

**NEMETSCHKE**  
GROUP

ANNUAL REPORT 2022

**SHAPE  
THE  
WORLD**

The text 'SHAPE THE WORLD' is rendered in a large, bold, blue sans-serif font. The letters are filled with a blue gradient and contain cutouts of construction-related imagery. The 'S' shows a crane against a blue sky. The 'H' and 'A' also feature crane silhouettes. The 'P' and 'E' show a crane against a blue sky. The 'T' and 'H' in the second row show crane silhouettes. The 'E' shows a crane against a blue sky. The 'W' in the third row shows a crane against a blue sky. The 'O' shows a complex steel structure against a blue sky. The 'R' shows a steel structure against a blue sky. The 'L' shows a crane against a blue sky. The 'D' shows a crane against a blue sky.

SHAPE THE WORLD IN ALL DIMENSIONS









ANNUAL REPORT

2022

## Shape the World in All Dimensions

Our vision is to shape the world in all its dimensions. This involves our 13 brands developing digital solutions in four customer-oriented segments across the entire building lifecycle and the media industry. Our portfolio enables all players to plan, construct and operate buildings and shape creative worlds.

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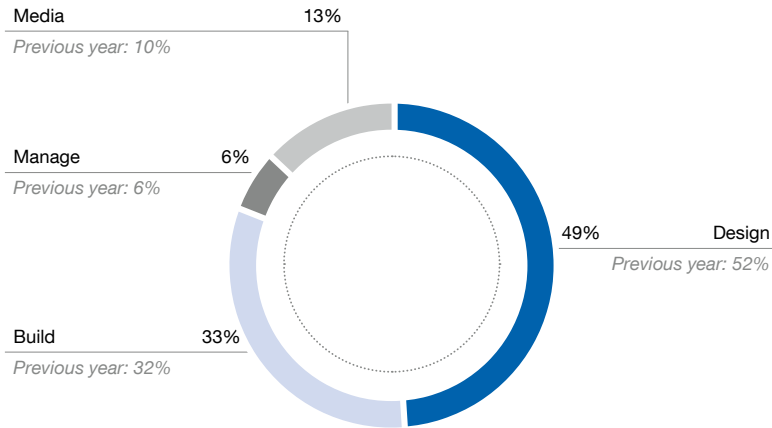
# Key Figures

## NEMETSCHEK GROUP

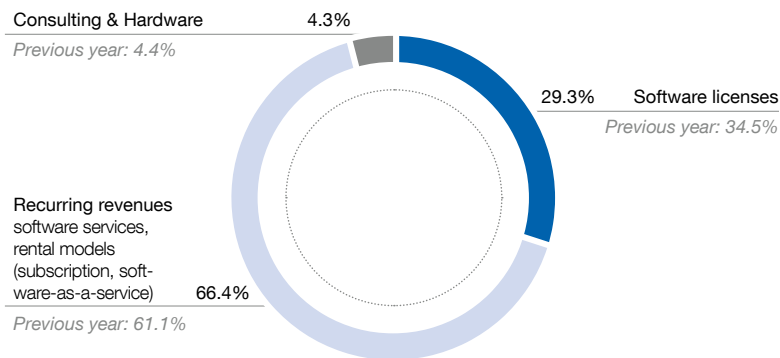
in EUR million	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
<b>Revenues</b>	<b>801.8</b>	<b>681.5</b>	<b>596.9</b>	<b>556.9</b>	<b>461.3</b>
- thereof software licenses	235.0	234.8	210.0	228.2	216.8
- thereof recurring revenues	532.6	416.7	359.0	299.5	225.8
- subscription & SaaS (as part of the recurring revenues)	204.2	132.0	90.4	50.3	23.4
<b>Annual Recurring Revenue (ARR)</b>	<b>581.7</b>	<b>456.5</b>			
<b>EBITDA</b>	<b>257.0</b>	<b>222.0</b>	<b>172.3</b>	<b>165.7</b>	<b>121.3</b>
as % of revenue	32.0%	32.6%	28.9%	29.7%	26.3%
<b>EBITA</b>	<b>232.6</b>	<b>199.6</b>	<b>149.3</b>	<b>143.7</b>	<b>112.5</b>
as % of revenue	29.0%	29.3%	25.0%	25.8%	24.4%
<b>EBIT</b>	<b>198.1</b>	<b>172.0</b>	<b>122.5</b>	<b>123.6</b>	<b>97.8</b>
as % of revenue	24.7%	25.2%	20.5%	22.2%	21.2%
<b>Net income (group shares)</b>	<b>161.9</b>	<b>134.6</b>	<b>96.9</b>	<b>97,7*</b>	<b>76.5</b>
per share in €	1.40	1.17	0.84	0.85	0.66
<b>Net income (group shares) before purchase price allocation</b>	<b>188.9</b>	<b>153.9</b>	<b>115.2</b>	<b>140.3</b>	<b>88.1</b>
per share in €	1.64	1.33	1.00	1.21	0.76
<b>Cash flow figures</b>					
Cash flow from operating activities	213.8	214.4	160.4	99.7	97.4
Cash flow from investing activities	-52.4	-147.6	-83.8	-74.4	-54.6
Cash flow from financing activities	-124.0	-55.4	10.7	-10.4	-44.8
Free cash flow	161.4	66.7	76.6	25.4	42.8
Free cash flow before M&A investments	182.4	193.8	174.5	88.5	88.2
<b>Balance sheet figures</b>					
Cash and cash equivalents	196.8	157.1	209.1	120.7	104.0
Net liquidity/net debt	124.9	28.4	21.0	-9.9	24.0
Balance sheet total	1,198.1	1,072.2	857.2	580.6	460.8
Equity ratio in %	57.5%	52.2%	40.7%	43.0%	49.5%
Headcount as of balance sheet date	3,448	3,180	2,875	2,587	2,142
<b>Share figures</b>					
Closing price (Xetra) in €	47.69	112.80	58.80	31.92	24.95
Market Capitalization	5,508.20	13,028.40	6,791.40	3,686.38	2,881.34

\*before DocuWare effect.

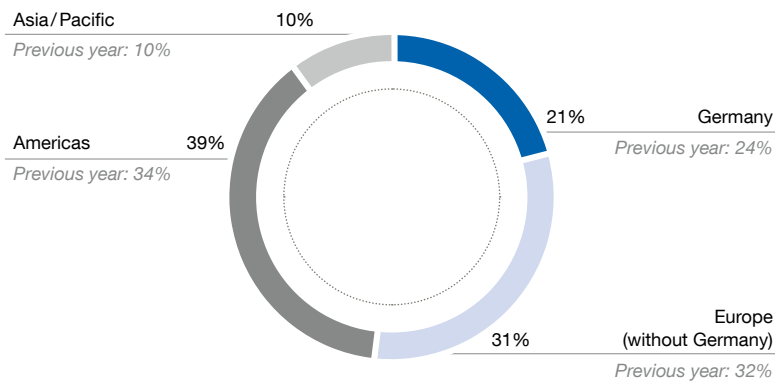
**UMSATZ NACH SEGMENTEN IN %**



**UMSATZ NACH ERLÖSART IN %**



**UMSATZ NACH REGIONEN IN %**



# Letter to Shareholders

Dear shareholders,

The financial year 2022 was **another successful year** for the Nemetschek Group. We continued our long-standing growth trend and once again reached our annual revenue and earnings targets, while simultaneously further developing our Group strategically.

Even if the global and geopolitical challenges have increased in 2022, the structural growth drivers, such as the low degree of digitalization or the requirements for more efficiency and sustainability in the construction industry, are still intact. At the same time, we see great opportunities for companies like the Nemetschek Group with a successful business model and a resilient operational and financial setup.

## Financial year 2022 – continuation of our growth course

Last year, we **achieved new record highs for Group revenues and earnings** – despite the slowdown in the global economy in the second half of the year and the start of the transition to subscription-based and SaaS models at our US brand Bluebeam. This helped us to further expand our market position as one of the world's leading software partners for the AEC/O industry. We also continued our very successful development in the Media segment.

Overview of the key financial indicators for 2022:

- » **Group revenue** increased by 17.7% to EUR 801.8 million; currency-adjusted growth amounted to 12.1%. The currency-adjusted revenue growth was therefore in the forecasted range of 12% to 14%.
- » We are pleased to see that this growth was achieved on a **broad operational basis** again in 2022. We were able to increase our revenues in all **four of our segments**.
- » In line with our strategy, the **share of recurring revenues** from service contracts as well as subscription and SaaS offerings continued to increase to a new record high of more than 66% (previous year: 61%) of the total group revenue. This increase was driven by an even stronger growth in revenues from subscription and SaaS offerings, which grew at a rate of around 55% compared to previous year.
- » To present the future growth dynamic and success of the ongoing transition of business to subscription-based and SaaS

models more transparently, we introduced the **annual recurring revenue (ARR)** KPI last year. At 27.4%, ARR growth outstripped revenue growth, which indicates continued high growth potential for the next twelve months.

- » **Group earnings before interest, taxes, depreciation, and amortization (EBITDA)** rose by 15.8% to EUR 257.0 million. At 32.0%, the EBITDA margin was also within the forecasted range of 32% to 33%.
- » **Net income** grew strongly by 20.3% to EUR 161.9 million, corresponding to earnings per share of EUR 1.40.

As you have come to expect from Nemetschek, we want you to participate appropriately in the company's success once again for the year now ended. We will therefore propose to the Annual General Meeting on May 23, 2023, **a dividend of EUR 0.45 per share** for the 2022 financial year. This represents a 15.4% increase compared with last year's dividend (EUR 0.39 per share).

## Strategic highlights

In 2022, we continued to make good progress in implementing our **strategic focus topics**.

- » This can be seen in the **share of recurring revenues**, which grew by around 5 percentage points to 66%. The **transition to subscription-based and SaaS models** means that our revenues are better predictable, and our business is becoming more structurally resilient – even across economic cycles. This transformation is just as much a strategic growth driver for Nemetschek as **internationalization**. Accordingly, we lifted the share of international revenues from 76% in the previous year to 79% in 2022. Consequently, we will continue to concentrate on the markets in the focus regions: Americas and Asia/Pacific. In these regions, we are striving to expand our market position through organic growth as well as via acquisitions.
- » **Expanding our Media segment** is an important step in diversifying our business in terms of target industries and customer groups. The Group's Maxon brand, one of the world's leading providers of software for the creation of 3D animations and the rendering of visual effects for movies, TV shows, gaming, and commercials, increased its share of Group revenues in 2022 from around 10% to 13%.



- » The Nemetschek brands continued to drive their **innovation focus areas**, such as cloud solutions, digital twins and artificial intelligence, forward in 2022. This includes, for example, the new Bluebeam cloud product offering and the development of an open, cloud-based digital twin platform. In addition to using our own development resources, we are also further increasing our innovative strength by investing in start-ups. In 2022, we took a stake in the start-up SymTerra, which offers a digital platform for construction site communication. Furthermore, we invested in the start-up Kewaso with its innovative robotic solutions that enable automation and digitalization of on-site material flows.
- » For Nemetschek, the benefit for our customers is always at the forefront of everything we do. In the current year, for instance, we are focusing intensively on implementing our joint **go-to-market strategy** to tap into additional growth potential. This approach seeks to better integrate the solutions and services offered by the individual Group brands under the umbrella of the Nemetschek Group in order to make greater use of the digital sales channels and advance regional growth initiatives. As a result, we will be able to serve our existing customers even better while simultaneously winning/addressing new customer groups for Nemetschek.
- » Additionally, we made good progress in **streamlining the structures of the Nemetschek Group and organizing them more efficiently**, for example, through integration and harmonization within our brand portfolio. Internal processes and IT structures were also made leaner and enhanced further. In this context, the further expansion of cross-brand development centers has also been planned in order to pool resources more efficiently and leverage existing competencies for multiple brands. All these measures will help us create synergies and thus improve our operational excellence, with the aim of increasing customer satisfaction.

### Looking forward

The **global construction industry** is in a state of change at the beginning of 2023. And yet the medium- and long-term structural growth drivers that are important for our business model, such as digitalization, reduction of carbon emissions and urbanization, are still fully intact. Their urgency has increased in the current, changing market environment, as the lack of efficiency in the construction industry becomes even more apparent.

Climate change, the energy transition and steadily growing urbanization, as well as recent spikes in the prices of energy and materials, are continuing to increase the pressure to design, construct and subsequently operate buildings in a more environmentally friendly and resource-saving way. Thinking one step further, efficient conversion or demolition in the spirit of a true circular economy is also playing an increasingly important role. It is therefore

becoming increasingly clear that sustainable planning, construction and management, including concepts for a true circular economy, are no longer possible without consistent digitalization along the entire lifecycle of buildings and infrastructure projects.

We, as a **pacesetter for digitalization in the construction industry**, seek to continue to benefit from these developments. We are working hard on further accelerating the trends through our innovative products and solutions and shaping the advancing digital transformation of the construction sector on a lasting basis. Our core competencies remain unchanged: We facilitate the efficient collaboration of all parties involved in the building process, with seamless workflows and based on open standards.

Add to this our **fast-growing media business**, which is only at the beginning of a long-term growth phase. Here, too, we enjoy an excellent positioning and address the entire creative process of content production.

**New technologies** such as cloud offerings, AI, digital twins, robotics, or virtual reality will also help users to master the challenges of the AEC/O industry. We also see further opportunities and potential for the media space, for example the metaverse, which merges the virtual and the real worlds. The metaverse provides a wealth of opportunities for global networking as well as new possibilities in entertainment in the working world and in education.

The Nemetschek Group has a **successful and resilient positioning** from a strategic, operational, and financial perspective. Even in the currently changed market environment, we can therefore see far more opportunities than risks for our industry. Therefore, we continue to expect strong demand for our solutions, which gives us confidence looking into the future. I firmly believe that we will successfully continue along our path of profitable growth and reach the next stage of our corporate development.

I would therefore like to express my sincere thanks to our global partners and to all of the around 3,500 employees of our Group, whether they work at one of our 13 brands or at our headquarters in Munich, for their outstanding commitment and excellent work in the past financial year.

Best regards,



Yves Padrines  
CEO

# Executive Board

## Yves Padrines

Chief Executive Officer (CEO)  
Born in 1976 / Nationality: French

»Our strategic focus areas are continuing the move to subscription and SaaS, enhancing our joint go-to-market approach, launching new innovative initiatives, strengthening our M&A and Venture activities, and driving business enablement across the Group.«

Yves Padrines was appointed as Chief Executive Officer of the Nemetschek Group on March 1, 2022. In addition to driving the joint Group strategy, he is also directly responsible for the fast-growing Media & Entertainment Division and Nemetschek Venture Investments business units. He also oversees merger and acquisition activities.

## Viktor Várkonyi

Chief Division Officer, Planning & Design Division  
Born in 1967 / Nationality: Hungarian

»Our clear customer focus will enable us to become the preferred and most trusted software provider and partner for the architecture, engineering and construction as well as the media industries, shaping the world in all dimensions.«

Viktor Várkonyi has been a member of the Executive Board since December 2013, and was appointed as Chief Division Officer, Planning & Design Division in February 2019. In this role, he is responsible for the division's global strategic alignment as well as for positioning the Nemetschek Group as a BIM market leader for connected end-to-end AEC/O workflows.

## Louise Öfverström

Chief Financial Officer (CFO)  
Born in 1975 / Nationality: Swedish

»I am excited to have joined this successful company. One of my key targets is to further increase our global operational excellence by leveraging synergies and harmonizing our internal structures to build a strong base for future growth.«

Louise Öfverström was appointed as Chief Financial Officer (CFO) with effect from January 1, 2023. In this role, she is responsible for the Group's financial processes and will continue to optimize them and expand synergies. Additionally, she is responsible for the Group's global IT landscape, Legal Affairs and Compliance.

## Jon Elliott

Chief Division Officer, Build & Construct Division  
Born in 1976 / Nationality: US American

»Transitioning to cloud & data-centric solutions has clear benefits for our customers, solving many of their challenges by streamlining access to files and critical information wherever they are working, whether that is in the office, the field, or even at home.«

Jon Elliott was appointed to the Executive Board as Chief Division Officer, Build & Construct Division in February 2019. In this role, he is responsible for the global cross-brand strategic positioning and international expansion of the brands in his division.





From left to right: Jon Elliott, Louise Överström, Yves Padrines, Viktor Várkonyi



# Supervisory Board's Report on the 2022 Financial Year of Nemetschek SE

The Supervisory Board of Nemetschek SE involved itself extensively with the situation and development of the Nemetschek Group during the 2022 financial year. The body monitored the work of the Executive Board throughout the fiscal year, guided it closely, and advised it on important issues. Furthermore, it discharged the duties incumbent upon it under legislation, the Articles of Incorporation, and the rules of procedure with the utmost care.

The Supervisory Board was involved directly and at an early stage in all decisions of fundamental importance to the company, and debated these intensively and in detail with the Executive Board.

## Constructive deliberations between Supervisory Board and Executive Board

In the 2022 financial year, the collaboration between the Supervisory Board and the Executive Board was always constructive and marked by open and trustful discussions. The Executive Board informed the Supervisory Board regularly, promptly and comprehensively, verbally as well as in writing, about all relevant topics pursuant to business development and corporate strategy. Inherent opportunities and risks and the development of revenues, earnings and liquidity were extensively debated. Moreover, the Supervisory Board received information on planned and current investments, on the execution of the strategic direction and planning of the Group, of its segments, and of the individual brands; as well as on risk management and compliance.

The Supervisory Board conferred about and intensively discussed business development in the respective months and reporting quarters, the short-term and medium-term prospects, and the long-term growth and earnings strategy internally and together with the Executive Board. During the 2022 fiscal year, this also included information about the deviation of business development from the original planning as well as the indirect consequences of Russia's invasion of Ukraine and the lasting impacts of the Covid-19 pandemic. The Chairman of the Supervisory Board and Chairwoman of the Audit Committee, and for certain topics other Supervisory Board members too, maintained close contact with the Executive Board outside the scheduled meetings as well and regularly communicated with each other. In addition, the Supervisory Board convened regularly, at times without the Executive Board.

Based on reporting by the Executive Board, the Supervisory Board supported the Executive Board's work in an advisory capacity and, in so doing, also made decisions on actions requiring approval. On the basis of the extensive information provided by the Executive Board as well as independent audits, the Supervisory Board was able to completely fulfill its monitoring and advisory role at all times.

## Supervisory-Board meetings, individual meeting attendance, and focuses of work

A total of four ordinary Supervisory Board meetings were held in person during the 2022 fiscal year. In addition, there was one extraordinary virtual meeting as well as the inaugural Supervisory Board meeting after the Annual General Meeting. The total attendance rate for the Supervisory Board's meetings was 100%. In addition to the meetings, there were further resolutions on current topics, for which written procedures were used.

Participation in the meetings of the Supervisory Board is disclosed in individualized form in the following table:

### SUPERVISORY BOARD MEETINGS AND ATTENDANCE RATE

	Number of meetings/ Participation <sup>1)</sup>	Participation rate in %
Kurt Dobitsch, Chairman	6/6	100%
Patricia Geibel-Conrad, Deputy Chairwoman (since May 12, 2022)	4/4	100%
Rüdiger Herzog (until May 12, 2022)	2/2	100%
Bill Krouch	6/6	100%
Prof. Georg Nemetschek, Deputy Chairman (until May 12, 2022)	2/2	100%
Christine Schöneweis (since May 25, 2022)	3/3	100%
Prof. Dr. Andreas Söffing (since May 25, 2022)	3/3	100%
Dr. Gernot Strube (since May 12, 2022)	4/4	100%
<b>Total participation rate</b>		<b>100%</b>

<sup>1)</sup> The table presents the individual attendance rates of all active Supervisory Board members during the fiscal year. There are different individual meeting numbers due to the election of new Supervisory Board members at the Annual General Meeting on May 12, 2022, and the registration of the amendment of the Articles of Incorporation to enlarge the Supervisory Board on May 25, 2022.

During the 2022 fiscal year, deliberations revolved in particular around long-term strategic development of the four segments in the Group, with a focus on further internationalization of business activities and go-to-market strategy. Further areas of discussion included the impacts of the current geopolitical crises, the after-effects of the Corona pandemic and inflation on short-term business development, potential acquisition targets and investments in start-ups and ventures, strategic projects at the holding company and in individual segments, and the further development of the solution portfolio of the Nemetschek Group. Detailed reports concerning the four segments and the brand companies were received by the Supervisory Board. Business performance which deviated from the corresponding annual targets was discussed and analyzed in detail at the Supervisory Board meetings.

The Executive Board presented its M&A roadmap and corresponding projects and decided on these in close collaboration with the Supervisory Board. Interim reports, such as quarterly and half-year reports, were also discussed by the Supervisory and Executive Boards ahead of their publication.

Moreover, the Supervisory Board focused on the integration of its new members and the collaboration within the newly reconstituted body during the last fiscal year. An option was offered for new Supervisory Board members to meet Executive Board members and other management staff as part of an onboarding process, helping them to learn about the markets that are relevant to the Nemetschek Group, the company's business model, and the key strategic direction.

The Supervisory Board dealt with personnel decisions regarding Executive Board members and succession planning for the Executive Board during the 2022 fiscal year. The Supervisory Board of Nemetschek SE appointed Yves Padrines as a member of the Executive Board and Chief Executive Officer with effect as of March 1, 2022. Yves Padrines is also responsible for the Media & Entertainment division and Nemetschek Venture Investments, and oversees M&A activity. The Supervisory Board appointed Louise Öfverström as the Chief Financial Officer (CFO) of Nemetschek SE with effect as of January 1, 2023, and approved Dr. Axel Kaufmann's early departure from his position as an Executive Board member.

The members of the Supervisory Board take responsibility for undertaking any professional development measures necessary for them to fulfill their duties, those regarding changes to the applicable framework conditions or regarding new solutions and future-oriented technologies, and are supported in this by the company. Any costs incurred are borne by the company. During the reporting period, information was made available by the company on the expansion of the compliance management and risk management system, on IT and cybersecurity, and on sustainability (ESG), diversity, and executive remuneration. In addition, the members of the Supervisory Board were informed about current amendments to laws, new accounting and auditing standards and changes with regard to corporate governance topics as well as future developments in connection with sustainability reporting.

At the four ordinary Supervisory Board meetings, the Supervisory Board was provided with information about the current course of business, the market and competitor environment, communication with the capital market, the systems for internal control and early risk detection, and the status of audit and compliance issues. Topics related to short-, medium-, and long-term business development were also discussed regularly, and the Supervisory Board was kept abreast of programs initiated and of the development of strategic focus topics. There was also regular reporting within the Supervisory Board on the work of the Audit Committee. Moreover, the meetings covered the following focus topics in particular:

#### **Meeting on March 18, 2022:**

- » Annual financial statements and consolidated financial statements as well as the consolidated management report for the 2021 financial year, including the nonfinancial statement
- » Supervisory Board's report for the 2021 financial year
- » Proposal on the appropriation of profits for the 2021 financial year
- » Invitation and agenda items for the 2022 Annual General Meeting with proposed resolutions for the Annual General Meeting, particularly for the motions to elect Prof. Georg Nemetschek as the Honorary Chairman of the Supervisory Board and to elect a new auditor for the 2022 fiscal year
- » Approval of the business plan for the 2022 fiscal year
- » Targets reached by the Executive Board and general managers, and release of payment of variable remuneration shares for the 2021 financial year
- » Formulation of target agreements for the Executive Board's variable remuneration components
- » Definition of a new remuneration system for the Executive and Supervisory Boards
- » Adoption of a virtual stock option plan for the Executive Board Members
- » Corporate-governance-related topics for the expansion of the Supervisory Board, including nomination of candidates for Supervisory Board elections and of Audit Committee members

#### **Extraordinary Meeting on May 11, 2022:**

- » Personnel matters within the Executive Board

#### **Meeting on May 12, 2022 (Inaugural Meeting Following the Annual General Meeting):**

- » Farewell and acknowledgment of Prof. Georg Nemetschek and Rüdiger Herzog, long-serving members leaving the Supervisory Board
- » Welcome of Patricia Geibel-Conrad, Christine Schöneweis, Prof. Dr. Andreas Söffing, and Dr. Gernot Strube, new Supervisory Board members elected at the Annual General Meeting
- » Election of Kurt Dobitsch as Chairman of the Supervisory Board and Patricia Geibel-Conrad as Deputy Chairwoman of the Supervisory Board
- » Election of the Audit Committee members, resulting in the nomination of Kurt Dobitsch, Patricia Geibel-Conrad, and Dr. Gernot Strube
- » Election of Patricia Geibel-Conrad as Chairwoman of the Audit Committee
- » Exchange of information on rules for collaboration within the Supervisory Board

#### Meeting on July 26, 2022:

- » Introduction of the new Supervisory Board members and professional development, including in the field of corporate governance
- » Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- » Market and competitor situation
- » Short-term and medium-term initiatives and business development
- » Current M&A and venture activity
- » Long-term strategic further development of the company

#### Meeting on October 26, 2022:

- » Planning process and planning foundations for the business plan for the 2023 fiscal year
- » Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- » Analysis and development of geographical markets
- » Current M&A and venture activity

#### Meeting on December 15, 2022:

- » Business and investment planning at the Group level for the years 2023 to 2025
- » Cash flow and liquidity planning at the Group level for the years 2023 and 2024
- » Business planning for individual segments and brands, including detailed revenue planning according to different points of view
- » Current M&A and venture activity
- » Short-, medium-, and long-term strategic planning for and further development of the company

#### Committees

The Supervisory Board set up an Audit Committee with effect as of January 1, 2022. Rüdiger Herzog (Chairman), Prof. Georg Nemetschek, and Kurt Dobitsch were members of the Audit Committee in the period from January 1, 2022 to May 12, 2022. Following the 2022 Annual General Meeting on May 12, 2022, new elections were also held for the positions on the Audit Committee as part of the inaugural Supervisory Board meeting. This resulted in Kurt Dobitsch, Patricia Geibel-Conrad, and Dr. Gernot Strube being elected as members of the Audit Committee, with Patricia Geibel-Conrad as its new Chairwoman.

No other committees were formed apart from the Audit Committee. The Supervisory Board has consisted of six members since May 25, 2022, and is of the opinion that a body of this size ensures the efficient and effective discharge of its duties even without forming further specialized committees. The duties for which the German Corporate Governance Code (DCGK) recommends the formation of such committees were performed by the Supervisory Board of Nemetschek SE as a whole during the reporting period, except for the duties of the Audit Committee. A Nomination Committee was not established, as the Supervisory Board consists solely of shareholder representatives.

#### Audit Committee Meetings and Focuses of Work

The Audit Committee held four meetings in person during the 2022 fiscal year. The total in-person attendance rate was 100%.

#### AUDIT COMMITTEE MEETINGS AND INDIVIDUAL ATTENDANCE RATE

	Number of meetings/ Participation <sup>1)</sup>	Participation rate in %
Kurt Dobitsch	4/4	100%
Patricia Geibel-Conrad, Chairwoman (since May 12, 2022)	3/3	100%
Rüdiger Herzog, Chairman (until May 12, 2022)	1/1	100%
Prof. Georg Nemetschek (until May 12, 2022)	1/1	100%
Dr. Gernot Strube (since May 12, 2022)	3/3	100%
<b>Total participation rate</b>		<b>100%</b>

<sup>1)</sup> The table presents the individual attendance rates of all active Supervisory Board members during the fiscal year. There are different individual meeting numbers due to the election of new Supervisory Board members at the Annual General Meeting on May 12, 2022.



The Audit Committee concentrated on the following topics in the 2022 fiscal year:

- » Financial statements and consolidated management report of Nemetschek SE and the Group, including the nonfinancial statement integrated into the consolidated management report
- » Half-year financial report as well as quarterly reports and the internal reporting underpinning them
- » Recommendation to the Supervisory Board and Annual General Meeting for the auditor election for the 2022 fiscal year
- » Confirmation of the audit engagement, definition of audit focuses, and setting of the auditor's fee
- » Monitoring of the selection, independence, qualification, rotation, and efficiency of the auditor and the services rendered by the auditor
- » Review of the quality of the audit
- » Regular discussion of the topics of accounting, accounting procedures, the effectiveness of the internal control system, the company's risk management system, and the effectiveness, resources, and findings of internal audit as well as additional deliberation about possible and pending legal disputes and the implementation of the compliance management system, monitoring of transactions with related parties, and discussion of sustainability-related topics within the company

In addition to that, the Audit Committee also dealt with the following topics in the 2022 fiscal year:

- » Onboarding process for the new auditor engaged for the audit
- » Current and future requirements for corporate governance and information security in respect of the company, its governing bodies, and the fulfillment of these requirements
- » Related Entities Report for the 2022 fiscal year
- » Remuneration-related topics, including stock option plans
- » Refinancing topics and further development of treasury
- » Change in regulation and adjustment due to the reform of the German Corporate Governance Code, such as the qualification matrix
- » Exchange with departments relevant to the Audit Committee, including that taking place within the context of the reconstituted Audit Committee

Depending on the agenda item, the Audit Committee's meetings were also attended by members of the Executive Board, experts from relevant departments, and the auditor. In addition, the Audit Committee convened regularly without the presence of Executive Board members or the auditor. Furthermore, the Chairwoman of the Audit Committee maintained regular dialog with the Supervisory Board, CFO and auditors outside of meetings.

### **Audit of the annual financial statements and consolidated financial statements**

Audit firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, was elected at the Annual General Meeting on May 12, 2022, as the auditor for the audit of the separate financial statements and the consolidated financial statements for 2022 of the Nemetschek SE as well as the corresponding Consolidated Management Report. The Audit Committee satisfied itself of the auditor's independence, obtained a written declaration from the auditor, verified its qualifications, and confirmed the engagement.

The annual financial statements of Nemetschek SE for the 2022 fiscal year, prepared by the Executive Board according to the German Commercial Code (HGB); the consolidated financial statements, prepared according to International Financial Reporting Standards (IFRS) as applicable in the EU and also according to HGB section 315e(1), and the Consolidated Management Report for Nemetschek SE and the Group for the 2022 fiscal year were each audited and approved with an unqualified opinion by auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich.

The Audit Committee regularly conferred with the auditor as part of the preparation for and performance of the audit, at times without the presence of the Executive Board. The specified, relevant final documents of Nemetschek SE and the Nemetschek Group, the Executive Board's proposal for the appropriation of profits, and the auditor's reports were made available to the members of the Supervisory Board in sufficient time ahead of the Audit Committee meeting on March 16, 2023 and the Supervisory Board meeting for the statement of financial position on March 17, 2023. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained the audit report, and provided detailed answers to all of the Supervisory Board members' questions. The auditor explained in particular the especially important key audit matters and the audit procedures conducted. No material weaknesses with regard to the internal control system and the early risk detection system were reported.

Taking the auditor's reports into consideration, the Audit Committee examined the annual financial statements, the consolidated financial statements, and the Consolidated Management Report for Nemetschek SE and the Group, was convinced of the correctness and completeness of the actual disclosures and reported to the Supervisory Board about this. The Supervisory Board then concurred with the result of the audit performed by the auditor and, following the final outcome of the latter's audit, determined that there were no objections to be raised. The Supervisory Board approved the 2022 financial statements and consolidated financial statements of Nemetschek SE at the balance sheet meeting of March 17, 2023. The 2022 annual financial statements are thus final in accordance with section 172 of the German Stock Corporation Act (AktG).

In addition, the Supervisory Board dealt with the Executive Board's proposal for the appropriation of net earnings at the balance sheet meeting. Following its own examination, the Supervisory Board endorsed the proposal of the Executive Board.

The Executive Board has for the first time prepared a report on the company's relationships with related entities in accordance with AktG section 312 (Related Entities Report) for the 2022 fiscal year. The Related Entities Report was audited by the auditor in accordance with AktG section 313. The Related Entities Report and the auditor's audit report were submitted to the Supervisory Board and Audit Committee in due time. The Supervisory Board audited the Executive Board's Related Entities Report and the auditor's audit report. All legal and commercial relationships with related parties and the controlling company that are listed in the Related Entities Report correspond to normal market terms of the same type that would be agreed between the Nemetschek Group and third parties. Transactions with related parties of the types that are set out in AktG sections 107 and 111a to 111c and are subject to approval by the Supervisory Board did not take place during the 2022 fiscal year.

The auditor issued the following opinion for the Related Entities Report:

"Based on our statutory audit and assessment, we confirm that

1. the factual information in the report is correct,
2. in the legal transactions listed in the report, the company's payments were not unreasonably high."

After the final outcome of its audit, the Supervisory Board did not raise any objections to the report or to the Executive Board's declaration at the end of the Related Entities Report.

Moreover, the Audit Committee evaluated the services rendered by the auditor and reviewed the quality and independence of audit firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as an auditor, and reported to the Supervisory Board accordingly. In doing so, no grounds were determined to exist which would oppose an audit performed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich.

### **Reporting on sustainability**

Nemetschek SE integrated its nonfinancial declaration into the consolidated management report. Auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, subjected the Group Nonfinancial Statement of the Nemetschek Group to a limited-assurance audit. The Audit Committee also checked the nonfinancial declaration and has come to the conclusion that the nonfinancial declaration provides no grounds for reservations. The Supervisory Board adopted these assessments in its examination and has no objections to raise.

### **Reporting on Executive Board and Supervisory Board remuneration (remuneration report)**

The report on the remuneration of the Executive Board and Supervisory Board to be created on the basis of the German Act Implementing the Second Shareholder Rights Directive (ARUG II) was prepared in the 2022 financial year by the Executive Board and the Supervisory Board. Auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, reviewed the remuneration report and in doing so determined that it contains the disclosures required as per § 162 (1) and (2) of the German Stock Corporation Act (AktG). The corresponding report on the verification of the remuneration report in accordance with § 162 (3) AktG is attached to the separate remuneration report.

### **Investor communication**

The chairman of the Supervisory Board additionally conducts regular dialogs with shareholders in order to increase transparency. The main topics of the discussions are especially issues concerning with the governance structure of the Nemetschek Group.

### **Conflicts of interest / Self-assessment**

In the reporting year, there were no conflicts of interest on the part of Supervisory Board members. Moreover, no conflicts of interest on the part of Executive Board members were reported to the Supervisory Board.

The Supervisory Board regularly assesses how effectively it discharges its duties. The most recent self-assessment by the Supervisory Board took place in the 2021 fiscal year. As the Supervisory Board was reconstituted in 2022, the next self-assessment is scheduled for the 2024 financial year. Further information can be found in the [<< Corporate Governance Statement >>](#).

### **Corporate governance**

The Supervisory Board was continuously occupied with the principles of good corporate governance in the 2022 financial year. On May 12, 2022, the Executive Board and Supervisory Board resolved to submit a Declaration of Conformity as per §161 of the German Stock Corporation Act (AktG), in accordance with which the company has, since submission of the previous Declaration of Conformity of December 17, 2021, complied with the recommendations of the German Corporate Governance Code, in the version from December 16, 2019 (published in the Federal Gazette on March 20, 2020), with the exception of the justified deviations specified in the Declaration of Conformity. The Executive Board and Supervisory Board again issued a Declaration of Conformity on March 9, 2023. Since issuing the last Declaration of Conformity, the company has complied with and will continue to comply with the recommendations of the German Corporate Governance Code as amended on April 28, 2022 (published in the Federal Gazette on June 27, 2022 – "GCGC 2022"), with the exception of the deviations outlined and justified in the Declaration of Conformity.

The formulation of the Declaration of Conformity of March 9, 2023, is included in the section [«< Corporate Governance Declaration >>](#) in the [«< To our shareholders >>](#) part of the annual report for the 2022 financial year. The Declaration of Conformity was made permanently available to shareholders on the company website under [ir.Nemetschek.com/en/corporate-governance](http://ir.Nemetschek.com/en/corporate-governance).

### Changes to the Executive Board and Supervisory Board

The Executive Board was expanded from its previous three members to its current four members during the 2022 fiscal year. Yves Padrines was appointed to the Executive Board with effect as of March 1, 2022, and was appointed as Chief Executive Officer by a vote of the Supervisory Board. Chief Financial and Operations Officer Dr. Axel Kaufmann departed the Nemetschek SE Executive Board and the company as a whole on highly amicable terms with effect as of December 31, 2022. We wish to thank Dr. Axel Kaufmann for his commitment and the successful, trust-filled work done together. The Supervisory Board appointed Louise Öfverström to the Executive Board as Chief Financial Officer with effect as of January 1, 2023. This represents the first time that a woman has been appointed to the Executive Board of Nemetschek SE, hence the female-representation target has been fulfilled.

The Supervisory Board was also enlarged on May 12, 2022, through a corresponding amendment of the Articles of Incorporation and a resolution at the Annual General Meeting, growing from its previous four members to the current six members. The enlargement takes into account the current growth of the company, its planned future growth, the requirements for diversity within the Supervisory Board, and the increasing requirements for corporate governance.

New appointments to the Supervisory Board were voted in at the Annual General Meeting on May 12, 2022, in the person of Patricia Geibel-Conrad, Christine Schöneweis, Prof. Dr. Andreas Söffing, and Dr. Gernot Strube. Kurt Dobitsch and Bill Krouch were voted to return for a further period in office at the Annual General Meeting.

With the conclusion of the Annual General Meeting on May 12, 2022, the positions held by Prof. Georg Nemetschek and Rüdiger Herzog expired, thus these individuals left the Supervisory Board. We express our gratitude to both long-serving members for the trustful work that has been done together and for their extraordinary dedication and significant contribution to the company's success. We owe a special thanks to Prof. Georg Nemetschek, our visionary company founder, Chief Executive Officer, and long-serving Supervisory Board Member who laid the foundation and influenced the company's extraordinary development. His life's work serves as the basis for the Nemetschek Group's ongoing development and lasting success. Prof. Georg Nemetschek was elected as Honorary Chairman of the Supervisory Board at the Annual General Meeting on May 12, 2022.

### Thanks for dedicated performance

The Nemetschek Group displayed its operational strength again in 2022, and successfully maintained its profitable growth despite the geopolitical crises. This business success is attributable to the attractive existing and new solutions of the Nemetschek Group, the consistent implementation of strategic focus points, and the high levels of commitment of the entire staff and of management.

The Supervisory Board thanks all employees for their excellent performance and personal commitment. At the same time, the Supervisory Board would like to express its recognition and high level of appreciation to the Executive Board and the CEOs of all the brands for the services rendered.

Munich, March 17, 2023

Kurt Dobitsch  
Chairman of the Supervisory Board



# Corporate Governance Statement

The Nemetschek Group is a global corporation with an international shareholder structure. The Executive and Supervisory Boards place particular importance on responsible and transparent corporate governance and control, with a view toward adding lasting value. Meaningful and transparent corporate communication, respect for shareholder interests, proactive approaches to risks and opportunities, and efficient and trusting cooperation between the Executive Board and Supervisory Board are major aspects of positive and effective corporate governance. The latter helps the Nemetschek Group to gain the trust of shareholders, business partners, employees, and – ultimately – society as a whole. These principles are simultaneously important points of reference for the management and control of the Group.

The Corporate Governance Statement pursuant to sections 289f and 315d of the German Commercial Code (HGB) is part of the Group Management Report. In accordance with HGB section 317(2), sixth sentence, the professional audit of the disclosures under HGB sections 289f and 315d is limited to whether the disclosures were made. As part of the Corporate Governance Statement, the Executive Board and Supervisory Board also report on the company's corporate governance.

## Declaration of Conformity Pursuant to the German Corporate Governance Code

On March 9, 2023, the Executive Board and Supervisory Board submitted the following revised declaration pursuant to section 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders via the Nemetschek Group website:

"The Executive Board and Supervisory Board declare:

The recommendations of the Regierungskommission Deutscher Corporate Governance Kodex as amended on December 16, 2019 ("DCGK 2020"), published by the German Federal Ministry of Justice in the official section of the Federal Gazette on March 20, 2020, have been followed during the period since the previous Declaration of Conformity on May 12, 2022, save for the recommendations mentioned below for reasons also set out below, and during the specified periods of time.

Furthermore, since the publication of the recommendations of the Government Commission of the German Corporate Governance Code as amended on April 28, 2022, and published in the Federal Gazette on June 27, 2022 ("DCGK 2022"), the company has followed the recommendations of DCGK 2022, save for the recommendations mentioned below for reasons also set out below. The company will also follow the recommendations of DCGK 2022 in the future except for the recommendations mentioned below.

a) DCGK 2022 Recommendation A.1 (Ecological and Social Targets in Corporate Strategy)

The code recommends in section A.1, second sentence, that, in addition to long-term commercial objectives, corporate strategy shall also give appropriate consideration to ecological and social objectives. The Executive Board has taken measures to incorporate ecological and social targets into the corporate strategy and these measures are explained as part of the nonfinancial reporting in accordance with statutory provisions. The corporate and corporate social responsibility strategies are refined continuously. Because it is unclear what DCGK A.1, second sentence, requires for appropriate consideration of ecological and social objectives, the company is taking the precaution of declaring a deviation from A.1 second sentence.

b) Recommendations A.1 (DCGK 2020), A.2 (DCGK 2022), B.1, and C.1 Second Sentence (Appointments to Executive Positions in the Enterprise and Composition of the Executive Board and Supervisory Board)

According to DCGK 2022 recommendation A.2, the Executive Board shall consider diversity when making appointments to executive positions. Likewise, the Supervisory Board shall consider diversity for the composition of the Executive Board (B.1) as well as for the definition of targets for the composition of the Supervisory Board and for the creation of a profile of required skills and expertise for the board as a whole (C.1 second sentence).

The Executive Board and Supervisory Board of Nemetschek SE expressly welcome the objective of the DCGK to ensure diversity and advocate diversity in the composition of the boards and appointments to executive positions. The Supervisory Board attached particular emphasis to diversity in election nominations for the Supervisory Board and in its appointments to the Executive Board during the 2022 fiscal year. Female representation increased significantly in both bodies. The new Supervisory Board elected at the 2022 Annual General Meeting has 33% female representation and, in the assessment of the Supervisory Board, has a composition that meets the diversity criterion. Moreover, there has been 25% female representation on the Executive Board since January 1, 2023. However, when making appointments to leadership roles and Executive Board positions, the Executive and Supervisory Boards continue to primarily value personal aptitude, especially the individual's experience, skills, and knowledge. The criterion of diversity is additionally considered during such decision-making.

c) Recommendations B.5 and C.2 (Age Limit for Members of the Executive Board and Supervisory Board)

According to recommendations B.5 and C.2, an age limit shall be specified for members of the executive board and supervisory board and disclosed in the Corporate Governance Statement. Nemetschek SE does not consider a universally applicable age limit to be a suitable criterion for the selection of members of the Executive Board and Supervisory Board. The suitability for discharging the duties of a position on the Executive Board or Supervisory Board is dependent on the experience, knowledge, and skills of the person in question. The specification of an age limit would place general and inappropriate restrictions on the selection of suitable candidates for positions on the Executive Board and Supervisory Board.

d) Recommendation D.1 (Publication of the Rules of Procedure for the Supervisory Board)

The Supervisory Board of Nemetschek SE set rules of procedure for itself. Departing from recommendation D.1, however, the Supervisory Board has not made the rules of procedure accessible on the company's website. The main rules of procedure for the Supervisory Board are prescribed by law as well as by the Articles of Incorporation and are publicly accessible. It is our opinion that publication of the rules of procedure above and beyond this would not add any value.

e) DCGK 2020 Recommendation D.5/DCGK 2022 Recommendation D.4 (Nomination Committee)

The Supervisory Board is composed solely of shareholder representatives and, as a result, no nomination committee was set up.

f) Recommendation G.4 (Vertical Comparison of Remuneration)

Departing from recommendation G.4, in order to ascertain whether Executive Board remuneration is in line with usual levels, the Supervisory Board did not take into account the relationship between Executive Board remuneration and the remuneration of upper management or the staff of Nemetschek SE as a whole, nor did it take into account how remuneration has developed over time (vertical comparison of remuneration). As a holding company, Nemetschek SE does not offer any appropriate standards of comparison for either upper management or the staff as a whole. Nonetheless, the Supervisory Board used the remuneration of the heads of the most important product organizations as a standard of comparison on which to base its actual remuneration decision-making.

g) Recommendation G.7 First Sentence (Time of Definition of Performance Criteria for Variable Remuneration Components)

According to recommendation G.7, first sentence, the Supervisory Board shall, referring to the upcoming financial year, establish for each Executive Board member performance criteria that cover all variable remuneration components. In accordance with the remuneration system for the Executive Board members, the

Supervisory Board will specify the performance criteria for the variable remuneration components and the targets respectively no later than February 28 of a given fiscal year. In individual cases, the Supervisory Board considers it wise to make a decision concerning performance criteria and targets only on the basis of preliminary business figures from the previous fiscal year. Consequently, the company is declaring a provisional departure from recommendation G.7, first sentence.

h) Recommendation G.10 (Form of Investment and Time of Accessibility of Long-Term Variable Remuneration Components)

Departing from recommendation G.10, first sentence, the Executive Board members are under no obligation to invest the variable remuneration amounts granted to them predominantly in company shares.

The Executive Board remuneration system provides for long-term variable remuneration with a three-year term (LTIP), which is paid out in cash in the fourth year, if granted. As a result, we declare a departure from recommendation G.10, second sentence, according to which the granted long-term variable remuneration amounts are intended to be accessible to Executive Board members only after a period of four years. In the case of a cash payment of the long-term variable remuneration under the LTIP, a later payout date has no ongoing incentivizing effect since the amount is determined upon expiration of the corresponding LTIP term and is not subject to any further changes even if the payout date is later. The 2022 remuneration system creates the possibility of granting to Executive Board members virtual stock appreciation rights under the SAR plan as an additional, long-term remuneration element. The development of their value depends on the development of the Nemetschek stock price. This remuneration element corresponds to stock-based compensation with a strong alignment of interests between the company's shareholders and Executive Board members. The exercise of stock appreciation rights is usually only partially (25%) subject to a four-year waiting period."

### Company Website

The Declaration of Conformity pursuant to AktG section 161 is published on the website [ir.Nemetschek.com/en/corporate-governance](https://www.nemetschek.com/en/corporate-governance). Declarations of Conformity for previous years can also be viewed on this page.

In addition to the Declarations of Conformity, the website [ir.Nemetschek.com/en/corporate-governance](https://www.nemetschek.com/en/corporate-governance) also makes further information about the Corporate -Governance Statement and on the corporate governance of the Nemetschek Group publicly accessible.

The Remuneration Report for the 2022 fiscal year and the auditor's report pursuant to AktG section 162, the Executive Board's applicable remuneration system pursuant to AktG section 87a(1) and (2), first sentence; the applicable remuneration arrangement

for the Supervisory Board, and the most recent remuneration resolutions at the Annual General Meeting pursuant to AktG sections 113(3) (Supervisory Board remuneration) and 120a(1) (Executive Board remuneration) are publicly available on the Company's website at [ir.Nemetschek.com/remuneration](https://ir.Nemetschek.com/remuneration).

### **Relevant Disclosures of Corporate Governance Practices Applied in Excess of Legal Requirements and Details on Where They Are Publicly Accessible**

The Nemetschek Group aims to be perceived worldwide as a responsible enterprise with high ethical and legal standards.

The specific culture of the Nemetschek Group is the shared foundation for actions taken within it. It is a culture that is reflected in the fair and respectful way that employees treat each other and third parties, and is distinguished by a high willingness to perform, open communication, respectability, trustworthiness, and conservative consumption of natural resources.

These principles are summarized in the Nemetschek Group Code of Conduct, which was revised and expanded during the 2021 fiscal year. This Code of Conduct is binding for all employees regardless of their role or position in the Group. A clear commitment to our corporate culture can only be made by maintaining an ongoing focus on the values described in the Code and integrating them into day-to-day actions. This secures the company's long-term success. Similarly, a Supplier Code of Conduct was developed and published during the 2021 fiscal year. This Supplier Code of Conduct sets the standards for collaboration with suppliers and other external business partners of the Nemetschek Group. The Code of Conduct and the Supplier Code of Conduct can be accessed on the company website at [Nemetschek.com/en/responsibility](https://Nemetschek.com/en/responsibility).

Further information about this is included in the 2022 Group Management Report in subsection [<< 2 Nonfinancial Statement >>](#).

Moreover, details about business management and corporate governance are also reported in the Group Management Report in subsection [<< 1.3 Business Management and Corporate Governance >>](#).

### **Compliance and Management of Opportunities and Risks**

One of the principles of responsible company leadership is to consider opportunities and risks continuously and responsibly. The objective of opportunity and risk management is to develop a strategy and define targets which generate a balanced equilibrium between growth and profit targets on the one hand and the risks associated with them on the other. Details on the opportunity and risk management systems of the Nemetschek Group are provided in section [<< 5 Opportunity and Risk Report >>](#) of the Group Management Report.

### **Internal Control and Risk Management Systems (ICS, RMS)**

The Nemetschek Group's internal control and risk management comprises the management of opportunities and risks in relation to business activities, the achievement of the business targets, the propriety and dependability of internal and external accounting, and compliance with the legal provisions and regulations applicable to Nemetschek. This also incorporates sustainability-related factors, which are developed further on an ongoing basis. As in the previous year, no material risks with potential for serious effects have been identified for 2022 for the topics defined in the nonfinancial reporting. Consequently, there are no risks for 2022 that, on a net basis, meet the materiality criteria under HGB section 289c (3)(3) and (3)(4).

### **Compliance**

A basic requirement for long-term commercial success is the compliance of business activities with all relevant laws and standards as well as with the company's internal principles. The success of the Nemetschek Group is therefore based not only on good business policy, but also on ethical integrity, trust, and open and fair dealings with employees, clients, business partners, shareholders, and other stakeholders.

### **Compliance Culture and Targets**

Compliance has always been an important component of risk prevention at the Nemetschek Group and is firmly entrenched in the company's culture. The objective is to act in compliance with all relevant laws, norms, international standards, and internal guidelines at all times.

In this context, the Nemetschek Group pursues an approach of preventive compliance and aims for a corporate culture that sensitizes and educates the staff so that potential violations of the rules are avoided from the start. The Executive Board and management staff bear special responsibility in this regard. They are role models and, as such, required to ensure compliance within their area of responsibility and beyond, to clearly communicate this expectation to every employee, and to consistently set an example for ethical behavior according to the rules for ensuring compliance.

### **Compliance Organization**

Compliance-related activities are closely linked to risk management and the internal control system. Corporate Legal & Compliance controls compliance-related activities across the Group. The focus is on creating suitable structures and processes as well as providing support for the efficient implementation of compliance measures. Corporate Legal & Compliance is also the point of contact for any individual questions that may arise from within the organization. There is a direct reporting line to the department's representation on the Nemetschek Group Executive Board (the Chief Financial Officer).



### Compliance Program and Communication

The compliance structures and measures for ensuring adherence to laws, guidelines, and ethical principles are consistently aligned with the risk position of the Nemetschek Group and continuously enhanced. The basis for compliance-related activities is the Code of Conduct of the Nemetschek Group, which is binding for all employees. In addition to the company website, employees can access the Code of Conduct and other company guidelines, instructions, and process specifications via the Group-internal intranet platform Nemetschek ONE. Moreover, the Nemetschek Group uses a modern compliance training tool for efficiently and sustainably communicating knowledge on this subject across the Group.

### Compliance Reporting Channels, Reviews, and Further Development

Having reliable reporting channels and protecting internal information providers against sanctions are major elements in the identification of compliance risks.

The Nemetschek Group demands and promotes an open, enterprise-wide “speak-up” culture. It encourages its employees to report any behavior that may possibly breach the Code of Conduct or, beyond that, legal provisions. Tips about potential violations can be submitted anonymously using a modern, enterprise-wide whistleblowing system, not only by employees, but also by external third parties. This digital system serves all Group enterprises as a whistleblower system and focuses in particular on the important topics of whistleblower protection, anonymity, and data security. Its implementation during the 2021 fiscal year marked a significant development and a higher level of professionalism in the area of whistleblowing.

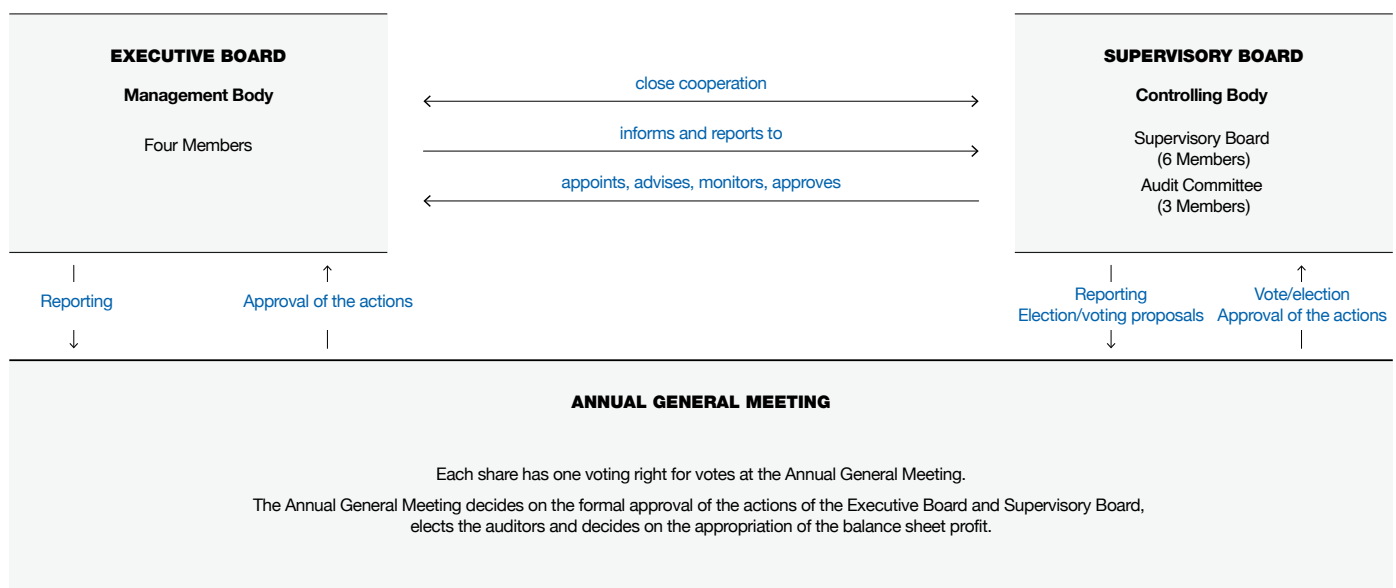
In addition to using the digital whistleblowing system, employees can communicate directly with superiors, relevant HR managers, or Compliance. All information submitted is first checked for plausibility and treated with absolute confidentiality. Further investigations are initiated and steps taken as required. If necessary, further company departments or external consultants are brought on board in certain situations. Corporate Legal & Compliance, acting as the internal body for receiving reports, regularly reviews the whistleblower process in terms of its effectiveness and adapts it as required.

Corporate Audit regularly performs internal audits to assess compliance with internal guidelines and legal requirements. The Executive Board, the Supervisory Board’s Audit Committee, and the Supervisory Board are informed about compliance-related issues and the expansion of compliance structures as well as planned compliance-related initiatives regularly as well as on an ad hoc basis if necessary.

### Description of Executive-Board and Supervisory-Board Procedures

Nemetschek SE has a dual leadership and supervision structure consisting of its two governing bodies: its Executive Board and Supervisory Board.

#### DUAL MANAGEMENT SYSTEM OF NEMETSCHKE SE



## Executive Board

### Composition

To account for the growth of the Nemetschek Group and to make the Executive Board's work more efficient and effective, the role of Chief Executive Officer (CEO) was added to the Executive Board with effect from March 1, 2022, with Yves Padrines from the Supervisory Board voted unanimously for appointment to this position. There were no other changes during the 2022 fiscal year to the composition of the Executive Board, which therefore consisted of four members (previous year: three) as at December 31, 2022. Dr. Axel Kaufmann left the Executive Board of Nemetschek SE with effect from December 31, 2022. Louise Öfverström was appointed to the Executive Board with effect from January 1, 2023, and has the role of Chief Financial Officer (CFO) on it.

