading the Nemetschek Group to continuous success in an economic environment currently characterized by major changes and uncertainties. This must be rewarded with performance related and competitive remuneration. At the same time, remuneration should create incentives for long-term successful and sustainable corporate development.

The following principles apply:

- The remuneration system comprises both performance-related parameters and parameters linked to the Company's success. These parameters are in an appropriate relationship to each other.
- The performance-related remuneration components are dependent on the short-term and long-term development of the Company. The Supervisory Board believes that linking remuneration to corporate results, which reflect the overall value of the Company, is a suitable means of ensuring that the work of the Executive Board is committed and successful in the long term.
- In drawing up the remuneration system, the Supervisory Board takes particular account of the size, economic situation, success and growth potential of the Company.
- When determining the total remuneration of the individual Executive Board member, care is taken to ensure that the amount is in reasonable proportion to the tasks and performance of the respective Executive Board member. Special achievements of an Executive Board member should be rewarded appropriately, whereas missed targets result in a reduction of the remuneration.

## **2. Determination of the specific target total remuneration (structure and amount)**

The Supervisory Board greatly values the appropriate remuneration of the Executive Board as a whole. An appropriate remuneration takes into account the market remuneration level (horizontal orientation).

The companies SAP SE, Software AG, CompuGroup Medical SE & Co. KGaA and TeamViewer AG, which are comparable in terms of size, revenue, number of employees, market capitalization and industry sector with regard to one or more of the above criteria, are used as reference points in terms of their remuneration level. This horizontal orientation ensures that the remuneration of the members of the Executive Board adequately reflects the market position of the Company and remains competitive.

At the level of Nemetschek SE, the Supervisory Board does not take into account the remuneration level of senior managers and the workforce as a whole. As a holding company, Nemetschek SE does not offer suitable reference points either for senior management or for the workforce as a whole. Nevertheless, the Supervisory Board takes the remuneration of the managing directors of the most important product organizations as a benchmark for comparison when making actual remuneration decisions.

### **2.1 Structure**

The remuneration of the Executive Board members consists of fixed, non-performance-related and variable, performance-related components, the sum of which determines the total remuneration of an Executive Board member. The fixed, non-performance-related remuneration comprises the fixed remuneration and fringe benefits. The performance-related remuneration comprises a short- and medium-term variable component (Short Term Incentive Plan, STIP) and a long-term variable component (Long Term Incentive Plan, LTIP). Both components are variable cash payments.

Remuneration received by individual Executive Board members directly from a subsidiary for management activities performed at the level of the subsidiary is fully taken into account when determining the remuneration.

In accordance with the requirements of the German Stock Corporation Act and the recommendations of the DCGK, the long-term variable remuneration component makes up the largest part of the remuneration and exceeds the part of the remuneration resulting from short-term targets. As a result, the focus is placed on the successful sustainable development of the Company, but the short-term development of the operating business is also taken into account.

The total annual remuneration of the members of the Executive Board is determined by the respective contractually agreed-upon fixed remuneration including fringe benefits and the amounts paid out for the variable remuneration components. The disbursement amounts of the variable components depend on the respective degree of target achievement.

Based on 100% achievement of targets, the ratio of the individual remuneration components in the total target remuneration is as follows:

- Fixed remuneration: 15 - 25 %
- STIP component: 30 -40 %
- LTIP component: 55 - 65 %

## 2.2 Maximum remuneration

In accordance with sec. 87a para. 1 sentence 2 no. 1 AktG and the recommendations of the DCGK, the total remuneration is limited in amount ("maximum remuneration"). By setting a maximum amount (cap) for the STIP and the LTIP, both variable remuneration components are limited in amount.

The maximum amount is:

- EUR 3.0 million for the Executive Board Spokesperson
- EUR 2.8 million for ordinary Executive Board members

The maximum remuneration determined in this way includes all remuneration components that were earned as a result of Executive Board activities in the fiscal year in question, even if they are not payable until later. The fixed maximum remuneration is therefore independent of the actual monetary inflow in the remuneration year.

Remuneration received by individual Executive Board members directly from a subsidiary for management activities performed at subsidiaries of Nemetschek SE is fully taken into account when determining the maximum remuneration.