The tried and tested Executive Board structure with a focus on segments has been retained unchanged. It strengthens the strategic alignment of the Nemetschek Group, concentrating the competencies of the brands in the four client-oriented divisions: Planning & Design, Build & Construct, Operate & Manage, and Media & Entertainment.

The Executive Board composes of the following four members:

- » Yves Padrines (since March 1, 2022), Chief Executive Officer (CEO)
- » Dr. Axel Kaufmann (until December 31, 2022), Chief Financial & Operations Officer (CFOO)
- » Louise Öfverström (since January 1, 2023), Chief Financial Officer (CFO)
- » Viktor Várkonyi, Chief Division Officer, Planning & Design Division
- » Jon Elliott, Chief Division Officer, Build & Construct Division and CEO of Bluebeam

The résumés of the Executive Board's members are available on the company's website at [ir.nemetschek.com/en/executiveboard](https://ir.nemetschek.com/en/executiveboard).

Details about further roles exercised by the Executive Board members are provided in the notes to the consolidated financial statements in [« Item 33 –Bodies of the Company »](#). A separate Remuneration Report at [ir.Nemetschek.com/en/remuneration](https://ir.Nemetschek.com/en/remuneration) provides details about the remuneration of the Executive Board members.

When making appointments to leadership roles and Executive Board positions, the Executive and Supervisory Boards primarily value personal aptitude, especially the individual's experience, skills, and knowledge. The criterion of diversity is additionally considered during such decision-making. Owing to its principle of qualification-based neutrality, Nemetschek SE firmly believes it is in the best position to serve the interests of the company.

## Procedures

The Supervisory Board has issued rules of procedure for the Executive Board. They govern the collaboration within the Executive Board as well as collaboration between the Executive Board and the Supervisory Board. The Executive Board performs its leadership role with an objective of sustainably adding value for the company in accordance with the company's interests. The Executive Board bears overall responsibility for the management of the Nemetschek Group. In addition, every member of the Executive Board has personal responsibility for the tasks assigned to him or her through the business allocation plan. The Executive Board makes joint decisions on all matters that are of particular significance and impact for the company or its subsidiaries.

The Executive Board is responsible for the creation of the quarterly statements and half-year financial report as well as for the preparation of the annual financial statements, consolidated financial statements, the consolidated management report of Nemetschek SE and the Group, the non-financial statement, the dependency report and the Remuneration Report. It also oversees the preparation of the company's sustainability reporting. Furthermore, the Executive Board has established appropriate and effective internal control and risk management systems which also incorporate sustainability-related factors.

The Executive Board reports to the Supervisory Board regularly, promptly, and comprehensively in writing and verbally about all relevant topics relating to business development, company planning, strategic alignment, opportunity and risk management, compliance, and further topical issues, e.g., sustainability and cybersecurity. For decision-making with the potential to materially influence the company's net-asset, financial, or earnings situation, the Supervisory Board is included in a timely manner and provided with complete information by the Executive Board. In the case of acquisition projects, the Executive Board provides detailed information about the project's progress and status at an early stage and coordinates the acquisition and integration processes in close collaboration with the Supervisory Board.

## Supervisory Board

### Composition

A resolution was passed at the Annual General Meeting on May 12, 2022, to approve the proposed enlargement of the Supervisory Board from four members to six. In addition, the members of the Supervisory Board were elected as scheduled at the Annual General Meeting on May 12, 2022. With the departure of Prof. Georg Nemetschek and Rüdiger Herzog, two esteemed personalities ceased to stand for election and left the Supervisory Board with effect from the end of the Annual General Meeting [« Report of the Supervisory Board »](#). Prof. Nemetschek was elected as Honorary Chairman of the Supervisory Board.

The Supervisory Board consisted of the following six members as of December 31, 2022:

- » Kurt Dobitsch, Chairman of the Supervisory Board
- » Patricia Geibel-Conrad, Deputy Chairwoman of the Supervisory Board
- » Bill Krouch, member of the Supervisory Board
- » Christine Schöneweis, member of the Supervisory Board
- » Prof. Andreas Söffing, member of the Supervisory Board
- » Dr. Gernot Strube, member of the Supervisory Board

Honorary Chairman of the Supervisory Board

- » Prof. Georg Nemetschek

The résumés of the Supervisory Board's members are available on the company's website at [ir.Nemetschek.com/en/supervisory-board](https://ir.Nemetschek.com/en/supervisory-board) and include details about their tenure on the company's Supervisory Board. Details about further roles exercised by the Supervisory Board members are provided in the notes to the 2022 consolidated financial statements in [«Item 33 –Bodies of the Company»](#). The remuneration of the Supervisory Board members is detailed in a separate Remuneration Report.

In accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board has named specific objectives for its composition and has issued a skills profile for the overall Nemetschek SE Supervisory Board. Based on it, each member of the Supervisory Board must meet the requirements of applicable laws and the Articles of Incorporation for membership of the Supervisory Board (cf. AktG section 100(1) to (4)) and possess the knowledge and capabilities that are required for the proper discharge of the duties imposed on members by law and the Articles of Incorporation. The members of the Supervisory Board as a whole must be familiar with the sector in which the company is active (cf. AktG section 100(5)). Every member of the Supervisory Board must have sufficient time available and the willingness to dedicate the necessary time and attention to his or her position. In addition to these general requirements, the board as a whole is obliged to meet the following requirements in particular:

- » Every member should have a general understanding of the business of the Nemetschek Group, in particular the global AEC/O market environment, the individual fields of business, clients' requirements, the regions in which the company operates, and the company's strategic alignment.
- » At least one member of the Supervisory Board must have expertise in accounting and at least one other member must have expertise in auditing. The accounting and auditing also include sustainability reporting and the auditing of such reporting.

- » At least two members should meet the criterion of internationality to a special degree or have acquired operational experience in international enterprises.
- » One or more members should have expertise in business administration.
- » On the board as a whole, one or more members should have experience in governance, compliance, and risk management.
- » All members should have operational experience in operational leadership.
- » One or more members should have expertise in sustainability.

The company's Supervisory Board currently considers the specified targets for the composition of the Supervisory Board to be fulfilled and presents the following qualifications matrix for the full Supervisory Board as at December 31, 2022:

## MATRIX OF SUPERVISORY BOARD QUALIFICATIONS

		Supervisory Board Members					
		Kurt Dobitsch	Patrica Geibel-Conrad	Bill Krouch	Christine Schöneweis	Prof. Dr. Andreas Söffing	Dr. Gernot Strube
Board and Committees	Supervisory Board	SB Chair	Dep. SB Chair	Member	Member	Member	Member
	Committees	Audit Committee	Audit Committee (Chair)	–	–	–	Audit Committee
	Year of birth	1954	1962	1959	1976	1962	1965
Diversity	Gender	Male	Female	Male	Female	Male	Male
	Nationality	Austrian	German	US	German	German	German
	International experience/operational experience/working at an international company <sup>1)</sup>	•	•	•	•	•	•
Tenure and Personal Aptitude	First appointment	1998	2022	2018	2022	2022	2022
	End of appointment	2027	2027	2027	2027	2027	2027
	Independence (as per DCGK) <sup>2)</sup>	•	•	•	•	•	•
Expertise <sup>1)</sup>	No overboarding (as per DCGK)	•	•	•	•	•	•
	General understanding of the Nemetschek Group's business (global AEC/O and media market environment, individual fields of business, customer needs, regions, and company's strategic direction)	•	•	•	•	•	•
	Profound knowledge in business administration	•	•	•	•	•	•
	Industry knowledge (as per AktG § 100(5))	•		•	•		•
	Governance, compliance, and risk management	•	•	•	•	•	
	Personnel management / HR	•	•	•	•		•
	Sustainability		•	•	•		•
	Accounting, including sustainability reporting, and auditing and assurance thereof (AktG § 100(5) and DCGK D.3)	•	•			•	
	Auditing of financial statements and sustainability reporting, and auditing and assurance thereof (AktG § 100(5) and DCGK D.3)		•				
	Financial Expert						

1) Assessments based on the Supervisory Board's self evaluation. A filled circle means that the member has at least good knowledge and experience that can be used as a basis for comprehending the matters relevant to the work of the Supervisory Board.

2) Kurt Dobitsch has been on the Supervisory Board for more than twelve years and continues to be viewed as independent by the company and its Executive Board members. He does not maintain a personal or commercial relationship with the company or its Executive Board members. Pursuant to recommendation C.7 of the German Corporate Governance Code (DCGK), membership of many years on the Supervisory Board is merely an indicator of a possible lack of independence, and an indicator which also allows for a different assessment by the Supervisory Board. In the view of the Supervisory Board, the mere long-standing membership on the Supervisory Board neither constitutes grounds for a conflict of interest or roles, nor does it impair the manner in which the duties are discharged.

The Supervisory Board believes that it is appropriate and fulfills recommendations C.1/C.6 of the German Corporate Governance Code (DCGK) when the Supervisory Board has at least four members – i.e., more than half of the shareholder representatives – who are independent of the company and its Executive Board (cf. DCGK recommendation C.7) as well as at least three members who are independent of a controlling interest (cf. DCGK recommendation C.9). Overall, in the Supervisory Board's assessment, it is appropriate for the Supervisory Board to have at least three members who are independent of the company and its Executive Board as well as independent of a controlling interest.

In the Supervisory Board's assessment, all members are currently independent from the company and its Executive Board within the meaning of DCGK recommendation C.7. This assessment does not run counter to Kurt Dobitsch's more than twelve-year tenure on the Supervisory Board. Pursuant to DCGK recommendation C.7, many years' membership on the Supervisory Board is merely an indicator of a possible lack of independence, and an indicator which also enables a different assessment by the Supervisory Board. The Supervisory Board considers it inappropriate to make a purely formal consideration assuming automatically that independence would be compromised after more than twelve years on the Supervisory Board. In the view of the Supervisory



Board, the mere long-standing membership on the Supervisory Board neither constitutes grounds for a conflict of interest or roles, nor does it impair the manner in which the duties are discharged. In the work of the Supervisory Board over the previous years, there have been no major conflicts of interest or even any conflicts of interest that were only temporary. There have been and are no indications that Kurt Dobitsch would possibly deal with the Executive Board in a biased or prejudiced manner. The Supervisory Board also firmly believes that membership for more than twelve years does not hinder one's ability to reflect critically on one's own Supervisory Board activities or to work on increasing efficiency.

### Procedures

The Supervisory Board serves the Executive Board in an advisory capacity, monitors the Executive Board in its management of the company, and examines all significant transactions by examining the documents concerned in relation to Regulation (EC) No. 2157/2001 of the Council on the Statute for a European Company (SE), the German SE Implementation Act (SEAG), the German Stock Corporation Act (AktG), the company's Articles of Incorporation, and the Executive Board rules of procedure. It also advises and guides the Executive Board on sustainability-related matters and the strategic alignment for sustainability. The Supervisory Board is also provided with information by the Executive Board on the status of the divisions, including the individual brands, and the Group as well as on major developments outside the regular Supervisory Board meetings.

The Supervisory Board provides a catalog of transactions requiring approval as well as a business allocation plan in the rules of procedure for the Executive Board. The Supervisory Board acts based on its own rules of procedure. Moreover, the Supervisory Board reviews the annual financial statements prepared by the Executive Board, the consolidated financial statements, the Group Management Report of Nemetschek SE and of the Group and the non-financial statement, as well as the Remuneration Report that is prepared separately. It determines the annual financial statements and endorses the consolidated financial statements of Nemetschek SE. The Supervisory Board examines the proposal for the appropriation of net income and, together with the Executive Board, submits it to the Annual General Meeting for resolution. The Chairman of the Supervisory Board explains the activities of the Supervisory Board each year in his report at the annual general meeting, which forms part of the annual report.

Working together with the Executive Board, the Supervisory Board ensures that there is long-term succession planning. To this end, the Supervisory Board maintains regular communication with the Executive Board. Together, the Executive Board and Supervisory Board evaluate the suitability of potential succession candidates and discuss how to develop suitable internal candidates. In addition, the Supervisory Board examines the size and composition of the Executive Board on a regular basis. To this end, the Chairman of the Supervisory Board discusses with the

Executive Board the skills and experience as well as professional and personal competencies in particular should be present on the Executive Board, including with a view to the company's strategic development, and to what extent the composition of the Executive Board already meets these requirements.

### Committees of the Supervisory Board

The Supervisory Board set up an Audit Committee with effect from January 1, 2022. Rüdiger Herzog (Chairman), Prof. Georg Nemetschek, and Kurt Dobitsch were members of the Audit Committee in the period from January 1, 2022, to May 12, 2022. Following the 2022 Annual General Meeting on May 12, 2022, new elections were also held for the positions on the Audit Committee as part of the inaugural Supervisory Board meeting. This resulted in Kurt Dobitsch, Patricia Geibel-Conrad, and Dr. Gernot Strube being elected as members of the Audit Committee and in Patricia Geibel-Conrad as its new Chairwoman. In accordance with the recommendation of the DCGK, the Supervisory Board and the Audit Committee are not chaired by the same person. The Chairwoman of the Audit Committee reports regularly to the full Supervisory Board on the meetings of the Committee and its activities.

The members of the Audit Committee are familiar with the industry in which the Nemetschek Group operates. With the membership of Kurt Dobitsch, Patricia Geibel-Conrad and Dr. Gernot Strube, the Supervisory Board and Audit Committee have several members with expertise in accounting, and owing to the membership of Patricia Geibel-Conrad there is at least one further member with expertise in auditing.

According to the German Corporate Governance Code (DCGK), the Chairman of the Audit Committee should be an expert in at least one of the two areas of accounting and auditing, and should be independent of the Company and of the Executive Board and the controlling shareholder. The Chairwoman of the Audit Committee, Patricia Geibel-Conrad, meets these requirements.

No other committees were formed apart from the Audit Committee. The Supervisory Board has consisted of six members since the effective date of the amendments to the Articles of Incorporation enlarging the Supervisory Board on May 25, 2022, and is of the opinion that a body of this size ensures the efficient and effective discharge of its duties even without forming further specialized committees.

A Nomination Committee was not established as the Supervisory Board consists solely of shareholder representatives.

### Self-Assessment

The Supervisory Board regularly assesses how effectively it discharges its duties. The most recent self-assessment was performed during the 2021 fiscal year. For this purpose, a questionnaire was developed with the involvement of an external expert and distributed to all members. In the questionnaire, the Supervisory Board members were able to provide a judgment of the

effectiveness of the procedures and submit suggestions for improvement. General themes included the conducting of Supervisory Board meetings, the main topics to be discussed, the collaboration of Supervisory Board members, the composition of the Supervisory Board, the cooperation with the Executive Board, the composition of the Executive Board, and succession planning for the committees. In addition, the accounting and auditing processes as well as the quality of the information provided to the Supervisory Board were discussed. The findings and suggestions for improvement were discussed during the following Supervisory Board meeting. The findings of the evaluation attest to professional and constructive cooperation within the Supervisory Board and with the Executive Board, marked by a high level of trust and openness. Likewise, the findings attest to efficient meeting organization and execution as well as appropriate provision of information. No need for fundamental change was evident except for the matter of diversity. Individual suggestions are also acted on and implemented in the course of the year. For instance, diversity was considered more strongly when selecting candidates for the reappointment of the Supervisory Board.

A self-assessment was not planned for the 2022 fiscal year and did not take place. The next self-assessment is scheduled for the year 2024.

Please refer to the [<< Report of the Supervisory Board >>](#) for further information on the issues and work of the Supervisory Board in the 2022 fiscal year.

## Remuneration of the Executive Board and Supervisory Board

### Executive Board

In keeping with the changes in legislation resulting from the German Act Implementing the Second Shareholder Rights Directive (ARUG II), which went into effect on January 1, 2020, the Supervisory Board further developed the existing Executive Board remuneration system and passed a resolution for it at the meeting held on March 18, 2022. This remuneration system was approved at the Annual General Meeting on May 12, 2022. The 2022 remuneration system implements the requirements of the German Stock Corporation Act (AktG) as amended through the Second Shareholder Rights Directive (ARUG II) and incorporates the recommendations of the German Corporate Governance Code (DCGK) as amended on December 19, 2019, which went into effect on March 20, 2020. The existing Executive Board service contracts are planned to be progressively adapted to the provisions of the new remuneration system. The remuneration system is published on the company's website at [ir.Nemetschek.com/remuneration](https://ir.Nemetschek.com/remuneration). The Supervisory Board will regularly review the remuneration system.

### Supervisory Board

The Supervisory Board's remuneration is governed in article 15, Remuneration of the Supervisory Board, of the company's Articles of Incorporation. A resolution was passed at the Annual General Meeting on May 12, 2022, to amend the Articles of Incorporation in relation to the remuneration of the Supervisory Board's members, see [ir.Nemetschek.com/remuneration](https://ir.Nemetschek.com/remuneration).

Nemetschek SE has prepared a separate Remuneration Report since the 2021 fiscal year. The report describes the principles of the remuneration systems for the Executive Board and for the Supervisory Board and provides individualized details on their remuneration. The report for the 2022 fiscal year is published on the website of the company at [ir.Nemetschek.com/remuneration](https://ir.Nemetschek.com/remuneration).

## Target for Female Representation, AktG sections 76(4), 111(5); and Diversity Concept

### Diversity at Nemetschek

Diversity is part of the corporate culture that is practiced at the Nemetschek Group. The different cultures and distinct individuality of the employees are important drivers for the company's innovation and should therefore be promoted in a targeted manner. A new working group was formed for this purpose in 2020. The working group for DEIB – diversity, equity, inclusion, belonging – developed guiding principles on diversity and inclusion for the company. Further information on diversity and inclusion is provided in the 2022 Group Management Report in subsection [<< 2 Nonfinancial Statement >>](#).

The objective to achieve diversity, including diversity in the employee mix, committee composition, and appointments to leadership positions, is expressly welcomed.

At present, however, the Supervisory Board has not adopted a diversity concept for the Executive Board, even though it expressly welcomes the efforts of the DCGK to promote diversity and is in favor of a diverse composition of the Executive Board and appointments to management positions. The Supervisory Board placed particular emphasis on diversity in the election proposals for the Supervisory Board and in appointments to the Executive Board in fiscal year 2022. The proportion of women on both boards was increased significantly.

### Targets for Female Representation

According to AktG section 111(5), the Supervisory Board must define targets for the share of positions held by women on the Supervisory Board and Executive Board.

### Executive Board

#### Determination of the Status Quo for Female Representation on the Executive Board

With its resolution on December 17, 2021, the Supervisory Board set a target of 0% for female representation on the Executive Board for the period through to December 31, 2022. The four-per-

son Executive Board was composed solely of men as at December 31, 2022. The percentage of women on the Executive Board was therefore 0% at the end of the fiscal year (previous year: 0%), which corresponds to the defined target. By specifying a target for a period of just one year, the Supervisory Board intended for the new Supervisory Board elected at the 2022 Annual General Meeting to pass a resolution for a suitable target for future female representation on the Executive Board starting in 2023 without having already made a determination for the future.

#### **Decision Regarding the Target for Female Representation on the Executive Board and Justification**

With its resolution on March 9, 2023, the Supervisory Board set a target of 25% for female representation on the Executive Board for the period through to December 31, 2025, corresponding to one person on a four-person board. The Supervisory Board generally supports the objective of achieving diversity in the Executive Board and views the future increase of the percentage of women at all levels of the enterprise as an important part of the personnel and diversity concept of the global Nemetschek Group. For the composition of the Executive Board, however, the experience, expertise, and knowledge of each individual is of critical importance to the Supervisory Board. The Supervisory Board is therefore convinced that a target of 25% female representation on the Executive Board for 2023 to 2025 is realistic, appropriate, and proper.

#### **Supervisory Board**

##### **Determination of the Status Quo for Female Representation on the Supervisory Board**

With its resolution on December 17, 2021, the Supervisory Board set a target of 25% for the Supervisory Board for the period through to December 31, 2025. The new six-member Supervisory Board elected at the Annual General Meeting on May 12, 2022, is composed of four male and two female members. The female representation on the Supervisory Board is therefore 33.3% currently (previous year: 0%), exceeding the defined target.

##### **Decision Regarding the Target for Female Representation on the Supervisory Board**

Through its resolution on December 17, 2021, the Supervisory Board set a target of 25% for the desired female representation on the Supervisory Board for the period through to December 31, 2025.

##### **Management Tier Directly beneath Executive Board**

In accordance with AktG section 76(4), the Executive Board also sets targets for female representation on levels of management beneath the Executive Board.

The Executive Board amended its definition of the management tier directly beneath the Executive Board in 2021. All employees who report directly to members of the Executive Board have since been deemed to belong to the management tier directly

beneath the Executive Board. This management tier comprised 14 individuals at the time of passing the resolution, including four women, making for female representation of 28.6%.

Given the company's structure and its traditionally flat hierarchies at the Nemetschek SE, a target has not been set for female representation at the next level of management under the tier directly beneath the Executive Board.

##### **Determination of the Status Quo for Female Representation at the Management Tier Directly beneath the Executive Board**

With its resolution on December 17, 2021, the Executive Board set a target of 28.6% for female representation at the management tier directly beneath the Executive Board for the period through to December 31, 2025. This management tier comprised 16 individuals as at December 31, 2022 (previous year: 14), including 4 women, making for female representation of 25.0% (previous year: 28.6%). The company is growing and the structures in the company are continuously adapting, so the management tier directly beneath the Executive Board has changed accordingly. The goal of achieving female representation in line with the set target remains in place, however fluctuation does occur occasionally.

##### **Decision Regarding the Target for Female Representation at the Management Tier Directly beneath the Executive Board**

With its resolution on December 17, 2021, the Executive Board set a target of 28.6% for female representation at the management tier directly beneath the Executive Board for the period through to December 31, 2025.

#### **Further Information on Corporate Governance**

##### **Financial Reporting and Audit**

Nemetschek SE prepares its consolidated financial statements and the consolidated interim reports in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union. The annual financial statements of Nemetschek SE (separate financial statements) are prepared in accordance with the provisions of the German Commercial Code (HGB). Due to the invitation to tender held in 2021 in accordance with EU Regulation 537/2014, the supervisory board proposed PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, as auditor to the annual general meeting, which was then also elected by the annual general meeting on May 12, 2022 as auditor / group auditor for the fiscal year 2022. The signing auditors for the separate financial statements of Nemetschek SE and for the consolidated financial statements as of December 31, 2022 are Katharina Deni as responsible auditor and left signatory and Vera Daners as right signatory. The supervisory board finalized the audit engagement, additionally agreed the auditor's fee, and verified the independence of the auditor. Moreover, it assessed the services rendered by the auditor and



worked on the evaluation the audit quality, and reported on this to the Supervisory Board.

### Shareholders and the Annual General Meeting

Shareholders can assert their rights and exercise their voting rights at the Annual General Meeting. Each share in Nemetschek SE bears one voting right. At the Annual General Meeting, resolutions are passed on matters such as the appropriation of profits, the official approval and discharge of the members of the Executive Board, the selection of the auditor, and the endorsement of the remuneration report. Resolutions on amendments of the Articles of Incorporation, measures to modify the capital, and other potential actions are decided at the Annual General Meeting and subsequently implemented by the Executive Board. The Annual General Meeting usually takes place within the first five months of a given fiscal year. The meeting is chaired by the Supervisory Board Chairman. The Executive Board presents the consolidated financial statements and annual financial statements as well as more detailed reports, explains the prospects of the company, and, together with the Supervisory Board, answers the shareholders' questions.

The invitation to the Annual General Meeting and the corresponding documents and information are made available on the Nemetschek Group website the day the meeting is called or are made available for viewing on the company's premises in accordance with stock corporation laws. Nemetschek supports its shareholders in the exercising of their voting rights by appointing proxies who vote according to the instructions of the shareholders.

The 2022 Annual General Meeting was held again virtually due to the COVID-19 pandemic. The entire Annual General Meeting, including the questions, answers, and votes, was broadcast via a password-protected online service for registered shareholders and their proxies. Properly registered shareholders and their proxies were able to exercise their rights, submit questions, and raise objections to motions at the Annual General Meeting through the online service.

### Transparency and Communication

The Nemetschek Group makes open and trustful communication with the shareholders and other stakeholders a priority and maintains a prompt and reliable dialog with them. All information relevant to capital markets is published in German and English simul-

taneously and made accessible on the company's website. This information includes annual and interim reports, press releases and ad hoc notifications, information on the Annual General Meeting, and CSR reports (corporate social responsibility; sustainability reports) and company presentations. The financial calendar with the relevant publication and event dates can also be found on it.

### Directors' Dealings, Voting Rights, and Stock Options

Nemetschek SE provides information pursuant to Article 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation) of the European Parliament and of the Council in relation to transactions of the Executive and Supervisory Board members involving the company's shares (directors' dealings). The information is published on the company's website at [ir.Nemetschek.com/en/managerstransactions](https://ir.Nemetschek.com/en/managerstransactions).

Nemetschek SE also reports on notifiable changes in shareholdings when the voting right thresholds specified in the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) have been reached, exceeded, or fallen short of. These reports are published on the company's website at [ir.nemetschek.com/en/votingrights](https://ir.nemetschek.com/en/votingrights).

The Nemetschek Group wishes to involve the Executive Board and other categories of employees in the company's future success over the medium and long term. A stock appreciation rights (SAR) plan was initiated for this purpose and integrated into the current Executive Board remuneration system which was approved at the Annual General Meeting on May 12, 2022. This SAR plan is based on virtual subscription rights. The development of their value depends on the development of Nemetschek's stock price. There is no entitlement to receiving new shares. The increase in the value of the notional subscription rights is normally paid out in cash, though it can also take the form of treasury stocks. Information about the SAR plan can be found in the current system for Executive Board remuneration on the company's website at [ir.Nemetschek.com/remuneration](https://ir.Nemetschek.com/remuneration).

Munich, March 17, 2023



Yves Padrines



Louise Öfverström



Viktor Várkonyi



Jon Elliott

# Nemetschek on the Capital Market

## Review of 2022

Following historically low interest rates, continued expansionary monetary and fiscal policies, and a significant improvement in the tense pandemic situation, which led to a series of new highs in stock market indices worldwide in 2021, especially for growth stocks, this trend largely reversed in 2022.

Despite encouraging progress in overcoming the global Covid-19 pandemic, 2022 was burdened by various crises and an economic slowdown in the second half of the year. This development was mainly fueled by rising inflation and Russia's war of aggression against Ukraine, which not only exacerbated geopolitical tensions, but also led to a severe energy crisis – especially in Europe – which ultimately increased inflationary pressures. As a result, the normalization of monetary policies turned out to be faster and stronger than initially expected, which – together with the higher interest rates – led to a massive reallocation of capital in the international capital markets. Consequently, this led to a rotation out of equities in general, but also in particular out of growth and technology stocks and into value stocks.

Overall, in light of these developments, the global equity markets recorded a partially very negative performance in 2022. The global MSCI World, for example, fell by –19.6%, the most since the financial crisis of 2008. The leading German index, the DAX, also recorded a sharp decline of –12.4%. The benchmark indices that are most relevant for Nemetschek, such as the MDAX (–28.5%), Nasdaq (–33.4%) or the STOXX Europe Total Market Software & Computer Services (–28.4%), fell even more sharply in some cases.

## Nemetschek shares: Significant decline in 2022 after record highs in the previous year

In 2022, the shares of Nemetschek SE were also not able to avoid the impact of the macroeconomic and geopolitical developments described above. After a very strong price increase of 86.8% in 2021, significantly outperforming all benchmark indices as well as European and US competitors, the Nemetschek SE share price fell disproportionately strongly in the course of 2022.

### PRICE DEVELOPMENT OF NEMETSCHKEK SHARES FROM BEGINNING OF 2022 TO BEGINNING OF 2023 COMPARED TO SELECTED INDEXES (INDEXED)

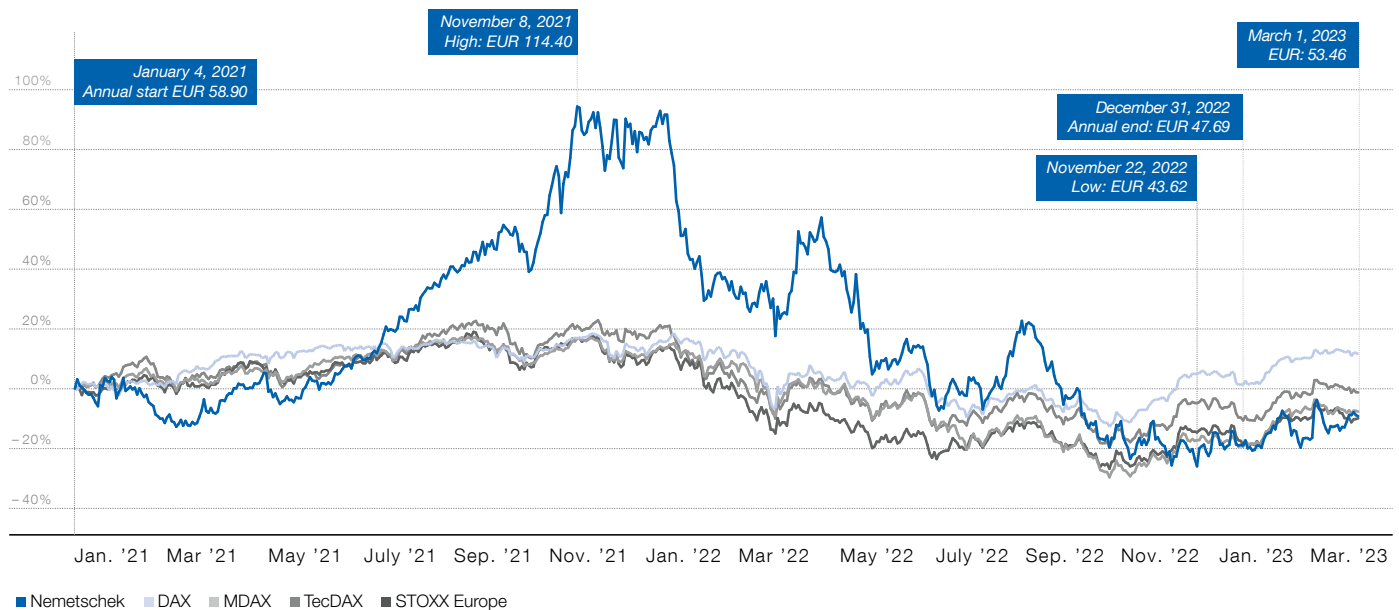


After the record highs in company valuation and share price in the previous year, Nemetschek SE shares started the new year on January 3, 2022 with a price of EUR 107.65, which also marked the highest price of the company's shares for the year. In the first few months, the share price developed significantly weaker than the prices of most major share indices as well as the shares of most of Nemetschek's competitors. In addition to the political and macroeconomic challenges described above as well as the rotation from growth to value stocks, this development was also partly driven by investors' uncertainty regarding the upcoming transition of the Nemetschek Group's business model to subscription offerings. In addition, the negative development of most indicators for the construction industry, especially in Nemetschek's most important end market Europe, weighed on investor sentiment. However, the very strong business results of the first and second quarters, together with the presentation of the new CEO Yves Padrines, led to a stabilization of the share price from the middle of the second quarter onward. Due to the slowdown of the global economy as well as the scheduled start of the transition of the business model of the group's largest brand Bluebeam

to subscription and SaaS offerings in the third quarter and the associated accounting-related decline in growth and margin of the Nemetschek Group, the company's share price weakened again from the end of the third quarter. As a result, the lowest price was recorded on November 22 at EUR 43.62, before the company's shares subsequently stabilized and ended the year at a price of EUR 47.69.

Due to the historically strong change in the interest rate levels and the accompanying massive shifts in capital, by which Nemetschek SE shares in particular were strongly impacted in the last two years, it makes sense to also look at the development of the company's securities over this entire two-year period (2021-2022). It can be seen that the strong outperformance of the share in 2021 was followed by a partial normalization in 2022. The performance of Nemetschek SE shares over the entire 2-year period was therefore in line with the performance of most competitors as well as the most important benchmark indices MDAX, TecDAX and STOXX Europe Total Market Software & Computer Services.

**PRICE DEVELOPMENT OF NEMETSCHEK SHARES FROM BEGINNING OF 2021 TO BEGINNING OF 2023 COMPARED TO SELECTED INDEXES (INDEXED)**





### Nemetschek shares in the MDAX and TecDAX rankings

In the Deutsche Börse ranking, Nemetschek was ranked 57th (previous year: 44th) in the MDAX and 9th (previous year: 7th) in the TecDAX in terms of market capitalization (based on free float) as of 31 December 2022.

In the financial year 2022, an average of 162,273 shares were traded daily via the Xetra electronic trading system (previous year: 176,720 shares). The average daily turnover on Xetra was EUR 10.48 million (previous year: EUR 12.79 million).

### Market development in the current financial year

At the beginning of 2023, global share prices, and in particular the securities of technology and growth companies, recovered slightly. The Nemetschek SE shares, in line with most of its direct competitors and the most important sector indices, also showed a positive development in the course of the first quarter. Consequently, a provisional high for the year 2023 was reached on February 3 with a price of EUR 56.55 per share.

## Overview of Nemetschek shares

### KEY FIGURES ON SHARES

	2022	2021
Closing price in €	47.69	112.80
High in €	107.65	114.40
Low in €	43.62	51.40
Market capitalization in € million	5,508.19	13,028.40
Earnings per share in €	1.40	1.17
Price/earnings ratio	34.06	96.40
Average number of shares traded per day (Xetra)	162,273	176,720
Average number of outstanding shares	115,500,000	115,500,000

Nemetschek SE currently has no rating from a rating agency that assesses its creditworthiness.

### Dividend policy and dividend proposal for the 2022 financial year

The Nemetschek Group pursues a sustainable dividend policy, which provides for a distribution of around 25% of its operating cash flow. The dividend policy takes into account the overall economic development, the economic and financial situation of the company as well as the interests of the shareholders.

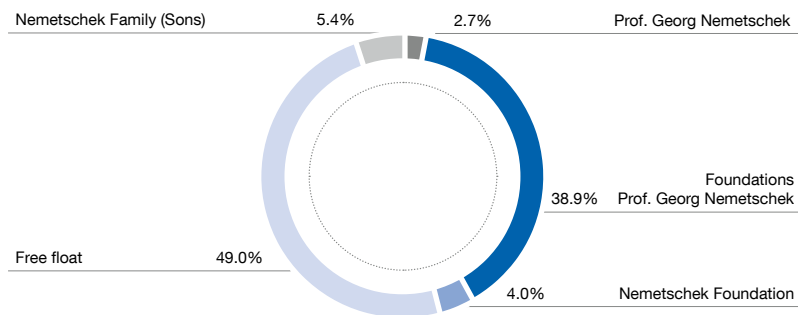
Despite the continued challenging environment, Nemetschek continued its very positive operating development in 2022. The targets set for the 2022 financial year were achieved and the solid financial situation was further strengthened. Based on these developments, Nemetschek SE plans to continue its sustainable and reliable dividend policy, despite the tense geopolitical and economic environment. The Supervisory Board as well as the Executive Board have therefore decided to propose an appropriate dividend increase of 15.4% to EUR 0.45 per share (previous year: EUR 0.39 per share) to the annual general meeting on May 23, 2023. With 115.5 million shares, this would correspond to a total payout of EUR 52.0 million (previous year: EUR 45.0 million) and would result in a payout ratio – in relation to the operating cash flow – of around 24% (previous year: around 20%).

### Shareholder structure

As of December 31, 2022, the free float stood at 49.0%. It was spread across a regionally widely diversified shareholder base with a high proportion of international investors, primarily from the USA, Germany, France, Great Britain, Switzerland and Scandinavia.

With its directly or indirectly held shares, the Nemetschek family remained with around 51.0% of all outstanding shares the majority shareholder of the company in the 2022 fiscal year.

#### SHAREHOLDER STRUCTURE\*



\* Direct shareholdings as of December 31, 2022.

### Virtual annual general meeting

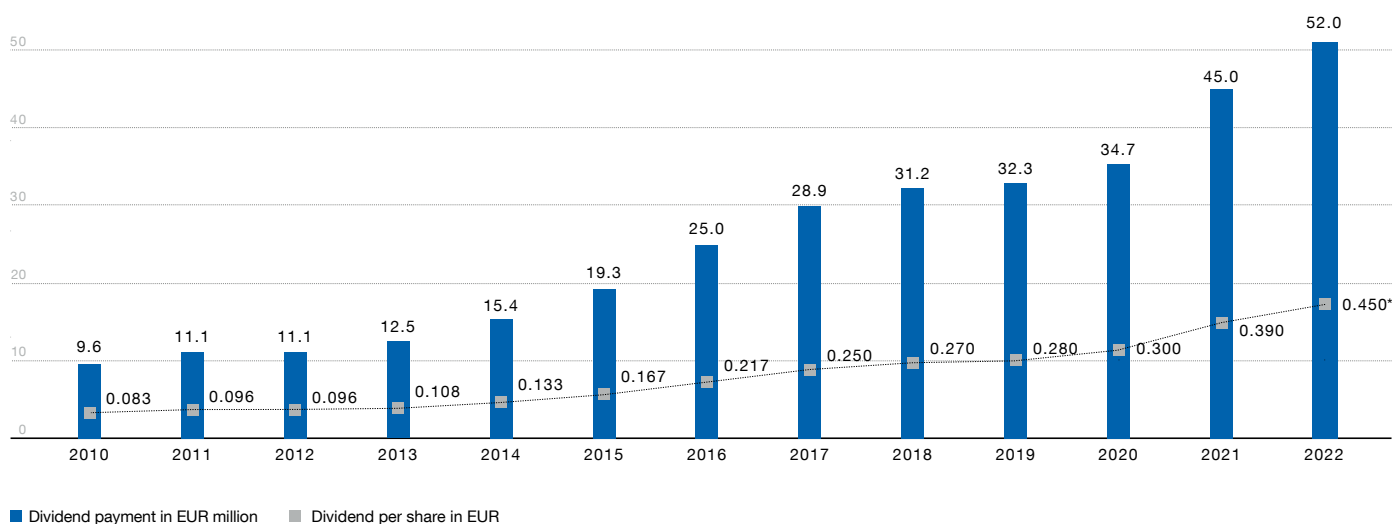
Based on the positive experience of the last two virtual AGMs as well as the ongoing global Covid-19 pandemic, the Nemetschek Group decided to hold its ordinary AGM in the fiscal year 2022 also on a purely virtual basis. The software company thus reacted to the restrictions on public life caused by the Covid-19 pandemic and at the same time took advantage of the opportunity created by the legislator to hold a purely virtual AGM. At the Annual General Meeting on May 12, 2022, the company's shareholders approved all items on the agenda.

### Dividend for the financial year 2021

For the financial year 2021, the shareholders approved a dividend increase for the ninth time in a row to EUR 0.39 per share (previous year: EUR 0.30 per share). The total dividend payout amounted to EUR 45.0 million (previous year: EUR 34.7 million). The payout ratio

for the 2021 financial year – based on the operating cash flow – was around 20% and was thus within the long-term target payout ratio of around 25% of the operating cash flow. The dividend was distributed to the shareholders after the Annual General Meeting on May 12, 2022.

#### DIVIDEND PER SHARE AND TOTAL PAYOUT IN YEAR-ON-YEAR COMPARISON



\* Proposal to the annual general meeting on May 23, 2023.

### Additional agenda items

In addition to the dividend, other agenda items were also voted on. In particular, the shareholders focused on the expansion of the Supervisory Board, the regular Supervisory Board elections, decisions in connection with the remuneration system for the Executive Board, and the provisions governing the Supervisory Board remuneration. All agenda items and voting results are available at [ir.Nemetschek.com/agm](https://ir.Nemetschek.com/agm).

### Extensive communication with the capital market

Nemetschek SE is committed to open, transparent, and reliable communication with all stakeholders. The goal is to strengthen the trust in the Nemetschek Group by timely publications as well as a continuous dialogue with shareholders.

In the financial year 2022, the relationship with existing and potential investors of the Nemetschek Group was therefore again maintained and further expanded through a large number of contacts and discussions. In addition to purely a virtual participation, after a two-year interruption due to the global Covid-19 pandemic, the opportunity to meet investors in person at investor conferences and roadshows was also used again during the year.

As part of the regular publication of the annual, half-year and quarterly results, telephone conferences were again held. These conferences provided not only a platform for the Executive Board to report on the current and expected future business development, but also offered the opportunity for analysts and investors to pose questions directly to the Executive Board. Nemetschek SE also maintained a close and continuous exchange with relevant trade and business media.

In addition, the Nemetschek Group is currently covered by 18 analysts from various global banks and research houses, who regularly publish independent reports and comments on the current development of the company. An overview of the current price targets of the analysts can be found on the company website at [ir.Nemetschek.com/analysts](https://ir.Nemetschek.com/analysts).







# Combined Management Report for the 2022 Financial Year

## About This Report

The management report of Nemetschek SE and the Group management report for the 2022 financial year have been consolidated. The corporate governance declaration in accordance with Section 161 of the German Stock Corporation Act (AktG) is published on the website [ir.nemetschek.com/en/corporate-governance](https://ir.nemetschek.com/en/corporate-governance). The corporate governance declaration can also be found in the chapter [«\*To our Shareholders\*»](#). The consolidated financial statements prepared by Nemetschek as of December 31, 2022 comply with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU) as of December 31, 2022, as well as with the requirements of the German Commercial Code in conjunction with the German Accounting Standards.

## 1 Group Principles

### 1.1 Group Business Model

#### Organization

The global Nemetschek Group comprises Nemetschek SE and its subsidiaries. The company's history dates back 60 years to its foundation in 1963 by Prof. Georg Nemetschek. Today, the Nemetschek Group is a global provider of software solutions in the AEC/O industry (architecture, engineering, construction, and operation) as well as in the Media segment.

The strategic holding company, Nemetschek SE, is headquartered in Munich, Germany. The company's operating activities are clustered in four segments with a total of 13 brands in 2022 (previous year: 13 brands). The brands are represented by subsidiaries or groups of subsidiaries that operate independently in the market under an overarching group strategy. This group structure reflects the company's philosophy of central management at holding company level and a high degree of entrepreneurial freedom at subsidiary level. The subsidiaries operate as largely independently managed brands in their respective end markets. This enables the individual brands to focus on their respective customers' needs and thus increase the benefits and added value for the customers. Nemetschek SE takes on Group responsibility for the central Group-functions including Corporate Finance & Tax, Controlling, Investor Relations & Communication, Corporate Development & Operations, Mergers & Acquisitions, Start-up & Venture Investments, Human Resources, IT & Business Solutions, Corporate Audit and Corporate Legal & Compliance so as to enable the brands to focus fully on tapping new customer potential.

The corporate structure of the Nemetschek Group, with its portfolio of solutions ensuring a comprehensive end-to-end workflow across the entire construction lifecycle and encompassing solutions for the world of media, is reflected in the reporting structure

with its four segments: Design, Build, Manage and Media. An Executive Board member or Segment Manager is assigned to each segment. The close interlocking of the Group holding company and segments also ensures close coordination with the subsidiaries as well as a high degree of management efficiency. To leverage synergies within the Nemetschek Group, the Executive Board members support the coordination of strategic projects between the brands in the respective segment but also cross-segment cooperation between individual brands. As a result, the subsidiaries benefit from synergies at segment and Group level with regard to internationalization, the exchange of best practices, and sales and development activities.

The legal structure of the company is presented in the notes to the consolidated financial statements under item [«\*32 List of Companies in the Nemetschek Group\*»](#).

#### Business Activities

The Nemetschek Group offers digital solutions for all disciplines across the entire lifecycle of buildings and infrastructure projects, as well as for all phases in the creation of 2D and 3D digital content in the Media segment.

In the AEC/O segment, the aim of offering networked solutions is to further improve cooperation between the various professional groups in the construction industry and to make this cooperation more efficient. Our broad portfolio comprising graphical, analytical and commercial solutions therefore enables an end-to-end workflow in the lifecycle of construction and infrastructure projects.

The brands are the "experts" and "entrepreneurs" in their specific customer segment, and have a high level of expertise in their respective market segment. Customers include architectural and design offices of all sizes, structural planners, engineers of all disciplines, planning and service providers, construction companies and their suppliers, process controllers and general administrators, as well as property, building and facility managers.

Here, the Nemetschek Group's software solutions meet the requirements of the central working method within the planning, construction and administrative process for buildings known as Building Information Modeling (BIM). BIM, an integral part of the digitalization of the construction industry, is used to digitally record and connect all design, quality, timing and business requirements and data. This information is used to create a virtual, three-dimensional, semantic building model. Time and cost planning aspects are added as fourth and fifth dimensions starting in the simulation phase. BIM therefore helps to identify and correct planning errors as early as the digital planning phase and thus before construction actually begins. This ultimately enables more efficient and resource-conserving construction.



The Nemetschek Group has been following this integrated BIM approach for more than 30 years. Building Information Modeling enables efficient, sustainable and transparent collaboration, improving the workflow for all those involved throughout the entire planning and building process and subsequent use phase of a property or infrastructure project. Data generated via BIM throughout the entire construction process also form the basis for a digital twin – a digital image of a building that is created during the planning phase and continuously enriched with updated information throughout the entire building lifecycle, e.g. on the building construction, the building physics and energetic behavior and the building use. This allows forecasts to be made about changes to the building itself or its use. Ideally, the digital-physical connection is bidirectional. That means that the digital twin can cause changes in the physical object, and these changes are registered in the virtual copy. As a result, information and implications from each phase of a building's lifecycle – whether related to cost, durability, or user experience – can be applied to other phases. Ultimately, these insights can help architects, engineers and building managers design and operate efficient and sustainable buildings. This accumulation of data, also in conjunction with artificial intelligence (AI), is called Building Lifecycle Intelligence (BLI).

The Nemetschek Group also develops and promotes OPEN BIM solutions and workflows to enable seamless and open cooperation between the various disciplines in the construction industry – regardless of their choice of software. The OPEN BIM standard also makes it possible for the Nemetschek Group's software solutions to communicate seamlessly with competitors' software solutions via open standards for data and communication interfaces (e.g. IFC from buildingSMART). This allows the seamless transfer and documentation of all information, data, and digital models relevant to construction throughout the building's entire creation and operational cycle. Nemetschek is thus making a key contribution to further establishing this digital method of working as a standard in the AEC/O industry.

In view of sustainability, the Nemetschek Group's software solutions also contribute to more resource-efficient planning and construction and subsequently more efficient operation across the entire lifecycle of buildings and infrastructure projects. Detailed documentation also enables efficient operation across the entire lifecycle – for example, a structure can thus be efficiently rebuilt and renovated years after completion.

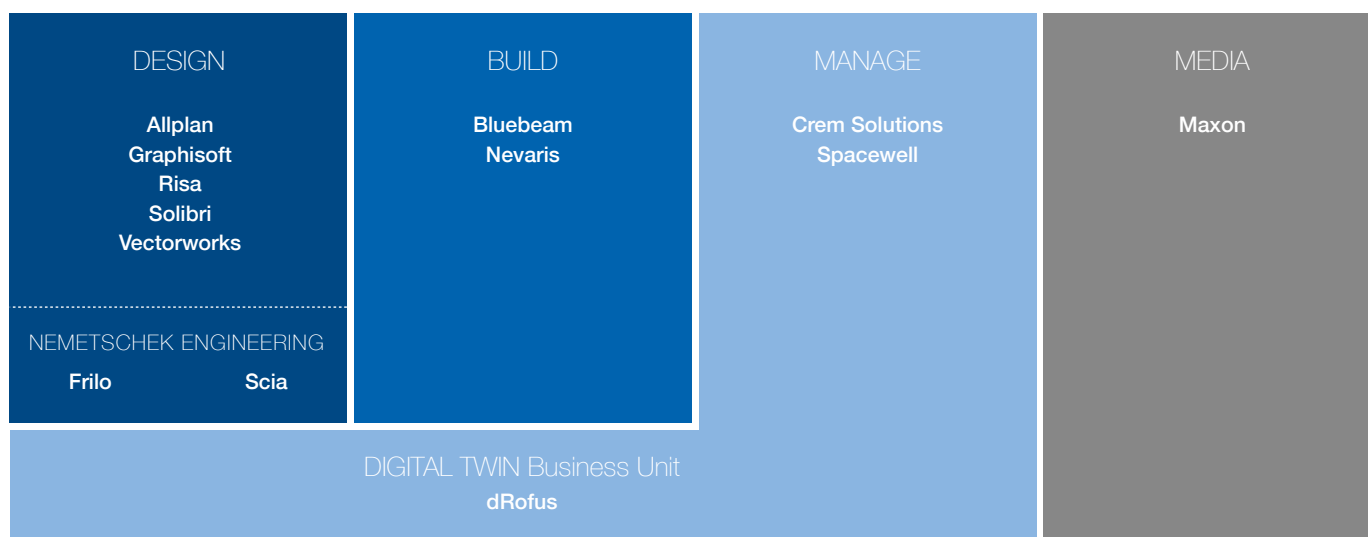
For creative and accurate planning and implementation along the building lifecycle, 3D visualizations are of great importance. Visual effects create a realistic presentation for the owner, property developer or building contractor. With the Nemetschek Group solutions, planners and architects can quickly, easily and precisely create 3D models from drawings and make more informed decisions based on the exact structural or dynamic visualizations. At the same time, the Nemetschek Group with its Media segment is also a provider in the field of 3D animation solutions. The Nemetschek Group thus supports artists in optimizing their crea-

tive workflows, e.g. through 3D modeling, simulation and animation, tools for editing, motion design, and film production as well as rendering solutions for high-end productions. Our professional solutions for producing 2D and 3D digital content are used to create and render visual effects in feature films, TV shows and commercials, as well as for applications in the gaming industry and for applications in the areas of medical illustration, architecture and industrial design. Since the end of 2021, the Nemetschek Group portfolio has also integrated the US-based company Pixologic, Inc. with its solution ZBrush, an Oscar-winning sculpting and painting software used by renowned film studios, game developers, designers, advertisers, and illustrators worldwide.

### Segments

The Nemetschek Group total of 13 brands are divided among the four segments of Design, Build, Manage and Media according to their respective focus on specific end markets and customer groups. In the 2022 financial year, there were changes in the segment structure aimed at further harmonizing the portfolio. For this purpose, the Frilo and Scia brands in the Design segment were merged into one competence center (Nemetschek Engineering). However, the product brands have been preserved as part of the new alliance. The aim of this alliance is to offer a comprehensive overall package of software solutions with static presentation and calculation options to further optimize interoperability and to serve customers from a single source. In addition, a new "Digital Twin" business unit was created to act as a horizontal binding element between the segments in the AEC/O industry. Our dRofus brand, which was still allocated to the Build segment in the year under review, is assigned to the Digital Twin business unit and consolidated in the Manage segment as of January 1, 2023. With its data management and BIM collaboration solutions for supporting workflows and providing building information throughout the entire building lifecycle, dRofus has the expertise to cover the complete AEC/O lifecycle and thus acts as a binding element linking the different segments.

The segments are responsible for implementing the Nemetschek Group's operating activities in accordance with the objectives and strategic framework specified by the Group holding company.



### Design Segment

The individual brands within the Design segment target a broad range of different specialist areas within architecture, design and engineering disciplines. In terms of revenue contribution, the key brands in the Design segment are Graphisoft, Allplan and Vectorworks.

Major customer groups include architects; designers; engineers from all disciplines, including structural engineers; specialist planners and landscape designers; as well as owners and general contractors. The solutions offered enable customers to carry out their tasks across all phases, from planning and design right up to factory and construction planning. In particular, the portfolio features OPEN BIM solutions for computer-aided design (CAD) and computer-aided engineering (CAE), which are used in 2D and 3D building design and imaging. These are complemented by BIM-based solutions for quality assurance and control and to avoid errors and conflicts during the planning and construction phase.

The integration of the SDS/2 brand into Allplan initiated in 2021 as part of the ongoing process of consolidation within the segments was successfully completed. The merger with SDS/2, a provider of software solutions for detailed steel construction planning, further strengthened Allplan's position as an expert in platform-based BIM solutions for building lifecycles. In addition, the merger of the Graphisoft and Data Design Systems brands, which was instigated in the previous year, was completed during the year of review as planned. Combining technology and expertise from Graphisoft – a global provider of BIM software solutions for architecture and Data Design System – the planning software specialist for technical building installations – has expanded the offerings and expertise of both companies worldwide for their customers. Since mid-2022, the Frilo and Scia brands have been joining forces in the competence center Nemetschek Engineering.

### Build Segment

In the Build segment, the Nemetschek Group offers integrated complete 5D BIM solutions from the bidding and award phase to invoicing, budgeting, scheduling and cost calculation. This also includes commercial ERP (Enterprise Resource Planning) solutions for construction-related accounting from the Nevaris brand as well as PDF-based and, in part, cloud-based workflow solutions for digital work processes, collaboration and documentation from the US-based subsidiary Bluebeam brand – which was once again the Nemetschek Group's strongest brand in terms of revenues in 2022.

The Build segment's customers include construction companies, developers and building suppliers, as well as general contractors, planning offices, architects, and civil engineers.

### Manage Segment

The Manage segment rounds out the Nemetschek Group's range of solutions for all disciplines across the entire lifecycle of buildings and infrastructure projects. The Group's smallest business segment in terms of revenues bundles its competencies in the field of facility management and professional property management. Key customers include property managers, facility managers, globally active property companies, banks, and insurance companies.

The segment's two brands – Spacewell and Crem Solutions – offer software solutions across all commercial processes in property management as well as modular and integrated solutions for property, facility and workplace management (IWMS, integrated workplace management system). The portfolio also includes a smart building platform that uses intelligent sensors and big data analysis to help improve productivity and efficiency in the operation and management of buildings. These are complemented by artificial intelligence-based energy management solutions for optimizing the use of energy in buildings and reducing CO<sub>2</sub> emissions.

### Media Segment

With the Maxon brand, the Media segment primarily targets customers from the international media and entertainment industry in addition to architects and designers. These include film and television studios, advertising agencies, the video games industry, product and graphic designers, and creative freelancers.

Maxon is a provider of professional solutions across all phases of a creative project. Its product portfolio includes 3D modeling, painting, animation, sculpting and rendering solutions for the creative industry. All over the world, creative professionals from a wide range of fields use the solutions to create 3D motion graphics, architectural or product visualizations, graphics for computer games, medical illustrations, industrial design, visual effects, and much more.

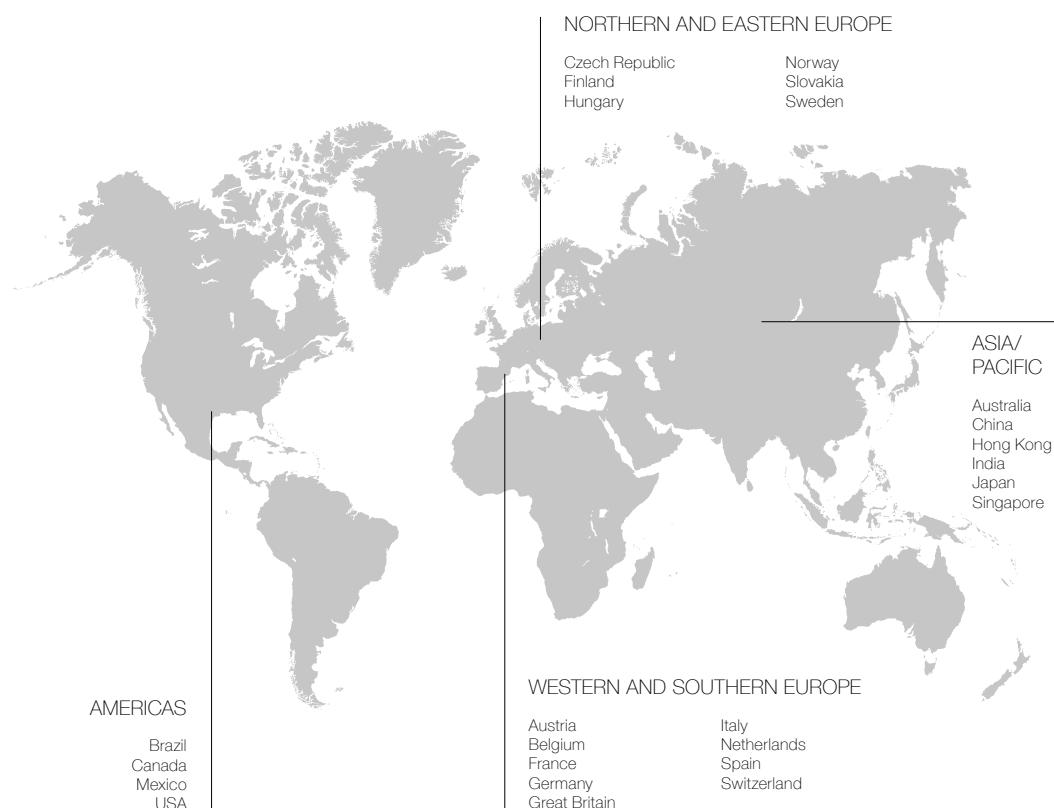
Maxon's product portfolio helps artists and creative professionals optimize their workflows as part of content design. The Maxon ONE product suite, which unites all Maxon products, includes the Cinema 4D suite for 3D modeling, simulation and animation; the integrated Red Giant product range with tools for editing, motion design and film production; the sculpting and painting solution ZBrush; and the Redshift rendering solutions for high-end production. The Forger sculpting app for 3D modeling on mobile devices rounds off Maxon's comprehensive product range.

The key figures of the four segments are detailed under [3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group](#).

### Locations

Nemetschek SE is headquartered in Munich, Germany. The Nemetschek Group brands develop and market their solutions worldwide from a total of 82 locations (previous year: 81).

#### NEMETSCHKEK LOCATIONS WORLDWIDE





## Growth Drivers, Market and Competition

### Growth Drivers

The macroeconomic impacts of the current global crises and geopolitical tensions are also affecting the global construction industry, which may slow down the industry's growth pace – at least in the short term. Nevertheless, the long-term structural growth drivers of the global construction industry are still ticking over, which means there is potential for a new, lasting phase of growth in the future. As in the previous year it remains to be stated: The growing world population, increasing urbanization and the associated rising demand for housing are key growth drivers of the industry. The construction industry already generates around 13% of global GDP. By 2030, the construction industry market is expected to grow by 42% to around EUR 13 trillion.

On top of that, there is the ongoing and increasingly dynamic transformation towards a more sustainable world, which requires extensive investment in infrastructure and the energy-efficient refurbishment of buildings, among other things. At present, 36% of annual global energy consumption is attributable to the construction and operation of buildings. In view of this, there is growing demand for efficiency, quality and sustainability in the construction industry.

Another key growth driver remains the digital transformation of the construction industry, which is far less advanced than just about all other key industries, such as the automotive industry. This means the construction industry has a significant need to catch up when it comes to the use of digital technologies. This represents great market potential for Nemetschek. IT expenditure in the construction industry is expected to increase by around 13% annually in the next few years. The impact of the global Covid-19 pandemic and the macroeconomic repercussions of Russia's war of aggression against Ukraine, as well as the sharp increase in remote working, supply chain disruptions, and significant increases in the price of energy and materials, have highlighted the need for and benefits of digital solutions and have accelerated digital transformation, including in the construction industry. Optimizing collaboration between everyone involved in a construction project through systematic digitalization will offer the industry great potential to increase efficiency moving forward by shortening construction times, improving quality and lowering costs.

The Nemetschek Group benefits from several, long-term, structural growth drivers in its three core segments of the AEC/O industry:

- » Digitalization in the construction industry is still at a low level compared with other industries. Two factors that are becoming increasingly important include catch-up effects and the increased investment in industry-specific software solutions that control processes more efficiently and therefore increase quality and reduce costs and time spent. The repercussions of the current crises have demonstrated that once again.

- » State regulations that require or make the use of BIM software mandatory for state-financed construction projects continue to pave the way for further growth of the Nemetschek Group worldwide. Alongside the USA, the UK and the Scandinavian countries are particular pioneers in Europe when it comes to the introduction of BIM regulations and the use of BIM-enabled software solutions.
- » The increasing use of software over the entire building lifecycle is required by the BIM regulations so that a model-based and continuous workflow may be achieved. The Nemetschek Group brings its solutions to all phases of the construction lifecycle and meets the requirements of an integrated workflow, starting with the transition from 2D software solutions to model-based 3D BIM solutions – including on what are termed digital twins –, to the increased use of solutions for cost and time calculation and collaboration to products for the efficient use and management of buildings.
- » Furthermore, sustainability and environmental protection are becoming increasingly important in the planning, construction and operation of buildings. This is particularly true for the construction sector, as buildings and the construction industry are responsible for 40% of global CO<sub>2</sub> emissions. A more energy- and resource-efficient way of working throughout the entire construction process, including the subsequent use phase, is therefore a key factor in achieving the climate targets set by policy makers (e.g. European Green Deal). Intelligent BIM software solutions for more sustainable and resource-conserving construction, as well as more efficient building operation, form an essential foundation for this.

Overall, the digital transformation in the AEC/O market will – despite or rather because of the current macroeconomic situation – continue to lead to strong demand for solutions that enable a digital workflow in the various disciplines of the Design, Build and Manage segments. These market conditions provide the Nemetschek Group with a strong framework for its long-term growth ambition. It should be noted that the degree of digitalization and the above-mentioned drivers have different effects on the respective segments. In the Design segment, the markets are already being penetrated more strongly by software solutions. Here, the Nemetschek Group sees the transformation from 2D to 3D solutions as a key driver in the coming years. In the Build and Manage segments, digitalization is far less advanced than in the Design segment, which means that investments in software solutions are likely to drive the market more strongly.

Sources: 2022 Global Status Report For Buildings And Construction; McKinsey (October 2020) – Rise of the platform era; Oxford Economics (September 2021) – Future of Construction.

The media and entertainment industries are also characterized by high growth and steadily increasing demand for digital content. In addition, the change in usage behavior has again accelerated significantly, with an increasing shift to digital due in part to the global Covid-19 pandemic.

This is reflected in the continued positive development of digital application areas, for example in the field of Internet video, streaming models, video games, e-sports, and AR and VR. This trend is also reflected in the revenue figures for the German media industry: Although non-digital segments continued to generate the lion's share of the industry's total revenue, namely EUR 36.7 billion in 2020, the digital segment once again grew much more strongly and now accounts for EUR 18.7 billion.

The following trends and developments are also currently visible worldwide: The production of films, series and TV shows is becoming increasingly digital – and is relying to a greater extent on more sophisticated digital solutions to create special effects, animations and much more. The advertising industry is also shifting towards more personalized and digital advertising. This underscores the need for digital solutions that enable more efficient and targeted production of commercials – to better reach the relevant target groups as well as to enable adaptation to new, mobile formats. One of the strongest growth drivers, the video games industry, will become one of the largest markets by 2026 – in part due to the younger generation, which has grown up with digital tools and has been familiar with consuming digital content, such as video games, since childhood.

The next major technological paradigm shift – the metaverse – is taking on more and more concrete form. In the metaverse, users can access immersive virtual experiences using a VR headset or other connecting device. Initial applications for the metaverse are already available now. In the future, the metaverse could be an astonishingly realistic world. The implications of this open and virtual digital world are enormous for businesses, especially entertainment and media companies.

Sources: <https://www.pwc.de/de/technologie-medien-und-telekommunikation/gemo/2021/german-entertainment-media-outlook-2021-2025-summary.pdf>; <https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html>; <https://www.tagesschau.de/wirtschaft/unternehmen/facebook-umbenennung-meta-103.html>.

### Market and Competition

The Nemetschek Group is a global player in the AEC/O software market. In 2022, the global AEC/O software market amounted to almost EUR 19 billion. Based on external market data and internal analyses, the Nemetschek Group assumes that the market will grow annually by an average of almost 11% to a volume of around EUR 28 billion in 2026.

The Design market segment has a historically higher degree of maturity compared to Build and Manage, as digitalization in this area was promoted earlier than in the two other market segments. The Design market segment is expected to grow from around EUR 5.7 billion in 2022 to around EUR 8.4 billion in 2026. This leads to an average market growth rate of around 10% for

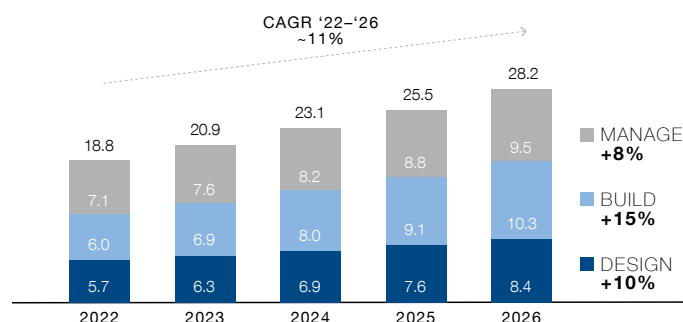
the period 2022-2026, with the Asia/Pacific and Americas regions offering the greatest growth potential in the coming years.

The Build segment's underlying market is expected to grow from around EUR 6 billion in 2022 to an anticipated EUR 10 billion in 2026, corresponding to an anticipated average annual growth rate of around 15%. In this market segment, too, above-average growth potential is seen for the Asia/Pacific and Americas regions.

In 2022, the market volume in the Manage segment amounted to around EUR 7 billion. By 2026, this market segment is expected to grow by around 8% per year to almost EUR 10 billion. The Americas is the largest regional market, but slightly above-average market growth is expected for the Asia/Pacific region.

### GLOBAL AEC/O SOFTWARE MARKET

End-user expenditure in EUR billion



\* Compound Annual Growth Rate.  
Sources: Cambashi Q3 2022; Verdantix; Nemetschek Research.

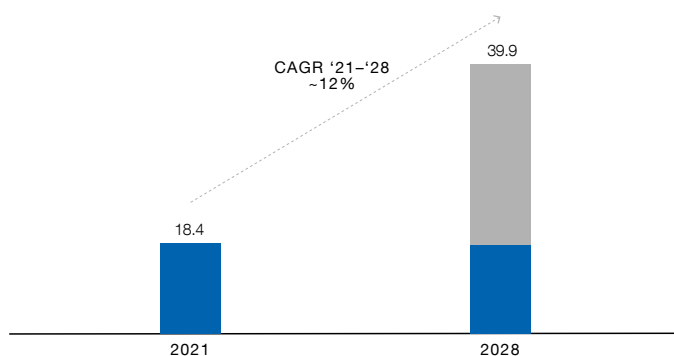
The AEC/O software industry can be described as a highly fragmented competitive environment. Therefore, depending on the segment and region, the Nemetschek Group faces competition from different companies. Despite the period of market consolidation that has been ongoing for years now, the market continues to be influenced by a large number of small, local companies. By contrast, the Nemetschek Group is one of the few global companies actively shaping the process of consolidation through acquisitions. The main competitors in the AEC/O segment are in particular US-based companies such as Autodesk, Trimble, Bentley, Procore, and Oracle.

In the Media segment, the Nemetschek Group addresses the global 3D animation market, which is characterized by structurally high growth rates and potential. The market volume is estimated at around USD 18 billion in 2021, with even higher growth momentum anticipated in the coming years compared to the AEC/O software industry. The market volume is expected to grow to around USD 40 billion by 2028. That equates to average growth of around 12% per annum and thus higher than the anticipated market growth rate for the AEC/O software industry. The current high and expected further increase in demand for high-

quality content and animations by creative professionals, as well as the increasing use of visual effects (VFX) in films, videos and the gaming industry, are some of the most important growth factors. Moreover, increasing integration of artificial intelligence (AI) in 3D animation is expected to give an added boost to market growth. In addition, the proliferation of VFX in the entertainment industry and the trend of using VFX in advertising and infomercials to showcase products with 3D elements is driving the growth of the 3D animation market. The main competitors in the Media market segment include Autodesk, The Foundry, Side FX, Adobe, MAGIX, and LumaFusion.

#### GLOBAL 3D-ANIMATION MARKET

in EUR billion



Source: <https://www.researchandmarkets.com/reports/4452097>.

## 1.2 Targets and Strategy

The strategic positioning of the Nemetschek Group is based on three key characteristics. These three characteristics apply to the medium term and form the basis of the company's strategic approach:

**#1:** With its software solutions, the Nemetschek Group supports **digitalization** along the entire construction lifecycle – from the planning and construction and operation/renovation phase to the demolition of buildings. This strategically integrated approach makes it possible to bundle and focus investments and expertise on the customer-oriented segments and thus offer end-to-end support for customers in the building lifecycle. At the same time, the Nemetschek Group's solutions enable the workflow in the construction lifecycle to be improved and greater efficiency to be achieved, particularly in the use of construction materials and in the management of building sites thanks to their end-to-end approach. Added to this are digital solutions for visualizations, 3D modeling and animation, which, in particular, find a market in the media and entertainment industry as well as the construction industry. Here,

too, the Nemetschek Group's solutions cover the entire content creation workflow and thus address the entire creative content production process.

**#2:** With four segments under the umbrella of a strategic holding company, the **Group structure** enables the Nemetschek Group to bundle the competencies of its 13 brands in the best possible way in its customer-oriented segments of the AEC/O industry and in the Media area. This structure is intended to increase the benefits and added value for the customer. The focus here is on the further integration and stronger cooperation of several brands under the roof of the Nemetschek Group, which allows it to offer an integrated and more networked range of solutions. This has already been accomplished in the Media segment. Here, the Maxon brand, which has fully integrated all acquisitions made to date, offers a comprehensive range of solutions for the complete workflow of creative professionals. In the AEC/O segment, the aim is to further improve cooperation between the various professional groups in the construction industry and to make this cooperation more efficient. In addition, the bundled offerings are intended to address and win over the customer group of (multinational) key accounts in particular in an even more targeted manner. The brands are "experts" in their specific customer segment and have a high level of expertise and very close customer relationships in their respective market segment. This segment and brand approach ensures that market changes can be quickly identified, analyzed and evaluated and that customer requirements can be responded to promptly. At the same time, the Nemetschek Group benefits from synergies at segment and Group level with regard to internationalization and sales strategies, the exchange and sharing of best practices, and development activities.

The **Design** segment pursues the strategy of providing a broad and integrated range of services to the respective customer segment. A strategic component here is bringing together brands with a common customer base. This offers the opportunity to exploit synergies between the brands and create further added value for customers by bundling competencies, expertise and technologies.

In areas where we consider integration or bundling effects to be very advantageous, we have also merged group brands in recent years. For instance, the aim of last year's merger of the Graphisoft and Data Design System brands is to further expand their range of integrated, multidisciplinary planning solutions. The step-by-step implementation of the merger of the Allplan brand with Precast Software Engineering (which was accomplished in 2021) and the SDS/2 brand (which was accomplished in 2022) brings together knowledge, expertise and technology to enable a seamless and integrated BIM workflow to be mapped from planning through to production and construction. In this process, the platform-based BIM solution takes "buildability" into account right from the start to

ensure continuous BIM workflows, including during the transition from the planning phase to the construction phase. The smooth transfer of data, including all relevant information for the construction companies, is essential for completing construction projects within their cost and budget framework. Since mid-2022, the Frilo and Scia brands have also pooled their forces in the competence center Nemetschek Engineering so as to offer a comprehensive overall package of software solutions with static presentation and calculation options from a single source.

These strategic measures enable the respective brands to benefit from complementary competencies in order to drive growth further. Thus, it is not only “smaller” brands that benefit from the presence and sales strength of the internationally focused Graphisoft and Allplan brands. In particular, this integrated product portfolio now enables us to address the needs of larger, often integrated and multidisciplinary customer groups in an even more targeted way. To this end, the brands are also focusing increasingly on direct sales alongside the indirect sales model. As part of this strategy, for example, Graphisoft, acquired Abvent, its reseller for French-speaking markets in late 2022. A mix of licensing and rental models had proved successful in the past in ensuring the best possible benefits to customers. However, it has become increasingly clear in recent years, particularly in the wake of the Covid-19 pandemic, that there is a gradual shift in purchasing behavior toward more subscription and SaaS models due to their diverse benefits for customers and the software provider. Consequently, the company’s objective is to significantly increase the proportion of recurring revenues, particularly through subscriptions and SaaS. In addition, the sales concept was extended or greatly expanded to include digital sales channels such as e-commerce selling.

The **Build** segment’s strategy pursues the aim of advancing the digitalization of construction companies, thus making a material contribution to increasing efficiency in the construction process. Small and medium-sized enterprises (SMEs), whose digitalization strategies are often still in the early stages, represent a market that offers growth opportunities and has seen little penetration to date. The aim is to meet a construction project’s cost, scheduling and quality requirements reliably through an intuitive product range that offers maximum customer benefits. Due to the still low degree of digitalization in Europe and Asia compared to the USA, there are opportunities for growth through further internationalization of Bluebeam’s collaboration solutions, which are already widespread in the USA. To enable it to meet customers’ requirements in an even more targeted way and further increase its attractiveness for new customers, Bluebeam has offered newly developed cloud features for the first time since September 2022 as part of the transition of its product and sales approach to a subscription-based and SaaS model. The subscription/SaaS model makes it possible to integrate

product innovations into an existing product at any time and thus speed up development cycles. As a result, a customer has automatic access to the current software version with the latest features.

The **Manage** segment’s aim is to digitalize the management of buildings through an innovative software portfolio. We see large potential here, not only with respect to increasing efficiency in the use of buildings, but also in terms of taking a more targeted approach to users’ needs, as well as operating buildings in a sustainable and environmentally friendly way while optimizing energy consumption. The Manage segment systematically uses the latest technologies such as the Cloud, the Internet of Things (IoT), artificial intelligence, and machine learning for this, pursuing the strategy of a modular and integrated software platform that maps the relevant work processes in property, facility and workplace management (IWMS, Integrated Workplace Management System). Furthermore, Nemetschek provides an intelligent smart building solution that uses IoT sensors and big data analysis to improve productivity and efficiency for building managers. In addition, there are solutions for increasing energy efficiency, for example Spacewell Energy, which are playing an increasingly important role given the current rise in energy costs.

Owing to the still low level of software penetration, particularly in the area of workplace management systems, the current geographical focus is on developing existing markets in Europe as well as internationalization in selected countries in which the Nemetschek Group sees the greatest market potential. The Manage segment works with a network of local sales partners to enable it to meet customers’ needs in an optimal fashion and accelerate its access to the market.

The **Media** segment has also been significantly strengthened by acquisitions in the past few years. Following the acquisition of Redshift (rendering solution) and Red Giant (solutions for motion design and visual effects), Maxon further expanded the product portfolio of the Maxon brand again at the end of 2021 with the acquisition of the Pixologic business operations (provider of the ZBrush sculpting and painting software). A particular focus in fiscal 2022 was therefore on fully integrating the acquired companies.

The Maxon One production suite, which is offered via a subscription model, combines all Maxon products in one complete package. Maxon has gained a good position in the large and dynamically growing 3D animation and emerging metaverse market with an end-to-end software portfolio along the entire digital content creation value chain. In addition, close cooperations with hardware manufacturers such as Intel, AMD and Apple guarantee optimized software solutions that support current technologies. Maxon is already globally active and is pursuing the aims of continuing its international expansion and exploiting opportunities arising from the diversified customer demand that is typical of the market. The focus here is on



the subscription offering – with the objective, firstly, to target new customers, and, secondly, to bring innovations to customers even more quickly.

**#3: OPEN BIM.** Nemetschek's clear commitment to OPEN BIM and the associated open interfaces increase interoperability, collaboration and communication with its different disciplines along the entire construction lifecycle. In addition, integration of competitors' software programs is also possible, thus substantially extending the circle of potential users. At the same time, Nemetschek is focusing on future topics that will shape and change the construction industry in the coming years. These include topics such as the digital twin, machine learning, artificial intelligence, and the use of IoT devices and sensors. These topics are therefore also part of the Nemetschek Group's development activities.

To achieve the medium-term strategic alignment, focus topics have been defined and implemented programmatically. These topics were defined, concretized and selectively adapted in the course of the year under review, including by the new CEO:

### Subscription/Software as a Service (SaaS)

The overarching goal of the Nemetschek Group is to further increase its recurring revenues, in particular by offering subscription as well as SaaS solutions. Some brands have already largely converted their offerings to subscription and SaaS, while other brands are in the process of doing so or preparing for it.

By offering subscription and SaaS models, Nemetschek can tap into new customer groups, as the customer can use the software flexibly and without a one-off license fee, which is sometimes high and must be paid in advance. In addition, Nemetschek has the opportunity to generate higher revenues through up-selling and cross-selling. At the same time, however, the visibility and predictability of revenues also increase. Moreover, the Nemetschek Group can accompany customers even more closely and increase their loyalty and provide them with the features they want even faster. Nemetschek will generate more value in the long term through the higher payments made over the entire customer lifecycle under rental models than through the traditional license including a service contract. The switch from a licensing model to subscription or software as a service represents a transformation to a new business model, which entails investments and conversion effects. The offer and implementation of rental models is at different stages of progress in the four segments. The segments' goal and strategies are shown in the chapter [« 7 Outlook 2023 »](#). As part of that, the Nemetschek Group addresses the different needs of customer groups, depending on discipline and region.

### Innovative Solutions (Cloud Infrastructure, Digital Twin)

Around 23% (previous year: around 22%) of Group revenues flowed into research and development in the 2022 financial year and thus into new and further developments of the solution portfolio. In each segment, the Segment Managers, together with their brands, have drawn up a roadmap for the next three years as part of the annual budget process, in which the strategic product developments at brand level and across brands are recorded. The degree of implementation of the roadmap is presented and verified in regular review meetings between the brands and the respective Segment Managers.

The brands have their own development departments. There are also cross-brand development centers, e.g. in Bulgaria, to which the brands have access. The Nemetschek Group has also built up development expertise in other countries such as Slovakia and India.

In addition to the further development of the brands' individual solutions, the strategic focus is on cross-brand development projects in the segments and strategic initiatives that extend across the segments. That includes, for example, the SaaS-based solution Solibri Inside, which is integrated into the design brands Allplan, Graphisoft Archicad and Vectorworks in order to conduct quality checks directly in the design phase. The digital transformation in the construction industry and the path toward a networked construction lifecycle go hand in hand with a continuous exchange of data and information as well as the management and provision of ever-increasing amounts of data (big data) for the planning, realization and subsequent operation and management of buildings and infrastructure projects with continuous workflows. The focus of the solutions developed by Nemetschek is therefore on reducing information loss and data disruption. New fields of development activities include topics such as digital twins, cloud features, Artificial Intelligence (AI) or the Internet of Things (IoT).

The various disciplines along the construction lifecycle very often still work in information silos, making collaboration and an integrated workflow difficult. This is where the development activities of the Nemetschek Group come into play. The aim is to provide workflow solutions for higher quality and efficiency in the planning, construction and administrative process in order to avoid conflicts. This can be achieved by eliminating redundancies and reducing costs and time for coordination and quality inspection.

The Nemetschek Group aims to actively shape and drive the digital transformation of the construction industry and to grow sustainably and profitably in the process. The use of innovative technologies, such as digital twins, and the efficient development of industry- or customer-specific solutions is vital in that. They also include cloud technology. Cloud technologies are better suited than traditional on-premise approaches for leveraging the cloud's advantages and solving the many challenges that customers face, such as mobile access capabilities. This topic is also of great strategic importance for Nemetschek. New developments are already being created and offered as cloud-native features – such as the Bluebeam Cloud, which was launched in September 2022. However, cloud technology is not only a focus at brand level. The Nemetschek Group sees the need to create a cross-AE-C/O cloud infrastructure in order to leverage synergies in the portfolio and create a basis for all brands. The initiative aims to deploy a common cloud infrastructure that all brands can access and use to build solutions for specific customers and use cases.

One of the initiatives relating to the topic of a common cloud infrastructure at the Nemetschek Group is the use and expansion of cross-brand digital twin technology. To enable that, the Digital Twin business unit was launched in 2022 in order to develop a horizontal, data-centric, open, and cloud-based platform that will deliver greater efficiency and sustainability in the construction lifecycle. A digital twin is basically a digital image of the physical building in which digitalized information is linked to its physical counterpart. A digital twin can be used to conduct simulations in different planning phases or lifecycles of a building or infrastructure process, the findings of which are then incorporated into the real project, thus significantly reducing the risk of errors, conflicts and redundancies beforehand and making processes far more efficient. The digital twin as a common solution platform for the Design, Build and Manage segments enables new customer groups and market segments to be tapped.

### **Go-to-Market Approach and Internationalization**

Sales in the brands are handled directly by the brands' own sales organizations and indirectly via resellers and distribution partners. Both sales channels have proven their worth and are used flexibly depending on market conditions. A further objective is to make greater use of digital sales channels in the future, such as e-commerce selling.

In addition to the established brand-specific sales approach, the existing group structure is to be used to bundle the competencies of the 13 brand companies to an even greater extent in the future so as to be able to offer customers an integrated and more closely networked range of solutions.

By offering cross-brand solutions and establishing key account management, the aim is to increase customer benefit and address and win additional customer groups. The objective of key account management is to sell the solutions from the Nemetschek Group from a single source and thus also to address larger companies that need integrated solutions or a bundle of solutions for different disciplines.

Further internationalization is also key to the successful implementation of our growth strategy. The focus is on the three major economic regions of Europe, the Americas and Asia/Pacific. The Americas are the largest regional market, followed by Europe and Asia/Pacific. Sustainable market growth is expected in all three regions in the coming years, with the greatest market growth potential seen outside Europe. As a logical consequence, the Nemetschek Group is focusing in particular on the Americas and Asia/Pacific regions. In recent years, the Nemetschek Group has been able to continually expand its market position abroad, i.e. outside Germany, and strengthen its position in the international target sales markets. Revenue outside Germany increased further in the 2022 financial year in line with our internationalization strategy. Around 79% of Group revenues are now generated outside Germany (previous year: 76%). Europe (excluding Germany) contributes around 30% to revenues (previous year: 32%). The Americas are the world's largest single market for AEC/O software, and thus of great importance for the Nemetschek Group. Nemetschek has developed well in this highly competitive growth market in recent years and now generates 39% of its revenues (previous year: 34%) in the Americas region, with the USA as the largest single regional market. The share generated in Asia/Pacific was around 10% (previous year: 10%). The Group's brands mutually support each other in their expansion in the USA and Europe: The good market position of the US companies makes it easier for European Nemetschek brands to enter markets and expand abroad and vice versa.

The status of BIM regulations also plays a major role in the strategic focus on the regions mentioned above and the respective countries. In some countries, for example, the use of BIM software solutions is already mandatory for state-funded projects, such as in the USA, Singapore, the UK, Scandinavia or Japan. These countries thus offer the Nemetschek Group excellent general conditions for future growth.

### Acquisitions and Investments in Start-ups and Ventures

The Nemetschek Group aims to grow inorganically through acquisitions in addition to organic growth. Suitable target companies in the respective segments are identified internally at holding company and segment level and by the brand companies themselves, as well as, by specialized external partners and consultants.

The target companies should either extend or round off the technological expertise in the workflow of construction processes and strengthen the expertise in the Media segment. Another goal is to gain market shares in international markets. Strong management, innovative and complementary software solutions, and an established and promising business model are vital factors in assessing potential acquisition targets. Regionally, the focus is currently on the European and North American market. In addition, the Nemetschek Group are more likely to invest in companies that already run their business on the basis of subscription and/or SaaS models. Following the acquisition and integration of acquired companies (mainly in the Media segment) in recent years, the focus is currently on all segments, with a particular emphasis on the Build segment, as the growth potential there is high and the degree of digitization of this industry sector is still relatively low.

After an acquisition, the holding company generally accompanies the brands during their integration into the segments and the group, and integrates the new brands into the processes and the reporting system established throughout the company. The acquired companies have become an important part of an internationally operating group and thus benefit from established structures and possible synergies. In addition to acquisitions at segment level, acquisitions at brand level are also possible and desirable. However, essential criteria applicable at the Group, such as technological expansion, regional expansion, distribution structure and financial solidity, must be met. In the 2022 financial year, for example, Graphisoft SE, which is headquartered in Budapest, Hungary, and is part of the Design segment, acquired Abvent, a sales partner from the AV-Tech Group. The acquisition strengthens the Design segment's presence in the important markets of France and French-speaking Switzerland, enabling it to further expand its market and sales expertise. The Frilo Software GmbH, which is also assigned to the Design segment, was strengthened by the acquisition of DC-Software Doster & Christmann GmbH. The acquisition means Frilo expands its product portfolio in the field of foundation engineering and strengthens its position as a provider of structural analysis programs.

In order to benefit even further from the technological advances in the growing AEC/O industry, the Nemetschek Group has defined a venture and start-up strategy alongside the established M&A approach. The focus for acquisitions or investments is therefore also on smaller, still young and highly innovative companies in addition to the companies already established on the market. This provides Nemetschek with early access to new and innovative technologies with high growth potential and enables it to support these companies from an early stage and bring them together with existing group brands in the portfolio. Investments and interests in startup companies are coordinated and supported at holding company level via the Start-up & Venture Investments function.

In the 2022 financial year, for example, the Nemetschek Group took a stake in the British start-up SymTerra, which is headquartered in London, UK, as part of a financing round. SymTerra is a digital platform for construction site communication, and its use is intended to boost efficiency in construction site management. The investment in SymTerra is the Nemetschek Group's first investment in a UK start-up and a continuation of our strategy to support young companies and thus shape the future AEC/O market and drive innovations.

The further support for the Venture Lab Built Environment at the Technical University of Munich is also part of the Nemetschek Group's venture strategy to foster innovation and thus help actively shape the construction industry of the future.

The Nemetschek Group will continue to invest more strongly in start-ups moving ahead, because product excellence and innovative strength are the key to being able to offer customers real technological added value in the future.

Even though acquisitions represent an important growth option, the Nemetschek Group always has opportunities to open up new business areas organically as an alternative or expand existing ones thanks to its very broad expertise along the entire construction lifecycle and in the media environment. To "make or buy" is a consideration that is permanently taken into account as part of implementation of the growth strategy.

### Business Structures and Processes (Business Enablement)

Across all the segments, the focus is still on reducing the complexity resulting from the diversity of brands. Internal processes and IT structures are streamlined further and optimized. This includes, for example, harmonizing the internal back-end systems in the areas of Human Resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management). In this context, further expansion of cross-brand development centers is also planned in order to pool resources and leverage expertise for multiple brands. Countries such as India or selected Eastern European countries, where qualified software developers are available, are particularly suitable for this purpose.

This and subsequent further optimization of business structures will unlock synergies, with the ultimate aim of increasing operational excellence, i.e. improving the company's ability to continuously optimize the value chain in terms of efficiency and effectiveness. At the same time, further harmonization and partial centralization, particularly in support and enabling functions, is intended to enable the brands to generate further growth and, in future, to focus even more strongly on the development and go to market as well as on further deepening customer relationships.

Our strategic direction and focus topics, along with the targets and milestones, are set out in a strategic plan and are regularly discussed within the Executive Board and with the Supervisory Board. Countermeasures are developed and implemented where deviations from the targets set out in the strategic plan are identified. Targets are also adjusted where required. There were no adjustments to the strategic objectives in the 2022 financial year.

## 1.3 Corporate Management and Governance

### General information

A key success factor in the Nemetschek Group structure of a strategic holding company with customer- and market-oriented operating segments and brand companies lies in the combination of a flat group structure with the associated processes and synergies on the one hand and the flexibility and entrepreneurial independence of the brands on the other.

Responsibility for the strategic alignment of the Nemetschek Group and operational corporate management lies with the Executive Board and, respectively, the Segment Managers of Nemetschek SE. This includes the strategic positioning of the Nemetschek Group on the relevant global sales markets and its short and medium-term revenues and earnings planning. This also orients the company toward the competitive and market environment.

The company is managed at the level of the four operating segments. In this process, the targets and annual objectives of the segments and related brand companies are derived from the strategic targets. In the annual planning process, these are coordinated with the brand companies, specified by the brand companies and recorded with quantitative and qualitative sub-targets for marketing, sales and development. The annual planning, sub-targets and medium-term planning are coordinated between the managers of the individual brands and the member of the Executive Board responsible for the segment and, in a subsequent step, within the Nemetschek Group Executive Board. The Supervisory Board monitors and advises the Executive Board throughout all processes mentioned above.

Throughout the year, Group targets are monitored and evaluated on a monthly basis using a Group-wide management information system, with detailed reporting on the key performance indicators of revenues, growth and earnings. These indicators are compared with previous year and plan data. The respective segment managers and the Executive Board discuss any deviations from the plan on a monthly basis. In case of deviations, suitable measures are defined and followed-up.

### Financial Performance Indicators

The key financial performance indicators (core management ratios) of the Nemetschek Group have been expanded compared with the previous year and comprise the following both at Group holding company and segment level:

	FY 2022	FY 2021
Sales revenues (in absolute terms)	X	X
Sales growth (currency-adjusted)	X	X
ARR (annual recurring revenue)	X	
EBITDA	X	X
EBITDA margin	X	X

In order to plan and steer the profitable growth strategy, absolute revenues and revenues growth in absolute and currency-adjusted terms compared with the previous year are used both on a Group as well as Segment and brand level. To present the future growth dynamic and success of the ongoing transition of business to subscription-based and SaaS models, and thus also all the recurring revenues, more transparently, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator in the course of the 2022 financial year. This KPI reflects the average of all recurring revenues (Subscription, SaaS and maintenance contracts) over the last three months multiplied by 4. This new indicator is an important measure of the Group's future potential for revenue and also cash flow growth. The operating result (EBITDA) is used to control profitability. EBITDA provides information on profitability and includes all items of the income statement relating



to operating performance. Because of their importance for the financial success of the business, the key performance indicators of revenues, EBITDA and (since the 2022 financial year) the ARR are also essential components of the performance management system.

The achievement of corporate targets is also assessed based on the development of financial performance indicators that are set for the purposes of managing the company and that also form part of the short and long-term remuneration of the Executive Board. Information on the remuneration of members of the Executive Board and Supervisory Board is provided in a separate remuneration report that is available on Nemetschek SE's website at [ir.Nemetschek.com/en/corporate-governance](https://ir.Nemetschek.com/en/corporate-governance).

Information on the detailed development of the Nemetschek Group and its segments in the 2022 financial year and in comparison to the previous year can be found under [« 3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group »](#). In addition, a comparison of current and forecast business development can be found under [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

In addition to the performance indicators described above, Nemetschek SE is also controlled with regard to the liquidity required in the company. This ensures that Nemetschek SE can meet its obligations at all times, in particular to pay the dividend and repay the loan.

The key financial performance indicators (core management ratios) of the Nemetschek SE are as follows:

	FY 2022	FY 2021
Net income	X	X
Net liquidity	X	X

Net liquidity comprises cash and cash equivalents at banks.

## 1.4 Research and Development

Research and development are of very high priority for Nemetschek. In the 2022 financial year, EUR 182.6 million (previous year: EUR 148.9 million) were invested in research and development.

Around 23% of Group revenues thus flowed into research and development in the 2022 financial year (previous year: around 22%) and thus into new and further developments of the solution portfolio. Moreover, around 40% (previous year: 39%) of employees work in research and development, again underlining the high importance of this area for the Nemetschek Group.

Through its research and development activities, the Nemetschek Group is pursuing the aim of further expanding its innovative

strength in the AEC/O and Media markets, and identifying technological trends at an early stage, developing them into marketable solutions and establishing them on the market. Proximity to and cooperation with customers is a key component of this. Ideas and potential for improvement are identified in close dialog with customers and then evaluated by the brands in the respective segments.

In addition, there are cross-brand development projects in the respective segments designed to leverage synergies, address new customer segments and expand the portfolio. Key strategic and cross-brand projects are managed by the respective Segment Manager and developed further in cooperation with the brands. In foreign markets, adapting solutions to national standards and regulations remains important.

All brands focusing on the AEC/O markets contribute to the OPEN BIM approach with their solutions and support open interfaces to promote the exchange of information and data along the construction process value chain. Together with partners in the global buildingSMART initiative promoting the further development and standardization of open exchange standards – including software solutions from external companies – in BIM projects, Nemetschek is involved in the further development and implementation of corresponding standards, in particular the Industry Foundation Classes (IFC). IFC is a manufacturer-independent, freely available and particularly powerful format for the exchange of 3D component-oriented design data in the construction industry. The brand companies are continuously working to improve and certify their interfaces for seamless exchange with other OPEN BIM solutions. In addition, the brand companies are working on the development of collaborative additional functions, such as tracing which project participant has received, read, possibly changed or already released which detailed information and when.

### Innovation Focus

All brands are continually developing their existing solutions. In their respective segments, the brands have focused on issues such as improving the user-friendliness of their solutions, process optimizations and integrated interfaces and connections for a smooth OPEN BIM workflow. The focus in the year under review was also on improvements aimed at minimizing the time required, increasing efficiency and productivity in the planning and construction process, and optimizing workflows. At the same time, all brands are working to constantly enlarge and expand their existing portfolio of solutions to reflect technological trends and changing customer requirements and thus secure their innovation leadership in their markets. Across all segments, development activities also focused in particular on subscription and SaaS offerings.

The product portfolios of all four segments were characterized by numerous innovations in 2022.

In the **Design** segment, the annual updates to the solutions of the individual brands focused primarily on innovations to improve coordination of BIM workflows so as to increase efficiency as well as to enable more sparing use of resources. These functions are steadily gaining in importance due to the continuing high level of prices for raw materials and the ever-increasing demands for sustainability and energy efficiency in buildings. In particular, the two design brands Allplan and Solibri deepened their collaboration in the year under review by developing a real-time workflow for problem management. Furthermore, Allplan qualified for the final of the German Innovation Award in 2022 with its solution for bridge construction. The Frilo brand was also able to significantly strengthen its portfolio even further by acquiring DC-Software in the field of foundation engineering.

The Nemetschek brand Solibri announced the launch of a new cloud-based service offering in 2022 called Solibri Inside. The SaaS (software as a service) solution offers users of Allplan, Graphisoft Archicad and Vectorworks the ability to check models directly in the design phase and thus significantly enhance the quality of digital building and collaboration.

In the **Build** segment, the company pressed ahead with cloud technology in particular: In the year under review, the Bluebeam brand released its “Bluebeam Cloud,” a software suite of mobile and browser-based solutions for working from anywhere using any device, which is available for the first time only as a SaaS offering. With Bluebeam Cloud, project teams at the building site have access to the flagship product Bluebeam Revu and can thus access all data and work from anywhere, even using their mobile devices. That makes workflows even more efficient and enables seamless connectivity as well as better collaboration and optimized data availability.

In the **Manage** segment, the Spacewell brand responded to the energy crisis by further developing Spacewell Energy. This is a software as a service (SaaS) solution that helps detect, monitor and reduce energy consumption in buildings by combining IoT sensors, real-time data and artificial intelligence. As a result, buildings can be operated and managed more sustainably, resource-efficiently and smartly. Furthermore, synergies were created by merging Axserion and Cobundu into “Spacewell Workplace” to provide customers with even more tailored support for building management and the implementation of hybrid workplace models.

In the **Media** segment, the integration of ZBrush, the solution from the acquired US company Pixologic, Inc. into the Maxon ONE suite, which bundles all the brand’s offerings, was completed. That gives all Maxon ONE users access to the ZBrush sculpting software. In the year under review, Maxon also became a founding member of the “Metaverse Standards Forum,” a body that has set itself the goal of promoting an open metaverse – i.e. the merging of virtual reality and actual reality – by establishing interoperability standards. Together with Adobe, Epic Games, Meta, Microsoft, and NVIDIA as well as other founding members,

Maxon thus wants to contribute to developing and building an open, inclusive Metaverse – and also to advancing the open standards in the virtual space that have been part of the Nemetschek Group’s DNA for 60 years.

Contact with research and teaching has also been an important concern of the Nemetschek Group since it was founded in 1963. Nemetschek has its roots in the university environment and has been present there for decades with its software solutions. The brand companies provide students and professors with free software licenses and online training materials as part of their campus programs. In addition to the core markets in Europe, this now also takes place in many other markets, above all the USA.

In addition, Nemetschek regularly supports university programs through its involvement in student contests to promote young architecture and engineering talents. For example, Nemetschek supports the Leonhard Obermeyer Center of the Technical University of Munich as a partner. At the same time, close cooperation with universities and colleges of technology also ensures the Nemetschek Group’s ability to innovate, as it is close to new innovations, topics and trends thanks to its strong ties with higher education institutions.

Across all segments, the topic of the “digital twin” was of great importance for the Nemetschek Group in 2022. To this end, a new executive was recruited in the middle of the year in the person of César Flores Rodríguez as Chief Division Officer for the Manage segment, who also heads the newly created Digital Twin business unit. The objective of this Business Unit is to act as a binding element that links the entire AEC/O portfolio. The focus of the development work is on a digital twin platform as an open and horizontal cloud solution that provides a common cloud infrastructure. The aim of that is to better leverage the synergies between the individual brands of the Nemetschek Group in order to create a shared platform with which workflows in the building life-cycle can be networked even better. The initial focus here is on customers from the field of building operation and management and helping them better manage and maintain their buildings. At the same time, customers have access to all relevant data for a building via an open cloud platform, from the design and construction phase to all processes in the buildings to real-time data by means of installed sensors. This platform thus represents an important/critical link between all brands and, in line with the company’s OPEN BIM philosophy, is also open to data based on third-party software solutions.

In the development of innovative solutions and the further development of proven ones, internal resources were mainly used, while the services of third parties were used only to a small extent. 90% of the expenses are attributable to internal R&D staff (including materials usage and amortization) and only 10% to external staff.

In addition to its own innovative strength, the Nemetschek Group intends to increasingly build on external innovative strength in the

future and therefore invest in smaller, still young and highly innovative companies, called start-up companies (see [<< 1.2 Targets and Strategy >>](#)). Further investments were thus made in several young and innovative companies in the 2022 financial year. The focus of these investments is on certain areas of innovation: artificial intelligence, reality capture, communication, and digitalization. Furthermore, cooperations and partnerships with colleges of technology and universities are part of the company's DNA and are thus being gradually developed further; see [<< 3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance >>](#).

## 2 Nonfinancial Statement

### General Information

The Nemetschek Group has integrated its non-financial Group Statement into the Group's Annual Report. In accordance with Section 317(2) of the German Commercial Code (Handelsgesetzbuch, HGB), the non-financial Group Statement is not subject to a statutory audit. Auditing firm PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft (PwC), Munich, subjected the non-financial Group Statement of the Nemetschek Group to a limited-assurance audit. The Supervisory Board has also examined this statement and reached the conclusion that there are no grounds for reservations.

This section of the Group Management Commentary contains the Nemetschek Group's Group Nonfinancial Statement based on the German CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017. Based on the requirements set forth in section 315c in conjunction with sections 289c to 289e of the HGB, a company must transparently describe in detail its key non-financial activities within the Nemetschek Group, in relation to five aspects specified in the law: respect for human rights, combating corruption and bribery, employee concerns, environmental concerns, and social concerns. In accordance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of the European Union (EU Taxonomy Regulation) of June 18, 2020 on establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2020, the Nemetschek Group discloses in this non-financial statement whether and to what extent the Group's activities are associated with economic activities that qualify as environmentally sustainable. Information on this is included in section [<< 2.3 EU Taxonomy >>](#) of this Nonfinancial Statement.

The Nemetschek Group did not apply an external framework for the preparation of its Nonfinancial Statement for the 2022 fiscal year, for reasons including the major changes in the regulatory environment at present. Instead, the existing reporting structures were used like in previous years. Having said this, there is currently a general effort underway to align the Group's sustainability reporting with the standards of the Global Reporting Initiative (GRI Standards). For example, the materiality analysis carried out and also the implementation of the management approaches are based on the GRI standards. The Nemetschek Group will, in the future, use the European Sustainability Reporting Standards (ESRS) to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD). The company has launched corresponding initiatives for their implementation and intends to have them completed by the 2024 reporting period.

To improve readability, the masculine form is used for the majority of personal nouns in this non-financial Group statement. This does not imply any discrimination against the other gender but is intended to be understood as gender-neutral in the interests of linguistic simplification.

The Nemetschek Group's business model is described in section [<< Group Business Model >>](#) of this Group Management Commentary.

## 2.1 Sustainability at the Nemetschek Group

### Approach to Sustainability

The Nemetschek Group places considerable importance on good corporate governance and social and environmental responsibility. The Group aims to increase efficiency and productivity across the entire value chain of the construction industry through its software solutions. These solutions cover the complete workflow in the life cycle of a construction or infrastructure project, from the first sketch to the construction and operation of the property. Architects, engineers of various disciplines, building contractors, property developers, property managers, and building managers can use the Nemetschek Group's software solutions to design, build, and manage properties digitally and efficiently throughout the building life cycle.

We focus on acting sustainably not only in the development of our software solutions, but also in relation to how we treat our employees and approach our role in society. For this reason, the Nemetschek Group has defined standards in its Code of Conduct for the way in which it conducts day-to-day business. The Code of Conduct is regularly reviewed to ensure it is current and revised accordingly. It was last updated in late 2021 and specifically states:

*"Each of us contributes to the public image of the Nemetschek Group through our appearance, conduct, and actions. We are all responsible for ensuring that we, as the Nemetschek Group, live up to our global legal and social responsibility."*

The Code of Conduct states that the Nemetschek Group does not tolerate any form of discrimination or harassment, nor corruption of any kind. Furthermore, each and every employee is required to use all resources sparingly and in an environmentally friendly manner in everyday working life. Employee responsibility also plays a significant role.

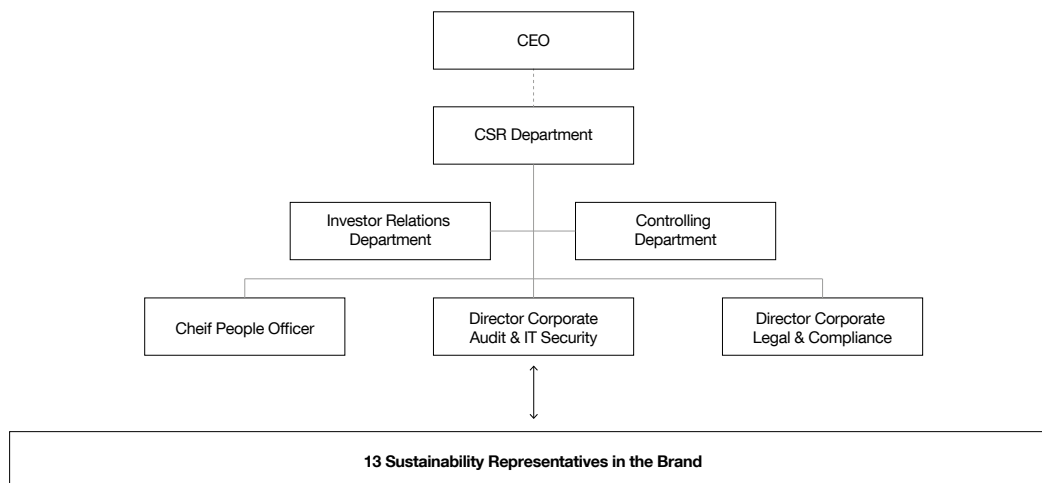
Beyond its own organization, the Nemetschek Group also has its suppliers commit to a "Supplier Code of Conduct" for suppliers and business partners, for example. This particular code of conduct provides guidelines that include the fundamental principles of the International Labour Organization (ILO), among other things. Further information on these two topics is provided in section [<< Integrity and Compliance >>](#).

### Sustainability Structures within the Company

There are standards applicable across the Group that provide the basis for sustainability-related activities. They cement sustainability as an integral part of all business practices of the Nemetschek Group. The Sustainability department and the cross-functional Core Sustainability Team identify sustainability-related topics and coordinate the implementation of the corresponding measures. The Sustainability department maintains close contact with the Executive Board in this regard. The Chief Executive Officer (CEO) has held responsibility for sustainability within the Executive Board since March 1, 2022, prior to this date, the Chief Financial & Operations Officer (CFFOO) was responsible. The CEO engages intensively with the Sustainability department about the progress on relevant activities within the company, usually once per quarter, and discusses the next steps to take. Furthermore, the Executive and Supervisory Boards are kept abreast of key developments within the Sustainability department with a written report every six months. The regular reporting to and dialog with Executive and Supervisory Board focuses in particular on the key topics identified through the Materiality Analysis, which is described below, and the development of these topics.



**SUSTAINABILITY STRUCTURES IN THE GROUP**



Because the Nemetschek Group consists of 13 brands, many of the non-financial issues are also still managed by the brands independently. However, to coordinate the activities and align them across the company, the sustainability representatives at all brands have held discussions every six months on matters such as best practices, the ongoing development of the future sustainability strategy, and non-financial risk since 2021. The designated points of contact are the driving force for the relevant issues within their brand and are tasked with exchanging information with Nemetschek SE as well as with their colleagues at their brand and beyond.

**Material Risks**

The Nemetschek Group examines not only the main risks for its business activities but also risks that could have a significant negative impact on the concerns defined for nonfinancial reporting (HGB section 315c in conjunction with Section 289c (3) Nos. 3 and 4). The risk assessment involves recording the gross risk values for the amount of loss and probability of occurrence as far as possible, as well as the net risk positions remaining after risk-mitigating measures.

Similarly, to the previous year, no material risks that would very likely have serious effects were identified for 2022 for the topics defined in the non-financial reporting. Consequently, there remained no risks for 2022 that, on a net basis, meet the materiality criteria under HGB Section 289c (3) Nos. 3 and 4. This risk assessment was coordinated with the sustainability representatives for the brands during the reporting period.

**Materiality Analysis**

To align sustainability-related efforts with the interests of stakeholders, an extensive materiality analysis was carried out most recently in 2021. The Nemetschek Group has performed materiality analyses every other year since 2017. In the years between, including 2022, the detailed materiality analysis an assessment on major changes and validity of the defined material topics was made. The current assessment did not result in any adjustments to the defined material topics of the group. The materiality analysis is planned to be performed again for the 2023 fiscal year.

In the course of this materiality analysis, a variety of external frameworks such as the GRI Standards and various ESG and sustainability ratings were first used to assess how current and relevant selected topics were. Then, roughly 850 internal and external stakeholders were consulted to identify material topics and their relevance to the Group’s business and to evaluate the impacts on the environment, employees, and society. Weighting the individual results ensured that the overall result was representative. The Core Sustainability Team concluded the process by discussing and validating the ranking of the issues at a final workshop. These results were presented to the Executive Board and subsequently reported to the Supervisory Board.

The following table shows the topics that were identified as material and their allocation to our overarching fields of action and concerns under the CSR-RUG.

**FIELDS OF ACTION AND MATERIAL TOPICS**

Field of Action ("concern" under CSR-RUG)	Material Topics at Nemetschek Group
<b>Employees &amp; Society</b> (Social Issues and Employees)	<ul style="list-style-type: none"> <li>» Attracting and retaining employees</li> <li>» Training and education</li> <li>» Employee health</li> <li>» Diversity and inclusion</li> <li>» Customer relationships</li> <li>» Partnerships with colleges of technology and universities</li> </ul>
<b>Environment &amp; Climate</b> (Environment)	<ul style="list-style-type: none"> <li>» Environmental and social effects of products</li> </ul>
<b>Integrity &amp; Compliance</b> (Human Rights and Combating Corruption)	<ul style="list-style-type: none"> <li>» Fair business practices and anti-corruption</li> <li>» Anti-discrimination</li> <li>» Data protection and information security</li> </ul>

**2.2 Key Non-financial Issues****Employees and Society**

At the Nemetschek Group, the focus is on employees. The Nemetschek Group believes that satisfied, successful, and healthy employees are crucial to sustainable business development. The Group's management maintains an open dialog with all employees at all levels and has set priorities and directions for HR work in the company. The most important goals remain the same, namely, to create the best possible environment, to attract the best talent to the company and retain it, to offer equal opportunities, and to treat everyone with the utmost respect and appreciation. However, this social responsibility is not limited to only the employees at the Group. It also applies to clients, partners, and society as a whole. The Nemetschek Group Code of Conduct states the importance of acting responsibly in relation to all our stakeholders.

**Management Approach – Employee Responsibility**

In addition to the Nemetschek Group Code of Conduct, the People Letter of Commitment defines basic standards and requirements for key issues affecting employees. They include core instruments for employee recruitment and development. Regular employee development conversations between employees and their manager as well as programs for supporting employee health are just two examples from these fields. The revision of the People Letter of Commitment in the 2021 fiscal year strengthens the focus on diversity and employee well-being.

To act quickly and agilely in the respective markets and regions, the individual brands manage their HR affairs independently. As a result, important areas such as gaining and retaining employees, education and training, employee health, and diversity and inclu-

sion are managed in a decentralized manner by the brands. Owing to in particular regional differences of the labor markets in which our brands are active, the brands are also free to define brand-specific standards and to develop their own HR guidelines that go beyond the minimum requirements stated in the "People Letter of Commitment" or govern additional topics.

The Human Resources department of Nemetschek SE supports and advises the HR departments of the individual brands in this respect. The Chief People Officer (CPO) is responsible for the Personnel department within Nemetschek SE and reports to the CEO. Furthermore, there is a reporting line between the CPO and the HR managers at the individual brands, ensuring regular and close communication on matters such as new projects and important Group-wide HR issues. Various expert and project committees are also convened as required to deal with specific topics. On top of that, the HR departments within the Nemetschek Group maintain close, cross-brand exchange on topics that are important for the present day and the future.

The Nemetschek Group's values are characterized by open and transparent communication. For instance, there are the Group-wide, virtual "NEMunplugged" employee events which were launched in the 2021 fiscal year. These quarterly events – now taking place in a hybrid format - introduced new members of the workforce's management and provided an overview of the current Group-wide activities and of the Group's strategic direction during the 2022 fiscal year, among other things. Moreover, the Executive Board sketches out the current development of the business and further data and facts on the Group and its segments on a regular basis.

**Gaining and Retaining Employees**

Attracting and retaining highly qualified and highly motivated employees is one of the keys to success for the entire software industry. The shortage of skilled IT workers has been heightened by the Covid-19 pandemic and also affects enterprises like the Nemetschek Group. The AEC/O market and the media & entertainment industry are characterized by a high speed of innovation. When it comes to finding skilled and highly talented workers, the Nemetschek Group must compete with businesses of comparable structures and sizes as well as international corporations such as Microsoft, Apple, and Google.

Attractive working conditions and a positive working environment help attract the best talent to the Nemetschek Group and retain them in the Group. An important goal of our human resources work is to develop our workforce size in such a way that the Group's targeted growth potential can be realized and is not limited by freight labor shortages. The Nemetschek Group uses the development of the number of its employees and staff turnover as an indicator of the success of its measures. It plans to also set targets for gaining and retaining employees in the medium term in connection with its ongoing development of sustainability-related activities. In particular, the methods used by the Nemetschek

Group's brands for actively finding employees include social-media platforms such as Xing and LinkedIn as well as recommendations from its own employees.

To retain skilled employees and managers in the long term, the Nemetschek Group keeps working on strengthening its appeal as an employer. Flexible working time models, which are laid down as a standard in the People Letter of Commitment, contribute to this, too. Some brands have also developed their own, additional rules in this area. On a general basis, all brands support remote working, for example, and equip their employees accordingly. The structure of the individual working time models depends on the business model of the respective brand.

In 2022, the number of employees in the Nemetschek Group increased by 268 or 8.4% compared with the previous year. As at December 31, 2022, the Nemetschek Group employed 3,448 people (previous year: 3,180). Employee turnover, which is defined as non-company-initiated employee departures in relation to the total headcount, was 9.09% in 2022 (2021: 9.42%; 2020: 7.46%; 2019: 7.79%).