## 3. Components of the Executive Board remuneration in detail

### 3.1 Non-performance-related remuneration

The non-performance-related remuneration comprises a fixed remuneration and usual fringe benefits.

#### 3.1.1 Fixed remuneration:

Each member of the Executive Board receives a fixed remuneration. The fixed remuneration is paid at the end of each calendar month in twelve equal monthly installments. The amount of the fixed remuneration reflects the role in the Executive Board, experience, area of responsibility and market conditions.

#### 3.1.2 Fringe benefits

The fixed remuneration is supplemented by contractually guaranteed fringe benefits. This includes the provision of a company car for private use as well as subsidies for health and care insurance.

The Company takes out a D&O insurance policy for the members of the Executive Board.

### 3.1.3 Pension benefits, retirement and early retirement schemes

The remuneration system does not include pension benefits or retirement and early retirement schemes.

In case a new member of the Executive Board has concluded a pension contract with their previous employer, the Company can take over that contract.

## 3.2 Performance-related remuneration

The performance-related variable remuneration consists of a short-term component (STIP) and a long-term component (LTIP).

The business strategy of the Nemetschek Group comprises short-term and long-term goals. The variable remuneration therefore provides the Executive Board with incentives to achieve operating targets both in the short and long term. For both variable remuneration elements, success of the Company and sustainability are the fundamental benchmarks for measuring performance. The Executive Board is required to act in the interests of both shareholders and other stakeholders.

The variable remuneration is based primarily on the economic development of the Nemetschek Group. Growth-related parameters in particular are a good indicator of a successful Executive Board strategy. However, the variable remuneration also takes into account the performance of the Executive Board members in the divisions for which they are responsible. The two components of the variable remuneration differ according to performance period and performance criteria in order to comprehensively reflect the Company's success.

The variable remuneration components are structured in such a way that the amount paid out can fall to zero. On the other hand, maximum amounts (caps) are defined for both the short-term variable remuneration (STIP) and the long-term variable remuneration (LTIP).

### 3.2.1 Short-term variable remuneration: Short Term Incentive Plan (STIP)

As a short-term variable remuneration component (STIP), the Executive Board members are granted a performance-related bonus for a fiscal year. The amount of the bonus to be paid depends on the Nemetschek Group achieving certain sales and earnings targets in the fiscal year and on certain individual performances by the members of the Executive Board in their divisions. An individual target amount is fixed for each Executive Board member at 100% target achievement.

For Executive Board members, several criteria play a role in measuring the degree of target achievement for the short-term variable remuneration: The annual revenue, adjusted EBITDA/EBITA/EBT of the Executive Board member's division as well as the special objectives individually defined for each Executive Board member within his area of responsibility. These special objectives can be formulated as financial

goals or non-financial goals (e.g. the implementation of certain strategic initiatives or plans). An increase in the value of the company, measured in terms of EPS (earnings per share), is relevant only for the Spokesperson of the Executive Board.

In this way, the Supervisory Board provides targeted incentives for profitable growth in the individual segments, rewards individual non-financial performance of Executive Board members, particularly in the area of sustainability, and creates value for shareholders.

The specific targets and relevant earnings figures (adjusted EBITDA, EBITA or EBT) are fixed before the beginning of the financial year, if possible by mutual agreement between the Supervisory Board and the Executive Board. They are not bound by targets agreed or set for previous periods. If a mutual agreement has not been reached by 28 February of the financial year, the Supervisory Board shall determine the specific targets at its reasonable discretion. The target achievement criteria are intended to reward the performance of the Executive Board in the fiscal year in line with the Company's short-term development. They cannot be amended subsequently.

If the target achievement is measured in terms of key financial figures, certain thresholds are set in EUR million. If revenue and the actual adjusted EBITDA, EBITA or EBIT based on the consolidated financial statements exceed the thresholds in each case, members of the Executive Board are entitled to a fixed amount (referred to as bonus) for each EUR million achieved that exceeds the threshold. If a non-financial special objective is relevant for the target achievement, a fixed bonus is also granted if the objective is met. If neither a threshold value nor a non financial special objective is met, no bonus is paid.

After the end of the fiscal year, the Supervisory Board determines the actual degree of target achievement and the amount of the bonuses to be paid out depending on the Executive Board members' target achievement.