### Education and Training

The Nemetschek Group relies on continuous training and further education. As a company that uses and drives forward digitalization, the Nemetschek Group also offers young people in particular good long-term prospects. Young talents can develop in the company and grow into management tasks. The overriding goal of our training and further education activities is to support our employees in technical and personality-building topics and thus to create the possibility that we develop experts and managers from the ranks of our junior staff. LinkedIn Learning was introduced at Group level in fiscal 2021, in which all brands can participate. In the reporting year, as in the previous year, almost 2,000 employees took advantage of the offer and selected their training individually. In addition to specialist training measures, topic-related Learning Challenges with different video content are also made available via the intranet every month. For example, in fiscal 2022, Learning Challenges on the topics of „Diversity, Equity, Inclusion & Belonging,“ „Managing one's own energy reserves in everyday working life,“ and „Environmental protection“ were offered and used by employees. In addition, leadership and expert training is also offered in the individual brand companies of the Nemetschek Group. This is intended to create the opportunity for employees to develop into managers on the one hand, but also to support and promote expert careers on the other.

Training needs and corresponding initiatives are analyzed and addressed within the respective brands. The People Letter of Commitment, which is mentioned above, describes the minimum requirements for professional development and further education. The individual requirements for professional development and further education are defined in annual development conversations between employees and their manager and then put into practice with targeted measures during the following year. Individual

development targets and possibilities as well as specific measures and goals are also discussed. These development conversations took place at all brands in 2022 and were even held several times over the year at some subsidiaries.

### Employee Health

For the Nemetschek Group, it is of the utmost importance that employees are offered a healthy and safe work environment. This includes minimizing the risk of occupational accidents and work-related illnesses. The company continuously adapts the health-related measures and initiatives to the changing requirements of the working environment. Having a rapid, direct response to changing conditions is enormously important, especially in times shaped by the Covid-19 pandemic which challenged all businesses. Transparent and clear communication as well as a rapid response to fresh changes were also important for the protection of our employees during the pandemic in 2022, including in particularly impacted regions where employees had to be protected with mitigation measures.

In its "People Letter of Commitment", the Nemetschek Group defined minimum requirements for Group-wide workplace health initiatives for all brands. The implementation of the measures will continue to be managed in a decentralized manner. One aim of our health management is to give our employees the opportunity to participate in and promote health-related measures offered by the company. In the reporting year, 12 of the 13 brands (previous year: 9) offered to their employees health-related measures, such as preventive medical checkups and subsidies for fitness studios, particularly for prevention.

### Diversity and Inclusion,

Diversity is part of the corporate culture at the Nemetschek Group. The different cultures and distinct individuality are important drivers for the Group's innovation and should therefore be promoted in a targeted manner. The Diversity, Equity, Inclusion and Belonging (DEIB) working group devised guiding principles for the Group during the 2021 fiscal year and agreed it with the CFOO. This statement can be found on the Nemetschek Group website and has also been communicated via internal channels:

*"We, the Nemetschek Group, are a global organization with employees from 60 nations. For us, diversity, equity, inclusion, and belonging are the keys to unleashing our full potential and driving true innovation.*

*We can provide our clients the best support for influencing the world by having a diverse culture. We aim to treat EVERYONE with respect and appreciation, regardless of their differences. Valuing diverse opinions and creating equal opportunities for all are of the utmost importance for us as an organization, and as individuals."*

The Supervisory Board decided to issue new targets in the 2021 fiscal year for the share of women on the Supervisory and Executive Boards. A 25% share of women was set for the Supervisory

Board and this target is intended to be reached by December 31, 2025. The share of women on the Supervisory Board was 33.3% on December 31, 2022 (December 31, 2021: 0%).

The Supervisory Board set a target 0% share of women for the Executive Board, which was intended to be reached by December 31, 2022. In setting a target for a period of only one year, the Supervisory Board wished to give the newly elected Supervisory Board in 2022 the possibility of freely deciding about a new share of women. As of December 31, 2022, the proportion of women on the Executive Board was 0% (December 31, 2021: 0%). As of January 1, 2023, the Supervisory Board appointed a female CFO to the four-member Executive Board. In fiscal year 2023, the Supervisory Board set a new target of 25% for the proportion of women on the Executive Board, to be achieved by December 31, 2025.

The Executive Board set a target during the 2021 fiscal year of a 28.6% share of women in the management tier directly beneath the Executive Board. This target is planned to be reached by December 31, 2025. The share of women was 28.6% on December 31, 2022 (December 31, 2021: 28.6%).

### Management Approach – Customers and Society

Every company bears social responsibility that extends beyond the mere purpose of its operating activities. Focusing purely on key financials can increase risk in the long term. We learned a lot from our response to the Covid-19 pandemic, amongst other things how important the importance of personal communication and contact with our customers is. Options for digital dialog had already been rolled out or expanded during the pandemic in the previous year and these communication channels remain valuable for day-to-day collaboration today.

To ensure that customers could continue to operate during the Covid-19 pandemic, the brands had already broadened their offering in 2020 and 2021 to include programs such as complimentary online training, free licenses, and other free-of-charge services.

Besides the various day-to-day challenges, the Nemetschek Group as a business partner attaches particular importance to long-term client relationships and deep cooperation in the higher-education sector. With this in mind, common goals and thematic focus points are coordinated at the level of Nemetschek SE. The individual brands take care of the implementation directly as they can act in a more targeted and flexible way locally.

### Customer Relationships

Satisfaction is an important factor for long-term customer relationships, which is why 12 of the 13 brands analyze information that provides insight into customer satisfaction. One overriding objective is to have a high level of transparency across all brands with regard to customer wishes and satisfaction and to continuously incorporate the findings into our go-to-market approach. At 9 (previous year: 6) of the brands, systematic targets are already

being set in this area. To be able to address specific customer needs in a targeted manner, the topic is currently managed on a decentralized basis. Most brands use defined key performance indicators to measure customer satisfaction. These include, for example, the „churn rate,“ the „Net Promoter Score,“ and the „Customer Satisfaction Score“ metric. For this purpose, the brands regularly conduct customer surveys, the results of which we incorporate into our go-to-market approach.

To achieve high client satisfaction right from the start, 12 of the 13 brands (previous year: 11) in the Nemetschek Group involve their clients in product development at an early stage. Measures designed to contribute to product quality and client satisfaction during the reporting period included joint development projects, client panels, user groups, and communities as well as product previews, beta testing, and workshops.

Consideration is being made about also carrying out client surveys at a Group level in the future due to the strong revenue growth in recent years and our efforts to further increase the benefits for clients from integration between the individual brands. Doing this should provide findings that further improve collaboration with clients.

### Partnerships with colleges of technology and universities

The Nemetschek Group has its roots in university contexts. Beyond that, the Nemetschek Group is also a pioneer of digitization in the construction industry. With this in mind, cooperation with educational institutions is particularly important to the Group. It aims to provide support with software solutions to all relevant institutions offering architecture and construction education in its core markets, such as Europe – focusing on German-speaking markets – and the US. In this context, talented young people are approached in a targeted manner at an early stage in order to plan, construct, and manage buildings and infrastructure projects sustainably. Almost all brands engage in networking activities for students and clients, e.g., through specially provided job platforms, various training formats, guest lectures, job fairs at universities, and cooperation with student associations and academic faculties.

### Environment and Climate

Sustainable business and healthy ecosystems are the basis of healthy living. The construction industry is one of the most resource-intensive sectors of the economy. The demand for housing is also continuously increasing. As a result, the construction industry is facing the challenge of using raw materials and energy more efficiently in order to plan, build, and manage buildings more sustainably.

As a partner of and provider of solutions to the AEC/O industry, the Nemetschek Group has a major responsibility toward the environment. Our greatest display of commitment to the environment is our offering of software solutions that improve efficient resource usage in the construction industry, help to use materials



more conservatively, and contribute to reducing the energy needed by buildings.

In addition, the low use of energy and the saving of emissions within the framework of our own value creation play an important role for the Nemetschek Group. We are currently working intensively on obtaining a precise overview of our own operational emissions in order to be able to set our own reduction targets based on this and thus make the Nemetschek Group even more environmentally friendly. In 2022, the Nemetschek Group recorded Scope 1 and Scope 2 emissions across the group for the first time for the reporting year and the year 2021. This data serves as the basis for setting a target, which is to take place in the fiscal year 2023. As part of the Sustainability Report for fiscal 2022, comprehensive reporting on this is provided in the [« Sustainability Report 2022 »](#). In the present non-financial Group statement, the Nemetschek Group focuses on the reporting of the significant topics which are reportable according to CSR-RUG.

### Management Approach

Environmental protection is enshrined in the Nemetschek Group's Code of Conduct. With this central document, all employees are urged to conserve natural resources during their activities and to consider environmental as well as economic aspects when selecting suppliers, advertising materials, and other external services.

An important objective of the Nemetschek Group is to help the construction industry to plan, build, and manage more efficiently and thus to do business in a way that consumes less resources overall and improves sustainability. To this end, the management of the relevant aspects, such as research and development, is the responsibility of the individual brands. The market, our clients' requirements, and our competitors' range of products and services were studied as part of an extensive status quo analysis during the reporting period.

The Nemetschek Group published its new Group Environmental Guideline during the 2021 reporting period. It defines core obligations, including among other things requirements to adhere to all relevant laws and internal policies, integrate environmentally relevant processes into day-to-day operations, and encourage all employees to take responsibility for environmental protection and practice that actively in their workplace. Transparency and open communication with all stakeholders on environmentally relevant topics, for example, are just as much a part of this as a sense of responsibility in the selection of suppliers and the purchasing of products, materials and services. The guideline was drawn up by the sustainability department in consultation with the brands and relevant departments within the company and was agreed and approved by the entire Management Board. This Group Environmental Guideline was reviewed again in the reporting year.

### Environmental and Social Effects of Products

According to the Global Alliance for Building and Construction's Global Status Report 2022, in 2021, buildings were responsible

for 37% of energy-related CO<sub>2</sub> emissions. To achieve net zero emissions by 2050, emissions would have to fall by more than 98% compared to 2020 levels, according to the report. The environmental and social effects of the Nemetschek Group's solutions mainly relate to two areas: the specified benefits during the life cycle of a building and the incorporation of sustainability-related considerations into software development. For the latter area, the BIM (building information modeling) digital working method and open standards known as OPEN BIM form the basis of software development. BIM enables buildings to be planned and built more precisely and efficiently, reducing errors and the need for reconstruction.

The benefits during the life cycle of a building can be achieved using products and solutions offered in the three segments Design, Build, and Manage.

### Design Segment

Using the software developed by the Nemetschek Group, users can plan with greater foresight and precision and avoid reconstruction. What's more, buildings are optimized from as early as the planning stage. For example, using Vectorworks' solutions, the position of the sun and its angle of incidence can be simulated with digital solutions, making it possible to plan windows optimally. In addition, the improved planning offered by Allplan-brand software optimizes steel connections and reduces the consumption of connecting materials by 25%. Vectorworks' Embodied Carbon Calculator is a software solution that provides an integrated modeling and carbon assessment workflow that allows designers and architects to quickly measure the impact of their material and product choices on their project's carbon footprint. Vectorworks' Energos also allows architects to control their project's energy consumption during the design phase, meaning they can perform an initial energy analysis during the design phase without much extra work. Graphisoft's EcoDesigner STAR enables architects to design energy-efficient buildings by combining 3D models with climate data and operational profiles. This allows the energy performance of buildings to be evaluated under a wide range of conditions.

### Build Segment

Solutions from the Build segment enable savings to be made during the construction stage. For example, the Planbar planning tool from Allplan can help minimize material use in production and reduce scrap during the prefabrication of concrete construction. On construction sites, the use of Bluebeam Revu can reduce paper consumption by up to 90%. It is also possible to efficiently calculate the carbon footprint during the construction phase. Allplan Precast offers a plug-in for this purpose as well as solutions in cooperation with Built-Heat.

### Manage Segment

Around 80% of the costs of a building are incurred during the utilization phase. A large part of this expenditure is incurred through energy consumption. Spacewell Energy from the subsid-

ary Dexma provides data-driven „energy intelligence“ via a software-as-a-service (SaaS) solution. The solution reports energy consumption analyzes usage patterns as well as inefficiencies and detects anomalies in real time. With Spacewell Energy, organizations can automate energy data management to minimize energy consumption in their facilities. Integrated workplace management systems from Spacewell also enable optimal control of heating, ventilation, and lighting. They can also be used to efficiently plan and utilize existing office space by showing how much space is needed. In this way, resources can also be saved.

Furthermore, seamless virtual documentation enables simple and targeted modifications to the buildings, even years after their construction. At the moment, it is not generally known which materials were used when buildings are converted or demolished decades later. The resulting uncertainty costs time, money, and resources. With the exact recording, documentation, and archiving using Nemetschek Group software products, modernization projects are much simpler to calculate and plan. If the construction materials used are known even before the start of any demolition work, demolition measures can be deployed in a targeted manner to obtain raw materials through recycling.

The Nemetschek Group's Sustainability Report presents further specific product solutions as well as concrete examples of implementation in our clients' projects, see [<< Sustainability Report 2022 >>](#).

### **Integrity and Compliance**

We firmly believe that corruption and bribery by market participants have negative impacts on the relevant markets and, ultimately, can result in negative developments in society. The Nemetschek Group is fully committed to fair competition and firmly rejects corruption and bribery. This is based on its conviction that long-term business success can be achieved only by acting in a legally compliant and responsible manner, and that these efforts will also have a positive payoff for our stakeholders' satisfaction. An open corporate culture and an established compliance management system (CMS) are key in the fight against corruption and bribery.

Actual or suspected violations of applicable laws, internal regulations, or ethical standards could have negative financial consequences. They could also have a negative impact on the reputation of the Nemetschek Group. Accordingly, the Group's primary objective is to avoid compliance incidents comprehensively and systematically. To this end, the Nemetschek Group takes a preventive, risk-based, and tailored compliance approach and fosters a corporate culture in which all employees are sensitized to the issue and receive appropriate training.

### **Management Approach**

Compliance-related activities, which are based on a Group-wide risk analysis completed in 2022, are closely integrated with risk management and the internal control system. Corporate Legal &

Compliance controls compliance activities across the Group. The focus of these activities is on creating suitable structures and processes as well as on supporting the efficient realization of targeted, risk-based compliance measures (including the implementation of Group policies and processes, awareness-raising and communication initiatives, and training). Corporate Legal & Compliance is also the point of contact for any individual questions that may arise from within the organization. There is a direct reporting line to the Nemetschek Group's Chief Financial and Operations Officer, who will be known as the Chief Financial Officer as of January 1, 2023.

The Corporate Audit department regularly performs internal audits to assess compliance with internal guidelines and legal requirements.

As an international organization, the Nemetschek Group has a corporate responsibility toward society and the environment. The commitment and key objective of the Nemetschek Group in Compliance is to comply with the applicable laws everywhere and at all times, to respect fundamental ethical values, and to act in a sustainable manner. This applies not just to employees, but also to suppliers and business partners.

Our employees are expected to treat each other and third parties fairly and respectfully. To this end, our existing Group-wide Code of Conduct was revised and expanded during the 2021 fiscal year, with the covered topics further refined. The areas addressed include human rights and the environment and climate, for example. The Code of Conduct is available to view at any time, in both German and English, on the intranet and the Group website. It has been publicized throughout the Group and is binding for all employees regardless of their position in the company. The Nemetschek Group is also active outside its own companies and is committed to combating modern slavery and human trafficking in its supply chains. Our statement for the UK Modern Slavery Act, most recently released for the 2022 fiscal year, discloses our initiatives on these topics and is available on the Group's website.

The Nemetschek Group's public image is also shaped by its suppliers and business partners. In order to promote trusting and long-term business relationships, the Nemetschek Group focuses on transparent and lawful execution of all transactions. The Nemetschek Group expects its suppliers and business partners to do the same. The Supplier Code of Conduct, which was rolled out Group-wide for this purpose in 2021, can also be viewed on the Group's website and is mandatory for our suppliers and business partners. The Nemetschek Group employs a risk-based approach for this. It provides for case-by-case integration of the Supplier Code of Conduct based on the potential risk exposure by applying special contractual and communicative measures (e.g., explanations and information by referring to the website and by using targeted, risk-based compliance clauses, etc.). This Code of Conduct requires suppliers and business partners to take corporate responsibility in relation to issues such as human rights, anti-discrimination, and the environment and climate. It

also addresses topics such as ensuring transparent business relationships, fair market behavior, and data and information protection. Furthermore, suppliers and business partners are expected to comply with the principles of the UN Global Compact and the fundamental principles of the International Labour Organization (ILO).

The compliance management system (CMS) forms the basis of the preventive compliance approach. The practical implementation of this system in the subsidiaries is carried out by the local executive bodies and the compliance representatives of the individual brands of the Nemetschek Group and by the Group-wide compliance network. Videoconferences were held in March, July, and October 2022 in this area, and provided the opportunity for participants to discuss and receive training on key compliance issues, in some cases related to current facts. Reports on potential compliance incidents are also prepared four times a year. The results in 2022 were consolidated for the Group and reviewed by Corporate Legal & Compliance before being reported directly to the CFOO of the Nemetschek Group. Ad hoc compliance reports are also prepared as required as part of an applied due diligence process. The Executive Board, Audit Committee, and Supervisory Board are updated about compliance-related issues at least four times per calendar year.

The basis of the preventive compliance approach also includes Group-wide regulations in the form of policies on various topics. For example, a Group policy on the topics of antitrust and anti-corruption law was developed, approved by the Executive Board, and published across the Group during the reporting period. There are also already Group policies on the topics of money laundering and the financing of terrorism, data protection, risk management, and internal control.

Corporate Legal & Compliance regularly develops dedicated compliance guidelines for further specific topics and communicates them Group-wide. An important goal is to provide our employees with up-to-date and comprehensible regulations and information on matters relevant to the company and also to offer appropriate training. In the last reporting period, such guidelines addressed, for example, the handling of potential conflicts of interest, export control and sanctions monitoring (sanction list checks), business partner compliance, local policy implementation, and the usage of tip-off systems. On a day-to-day basis, these policies and guidelines are complemented with additional, current Compliance Communication Papers which are distributed through the compliance network. They provide information about a variety of matters such as anticorruption, antitrust law, combating money laundering and the financing of terrorism, conflicts of interest, export control and sanction monitoring, whistleblowing, dawn raids and search warrants, and data protection.

To keep employees aware of the current compliance rules, regular employee information is required. Training courses and regular, individual refresher courses on compliance topics ensure that the relevant rules are an integral part of everyday working life. Furthermore, every new recruit is trained on compliance-related matters through an e-learning program on compliance and data protection during their onboarding. They are also taught about and made aware of the Nemetschek Group's stance on topics such as antitrust law, data protection, and anticorruption measures.

The Nemetschek Group is aware of its overall responsibility in the way its brands work together. Due to the heterogeneous nature of the individual brands, they are required to take responsibility for individually rolling out Group policies and conducting in-house training on compliance topics. This individual, risk-based compliance approach enables Group guidelines to be adapted to local requirements. Accordingly, there are uniform, binding Group guidelines that are supplemented on an individual basis to create structures and processes that function locally in the relevant organizations.

The Nemetschek Group demands and promotes an open "speak-up" culture. It encourages its employees to report behavior that may violate its Code of Conduct and they can do this by contacting their superiors, the relevant HR manager, or Compliance directly.

Moreover, there is a digital, Group-wide tip-off system that can also be used anonymously if desired. The new digital system was launched across the Group in late 2021 and focuses primarily on the key issues of whistleblower protection, anonymity, and data security. The implementation of this new system marks a significant development and a higher level of professionalism in the area of whistleblowing. In this system, tip-offs can be submitted digitally in German or English to the provider "LegalTegrity" using the whistleblowing tool or via telephone.

No substantial compliance violations were reported during the reporting period or the previous reporting period.

### **Fair Business Practices and Anti-corruption**

The Group-wide Code of Conduct incorporates considerations relating to fair business practices and anti-corruption extensively. For example, the Code of Conduct clearly states that corruption, bribery, and other forms of illegally granting and accepting benefits – including in relation to officials and elected representatives – are not tolerated in the Nemetschek Group. In its Code of Conduct, the Nemetschek Group is also fully committed to competition by fair means and strict compliance with antitrust and export control law. All employees of the Group must act in accordance with the applicable competition laws. In addition, the Code of Conduct defines the rules on the separation of private and Group interests and the handling of company and business secrets.

### Anti-discrimination

On the subject of discrimination, the Code of Conduct clearly states:

*“The Nemetschek Group does not tolerate any form of discrimination or harassment within the Group, whether based on origin, gender, disability, religion, age, sexual orientation, political views, or trade union activities.”*

Any employees who are subjected to or observe any form of discrimination or inappropriate behavior are encouraged to report this through the reporting channels described. All incidents of possible discrimination that were reported or otherwise became known were reviewed accordingly during the reporting period. There were no incidents that would have necessitated steps of a disciplinary or legal nature during the 2022 fiscal year, as was the case the year before.

### Human Rights

Section 54 of the UK Modern Slavery Act 2015 requires certain global companies to disclose their efforts to combat modern slavery and human trafficking in their supply chains. The Nemetschek Group has again published a statement for 2022 which is intended to provide transparency about its supply chain. The same applies for the relevant business partners. This statement has been made in relation to the supply chains of the brands active in the UK: ALLPLAN GmbH, Bluebeam Inc., Graphisoft SE, Maxon Computer GmbH, and Vectorworks Inc.

The statement outlines the steps that were taken in 2022 to prevent modern slavery and human trafficking in business and supply chains. The Code of Conduct also lays out clear specifications for the upholding of all human rights and for compliance at business partners so that responsibility is taken consciously when choosing suppliers and business partners right from the initiation stage of a business relationship.

### Data Protection and Information Security

The Nemetschek Group is at the vanguard of the digital transformation of the AEC/O industry and covers the entire life cycles of construction and infrastructure projects. The software products are mainly installed in clients' IT systems; the risks in terms of data protection and information security are therefore considered to be limited. Nevertheless, the Nemetschek Group takes responsibility and is committed to handling the data of employees, clients, and partners with care across the Group. These employees, clients, and partners can rely on their data being secure at the Nemetschek Group and being processed in compliance with relevant regulations.

The Group follows a largely decentralized approach for this in accordance with its organizational structure. It allows for central guidelines, monitoring processes, and assistance but primarily allocates responsibility to the companies behind the brands. Maintaining data protection and information security is a task shared by all employees at the Nemetschek Group. To this end, all brands have committed to the Code of Conduct.

### Data Protection

A comprehensive, Group-wide set of regulations provides the basis for effective data protection. These regulations comprise the adoption of a comprehensive Group Data Protection Guideline in 2018, as well as further extensive tools which are available in German and English on the Group intranet and are updated as and when required. These regulations must be observed and adhered to by all brands in the Group. Regional obligations and regulations such as the European Union's General Data Protection Regulation (GDPR) must be complied with.

Adherence to the data protection requirements and processes is regularly checked by various parties, including Corporate Audit as part of audits in cooperation with Corporate Legal & Compliance and Corporate IT. Data protection officers – both internal and external – are appointed at the companies where required by law. All employees are encouraged reporting any violations of data protection regulations or internal company policies. Any indication of possible violations of data protection regulations is taken seriously and followed up on as quickly as possible.

In addition, employees receive training and communication measures are carried out. New employees are notified of confidentiality requirements relating to the handling of sensitive and personal data and are required by their contracts to maintain secrecy. Furthermore, all employees – and not just those in Europe – are required to participate in data protection training at regular intervals of at least every two to three years and to provide documented evidence of this training. An e-learning course set up specifically to deal with the issue of data protection is offered across the Group in both German and English.



## Information Security

Data security is ensured in the Nemetschek Group by means of appropriate organizational and technical measures at the Group level and at the level of the 13 brands. The overarching security standards and measures are specified and monitored by Corporate Information Security. They are based on an information security management system that meets the recognized information security standards under ISO 27001.

These requirements are described in the Group-wide information security policy, which was newly introduced in 2022. It comprises guidelines for the organization of information security, for the integration of management, and for the necessary technical and organizational measures that serve the implementation and monitoring of information security. The scope of this information security policy, which is binding for all Group units, covers the protection of all IT systems, the data stored in them, and the security of our products. The measures related to this policy were adapted according to ISO 27001 to the current prevailing conditions and needs in 2022 as part of a “plan-do-check-act” cycle.

The outlined measures aim to prevent security incidents, detect them in their root stages, and ensure an appropriate response if they do occur. The measures are also reviewed at regular intervals by independent bodies as well as by Corporate Audit and Information Security.

The measures that are implemented in a decentralized manner by the brands are also complemented by regular information security measures that are controlled centrally by Corporate Information Security. They include, for example, awareness campaigns with phishing simulations and other technical and organizational security projects. Four campaigns were carried out during the reporting period. The Nemetschek Group additionally holds Group-wide cybersecurity insurance covering all companies in the Group for further protection against cyber risk.

## 2.3 EU Taxonomy

As of fiscal year 2021, companies required to prepare non-financial consolidated financial statements in accordance with Section 315b of the German Commercial Code (HGB) must comply with the requirements of the EU taxonomy, more specifically Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. The EU Taxonomy provides a single classification system for the environmental sustainability of economic activities. On the one hand, this is intended to make the sustainability activities of companies more comparable and, on the other, to achieve the implementation of the European Green Deal, i.e., climate neutrality by 2050.

### ENVIRONMENTAL GOALS OF THE EU

<b>1. Climate change mitigation</b>	<b>4. Transition to a circular economy</b>
<b>1. Climate change adaption</b>	<b>5. Pollution prevention and control</b>
<b>3. Sustainable use and protection of water and marine resources</b>	<b>6. Protection and restoration of biodiversity and ecosystems</b>

According to Article 8 of the EU Taxonomy Regulation, for the reporting year 2022, the share of revenues, capital expenditures, and operating expenditures related to taxonomy-eligible and taxonomy-compliant economic activities related to the first two environmental objectives of climate change mitigation and adaptation must be published.

### Process for surveying the taxonomy-eligible and taxonomy-compliant activities of the Nemetschek Group

In order to survey the taxonomy-eligible\* and taxonomy-compliant activities, a working group consisting of specialists and managers from the areas of finance, controlling, investor relations and the sustainability department was put together in the previous year. In addition, benchmarking was carried out with various market competitors.

To determine the taxonomy eligibility of the revenue, the individual revenue streams were first identified by segment, brand and product. Then, the relevant economic activities were identified based on Annex I and II of the delegated act on the two climate targets. These were first validated at the level of Nemetschek SE and then with the controlling of the operating units. Subsequently, the taxonomy eligibility of the capital and operating expenditures was analyzed. The analysis carried out in the previous year was checked for validity in the fiscal year 2022 and did not provide any new findings. To avoid double counting in the analysis, the allocation was always made to only one relevant economic activity.

The following key figures were determined on the basis of the process described and with reference to the basic figures in connection with the International Financial Reporting Standards (IFRS) applicable to the consolidated financial statements.

### In-depth analysis of revenues

The business model of the Nemetschek Group is to develop and sell software for the construction and media industries. Activities 8.2 (Data-based solutions to reduce greenhouse gas emissions) and 9.3 (Freelance services related to the energy performance of buildings) were identified as taxonomy-eligible with regard to the environmental goal of climate protection. The in-depth investigation revealed that these activities are considered immaterial (< 1%) due to the low volume of sales. There are no revenues that potentially have a material contribution to climate change adaptation.

Revenue in accordance with the EU taxonomy comprises the revenue reported in the consolidated statement of comprehensive income. In fiscal year 2022, these amounted to EUR 801.8 million and can be reconciled to our consolidated financial statements [« Consolidated financial statements \(IFRS\) - Statement of comprehensive income »](#). In order to determine the taxonomy-eligible or taxonomy-compliant portion of revenue, the revenue assessed as taxonomy-eligible is set in relation to the revenue of the Nemetschek Group.

As the Nemetschek Group does not have any taxonomy-compliant revenues, the following reporting focuses on the proportion of sustainable investments (CapEx) and operating expenses (OpEx) within the meaning of the EU taxonomy that can be allocated to the first environmental objective. There are no capital or operating expenditures that potentially have a significant contribution to cli-

mate change adaptation. Eligible capital and operating expenditures relate exclusively to purchased goods and services.

### In-depth examination of capital expenditures (CapEx).

In fiscal 2022, total capital expenditures were determined from additions to property, plant and equipment of EUR 14.0 million ([« Note 15 Property, plant and equipment »](#) in the notes to the consolidated financial statements), intangible assets of EUR 33.1 million ([« Note 16 Intangible assets and goodwill »](#) in the notes to the consolidated financial statements), and additions to rights of use of EUR 27.4 million ([« Note 17 Leasing »](#) in the notes to the consolidated financial statements). In total, the aforementioned investments amounted to EUR 74.5 million in the financial year 2022. To determine the taxonomy-eligible or taxonomy-compliant portion, the investments assessed as taxonomy-eligible or taxonomy-compliant are set in relation to the total investments determined.

The capital expenditure of the Nemetschek Group is of minor importance overall due to the business model. On the basis of the analysis carried out, no significant taxonomy-compliant investments were identified. Thus, the taxonomy-eligible capital expenditures in the fiscal year 2022 were EUR 0 million.

### In-depth analysis Operating expenses (OpEx).

Total OpEx consists of direct non-capitalized costs related to research and development, building renovations, short-term leases, maintenance, and repair. These include:

- » Research and development expenses recognized as an expense in the consolidated statement of income in the reporting period. In accordance with the consolidated financial statements (IAS 38.126), this includes all non-capitalized expenses directly attributable to research or development activities.
- » Maintenance and repair costs were determined on the basis of the maintenance and repair costs allocated to internal cost centers. The corresponding cost items can be found in the divisional costs of the income statement.

Based on the analysis performed, no significant taxonomy-eligible operating expenses were identified.

\* Taxonomy-eligible means that the economic activities fall within the scope of the EU taxonomy. This does not necessarily mean that these economic activities also make a substantial contribution to the achievement of an environmental objective (taxonomy-compliant).

## Summary presentation of the taxonomy-eligible economic activities.

### SUMMARY PRESENTATION OF THE TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES.

	Revenue		CapEx		OpEx	
	In EUR million	in %	In EUR million	in %	In EUR million	in %
Nemetschek Group	801.8	100%	74.5	100%	183.6	100%
Of which taxonomy eligible business activities	0.0	0%	0.0	0%	0.0	0%

The current focus of the EU taxonomy is on carbon-intensive industries. The Nemetschek Group with its core business is therefore currently not affected by the EU taxonomy regulation.

Due to the upcoming expansion with the four further environmental targets, as well as possible expansion of the existing environmental targets with further activities, it cannot be ruled out that the business activities of the Nemetschek Group will be affected by the EU taxonomy regulation in the future.

### REPORTING SHEET: PROPORTION OF REVENUES FROM GOODS OR SERVICES RELATED TO TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022

Business activities	Code(s)	Revenues (absolute) (EUR million)	Share (of total revenues) (%)	Criteria for a substantial contribution					
				Climate change mitigation (%)	Climate change adaption (%)	The sustainable use and protection of water and marine resources (%)	The transition to a circular economy (%)	Pollution prevention and control (%)	The protection and restoration of biodiversity and ecosystems (%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Taxonomy-compliant activities (taxonomy-compliant)</b>		-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)</b>		-	-						
<b>Revenues of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)</b>		-	-						
<b>Total (A.1 + A.2)</b>		-	-						
<b>B. NON-TAXONOMY ACTIVITIES</b>									
<b>Revenues of non-taxonomy activities (B)</b>		801.8	100%						
<b>Total (A + B)</b>		801.8	100%						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation (Y/N)	Climate change adaption (Y/N)	The sustainable use and protection of water and marine resources (Y/N)	The transition to a circular economy (Y/N)	Pollution prevention and control (Y/N)	The protection and restoration of biodiversity and ecosystems (Y/N)	Minimum Safeguards (Y/N)	Taxonomy-compliant share of OpEx 2022 (%)	Taxonomy-compliant share of OpEx 2021 (%)	Category (enabling activities) (E)	Category (Transitional activities) (T)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-



**REPORTING SHEET: PROPORTION OF CAPEX FROM GOODS OR SERVICES  
RELATED TO TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022**

Business activities	Code(s)	CapEx (absolute) (EUR million)	Share (of total CapEx) (%)	Criteria for a substantial contribution					
				Climate change mitigation (%)	Climate change adaption (%)	The sustaina- ble use and protection of water and ma- rine resources (%)	The transition to a circular economy (%)	Pollution prevention and control (%)	The pro- tection and restoration of biodiversity and ecosys- tems (%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Taxonomy-compliant activities (taxonomy-compliant)</b>		-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>Total (A.1 + A.2)</b>		-	-						
<b>B. NON-TAXONOMY ACTIVITIES</b>									
<b>CapEx of non-taxonomy activities (B)</b>		74.5	100%						
<b>Total (A + B)</b>		74.5	100%						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation (Y/N)	Climate change adaption (Y/N)	The sustainable use and protection of water and marine resources (Y/N)	The transition to a circular economy (Y/N)	Pollution prevention and control (Y/N)	The protection and restoration of biodiversity and ecosystems (Y/N)	Minimum Safeguards (Y/N)	Taxonomy-compliant share of OpEx 2022 (%)	Taxonomy-compliant share of OpEx 2021 (%)	Category (enabling activities) (E)	Category (Transitional activities) (T)
-	-	-	-	-	-	-	-	-	-	-

**REPORTING SHEET: PROPORTION OF OPEX FROM GOODS OR SERVICES  
RELATED TO TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022**

Business activities	Code(s)	OpEx (absolute) (EUR million)	Share (of total OpEx) (%)	Criteria for a substantial contribution					
				Climate change mitigation (%)	Climate change adaption (%)	The sustaina- ble use and protection of water and ma- rine resources (%)	The transition to a circular economy (%)	Pollution prevention and control (%)	The pro- tection and restoration of biodiversity and ecosys- tems (%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Taxonomy-compliant activities (taxonomy-compliant)</b>		-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>OpEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>Total (A.1 + A.2)</b>		-	-						
<b>B. NON-TAXONOMY ACTIVITIES</b>									
<b>OpEx of non-taxonomy activities (B)</b>		<b>183.6</b>	<b>100%</b>						
<b>Total (A + B)</b>		<b>183.6</b>	<b>100%</b>						

DNSH criteria ("Do No Significant Harm")										
Climate change mitigation (Y/N)	Climate change adaption (Y/N)	The sustainable use and protection of water and marine resources (Y/N)	The transition to a circular economy (Y/N)	Pollution prevention and control (Y/N)	The protection and restoration of biodiversity and ecosystems (Y/N)	Minimum Safeguards (Y/N)	Taxonomy-compliant share of OpEx 2022 (%)	Taxonomy-compliant share of OpEx 2021 (%)	Category (enabling activities) (E)	Category (Transitional activities) (T)
-	-	-	-	-	-	-	-	-	-	-
							-	-	-	-



## 3 Economic Report

### 3.1 Macroeconomic and Industry-Specific Conditions

#### General Economic Conditions

##### Global economy

Since the beginning of 2022, the global economy has cooled off significantly and growth momentum has slowed considerably, compared to 2021. In addition to the sharp rise in worldwide central bank rates due to inflation, this development can be attributed to two main crises. To a lesser extent, to the ongoing Covid-19 pandemic and, more specifically, to the Russian war of aggression against Ukraine.

The Covid-19 pandemic and, in particular, the varied and sometimes very restrictive handling of the pandemic by individual governments led to regional production outages, most noticeably in spring 2022, which put a strain on international supply chains and, collectively, led to a dampening of the economy. In addition, the Russian war of aggression had an impact on global economic development that led to major economic uncertainties – in particular, in Europe and Germany. The sanctions imposed on Russia, combined with the restriction and/or suspension of promised energy and raw material supplies, led to a significant increase in the price of energy and raw materials and a sharp rise in inflation overall. As a result of high inflation rates, many central banks raised their base rates. These mechanisms led to buying resistance and a plunge in capital expenditure on the part of both private households and companies alike, thereby damping down demand. This is also a result of the slight easing of supply bottlenecks in some affected industries.

Based on its Annual Report 22/23 published on November 9, 2022, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 2.8% in 2022 and thus develop significantly less dynamically than forecast in the Annual Report 21/22. In November 2021, the German Council of Economic Experts announced an increase of 4.4% for 2022. The International Monetary Fund (IMF) forecast growth of 3.4% for 2022 in its World Economic Outlook Update published on January 31, 2023. In January 2022, the IMF also assumed an increase of 4.4% in 2022 in its World Economic Outlook Update.

The German Council of Economic Experts (Annual Report 22/23) and the IMF (World Economic Outlook) also assume that growth momentum will decline in almost all major economies in 2022. This trend is expected to apply to both the emerging markets and the advanced economies.

##### Eurozone

The economic outlook for the Eurozone deteriorated significantly over the course of the year. In the first half of 2022, the economic growth trend was still pointing upwards in many Member States. However, in the summer the economic outlook then turned considerably gloomier. The previously described effects of the Russian war of aggression on Ukraine, the loss of purchasing power as a result of the sharp rise in inflation rates and the significantly higher base rates as a countermeasure had a severe impact on Eurozone countries. In this context, rising energy prices, caused by the grave reduction in Russia's promised supply volumes, play a significant role. The consequences of the ongoing Covid-19 pandemic also had an impact on the Eurozone economy. Following the lifting of social restrictions in many European countries, there were catch-up effects in private consumption in some sectors, such as tourism. Meanwhile, manufacturing, in particular, continued to struggle with supply bottlenecks and disrupted supply chains. However, these areas eased during the second half of the year.

The labor market in the Eurozone continues to be robust. At 6.1%, the seasonally-adjusted January 2023 unemployment rate in the Eurozone was slightly below that of the previous month at 6.3%. It was also significantly below the Covid-19 pre-crisis level of 7.4% in February 2020. The figures for each member state vary greatly, from 3.0% in Malta to 13.0% in Spain. The sharply increasing and long-term shortage of skilled labor in some sectors, including the software industry, is becoming increasingly important and may have a restrictive effect on growth in some sectors of the economy.

Overall, in its Annual Report 22/23, published on November 9, 2022, the German Council of Economic Experts assumed economic growth of 3.3% for 2022. In its World Economic Outlook Update published on January 31, 2023, the IMF forecast growth of 3.5% for 2022. For Germany, the German Council of Economic Experts promised growth of 1.8% for 2022; and in January 2023, the IMF forecast growth of 1.9%.

##### USA

Following the economic recovery in 2021, the US economy cooled off again in the first half of 2022. The considerable reduction of inventories and low capital investments by companies had a particularly negative impact on economic output. On the other hand, exports and services had a supportive effect on economic growth, specifically in the second quarter of 2022. The US economy was additionally characterized by high inflation and corresponding monetary policy reactions in 2022.

Overall, in its Annual Report 22/23, the German Council of Economic Experts assumed economic growth of 1.9% for 2022. In its World Economic Outlook Update published on January 31, 2023, the IMF forecast growth of 2.0% for the same period.

### Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. Here, the effects of the Covid-19 pandemic were still being felt more strongly in 2022 than in many other advanced economies. In 2022, the containment measures put in place to counteract the two waves of rising coronavirus infections had a negative impact on economic output. Japan is also affected by relatively strong consumer price inflation. In August 2022, according to the German Council of Economic Experts, it reached its highest level in 30 years, with an increase of 3.0% compared to the same month of the previous year. The weak global economy is also burdening Japan's export-oriented economy and is expected to slow the recovery.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 3.4% in 2022, and Japan's gross domestic product to grow by 1.5%. The IMF anticipated growth of 1.4% for Japan in 2022.

### Emerging Markets

In its Annual Report 22/23, the German Council of Economic Experts assumes economic growth of 3.3% in the group of emerging markets for 2022. The IMF forecasts growth of 3.9% in its World Economic Outlook Update for 2022.

Growth among the group of developing economies shows regional differences. The IMF expects the group of Asian emerging markets to grow by 4.3% in 2022. Growth stood at 7.4% in 2021. The decline is also due, among other things, to the ongoing Covid-19 pandemic, the real-estate crisis in China and the slowdown in export growth as a result of the global economic trend. According to the IMF, the group of European emerging markets is expected to grow by only 0.7% in 2022. This development is strongly influenced by the decline in Russian economic output, which, according to the IMF, is expected to shrink by 2.2% in 2022. According to the IMF, Latin American emerging markets are expected to grow by 3.9% in 2022. Here, the high prices of raw materials are currently having a stabilizing effect. Due to high export prices for regional oil exporters, economic output in the Middle East and Central Asia is expected to increase by 5.3%. In the African developing countries, the IMF expects economic growth of 3.8% for 2022.

Sources: German Council of Economic Experts, Annual Report 22/23 dated November 9, 2022 and the International Monetary Fund's World Economic Outlook Update, dated January 31, 2023.

## Development of the Construction Industry

### Europe

With around 50% of revenue, the European construction industry continues to be the most important sales market for the Nemetschek Group. After the construction industry recorded record growth in investment in 2021 (+6%, inflation-adjusted), driven by catch-up effects caused by the global Covid-19 pandemic and historically low interest rates, inflation-adjusted growth in 2022 was halved to 3%, according to current estimates (as of November 2022). The causes of this development were, in particular, the sharp rise in interest rates due to high inflation and the effects of Russia's war of aggression against Ukraine.

When we look at the causes of inflation-adjusted growth, it is clear that the slowdown will continue across all market segments, i.e. residential construction (+4.6% vs. 7.6% in 2021), commercial construction (3.4% vs. 1.9% in 2021) and civil engineering (+5.8% vs. 0.6% in 2021). In terms of building construction as a whole, the renovation market (+4.5%) is currently more resilient than the new construction market (+2.6%).

Development among the individual European markets differed considerably in 2022. Italy (+12.1%), Ireland (+9.0%) and Belgium (+4.5%) recorded the strongest growth in 2022. In contrast, Portugal (-2.5%), Switzerland (-1.8%) and the German market, which is important for the Nemetschek Group (-0.5%), recorded the weakest development.

Due to the ongoing problems of the war in Ukraine, rising interest rates and the dampened economic outlook, only stable development is expected for 2023 (+0.2%).

### North America

The US market is one of the most important sales markets for the Nemetschek Group. The construction industry in the **US** was significantly more resilient than the European construction market and was able to continue its growth momentum in 2022 (as of October 2022), with an increase of 8%, compared with the same increase (8%) in 2021. The residential sector was a key driver (+13%), particularly apartment buildings (+25%) and renovations (+14%). Compared with the previous year (-6%), growth accelerated at +3% in the non-residential building sector. However, the various areas of this market segment developed very differently. While the construction of production facilities (+18%) and commercial construction (+11%) increased sharply, construction of lodgings declined by -7%. The USD 550 billion infrastructure package adopted in November 2021 is still expected to boost infrastructure construction in the US in the coming years.

While the construction industry in **Canada** continued to record very strong growth of 16% in 2021, development weakened to

+4%, according to preliminary estimates. Residential construction was the main reason for a slowdown in growth, at only +2% compared to 28% in the previous year. Within residential construction, both houses (-2%) and apartments (-4%) recorded declining developments while renovations rose by +7%.

### Asia/Pacific

Development of the different construction industries in the Asia/Pacific region varied greatly. While, according to recent estimates, the markets in Singapore (+13%) and China (+8%) recorded strong growth, the construction sectors in Japan (+0.3%) and Australia (+0.2%) grew only marginally.

Sources: 94th EUROCONSTRUCT Summary Report, Winter 2022 (November 2022); 2022 North American Engineering and Construction Outlook, Fourth Quarter Edition (September 2022), Building, Real Estate, Construction and Housing, Department of Statistics Singapore, Construction Work Done, Australia (Preliminary), Australian Bureau of Statistics.

### Development of the Media and Entertainment Industry

In contrast to the construction industry, the end markets of the Media segment showed higher and more resilient growth momentum in 2022. This was also reflected in the segment's growth, which is significantly above the Group average.

One reason for the greater resilience of this business area is the broad base of different sub-markets and customer groups that the Group brand Maxon addresses with its innovative solution portfolio. For example, Maxon's professional solutions for the production of 2D and 3D digital content are used for the creation and rendering of visual effects in movies, TV shows and commercials, as well as for applications in the gaming industry and in the fields of medical illustration, virtual reality (VR), augmented reality (AR) and architectural and industrial design.

The majority of these markets benefit from strong structural growth drivers. This allows them to continue to grow, strongly in some cases, even in the event of a weakening of the global economy, as seen in the second half of 2022. For example, revenues from the virtual reality market rose by 36.6% to approx. USD 2.6 billion in 2022. An average annual growth rate of 24.1% is also expected for the years up to 2026. The broader 3D animation market, which stood at USD 18.4 billion in 2021, is expected to increase further to USD 40.0 billion by 2028, an average annual growth rate of almost 12%.

Sources: Research & Markets: Global 3D Animation Market (June 2021), PwC Global AR and VR market (2022).

## 3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance

### General Statement on the Economic Position of the Group

2022 was characterized by geopolitical crises, high inflation, rising interest rates and the resulting macroeconomic challenges. The consequences of the Russian war of aggression on Ukraine and the ongoing Covid-19 pandemic had an impact on global economic development, most notably in the second half of 2022. Nevertheless, the Nemetschek Group was able to develop well in this very demanding environment.

Revenue generated in the 2022 financial year increased by 17.7% (adjusted for foreign currencies: 12.1%) to EUR 801.8 million (previous year: EUR 681.5 million). In the previous year, revenue growth was 14.2% (adjusted for foreign currencies: 15.6%). EBITDA increased to EUR 257.0 million (previous year: EUR 222.0 million), so that the EBITDA margin remained high at 32.0% (previous year: 32.6%).

In 2022, the Nemetschek Group implemented an Annual Recurring Revenue (ARR) indicator in order to present the future growth momentum and success of the ongoing business transitions to subscription-based and SaaS models, and thus also all the recurring revenues, more transparently. ARR increased to €581.7 million (previous year: €456.5 million). ARR growth stood at 27.4% (currency-adjusted: 22.0%) – significantly above the revenue growth for the Group as a whole (currency-adjusted: 12.1%). This represents a strong indication for continued high growth potential over the next 12 months.

The revenue growth in the 2022 financial year was almost exclusively based on organic growth. The acquisition-related revenue stream due to the takeover of the business operations of Pixologic Inc. and its consolidation as at January 1, 2022 was not significant in the 2022 financial year.

The M&A activities implemented in the 2022 financial year [<< Acquisitions/Divestments >>](#) had only a very small impact on the growth momentum of the Group.

The Group's goals for currency-adjusted sales growth and EBITDA margin, communicated in March 2022, which included the Covid-19 uncertainties and the start of the switch to the subscription and SaaS models of the subsidiary Bluebeam, could be fully achieved despite the slowdown of the macro-economic framework in the second half of the year. As a result, the Nemetschek Group continued on its profitable growth path despite the challenging environment [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

The Russian war of aggression on Ukraine shocked and concerned the management and employees of the Nemetschek Group. Immediately after the outbreak of the war, measures were taken to protect and care for the affected employees and also to support aid operations for the Ukrainian people. Furthermore, the Nemetschek Group sees the economic sanctions against Russia as an important instrument for restoring peace and has therefore decided to suspend new business in Russia and all business with sanctioned persons, organizations or regions until further notice. The revenue share from Russia is marginal. In the previous year, the share of business in Russia amounted to around 0.5% of Group revenues and was significantly reduced in 2022, after new business in Russia was discontinued immediately after the start of the war in March. The war in Ukraine also affects the development work of Group companies that use research and development facilities in the country, the work of which is impaired as a result. Overall, however, these immediate effects on the business performance of the Nemetschek Group in the 2022 financial year were not significant.

In addition to the immediate effects on the Nemetschek Group, the Russian war of aggression also influenced the global economy [« 3.1 Macroeconomic and Industry-Specific Conditions »](#).

In financial year 2022, the Covid-19 pandemic had only a small impact on business operations and development. The general business operation has largely normalized over the course of the year, so physical trade fairs were held again, and the Nemetschek Group was present.

Overall, the business model, which features a broad solution portfolio, strong regional diversification in multiple customer segments and a rising proportion of recurring revenues, proved to be very resistant during the current crises. In addition to actively dealing with the two prevailing global crises, the Nemetschek Group continued to drive forward the strategic initiatives launched in the 2022 financial year to reach key milestones. The focus of the work was on increased internationalization, the expansion of subscription and SaaS, the continuous development of solutions and the acquisition of new customers. The new “Start-ups and Venture Investments” strategic initiative, introduced in the previous year at holding company level, strengthens the growth focus of the Nemetschek Group on new technologies and investments in young companies [« 1.2 Targets and Strategy »](#).

## Acquisitions/Divestments

### Holding Company Level

The strategic objective of increasing participation in start-up companies and thereby speeding up our own innovative capabilities was successfully continued in the financial year 2022. The Nemetschek Group took a share in a company from the British start-up scene for the first time in the course of the past financial year. The investment in SymTerra, a digital platform for construction site communication, supports the strategic thrust of digitalization and efficiency in the construction industry.

### Segment Level

With the purchase agreement concluded on December 20, 2022 with AV-Tech Group, Graphisoft SE, a Nemetschek Group subsidiary headquartered in Budapest (Hungary), acquired its distributor, Abvent. Abvent has been an important distributor of Graphisoft in France and French-speaking Switzerland for many years. The acquisition will strengthen the Design segment's presence in two of the most important markets in the AEC/O sector in Europe, thus further expanding its market and sales expertise. The subsidiary Frilo Software GmbH, which also belongs to the Design segment, was strengthened in the 2022 financial year by the acquisition of DC-Software Doster & Christmann GmbH. With the acquisition, which was successfully completed on April 1, 2022, Frilo expands its product portfolio in the field of foundation engineering and further strengthens its position as a provider of structural design programs.

Both of these acquisitions in the Design segment had no material impact on revenue and income development in 2022.

Details of these smaller transactions are explained in the notes to the consolidated financial statements under [« Acquisition of Subsidiaries »](#).

### Divestments

There were no divestments in the portfolio in the 2022 financial year.

### Cooperation and Partnerships

In order to expand its market position and meet the diverse customer requirements, the Nemetschek Group also relies on cooperation and collaboration with partners from the AEC/O industry or with scientific institutions. These cooperations and partnerships exist both within the Group among the brand companies and between brand companies and external parties. In the 2022 financial year, the partnership with the Technical University of Munich (TUM), which was formed in the previous year in connection with the funding of the TUM Venture Labs Built Environment, was further extended, as were activities in the Madastar Kennedy Network, which also began in the previous year.

### 3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group

#### Results of Operations

##### Revenue Development

In the 2022 financial year, Group revenues increased significantly by 17.7% (previous year: 14.2%) to EUR 801.8 million (previous year: EUR 681.5 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would have been as high as 12.1% (previous year: 15.6%). The 2022 financial year was therefore influenced by positive currency effects, in particular the US dollar. The ARR (annual recurring revenue) key indicator introduced in the course of the 2022 financial year [« 1.3 Corporate Management »](#) also developed very positively. In the 2022 financial year, ARR rose by 27.4% (currency-adjusted: 22.0%) to €581.7 million (previous year: €456.5 million) and thus showed significantly higher growth momentum than total revenues.

The currency-adjusted revenue growth achieved was therefore slightly above the forecast range communicated in March 2022. [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

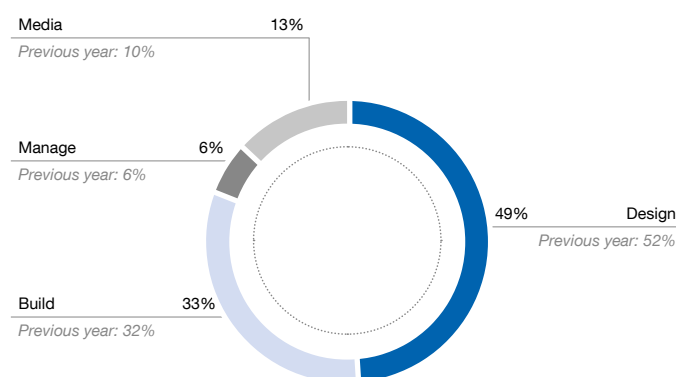
In an economically uncertain environment, the Nemetschek Group saw year-on-year growth during all four quarters and therefore continues its sustainable growth path. Particularly in the first half of the year, revenue developed above average with nominal growth of over 20%, which was partially supported by positive currency effects relating to the declining effects of the Covid-19 pandemic. In the second half of the year, growth slowed at Group level, in particular due to the switch to subscription and SaaS models initiated by the US subsidiary Bluebeam, as well as a slowdown in the economy as a whole, especially in the markets in Germany and Europe, which are significant for the American subsidiary Bluebeam.

#### DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
<b>Total year</b>	<b>801.8</b>	<b>681.5</b>	<b>17.7%</b>	<b>12.1%</b>
Q1	192.2	158.4	21.3%	17.5%
Q2	203.8	165.9	22.9%	16.4%
Q3	202.8	169.3	19.8%	11.8%
Q4	203.0	187.9	8.0%	3.9%

The growth of the Nemetschek Group was primarily driven by the Media and Build segments, which grew disproportionately to Group revenues. From a regional perspective, the Americas region contributed significantly to this disproportionate growth, while growth momentum in Germany and parts of Europe was slowed primarily by the macroeconomic effects of the Russian war of aggression on Ukraine. The favorable development of recurring revenues in the 2022 financial year was very positive. The transformation of the business model away from the classic license business and towards a model with high recurring revenues, in particular through the introduction of rental models, was successfully pursued in 2022. This transformation will enable us to generate significantly higher revenues over the customer's lifetime in the future. At the same time, these revenue streams are more resilient and more predictable. In the short term, however, the switch to rental models has a temporary dampening effect on revenue growth due to accounting effects.

#### Revenues by Segment





The distribution of revenues by segment changed only slightly in the 2022 financial year, compared with the previous year.

The Design segment, of which the business focus is on Europe, still has the highest revenues. However, the share of total revenues fell to 49% (previous year: 52%) in the 2022 financial year.

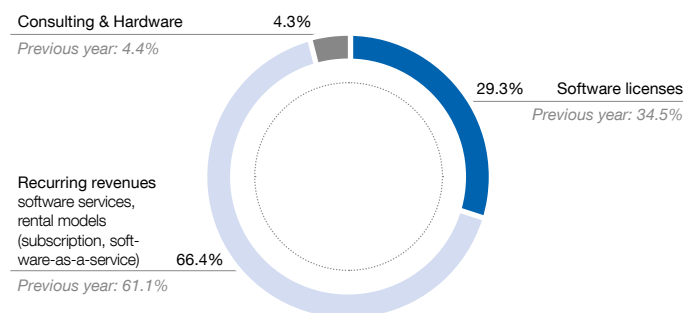
The Build segment achieved a 33% revenue share in the 2022 financial year, which is a slight increase in the 32% share of the previous year.

At just under 6% of total revenues, the revenue share of the Manage segment remained at the level of the previous year (6%).

The Media segment also achieved the highest growth rates throughout the Group in the 2022 financial year, thus expanding its revenue share to 13% (previous year: 10%).

The [« Segment Developments »](#) section provides a detailed explanation of the revenue and earnings development of each of the segments.

#### REVENUE DEVELOPMENT BY TYPE



The Nemetschek Group divides its revenues into three revenue types: recurring revenues from software service contracts and rental models, such as subscription and SaaS; software licenses; and consulting and hardware.

Pure “software revenues” are divided between software rental models, software services and software licenses.

In the case of software rental models, a distinction is made between subscription and SaaS offerings. In subscription models, the software continues to be on the customers’ own local systems as standard, and in the case of SaaS models, the current version of the software is normally on the Nemetschek brands’ servers, which the customers can then access.

Revenues from software rental models are recognized over the agreed term of the contract or partly also at the time of the sale in accordance with the IFRS 15 accounting standard. Similarly, revenues from software service contracts are recognized evenly over the entire term of the contract.

In contrast to software rental models, all revenues from software licenses are recognized at the time of sale (i.e. when ownership is transferred to the customer). The strategic goal is to successively increase the proportion of recurring revenues. This goal is to be achieved by offering more software rental models, which will lead to a more resilient and stable business model for the Nemetschek Group.

In the 2022 financial year, the Nemetschek Group’s **recurring revenues from service contracts and rental models** rose by 27.8% (currency-adjusted: 21.7%) to EUR 532.6 million (previous year: EUR 416.7 million). As a result, the growth momentum of recurring revenues increased significantly compared to the previous year 16.1% or 17.5% adjusted for currency effects).

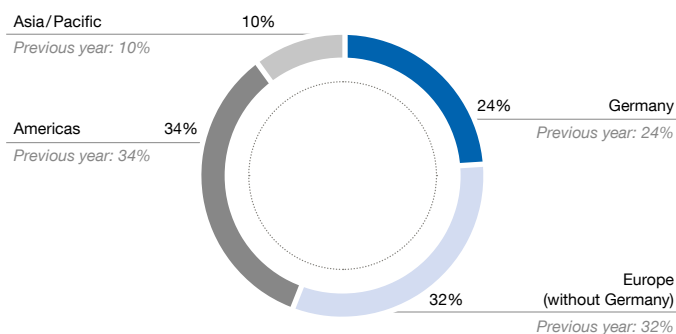
The growth rate of recurring revenues was also significantly above the growth of Nemetschek Group at 17.7% (currency-adjusted: 12.1%), which increased the share of total revenues to 66.4% (previous year: 61.1%). In the financial year 2022, around two thirds of Group revenues were therefore based on recurring revenues. The ARR (annual recurring revenue) indicator, which was introduced in the third quarter of the 2022 financial year, increased in the financial year 2022 by 27.4% (currency-adjusted: 22.0%) to EUR 581.7 million (previous year: €456.5 million) and reflects the sustainable implementation of the strategic transformation of the business model to rental models. A higher proportion of plannable and recurring revenues increases the Nemetschek Group’s resilience, including in times of crisis.

Revenues from **rental models (subscription and SaaS)**, which is attributed to recurring revenues, also increased by 54.7% (currency-adjusted: 46.8%) to EUR 204.2 million (previous year: EUR 132.0 million) in the last financial year, significantly outstripping the growth of the Group. It is encouraging that all segments were able to contribute to this growth. The Media and Build segments made the most significant contribution to the positive development.

The rental models’ share of total revenues rose substantially again from 19.4% to 25.5% in the 2022 financial year. This is an encouraging development, as it further increases the company’s resilience and ability to plan reliably. Revenues from service contracts rose by 15.3% (currency-adjusted: 10.1%) from EUR 284.8 million to EUR 328.4 million in the 2022 financial year.

At EUR 235.0 million, revenues from **software licenses** remained at the level of the previous year EUR 234.8 million). Growth therefore stood at 0.1% (currency-adjusted: -5.3%). The share of total revenues attributable to software licenses fell accordingly and in line with strategy from 34.5% in the previous year to 29.3% in the 2022 financial year. This trend is in line with management expectations on account of consistent implementation of the long-term strategy of increasing the share of recurring revenues. In the previous year, revenues generated through software licenses increased by a further 11.8% (currency-adjusted: 13.4%).

## REVENUES BY REGION



A strategic goal of the Nemetschek Group is the further internationalization of the business alongside the development of markets with a high growth potential. Internationalization has also progressed in financial year 2022.

Overall, **foreign revenues** increased significantly more strongly in the financial year 2022 than revenues in Germany. Revenues generated in Germany rose by around 4,0% in 2022, while foreign revenues climbed by almost 21,9%. As a result, the proportion of revenues generated abroad increased to 79% (previous year: 76%).

In the 2022 financial year, the focus regions of North America and Asia/Pacific, but also Europe (excluding Germany) made a double-digit contribution to the Nemetschek Group's revenue growth. In Europe, and in Germany in particular, the current geopolitical challenges and their impact on the macroeconomic framework led to a slowdown in growth momentum, which particularly influenced development in the second half of the year.

**Europe** has been severely affected by the effects of the Covid-19 pandemic in recent years and was also most influenced in the

2022 financial year by the macroeconomic consequences of the current geopolitical challenges. After growing by around 15% in the previous year, growth slowed to around 12% in the 2022 financial year. As a result of the slightly below-average growth, Europe's share (excluding Germany) in total revenues fell to around 31% (previous year: 32%).

In contrast, the **Americas region** was able to significantly increase its growth momentum again in the 2022 financial year and grew at around 32% year-on-year, where revenue growth stood at around 16%. This disproportionate increase in revenue led to a further increase in the revenue share to almost 39% in the 2022 financial year (previous year: 34%). This means that the Americas region continues to be the Group's strongest individual region in terms of sales.

The **Asia/Pacific** region continued its growth trend and generated an increase in revenues of around 17% (previous year: 15%) in the 2022 financial year. Its share of revenues remained almost unchanged against the previous year at around 10%.

### Segment Developments

The strategic and operational management of the Nemetschek Group is carried out via the four segments: Design, Build, Manage and Media. The individual brands and their companies are allocated to the respective segments; see [<< 1.1 Group Business Model >>](#). The segments are particularly managed based on the financial performance indicators of revenues, year-on-year revenue growth, and EBITDA as the measure of operating profit. In the 2022 financial year, due to the strategic reorganization, there were shifts in the brands between the Design and Build segments [<< 1.1 Group Business Model >>](#). In order to present the development of the segments transparently, the previous year's figures for the two affected segments were adjusted and thus made comparable.

### Design Segment

In EUR million	FY 2022	FY 2021 <sup>1)</sup>	Δ nominal	Δ currency-adjusted
Revenue	391.6	357.4	9.6%	6.0%
EBITDA	126.9	120.5	5.3%	1.9%
EBITDA margin	32.4%	33.7%	-1,3pp	-1,3pp

<sup>1)</sup> Due to the strategic reorganization of the brands between the Design and Build segments, the prior-year figures have been adjusted and made comparable to the current segment structure. Prior-year figures before adjustment: sales: EUR 351.8 million, EBITDA: EUR 118.9 million, EBITDA margin: 33.8%.

In the **Design segment**, of which the regional focus is on Europe, revenues of EUR 391.6 million (previous year: EUR 357.4 million) were achieved in the 2022 financial year. This allowed the segment to grow at 9.6% (currency-adjusted: 6.0%). However, the pace of growth slowed compared to the previous year, when the growth rate was 11.7% (currency-adjusted: 12.7%). While revenue development in the previous year was also characterized by catch-up effects from the reluctance to invest caused by the Covid-19 pandemic, growth slowed in the 2022 financial year. This is also due to the macroeconomic impact of the Russian war of aggression on Ukraine, which are particularly noticeable in the Europe region. In addition, the sharp rise in interest rates in the Eurozone had a dampening effect on new construction activity in the private and commercial construction sectors. In the Americas region, the Design segment recorded significantly disproportion-

ate growth compared to the Europe region. Growth in the Asia/Pacific region matched that of the segment.

EBITDA for the segment increased from EUR 120.5 million in the previous year to EUR 126.9 million, which corresponds to a nominal increase in earnings of 5.3%. When adjusted for currency effects and thus comparable to the previous year, the increase would have been 1.9%. The below-average growth in EBITDA compared to revenue growth led to a slight decrease in the EBITDA margin from 33.7% in the 2021 financial year to 32.4% in the 2022 financial year. This decline is mainly based on the significant increase in subscription revenues and the associated margin effect at the time of the changeover. In addition, personnel costs also increased due to new hires and wage inflation.

## Build Segment

In EUR million	FY 2022	FY 2021 <sup>1)</sup>	Δ nominal	Δ currency-adjusted
Revenue	268.3	216.2	24.1%	14.6%
EBITDA	103.2	89.3	15.6%	6.1%
EBITDA margin	38.5%	41.3%	-2,8pp	-3,1pp

1) Due to the strategic reorganization of the brands between the Design and Build segments, the prior-year figures have been adjusted and made comparable to the current segment structure. Prior-year figures before adjustment: sales: EUR 221.8 million, EBITDA: EUR 91.8 million, EBITDA margin: 41.4%.

The **Build segment**, which primarily addresses construction companies in the US and in German-speaking countries, was able to continue its encouraging levels of organic growth in 2022, thereby significantly increasing its growth momentum once again. In the 2022 financial year, revenues rose to EUR 268.3 million (previous year: EUR 216.2 million). Growth was 24.1%. When adjusted for currency effects arising in the financial year, growth would have been 14.6%. The significant currency influence is mainly due to the segment's strong presence in the US and the development of the US dollar in the past financial year.

In principle, the Nemetschek Group benefits in the Build segment from a continued low level of digitalization in the construction sector and a correspondingly good demand, especially in the Americas region. In terms of growth, the segment benefited from digitalization in the construction sector, which gained considerable momentum in the 2021 and 2022 financial years, also due to the Covid-19 pandemic. The US brand Bluebeam – which is still the brand with the highest sales within the Nemetschek Group – was also an important driver of revenue growth in the Build segment in

the 2022 financial year with its innovative technology solutions for the construction industry. In addition to very encouraging and above-average growth in the USA, the Europe and Asia/Pacific regions also continued on their growth path in the 2022 financial year. However, this very high growth momentum slowed slightly in the second half of 2022 due to the start of the switch to Bluebeam subscription and SaaS models and the associated short-term accounting effects.

EBITDA rose at a slightly lower rate than revenues this year. With an upturn of 15.6% (adjusted for currency effects: 6.1%), EBITDA rose to EUR 103.2 million (previous year: EUR 89.3 million), corresponding to an EBITDA margin of 38.5% (previous year: 41.3%). The decline in margin is particularly influenced by the scheduled push for the switch to subscriptions and SaaS and the associated changeover effect. In addition, higher expenses in the Build segment as part of personnel increases and in connection with the implementation of the go-to-market approach (e-commerce, for example) also had an impact on the margin.

## Manage Segment

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
Revenue	46.7	43.7	6.8%	7.1%
EBITDA	3.8	4.1	-5.6%	6.3%
EBITDA margin	8.2%	9.3%	-1,1pp	-0,1pp

The **Manage Segment**, comprising activities relating to facility management, generated revenues of EUR 46.7 million in the past financial year (previous year: EUR 43.7 million). Growth thus amounted to 6.8% (previous year: 6.2%) or 7.1% adjusted for currency effects (previous year: 6.9%).

In the Manage segment, the effects of the overall uncertain macro-economic situation coupled with the experiences from the Covid-19 pandemic are noticeable, and the client group of building managers, which is important for the segment, particularly in commercial construction, was reluctant to invest in the 2022 financial year. However, the market situation is increasingly stabilizing. As the degree of digitalization is particularly low in this segment and the importance of energy efficiency and savings in

existing and operated buildings is also steadily increasing, there may be catch-up effects once the reluctance to invest has ended. In order to be able to use the potential in the best possible way, the segment-wide solution portfolio was further harmonized and standardized in the past financial year, and the acquisition-related integration processes were driven forward. In addition, a new segment manager was appointed for the division.

Segment EBITDA fell by 5.6% from EUR 4.1 million in the previous year to EUR 3.8 million. This led to a decline in the EBITDA margin from 9.3% in the previous year to 8.2% in the 2022 financial year. The aforementioned integration and harmonization activities also contributed to the development.

## Media Segment

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
Revenue	104.7	70.5	48.5%	41.2%
EBITDA	45.9	25.5	79.9%	72.0%
EBITDA margin	43.8%	36,2%	+7,6pp	+7,9pp

The **Media Segment** was further strengthened by the acquisition of the business operations of Pixologic Inc. at the end of 2021. Revenues in the 2022 financial year increased from EUR 70.5 million to EUR 104.7 million. The significant growth of 48.5% (currency-adjusted: 41.2%) is based on strong organic growth, driven by the already well advanced switch to subscription models and the acquisition-related growth effects caused by the acquisition of Pixologic Inc.'s business operations at the end of the 2021 financial year.

The segment's EBITDA grew considerably faster than revenues to EUR 45.9 million (previous year: EUR 25.5 million). The EBITDA margin climbed significantly from 36.2% to 43.8%. In the 2022 financial year, the profitability of the segment also benefited from the more advanced integration of the company acquisitions completed in recent years. Successful transactions can now be marketed via the globally

## Earnings Performance

### OVERVIEW OF GROUP KEY FIGURES

In EUR million	FY 2022	FY 2021	Δ nominal in %
<b>Revenue</b>	<b>801.8</b>	<b>681.5</b>	<b>17.7%</b>
<b>EBITDA</b>	<b>257.0</b>	<b>222.0</b>	<b>15.8%</b>
EBITDA margin	32.0%	32,6%	-0,6pp
<b>EBIT</b>	<b>198.1</b>	<b>172.0</b>	<b>15.2%</b>
EBIT margin	24.7%	25,2%	-0,5pp
<b>Net income for the year (equity holders of the parent company)</b>	<b>161.9</b>	<b>134.6</b>	<b>20.3%</b>
Earnings per share in EUR	1.40	1.17	20.3%
<b>Net income before PPA depreciation</b>	<b>188.9</b>	<b>153.9</b>	<b>22.7%</b>
Earnings per share before PPA depreciation in EUR	1.64	1.33	22.7%

**EBITDA** (Group earnings before interest, taxes, depreciation and amortization) rose by 15.8% (currency-adjusted: 9.3%) to EUR 257.0 million (previous year: EUR 222.0 million). The EBITDA margin fell slightly by 0.6 percentage points to 32.0% (previous year: 32.6%) and was thus at the lower limit of the March 2022 forecast range of 32.0% to 33.0% [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#). The Media and Build segments especially continued to contribute to this stable EBITDA development in the 2022 financial year, both of which were above the level of the Nemetschek Group in terms of both growth and the EBITDA margin. Further information on EBITDA development in the segments can be found under [« Segment Developments »](#).

The past financial year 2022 has shown that even in turbulent and challenging times, the Nemetschek Group can continue on its profitable growth course with continued high momentum. At Group level, EBITDA growth was slightly below revenue growth.

The slight decline in margins is based in particular on the switch in the business model from license models to rental models such as subscriptions and Software as a Service, which at the time of conversion have a margin-diluting effect. Added to this was the economic headwind in the second half of 2022, which was particularly noticeable in some of our markets, such as Europe.

Operating expenses increased by a total of 18.7% to EUR 616.2 million (previous year: EUR 519.3 million). The increase in operating expenses was therefore slightly higher than the revenue growth of 17.7%. Staff costs contribute the most to operating expenses. In the 2022 financial year, they rose at a slightly lower rate of 15.5% compared to revenue at EUR 337.2 million (previous year: EUR 292.0 million). This reflects the increase in the workforce as well as higher wages and salaries [« Nemetschek Group Employees »](#). Other operating expenses increased significantly, also due to inflation, by 24.0% to EUR 188.4 million (previous year: EUR 152.0 million). This item reflects investments in IT systems, expenses for external personnel as well as legal

and consulting costs. At EUR 58.8 million, depreciation of fixed assets was at the previous year's level (EUR 50.0 million). This increase also reflects the Group's growth and investment behavior. Depreciation from the purchase price allocation included in depreciation increased from EUR 25.4 million to EUR 31.8 million as a result of acquisitions. Depreciation of leased assets in accordance with IFRS 16 fell slightly by EUR -1.4 million to EUR 16.3 million. Excluding depreciation and amortization, operating expenses increased 18.8% to EUR 557.4 million (previous year: EUR 469.3 million).

Overall, the net finance cost in the 2022 financial year amounted to EUR 1.3 million (previous year: EUR -1.7 million). Interest expenses for acquisition loans and leasing liabilities in accordance with IFRS 16, which affect the financial result, fell slightly overall in the 2022 financial year, from EUR 2.7 million in the previous year to EUR 2.6 million. Interest expenses in the 2022 financial year were countered by interest revenue of EUR 0.5 million (previous year: EUR 0.1 million). In addition, there was other financial income of EUR 3.4 million in the financial year (previous year: EUR 0.9 million), resulting primarily from foreign currency valuations.

EBIT rose by 15.2% to EUR 198.1 million, significantly above the previous year's figure of EUR 172.0 million.

Income taxes increased from EUR 33.7 million in the 2021 financial year to EUR 34.4 million in the financial year 2022. At 17.3%, the Group tax rate was below the level of the previous year (19.8%). This was due to loss carryforwards recognized in 2022, which were classified as not recoverable in the previous year.

Net income (Group earnings after taxes) increased sharply by 20.6% from EUR 136.9 million to EUR 165.1 million in the 2022 financial year. Net income (shareholders of the parent company) climbed from EUR 134.6 million to EUR 161.9 million, a growth of 20.3%.



Earnings per share amounted to EUR 1.40, up 20.3% on the previous year's figure of EUR 1.17. EPS adjusted for the effects of PPA depreciation increased by 22.7% from EUR 1.33 in the 2021 financial year to EUR 1.64 in 2022.

## Financial position

### Main features and objectives of financial management

The primary objective of financial management is to control and secure liquidity within the Nemetschek Group, ensuring access to the debt market and managing foreign currencies and interest risks. Financing and financial risk management is centrally organized and controlled by global governance. To ensure efficient cash and liquidity management, Nemetschek SE as parent company carries out cash pooling with selected subsidiaries. Nemetschek SE, the ultimate Group holding company, also receives further cash and cash equivalents from the annual dividends paid by the subsidiaries or as loans granted by group companies.

Financial stability of the Group is represented by a balanced ratio between debt and equity. As of December 31, 2022, the Group's balance sheet structure showed an equity ratio of 57.5% (previous year: 52.2%). The renewed increase compared to the previous year is mainly attributable to the Group's good result for the 2022 financial year and the reduction of financial debt. Liabilities to banks fell significantly compared to the previous year. They were reduced by repayments as of December 31, 2022 by EUR 56.8 million to EUR 71.9 million.

Due to the positive business expectations and the very solid financing structure, the Nemetschek Group is able to obtain liquidity on the debt capital markets in the short term and to a considerable extent in excess of the existing lines, and, if necessary, to finance investments on a significant scale with the use of equity instruments.

### Liquidity analysis

#### Net liquidity/net financial liabilities in EUR million

	<b>December 31, 2022</b>	December 31, 2021
Current liabilities and current maturities of non-current liabilities	65.1	93.8
+ non-current liabilities	6.9	34.9
<b>Total liabilities</b>	<b>71.9</b>	<b>128.7</b>
Cash and cash equivalents	196.8	157.1
<b>Total liquidity</b>	<b>196.8</b>	<b>157.1</b>
<b>Net liquidity/net liabilities (-)</b>	<b>124.9</b>	<b>28.4</b>

As of December 31, 2022, the Group held cash and cash equivalents of EUR 196.8 million (previous year: EUR 157.1 million). The increase of EUR 39.7 million or 25.3% compared to the previous year is based on the continued high cash flow generation of the Nemetschek Group. When investing the surplus liquidity, short-term, risk-free availability is generally more important than maximizing earnings in order to be able to fall back quickly on available funds in the event of possible acquisitions and to keep the risk profile of the Group low.

As of the balance sheet date, financial debts (bank loans) stood at EUR 71.9 million, well below the level of the previous year (previous year: EUR 128.7 million). These financial debts serve almost exclusively to finance company acquisitions carried out in the past. The interest rates on the loans range between 0.49% p.a. and 2.87% p.a.

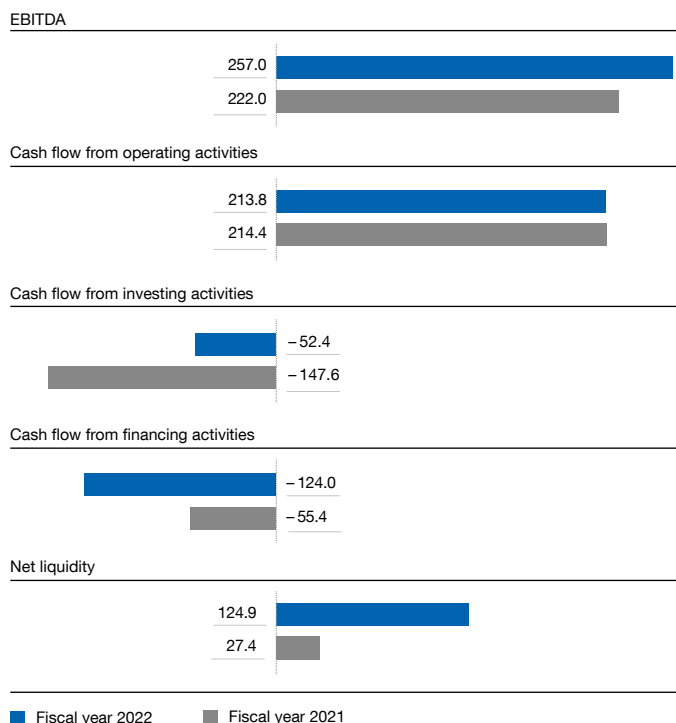
The decrease in non-current financial debt by EUR 28.1 million over the course of the 2022 financial year is due to reclassifications to current financial debt. In the area of current financial debt, acquisition loans and other short-term current portions of financial debt totaling EUR 98.7 million were repaid in the 2022 financial year and bank loans in the amount of EUR 40.8 million were taken out.

From the existing credit lines totaling EUR 284.5 million (previous year: EUR 207 million), EUR 17.0 million had been utilized as of December 31, 2022. A further EUR 267.5 million (previous year: EUR 197.0 million) is therefore readily available and can be used in addition to internal financing to continue the profitable growth strategy.

The Group's net liquidity as of the reporting date of December 31, 2022, increased to EUR 124.9 million (previous year's reporting date: net liquidity of EUR 28.4 million).

Based on the high earnings power of the Group and the excess of net liquidity, the Nemetschek Group is in a position to secure a substantial amount of liquidity for investment purposes.

With regard to dividend payments, the Executive Board pursues a sustainable dividend policy that provides for a distribution of around 25% of the operating cash flow. The dividend payout always takes into account the overall economic development and the economic and financial situation of the company. During the financial year 2022, dividends in the total amount of EUR 45.0 million (previous year: EUR 34.7 million) were paid.

**DEVELOPMENT OF CASH FLOW**

The Group's cash flow for the period increased by 16.4% to EUR 258.5 million in 2022 (previous year: EUR 222.1 million), mainly due to the significantly increased EBITDA and thus in line with the Group's economic development in the 2022 financial year.

**Cash flow from operating activities** in 2022 was almost at the level of the previous year at EUR 213.8 million (previous year: EUR 214.4 million). Besides the positive impact from the increased EBITDA (EUR 35.0 million in comparison to the previous year) the trade working capital contributed positively. The cash flow contribution from trade working capital amounts to EUR 26.7 million (previous year: EUR 18.6 million). The development was driven by prepayment business models from software service and the software subscription contracts with the corresponding recurring revenues. Compared to the previous year the cash flow impact was significant and driven by the very positive business development. The development of other working capital, which was characterized by higher payments compared to the previous year, had the opposite effect.

The cash outflows from taxes paid (net) increased from EUR 37.1 million in 2021 by EUR 22.6 million to EUR 59.6 million in 2022, or 60.8%. The reason for this significant increase is the introduction of taxation of development expenses in the USA and back-payments for taxes from previous years.

**Cash flow from investing activities** amounted to EUR -52.4 million in the 2022 financial year (previous year: EUR -147.6 million).

In the previous year, payments for business acquisitions amounted to approx. EUR 127.1 million. In the 2022 financial year, these payments were significantly lower at EUR 21.0 million. Below is an overview of payments relating to business operations acquisitions:

**BUSINESS ACQUISITIONS (IN EUR MILLION)**

company	segment	2022	2021
Abvent	Design	16.4	
DC Software	Design	4.6	
Pixologic	Media		121.6
Vectorworks (Australia)	Design		3.3
Maxon (Japan and Spain)	Media		2.2
<b>Total</b>		<b>21.0</b>	<b>127.1</b>

In addition, payments of EUR 4.8 million (previous year: EUR 9.2 million) were made for the investments in start-up companies acquired during the financial year, such as Synterra, [« 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance »](#).

Cash flow from investing activities also includes expansion and replacement investments in fixed assets of EUR 19.0 million (previous year: EUR 9.9 million). The increase is mainly due to expansion-related investments in IT server equipment and investments in modernizing office space.

**Cash flow from financing activities** was EUR -124.0 million (previous year: EUR -55.4 million). The significant increase in payments is mainly attributable to significantly lower borrowing compared to loan repayment. Cash and cash equivalents of EUR 40.8 million were recorded in 2022 (previous year: EUR 75.6 million).

This was offset by the repayment of bank loans drawn down in previous years amounting to EUR 98.7 million (thereof EUR 35.7 million for long-term acquisition loans). In the previous year, repayments in the amount of EUR 77.5 million (EUR 59.5 million thereof being for long-term acquisition loans) were made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for the 2021 financial year in the amount of EUR 45.0 million (previous year: EUR 34.7 million) as well as by interest and redemption payments for lease liabilities, with the major portion of EUR 16.0 million (previous year: EUR 15.1 million) relating to redemption in the 2022 financial year.

### Management of liquidity risks

Liquidity risks arise, for example, when customers are not able to settle their obligations to the Nemetschek Group under normal trading conditions. To manage this risk, the company periodically assesses the solvency of its customers.

The high creditworthiness (for example, through internal bank ratings) of the Nemetschek Group allows sufficient liquid funds to be procured. As of December 31, 2022, there were also unutilized credit lines of EUR 267.5 million (previous year: EUR 197.0 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyzes and planning. Maturities of financial assets (receivables, fixed-term deposits, etc.) and expected cash flows from operating activities are taken into account. The objective is to continuously cover the ongoing need for financial resources while maintaining flexibility in financing. Further information on the management of financial risks is also contained in the opportunity and risk report [« 5 Opportunities and Risk Report – Financial Risks »](#).

### Investment analysis

In order to continue to secure the market position in the AEC/O and Media markets and to continuously tap into new areas of application, investments in research and development and capacity expansion as well as replacement and rationalization measures are required. Company acquisitions play an important role for the Nemetschek Group. Such company acquisitions are largely financed by bank loans, with own funds also being utilized. The acquisitions in 2022 were financed by the Group's own funds. Additional investments were financed from operating cash flows.

In total, the Nemetschek Group invested EUR 81.1 million in the 2022 financial year (previous year: EUR 138.4 million), of which EUR 14.3 million in property, plant and equipment (previous year: EUR 6.5 million) and EUR 39.4 million in intangible assets (previous year: EUR 131.9 million). The main investments here were acquisitions of businesses.

### Off-balance-sheet obligations

Information on off-balance-sheet financial obligations can be found in the explanatory notes to the consolidated financial statement under [« Note 27 Financial obligations »](#).

### Net Assets

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Δ nominal in %
<b>ASSETS</b>			
Current assets	327.1	263.1	24.3%
Non-current assets	871.0	809.1	7.7%
<b>Total assets</b>	<b>1,198.1</b>	<b>1,072.2</b>	<b>11.7%</b>
<b>EQUITY AND LIABILITIES</b>			
Current liabilities	403.8	384.5	5.0%
Non-current liabilities	105.1	128.0	-17.9%
<b>Equity, total</b>	<b>689.3</b>	<b>559.7</b>	<b>23.1%</b>
<b>Total equity and liabilities</b>	<b>1,198.1</b>	<b>1,072.2</b>	<b>11.7%</b>

The consolidated balance sheet total as of December 31, 2022 increased by EUR 125.9 million (11.7%) to EUR 1,198.1 million (previous year: EUR 1,072.2 million).

### Current assets

On the debit side of the consolidated balance sheet, current assets increased from EUR 263.1 million by EUR 64.0 million (24.3%) to EUR 327.1 million in the 2022 financial year. This was mainly due to the EUR 39.7 million increase in cash and cash equivalents and the increase in trade receivables by EUR 14.4 million or 20.6%. The percentage increase in the receivables portfolio is slightly higher than the revenue growth of 17.7% and is also due to the increasing proportion of rental models. As of December 31, 2022, tax receivables increased significantly from EUR 4.8 million to EUR 11.3 million.

### Non-current assets

Non-current assets rose by EUR 61.9 million or 7.7% to EUR 871.0 million (previous year: EUR 809.1 million).

The increase in non-current assets was primarily due to deferred tax assets and the rights of use resulting from leases. Deferred tax assets increased by EUR 13.3 million to EUR 21.5 million as at the 2022 balance sheet date (previous year: EUR 8.2 million). This was mainly due to changes to the way development expenses are taxed in the USA – these will become tax deductible in future years. In 2022, however, it led to a significant increase in taxable income. Usage rights increased by EUR 10.6 million or 17.8% to EUR 69.8 million (previous year: EUR 59.2 million). The changes are explained in detail in the notes to the consolidated financial statements under [«Note 10 Taxes»](#) and [«Note 17 Leases»](#). In addition, goodwill increased by EUR 15.0 million or 2.8% from EUR 542.0 million to EUR 557.0 million as of December 31, 2022. As significant parts of the goodwill are not held in euros, foreign currency effects in the amount of EUR 17.5 million were incurred, which contributed to the increase. The acquisition of DC-Software Doster & Christmann GmbH, which was completed in the 2022 financial year also contributed to the increase. The effects of the reclassification of goodwill items to intangible assets had a counteracting effect on goodwill. The change in the accounting method for the acquisition of RedGiant assets, in which the minority interests in goodwill are now also recognized, increased goodwill by EUR 18.8 million. Equity attributable to non-controlling shareholders increased to the same extent. The previous year was adjusted accordingly at EUR 18.0 million. The change in the 2022 financial year exclusively includes foreign currency effects attributable to minority interests.

The increase in property, plant and equipment by EUR –5.8 million or 28.1% to EUR 26.6 million resulted primarily from expansion-related investments in IT server equipment and renewal investments in office space. Forward-looking investments in the 2022 financial year were significantly higher than the scheduled depreciations.

### Current liabilities

On the liabilities side, current liabilities increased by EUR 19.3 million (5.0%) to EUR 403.8 million (previous year: EUR 384.5 million). The greatest increase was seen in deferred revenue, primarily due to the expansion of business volume, particularly in recurring revenues. Deferred revenue increased from EUR 158.0 million in the 2021 financial year by EUR 49.0 million to EUR 206.9 million in the 2022 financial year. This expansion in business volume also led to a similarly large increase in trade payables. As at 31 December 2022, these were EUR 15.7 million above the level of the previous year (previous year: EUR 11.3 million). The aforementioned increases were counteracted mainly by the changes in current financial debt and the current portions of non-current financial debt. This portion of non-current financial debt due in the next twelve months fell by EUR 28.7 million to EUR 65.1 million (previous year: EUR 93.8 million) [«Liquidity Analysis»](#). Other current liabilities also declined, falling from EUR 7.4 million by EUR 5.9 million to EUR 1.5 million as at the 2022 balance sheet date. The decline is based on lower short-term obligations from acquisitions made compared to the previous year.

### Non-current liabilities

Non-current liabilities decreased from EUR 128.0 million by EUR 22.9 million (17.9%) to EUR 105.1 million as of December 31, 2022. Deferred tax liabilities were virtually unchanged compared to the same period in the previous year. Lease liabilities increased significantly from EUR 52.0 million by EUR 10.5 million to EUR 62.5 million as of December 31, 2022. The changes are explained in detail in the notes to the consolidated financial statements under [«Note 10 Taxes»](#) and [«Note 17 Leases»](#). This was counteracted by the reduction in long-term borrowings with no current portion. These decreased from EUR 34.9 million by EUR 28.1 million to EUR 6.9 million as of December 31, 2022. The decline is based on reclassifications from long-term to short-term borrowings.

## Equity

Equity, as of December 31, 2022, increased from EUR 559.7 million (balance sheet date 2021) by EUR 129.5 million to EUR 689.2 million. The significant increase was primarily driven by the net income for the 2022 financial year of EUR 165.1 million and the other comprehensive income (OCI) of EUR 11.2 million, in which positive exchange rate effects played a major role. This was offset in 2022 by the distribution of dividends for the financial year 2021 in the amount of EUR 45.0 million.

The equity ratio increased to 57.5% at the end of the 2022 financial year (previous year: 52.2%). The current liability ratio was 33.7% of the balance sheet total (previous year: 35.9%) and the non-current liability ratio was 8.8% (previous year: 11.9%).

### KEY BALANCE SHEET FIGURES

In EUR million	FY 2022	FY 2021	Change in %
Cash and cash equivalents	196.8	157.1	+25.3%
Goodwill	557.0	542.0	+2.8%
Equity	689.2	559.7	+23.1%
Balance sheet total	1,198.1	1,072.2	+11.7%
Equity ratio in %	57.5%	52.2%	5.3pp

As in previous years, the Nemetschek Group determined capital costs (Weighted Average Cost of Capital – WACC) for the group of cash-generating units as part of the impairment test for goodwill.

A market risk premium of 7.25% (previous year: 7.5%) was applied. This results in capital cost rates before taxes ranging from 12.0% to 19.5% (previous year: 9.8% to 10.9%). In 2022, the significantly higher interest rates, implemented in response to the sharp rise in inflation, particularly impacted the parameters that are derived from the capital market. Based on the market capitalization as of December 31, 2022 and the planning expectations, the internal rate of return before taxes is around 7.5% (previous year: 4.5%).

## Nemetschek Group Employees

In order to act appropriately and directly in the respective markets and regions, the individual brands manage HR topics themselves, working closely with the Human Resources department of Nemetschek SE. This department is responsible for the strategic development of human resources management and supports and advises the local HR departments of the individual brands.

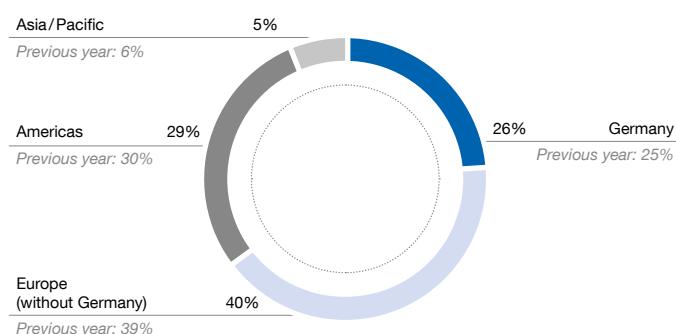
Further information on human resources work can be found in the non-financial statement under [« 2.2 Key non-financial issues – Employee and Society »»](#).

As of December 31, 2022, the Nemetschek Group had 3,448 employees worldwide (previous year: 3,180). This corresponds to an increase of 268 employees or 8.4%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

At 74% (previous year: 75%), the majority of the Nemetschek Group's employees were employed outside Germany at the end of 2022, as in the previous year.

### Employees by Region

The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.

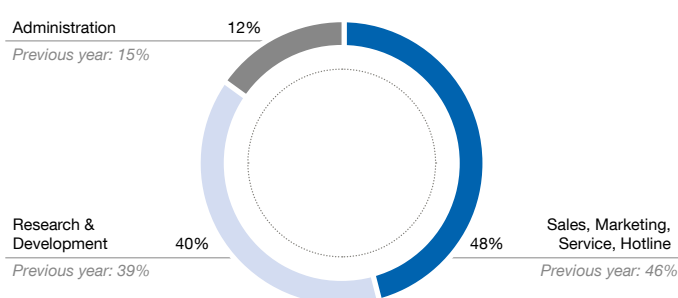




### Employees by Function

On average, the Nemetschek Group employed 3,291 people worldwide in 2022, an increase of 4.7% compared with the previous year (3,143). The average number of employees in research and development was 1,316 (previous year: 1,232), or 40.0% of the total workforce (previous year: 39.2%).

The number of employees in sales, marketing and hotline averaged 1,572 (previous year: 1,458). In addition, 404 employees (previous year: 453) worked in administration (including 12 trainees after 9 in the previous year). Trainees are primarily employed in the commercial departments as well as in the IT and development departments.



### Personnel Expenses

Personnel expenses increased by 15.5% to EUR 337.2 million in 2022 (previous year: EUR 292.0 million), resulting in a personnel expense ratio (personnel expenses/revenues) of 42.1% (previous year: 42.9%).

## 3.4 Results of Operations, Financial Position and Net Assets of Nemetschek SE

The following information refers to Nemetschek SE as the parent company of the Nemetschek Group. The information is based on the German Commercial Code (HGB) on accounting for large corporations and the German Stock Corporation Act (AktG). The result of Nemetschek SE is dependent on the earnings of subsidiaries held directly and indirectly. The non-financial consolidated report (non-financial declaration) is combined with the non-financial declaration of the parent company under [<< 2 Non-Financial Declaration >>](#).

### Revenue Development and Earnings Situation

Nemetschek SE's revenues of EUR 8.7 million in the 2022 financial year (previous year: EUR 7.6 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company".

Other operating income increased to EUR 13.2 million (previous year: EUR 6.0 million). In the past financial year, it included, among other things, income from currency conversion in the amount of EUR 7.0 million (previous year: EUR 0.3 million) and income from charging out to subsidiaries amounting to EUR 5.2 million (previous year: EUR 5.6 million). The operating expenses of EUR 23.6 million (previous year: EUR 16.1 million) include personnel expenses, consulting costs and other operating expenses. Personnel expenses increased due to the expansion of the central functions of Nemetschek SE and due to an increase in performance-related variable components from EUR 12.2 million to EUR 15.2 million. Other operating expenses increased in line with other operating income, mainly due to expenses from exchange rate differences (EUR 6.5 million compared to EUR 1.6 million in the previous year).

Depreciation on financial assets amounting to EUR 34.8 million was recognized for an impairment loss on associated companies.

Income from interests of EUR 53.0 million (previous year: EUR 67.4 million) includes EUR 52.9 million in dividends from subsidiaries (previous year: EUR 67.3 million). Income from profit transfer agreements in the amount of EUR 32.4 million (previous year: EUR 34.7 million) came as a result of profit transfers from Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. Net income for the year amounted to EUR 29.8 million (previous year: EUR 81.0 million).

### Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 569.9 million (previous year: EUR 609.3 million). Affiliates accounted for by far the largest share at EUR 531.5 million (previous year: EUR 568.3 million). The decrease is mainly due to the extraordinary write-down of associated companies in the amount of EUR 34.7 million. Owing to

repayments amounting to EUR 4.8 million, loans to affiliates fell to EUR 34.3 million (previous year: EUR 39.1 million). With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 183.3 million as of the balance sheet date (previous year: EUR 160.8 million). At the end of the 2022 financial year, receivables from the tax office amounting to EUR 7.1 million (previous year: EUR 1.4 million) were reported under other assets.

At the end of 2022, cash and cash equivalents amounted to EUR 3.6 million (previous year's reporting date: EUR 1.6 million).

The liabilities side of the company's balance sheet is dominated by liabilities to banks and Group companies. As a result of scheduled repayments and new loans, bank liabilities fell to EUR 71.3 million (previous year: EUR 118.2 million). Equity decreased by EUR 15.3 million to EUR 462.0 million. Net income for 2022 of EUR 29.8 million was offset by the dividend payment for the 2021 financial year (EUR 45.0 million). The equity ratio of Nemetschek SE was 60.0% as of the balance sheet date (previous year: 61.3%).

Provisions increased by EUR 1.3 million to EUR 9.9 million, mainly resulting from the suspension of an obligation following the termination of an employment relationship.

Liabilities to affiliates resulted mainly from cash pooling (EUR 91.3 million; previous year: EUR 81.5 million) and short-term intercompany loans of EUR 127.3 million (previous year: EUR 89.0 million).

In the 2022 financial year, control agreements and profit and loss transfer agreements existed with the following subsidiaries: Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. There were also profit and loss transfer agreements and control agreements between Allplan GmbH and Allplan Deutschland GmbH.

### Financial Position

Nemetschek SE's financing activities mainly comprised redemption payments of EUR 87.7 million (previous year: EUR 77.5 million), new loans in the amount of EUR 40.8 million and the dividend payment of EUR 45.0 million (previous year: EUR 34.7 million).

In 2022, Nemetschek SE extended its existing bilateral credit lines and increased them to a total of EUR 284.5 million (previous year: EUR 207 million). These lines of credit were granted with a term of up to one year. At the end of 2022, Nemetschek SE drew on these lines of credit for EUR 17 million and disclosed this accordingly as liabilities to banks in the statement of financial position.

In the 2022 financial year, interest payments of EUR 0.8 million (previous year: EUR 1.0 million) were made on loans taken out and credit lines.

Within the scope of its internal financing activities, the company received funds primarily from cash pooling transactions, inter-company loans and dividends from selected subsidiaries.

### Nemetschek SE Opportunity and Risk Reporting

The Group's opportunities and risks are a significant influencing factor for Nemetschek SE. Nemetschek SE is exposed to a higher foreign currency risk than the Group, arising from intra-Group financing in foreign currencies. These foreign currency risks are mainly offset by a natural hedge. Remaining significant risk peaks are limited in individual cases by hedging transactions. There were no open hedging transactions as of the balance sheet date.

### Nemetschek SE Employees

On average, Nemetschek SE had 62 employees in 2022 (previous year: 57).

### Outlook for Nemetschek SE and comparison of actual and forecast business performance

The future development of Nemetschek SE with its significant opportunities and risks is significantly influenced by the forecasts the forecasts of the Nemetschek Group set out in the Opportunity and Risk report. Based on the group's planning Nemetschek SE expects a slight increase in the investment result in the fiscal year 2023. In the past fiscal year this was not above that of the previous year, because the financing requirements were lower than those of the year 2021 and an extraordinary write-down on financial assets in the amount of EUR 34.8 million. The reason for the higher financing requirement in 2021 was the acquisition of the Pixologic business operations. The net income for the year was also not above the 2021 result as forecast in the previous year, mainly due to lower income from investments and the write-down of financial assets amounting to EUR 34.8 million. For fiscal 2022, according to the dividend proposal, 24.3% of cash flow from operating activities will be distributed (forecast previous year: 25 %).

Nemetschek SE assumes a positive development of earnings and for 2023 an annual result above the past fiscal year. Furthermore, it is expected to report a positive gross liquidity in 2023 at the level of the previous year. The company plans to continue to distribute around 25 % of the operating cash flow to its shareholders in the future. The dividend policy is always taking into account the overall economic development as well as the economic and financial situation of the company.

## 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group

The original forecast for the 2022 financial year took into account the uncertain macroeconomic conditions prevailing at the beginning of 2022, partly due to the start of Russia's invasion of Ukraine. The forecast was also based on the expectation that the global economy would grow by around 4%, as forecast by the German Council of Economic Experts and IMF at the time, and that the negative impacts of the Covid-19 pandemic would probably continue to decrease over the course of 2022. Factoring in these assumptions, the Executive Board approached the 2022 financial year with realistic and overall positive expectations and anticipated currency-adjusted revenue growth in a range of 12% to 14%, with recurring revenues expected to grow at a disproportionately high rate, and an EBITDA margin of 32% to 33%.

With the worsening of the economic environment due to the significantly higher interest rates, implemented in response to very high levels of inflation, particularly in the Americas and Europe, plus the effects of Russia's invasion of Ukraine and the diminishing but continuing Covid-19 pandemic, as explained in [3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance](#), the growth prospects for the global economy promised by the IMF and the German Economic Council of Experts at the time of the forecast could not be achieved. According to current expert opinion, growth for 2022 is expected to be around 3% instead of around 4%. The construction industry, which is of vital importance for the Nemetschek Group, developed as described in [3.1 Macroeconomic and Industry-Specific Conditions](#) in 2022, with the sector in Germany and other parts of Europe having been particularly affected by the macroeconomic developments.

The Nemetschek Group was nevertheless able to deliver a pleasing performance in this environment. Business performed very well in the first half of the year in particular, driven by high customer demand and especially by the strong development of recurring revenues from subscriptions and Software as a Service (SaaS) and by a strong Media segment. However, in the second half of the year, both the switch by Bluebeam to subscription and SaaS models, which started as scheduled, and the macroeconomic effects also impacted the business of the Nemetschek Group, and the growth momentum noticeably slowed.

In total, revenues of EUR 801.8 million were generated in the 2022 financial year, corresponding to nominal growth of 17.7% and growth adjusted for currency effects of 12.1%. The revenue growth achieved in the 2022 financial year is therefore within the forecast range of 12% to 14%. The Americas and Asia/Pacific regions in particular, along with the Build and Media segments, contributed to the pleasing development in revenue. The reasons for this stable growth in a challenging macroeconomic environment included the further significant increase in the proportion of recurring revenues, which acted as the basis for the targeted sustainable growth, consistent work on the strategic key topics and the further internationalization of the business. The impact of the uncertain macroeconomic environment, particularly in Europe, was felt in both the Manage and Design segments, as reflected in customer reluctance to invest and in the lengthening of sales cycles.

Based on the pleasing revenue development, profitability also developed positively in the 2022 financial year and EBITDA of EUR 257.0 million was generated, corresponding to an EBITDA margin of 32.0% and therefore also lying within the forecast range of 32% to 33%.

### COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE - OVERVIEW

	Financial year 2021 Actual	Financial year 2022 Forecast March 2022	Financial year 2022 Actual	Δ nominal in %	Δ currency-adjusted
Revenue	EUR 681.5 million	Currency-adjusted growth: 12% – 14%	EUR 801.8 million	17.7%	12.1%
Recurring revenues	EUR 416.7 million	Overproportionate growth (compared to revenue growth)	EUR 532.6 million	27.8%	21.7%
EBITDA margin	32.6%	32% – 33%	32.0%		

## 5 Opportunity and Risk Report

### Opportunity and Risk Management

The entrepreneurial activities of the Nemetschek Group involve opportunities as well as risks which primarily reflect the diversity and international nature of its business activities. The Group's risk appetite is aligned with its business policies, which aim for sustainable and profitable growth. A management and control system is used to identify and assess these opportunities and risks at an early stage and to decide on how to treat them. This system for managing opportunities and risks is a key element for detecting developments that are critical or advantageous for the company at an early stage. It also has a role alongside the strategic company planning, systematic planning processes, and internal reporting processes. The Nemetschek Group pursues an aim of making the best possible use of opportunities and identifying risks at an early stage in order to initiate suitable measures and thus ensure the future success of the Nemetschek Group. The Nemetschek Group takes a combined top-down and bottom-up approach to opportunity and risk management. Within this approach, responsibility for the early identification of overarching Group-wide opportunities and risks along with suitable measures generally lies at Group level. Responsibility for operational risk, and for capturing and managing it, lies with the brands on a decentralized basis. The Operational Risk Managers are responsible for summarizing, assessing, evaluating, and reporting risks and the associated countermeasures. Another important component of the opportunity and risk management system is the internal audit, which continually monitors the functionality, efficacy and effectiveness of the processes.

The recognition and management of opportunities are embedded as integral parts of the strategic, corporate planning, and forecasting processes. This ensures that both a medium- and short-term perspective are taken with regard to additional growth potential for the Nemetschek Group. Accordingly, opportunity management evaluates relevant and feasible opportunities that are in line with the Group's strategic goals and offer a competitive advantage. Opportunities identified are assessed in terms of quantity and quality using business models.

Integrating opportunity and risk management into the organization of corporate controlling ensures that the opportunity and risk management system is aligned with the planning and reporting processes and their criteria. To improve comparability, steps are taken to ensure that both opportunities and risks arising from business operations are additionally evaluated across the Group, based on uniform quantitative and qualitative criteria and categories.

The current risk situation of the Nemetschek Group is updated, documented, and analyzed quarterly, as part of a separate opportunity and risk inventory. This applies to both opportunities and

risks that are strategic and relevant to the Group as a whole and to operational, decentralized opportunities and risks. Risk owners are designated for all opportunities and risks that are identified and classified as relevant.

Material, relevant risks are passed on, limited, or mitigated through appropriate measures, or they may be accepted. Risks are mainly passed on through the use of insurance policies. Risks are also limited or mitigated by adjusting business models or processes.

The Supervisory Board is regularly informed in the form of reports about the material identified risks faced by the Nemetschek Group and the efficiency of its risk management system.

### Evaluation of and Reporting on Opportunities and Risk

The Nemetschek Group systematically analyzes and evaluates opportunities and risks. The identified opportunities and risks are quantified, classified, and assigned one of four categories:

- » Financial Opportunities and Risks
- » Operational Opportunities and Risks
- » Legal, Tax, and Compliance Risks and Cybersecurity Risks, and
- » Financial Risks

In order to take suitable measures to deal with risks that could threaten the continued existence of the Nemetschek Group, any risks identified are evaluated and then classified based on their estimated likelihood of occurrence and the extent to which they are expected to affect the earnings, assets, and finances, the share price, or the reputation of the Nemetschek Group. Opportunities are also quantified.

A revision and adjustment of opportunity and risk potential took place during the 2022 fiscal year. The following is a presentation of the adjusted bandwidths used for gauging the potential severity from a risk (after mitigation measures). In particular, these bandwidths take into account the sustainable and profitable growth of the Nemetschek Group and its finances.

**RISK POTENTIAL PROBABILITY OF MATERIALIZATION**

Level	Probability of materialization	Potential severity	Potential severity
Very low	≤ 10%	EUR 0.0 ≤ 0.25 million	EUR 0,0 ≤ 5.0 million
Low	>10% ≤ 25%	> EUR 0.25 ≤ 0.75 million	> EUR 5.0 ≤ 10.0 million
Medium	> 25% ≤ 50%	> EUR 0.75 ≤ 2.0 million	> EUR 10.0 ≤ 20.0 million
High	> 50% ≤ 75%	> EUR 2.0 ≤ 4.5 million	> EUR 20.0 ≤ 50.0 million
Very high	> 75% ≤100%	> EUR 4.5 million	> EUR 50.0 million

The following is a report on the opportunities and risks that are material for the Group. It explains the measures that are taken to mitigate the risks and their severity and at the same time support the creation and seizing of opportunities. Generally, the four segments of the Nemetschek Group share a similar opportunity and risk profile and are exposed to comparable opportunities and risks.

The most significant risks at the Nemetschek Group during the 2022 fiscal year, across all risk categories, were again:

- » Foreign-exchange risk
- » Macroeconomic and industry-specific market risks, and
- » Parts of operational risks (corporate strategy, sales, and products)

Overall, we can conclude, based on the likelihood of materialization and severity, that none of the individual business-specific risks identified from the brands' operating businesses present a risk that we believe to be material to the Nemetschek Group. Significant risks are those of the "High" and "Very high" level. In addition, no risks to the continued existence of the Nemetschek Group were identified.

### Economic Opportunities and Risks

#### Macroeconomic and General Conditions

Opportunities/risks from general economic, political, and regulatory conditions (including social conflict, instability, and pandemic)

#### Opportunities

The Nemetschek Group sees possibilities for the current economic and political conditions to ameliorate more quickly than forecast. A brightening of the presently gloomy economic environment could improve our clients' investment behaviors, causing the demand for the Nemetschek Group's products and solutions to rise above the planned level. Moreover, government initiatives and subsidies may result in higher government expenditure, including for investment in infrastructure or digital transformation. The Nemetschek Group has the capacity to profit from this, too. It is intensively monitoring the development of government initiatives in its regional target markets so that it can respond to initiatives and programs promptly.

The increasing importance of sustainability and political efforts to achieve it may offer positive stimulus for the Nemetschek Group's business. Nemetschek welcomes the Green Deal initiative of the European Union and its member states to mitigate climate change more rapidly, including the opportunities it offers. In offering its products and services, the Nemetschek Group is actively involved in the development of an economy that is oriented toward sustainability and believes there are possibilities to profit from the potential opportunities. However, the current assessments are subject to change and opportunities may therefore only be realized to a partial or small extent.

The challenges that were overcome during the Covid-19 pandemic may also produce opportunities. For instance, further digital channels for communication and sales to our clients were implemented, collaboration intensified, and relationships strengthened. The Covid-19 pandemic also impacted the way our employees work and led to greater job flexibility for our workforce. The flexibility that was achieved may have positive impacts for the Nemetschek Group in the future. On top of that, the Covid-19 pandemic resulted in an acceleration of digitalization and digital transformation across all industries. If this trend should accelerate further, the Nemetschek Group could profit from it through its product portfolio.

#### Risks

The Nemetschek Group is active in various markets and regions. Business activities are influenced by market factors such as geographical and cyclical economic trends and political and financial changes, but also by the occurrence of natural disasters and pandemics. Because of the current geopolitical situation, the general conditions deteriorated over the last year and this led to an increase in macroeconomic risk.

Overall, the global economic outlook is currently subject to major uncertainty. The latest forecasts from the IMF and German Council of Economic Experts based on their assessment of macroeconomic development say that the global economy's growth will drop further in 2023, coming in at 2.9% (IMF) and 1.9% (German Council of Economic Experts) [<< 7 Outlook 2023 >>](#).

Russia's invasion of Ukraine does not have any direct, material impacts on the Nemetschek Group's business. The transactions



that the Nemetschek Group was able to conduct in Ukraine and Russia prior to the outbreak of war accounted for less than 1% of the Group's sales. However, some of the Group's companies do make use of a small amount of research and development services from Ukraine. There could be negative consequences for the relevant development activities if the war persists for any longer. The indirect consequences of the war may have negative impacts of Russia's invasion of Ukraine on the Nemetschek Group. The Nemetschek Group rates the impacts on the energy supply in parts of Europe's economy and the increased cost of materials, along with the associated rise of inflation and the fallout from that, as the greatest macroeconomic risk currently. Any exacerbation or broadening of the war, or a significant increase of the imposed sanctions and the potential backlash from them, could lead to a significant deterioration of macroeconomic conditions.

The emergence of new political conflicts or the exacerbation of existing ones could have negative impacts on the global economy. For example, an escalation of the Taiwan–China conflict would have major consequences. A further intensification of the trade dispute between the US and China or a generalized increase in protectionist measures in individual countries would also have negative impacts on global economic growth and thereby influence the investments that businesses make accordingly.

Another worsening of the Covid-19 pandemic or a reinforcement of restrictions in individual countries to combat the pandemic may lead to a deterioration of the forecast economic growth. Moreover, the Covid-19 pandemic has shown how vulnerable the deeply interconnected global economy is to natural catastrophes and pandemics. However, based on the experience gained in the recent years of the pandemic and the measures that were introduced, the Nemetschek Group currently judges this risk to be smaller than it was in previous years.

The various crises that exist at present may result in a slowdown of globalization and in parts of global supply chains shifting back to where they previously were. This development may also negatively impact the development of future economic growth.

The emergence of one, or a combination, of the above risks could result in a significant deterioration of the forecast macroeconomic conditions. The construction industry could slow down as a consequence of poorer economic development or higher inflation, with the associated increase in interest rates, and this could also lead to our clients changing their intent to buy, with the result that planned purchases become postponed or abandoned. One or more clients defaulting would also be a possible scenario if there were strong economic upheaval. This could negatively impact the Nemetschek Group's earnings, finances, and assets.

The Design segment – which produces roughly 50% of the Nemetschek Group's sales revenues – is positioned at the beginning of the building life cycle and would feel any general economic malaise first. The Build segment would only be affected downstream. The Manage and Media segments target end clients, which increases risk diversification. In addition, the Manage segment is not directly dependent on the building process, as the focus in this segment is rather on increasing efficiency in the management of properties.

Nemetschek continually monitors developments in key economies and their construction industries by means of widely available early warning indicators such as the market indicator of the Euroconstruct market institute, or the Construction Confidence Indicator (CCI), as well as by analyzing its own marketing situation. The highly targeted markets in Europe, North America, and Asia are continuously analyzed. Thanks to its international business orientation, the company has broad risk diversification. There is currently no single client with a significant share of sales, so there is no "cluster risk." The Nemetschek Group's clients are also characterized by a high level of loyalty. The Group is therefore highly diversified, both in terms of regional distribution and client mix. The high proportion of recurring sales revenues, at over 65% of total revenues, is also a risk-minimizing factor. The Nemetschek Group's strategy sets out the integral aims of further expansion of recurring revenues and further internationalization as key areas of focus, and these aims are implemented for the long term.