For this purpose, the bonuses achieved by the Executive Board members are added up, taking into account the target and the actual annual results. The total amount can range from 0% to 150% of the respective individual target amount. The amount of the bonuses is limited to 150 % of the target amount (cap). The Supervisory Board can decide to deviate from this provision to take sufficient account of extraordinary developments. Deviations in individual cases do not establish a legal claim of members of the Executive Board.

Bonuses are granted pro rata temporis if the employment relationship did not exist for the entire year. Bonuses are also reduced pro rata temporis for the duration of a leave of absence or suspension of employment.

Bonuses are paid in the following year.

If an Executive Board member is newly employed, the Supervisory Board may, at its reasonable discretion, guarantee a certain percentage of the individual target amount of the short-term variable remuneration and pay it out to the Executive Board member in monthly installments with the fixed salary.

## 3.2.2 Long-term variable remuneration: Long Term Incentive Plan (LTIP)

The long-term variable remuneration program (LTIP) is designed to reward the Executive Board members' focus on long-term and sustainable corporate development. The calculation basis for the long-term variable remuneration is the sustainable increase in the value of the Company, measured primarily in terms of the growth trend in the adjusted EBITDA/EBITA/EBT of the Nemetschek Group generated annually according to the consolidated financial statements.

The LTIP has a duration of three fiscal years in each case (LTIP period) following the so-called reference year of the LTIP. The LTIP period generally begins on 1 January of the year following the reference year and ends on 31 December of the third year following the reference year. If targets are achieved, in each case the Executive Board member is paid the long-term variable remuneration achieved in cash in the fourth year following the reference year (year of payment).

The Supervisory Board may nominate Executive Board members at its reasonable discretion to participate in the LTIP annually. This requires a separate resolution of the Supervisory Board.

The amount of the long-term variable remuneration is calculated as the difference between the adjusted EBITDA/EBITA/EBT of the Nemetschek Group according to the annual financial statements of the last year of the LTIP period and the adjusted EBITDA/EBITA/EBT of the Nemetschek Group according to the annual financial statements of the reference year, multiplied by a fixed and a dynamic reference factor (the reference factors are usually between 1 % and 2 %). The outcome of this calculation results in the so-called LTIP pool, which consists of a fixed and a dynamic part, corresponding to the respective reference factor. Each Executive Board member receives a fixed percentage share of the fixed pool share and a dynamic share from this pool. In the case of ordinary Executive Board members, the dynamic share depends on the percentage of Group sales accounted for by their division. In the case of the Spokesperson of the Executive Board, the dynamic portion depends on the development of EPS (earnings per share) and thus represents the increase in value of the Company as a whole. Yet again, both the growth of the individual divisions and the increase in profitability of the Group as a whole are being incentivized here.

A calculation model based on the business plans is created with the nomination resolution of the Supervisory Board, which reflects the target amount for the respective LTIP period. The Supervisory Board also decides at its reasonable discretion which financial figure is relevant for the target amount of the respective LTIP period (adjusted EBITDA, EBITA or EBT). There can be no subsequent deviation from the defined target values.

The amount of the long-term variable remuneration of each LTIP period is limited to 120 % of the target amount (cap).

In the year of payment, the Supervisory Board determines the specific degree of target achievement and specifies the amount of the long-term variable remuneration

to be paid. The long-term variable remuneration is then paid out to the Executive Board member within 14 days.

All claims arising from a current LTIP period will expire without any substitution or compensation being payable if the employment contract is terminated extraordinarily by Nemetschek SE before the payment date for good cause for which the Executive Board member is responsible, the appointment of the Executive Board member is revoked on account of a gross breach of duty or the Executive Board member resigns without good cause and without the agreement of Nemetschek SE.

If the term of office of an Executive Board member starts during a fiscal year, the target amount for this fiscal year will be reduced pro rata temporis to the date his term of office starts. If the term of office of an Executive Board member ends during a fiscal year, the target amount will be reduced at the reasonable discretion of the Supervisory Board taking account of the performance of the Executive Board member in question. This also applies to periods in which the Executive Board member is not entitled to remuneration despite still being employed (because his employment has been suspended or he is unable to work but is not entitled to continued remuneration, for example). The date on which the bonus is due and the parameters for calculating the LTIP will not be affected by the Executive Board member joining the board or leaving it during the year.