The Nemetschek Group plans its investments and corporate decisions in the medium to long term, so short-term deviations should not have a decisive influence on the overall long-term picture. If necessary, Group or segment strategies are adjusted.

### **Industry Opportunities and Risks**

There are significant opportunities and risks in the market and industry environment that could cause a noticeable change in the financial situation of the Nemetschek Group. The order situation and the financial strength of the construction and media industry have an influence on the investments of this industry in software solutions and thus on a significant portion of the business development of the Group.

### **Opportunities**

The current risks in the construction industry can also offer opportunities for software companies such as the Nemetschek Group. The Covid-19 pandemic, for example, has accelerated digital transformation in working environments as well as the construction industry. Compared to other industries, digital transformation has little presence in the construction industry, yet it has a key role

especially when it comes to efficient material usage, efficient construction site management, and building operation and management with low resource consumption. In this current market period where market participants are particularly conscious of cost-effectiveness and efficient resource usage, expenditure on digital transformation can be the key to reshaping value chains for lasting efficiency. If enterprises such as the Nemetschek Group could increase their clients' awareness accordingly, this would potentially cause digital transformation in the construction industry to come about more quickly than expected and hence allow potential revenue also to be harnessed faster than expected.

Furthermore, the construction industry is continuing to benefit from the public investment in infrastructure and public-sector construction and infrastructure that was initiated by numerous governments during the Covid-19 pandemic. This consequently provides an opportunity to participate in the investment, particularly for the Design and Build segments.

Further opportunities may arise in the Media segment as the creation of digital content and worlds as well as 3D animations is increasingly growing in importance, particularly for the young generation. One example of this is the metaverse, which merges the virtual with the real world. The metaverse offers numerous opportunities for global networking as well as new possibilities in the working world and education. In addition, there is a growing need for digital content and rising demand for gaming. These trends could have a further positive impact on demand for solutions in the Media segment.

### Risks

Long-term positive growth opportunities are forecast for the construction and infrastructure industry thanks to global trends such as urbanization and population growth. In the short term, however, growth may also recede in the construction industry because of the current macroeconomic environment. In particular, high inflation and the interest rate hikes by many central banks to counter it are negatively impacting the development of the construction industry. What's more, the current supply chain issues, uncertain supply of some raw materials, and skilled-labor shortages may lead to the industry's growth potential not materializing as previously assumed. The overall effect of these factors may be to reduce earnings in the business world, which would negatively impact business investment – including in the Nemetschek Group's products and solutions. There furthermore remains uncertainty about how Brexit will impact the countries concerned in the medium and long term, despite trade and cooperation agreements having been signed between the European Union and United Kingdom. It also remains to be seen how these developments will influence British industry. Covid-19 accelerated transformation within the world of work as well. This transformation may also result in major uncertainty continuing to influence the development of investment in commercial construction in certain industries. This development could influence the segment's growth momentum in the medium and long term.

The Nemetschek Group continuously monitors the industry-specific developments in its regional submarkets so that it can respond to change rapidly. The strategic direction of increasing the share of recurring revenues, for example by rolling out subscription models, can counter the risk of clients forgoing investment. With models like these, clients do not make a single investment in a license but instead use the relevant software in return for paying a regular usage fee.

### Opportunities and Risks Arising from Competitors

The software market is a highly competitive one and is marked by the rapid pace of technology and its heavy fragmentation. However, for businesses that operate sustainably, this market also offers opportunities.

#### Opportunities

Thanks to its strong earnings and sound finances, the Nemetschek Group is capable of making sustainable investments in research and development. This means it can enhance the technology of its existing solution portfolio in line with its clients' needs while generating innovation that adds value for clients. The Nemetschek Group could consequently gain a market position that lets it harness further potential revenues.

The AEC/O software industry in particular is also an environment with strongly fragmented competition. Despite a period of market consolidation that has been ongoing for years now, the market continues to be influenced by a large number of small and local companies. The Nemetschek Group is one of the few global enterprises in the industry and sees opportunities to exploit further fields of innovation and potential growth through M&A and targeted support for start-ups. To take advantage of this potential and these opportunities, the Nemetschek Group has created and expanded internal structures that are aimed at M&A and start-ups.

#### Competitive Risks

Market risks could arise from faster-than-expected technological change, innovation by competitors, or the emergence of new market participants such as cloud providers. To counter these risks, the Nemetschek Group systematically analyzes the market and market participants and views innovative competitors as potential targets for acquisition. The Group also invests heavily in its research and development on a continuous basis so that it can actively respond to competition-related risks with innovative new products and solutions and, moreover, seize the separately described opportunities.

With its Design, Build, and Manage segments, the Nemetschek Group covers the entire life cycle of building structures and infrastructure projects. On the other hand, the Media segment largely targets the media industry through a wide range of products and has developed continuously and positively in recent years. Due to this strategic positioning, Nemetschek considers itself well placed and thus less vulnerable to risks than other market participants who operate only in individual market segments.

In summary, the opportunities and risks for the “Economic Opportunities and Risks” risk category can be quantified as follows:

<b>Risk category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Economic risks	medium	medium
Industry sector risks	medium	high
Risks from the competitive environment	low	very low

<b>Opportunity category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Economic opportunity	low	low
Industry sector opportunity	medium	medium
Opportunity from the competitive environment	medium	low

## Operational Opportunities and Risks

### Corporate Strategy

Opportunities and risks can also result from strategic corporate decisions and change the company’s opportunity and risk profile in the short, medium, and long term. The Nemetschek Group generally pursues a growth strategy that is focused on earnings [<< 1.2 Targets and Strategy >>](#). Broadly speaking, the strategic direction is oriented toward identifying and realizing opportunities for the company. However, risks can also arise in connection with the corporate strategy and its implementation, and these risks may negatively impact the company’s earnings, finances, and assets.

At various levels of the company’s leadership, there is reporting on the development of individual strategic initiatives, programs, and projects for driving and realizing the implementation of the strategy. Progress, opportunities, and potential challenges are regularly discussed by the Executive Board and Supervisory Board ensuring that potential deviations are identified rapidly so that corresponding measures can be taken.

### Opportunities

The new structures for the company leadership, which have been successfully established since the 2019 fiscal year, unlock new possibilities and potential for leveraging synergies between the brands and, simultaneously, approaching clients in an even more focused way. What’s more, the integration of certain brands that has taken place offers opportunities to utilize synergies in research and development, product design, and fresh possibilities for market entry.

The Nemetschek Group sees itself as a driver for building information modeling (BIM) and has a strong position in all AEC/O segments with regard to this working method. BIM regulations in various countries are helping to ensure that BIM technologies become increasingly important in the construction industry. These provisions are also driving the BIM standards in other countries and leading to greater acceptance of this working method.

The strategic direction provides for an ongoing transition to new sales and business models (subscription and Software as a Service). It offers accelerated growth opportunities and also ensures greater stability and visibility for revenue development.

The Nemetschek Group has its roots in the Design segment and has successively focused on further high-growth markets across the construction life cycle. Following Nemetschek’s significant expansion of its Build segment in recent years, the company is now focusing more strongly on the building management market. It appeals to this market through its Manage segment and new Digital Twins business unit. The Build and Manage segments in particular continue to enjoy great growth opportunities due to the potential in the market and the still-low level of digitalization in the industry. On top of that, there is also the media sector, a second business cornerstone that Nemetschek addresses alongside the AEC/O industry. The Media segment, which Nemetschek has boosted considerably in recent years, is growing at an above-average pace for the Group and also offers a high level of future growth potential. The comprehensive range of solutions now covers all five key areas of application, from modeling, animation, and rendering, to painting and sculpting. As a result, Nemetschek has significantly expanded its client base. With the expanded portfolio, Nemetschek has already established a good position in the huge 3D animation as well as emerging Metaverse market.

What will be essential for realizing the above opportunities is constant market analysis, allowing new, innovative solutions as well as business models to be developed with many benefits for our clients and USPs.

### Risks

Risk could arise in connection with the company’s strategic direction or the implementation of that direction if the expected market demand for BIM solutions turns out to be lower than expected or if other methods of working become rapidly popular instead. This might result in investments not producing the returns that were expected. There might also be less demand for subscription or SaaS solutions than expected, which would also result in the investments for transforming and expanding the business model amortizing either not at all or only at a time later than expected.

The Nemetschek Group's growth strategy is based on organic growth initiatives as well as growth stimulus from M&A activities. If we cannot acquire businesses at reasonable prices, this might negatively impact the realization of our long-term growth strategy.

The implementation of the growth strategy also comes with challenges arising from the increasing rate of internationalization. This element of the strategy also requires overcoming the barriers to entry in new regional submarkets, while also developing successful and efficient sales structures in them and deploying USPs in the regional submarkets in a way that drives value. Any delays in the implementation process may have a negative impact. Such delays may arise, for example, if sufficiently qualified regional employees or distribution partners cannot be recruited or the regulatory framework conditions are more complex to implement. The Nemetschek Group has well-founded experience in planning and building up regional sales structures. For specific challenges, it also engages, where necessary, external specialists to avoid or limit risks and the consequences arising from them.

The Nemetschek Group continuously evaluates existing as well as new technologies, monitors the market on an ongoing basis, and revises its market assessments based on these findings. Thanks to its close relationships with its clients, a broad range of attractive client solutions, and its role as a leading innovator, the Nemetschek Group can continuously work on creating attractive and innovative solutions with many benefits for clients. This minimizes the risks associated with its chosen strategic direction and allows the chosen strategic approaches to be adapted where necessary.

### **Sales and Marketing**

Different business models, the special characteristics of regional submarkets, and the software solutions themselves demand a great deal from the marketing process. There are both risks and opportunities associated with successfully implementing this process.

### **Opportunities**

The further internationalization of Nemetschek's business is a strategic focus designed to expand regional market shares or to enter new markets. The focus lies on those sales markets that offer the greatest market potential and growth. Alongside Europe, a major focus is on the US market, the largest regional AEC/O software market in the world, and selected Asian markets. This focus also applies for the Media segment.

Moreover, opportunities may arise as the various brands within the Nemetschek Group mutually support each other in different regions. European brands, for example, can benefit from the

experience and sales structures of the U.S. brands and vice versa. Along with this, there is an opportunity for stepping up efforts to address previously peripheral markets, e.g. in Asia Pacific, and to generate additional growth.

In addition to further internationalization, the Nemetschek Group also works toward realizing further sales and marketing opportunities. New forms of market cultivation arising from mergers of individual brands provide an opportunity to offer existing and potential new clients more comprehensive solution packages. This is particularly the case for large, international clients that combine various disciplines under one roof. A further aspect is cross-selling, in which brands jointly address customers. Opportunities may also arise from new sales channels, such as e-commerce, in which customers can subscribe to a solution directly online via the website. Furthermore, the increasing acceptance of and demand for new sales models such as subscriptions or SaaS may lead to higher, resilient, and more predictable revenue. Expansion of the existing product portfolio may also lead to higher revenue in the future, especially in the Media and Manage segments.

### **Risks**

The sales models that the Nemetschek Group offers are based on the use of expert sales partners, resellers, and qualified employees with specialist knowledge. In addition to the classic sales channels, the Nemetschek Group is increasingly relying on e-commerce offers in order to address its client base even better.

The loss of important sales partners or sales employees could have a negative impact on the revenue and earnings of the Nemetschek Group. The brands take this risk into account by carefully selecting, training, and managing sales partners and employees and with the help of incentive and performance systems. In addition to training offers, sales employees are paid a competitive amount of fixed remuneration as well as variable, performance-based bonuses or commissions.

Sales risks also exist in cases where the brands decide to establish their own sales team or sales location in regions where a sales partner previously worked, or if sales partnerships are terminated. In the course of such a changeover, this could lead to discrepancies with the previous sales partner or to negative client reactions. However, such scenarios are analyzed carefully before implementation and discussed both internally and with external market experts.

Further risks may arise when changing the product portfolio as well as when switching to new forms of distribution, such as leasing models, if the appropriate solutions do not yet have the degree

of market maturity that clients expect when launched on the market. Nemetschek handles this risk through careful preparations for market launch, supported by pilot projects with selected customers and, if necessary, rapid adaptation and intensification of development activities. Risks can also arise when introducing new channels for distribution and sales, like when developing e-commerce offerings for instance (including the Group's own online stores). The Nemetschek Group counters these risks through precise planning, comprehensive communication, and the careful testing of corresponding changes.

### **Products and Technology**

A market environment shaped by rapid technological progress places heavy demands on both the products and the technologies used, and on how they are improved.

### **Opportunities**

The development of new solutions and technologies that are focused on the clients' benefits, such as cloud-based solutions or digital twins for example, can enable the exploitation of new growth potential. New business models such as subscriptions and SaaS also provide opportunities for more positive development in the Group's earnings. The Nemetschek Group makes use of its close customer relationships and mobilizes its knowledge, experience, and research and development resources in a targeted manner in order to make use of the opportunities available. Approximately one-fourth of the Group's revenue regularly goes toward research and development for this purpose. M&A as well as targeted equity investments in and support for start-ups provides an opportunity to expand the existing product portfolio in a targeted way, too. The Nemetschek Group has expanded its internal structures in order to fully take advantage of this type of opportunity.

### **Risks**

There is a risk that competitors will gain an innovative edge and thus win clients previously loyal to the Nemetschek Group. Future business success therefore depends above all on the ability to offer innovative products that are tailored to clients' needs. Thanks to its organizational structure of 13 entrepreneurially managed brands within four segments, the Nemetschek Group is positioned close to its clients and markets. This enables changes and trends to be identified, evaluated, and implemented at an early stage. Flat hierarchies, strong connections with decision makers in the company, and cross-functional teams make it possible to avoid potential risks arising from the development of software products that are insufficient for client needs or internal quality standards. The Nemetschek Group also uses close client relationships to analyze the needs of clients. Based on this analy-

sis, it aligns future products and solutions with these client needs and guides the products and solutions to market maturity with appropriate timing.

The software products of the brands sometimes incorporate third-party technology. The loss of or poor quality of the technology could lead to delays in the delivery of the company's own software and to increased expenses for the procurement of replacement technology or for quality improvement. The brands take this risk into account by carefully selecting suppliers and ensuring adequate quality assurance.

The Nemetschek Group continuously invests around one fifth of the Group's revenue in research and development, and the reasons for this include preventing product- and technology-based risks as far as possible or reducing them to a level tailored to the strategy.

### **Products**

The Nemetschek Group's core processes of software development, marketing, and organization are subject to constant review – with a goal of continuous improvement – by the management of the respective segments. The performance and target orientation of these processes are reviewed and optimized as part of strategic and operational planning.

### **Opportunities**

Changes to existing business processes and models are continuously implemented in order to achieve targeted improvements and thus to realize opportunities. Changes can have a positive impact both directly on customer benefits – and therefore also on customer relationships – and indirectly by further optimizing internal company structures and processes, thereby improving the Group's cost structure and its ability to generate value.

### **Risks**

There may exist risks that the required and planned process results may not meet client requirements in terms of time and quality as a result of insufficient availability of resources or changes in general conditions, such as a pandemic and its impact on business processes.

Further risk potential exists in the realignment of the product lines. For example, migration from a product that has been on the market for a long time to a new solution could entail the risk of losing clients, even if the migration were only to take place to another Nemetschek product. In such cases, the Nemetschek Group ensures that communication between the brands remains strong and that the advantages of the migration are explained to clients through comprehensive communication.



Completed or even planned conversions of business processes or models may require new and complex changes in internal systems and processes. The corresponding effort and expense to implement these changes might be greater than expected, which would negatively impact earnings.

There also exists a risk that established processes could be disrupted by internal restructuring or optimization, which would lead to negative consequences.

The Nemetschek Group counters these risks, which are based on changes in processes, using a structured process and targeted communication. Changes are tested at defined milestones and revised if necessary. Internal and external experts are also called on when required.

### Human Resources

The software industry is experiencing a shortage of skilled labor, particularly in the areas of software development as well as marketing and sales. This situation creates challenges that the Nemetschek Group must deal with effectively.

### Opportunities

The Nemetschek Group has grown strongly in recent years. With size-based adjustments in the organization of structures and workflows, changes can be made that provide relief for the current organizational structure and offer appealing development opportunities for Nemetschek Group employees or entry opportunities for external candidates. In addition, the fact that Nemetschek has a more coordinated brand presence as a globally active group of companies offers the opportunity to further increase the attractiveness of the company for existing talent and potential employees. The preexisting, close cooperation with a broad network of universities, particularly in Europe and the US, also offers an opportunity to further grow the reputation and appeal of the Nemetschek Group among university graduates. Financially potent companies such as the Nemetschek Group offer greater appeal as employers particularly in uncertain economic times, and thus gain an opportunity of retaining employees and hiring new ones.

### Risks

The prevailing shortage of skilled labor is an issue that has already existed for a longer time now. If qualified skilled or management employees were to leave the Nemetschek Group and no suitable replacement could be found, this could have a negative effect on business development. This is particularly significant if it also results in a loss of expertise. In addition, the general shortage of skilled workers, which continues to grow, is also an ever increasing challenge. The respective brands are in competition with large software players worldwide, so it has become increasingly chal-

lenging to recruit qualified personnel in recent years. To gain and retain employees, the Group – as well as the brands – offer flexible working models and attractive salaries. The Nemetschek Group also works very closely with universities, provides scholarships, and awards doctoral positions to attract young specialists. Moreover, the company aims to offer its employees an attractive workplace, appealing development opportunities, and consequently to create a bond between the employees and the company.

### Acquisitions, venture investments and integration

Realizing growth potential through M&A and investments in start-ups is a core element of the corporate strategy.

### Opportunities

The Nemetschek Group uses acquisitions to expand its product and solution portfolio, gain access to new technologies and/or regional markets, and thus close gaps in the value chain. New client groups can also be reached and market shares that are considered relevant and promising for the future can be gained. The Group also increasingly focuses on investments in start-ups in order to gain access to innovative technologies and business models and support their implementation in the market.

In order to make the best possible use of acquisition opportunities, employees of the M&A department continually screen the markets for suitable candidates. At the same time, Nemetschek works together with M&A consultants. Furthermore, the brands themselves contribute their expert knowledge and market observations to a professional M&A process. Acquisitions are carefully and systematically reviewed and planned before a contract is signed. There is an established standardized process for M&A, with a special focus on due diligence, valuation and post-merger integration. In addition, opportunities that arise from investments and interest in start-up companies are intended to be developed in a more targeted way. To this end, the Startup & Venture Investments function has been established at holding company to coordinate and support such interests in young companies. With these investments, the Nemetschek Group is very close to young, innovative companies and the technologies of the future. By bringing start-ups and its established brands together, Nemetschek can benefit from new impetus from the start-up scene.

### Risks

There exists a risk that mergees or acquirees do not develop in line with expectations, resulting in the set earnings targets not being achieved. This could negatively impact the Nemetschek Group's earnings, finances, and assets. Goodwill, which arises in the context of company acquisitions, is subject to annual impairment testing. It might be the case that the value of an acquiree proves to be impaired due to commercial developments, in which

case the complete purchase price, or part of it, may need to be written off. This would negatively impact the Nemetschek Group's earnings, finances, or assets. No write-downs were needed in the 2022 fiscal year in this regard.

To counter risks during M&A, potential targets are assessed, evaluated, and planned carefully and systematically before a contract is signed. There is an established, standardized process for M&A activities, and it has a special focus on performing due diligence.

The following table provides a quantification of the above operational opportunities and risks:

<b>Risk category</b>	<b>Probability of occurrence</b>	<b>Severity</b>
Corporate strategy	very low	very low
Sales and marketing	very low	high
Products and technology	very low	high
Processes	very low	low
Human resources	high	low
Acquisition and integration	low	low
<b>Opportunity category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Corporate strategy	medium	very low
Sales and marketing	medium	very low
Products and technology	medium	very low
Processes	low	very low
Human resources	medium	very low
Acquisition and integration	high	medium

## Legal, Tax, and Compliance Risks and Cybersecurity Risks

### Legal Risks

In an international company such as the Nemetschek Group, risks may arise from contractual, competitive, trademark, and patent laws. With this in mind, provisions are made in the statement of financial position in accordance with the accounting regulations. The Nemetschek Group limits such issues through legal audits by the Legal department and external legal advisers.

In the software industry, developments are increasingly protected by patents. Patent activities mainly concern the American market, although using patents to protect software is also steadily rising in other markets. The infringement of patents could have a negative impact on assets, finances, earnings, the share price, or the reputation of the company.

In sales, the Nemetschek Group works not only with its own sales force, but also with external retailers and cooperation partners.

The same applies to external marketing agencies. Sales and marketing partners might either not fulfill their contracts with Nemetschek at all or might fulfill them on unacceptable terms, or might renew them. Sales or marketing agreements might also be terminated, which could lead to legal disputes and thus have a negative impact on the business activities, finances, or earnings.

Legal risks can also arise in the areas of employment and tenancy law, for example if employees are dismissed or tenancy agreements are terminated, extended, or renewed.

To mitigate the above risks, the Legal department is involved in all important processes and major contracts, advises on complex legal matters, and ensures standardized workflows, legally required submissions and regular reviews.

### Tax Risks

By having global subsidiaries, the Nemetschek Group is subject to the local tax laws and regulations that apply to each one. Changes to these regulations may lead to higher tax expenses and higher cash outflows. Furthermore, changes could affect the deferred tax assets and liabilities recognized. However, it is also possible for changes in tax regulations to have a positive effect on the Nemetschek Group's earnings. In the USA, for example, Nemetschek benefits from a lower tax rate resulting from the tax reform introduced in 2017.

The Nemetschek Group's future tax situation is influenced by uncertainty about tax reform in the US, as a not-insignificant part of its profits are generated in that country. In addition, as a result of its ongoing growth momentum, including its exceeding the EUR 750 million revenue threshold in 2022, the Group will be subject to the impending regulations of the OECD BEPS (Base Erosion and Profit Shifting) Initiative 2.0 and its local implementations. They range from increased transparency, such as country-based reporting, to requirements for minimum taxation. The highly probable implementation of the EU Minimum Tax Directive is expected to have an impact on the taxes that the Group pays.

### Compliance and Governance Risks

The regulatory environment of Nemetschek SE, which is listed on the German MDAX and TecDAX, is complex and has a high level of regulation. A possible violation of the regulations could have negative effects on assets, finances, earnings, the share price, or the company's reputation.

To a small extent, clients of the Nemetschek Group include governments or public-sector companies. Business activity in the construction industry is partly characterized by orders of a larger volume. Cases of corruption or even allegations of corruption could make it more difficult, or even impossible, to participate in public tenders and could have negative effects on further econo-

mic activity, assets, finances, earnings, the share price, or the company's reputation. Against this backdrop, Nemetschek has adopted a Group-wide Code of Conduct as well as a Group anti-corruption policy, both of which are binding on all employees. Compliance and corporate responsibility have always been important components of the Nemetschek Group's corporate culture. An e-learning tool as well as personal training are used to communicate with employees about this issue on a sustained and Group-wide basis. This helps to raise Group-wide awareness, allowing employees to detect potentially critical situations and to make the appropriate response.

With our relevant Group policies and other regulations, such as our Code of Conduct, our Supplier Code of Conduct and targeted compliance communication measures, we raise our employees' awareness of compliance and train them on the topic, too. These measures, combined with our "zero-tolerance" philosophy in relation to compliance, are intended to help to prevent potential violations and reduce risk.

The requirements for compliance, data retention, data security, and the protection of personal data are continually increasing. On one hand, there are new and extensive regulations and legal provisions planned in the current regulatory environment, while on the other hand the requirements that individual clients have are also rising. The European Commission is planning to implement regulations that demand high security standards for software products (the EU Cyber Resilience Act). The relevant provisions are planned to take effect no earlier than 2025. The result of these developments may be that product development costs rise or that revenue growth slows down if the provisions are not complied with in a timely manner. The Nemetschek Group is working intensively on the implementation of the future requirements. Projects have been initiated at Group level and among the brands to ensure consistently legally compliant implementation in the Nemetschek Group's products and solutions. There is regular exchange between the holding company and the brands regarding the provisions and impacts of the General Data Protection Regulation (GDPR). Violations of the General Data Protection Regulation (GDPR) may result in fines of up to €20 million or, in the case of a company, up to 4% of its total annual worldwide revenues in the preceding fiscal year, whichever is higher, depending on the type of violation of GDPR provisions pursuant to Article 83 of the GDPR. In addition, local data protection authorities can also impose other sanctions on the data controller in accordance with Article 83 of the GDPR. The Nemetschek Group has designed its processes to be fundamentally data-protection-compliant, and an external data protection officer also supports compliance with the data protection regulations.

### Cybersecurity Risks

Like any other modern company, the Nemetschek Group is exposed to the various threats from cyberspace. In order to actively avert such risks, it has adopted various measures over the last few years to maintain and permanently improve the level of protection. These measures were stepped up or initiated in 2022:

- » A Group-wide information security management system in accordance with ISO 2700x, which includes the management of cyber risks among other things.
- » Information security organizations in the Group and the brands with established lines of reporting to the Executive Board.
- » Close cooperation between the information security officer and experts within the Nemetschek Group.
- » Dedicated information security technologies, processes and organizational measures that are integrated into IT and operational processes.
- » Regular information security training and awareness-raising campaigns for all employees.

The information security measures are constantly monitored to verify their effectiveness. New threats are analyzed and the entire security system is constantly enhanced. Because the Nemetschek Group has a decentralized organizational structure largely comprising brands that operate independently, the IT systems and infrastructure are mostly operated independently of one another within the brands. This leads to a natural diversification of risk. Group-wide cybersecurity insurance provides further protection. It covers all Group companies and is intended to mitigate the financial impacts of a potential cyberattack. New developments in legal and regulatory requirements for the security of software products and services are under observation. Appropriate measures are taken to implement any relevant new requirements.

The following table provides a quantification of the above opportunities and risks in this category:

Risk category	Probability of materialization	Severity
Legal risks	medium	very low
Tax risks	medium	low
Compliance and governance risks	low	low
Cyber-Security risks	medium	low

## Financial Risks

As an international group of companies, the Nemetschek Group is exposed to the financial risks described below. The aim is to actively manage these risks and thereby reduce them. The objectives and methods for dealing with financial risks are also described in detail in the notes to the consolidated financial statements under [« Financial Risk Management Objectives and Methods »](#).

### Liquidity Risk

With the current high amount of financial liabilities, there is a general liquidity risk if earnings deteriorate. At the end of 2022, the Nemetschek Group had liabilities to banks of around EUR 72 million (previous year: around EUR 129 million). The Group continued to generate positive cash flow from operating activities in the 2022 fiscal year, which allows it to continue investing in organic growth and acquisitions. Nemetschek SE ensures the availability of decentralized financial resources partly via central cash pooling and via intra-Group distribution and financing options. As a matter of principle, the Group pursues conservative and risk-averse financing strategies. The Treasury function at the holding company has been significantly strengthened over the previous years and areas such as banks, liquidity, and risk management continuously improved through measures that include further developing governance structures and revising processes and systems.

### Currency Risks

As an international company, the Nemetschek Group is exposed to exchange rate fluctuation, especially in the United States, Japan, the United Kingdom, Norway, Sweden, Hungary, and Switzerland. The further internationalization of the Group's activities will further increase the significance of exchange rate fluctuation for the Group's business activities. At Group level, currency fluctuation only has an effect on the margins generated in foreign currencies, as the operating subsidiaries outside the eurozone generate most of their revenues, costs, and expenses in their local currencies (natural hedging). Nonetheless, currency fluctuation may impact pricing and therefore revenue, which may influence the earnings of certain brands. The development of the US dollar against the euro in 2022 led to overall positive foreign-exchange effects for revenue and EBITDA. Given the currently heavy uncertainty in relation to the further development of inflation and its impact on the monetary policy of individual central banks, currencies may continue to develop in a volatile manner and – if translated into the euro, the presentation currency – significantly impact the Group's and Nemetschek SE's earnings, finances, and assets. At SE, this additionally applies to currency risks arising from financing transactions in foreign currencies with subsidiaries.

## Default Risk and Risk Management

Default risks are managed by managing credit approvals, defining upper limits and control procedures, and by maintaining regular debt reminder cycles.

The company does not expect any bad debts from business partners who have been granted a high credit rating. The Nemetschek Group has no significant concentration of credit risks with any single client or groups of clients. From today's perspective, the maximum risk of default is determined by the amounts shown in the statement of financial position.

The Nemetschek Group only concludes business with credit-worthy third parties. Clients who wish to conclude material transactions with the company on credit terms are subjected to a credit assessment if materiality thresholds are exceeded. In addition, receivables are continually monitored and reviewed so that the company is not exposed to any significant default risk. If default risks are identified, appropriate provisions are made in the statement of financial position. In the context of the current economic environment and the impacts from it, it cannot be ruled out that the creditworthiness of some clients may change and the risk of default therefore may rise. In the past three years, the markets have been heavily impacted by increased bankruptcies, issues with clients refinancing, and projects being delayed because of supply chain delays. The Nemetschek Group and its clients have proved highly resilient in their reactions, preventing any greater systemic risk from materializing. The Group continually monitors this situation and, if necessary, will take appropriate measures and recognize provisions. From today's perspective there is no significant concentration of default risks in the Nemetschek Group. In the case of Nemetschek's other financial assets such as cash and cash equivalents, the maximum credit risk in the event of counterparty default corresponds to the carrying amount of these assets.

### Interest Rate Risk

In 2022, the world's central banks raised interest rates – some of them strongly – because of rising inflation, particularly in Europe and America, and this resulted in an increase in the general interest rate risk. However, due to the Nemetschek Group's current financing structure, the management does not currently see any significant interest rate risk for the company. Long-term financing arrangements are hedged with fixed interest rates. Potential M&A activity on a larger scale may have a material influence on future interest payments. However, in view of the company's pleasing earnings and finances, this interest rate risk would be limited.

In summary, the quantification of the financial risks is as follows:

<b>Risk category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Liquidity risk	very low	very low
Currency risks	high	medium
Default risk and risk management	medium	very low
Interest risk	very high	very low

### Summary Assessment of the Group's Opportunity and Risk Situation

Compared to the previous year, the company's overall risk profile has changed slightly, as have some of the individual risks and opportunities described. The adjustments of the risk profile are mainly based on the macroeconomic environment and outlook, which have deteriorated since the previous year, and on the increased geopolitical uncertainty and the potential fallout from it. This can particularly be seen in the higher severity ratings in the "Financial Risks" category, in which macroeconomic and industry-specific risks are also presented. The consequences of the Covid-19 pandemic and the risks based on them have shrunk further since the previous year.

Overall, Nemetschek is satisfied that the risks identified do not pose a threat to the continued existence of the Group, neither individually nor as a whole. This assessment is supported by the asset structure, the liquidity resources, and the financing structure.

The Nemetschek Group plans to benefit more strongly from the opportunities described above as well as to take advantage of market opportunities so that it may further expand its market position in the coming years. At the same time, we are continuously improving the opportunity and risk management structures we have in place.



## 6 Key Features of the Internal Control and Risk Management System

### Accounting-Related Risk Management System and Internal Control System

The overriding objective of the Nemetschek Group's accounting-related internal control and risk management system is to ensure the correctness of financial reporting in the sense of ensuring that the consolidated financial statements comply with all relevant regulations. In addition, there is the reliability of the financial reporting.

In general, the risk management system and the internal control system also include the accounting-related organizational structure and process organization as well as all risks and controls with regard to accounting. The aim of the risk management system with regard to the accounting processes is to identify and assess risks that could conflict with the conformity of the consolidated financial statements vis-a-vis the applicable regulations. Identified risks are assessed with regard to their impact on the consolidated financial statements and risk-minimizing activities are implemented accordingly. The aim of the internal control system is to establish sufficient security through controls in accounting-relevant processes so that the consolidated financial statements comply with the applicable regulations despite the identified risks.

Both the risk management system and the internal control system relate to Nemetschek SE and all subsidiaries relevant to the consolidated financial statements.

The assessment of the materiality of misstatements is based on the probability of occurrence and the effect on revenue, net income and comprehensive income as well as total assets. A misstatement is considered material if it would bring about a change in the above parameters to such an extent that would lead an investor to make a different investment decision if they were aware of it.

Key elements of risk management and control in financial reporting include the allocation and distribution of responsibilities, preventative and downstream controls in the accounting and preparation of financial statements, Group-wide policies for accounting policies and the preparation of financial statements, and appropriate rules for access to IT systems. The principle of dual control and the separation of functions are also key principles in the financial-reporting process for the Nemetschek Group. Reducing manual process steps and focusing on automated interfaces and controls further increases process reliability. Every quarter, all reporting units declare their compliance with the centralized requirements, including accounting policies and controls defined at global level.

### General Risk Management and Internal Control System\*

For the executive board and supervisory board of the Nemetschek Group, the internal control system and risk management are a fundamental element of corporate management. Dealing with risks arising from both business activities is of fundamental importance for entrepreneurial success and sustainable corporate development and management.

As with the risk management system, the internal control system also consists of centralized and decentralized components. Some areas are subject to Group-wide requirements regarding controls, which are to be implemented on a decentralized basis. Group-wide controls are also in place, particularly within the financial reporting control system.

The internal control system is process-oriented and consists of the identification of risks, the definition of upstream and downstream controls, their implementation within the process organization, and the monitoring of the system to ensure appropriateness and effectiveness.

Based on the system monitoring, the internal control system is continuously improved. In addition to adjusting processes, including through the use of system-supported automation, this also involves revising how controls are designed and implemented.

The assessment of the effectiveness and efficiency of internal controls is regularly reviewed by Internal Audit. The results of audits performed by Internal Audit, as well as the regular risk inventory, in turn serve as input to Internal Audit's audit planning.

The executive board has no indication that the internal control and risk management system was not adequate or effective as of December 31, 2022. The elements of the existing internal control system are also continuously developed to adapt them to the changing legal and economic conditions of the business.

\* This information is not part of the management report and therefore unaudited.

## 7 Outlook 2023

### Overall Economic Development

As a globally active company, the Nemetschek Group is influenced by worldwide economic developments and industry-specific trends. These developments may also have an impact on the Group's results of operations, financial position and net assets.

The development of the global economy is currently being influenced by various factors, the potential impact of which is surrounded by great uncertainty. The main factors impacting economic development are currently the high levels of inflation and the associated interest rate hikes, the impact of the Russian war of aggression against Ukraine and the ongoing COVID-19 pandemic. The economic effects of these two crises are similar and – apart from causing suffering for those affected – are leading to supply shortages, restrictions in global logistics chains and price increases, particularly in the energy and raw materials sector. In order to counteract the price increases caused in part by these developments, central banks in Europe and America have put in place monetary policy measures, including a significant increase in interest rates. The rise in prices and interest rates is leading to a reluctance to buy and invest on the part of consumers and companies alike, which has in turn led to a slowdown in global economic growth. In addition to the negative effects and risks, the current situation also offers opportunities. The shortage of energy resources and the rising prices for them, along with price hikes across the board – including in the construction industry – are contributing to the acceleration of digitalization in general, and in the construction industry in particular. Software solutions are helping to plan, build and later manage and operate building and infrastructure projects more efficiently, and with the use of fewer resources.

Beyond these individual influencing factors, the growing efforts and activities of individual economic areas to transition to a more sustainable economy (e.g. the European Green Deal in the European Union) may also bring about significant changes in the economic environment and, depending on the industry, have a positive impact on economic development. Similarly, changes in trade relations, such as the trade conflict between the US and China, are holding increasing importance for the development of the global economy.

Overall, both the International Monetary Fund (IMF) in its World Economic Outlook – Update published on January 31, 2023 and the German Council of Economic Experts in its Annual Report 22/23 published on November 9, 2022 for the year 2023, assume a further slowdown of the global economy. While the IMF still forecasts an increase in gross domestic product (GDP) of 2.9%, the German Council of Economic Experts only expects an increase of 1.9%.

The following developments are forecast for the regions of significance in which the Nemetschek Group is operationally active:

GDP in the **Eurozone** is only expected to grow by 0.3% (German Council of Economic Experts) or 0.7% (IMF) in 2023. Development in Germany is particularly affected and GDP growth is expected to stagnate at 0.0% in 2023, according to the German Council of Economic Experts. The IMF expects Germany's economic output to grow slightly by 0.1%. For the **US**, the German Council of Economic Experts expects slight growth of 1.4% in 2023, while the IMF expects growth of 1.0%. For **Asia** – for which both institutions predict the highest global growth for 2022 – the German Council of Economic Experts forecasts an increase in GDP of 4.7%. It anticipates growth of 5.8% for China. In its latest forecast, published in January 2023, the IMF foresees economic growth for China at 5.2%.

Overall, the uncertainties associated with the above forecasts are great and depend above all on the further development of political and economic conflicts, crises and conditions. Any occurring or increasing risks or deterioration in conditions may have a negative effect on the development of the global economy. Equally, a resolution of the war in Ukraine, a faster end to the pandemic or an improvement in the general conditions may also have a positive impact on the global economy, which is also important for the relevant industries and regions of the Nemetschek Group.

Sources: German Council of Economic Experts, Annual Report 22/23 dated November 9, 2022 and International Monetary Fund, World Economic Outlook Update dated January 31, 2023.

### Sector-Specific Development

#### Construction Industry

2022 was marked by soaring interest rates in the regions with the most important construction markets for Nemetschek. The slowdown in the global economy and sharp increases in material and energy costs, particularly as a result of Russia's war of aggression against Ukraine, had an additional negative impact on new construction activity in particular. As a result of these developments, as in 2022, the following years 2023 (+0.2%) and 2024 (0.0%) will see a further inflation-adjusted sequential decline in growth momentum in the construction industry in **Europe**, according to the experts at Euroconstruct (as of October 2022).

In contrast to the previous year, the **German** construction industry, which is particularly important for the Nemetschek Group, is expected to see slight overall growth in 2023 (+0.4%) once again and therefore stands just above the average for the Euroconstruct countries (+0.2%). The growth is mainly due to the resilient development of the renovation market in building construction (+1%), while a slight decline is expected for new building construction (-0.2%). Across Europe, the highest growth rates are expected in Slovakia (+3.4%), Spain (+2.7%) and Ireland (+2.5%). In contrast, the sharpest decline in construction output is expected in Sweden (-6.6%), after strong growth in the previous year, and in Hungary (-6.6%) and Finland (-3.5%).

In the **US**, construction is expected to develop modestly in 2023 (-1%) and 2024 (-3%), mirroring development in the European construction industry. While a sharp decline is expected in residential building construction at -7% (-9%) in 2023 (2024), the development of the non-residential building sector is estimated to be significantly more robust in the next two years at +4% and 0%.

Sources: 94th Euroconstruct Summary Report Winter 2022; North American Engineering and Construction Outlook Fourth Quarter Edition (September 2022).

### Digitalization in Construction

Digitalization in the construction industry is less advanced than in other industries. The reasons for this are the high degree of fragmentation, non-serial production processes and low profitability in the construction industry. Nevertheless, a large number of players in the construction industry view digital transformation as a key competitive advantage and strategic priority. The expanding regulations (including for sustainable construction), high material costs, the ongoing shortage of skilled labor and the Covid-19 pandemic are driving and accelerating existing trends such as digitalization in the medium to long term. Accordingly, the Nemetschek Group is operating in a market that remains dynamic and offers great growth potential in the coming years. The increasing establishment of an open standard for data exchange, which creates compatibility between different software solutions and thus promotes the increasing establishment of BIM, will have a particularly positive effect. The driver behind this development is the international non-profit organization buildingSMART, which promotes digitalization in the construction industry.

Sources: [www.buildingsmart.org](http://www.buildingsmart.org); IFS (Oct. 2020) – Understanding construction and engineering spending on digital transformation; InEight (July 2021) – Global Capital Projects Outlook – Optimism and Digitization; McKinsey (June 2020) – The next normal in construction; McKinsey (Feb. 17, 2017) – Reinventing construction through a productivity revolution; Verdantix (Dec. 2020) – Market Overview: AEC Software.

### Company Expectations

Despite the ongoing geopolitical crises and the associated uncertainties, the Nemetschek Group aims to successfully continue its corporate strategy geared towards sustainable and profitable growth and to invest in internationalization and the development of new and innovative solutions. It will also continue to drive forward its key strategic areas within the four segments.

The Executive Board is carefully monitoring the further development of the current uncertain general economic situation in order to be able to make adequate decisions within the framework of the growth strategy.

## Key Strategic Areas

### Subscription/Software as a Service (SaaS)

The overriding goal of the Nemetschek Group is to further increase its recurring revenues, in particular by offering subscription as well as SaaS solutions. Some brands have already largely converted their offerings to subscription and SaaS, while other brands are in the process of doing so or are planning to do so.

Rental models are particularly helpful in that they allow Nemetschek to tap into new customer groups, as many customers would like to use the software flexibly and without a one-off, sometimes very high, license fee. Within the four segments, the offer and implementation of rental models are at different stages of progress. With this move, the Nemetschek Group is addressing the different needs of customer groups, in accordance with their area of application and region. Furthermore, the revenues from the rental models also offer more predictable and resilient revenue streams for the Nemetschek Group. In order to present the future growth momentum and success of the ongoing business transition to subscription-based and SaaS models, and thus also the recurring revenues, more transparently, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator at Group level in the course of the 2022 financial year. [<< 1.3 Corporate Management and Governance >>](#)

In the Design segment, brands such as RISA already generate a large proportion of their revenues from subscriptions. However, the majority of revenues for the Design brands still comes from license models and software service contracts. In the future, it is planned to continue expanding the range of rental models in the Design segment, which is partly to target new customers and to provide them with a high degree of flexibility.

In the Build segment, Bluebeam, the brand with the highest revenue, still generates the majority of its revenues in the US, but has also grown significantly outside the US over the past two years. It began transitioning to subscription and SaaS during the third quarter of 2022. In order to make the range of rental models as attractive as possible, Bluebeam has expanded its offering with cloud features for the first time in order to offer customers added value. Bluebeam Cloud is only available as a SaaS, which also provides an incentive for existing customers to switch. Nemetschek firmly believes that this will increase customer benefit and accelerate growth in the medium and long term.

In the Manage segment, the Spacewell brand already offers subscription and SaaS solutions. This approach will continue in the future.

In the Media segment, the Maxon brand began the migration to subscription in the third quarter of 2019, which is now almost complete. The Maxon ONE product suite bundles all features into one attractive offer for its creative users. In the meantime, Maxon has almost completed its transition to subscription, and the acquired and previously integrated brands have also contributed to its success. The success of the transition is additionally reflect-

ed in its strong growth and high profitability and in the significant expansion of the Maxon brand's customer base.

The strategic objective is to increase visibility and predictability as well as customer lifespan with the successive increase in recurring revenues from rental models while still maintaining close customer contact and increasing customer satisfaction through faster innovation.

### **Innovative Solutions (Cloud Infrastructure, Digital Twin)**

The Nemetschek Group is focusing on future topics that will shape and change the construction and media industries. New technologies such as artificial intelligence (AI), digital twins, robotics, automation and the use of Internet-of-Things sensors will further change the AEC/O markets in the future and at the same time increase market potential. The Nemetschek Group has recognized these areas and addressed them both with its own developments and with investments in start-ups. Augmented and virtual reality will also change not only the AEC/O industry, but also the media and entertainment market. The Nemetschek Group has become significantly stronger in the Media segment over recent years, due in part to the acquisitions of Redshift, Red Giant and the acquisition of the Pixologic business operations. The comprehensive range of solutions now covers all five key areas of application from modeling, animation, rendering, and painting to sculpting. As a result, Nemetschek has significantly expanded its client base. With the expanded portfolio, Maxon has already established a good position in the large 3D animation market, as well as the emerging metaverse market. Another crucial factor is the strategy described in [<< 1.2 Targets and Strategy >>](#) to develop an AEC/O-wide cloud infrastructure in order to leverage synergies in the portfolio and create a basis for all of the brands. In the medium term, all relevant Group brands are to be integrated into the cloud platform so that the benefits can be scaled accordingly. The creation of the newly established Digital Twin business unit represents a first initiative of the cloud infrastructure, which can be accessed by all brands. In 2023, the developed horizontal, data-centered, open and cloud-based platform will be introduced on the market with the aim of adding more efficiency and sustainability to the construction life cycle. The digital twin as a common solution platform for the Design, Build and Manage segments also enables new customer groups and market segments to be tapped.

Furthermore, the Nemetschek Group will continue to invest around one fifth of its revenues in the form of research and development expenses in the designing and improvement of innovative solutions.

### **Go-to-market Approach and Internationalization**

With its innovative solutions, the Nemetschek Group continues to make construction workflow processes more efficient and to address new customer segments. To this end, it promotes and continuously expands the cooperation and mutual support between the brand companies, in particular with regard to their international growth strategies and the sharing of best practices within the Group. In the Design segment, for example, it is not only the "smaller" brands that benefit from the mergers that have taken place within the Group, enabling them to take advantage of the presence and sales strength of the internationally-oriented brands Graphisoft and Allplan. In particular, this integrated product portfolio now enables them to address the needs of integrated, multidisciplinary customers in an even more targeted way. Cross-segment key account management is being further expanded in order to promote this development and thus tap further growth potential. On the one hand, existing customers receive a more comprehensive service offering and, on the other hand, this should enable the Group to better respond to the customer group of integrated, multinational and multidisciplinary companies in particular.

Even before the Covid-19 pandemic, it was evident that there was increasing investment in the public sector and especially in infrastructure measures. This development has been reinforced by the pandemic, which is also partly due to the different aid and economic stimulus programs of individual governments. The Nemetschek Group would like to further expand its activities in this segment focusing in particular on technically complex solutions such as bridge construction.

The overarching goal of the Nemetschek Group is to achieve further internationalization and to realize disproportionately strong growth in the regions outside of Germany. Since the Group brands mutually benefit from each other in their expansion – especially in the US and Europe – further internationalization represents a significant and promising growth driver. In addition, the Nemetschek Group would like to significantly expand its presence in the Asia/Pacific markets. As a company that is globally active in the AEC/O industry, the Nemetschek Group is focusing on those markets that currently offer the greatest potential and which have already made BIM mandatory, or are in the process of establishing BIM standards. In addition to the markets in Europe, the Nemetschek Group would like to focus in future even more strongly on Asia/Pacific regions, including Japan and Australia, and on the US, in order to leverage the growth potential available there. The US is the world's largest single market for AEC/O software and for the Nemetschek Group a significant but competitive sales market in which the company has so far experienced an above-average development. The US market will therefore continue to play an important role in the implementation of the growth strategy. The same applies to the media & entertainment sector in which the Media segment is active. Europe, Asia and the US are key regions here too.

### **Acquisitions and Investments in Start-ups and Ventures**

The sustainable and organic revenue growth of the Nemetschek Group will be supplemented by future value-enhancing acquisitions. One of the goals here is to fill gaps in the Group portfolio and to expand or round off the Group's technological competence in the construction process workflow. Another is also to increase the market share of the Nemetschek Group on the international markets through the successful implementation of acquisitions. We will also continue our strategy of investing in start-up companies and ventures in the future, because product excellence and innovative strength are key to being able to offer architects, engineers and facility managers, as well as creatives in the media industry, real, technological added-value in the future. Our investments in, and support for, young companies and ventures have a catalytic effect on our own innovative power.

Thanks to its high operating cash flow and very solid balance sheet structure, the Nemetschek Group has access to financial resources that enable it to implement the planned future growth through acquisitions, cooperations and partnerships. As previously, the financing of acquisitions can be seen in the ongoing cash flow, the available liquidity reserves, the taking on of debt capital and the possibility of issuing new shares.

Focal points and objectives of the Nemetschek Group's acquisition activities are described in detail under [<< 1.2 Targets and Strategy – Acquisitions >>](#). In addition, the activities carried out in connection with acquisitions and divestments in the 2022 financial year are described in detail under [<< 3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance – Acquisitions/Divestments >>](#) as well as in the notes to the consolidated financial statements under [<< Acquisition of Subsidiaries >>](#).

### **Business Structures and Processes (Business Enablement)**

One of the strengths of the Nemetschek Group is the entrepreneurial freedom of its 13 Group companies, which allow the brands to position themselves particularly closely to their respective end markets and customer groups. The complexity resulting from the variety within the brands has already been greatly reduced in previous years by, among other things, grouping the individual brands into segments. This and subsequent optimization of business structures will unlock synergies, with the ultimate aim of increasing operational excellence, i.e. improving the company's ability to continuously optimize the value chain in terms of efficiency and effectiveness. At the same time, further harmonization, optimization of internal processes and partial centralization, especially in the support functions, should enable the brands to focus even more strongly on the development and distribution of solutions and to further deepen customer relationships in the future. This also includes, for example, the harmonization of the internal back-end systems in the areas of Human Resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management).

We will continue to review the strengths and potential for improvement of our corporate structure and processes in the future and will adjust our structures accordingly if necessary. The focus is on customer value and the reduction of complexity across all segments.

### **Investments and Liquidity**

In addition to investments in start-ups and acquisitions, the Nemetschek Group will continue to invest in its organic growth. As in previous years, operating cash flow in 2023 should help increase Group liquidity and furthermore provide sufficient scope for planned investments in development, as well as sales and marketing within the segments.

Significant cost items for the Nemetschek Group include personnel expenses and other operating expenses. In order to continue pursuing its growth strategy, the Nemetschek Group plans to recruit additional experts worldwide in a targeted manner in the 2023 financial year, in accordance with future macroeconomic developments, and to retain existing employees. The Company therefore expects personnel expenses to increase moderately in the 2023 financial year. Other operating expenses, including selling expenses, will also increase in 2023 in respect of planned and ongoing international expansion. In individual cases, key elements of the investment planning for the 2023 financial year are to be re-examined and re-assessed in the context of the ongoing, extremely unsettled, macroeconomic environment, taking account of the potentially changing conditions. The Nemetschek Group is continuing its investment policy in order to implement its corporate strategy aimed at profitable growth.



## Dividends

Nemetschek SE's shareholder-friendly dividend policy, which is geared towards continuity and sustainability, shall be continued in its existing form over the next few years. Taking into account the respective overall economic development as well as the economic and financial situation of the company, the Executive Board plans to continue to distribute around 25% of the operating cash flow as a dividend to the shareholders and thus allow them to participate appropriately in the economic success of the Group.

## General Statement on Expected Development

### Outlook for the Nemetschek Group

In recent years, the Nemetschek Group has demonstrated that it has a crisis-resistant and resilient business model. The profitable growth course was successfully continued in both the difficult conditions of the Covid-19 pandemic and the significantly worsening macroeconomic framework – influenced above all by higher interest rates and the Russian war of aggression against Ukraine. The main pillars of this development are the broad risk diversification provided by the varied nature of the Group's segments and a broad regional positioning, along with the fact that around two-thirds of Group revenues are now generated from recurring revenues. In addition, the Company has an equity ratio of around 57.5%, which ensures a high degree of flexibility when financing investment projects and acquisitions.

These strengths give the Company confidence in its ability to continue on its profitable growth path, even in these challenging times, and to continue to grow. In view of the significantly reduced growth forecasts for the global economy, which also affect parts of the construction industry, we currently also see risks that could impair this course in the short term. However, we continue to see that the opportunities in our industry – even in difficult times – outweigh them. Our assessment is supported by the general trend towards digitalization and the key to efficiency increases and more sustainability in the construction sector, which are generated by our solutions. In the medium and long term, the structural and positive global trends, such as population growth and urbanization, remain intact and promise long-term growth potential for the sector, in which the Nemetschek Group would like to secure disproportionately large participation. There is also potential in the Media segment, where we see high demand for content creation solutions, even in economically challenging times. The expansion of the segment in recent years through targeted acquisitions has significantly strengthened our customer base and expertise, giving us reason to be positive.

The forecast for the 2023 financial year is based on the expectations and assumptions regarding the overall economic development described above.

As described, in our forecast for 2023 we assume that the development of the construction industry will be positive overall but slower than in previous years. We continue to view the increasing requirement for digitalization in the construction industry as an additional and key growth driver for our business. This comes in addition to ever higher sustainability standards in the planning, construction and management of buildings.

The media and entertainment industry, in turn, continues to benefit from an ever-increasing demand for high-quality content and animation from artists and creatives, as well as the increasing use of visual effects (VFX) in films, videos and the gaming industry. In addition, Nemetschek continues to see great market potential in the metaverse and the creation of an artificial environment in the form of augmented reality (AR) and virtual reality (VR). With its Media segment and the Maxon brand, the Nemetschek Group is very well positioned on the market to benefit from the future growth of the underlying market.

Despite the outlined macroeconomic and industry-specific conditions, the Executive Board is positive about the 2023 financial year. In the short term, the switch to subscription and SaaS models will have a temporary dampening effect on revenue growth and profitability due to accounting-related effects. At the same time, the shift to subscription and SaaS will lead to a higher customer lifetime value, more predictable revenues and our business is becoming more resilient - even across economic cycles. In the medium and long term, the significant structural growth drivers such as digitalization, decarbonization, and urbanization remain fully intact and have even tended to strengthen as a result of the crises of recent years. On a like-for-like basis and despite the simultaneous conversion of the Bluebeam brand to subscription and SaaS, we expect an attractive revenue growth in 2023. As a result, constant currency revenue growth is expected to be in a range of 4% - 6%. Growth in recurring revenues, represented by the key figure ARR (Annual Recurring Revenue), is expected to grow at a significantly over proportional rate of around 25%. The share of recurring revenues in total revenues is therefore expected to increase further to over 75% by the end of the current financial year. The EBITDA margin is expected to be in a corridor of 28% to 30%.

In general, in addition to a change in the general economic conditions, the forecast must take into account the fact that exchange rate fluctuations and potential portfolio changes due to M&A activities could also have an impact on the development of revenues and earnings of the Group and ultimately also on the achievement of the forecast. For this reason, as in previous years,

the forecast for the 2023 financial year is based on a comparable basis with constant exchange rates and a portfolio that is unaffected by M&A activities. For the SE, positive net income in the mid double-digit million range and positive gross liquidity in the low single-digit million range are expected in 2023.

#### **Notes on the Outlook**

This Management Report contains forward-looking statements and information – i.e. statements about future events. These forward-looking statements can be identified by formulations such as “expect,” “intend,” “plan,” “estimate” or the like. Such forward-looking statements are based on current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. Various factors, many of which are outside the control of the Nemetschek Group, could influence the business activities, success, business strategy and results of the Nemetschek Group. This may cause the actual results, successes and performance of the Nemetschek Group to differ substantially from the results, successes or performance expressly or implicitly contained in the forward-looking statements.

## 8 Other Disclosures

### 8.1 Corporate Governance Declaration

The corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code (HGB) is part of the combined management report and is published on the Nemetschek SE website at [ir.nemetschek.com/en/corporate-governance](https://ir.nemetschek.com/en/corporate-governance). In accordance with Section 317 (2) sentence 6 of the HGB, the auditor's review of the disclosures pursuant to Section 289f and Section 315d of the HGB is limited to whether or not the disclosures have been made. The corporate governance declaration can also be found in the 2022 Annual Report in the chapter [«< To our Shareholders >>](#).

### 8.2 Explanatory Report of the Executive Board on Disclosures Pursuant to Sections 289a and 315a of the HGB

This section contains the disclosures pursuant to Sections 289a, 315a of the German Commercial Code (HGB) together with the Explanatory Report of the Executive Board pursuant to Section 176 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) letter C (ii) of the SE Regulation.

#### (1) Composition of subscribed capital

As of December 31, 2022, the share capital of Nemetschek SE amounts to EUR 115,500,000.00 and is divided into 115,500,000 no-par bearer shares.

Different classes of shares do not exist. All shares entail the same rights and obligations. One vote is granted per share and is decisive for the shareholders' share in profits.

#### (2) Restrictions affecting voting rights or the transfer of shares

There are no restrictions in the Articles of Incorporation relating to voting rights or the transfer of shares. Restrictions on voting rights may exist based on the provisions of the German Stock Corporation Act (AktG), for example in accordance with Section 136 AktG and based on the provisions of capital market legislation, in particular in accordance with Sections 33 et seq. WpHG.

#### (3) Interests in capital exceeding 10% of voting rights

The direct and indirect interests in the subscribed capital (shareholder structure) that exceed 10% of the voting rights are shown in the notes to the annual financial statements and the notes of the consolidated financial statements of Nemetschek SE.

#### (4) Shares with special rights granting control

There were no shares with special rights granting control.

#### (5) Type of control of voting rights if employees hold an interest in the capital and do not directly exercise their control rights

There were no controls on voting rights for employees holding an interest in the capital.

#### (6) Statutory provisions and regulations in the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and amendments to the Articles of Incorporation

Article 9 (1), Article 39 (2) and Article 46 of the SE Regulation, Sections 84 and 85 of the AktG in conjunction with Section 8 of the Articles of Incorporation of Nemetschek SE regulate the appointment and dismissal of Executive Board members. Under the provisions of these sections, Executive Board members are appointed by the Supervisory Board for a term not exceeding five years. The appointment may be renewed or the term of office may be extended, provided that the term of each such renewal or extension shall not exceed five years. Section 8, Paragraph 1 of the Articles of Incorporation states that the Executive Board must consist of one or more persons. The number of persons is determined by the Supervisory Board. The Executive Board of Nemetschek SE currently consists of four persons.

If there is a good cause, the Supervisory Board can revoke the appointment of the Executive Board member (Article 9 (1), Article 39 (2) of the SE Regulation and Section 84 (4) sentences 1 and 2 of the AktG).

Article 59 of the SE Regulation, Section 51 of the German SE Implementation Act (SEAG) and Section 179 of the AktG in conjunction with Sections 14 and 19 of the Articles of Incorporation of Nemetschek SE applies to amendments to the Articles of Incorporation. According to these provisions, amendments to the Articles of Incorporation are generally decided by the Annual General Meeting with a two-thirds majority of the votes. If at least half of the share capital is represented, a simple majority of the votes cast is sufficient. If the law also requires a majority of the share capital represented at the Annual General Meeting to pass resolutions, a simple majority of the share capital represented at the time of the resolution is sufficient, to the extent permitted by law. In accordance with Section 14 of Nemetschek SE's Articles of Incorporation, the Supervisory Board is authorized to decide on amendments to the Articles of Incorporation that affect only its wording.

#### (7) Powers of the Executive Board to issue or redeem shares

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of EUR 11,550,000 through the issue of up to 11,550,000 new no-par bearer shares against cash and/or non-cash contributions on one or more occasions until May 11, 2026 (inclusive) (Authorized Capital 2021). Shareholders are to be granted their statutory subscription right to the new shares. However, the

Executive Board is authorized, with the approval of the Supervisory Board, to disapply, in full or in part, on one or more occasions, the shareholders' subscription right in accordance with the details of the resolution on agenda item 8 by the Annual General Meeting of May 12, 2021.

The company's share capital is contingently increased by up to EUR 11,550,000.00 through the issue of up to 11,550,000 new no-par bearer shares (Contingent Capital 2021). The Contingent Capital 2021 serves the purpose of issuing shares to the creditors of convertible bonds and/or bonds with warrants with conversion or option rights and/or conversion or option obligations (or a combination of these instruments) that are issued in accordance with the authorization of the Annual General Meeting of the company of May 12, 2021 under agenda item 9 by Nemetschek SE or domestic or foreign companies in which Nemetschek SE holds a direct or indirect interest with the majority of voting rights and capital, until May 11, 2026. In each case, the new shares will be issued at the conversion or option price to be determined in accordance with the authorization of the Annual General Meeting of the company of May 12, 2021 under agenda item 9. The contingent capital increase may only be carried out to the extent that the holders of conversion or option rights under the specified bonds exercise their conversion or option rights or conversion or option obligations under such bonds are fulfilled and provided that such conversion or option rights or conversion or option obligations are not served through treasury shares, through shares from authorized capital or through other benefits. The new shares will confer a share in profits from the beginning of the financial year in which they are created through the exercising of conversion/option rights or fulfillment of conversion/option obligations. As far as legally permissible, the Executive Board may, with the approval of the Supervisory Board, also specify that new shares will also confer a share in profits for a past financial year in derogation of Section 60 (2) of the German Stock Corporation Act (AktG). The Executive Board is authorized to stipulate further details regarding the implementation of the contingent capital increase.

In accordance with Section 71 (1) No. 8 of the AktG, the company requires a special authorization from the Annual General Meeting to acquire and use its treasury shares, unless expressly permitted by law. At the Annual General Meeting on May 28, 2019, an authorizing resolution was accordingly proposed and approved by the shareholders.

In accordance with the resolution adopted under agenda item 7 by the Annual General Meeting of May 28, 2019, the authorization is valid as follows:

"7.1 The company is authorized to acquire up to 11,550,000 treasury shares, i.e. 10% of the company's share capital, in full or in part, on one or more occasions until May 28, 2024 in accordance with the following provisions. At no time may the shares acquired on the basis of this authorization, together with other shares of the company that the company has already acquired

and still holds or which are attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act, exceed 10% of the company's share capital. The authorization may not be used for the purposes of trading in treasury shares.

This authorization replaces the authorization to acquire treasury shares adopted by the Annual General Meeting of Nemetschek Aktiengesellschaft on May 20, 2015 under agenda item 7, which is hereby canceled to the extent that it was not exercised.

7.2 The Executive Board is free to choose whether to purchase the shares on the stock exchange or by means of a public purchase offer extended to all of the company's shareholders.

a) If purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price of the share by more than 10% on an electronic trading system (Xetra – or a functionally comparable successor system replacing the Xetra system) over the last five trading days prior to the obligation to acquire.

b) If a public purchase offer is made, the purchase price of the Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price on the Xetra exchange by more than 10% over the five trading days prior to the publication of the purchase offer. If the total number of shares tendered exceeds the volume of the offer, subscription shall be in proportion to the shares offered in each case. Preferential subscription to small numbers of shares may be allowed, up to a maximum of 100 shares in the company offered for sale per company shareholder.

7.3 The Executive Board is authorized to use the treasury shares acquired pursuant to this authorization for any legally permitted purpose, in particular also for the following purposes:

a) With authorization by the Supervisory Board, the shares may be offered to third parties as consideration for the acquisition of companies, investments in companies or parts of companies.

b) With authorization by the Supervisory Board, the shares may be redeemed without the redemption or the implementation of the redemption requiring a further resolution of the Annual General Meeting. The redemption leads to a reduction in capital. The Executive Board may alternatively decide that the share capital shall remain unchanged upon redemption and instead the proportion of the remaining shares in the share capital shall be increased by the redemption in accordance with Section 8 (3) AktG. In this case, the Executive Board is authorized to adjust the number of shares stated in the Articles of Incorporation.

7.4 The subscription right of the shareholders to these treasury shares is excluded to the extent that they are used in accordance with the above mentioned authorization under item 7.3 letter a) of the agenda.

7.5 This resolution is subject to the condition precedent that the entry of the implementation of the capital increase pursuant to item 6 of the agenda be entered in the commercial register of the company.”

The condition precedent specified in the resolution under item 7.5 was fulfilled on June 5, 2019 and the resolution of the General Meeting of May 28, 2019 on agenda item 7 therefore took effect.

**(8) Significant agreements of the company subject to a change of control following a takeover offer**

There are no significant agreements of the company subject to a change of control following a takeover offer.

**(9) Compensation agreements concluded by the company with members of the Executive Board or employees in the event of a takeover offer**

There were no compensation agreements concluded by the company with members of the Executive Board or employees in the event of a takeover offer.

Munich, March 17, 2023



Yves Padrines



Louise Övferström



Viktor Várkonyi



Jon Elliott

**Related Entities Report**

The Executive Board of Nemetschek SE has prepared a report on the company's relationships with related entities in accordance with Section 312 AktG (Related Entities Report) and has declared the following at the end of the report:

Our company, Nemetschek SE, has received appropriate consideration for the legal transactions listed in the report on relationships with related entities for the reporting period from May 17, 2022 to December 31, 2022, according to the circumstances known to us at the time at which the legal transactions were carried out. Nemetschek SE has not taken or omitted any measures.







# Consolidated financial statements (IFRS)

As a result of rounding, it is possible that individual figures in these consolidated financial statements do not add up to the totals shown and that the percentages shown do not reflect the absolute values to which they relate.

## Consolidated statement of comprehensive income

for the period from January 1 to December 31, 2022 and 2021

### STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	2022	2021	[Notes]
<b>Revenues</b>	<b>801,813</b>	<b>681,471</b>	[1]
Other income	12,566	9,829	[2]
<b>Operating income</b>	<b>814,379</b>	<b>691,300</b>	
Cost of goods and services	-31,785	-25,343	[3]
Personnel expenses	-337,219	-292,019	[4]
Depreciation of property, plant and equipment and amortization of intangible assets	-58,842	-49,974	[5]
thereof amortization of intangible assets due to purchase price allocation	-31,807	-25,437	
Other expenses	-188,396	-151,974	[6]
<b>Operating expenses</b>	<b>-616,242</b>	<b>-519,309</b>	
<b>Operating result (EBIT)</b>	<b>198,137</b>	<b>171,991</b>	
Interest income	490	147	[7]
Interest expenses	-2,624	-2,740	[7]
Other financial income/expenses	3,446	892	[8]
<b>Net finance income/ costs</b>	<b>1,312</b>	<b>-1,700</b>	
Share of net profit of associates	82	334	[9], [18]
<b>Earnings before taxes (EBT)</b>	<b>199,530</b>	<b>170,625</b>	
Income taxes	-34,426	-33,702	[10]
<b>Net income for the year</b>	<b>165,104</b>	<b>136,923</b>	
<b>Other comprehensive income:</b>			
Difference from currency translation	10,396	23,259	
<b>Items of other comprehensive income that are reclassified subsequently to profit or loss</b>	<b>10,396</b>	<b>23,259</b>	
Gains/losses from the revaluation of defined benefit pension plans	1,098	174	[22]
Tax effect	-315	-52	[10]
<b>Items of other comprehensive income that will not be reclassified to profit or loss</b>	<b>783</b>	<b>122</b>	
<b>Subtotal other comprehensive income</b>	<b>11,179</b>	<b>23,381</b>	
<b>Total comprehensive income for the year</b>	<b>176,283</b>	<b>160,304</b>	
<b>Net profit or loss for the period attributable to:</b>			
Equity holders of the parent	161,899	134,618	
Non-controlling interests	3,206	2,305	
<b>Net income for the year</b>	<b>165,104</b>	<b>136,923</b>	
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent	171,530	156,594	
Non-controlling interests	4,753	3,710	
<b>Total comprehensive income for the year</b>	<b>176,283</b>	<b>160,304</b>	
Earnings per share (undiluted) in euros	1.40	1.17	[11]
Earnings per share (diluted) in euros	1.40	1.17	[11]
Average number of shares outstanding (undiluted)	115,500,000	115,500,000	[24]
Average number of shares outstanding (diluted)	115,500,000	115,500,000	[24]

## Consolidated statement of financial position

as at December 31, 2022 and December 31, 2021

### STATEMENT OF FINANCIAL POSITION

Assets	Thousands of €	<b>December 31, 2022</b>	December 31, 2021	[Notes]
<b>Current assets</b>				
Cash and cash equivalents		196,821	157,095	[12]
Trade receivables		84,520	70,108	[13], [23]
Inventories		890	949	[14]
Income tax receivables		11,289	4,766	[10]
Other financial assets		2,492	1,220	[14], [23]
Other non-financial assets		31,120	28,990	[14]
<b>Current assets, total</b>		<b>327,132</b>	<b>263,128</b>	
<b>Non-current assets</b>				
Property, plant and equipment		26,568	20,736	[15]
Intangible assets		171,703	158,884	[16]
Goodwill		557,047	541,998	[16]*
Right-of-use assets		69,795	59,233	[17]
Investments in associates		4,010	4,063	[18]
Deferred tax assets		21,465	8,208	[10]
Other financial assets		18,377	13,816	[14], [23]
Other non-financial assets		2,031	2,158	[14]
<b>Non-current assets, total</b>		<b>870,996</b>	<b>809,095</b>	
<b>Total assets</b>		<b>1,198,128</b>	<b>1,072,224</b>	



Equity and liabilities	Thousands of €	<b>December 31, 2022</b>	December 31, 2021	[Notes]
<b>Current liabilities</b>				
Short-term borrowings and current portion of long-term loans		65,072	93,766	[19], [23]
Trade payables		15,712	11,260	[19], [23]
Provisions and accrued liabilities		70,251	71,744	[20]
Deferred revenue		206,939	157,975	[1]
Income tax liabilities		10,660	11,496	[10]
Other financial liabilities		1,494	7,355	[19], [23]
Lease liabilities		14,854	14,060	[19], [23]
Other non-financial liabilities		18,858	16,870	[21]
<b>Current liabilities, total</b>		<b>403,841</b>	<b>384,526</b>	
<b>Non-current liabilities</b>				
Long-term borrowings without current portion		6,873	34,935	[19], [23]
Deferred tax liabilities		19,802	20,590	[10]
Pensions and related obligations		2,455	3,601	[22]
Provisions		1,582	4,530	[20]
Deferred revenue		2,631	2,966	[1]
Income tax liabilities		6,035	4,787	[10]
Other financial liabilities		390	1,241	[19], [23]
Lease liabilities		62,443	51,977	[19], [23]
Other non-financial liabilities		2,853	3,379	[21]
<b>Non-current liabilities, total</b>		<b>105,065</b>	<b>128,005</b>	
<b>Equity</b>				<b>[24], [25]</b>
Subscribed capital		115,500	115,500	
Capital reserve		12,485	12,485	
Retained earnings		533,871	415,410	
Other comprehensive income		-8,586	-17,533	
<b>Equity (group shares)</b>		<b>653,270</b>	<b>525,862</b>	
Non-controlling interests		35,953	33,830	*
<b>Equity, total</b>		<b>689,223</b>	<b>559,693</b>	
<b>Total equity and liabilities</b>		<b>1,198,128</b>	<b>1,072,224</b>	

## Consolidated cash flow statement

for the period from January 1 to December 31, 2022 and 2021

### CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2022	2021	[Notes]
Profit (before tax)	199,530	170,625	
Depreciation and amortization of fixed assets	58,842	49,974	
Net finance costs	-1,312	1,700	
Share of net profit of associates	-82	-334	
<b>EBITDA</b>	<b>256,979</b>	<b>221,965</b>	<b>[27]</b>
Other non-cash transactions	1,508	109	
<b>Cash flow for the period</b>	<b>258,487</b>	<b>222,074</b>	<b>[27]</b>
Change in trade working capital	26,681	18,576	
Change in other working capital	-12,356	10,608	
Dividends received from associates	134	97	
Interests received	486	92	
Income taxes received	2,942	3,309	
Income taxes paid	-62,590	-40,395	
<b>Cash flow from operating activities</b>	<b>213,784</b>	<b>214,361</b>	<b>[27]</b>
Capital expenditure	-19,028	-9,925	
Changes in liabilities from acquisitions	-7,668	-1,683	
Cash received from disposal of fixed assets	74	245	
Cash paid for acquisition of subsidiaries, net of cash acquired	-20,990	-127,070	
Cash paid for acquisition of equity instruments of other entities	-4,793	-6,732	
Cash paid for acquisition of interests in associates	0	-2,452	
<b>Cash flow from investing activities</b>	<b>-52,405</b>	<b>-147,617</b>	<b>[27]</b>
Dividend payments	-45,045	-34,650	
Dividend payments to non-controlling interests	-2,631	-1,283	
Cash received from loans	40,800	75,579	
Repayment of borrowings	-98,679	-77,500	
Principal elements of lease payments	-16,015	-15,110	
Interests paid	-2,412	-2,390	
<b>Cash flow from financing activities</b>	<b>-123,982</b>	<b>-55,354</b>	<b>[27]</b>
<b>Changes in cash and cash equivalents</b>	<b>37,397</b>	<b>11,390</b>	
<b>Effect of exchange rate differences on cash and cash equivalents</b>	<b>2,329</b>	<b>6,385</b>	
<b>Cash and cash equivalents at the beginning of the period</b>	<b>157,095</b>	<b>139,320</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>196,821</b>	<b>157,095</b>	<b>[12]</b>

## Consolidated statement of changes in equity

for the period from January 1, 2021 to December 31, 2022

### EQUITY

Thousands of €	Equity attributable to the parent company's shareholders				Total	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Translation reserve			
<b>As of January 1, 2021*</b>	<b>115,500</b>	<b>12,485</b>	<b>315,341</b>	<b>-39,408</b>	<b>403,918</b>	<b>31,404</b>	<b>435,322</b>
Other comprehensive income	-	-	101	21,875	21,976	1,405	23,381
Net income for the year	-	-	134,618	-	134,618	2,305	136,923
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>134,719</b>	<b>21,875</b>	<b>156,594</b>	<b>3,710</b>	<b>160,304</b>
Dividend payments to non-controlling interests	-	-	-	-	0	-1,283	-1,283
Dividend payment	-	-	-34,650	-	-34,650	-	-34,650
<b>As of December 31, 2021*</b>	<b>115,500</b>	<b>12,485</b>	<b>415,410</b>	<b>-17,533</b>	<b>525,862</b>	<b>33,830</b>	<b>559,693</b>
<b>As of January 1, 2022</b>	<b>115,500</b>	<b>12,485</b>	<b>415,410</b>	<b>-17,533</b>	<b>525,862</b>	<b>33,830</b>	<b>559,693</b>
Other comprehensive income	-	-	684	8,947	9,631	1,548	11,179
Net income for the year	-	-	161,899	-	161,899	3,206	165,104
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>162,583</b>	<b>8,947</b>	<b>171,530</b>	<b>4,753</b>	<b>176,283</b>
Dividend payments to non-controlling interests	-	-	-	-	0	-2,631	-2,631
Share-based payments	-	-	922	-	922	-	922
Dividend payment	-	-	-45,045	-	-45,045	-	-45,045
<b>December 31, 2022</b>	<b>115,500</b>	<b>12,485</b>	<b>533,871</b>	<b>-8,586</b>	<b>653,270</b>	<b>35,953</b>	<b>689,223</b>

For more information, reference is made to the notes [Business Combinations](#), [\[24\] Equity](#) and [\[25\] Share-based payments](#).

\* see note [\[16\]](#)







# Notes to the consolidated financial statements for the fiscal year 2022

## General information

Nemetschek SE is the ultimate parent company of Nemetschek Group. Its headquarters are located at Konrad-Zuse-Platz 1, 81829 Munich, Germany, and it is entered into the commercial register at the Local Court of Munich (HRB 224638). Nemetschek SE and its subsidiaries (collectively “Nemetschek Group”, “Nemetschek”) provide software for the AEC/O (Architecture, Engineering, Construction and Operation) and the 3D Media industry.

Nemetschek SE, as the ultimate parent has been quoted on the German stock exchange in Frankfurt am Main since March 10, 1999. Nemetschek is listed on the TecDAX and MDAX.

The consolidated financial statements of Nemetschek SE as of December 31, 2022 comprise Nemetschek SE and its subsidiaries and are prepared in compliance with International Financial Reporting Standards and the relevant interpretations (IFRS) as to be applied in the European Union (EU) as at December 31, 2022, and the additional requirements pursuant to § 315e German Commercial Code (HGB). The consolidated financial statements of the smallest and the largest consolidated group are prepared by Nemetschek SE and published in the German Electronic Federal Gazette („elektronischer Bundesanzeiger“).

Nemetschek SE prepares and publishes the consolidated financial statements in Euros. Information is shown in the consolidated financial statements in EURk (€ k) unless otherwise specified. The presentation of certain prior-year information has been changed to conform to the current year’s presentation.

### Accounting standards applied for the first time in 2022

The Group has initially adopted the following amendments that became effective as of January 1, 2022:

- » IFRS 3: Reference to the Conceptual Framework
- » IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
- » IAS 16: PP&E – Proceeds before Intended Use
- » AIP 2018–2020

Neither amendment has a material effect on the Group’s financial statements.

### Accounting standards that are not yet effective

The following IFRS were issued at the balance sheet date by the IASB but are not mandatorily applicable until later reporting periods or have not yet been adopted into EU law. The Nemetschek Group has decided not to exercise the possible option of early application of standards and interpretations, which are not mandatorily applicable until later reporting periods.

#### PUBLISHED FINANCIAL REPORTING STANDARDS THAT HAVE NOT YET BEEN APPLIED

Amendments to standards/interpretations	Mandatory application	Anticipated effects
IFRS 17	Jan. 1, 2023	No effects expected
IAS 1	Jan. 1, 2023	No material effects expected
IAS 1	Jan. 1, 2023	No material effects expected
IAS 8	Jan. 1, 2023	No material effects expected
IAS 12	Jan. 1, 2023	No material effects expected
IFRS 17	Jan. 1, 2023	No effects expected

## Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with the consolidation accounting and valuation principles described below.

### Consolidation principles

The consolidated financial statements include subsidiaries and associates. The financial statements of the individual consolidated companies are prepared as of the closing date of the Group financial statements.

A schedule of the shareholdings of Nemetschek SE is shown in sections [18] and [32] of the consolidated financial statements.

### Subsidiaries

Subsidiaries are companies over which Nemetschek is currently able to exercise power by virtue of existing rights. Power means the ability to direct the relevant activities that significantly affect a company's profitability. Control is therefore only deemed to exist if Nemetschek is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns. The inclusion of an entity's accounts in the consolidated financial statements begins when the Nemetschek Group is able to exercise control over the entity and ceases when it is no longer able to do so.

Acquired businesses are accounted for using the acquisition method, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date Nemetschek obtains control. For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The related valuations are based on the information available at the acquisition date. Ancillary acquisition costs are recognized as expenses in the periods in which they occur. The initial value recognized includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On the acquisition date, the fair value of the contingent consideration is recognized as part of the consideration transferred in exchange for the acquiree. According to IFRS 3, for each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method).

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized immediately in the consolidated statement of comprehensive income.

### Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders' equity of subsidiaries are reported separately from the equity of the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### Associates

Associates are companies over which Nemetschek SE has significant influence, generally through an ownership interest between 20% and 50%. They are accounted for using the equity method. The carrying amounts of companies accounted for using the equity method are adjusted annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates attributable to the investments of Nemetschek.

Unless stated otherwise, the financial statements of the associates are prepared as of the same balance sheet date as Nemetschek SE. Where necessary, adjustments are made to comply with the Group's accounting policies.

## Valuation methods

The following table shows the most important subsequent valuation principles:

### SUBSEQUENT VALUATION METHODS

Item	Valuation Methods
<b>Assets</b>	
Cash and cash equivalents	Nominal amount
Trade receivables	Amortized costs
Inventories	Lower of cost and net realizable value
Other financial assets	See separate table
Other non-financial assets	Amortized costs
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell
Property, plant and equipment	Amortized costs
Intangible assets	
<i>With definite useful life</i>	<i>Amortized costs</i>
<i>With indefinite useful life</i>	<i>Impairment-only approach</i>
Goodwill	Impairment-only approach
Right-of-use assets	Amortized costs
<b>Equity and liabilities</b>	
Borrowings	Amortized costs
Trade payables	Amortized costs
Provisions	Present value of future settlement amount
Deferred revenue	Expected settlement amount
Other financial liabilities	Amortized costs or fair value through profit or loss
Other non-financial liabilities	Amortized costs
Pensions and related obligations	Projected unit credit method
Accrued liabilities	Amortized costs

Financial assets are classified and measured according to IFRS 9. The purchase and sale of financial assets are recognized on the trade date and are initially measured at fair value. Subsequently, a financial asset is measured at 1) amortized cost, 2) at fair value through other comprehensive income or 3) at fair value through profit or loss. The classification and measurement of financial assets which are not equity instruments depend on two factors that are to be checked at the time of acquisition: the business model under which the financial asset is held, as well as the cash flow conditions of the instrument.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss: financial asset which is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments do not fulfill the cash flow conditions. The instruments are measured at fair value through profit or loss.

Reclassification of a financial asset between measurement categories of IFRS 9 requires a change to the business model for the corresponding group of instruments, in which case all affected financial assets are reclassified.

The subsequent measurement of financial assets is as follows:

### SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS ACCORDING TO IFRS 9

IFRS 9 category	Subsequent measurement principle
	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by loss allowances. Interest income, foreign exchange gains and losses and loss allowances are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Amortized cost	
	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Fair value through profit or loss	

### Judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. When available, management uses external resources like market studies to support the assumptions. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties on December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year, is included in the following notes:

- » Note [16] – Impairment of goodwill: key assumptions underlying recoverable amounts.
- » Note **business combinations**: fair value of the consideration transferred (including contingent consideration), fair value of intangible assets acquired as well as their useful lives.
- » Note [10] – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- » Notes [13] and [23] – measurement of loss allowances for trade receivables: The determination of loss allowances is based on historical values which are adjusted to account for information relating to the future. Material (special) items from the past may distort risk provisioning, which may make correction necessary.
- » Note [1]: Revenue recognition for rental models using the adjusted market assessment approach includes assumptions regarding standalone selling prices and judgements about technology lifetime cycles.

### Fair value estimation

IFRS 7 requires for financial instruments that are measured in the statement of financial position at fair value in accordance with IFRS 13 a disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- » Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- » Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices), and
- » Level 3: Inputs for asset or liability that are not based on observable market data (that is unobservable inputs).

On December 31, 2022 and 2021, the Group's financial instruments carried in the statement of financial position at fair value are categorized within Level 3 of the fair value hierarchy. They are reported in the statement of financial position as other financial assets and other financial liabilities. In accordance with IFRS 13, the following overview shows the valuation methods as well as the unobservable inputs used:

## DETERMINATION OF FAIR VALUES

Type	Valuation method	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
<b>Other financial assets</b>			
	Valuation based on the price of last financing round. The fair value adjustments are recognized under other financial expenses / income.	Nature and price of the last financing round	The fair value would increase if: <ul style="list-style-type: none"> <li>- the price of the last financing round increases.</li> <li>- the held asset class would have higher liquidity preference/ special rights as a result of the last financing round.</li> </ul>
	A market based approach is used, evaluating a variety of quantitative and qualitative factors such as actual and forecasted results, milestone achievements, cash position, recent or planned transactions, and market comparable companies (venture capital method). The fair value adjustments are recognized under other financial expenses / income.	Discounts for lack of marketability	An increase in the marketability discount would result in a decrease in the fair value.
Unlisted equity securities	Valuation based on the Net Asset Value (NAV) as reported by the respective funds. The fair value adjustments are recognized under other financial expenses / income.	NAV calculations of the respective funds	An increase in the reported NAV would result in an increase in the fair value.
<b>Other financial liabilities</b>			
Contingent consideration	The discounted cash flow method is applied, which considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value adjustments are recognized under other financial expenses / income.	Probability adjusted revenues and profits	An increase in the probability adjusted revenues and profits used in isolation would result in an increase in the fair value.

The fair value of financial assets and financial liabilities that are not measured at fair value but for which fair value disclosures are required are included in Level 3 categories. The fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

## Currency translation

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared in EUR, which is the Group's presentation currency.

### Group companies

In the consolidated financial statements, the assets and liabilities of companies that do not use the Euro as their functional currency are translated as follows:

- » Assets and liabilities are translated at the closing rate on the date of that consolidated statement of financial position. Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Equity components are translated at the historical exchange rates prevailing at

the respective dates of their first-time recognition in the Group equity.

- » Income and expenses are translated at average exchange rates; and
- » all resulting exchange differences are recognized in other comprehensive income.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. There is an exception for monetary items that are designated as part of the Group's net investment in a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

### Cash and cash equivalents

Cash and cash equivalents represent cash at banks, cash on hand, and short-term deposits with maturities of three months or less from the date of acquisition. Cash equivalents are highly

liquid short-term financial investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash not available from rental guarantee deposits is disclosed as other financial assets.

**Trade receivables**

Trade receivables are recognized at the transaction price, which represents the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Subsequently, these are measured at amortized cost.

**Inventories**

Inventories are mainly comprised of hardware, third party licenses, as well as marketing materials, which are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**Other financial assets**

Other financial assets mainly relate to security deposits carried at amortized cost and equity instruments recognized at fair value through profit or loss.

**Impairment of financial assets**

Impairment losses for debt instruments measured at amortized cost or at fair value through other comprehensive income are recognized in accordance with IFRS 9 *Financial Instruments*. The standard requires that not only historical data but also future expectations and projections are taken into consideration when accounting for impairment losses (expected credit loss model).

For trade receivables and contract assets as per IFRS 15, Nemetschek consistently applies the simplified approach and recognizes lifetime expected credit losses. In order to calculate the collective loss allowance, the Nemetschek Group determines a default rate on the basis of historical defaults and then adjusts these with forward looking information if appropriate. The rates are reviewed on a regular basis to ensure that they reflect the latest data on credit risk. For contract assets as per IFRS 15 no impairments were recognized due to materiality. In case objective evidence of credit impairment is observed for trade receivables from a specific customer, a detailed analysis of the credit risk is performed, and an appropriate individual loss allowance is recognized for this customer. Trade receivables are considered to be in default when it is expected that the debtor will not fulfill its credit obligations toward Nemetschek. Loss allowances on trade receivables are presented as other expenses in the consolidated statement of comprehensive income.

For other financial assets not measured at fair value through profit or loss, Nemetschek Group applies the general impairment approach according to IFRS 9. As it is the policy of Nemetschek

Group to invest only in high-quality assets of issuers with a minimum internal or external rating of at least investment grade, the low credit risk exception is used. Thus, these assets are always allocated to stage 1 of the three-stage credit loss model and, if material, a loss allowance for an amount equal to 12-month expected credit losses will be recorded. Impairment losses on other financial assets are shown in the line item “Other financial expenses.” The credit risk of cash and cash equivalents measured at amortized cost is insignificant due to their short-term maturity, counterparties’ investment grade credit ratings and established exposure limits. Therefore, Nemetschek Group did not recognize any credit impairment losses of those financial assets.

**Other non-financial assets**

Accrued items and other non-financial assets are carried at amortized cost. The Group recognizes contract assets under the balance sheet position “Other non-financial assets”. A contract asset is a right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**Property, plant and equipment**

Property, plant and equipment are measured at amortized cost. This comprises any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management less any accumulated depreciation and accumulated impairment losses. Depreciation is recognized for those assets, with the exception of land and construction in progress, over the estimated useful life utilizing the “straight-line method” and taking into account any potential residual value. Parts of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item are depreciated separately.

The estimated useful lives of property, plant and equipment are as follows:

**TABLE OF USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT**

	Useful life in years
Vehicles	5
Office equipment	3 – 10
Leasehold improvements	5 – 10

Expenditure for repairs and maintenance is expensed as incurred. Renewals and improvements are capitalized and depreciated separately if the recognition criteria are met.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “Other income/expenses”.



## Intangible assets and goodwill

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. For purposes of internal and external reporting, the activities of Nemetschek Group are broken down into the Design, Build, Media and Manage segments. The budget for 2023 and the medium-term planning for the subsequent years were drawn up on the basis of this reporting structure.

### Intangible assets (except goodwill)

Separately acquired intangible assets are shown at historical cost less accumulated amortization. Intangible assets acquired in a business combination are recognized at fair value on the acquisition date. Intangible assets which have a finite useful life will be amortized over their estimated useful lives. Amortization is calculated using the straight-line method. Intangible assets not yet available for use are not amortized, but instead tested for impairment at least annually.

The Group's intangibles are not qualifying assets in accordance with IAS 23. Therefore, no borrowing costs are capitalized.

The useful lives of intangible assets acquired in a business combination are estimates based on the economics of each specific asset which were determined in the process of the purchase price allocation. The useful lives are reviewed at each reporting date by taking into account, amongst others, technological change and adjusted if appropriate. The major part of these assets is brand names, technology and customer relationships. Intangibles acquired in a business combination are amortized as follows:

#### USEFUL LIFE OF INTANGIBLE ASSETS

	Useful life in years
Brand name	10 – 15
Technology	5 – 12
Customer Relationship	10 – 25

### Development costs

Costs of research are expensed in the period in which they are incurred. Costs for development activities, whereby research findings are applied to a plan or design for the development of new or substantially improved intangible asset, are capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible and future economic benefits are probable. Furthermore, Nemetschek Group intends and has sufficient resources to complete development and use or sell the intangible asset. In the fiscal year 2022, as well as in the previous year, none of the development projects fulfilled the capitalization criteria. Development costs in the amount of EUR 182,568k (previous year: EUR 148,880k) and amortization of software acquired in business combinations in the amount of EUR 23,296k (previous year: EUR 17,574k) are carried as expenses.

## Impairment of non-financial assets

### Assets with a finite useful life

For assets with a finite useful life, an impairment test is needed if there are indications that those assets may be impaired. If such indications exist, the amortized carrying value of the asset is compared to the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of future cash flows expected to arise from the continuing use of the asset. In the case of an impairment, the difference between the amortized carrying amount and the lower recoverable amount is recognized as an expense in profit or loss. If evidence exists that the reasons for the impairment no longer exist, the impairment loss is reversed. The reversal cannot result in an amount exceeding amortized cost.

### Goodwill and intangible assets not yet ready for use

Intangible assets not yet ready for use or advance payments on such assets as well as goodwill must be tested for impairment annually. A test is also performed whenever there is any indication that an asset might be impaired. Where the reasons for an impairment no longer exist, the impairment loss is reversed, except in the case of goodwill.

The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or other groups of assets or cash-generating units. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Nemetschek determines the recoverable amount of the relevant unit to which the goodwill is allocated based on the value in use. The value in use is calculated using a discount rate from the present value of the future cash flows from the use of this unit.

The determination of the future cash flows and their underlying parameters such as revenue growth and EBITDA margin is performed on the basis of the knowledge gained in the past, the current economic results and the budgets approved over a period of three to five years, which contains the expected future macroeconomic developments. The budgeting for the fiscal year 2023 is prepared applying certain uniform Group assumptions “from the bottom to the top” (bottom-up method). The cash flows for the further budget years follow similar premises, however they are not at the same level of detail as the first budget year. Estimates for periods beyond the budgeting horizon are made using the perpetuity method. The growth rates applied do not account for capacity expanding investments for which cash flows have not yet been incurred. These are derived from available market studies by market research institutes and do not exceed the long-term average historical growth rates of the relevant cash-generating units. In the fiscal year 2022 a growth rate of up to 2.0% (previous year: 2.0%) was assumed.

The budgets are driven by a strongly growing business during the planning period of three to five years. In the terminal value a growth rate between 1.5% and 2.0% (previous year: 1.5% and 2.0%) is estimated leading to a gap between the last year of the detail plan and the terminal value. To derive a more realistic recoverable amount, a three year convergence period is applied. Within that period the growth rate at the end of the detail planning period converges to the growth rate applied in the terminal value.

The discount rate required for discounting future cash flows is calculated from the weighted average cost of capital (WACC) of the related cash-generating unit or group of cash-generating units after tax. The relevant pre-tax WACC in accordance with IAS 36 is derived from future cash flows after tax and the after-tax WACC applying typical tax rates for each cash-generating unit.

Then, the risk-free interest rate according to the Svensson method with accounting for risk premiums (with a floor applied by 0%), and the beta as well as the gearing ratio are derived from a group of comparable entities. The discount rate thus estimated reflects the current market returns as well as the specific risk of the respective cash-generating unit or group of cash-generating units. The discount rate applied to derive the present value of the cash flow forecasted ranges between 12.0% and 19.5% (previous year: 9.8% and 10.9%) before tax.

### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of vehicles and office equipment, the Group has elected not to separate non-lease components and instead account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group recognizes leasehold improvements as an item of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted by using the incremental borrowing rate, as the interest rate implicit in the lease cannot be readily determined. The interest rate is derived in relation to the currency areas.

Lease payments included in the measurement of the lease liability comprise the following:

- » fixed payments, including in-substance fixed payments
- » variable lease payments that depend on an index or a rate
- » amounts expected to be payable under a residual value guarantee; and
- » the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, when the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Financial liabilities**

Financial liabilities primarily include trade payables, borrowings and other financial liabilities. Upon initial recognition, financial liabilities are measured at fair value. In the case of all financial liabilities which are subsequently not classified at fair value through profit or loss, the transaction costs which are directly attributable to the purchase will be recognized.

### **Financial liabilities measured at amortized cost**

After initial recognition, financial liabilities are carried at amortized cost using the effective interest method. Trade payables, borrowings and other financial liabilities are classified in this category.

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss primarily include contingent consideration. Gains or losses on financial liabilities that are measured at fair value through profit or loss are included in profit or loss. Financial liabilities are derecognized when the contractual obligation is discharged, canceled or has expired.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or factual) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions and accrued expenses which do not already lead to an outflow of resources in the subsequent year are measured at their discounted settlement amount at the balance sheet date where the interest effect is material. Where the Group expects some or all of a provision to be reimbursed (e.g. under an insurance contract) the reimbursement is recognized as a separate asset if the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

### **Deferred revenue**

Deferred revenue relates to the consideration received in advance from customers for which revenue is recognized over time.

### **Employee benefits**

#### **Short-term employee benefits**

Short-term employee benefits include wages, social security contributions, vacation and sickness pay. They are recognized with the undiscounted amount to be paid in exchange for the service rendered by the employee.

#### **Share-based payments**

Share-based payments are comprised of Long Term Incentive Plans and Stock Appreciation Rights. The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as personnel expense, with a corresponding increase in equity, over the vesting period.

## Pensions

The Group provides company pension plans for certain employees only. The provisions are measured every year by reputable independent appraisers. Provisions for pensions are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The pension obligation less plan assets is recorded as the provision in the balance sheet. Actuarial gains and losses are recorded in other comprehensive income. Effects resulting from interests are disclosed accordingly in interest result.

## Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognized as a liability and expense on the earlier date of:

- » when the entity can no longer withdraw the offer of those benefits; or
- » when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

## Provisions for other long-term employee benefits

Other long-term employee benefits such as anniversary allowances are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. Gains and losses from the remeasurement are recognized in profit or loss in the period in which they are incurred.

## Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized in the consolidated financial statement of financial position but are disclosed and explained in the Notes.

## Taxes

### Current income taxes

Current income taxes are calculated within the Nemetschek Group on the basis of tax legislation applicable in the relevant countries. To the extent that judgement was necessary to determine the treatment and amount of tax items presented in the financial statements, there is in principle a possibility that local tax authorities may take a different position.

### Deferred taxes

Deferred taxes are recognized on all temporary differences between the tax and accounting bases of assets and liabilities and on consolidation procedures. No deferred tax is recognized for non-tax-deductible goodwill. The deferred taxes are measured at the applicable tax rates related to the period when the temporary differences are expected to reverse. Changes in tax rates are recognized once the rate has been substantially enacted. Deferred tax assets are not recognized if it is not probable that they will be realized in the future.

## Revenues

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

## Software

### Software Licenses

Software licenses only include the software performance obligation. Revenue from software licenses is recognized when control of the software passes on to the customer. Control of the software passes on to the customer after the hardware is shipped to the customer or a link for downloading the software is sent to the customer.

### Rental models

In the case of rental models, a distinction is made between subscription and software-as-a-Service (SaaS) offerings. The Nemetschek Group's rental models usually include the performance obligations "Software" and "User support" or "Upgrade." The performance obligation "User support" / "Upgrade" is a "stand-ready obligation" which is recognized straight-line over the period during which the service is rendered. For recognition of the performance obligation "Software", the Nemetschek Group distinguishes between two different models:

- » For software rental models offerings that include access to the most recent version of the corresponding application via servers provided by Nemetschek Group companies, revenue is recognized straight-line over the term of the contract.

» In case the customer runs the application directly on the customer's own system, revenue is recognized at the point in time the customer has control over the software. The allocation of revenue to "Software" and other performance obligations is based on the residual value method or on the adjusted market assessment approach. The latter include assumptions regarding standalone selling prices and judgements about technology lifetime cycles.

Advance payments received from customers for rental models are carried as deferred revenue (contract liability) and normally lead to revenue within the next twelve months.

### **Software service contracts**

The performance obligations in the case of software service contracts can be subdivided into two material obligations. On the one hand, user support, which is available to the customer for the entire term of the contract. On the other hand, with software service contracts, customers receive the most recent version of the corresponding Nemetschek software by getting software updates. However, it is at the discretion of the Group to decide the intervals at which new versions of the software will be provided and what functionalities and/or modules of the corresponding software will be changed, modified, reduced or extended. In the case of demand for software versions and user support which are not further defined, these are stand-ready obligations according to IFRS 15, for which revenue is recognized straight-line over the term of the contract. Advance payments received from customers for software maintenance contracts are carried as deferred revenue (contract liability) and normally lead to revenue within the next twelve months.

### **Consulting & Hardware**

Consulting services constitute in general separate performance obligations for which revenue is recognized in the period in which they were rendered. In the case that they do not constitute separate performance obligations, consulting services are combined with other contract components to a bundle and recognized in accordance with the provisions of IFRS 15.

Revenue from hardware sales is usually recognized at the point in time of the transfer of control to the customer. Hardware revenue is of minor significance to the Nemetschek Group.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the contract term is one year or less. The capitalized assets for the incremental costs of obtaining a customer contract primarily include sales commissions earned by the sales partners of the Group and are classified as other non-financial assets. They are amortized on a straight-line basis over the contract duration, which represents the Group's expectation for the amortization period of the capitalized cost of obtaining a contract. The amortization is presented as commissions within other expenses. The Group does not capitalize the incremental cost of obtaining a contract if the amortization period of the asset is one year or less.

### **Grants**

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all related conditions will be complied with.

### **Segment reporting**

The resource allocation and the measurement of profitability of the business segments are performed by the executive board as the main decision-maker. The allocation of segments and regions as well as the selection of key figures is in agreement with the internal controlling and reporting system ("management approach").

The operating business segments are organized and managed separately according to the nature of the products and services provided. Each segment represents a strategic business unit whose product range and markets differ from those of the other segments.

For the purpose of managing the company, management has organized the Group into four operational business segments: Design, Build, Media and Manage which form four reportable segments.

### **Post balance sheet events**

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date (reportable events) have been taken into account in the financial statements as required. Non-adjusting events after the balance sheet date are stated in the notes to the consolidated financial statements if they are material.



## Business combinations

### Acquisitions in 2022

#### **DC-Software Doster & Christmann GmbH, Munich, Germany**

With effect as of April 1, 2022, FRILO Software GmbH acquired 100% of the shares of DC-Software Doster & Christmann GmbH. The company is developing special software solutions for foundation engineering since 1989. With the acquisition, Nemetschek expects to strengthen FRILO's position as a leading provider of structural design programs within the Design segment. The consideration transferred consists of EUR 5,000k in cash. The net cash flow on acquisition amounted to EUR 4,554k.

As part of the purchase agreement, a contingent consideration of up to EUR 2,000k, depending on the achievement of revenue targets, has been negotiated. As at acquisition date, the fair value of the contingent consideration was estimated to be EUR 1,277k, which also corresponds to the fair value as at December 31, 2022. On a preliminary basis, goodwill in the amount of EUR 6,260k was recognized.

#### **Abvent SA, Paris, France; Abvent SA, Estavayer-le-Lac, Switzerland**

With purchase agreement dated December 20, 2022, Graphisoft SE acquired 100% of shares of the software distributor Abvent (part of AV-Tech Group) for France and French-speaking Switzerland. Abvent has been a strong partner for these important markets. The acquisition complements the group's existing segment Design. The purchase price amounted to EUR 30,231k in cash, which results in a net cash flow on acquisition of EUR 16,436k.

Based on preliminary purchase price allocation, customer relationships amounting to EUR 28,484k were recognized. Further, current assets in the amount of EUR 15,961k, non-current assets in the amount of EUR 1,099k and current liabilities in the amount of EUR 10,726k were recognized on a preliminary basis. Because the acquisition took place close to the balance sheet date, the amount has been measured on a preliminary basis.

The fair value of trade receivables in the amount of EUR 1,164k is also the gross amount of trade receivables. Based on the information gained in the due diligence, no significant payment defaults are expected.

If Abvent had been in the Group for the entire 2022 financial year, it would have contributed revenues and EBIT in the lower single-digit million Euro range.

### Acquisitions in 2021

#### **Maxon Computer, Inc., Newbury Park, United States**

With purchase agreement dated November 23, 2021, Maxon Computer, Inc., acquired assets of Pixologic within the scope of an asset deal, meeting the criteria for a business combination. The acquisition substantially completes Maxon's product line with

3D sculpting and painting expertise. It also firmly positions the company as an industry leader in providing superior creative tools for digital artists in the 3D animation market. The Group obtained control as at December 29, 2021.

The purchase price amounted to EUR 121,649k. The net assets recognized in the December 31, 2021 financial statements were based on a preliminary assessment. In 2022, the valuation was completed, and the acquisition date fair value of intangible assets was EUR 40,032k, an increase of EUR 9,197k over the preliminary value, and that of deferred revenue was EUR 1,045k. On the basis of the purchase price allocation, technology amounting to EUR 23,950k, customer relationships amounting to EUR 8,939k and brand name amounting to EUR 7,142k were recognized. As a result, there was a corresponding reduction in goodwill of EUR 8,152k to EUR 82,662k.

The identified goodwill mainly represents future technology in the Media segment. The goodwill recognized is expected to be deductible for tax purposes. If the acquired assets had been in the Group for the entire 2021 financial year, they would have contributed revenues in the lower double-digit million Euro range.

#### **Maxon Computer Japan KK, Tokyo, Japan**

Under the purchase agreement of November 19, 2020, Maxon Computer GmbH acquired 100% of the shares of Maxon Computer KK comprising the business segment of the Japanese distributor TMS Corp. The acquisition complements the group's existing segment Media. The Group obtained control as at January 19, 2021. The purchase price amounted to EUR 919k in cash as well as a contingent consideration liability in the amount of EUR 385k. On the basis of the purchase price allocation, customer relationships amounting to EUR 1,305k were recognized. The resulting goodwill amounted to EUR 1k.

#### **Maxon Computer GmbH, Friedrichsdorf, Germany**

Under the purchase agreement of February 24, 2021, Maxon Computer GmbH acquired the technology of a developer within the scope of an asset deal, meeting the criteria for a business combination. The acquisition complements the group's existing segment Media. The purchase price amounted to EUR 1,300k in cash as well as a contingent consideration liability in the amount of EUR 205k. On the basis of the purchase price allocation, technology amounting to EUR 119k was recognized. The resulting goodwill amounted to EUR 1,387k.

#### **Vectorworks Australia Pty Ltd, Rosebery, Australia**

Under the purchase agreement of July 14, 2021, Vectorworks, Inc. acquired 100% of the shares in Vectorworks Australia Pty Ltd, which includes the business segment of the Australian distributor OzCad Pty Ltd. The acquisition complements the group's existing segment Design. The purchase price amounted to EUR 3,288k in cash. On the basis of the purchase price allocation, customer relationships amounting to EUR 2,099k were recognized. The resulting goodwill amounted to EUR 1,876k.



## Notes to the consolidated statement of comprehensive income

### [1] Revenue

Revenue recognized in the period related to the following:

#### REVENUES

Thousands of €	2022	2021
Software and licenses	235,003	234,837
Recurring revenues (software service contracts and rental models)	532,583	416,716
Consulting & Hardware	34,227	29,918
	<b>801,813</b>	<b>681,471</b>

Recurring revenue includes revenue from software rental models in the amount of EUR 204,157k (previous year: EUR 131,961k).

Categorized by geographic sector, the following allocation of revenues results:

#### REVENUES BY REGION

Thousands of €	2022	2021
Germany	167,800	161,334
Europe without Germany	245,076	218,262
Americas	309,210	233,948
Asia/Pacific	76,730	65,801
Rest of World	2,997	2,126
	<b>801,813</b>	<b>681,471</b>

The contract balances at December 31 are as follows:

#### CONTRACT BALANCES

Thousands of €	December 31, 2022	December 31, 2021
Contract assets	1,569	1,235
Deferred revenue	209,570	160,941
thereof short-term	206,939	157,975
thereof long-term	2,631	2,966

During the reporting period there have been no significant changes with regard to contract assets. Advance consideration received from customers is reported as deferred revenue. As soon as the contractual services are rendered, these are recorded as revenue.

Of the amount totaling EUR 160,941k (previous year: EUR 131,876k) reported at the beginning of the period in deferred revenue, EUR 157,975k (previous year: EUR 129,469k) was recognized as revenue in 2022.

No revenue from performance obligations fulfilled in previous years were recognized in the fiscal years 2022 and 2021. Most of the contracts have a term of one year.

The breakdown of revenues by segment can be seen under segment reporting [26].

### [2] OTHER INCOME

Thousands of €	2022	2021
Income from foreign currency transactions	9,145	4,521
Subsidies	1,092	1,884
Damage	369	1,007
Income from trade fairs	354	264
Income from sale of property, plant and equipment	74	245
Other	1,533	1,908
	<b>12,566</b>	<b>9,829</b>

### [3] COST OF GOODS AND SERVICES

Thousands of €	2022	2021
Cost of purchased software licenses and hardware	27,706	21,551
Cost of purchased services	4,078	3,792
	<b>31,785</b>	<b>25,343</b>

### [4] PERSONNEL EXPENSES

Thousands of €	2022	2021
Wages and salaries	285,833	246,294
Social security, other pension costs and welfare	51,386	45,725
	<b>337,219</b>	<b>292,019</b>

Personnel expenses include social security in the amount of EUR 41,065k (previous year: EUR 37,815k) as well as expenses on pension schemes in the amount of EUR 3,600k (previous year: EUR 3,117k).

**[5] AMORTIZATION AND DEPRECIATION**

Thousands of €	2022	2021
Amortization of intangible assets other than those acquired in a business combination	2,665	2,188
Depreciation of property, plant and equipment	8,049	7,420
Depreciation of right-of-use assets	16,321	14,929
<b>Depreciation / amortization of tangible and intangible assets</b>	<b>27,035</b>	<b>24,537</b>
Amortization of intangible assets due to purchase price allocation	31,807	25,437
<b>Total amortization and depreciation</b>	<b>58,842</b>	<b>49,974</b>

**[6] OTHER EXPENSES**

Thousands of €	2022	2021
Expenses for third-party services	37,601	31,352
Commissions	33,391	30,398
Marketing expenses	31,190	24,648
EDP equipment	22,260	17,672
Legal and consulting expenses	15,910	13,912
Travel expenses and hospitality	9,400	3,047
Expenses from foreign currency transactions	9,239	4,669
Training and recruiting expenses	6,038	5,552
Ancillary rent costs	5,616	4,644
Communication expenses	2,814	2,576
Vehicle expenses	2,760	2,099
Other	12,180	11,404
	<b>188,396</b>	<b>151,974</b>

The item "Other" consists of various immaterial items.

**[7] INTEREST INCOME / EXPENSES**

Thousands of €	2022	2021
Other interest and similar income	490	147
Interest and similar expenses	-2,624	-2,740
	<b>-2,134</b>	<b>-2,593</b>

**[8] Other financial income and expenses**

Other financial expenses/income amount to EUR 3,446k in the reporting year (previous year: EUR 892k) and relate to the revaluation of contingent consideration liabilities and foreign currency effects of intercompany loans. For more details, reference is made to the note for business combinations and financial instruments [23].

**[9] Share of profit of associates**

The expenses/income from associates of EUR 82k (previous year: EUR 334k) relate to Nemetschek OOD in the amount of EUR 482k (previous year: EUR 382k), to Sablono GmbH in the amount of EUR -250k (previous year: EUR -48k) and to Imerso AS in the amount of EUR -150k (previous year: EUR 0k). For more information, see [18].

**[10] Taxes**

The major components of the income tax expense are as follows:

**INCOME TAXES**

Thousands of €	2022	2021
Current tax expenses	-53,990	-41,493
Deferred tax income	19,564	7,791
<i>thereof from addition / release of temporary differences</i>	<i>10,221</i>	<i>6,634</i>
	<b>-34,426</b>	<b>-33,702</b>

The tax expenses for the fiscal year 2022 include tax income from previous years amounting to EUR 1,234k (previous year: tax income EUR 1,648k). Furthermore, in the fiscal year 2022, EUR -315k (previous year: EUR -52k) deferred taxes from the revaluation of pension obligations were recorded in other comprehensive income.

The income tax rates of the individual legal entities range from 11.1% to 34.0% (previous year: from 11.1% to 34.1%).

The tax rate for the fiscal year 2022 applied by Nemetschek SE is 32.2% (fiscal year 2021: 32.3%). It is calculated as follows:

**INCOME TAX RATE**

in %	2022		2021	
Earnings before taxes	100.0		100.0	
Trade tax (weighted)	16.4	16.4	16.5	16.5
	<b>83.6</b>		<b>83.5</b>	
Corporate income tax	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8
	<b>67.8</b>	<b>32.2</b>	<b>67.7</b>	<b>32.3</b>

Deferred taxes are measured on the basis of the nominal tax rate of Nemetschek SE or the tax rate applying to the respective subsidiary.

Deferred tax assets and deferred tax liabilities are offset for each tax-paying entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the income tax of the same taxable entity and the same taxation authority.

Deferred taxes at the balance sheet date comprise the following:

#### DEFERRED TAXES

Thousands of €	Consolidated balance sheet	
	2022	2021
<b>Deferred tax assets resulting from</b>		
Intangible assets	16,092	5,400
Property, plant and equipment	570	464
Financial Assets	557	251
Receivables	499	649
Deferred revenue	2,736	2,266
Pensions and related obligations	292	637
Provisions	3,542	3,320
Liabilities	1,333	582
Tax loss carryforward	7,026	4,281
Tax credit	6,205	1,623
Other	396	665
Lease liabilities	20,374	15,901
<b>Offsetting</b>	<b>-38,156</b>	<b>-27,829</b>
	<b>21,465</b>	<b>8,208</b>
<b>Deferred tax liabilities resulting from</b>		
Intangible assets	33,674	29,970
Property, plant and equipment	961	320
Receivables	67	585
Deferred revenue	1,080	712
Provisions	47	19
Liabilities	445	467
Other	2,910	1,879
Right-of-use assets	18,774	14,469
<b>Offsetting</b>	<b>-38,156</b>	<b>-27,829</b>
	<b>19,802</b>	<b>20,590</b>

The increase of deferred tax assets on loss carryforwards is mainly due to the write-up recognized in fiscal year 2022 as a result of a positive impairment test and higher utilization of net operating losses in following years. Furthermore, changes in US tax legislation led to high deferred tax assets.

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2022) for the fiscal years ending December 31, 2022 and 2021 is as follows:

#### INCOME TAX RECONCILIATION

Thousands of €	2022	2021
<b>Earnings before taxes</b>	<b>199,530</b>	<b>170,625</b>
Expected tax 32.2% (previous year: 32.3%)	64,309	55,197
Differences to German and foreign tax rates	-20,995	-16,314
<b>Tax effects on:</b>		
Change in the recoverability of deferred tax assets and tax credits	-2,224	1,754
Change of deferred taxes on permanent differences	533	382
Current and deferred taxes previous years	1,234	-1,649
Non-deductible expenses	1,991	2,256
Tax-free income and Tax Credits	-11,307	-8,454
Tax rate changes and adaptation	232	-200
Other	645	731
Effective tax expense	34,426	33,702
<b>Effective tax rate</b>	<b>17.3%</b>	<b>19.8%</b>

The deferred tax assets on losses carried forward are determined as follows:

**DEFERRED TAX ON LOSSES CARRIED FORWARD**

Thousands of €	2022	2021
Deferred tax assets, gross	15,463	15,526
Allowances on tax losses carried forward	-8,438	-11,241
<b>Deferred tax assets on unused tax losses, net</b>	<b>7,026</b>	<b>4,286</b>

The items contain deferred taxes on unused tax losses which are likely to be realized in the future. The deferred tax assets on tax losses carried forward were recognized on the basis of the income and expense budgets of Nemetschek SE subsidiaries for the next 3 to 5 fiscal years.