If an Executive Board member is newly employed, the Supervisory Board may, at its reasonable discretion, guarantee a certain percentage of the individual target amount of the long-term variable remuneration and pay it out to the Executive Board member in monthly installments with the fixed salary.

#### **4. Other remuneration-related stipulations**

##### **4.1 Clawback provisions regarding variable remuneration components**

In principle, there are clawback provisions for disbursements from the STIP and LTIP.

The Supervisory Board is entitled to reclaim STIP and LTIP payments from Executive Board members if it later turns out that the payment was made wrongly in whole or in part because targets were actually not achieved or not achieved to the extent assumed when determining the payment amount on the basis of false information.

In addition, the Supervisory Board is entitled to reclaim STIP and LTIP payments from Executive Board members if the Executive Board member gives good cause for his dismissal within the meaning of sec. 84 para. 3 AktG in the respective assessment period or if the General Meeting refuses to approve the actions of the Executive Board member. Recovery is also possible in the event of a serious breach of an Executive Board member's legal obligations or of internal Company guidelines of conduct in the respective assessment period.

## 4.2 Remuneration for internal and external mandates

To the extent that Executive Board members hold Supervisory Board mandates or comparable functions within the Group, the remuneration for such mandates is included in the remuneration structure in accordance with this remuneration system.

External Supervisory Board mandates or comparable positions can be accepted only after prior consent by the Supervisory Board. When accepting external Supervisory Board mandates or comparable positions, the Supervisory Board also decides whether and to what extent the remuneration is to be credited.

## 5. Terms of contract and benefits upon termination of Executive Board activities

When appointing Executive Board members and for the duration of their contracts, the Supervisory Board observes the requirements of sec. 84 AktG and the recommendations of the DCGK.

The service contracts of Executive Board members apply for the duration of the current appointment and have the following terms at the date the Supervisory Board passes the resolution on the remuneration system:

- Dr. Axel Kaufmann: until 31 December 2024 Jon Elliott: until 31 December 2021
- Viktor Várkonyi: until 31 December 2021

### 5.1 Cancellation and termination of the employment contracts of the Executive Board

The employment contract is generally concluded for the term of the appointment to the Executive Board. According to sec. 84 para. 1 sentence 1 AktG, an appointment is permissible for a maximum of five years. In the event of reappointment or extension of the term of office of an Executive Board member, the term of the employment contract shall be extended for the duration of the reappointment or extension.

The employment contract shall be automatically terminated upon termination of the Executive Board office. The revocation of the appointment of the Executive Board is subject to the following special provisions: if the revocation of the appointment is based on a good cause within the meaning of sec. 84 para. 3 AktG, which is not at the same time a good cause within the meaning of sec. 626 German Civil Code (Bürgerliches Gesetzbuch, BGB) for the termination of the employment contract without notice, the employment contract ends with a notice period of twelve months to the end of the month or - if this date falls earlier - with the end of the regular term of the employment contract.

In addition, the employment contract ends, without the need for termination, at the time an unlimited disability pension is granted, but at the latest at the end of the month in which the Executive Board member is first entitled to the statutory regular retirement pension.



In all other respects the statutory provisions shall apply.

## 5.2 Severance payments

In the event of premature termination of an Executive Board member's contract, severance payments to be agreed upon should not exceed the value of the annual remuneration (severance payment cap) or the value of the remuneration for the remaining term of the employment contract.

The severance payment cap is calculated on the basis of the sum of the fixed salary and the amount of the STIP paid on 100% achievement of targets.

## 5.3 Post-contractual non-competition clauses

Members of the Executive Board shall be subject to a post-contractual non-competition clause for a period of twelve months after termination of his employment. For the duration of the non-competition clause, the Company undertakes to pay a monthly compensation in the amount of 50% of the last contractual benefits received by the Executive Board member. In the event of a post-contractual non-competition clause, the severance payment is to be credited against the compensation.

The Company may withdraw from the post-contractual non-competition clause with a notice period of six months.

## 6. Temporary deviation from the agreed remuneration system

In exceptional cases, temporary deviations from individual components of the agreed remuneration system may be made if this is necessary in the interest of the long-term wellbeing of the Company. Deviations from the remuneration system must be resolved by the Supervisory Board. In this way, deviations may be made from the performance and target achievement criteria of the STIP and LTIP.