In 2022 or prior years some subsidiaries were loss making and accumulated net operating losses of EUR 6,325k (prior year: EUR 2,273k). These net operating losses were deemed to be recoverable as the subsidiaries will generate future tax profits. For the most significant entities the loss situation ended as legal restructurings were implemented during 2022.

**LOSSES CARRIED FORWARD WITH LIMITED LIFE OF USAGE**

Thousands of €	2022	2021
<b>Unused tax loss carried forward</b>		
Never expire	35,714	48,593
Expire by End of 2026	809	3,047
Expire from 2027	6,338	16,814
<b>Sum of unused tax loss carried forward</b>	<b>42,861</b>	<b>68,454</b>

**TAX CREDITS WITH LIMITED LIFE OF USAGE**

Thousands of €	2022	2021
<b>Unused tax credits</b>		
Never expire	13,928	12,862
Expire	-	-
<b>Sum of unused tax credits</b>	<b>13,928</b>	<b>12,862</b>

The temporary differences associated with investments in the Group's subsidiaries for which no deferred tax liabilities were recognized, amount to EUR 4,045k (previous year: EUR 353k).

There are no income tax consequences attached to the payment of dividends by Nemetschek SE to its shareholders neither in 2022 nor 2021.

**[11] Earnings per share**

Basic undiluted earnings per share are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period. No diluting effects existed as of the reporting date.

**EARNINGS PER SHARE**

	2022	2021
Net income attributable to the parent (in thousands of EUR)	161,899	134,618
Weighted average number of ordinary shares outstanding as of December 31	115,500,000	115,500,000
Weighted average number of ordinary shares to be included in the calculation of diluted earnings per share as of December 31	115,500,000	115,500,000
<b>Earnings per share in EUR, undiluted</b>	<b>1.40</b>	<b>1.17</b>
<b>Earnings per share in EUR, diluted</b>	<b>1.40</b>	<b>1.17</b>

The 400,000 Stock Appreciation Rights granted on June 30, 2022 as well as the Long Term Incentive Plans starting 2022 are not included in the calculation of diluted earnings per share. They could potentially dilute basic earnings per share in the future.

For more details reference is made to note [24] and note [25].

## Notes to the consolidated statement of financial position

### [12] CASH AND CASH EQUIVALENTS

Thousands of €	December 31, 2022	December 31, 2021
Bank balances	195,225	154,986
Fixed term deposits (contract period up to 3 months)	1,596	2,109
	<b>196,821</b>	<b>157,095</b>

### [13] TRADE RECEIVABLES

Thousands of €	December 31, 2022	December 31, 2021
Trade receivables (before allowances)	87,702	75,453
Lifetime expected credit loss allowance	-3,182	-5,345
	<b>84,520</b>	<b>70,108</b>

Trade receivables are non-interest bearing and are generally due within 30- to 90-day terms customary for the industry. Bad debt allowances developed as follows:

### DEVELOPMENT OF EXPECTED CREDIT LOSS ALLOWANCES

Thousands of €	January 1	Net remeasurement	Amounts written off	December 31
Lifetime expected credit loss allowance 2022	-5,345	1,974	189	-3,182
Lifetime expected credit loss allowance 2021	-5,736	55	336	-5,345

The aging structure of trade receivables together with the respective loss allowances recognized is as follows:

### AGING STRUCTURE OF TRADE RECEIVABLES

2022	Thousands of €	not past due	Past due (by < 90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by >360 days)	December 31, 2022
Gross Trade receivables		66,028	14,551	2,408	2,194	2,520	87,702
Expected credit loss allowance		-259	-231	-178	-466	-2,047	-3,182
Net Trade receivables		65,769	14,320	2,230	1,728	473	84,520
Expected credit loss rate (weighted average)		0.39%	1.59%	7.40%	21.25%	81.22%	

### AGEING STRUCTURE OF TRADE RECEIVABLES

2021	Thousands of €	not past due	Past due (by < 90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by >360 days)	December 31, 2021
Gross Trade receivables		51,274	17,414	2,102	1,603	3,059	75,453
Expected credit loss allowance		-1,594	-733	-275	-497	-2,246	-5,345
Net Trade receivables		49,680	16,681	1,828	1,107	813	70,108
Expected credit loss rate (weighted average)		3.11%	4.21%	13.06%	30.98%	73.41%	

**[14] ASSETS**

Thousands of €	December 31, 2022	December 31, 2021
Inventories	890	949
Other financial assets	20,869	15,036
Other non-financial assets	33,151	31,148
	<b>54,910</b>	<b>47,132</b>

Inventories consist of third party licenses amounting to EUR 192k (previous year: EUR 86k) as well as hardware amounting to EUR 212k (previous year: EUR 493k). As in the previous year, no write-downs or reversals of write-downs were recognized. On December 31, 2022 and 2021, the inventories were not pledged.

Other financial assets mainly include the shares in Reconstruct Inc., Fundamental Revolution Fund GmbH & Co. KG, Keamore Limited, Fundamental Revolution 6DCI GmbH & Co. KG and KEWAZO GmbH amounting to EUR 12,295k. The remaining other financial assets (EUR 8,574k) relate primarily to security deposits from office rental agreements, which are mainly held until the end of the rental term.

Other non-financial assets mainly consist of prepaid expenses in the amount of EUR 26,921k (previous year: EUR 21,894k) as well as contract assets according to IFRS 15 in the amount of EUR 1,569k (previous year: EUR 1,235k).

**[15] Property, plant and equipment**

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment developed as follows:

**DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT**

Thousands of €	2022	2021
<b>Cost</b>		
As of January 1	61,190	56,791
Additions	14,062	6,509
Additions from business combinations	195	4
Disposals	-2,589	-3,556
Reclassifications	10	-504
Foreign currency translation difference	516	1,947
As of December 31	73,384	61,190
<b>Depreciation and impairment</b>		
As of January 1	40,454	35,163
Additions	8,049	7,420
Disposals	-2,050	-3,329
Reclassifications	-1	-1
Foreign currency translation difference	365	1,201
As of December 31	46,816	40,454
<b>Carrying amount December 31</b>	<b>26,568</b>	<b>20,735</b>

The carrying amount of 26.6m EUR (previous year: 20.7m EUR) includes furniture, fixtures and other equipment in the amount of 24.3m EUR (previous year: 18.8m EUR).

No material impairment and no material write-ups were recognized on property, plant and equipment in 2022 and 2021. On December 31, 2022 and 2021, property, plant and equipment were not pledged.



## [16] Intangible assets and goodwill

The acquisition costs as well as accumulated amortization and impairment of intangible assets consist of the following:

### DEVELOPMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

In EUR million	2022					2021				
	Goodwill	Software and similar rights	Customer Relationship	Brand name	Non-compete agreements	Goodwill	Software and similar rights	Customer Relationship	Brand name	Non-compete agreements
<b>Cost</b>										
As of January 1	541,998	193,754	125,579	23,188	2,146	434,736	160,652	109,128	19,669	2,146
Additions	–	4,638	–	–	–	–	3,416	–	–	–
Additions from business combinations	6,260	–	28,484	–	–	94,078	23,958	8,566	1,833	–
Disposal	–	–327	–	–	–	–	–1,077	–	–	–
Reclasses	–8,750	112	4,054	5,699	–	–4,838	2,145	3,598	962	–
Foreign currency translation difference	17,539	3,857	3,390	649	–	18,021	4,660	4,287	722	–
As of December 31	557,047	202,034	161,506	29,535	2,146	541,998	193,754	125,579	23,188	2,146
<b>Amortization and impairment</b>										
As of January 1	–	107,113	64,776	11,747	2,146	–	85,237	56,942	9,873	1,368
Additions	–	25,961	6,531	1,981	–	–	19,761	5,472	1,614	777
Disposal	–	–15	–	–	–	–	–546	–	–	–
Reclasses	–	–	–	–	–	–	–	–	–	–
Foreign currency translation difference	–	1,319	1,720	241	–	–	2,660	2,362	260	–
As of December 31	0	134,377	73,026	13,969	2,146	0	107,113	64,776	11,747	2,146
<b>Carrying amount December 31</b>	<b>557,047</b>	<b>67,657</b>	<b>88,480</b>	<b>15,566</b>	<b>0</b>	<b>541,998</b>	<b>86,641</b>	<b>60,803</b>	<b>11,440</b>	<b>0</b>

On December 31, 2022 and 2021, the intangibles were not pledged.

As a result of an accounting method change for the acquisition of the Red Giant assets, the goodwill allocated to non-controlling interests amounting to EUR 18.8m is now capitalized with a corresponding increase of the equity allocated to non-controlling interests. The previous year has been accordingly adjusted by EUR 18.0m. The change in 2022 is attributable to the non-controlling interests.

## Goodwill

Nemetschek is organized into divisions, which is also the organization level where goodwill is monitored. The divisions represent the operating segments Design, Build, Manage and Media. Please refer to note [26] for more information regarding the segment disclosures.

Goodwill is allocated as follows:

### GOODWILL

Thousands of €	Carrying Amount per balance sheet Dec. 31, 2022	Discount rate after tax	Discount rate before tax	Terminal value growth rate
<b>Division</b>				
Design	101,183	11.44%	14.31%	1.50%
Build	117,554	11.39%	14.56%	1.50%
Media	231,824	13.93%	19.49%	2.00%
Manage	106,486	9.80%	11.99%	2.00%
<b>Total group</b>	<b>557,047</b>			

### GOODWILL

Thousands of €	Carrying Amount per balance sheet Dec. 31, 2021	Discount rate after tax	Discount rate before tax	Terminal value growth rate
<b>Division</b>				
Design	98,436	8.39%	10.43%	1.50%
Build	110,030	8.39%	10.86%	1.50%
Media	227,045	7.38%	9.84%	2.00%
Manage	106,486	8.59%	10.73%	2.00%
<b>Total group</b>	<b>541,998</b>			

The main assumptions for the business plan, also used for impairment test purposes, are revenue and personnel cost. The development of sales volumes and prices is based on the expectations of market developments considering general economic factors as well as AEC/O and Media & Entertainment sector specific factors. The development of personnel cost is a key driver to revenue because employees enable the development of successful products as well as addressing markets. Both parameters combined are the significant drivers of the EBITDA.

As in the previous years, the impairment test carried out as at the valuation date, December 31, 2022, show no need for impairment in 2022.

The impairment tests were complemented by sensitivity analyses, for which key assumptions, that also represent the main value drivers, deviating from original forecasts are made for WACC as well as growth rates and EBITDA in perpetuity. These scenarios are deemed by management as improbable but possible for the segment Manage.

The Group accounts for uncertainties within the scope of forecasts and analyzes the goodwill for impairment as well as for scenarios that are less favorable than forecast. Given that the recoverable amount exceeds the book value significantly for the divisions

Design, Build and Media, management foresees no realistic scenario which could trigger an impairment. For the division Manage even a 20% reduction of EBITDA in the terminal value would not lead to an impairment loss. An increase in the discount rate of about 1,1% or a decrease of the terminal value growth rate down to 0,1% would remove the headroom amounting to EUR 32.7 million.

Compared to the situation in 2021 the capital markets for Nemetschek have turned adverse as for the most publicly traded equity instruments. The energy crisis in Europe and significantly increased inflation in the economic environments brought turmoil to the equity and debt markets. This led to a high volatility in the equity markets resulting in partly increased betas. The reaction of reserve banks to the high inflation led to significantly increased interest rates. The WACC therefore increased by a meaningful amount compared to prior year.

On the basis of the impairment testing performed, as well as on the basis of the sensitivity analyses conducted within this scope, the Group has come to the conclusion that in the reporting year goodwill does not need to be impaired.

## [17] Leases

The right-of-use assets resulting from leases are as follows:

### RIGHT-OF-USE ASSETS

Thousands of €	December 31, 2022	December 31, 2021
Right-of-use assets – Property	65,436	54,546
Right-of-use assets – Office Equipment	103	109
Right-of-use assets – Vehicles	4,256	4,579
	<b>69,795</b>	<b>59,233</b>

Property leases mainly include office space. Additions to the right-of-use assets during 2022 were EUR 27,414k (previous year: EUR 11,419k). The Group has estimated that potential future lease payments arising from extension options and leases not yet commenced but for which the Group is committed would result in cash outflows of EUR 1,596k (previous year: EUR 6,919k). Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation per asset class in the fiscal year is as follows:

### DEPRECIATION

	Property	Vehicles	Office Equipment
Depreciation 2022	13,777	2,470	74
Depreciation 2021	12,475	2,360	94

Information on the maturities of the corresponding lease liabilities can be found under financial liabilities [23]. Expenses recognized in profit or loss besides depreciation are shown in the overview below:

### AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Thousands of €	2022	2021
Interest on lease liabilities	1,372	1,306
Expenses relating to short-term leases	651	574
Expenses relating to leases of low-value assets	129	183
Variable lease payments not included in the measurement of lease liabilities	0	2

### AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2022	2021
Total cash outflow for leases	17,387	16,416

### [18] Investments in associates

Details of each of the Groups associates at the end of the reporting period are as follows:

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity	pro rata	Shareholding in %	Equity	pro rata
				2022			2021
		2022	2022	2022	2021	2021	2021
Nemetschek OOD, Bulgaria		20.00	9,883	1,977	20.00	8,141	1,628
Sablono GmbH, Berlin		22.14	1,048	232	22.14	2,180	483
Imerso AS, Norway		16.82	2,423	408	18.03	2,501	451

Nemetschek OOD develops customer-specific software within the scope of order developments. Sablono GmbH develops software solutions for the digital design, control and monitoring of complex building projects. Imerso AS is offering a next-generation platform to automate construction quality monitoring through a combination of advanced artificial intelligence (AI), reality capture, and BIM technologies.

In 2021, the Nemetschek Group participated in the series A financing round of Sablono GmbH with EUR 500k and the conversion of loans into equity in the amount of EUR 240k. The recognition of the unrecognized share of loss of prior years together with the reversal of loan impairment losses led to a profit or loss impact in the amount of EUR 83k in the prior financial year. After the series A financing round the Group has a shareholding amounting to 22.1%.

The Nemetschek Group participated in a financing round for Imerso AS with EUR 1,952k in 2021, which after the completion of the second closing in January 2022 corresponds to a stake of 16,8%. Although the Group has less than 20% of the voting rights, management determined that the Group has significant influence. This is on the basis that the Group participates in policy-making decisions by its board representation.

As the shares of the Group's associates are not material, the following overview shows the amounts reported in the consolidated financial statements on an aggregated basis:

#### AGGREGATE INFORMATION OF ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

Thousands of €	December 31, 2022	December 31, 2021
Group's share of net income from continuing operations	82	334
Group's share of net income from discontinued operations	–	–
<b>Group's share of net income for the year</b>	<b>82</b>	<b>334</b>
Group's share of other comprehensive income	–	–
<b>Group's share of total comprehensive income</b>	<b>82</b>	<b>334</b>
Aggregate carrying amount of the Group's interests in these associates	4,010	4,063

## [19] Financial liabilities

### FINANCIAL LIABILITIES

Thousands of €	December 31, 2022	December 31, 2021
Borrowings	71,945	128,700
Trade payables	15,712	11,260
Other financial liabilities	1,884	8,596
Lease liabilities	77,297	66,036
	<b>166,839</b>	<b>214,593</b>

Borrowings include acquisition loans in the amount of EUR 34,300k (previous year: EUR 127,571k).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are usually settled on 60-day terms.

Other financial liabilities comprise subsequent purchase price obligations in connection with business combinations. As of December 31, 2022 these mainly consist of EUR 1,277k resulting from the acquisition of DC-Software Doster & Christmann GmbH. The contingent consideration recognized in 2021 for Redshift Rendering Technologies, Inc. (EUR 6,254k), and Dexma Sensors S.L. (EUR 997k) were paid in 2022.

## [20] Provisions and accrued liabilities

Provisions and accrued liabilities contain the following items:

### PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	December 31, 2022	December 31, 2021
<b>Provisions</b>		
Personnel	41,193	45,940
Warranty and liability risks	165	383
Other	442	407
<b>Accruals</b>		
Outstanding invoices	12,987	13,683
Personnel	12,804	9,237
Legal and consulting fees	2,128	2,003
Other	2,113	4,621
	<b>71,833</b>	<b>76,274</b>

Provisions for personnel mainly consist of provisions for short- and long-term variable compensation components. Long-term variable compensation components have a term of up to three years.

Provisions for warranty and liability risks arise due to the obligation of fulfilling customer claims with regard to goods and services sold. They are based on an individual assessment per entity.

Accruals for outstanding invoices mainly relate to goods and services not yet invoiced. Accruals for personnel mainly consist of variable compensation components and outstanding vacation.

The development of provisions is as follows:

### PROVISIONS

Thousands of €	As of January 1	Usage	Release	Additions	Reclassification	Currency translation	As of December 31	thereof long-term
Personnel	45,940	-37,788	-1,910	33,853	-	1,098	41,193	1,140
Warranty and liability risks	383	-201	-96	79	-	-	165	-
Other	407	-	-	10	-	25	442	442

### [21] Other non-financial liabilities

Other current liabilities primarily comprise liabilities to the tax authorities on account of obligations to pay wage tax, value added tax (VAT) as well as social security contributions to the social security authorities.

### [22] Pensions and related obligations

As in the previous year, pensions and related obligations consist solely of defined benefit obligations.

#### German plans

The pension plans provide a benefit after reaching the age of 65 amounting to 60% of the last net salary, up to a maximum amount of EUR 4k per month. These claims are vested. In the year ending December 31, 2022 there were no curtailments to the plan, as was the case in the previous year:

Plan assets from these benefit plans have been invested in life insurances. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary entitled to these.

#### Non-German plans

The plans in Austria and Italy comprise severance compensation according to § 23 and 23a of the Austrian Employee Act (Angestelltengesetz) and article 2120 of the Italian Civil Code (Trattamento di Fine Rapporto or TFR) respectively.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

#### PROVISIONS FOR PENSIONS

	Thousands of €	As of January 1	Changes	As of December 31
Defined benefit obligation 2022		4,047	-1,125	2,922
Less plan asset 2022		447	22	469
<b>Status of coverage (= pension provisions) 2022</b>		<b>3,601</b>	<b>-1,147</b>	<b>2,455</b>
Defined benefit obligation 2021		3,660	387	4,047
Less plan asset 2021		578	-131	447
<b>Status of coverage (= pension provisions) 2021</b>		<b>3,083</b>	<b>518</b>	<b>3,601</b>

The determination of assets and liabilities for defined benefit plans is based upon statistical and actuarial valuations. The principal assumptions used for the purposes of the actuarial valuations were as follows:

#### DISCOUNT RATE

	German Plans	Non-German Plans	German Plans	Non-German Plans
in %	2022	2022	2021	2021
Discount rate	3.60	3.3–3.75	1.25	0.35–1.0
Future pension increases	1.00	0.00	1.00	0.00
Salary increase	0.00	1.0–3.5	0.00	1.0–3.0

The actuarial assumptions as at the balance sheet date are used to determine the defined benefit liability at that date as well as the pensions expense for the upcoming fiscal year.

The mortality rates for German plans are based on the Heubeck 2018 G mortality tables. The ones for Austria are based on "AVÖ 2018-P-Angestellte"-tables of the Austrian association of actuaries (Aktuarvereinigung Österreich, AVÖ). In Italy, the mortality tables "RG48", issued by the General State Account Department (Ragioneria Generale dello Stato) of the Italian Ministry of Economic and Finance, are used as a basis.



Movements in the present value of the defined benefit obligation and in the fair value of the plan assets were as follows:

#### CHANGE IN DEFINED BENEFIT OBLIGATIONS (DBO)

	Thousands of €	2022		2021	
		German Plans	Non-German Plans	German Plans	Non-German Plans
<b>DBO at beginning of fiscal year</b>		<b>2,588</b>	<b>1,459</b>	<b>2,771</b>	<b>889</b>
Adjustment / reclass DBO at beginning of fiscal year		–	–	–	497
Current service cost		–	102	–	112
Interest expense		32	13	24	9
Actuarial changes arising from changes in demographic assumptions		–	–11	–	17
Actuarial changes arising from changes in financial assumptions		–850	–295	–205	–11
Experience adjustments		–	56	–1	27
Settlements		–	–173	–	–80
<b>DBO at end of fiscal year</b>		<b>1,771</b>	<b>1,151</b>	<b>2,588</b>	<b>1,459</b>
<b>Fair value of plan assets at beginning of fiscal year</b>		<b>446</b>	<b>0</b>	<b>578</b>	<b>0</b>
Interest income		5	–	4	–
Actuarial gains / (losses)		–1	–	1	–
Employer contributions		18	–	23	–
Benefit payments		–	–	–159	–
<b>Fair value of plan assets at end of fiscal year</b>		<b>468</b>	<b>0</b>	<b>446</b>	<b>0</b>

Significant actuarial assumptions for the determination of the defined obligation are presented below. The sensitivity analyses below have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

#### SENSITIVITY

Changes in actuarial assumptions	Thousands of €	2022		2021	
		German Plans	Non-German Plans	German Plans	Non-German Plans
Present value of pension obligation for the reporting date		1,771	1,151	2,588	1,459
Discount rate	increase by 0.5 percent points	1,641	1,098	2,359	1,382
	decrease by 0.5 percent points	1,916	1,209	2,848	1,542
Pension cost	increase by 0.5 percent points	1,882	–	2,779	–
	decrease by 0.5 percent points	1,670	–	2,415	–
Salary increase	increase by 0.5 percent points	–	1,197	–	1,523
	decrease by 0.5 percent points	–	1,109	–	1,399

The average duration of the benefit obligation at December 31, 2022 is 16.1 years (2021: 19.1 years) for German plans and 11.7 years (2021: 10.6 years) for non-German plans. The expected payments in the 2023 fiscal year amount to EUR 50k (previous year: EUR 18k) and relate to employer contributions paid into the plan assets.

**[23] Financial instruments**

The financial assets and liabilities are presented in the following table according to their measurement categories and classes:

**FINANCIAL INSTRUMENTS**

Thousands of €	Carrying amount per balance sheet Dec. 31, 2022	Measurement in accordance with IFRS 9			Fair value Dec. 31, 2022
		Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables	84,520	84,520	-	-	84,520
Other financial assets	20,869	8,574	12,295	-	20,869
Cash and cash equivalents	196,821	196,821	-	-	196,821
<b>Total financial assets</b>	<b>302,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>302,210</b>
Borrowings	71,945	71,945	-	-	71,945
Trade payables	15,712	15,712	-	-	15,712
Other financial liabilities	1,884	391	1,493	-	1,884
<b>Total financial liabilities</b>	<b>89,541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,541</b>

**FINANCIAL INSTRUMENTS**

Thousands of €	Carrying amount per balance sheet Dec. 31, 2021	Measurement in accordance with IFRS 9			Fair value Dec. 31, 2021
		Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables	70,108	70,108	-	-	70,108
Other financial assets	15,036	7,972	7,063	-	15,036
Cash and cash equivalents	157,095	157,095	-	-	157,095
<b>Total financial assets</b>	<b>242,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242,239</b>
Borrowings	128,700	128,700	-	-	128,700
Trade payables	11,260	11,260	-	-	11,260
Other financial liabilities	8,596	813	7,783	-	8,596
<b>Total financial liabilities</b>	<b>148,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,557</b>

Due to the short-term maturities of cash and cash equivalents, trade receivables and payables, current financial assets and liabilities, the respective fair values correspond to their carrying amount.

Other financial assets include minority equity holdings in innovative start-up companies as well as interests in venture capital funds.

The following table shows the reconciliation from the opening balances to the closing balances for other financial assets and other financial liabilities categorized within Level 3.

#### RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

Thousands of €	Unlisted equity securities	Contingent Consideration
<b>Balance at January 1, 2021</b>	<b>0</b>	<b>10,007</b>
Changes in scope of consolidation, currency adjustments	–	1,054
Changes with cash effect	–	–1,683
Changes recognized in profit or loss	–	–1,595
Additions from acquisitions	7,063	–
<b>Balance at December 31, 2021 / January 1, 2022</b>	<b>7,063</b>	<b>7,783</b>
Changes in scope of consolidation, currency adjustments	–	1,263
Changes with cash effect	–	–7,668
Changes recognized in profit or loss	–	115
Additions from acquisitions, currency adjustments	5,232	–
<b>Balance at December 31, 2022</b>	<b>12,295</b>	<b>1,493</b>

#### NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Thousands of €	2022	2021
Financial assets measured at amortized cost	6,376	–510
Financial assets measured at fair value through profit or loss	437	–
Financial liabilities measured at fair value through profit or loss	–104	1,131
Financial liabilities measured at amortized cost	–2,624	–2,740
	<b>4,086</b>	<b>–2,119</b>

Net gains and losses from financial instruments comprise the results from valuations, the recognition and reversal of loss allowances, results from the translation of foreign currencies as well as interests. Financial assets measured at amortized costs include interest income in the amount of EUR 490k (previous year: EUR 147k). Financial liabilities measured at amortized cost include interest expenses in the amount of EUR –2,624k (previous year: EUR –2,740k).

#### Financial risk management

The objective of the Group with regard to financial risk management is to mitigate the risks presented below by the methods described. The Group generally pursues a conservative, risk-averse strategy.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and from the Group's cash and cash equivalents. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

#### Accounts receivables

At the end of 2022, there was no relevant concentration of credit risk by type of customer. The Group's credit risk exposure is mainly influenced by individual customer characteristics. Sales of goods and services are made to customers after having conducted appropriate internal credit risk assessment. At the end of 2022 no customer accounted for more than 10% of accounts receivable.

#### Cash and cash equivalents

The credit risk from balances with banks and financial institutions of Group companies is managed in accordance with the Group's policy and in agreement with Group headquarters. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential default of a business partner.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at the balance sheet date, the Group holds cash and cash equivalents amounting to EUR 196,821k (previous year: EUR 157,095k).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

**MATURITY ANALYSIS FINANCIAL LIABILITIES**

Thousands of €	Carrying Amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
<b>December 31, 2022</b>					
Borrowings	71,945	72,307	65,411	6,896	–
Trade payables	15,712	15,712	15,712	–	–
Other financial liabilities	1,884	1,884	1,494	390	–
Lease liabilities	77,297	83,696	16,417	45,818	21,461
<b>Total</b>	<b>166,839</b>				
<b>December 31, 2021</b>					
Borrowings	128,700	129,332	94,244	35,088	–
Trade payables	11,260	11,260	11,260	–	–
Other financial liabilities	8,596	8,606	7,355	1,250	–
Lease liabilities	66,036	69,987	15,168	38,126	16,694
<b>Total</b>	<b>214,593</b>				

**Market risk**

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Currency risk**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise, in reply to which derivatives are occasionally entered into. The exchange rate fluctuation only has a limited effect at the top Group level because the operating subsidiaries outside the Euro area record revenue as well as cost of goods and services, personnel expenses and other expenses primarily in their local currency.

### Sensitivity analysis of selected foreign currencies

The currency risk mainly relates to trade receivables held in foreign currency. These exist in a subsidiary in Hungary. A reasonably possible strengthening (+) or weakening (-) of the Euro or US dollar against the HUF at December 31 would have affected the measurement of trade receivables denominated in a foreign currency and affected EBIT by the amounts shown below. This analysis assumes that all other variables remain constant.

#### TRADE RECEIVABLES

2022	Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
<b>Trade receivables</b>			
HUF / EUR		+ 5%	- 199
<b>Total in kEUR: 4,172</b>		<b>- 5%</b>	<b>220</b>
HUF / USD		+ 5%	- 31
<b>Total in kEUR: 653</b>		<b>- 5%</b>	<b>34</b>

#### TRADE RECEIVABLES

2021	Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
<b>Trade receivables</b>			
HUF / EUR		+ 5%	- 284
<b>Total in kEUR: 5,965</b>		<b>- 5%</b>	<b>314</b>
HUF / USD		+ 5%	- 25
<b>Total in kEUR: 516</b>		<b>- 5%</b>	<b>27</b>

### Interest risk and interest risk management

As a result of the current Group financing structure, there are no material interest risks.

### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business operations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital payments to shareholders. No changes were made to the objectives, policies or processes as of December 31, 2022 or as of December 31, 2021. The Group meets externally imposed minimum capital requirements.

The Group monitors its capital based on the key indicators of debt capacity and equity ratios.

### Debt capacity

The debt capacity represents the relationship between net debt and EBITDA. Net debt is essentially defined as current and non-current loans less any cash and cash equivalents. Group net liquidity/debt as of December 31, 2022 amounted to EUR 124.9 million (previous year: EUR 28.4 million).

### Equity ratio

The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 57.5% (previous year: 52.2%).

Thus, external and internal key indicators have been met.

### [24] Equity

The development of subscribed capital, the capital reserve, the revenue reserve, foreign currency translation and the retained earnings of the Group as well as shares without controlling interest are presented in the consolidated statement of changes in equity.

Nemetschek SE's **subscribed capital** as of December 31, 2022 amounted to EUR 115,500,000 (previous year: EUR 115,500,000) and is divided into 115,500,000 (previous year: 115,500,000) no-par value bearer shares. Each share is attributed with EUR 1.00 of share capital. The capital is fully paid in. With the consent of the Supervisory Board, the Executive Board is permitted to increase the company's share capital once or repeatedly, up to (and including) May 11, 2026 by issuing up to 11,550,000 new, no-par value bearer shares in return for cash contributions and/or contributions in kind up to a total of EUR 11,550,000 (**authorized capital 2021**).

The **capital reserve** mainly comprises the remaining share premium from the IPO.

The **translation reserve** comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

Maxon Computer GmbH has non-controlling interests that are material to the group. The main non-current assets without goodwill amount to EUR 70,925k (previous year: EUR 70,349k), the current assets to EUR 27,045k (previous year: EUR 22,746k), the non-current liabilities to EUR 9,523k (previous year: EUR 9,703k) and the current liabilities to EUR 168,370k (previous year: EUR 169,676k). Sales correspond to those of the Media segment.

### Dividends

In the fiscal year 2022, a dividend of EUR 45,045,000.00 (previous year: EUR 34,650,000.00) was distributed to the shareholders. This represents EUR 0.39 (previous year: EUR 0.30 per share). The Executive Board proposes to the Supervisory Board that a dividend be paid in the fiscal year 2023 amounting to EUR 51,975,000.00 This corresponds to EUR 0.45 per share.

## [25] Share-based payments

### Stock Appreciation Rights

An Executive Board member of Nemetschek SE participates in a share-based payment in the form of Stock Appreciation Rights ("SAR"). SARs are intended to allow to share the company's future success on a medium- and long-term basis. The SARs are virtual subscription rights that can be granted as "Performance SARs" or as "New Hire SARs". The proceeds are determined by multiplying the exercised number of SARs by the difference between an issue price (the "issue price") and the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day when the exercise notification is received. The payment amount per exercised SAR is limited to 100% of the issue price per SAR, i.e. the increase in value per SAR to be paid out corresponds at the most to the defined issue price per SAR. The issue price for the Performance SARs corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day of the Supervisory Board's resolution on the grant of Performance SARs. For the New Hire SARs, the issue price corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek shares

on the last 200 trading days before the day of the Supervisory Board's resolution on the grant of New Hire SARs. The granted SARs can be exercised as follows: 25% of the granted SARs can be exercised one year after the grant date, another 25% two years after the grant date, another 25% three years after the grant date and the remaining 25% four years after the grant date (together the "vesting period", and each the "vesting date"). All SARs must be exercised before five years have passed since the respective vesting date, otherwise they expire without compensation (the "exercise period").

On June 30, 2022, 200,000 Performance SARs and 200,000 New Hire SARs were granted. The proceeds from the SARs are limited in total to EUR 6.5 million. The Supervisory Board may decide, at its reasonable discretion, to transfer Nemetschek shares instead of cash. Expenses for equity-settled share-based payments are measured at fair value at the grant date using a Monte-Carlo-Simulation. The fair value at grant is EUR 898k for the Performance SARs and EUR 636k for the New Hire SARs. In the fiscal year 2022, this resulted in expenses of about EUR 403k.

The input parameters used in the assessment of the fair value at grant date were as follows:

#### INPUT PARAMETERS FOR FAIR VALUE AT GRANT ASSESSMENT OF SARs<sup>1)</sup>

	1-year vesting	2-year vesting	3-year vesting	4-year vesting
<b>Performance SARs 2022</b>				
Grant date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Number of granted SARs	50,000	50,000	50,000	50,000
Share price at grant date (in €)	57.76	57.76	57.76	57.76
Issue price (in €)	57.81	57.81	57.81	57.81
Risk-free interest rate based on government bonds (in %)	0.83%	1.00%	1.11%	1.13%
Dividend yield (in %)	0.40%	0.49%	0.57%	0.70%
Annualized volatility (in %)	38.14%	41.08%	37.11%	34.43%
Remaining vesting period as of December 31, 2022 (in months)	6	18	30	42
Fair value per SAR (in €)	4.65	4.52	4.42	4.37
<b>New Hire SARs 2022</b>				
Grant date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Number of granted SARs	50,000	50,000	50,000	50,000
Share price at grant date (in €)	57.76	57.76	57.76	57.76
Issue price (in €)	75.00	75.00	75.00	75.00
Risk-free interest rate based on government bonds (in %)	0.83%	1.00%	1.11%	1.13%
Dividend yield (in %)	0.40%	0.49%	0.57%	0.70%
Annualized volatility (in %)	38.14%	41.08%	37.11%	34.43%
Remaining vesting period as of December 31, 2022 (in months)	6	18	30	42
Fair value per SAR (in €)	3.18	3.21	3.19	3.14

1) The annualized volatility is based on an assessment of the historical volatility of the share price of Nemetschek SE, in particular in the period corresponding to the respective vesting and exercise period (assumed exercising after 2.5 years following the vesting date). The maturity of the government bonds and the period for the dividend yield do also match the respective vesting and exercise period.



### Long Term Incentive Plan

Executive Board members of Nemetschek SE participate in Long Term Incentive Plans ("LTIP"). The LTIP depends primarily on the achievement of defined corporate targets for the development of the adjusted EBITDA, EBITA or EBT. The performance and vesting period is three years. As the Supervisory Board may decide at its reasonable discretion to transfer Nemetschek shares instead of cash for LTIPS starting in 2022, they are accounted as equity-settled share-based payments.

The LTIP consists of two LTIP pools: one fixed and one dynamic. The scope of the fixed and dynamic pools is first calculated based on the relevant financial criterion. To do this, the actual figure for the reference year (last year before the start of the LTIP period) is deducted from the actual figure for the last year of the LTIP period. The difference is multiplied by the relevant pool percentage defined by the Supervisory Board at the start of the LTIP period. The fixed pool share for each member of the Executive Board is defined by the Supervisory Board at the start of the LTIP period. For regular members of the Executive Board, the dynamic pool share is distributed based on their division's share of the total revenues in the last year of the LTIP period. For other Executive Board members, the dynamic share depends on the EPS (earnings per share) development or the Group revenue development. Payment is limited to EUR 2,000k, gross, for regular members, and EUR 3,000k, gross, for the Executive Board Chairperson. The fair value at grant is EUR 2,478k.

The total expenses recognized in the 2022 financial year amount to EUR 1.219k. In equity, EUR 519k were recognized. The difference relates to guaranteed amounts paid in 2022.

### [26] Segment reporting

The Nemetschek Group is managed centrally by the Executive Board of Nemetschek SE in its function as chief operating decision maker (CODM).

#### Operating segments

The operating segments of the Group are Design, Build, Media and Manage .

The **Design** segment contains the architecture and engineering division and is mainly characterized by the development and marketing of CAD, static engineering and tender software.

The **Build** segment involves the creation and marketing of commercial software for construction companies.

Furthermore, with the **Media** segment, the Group is involved in the field of multimedia software, visualization and animation.

The **Manage** segment covers facility and property management, which involves the extensive administration and management of property development projects.

### Management and reporting system

The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in the summary of significant accounting policies according to IFRS with the exception of intercompany leases, which are accounted as operating leases.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

In general, reconciliation includes corporate items for which headquarters are responsible.

Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are also included in the reconciliation.

#### SEGMENT REPORTING

2022	Thousands of €	Design	Build	Media	Manage	Reconciliation	Total
<b>Revenue, total</b>		<b>391,635</b>	<b>268,270</b>	<b>104,744</b>	<b>46,712</b>	<b>-9,549</b>	<b>801,813</b>
thereof revenue external		388,519	264,657	102,192	46,445	-	801,813
thereof intersegment revenue		1,368	3,613	2,552	147	-7,679	0
<b>EBITDA</b>		<b>126,867</b>	<b>103,233</b>	<b>45,919</b>	<b>3,830</b>	<b>-22,870</b>	<b>256,979</b>
Depreciation/Amortization							-58,842
Financial result							1,312
Share of net profit of associates							82
<b>EBT</b>							<b>199,530</b>

#### SEGMENT REPORTING

2021	Thousands of €	Design*	Build*	Media	Manage	Reconciliation	Total
<b>Revenue, total</b>		<b>357,350</b>	<b>216,231</b>	<b>70,511</b>	<b>43,733</b>	<b>-6,354</b>	<b>681,471</b>
thereof revenue external		355,439	214,145	68,617	43,271	-	681,472
thereof intersegment revenue		29	2,087	1,894	420	-4,429	0
<b>EBITDA</b>		<b>120,498</b>	<b>89,340</b>	<b>25,522</b>	<b>4,057</b>	<b>-17,452</b>	<b>221,965</b>
Depreciation/Amortization							-49,974
Financial result							-1,700
Share of net profit of associates							334
<b>EBT</b>							<b>170,625</b>

\* As a result of the strategic restructuring of brands between the Design and Build segments, the prior year's figures were adjusted for comparability purposes

All other segments represent EUR 237k (previous year: EUR 0) of revenue and EUR -22,186k (previous year: EUR -17,378k) of EBITDA.

## Information related to geographic areas

Segment reporting by geographical region is as follows:

### SEGMENT REPORTING – GEOGRAPHICAL REGION

Thousands of €	Revenues 2022	Non-current assets 2022	Revenues 2021	Non-current assets 2021
Germany	167,800	67,494	161,334	48,624
Americas	309,210	470,702	233,948	457,142
Abroad (w/o Americas)	324,803	292,958	286,189	281,306
<b>Total</b>	<b>801,813</b>	<b>831,154</b>	<b>681,471</b>	<b>787,072</b>

With respect to information about geographical regions, revenue is allocated to countries based on the location of the customer. Non-current assets are presented according to the physical location of these assets.

#### [27] Notes to the cash flow statement

Cash flow from operating activities amounts to EUR 213,784k (previous year: EUR 214,361k).

The cash flow from investing activities amounts to EUR –52,405k (previous year: EUR –147,617k). In the current fiscal year, this mainly includes:

- » payments for the acquisition of Abvent SA and DC-Software Doster & Christmann GmbH.
- » Contingent consideration payments mainly for Redshift Rendering Technologies, Inc. and DEXMA Sensors S.L.

- » investments in the start-ups Fundamental Revolution Fund GmbH & Co. KG, Keamore Limited, Fundamental Revolution 6DCI GmbH & Co. KG and KEWAZO GmbH

- » investments in intangible assets and office equipment

The previous fiscal year primarily includes payments for the acquisition of Vectorworks Australia Pty Ltd., the asset deal of Maxon Computer, Inc., investments in the start-up Reconstruct Inc. and the associate Imerso AS and investments in intangible assets and office equipment.

Changes in liabilities arising from financing activities, divided into cash and non-cash components were as follows:

### LIABILITIES ARISING FROM FINANCING ACTIVITIES

Thousands of €	2022		2021	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
<b>As of January 1</b>	<b>128,701</b>	<b>66,037</b>	<b>130,271</b>	<b>67,623</b>
Cash Changes	–57,880	–17,387	–1,921	–16,416
Non-cash changes	–	–	–	–
New leases	–	23,613	–	12,684
Currency translation	1,203	2,861	–	2,141
Other changes	–80	2,173	351	5
<b>As of December 31</b>	<b>71,945</b>	<b>77,297</b>	<b>128,701</b>	<b>66,037</b>

**[28] Related party transactions**

The Group enters into transactions with related parties. These transactions are part of ordinary activities and are treated at arm's length. Related parties are defined as parties who can exert influence on Nemetschek SE and its subsidiaries or over which Nemetschek SE and its subsidiaries exercise control or have a significant influence. They include associates accounted for using the equity method. Related parties also include the Executive and Supervisory Boards as well as their family members and partners. The ultimate controlling party is Prof. Georg Nemetschek.

**Sales and purchases of goods and services**

Along with the associates Nemetschek OOD and Imerse AS, Concentra GmbH & Co. KG was identified as a related party due to the management role of a family member of the Group's ultimate controlling party there. During the year the following transactions were made with those:

**(1) Concentra GmbH & Co. KG, Munich, Germany**

- » Rental of space by Group companies as well as related maintenance services amounting to a total of EUR 1,499k (previous year: EUR 1,505k).
- » Reception services performed by Group companies amounting to a total of EUR 27k (previous year: EUR 26k).
- » As of December 31, 2022 trade payables amounted to EUR 0k (previous year: EUR 25k) as well as trade receivables amounted to EUR 5k (previous year: EUR 0k).

**(2) Nemetschek OOD, Bulgaria**

- » Use of services to a total of EUR 6,480k (previous year: EUR 5,133k).
- » Perform of services by Group companies amounting to a total of EUR 6k (previous year: EUR 10k).
- » As of December 31, 2022 trade payables amounted to EUR 669k (previous year: EUR 221k).

**(3) Imerse AS, Norway**

- » Recharge of services from Group companies to Imerse AS, Norway amounting to a total of EUR 5k (previous year: EUR 0k).
- » As of December 31, 2022 trade receivables amounted to EUR 2k (previous year: EUR 0k).

**Compensation of members of the Executive Board**

Total remuneration attributable to the Executive Board amounted to EUR 9,455k (previous year: EUR 5,914k). Thereof EUR 5,685k (previous year: EUR 4,468k) relate to short-term employee benefits, EUR 460k (previous year: EUR 1,446k) relate to other long-term benefits, EUR 1,715k (previous year: 0) relate to termination benefits and EUR 1,595k (previous year: 0) relate to share-based payments.

Executive Board members of Nemetschek SE participate in one-year Short Term Incentive Plans (STIP) and Long Term Incentive Plans (LTIP), that are part of the variable, performance-related remuneration system of the Group and provide an incentive to the Executive Board to achieve financial (mainly revenue and EBITDA) and individual non-financial targets. LTIPs starting before 2022 are accounted for in accordance with IAS 19, whereas LTIPs starting 2022 are accounted for in accordance with IFRS 2. For LTIPs starting before 2022 as well as STIPs, outstanding balances in the amount of EUR 2,858k (previous year: EUR 3,008k) are recognized as at December 31, 2022. Further, an Executive Board member of Nemetschek SE participates in a share-based payment in the form of Stock Appreciation Rights. See [25]. Customary market benefits in kind complete the remuneration of the Executive Board members.

As a result of the termination of the employment of one Executive Board member by mutual agreement at the end of December 31, 2022, the executive will receive a severance payment. Accordingly, the Group has recognized an expense of EUR 1,525k (previous year: 0). The outstanding balances of the termination benefits as at December 31, 2022, amounts to EUR 1,394k (previous year: 0).

## Compensation of members of the Supervisory Board

Remuneration of the supervisory board is short-term and breaks down as follows:

### REMUNERATION OF THE SUPERVISORY BOARD

Thousands of €	2022		2021		Change 2022 vs. 2021
	Fix	Atten- dance fee	Total	Total*	
Kurt Dobitsch	227	32	259	250	3%
Prof. Georg Nemetschek (until May 12, 2022)	82	–	82	225	–63%
Rüdiger Herzog (until May 12, 2022)	73	–	73	200	–63%
Bill Krouch	160	20	180	200	–10%
Patricia Geibel-Conrad (since May 12, 2022)	113	28	141	–	–
Dr. Gernot Strube (since May 12, 2022)	103	28	131	–	–
Christine Schöneweis (since May 25, 2022)	93	12	105	–	–
Prof. Dr. Andres Söffing (since May 25, 2022)	93	12	105	–	–
	<b>945</b>	<b>132</b>	<b>1,077</b>	<b>875</b>	<b>23%</b>

\* Remuneration consists of fixed components only.

### Other related party transactions

In the fiscal year 2022 dividends amounting to EUR 23,241k (previous year: EUR 17,878k) were paid out to direct and indirect shareholdings of the Nemetschek family.

### Total remuneration of the Supervisory Board and the Executive Board in accordance with §314 in conjunction with §315e German Commercial Code (HGB)

The total remuneration of the active members of the Executive Board granted in 2022 amounts to EUR 10,943k (previous year: EUR 5,394k). The total remuneration of the members of the Supervisory Board granted in 2022 amounts to EUR 1,077k (previous year: EUR 875k).

Former members of the Executive Board were awarded total remuneration of EUR 1,715k (previous year: 0).

## [29] Other information

### Headcount

The average headcount breaks down as follows:

### HEADCOUNT

Number of employees	2022	2021
Sales/Marketing/Hotline	1,572	1,458
Development	1,316	1,232
Administration	404	453
<b>Average headcount for the year</b>	<b>3,292</b>	<b>3,143</b>
<b>Headcount as of December 31</b>	<b>3,448</b>	<b>3,180</b>

### Auditor's fees

The following fees of the auditor of the consolidated financial statements were expensed in the fiscal year 2022:

### AUDITOR'S FEES

in EUR million	2022	2021
Financial statements audit services	0.68	0.48
Other audit services	0.01	0.04
Other services	0.07	0.00
	<b>0.75</b>	<b>0.52</b>

The other audit services include costs for the confirmation of agreed upon debt covenants within contracts with lenders and other services related to the audit of the introduction of the Treasury Management System.

**[30] Information on the “German Corporate Governance Code”**

The Declaration of Conformity was submitted on March 9, 2023. The relevant current version is available to the shareholders on the website of Nemetschek SE.

([https://ir.nemetschek.com/download/companies/nemetschek/CorporateGovernance/2023\\_Declaration\\_of\\_Conformity\\_CGK\\_EN.pdf](https://ir.nemetschek.com/download/companies/nemetschek/CorporateGovernance/2023_Declaration_of_Conformity_CGK_EN.pdf))

**[31] Events after the balance sheet date****Subsequent events**

With effect from January 1, 2023, the supervisory board of Nemetschek SE has unanimously appointed Louise Öfverström as CFO, subject to the Executive Board remuneration system of Nemetschek. The new Executive Board structure consists of Louise Öfverström (CFO) and the three existing members Yves Padrines (CEO), Viktor Várkonyi (CDO Design Division) and Jon Elliott (CDO Build Division).

**Date of preparation**

The Executive Board prepared and approved the consolidated financial statements on March 17, 2023, to be passed on to the Supervisory Board. It is the supervisory board's task to examine the consolidated financial statements and give its approval and authorization for issue.



[32] For a detailed overview of Nemetschek Group's shareholdings, please refer to the following chart:

#### AFFILIATED ENTITIES

Name, registered office of the entity	Shareholding in %
<b>Design segment</b>	
Abvent SA, Paris, France (consolidated since December 20, 2022)	100.00
Abvent SA, Estavayer-le-Lac, Switzerland (consolidated since December 20, 2022)	100.00
Allplan Česko s.r.o., Prague, Czech Republic	100.00
Allplan Deutschland GmbH, Munich, Germany*	100.00
Allplan France S.A.R.L., Puteaux, France	100.00
Allplan GmbH, Munich, Germany*	100.00
Allplan Italia S.r.l., Trient, Italy	100.00
Allplan Österreich GmbH, Wals-Siezenheim, Austria	100.00
Allplan Schweiz AG, Wallisellen, Switzerland	93.33
Allplan Software Engineering GmbH, Puch bei Hallein, Austria	100.00
Allplan Software Singapore Pte. Ltd., Singapore	100.00
Allplan Slovensko s.r.o., Bratislava, Slovakia	100.00
Allplan Systems España S.A., Madrid, Spain	100.00
Allplan UK Ltd., Salford, Great Britain	100.00
Data Design System UK Ltd., Wiltshire, Great Britain	100.00
DC-Software Doster & Christmann GmbH, Munich, Germany (consolidated since April 1, 2022)	100.00
Design Data Corporation, Lincoln, Nebraska, United States**	100.00
FRILO Software GmbH, Stuttgart, Germany*	100.00
Graphisoft Asia Ltd., Hong Kong, China	100.00
Graphisoft Brasil Serviços de Tecnologia da Informação Ltda, São Paulo, Brazil	100.00
Graphisoft Building Systems GmbH, Ascheberg, Germany***	100.00
Graphisoft Deutschland GmbH, Munich, Germany*	100.00
Graphisoft Italia S.R.L., Spinea, Italy	100.00
Graphisoft Japan Co., Tokyo, Japan	100.00
Graphisoft México S.A. de C.V., Mexico D.F., Mexico	100.00
Graphisoft North America, Inc., Waltham, Massachusetts, United States	100.00
Graphisoft Scandinavia AS, Klepp Stasjon, Norway***	100.00
Graphisoft SE, Budapest, Hungary	100.00
Graphisoft UK Ltd., Uxbridge, Great Britain	100.00
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00
RISA Tech, Inc., Foothill Ranch, California, United States	100.00
Scia CZ s.r.o., Prague, Czech Republic	100.00
Scia France S.A.R.L., Lille, France	100.00
Scia Group International nv, Hasselt, Belgium	100.00
Scia Nederland B.V., Arnhem, Netherlands	100.00
Scia nv, Hasselt, Belgium	100.00
Scia SK s.r.o., Zilina, Slovakia	100.00
Scia GmbH, Dortmund, Germany	100.00
Solibri DACH GmbH, Hamburg, Germany	100.00
Solibri LLC, Scottsdale, Arizona, United States	100.00
Solibri Oy, Helsinki, Finland	100.00
Solibri UK Ltd., Leeds, Great Britain	100.00
Solibri Benelux B.V., Hoofddorp, Netherlands	100.00

Vectorworks Canada, Inc., Vancouver, British-Columbia, Canada	100.00
Vectorworks UK, Ltd., Newbury, Great Britain	100.00
Vectorworks, Inc., Columbia, Maryland, United States	100.00
Vectorworks Australia Pty Ltd., Rosebery, New South Wales, Australia	100.00
<b>Build segment</b>	
123erfasst.de GmbH, Lohne, Germany	100.00
Bluebeam AB, Kista, Sweden	100.00
Bluebeam Holding, Inc., Wilmington, Delaware, United States	100.00
Bluebeam GmbH, Munich, Germany*	100.00
Bluebeam, Inc., Pasadena, California, United States	100.00
Bluebeam Limited UK, Ltd., London, Great Britain	100.00
Bluebeam Australia PTY, Ltd., Sydney, Australia	100.00
dRofus AB, Stockholm, Sweden	100.00
dRofus AS, Oslo, Norway	100.00
dRofus Inc., Lincoln, Nebraska, United States	100.00
dRofus Pty Ltd, North Sydney, Australia	100.00
NEVARIS Bausoftware GmbH, Bremen, Germany*	100.00
NEVARIS Bausoftware GmbH, Elixhausen, Austria	100.00
<b>Manage segment</b>	
Crem Solutions GmbH & Co. KG, Ratingen, Germany*	100.00
Crem Solutions Verwaltungs GmbH, Munich, Germany	100.00
Dexma Sensors S.L., Barcelona, Spain	100.00
FASEAS NV, Antwerp, Belgium	100.00
MCS Americas Single Member LLC, New York City, New York, United States	100.00
MCS NV, Antwerp, Belgium	100.00
myMCS AB, Knivsta, Sweden	100.00
Nemetschek India Private Limited, Hyderabad, India***	100.00
Spacewell International NV, Antwerp, Belgium	100.00
Spacewell Netherlands Holding B.V., Arnhem, Netherlands***	100.00
Spacewell Netherlands B.V., Arnhem, Netherlands****	100.00
<b>Media segment</b>	
Maxon Computer Canada, Inc., Montreal, Québec, Canada	83.55
Maxon Computer GmbH, Bad Homburg v.d.H., Germany	83.55
Maxon Computer, Inc., Thousand Oaks, California, United States	83.55
Maxon Computer Ltd., Cranfield, Bedfordshire, Great Britain	83.55
Maxon Computer Japan KK, Tokyo, Japan	83.55
<b>Other</b>	
Nemetschek, Inc., Foothill Ranch, California, United States	100.00

\* In the fiscal year 2022, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:

- Option not to prepare notes to the financial statements (Allplan Deutschland GmbH, Bluebeam GmbH, FRILLO Software GmbH, Graphisoft Building Systems GmbH, Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
- Option not to prepare a management report (Allplan GmbH, Allplan Deutschland GmbH, Bluebeam GmbH, Crem Solutions GmbH & Co. KG, Graphisoft Building Systems GmbH, Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
- Option not to publish the annual financial statements;
- Option not to audit the annual financial statements (Allplan GmbH, Allplan Deutschland GmbH, Crem Solutions GmbH & Co. KG, Graphisoft Building Systems GmbH and NEVARIS Bausoftware GmbH).

\*\* In the fiscal year 2022 the following mergers have been made:

- Allplan Inc. was merged with Design Data Corporation;
- Dacoda was merged with NEVARIS Bausoftware GmbH;
- Plandatis B.V. was merged with Spacewell Netherlands B.V.

\*\*\* In the fiscal year 2022 the following company name changes have been made:

- Axerion Group B.V. was renamed into Spacewell Netherlands Holding B.V.;
- Axerion B.V. was renamed into Spacewell Netherlands B.V.;
- Data Design System GmbH was renamed into Graphisoft Building Systems GmbH;
- Data Design System AS was renamed into Graphisoft Scandinavia AS;
- MCS Solutions Private Ltd. was renamed into Nemetschek India Private Limited.

### [33] Bodies of the Company

#### Supervisory Board

**Kurt Dobitsch**, Businessman

Chairman

Year of birth 1954, Nationality: Austrian

First appointed 1998, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed),  
Munich, Germany, Chairman
- » Bechtle AG (publicly listed), Gaildorf, Germany
- » Singhammer IT Consulting AG (not listed),  
Munich, Germany
- » 1 & 1 AG (publicly listed), Maintal, Germany, Chairman  
Mandates affiliated to the Group:
  - 1 & 1 Mail & Media Applications SE,  
Montabaur, Germany, Chairman
  - IONOS Holding SE, Montabaur, Germany

**Patricia Geibel-Conrad**, Auditor/Tax Consultant  
in own practice

Deputy Chairwoman

Year of birth 1962, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany,  
Chairwoman of the Audit Committee
- » DEUTZ AG (publicly listed), Cologne, Germany  
Chairwoman of the Audit Committee
- » CEWE Stiftung & Co. KGaA (publicly listed), Oldenburg,  
Germany, Chairwoman of the Audit Committee
- » HOCHTIEF Aktiengesellschaft (publicly listed), Essen,  
Germany, Member of the Supervisory Board and the Audit  
Committee (until October 19, 2022)

**Bill Krouch**, Consultant

Year of birth 1959, Nationality: US American

First appointed 2018, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany
- » INVESTCORP (not listed), New York, USA

**Christine Schöneweis**, Senior Vice President and COO

Intelligent Enterprise Solutions, SAP SE

Year of birth 1976, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany

**Prof. Dr. Andreas Söffing**, Tax Consultant and Partner  
Flick, Gocke, Schaumburg

Year of birth 1962, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany
- » United Internet AG (publicly listed), Montabaur, Germany

Membership of comparable domestic and foreign supervisory  
bodies of commercial enterprises:

- » Advisory board of Deutsche Oppenheim Family Office AG,  
Cologne, Germany, Deputy Chairman

**Dr. Gernot Strube**, Businessman

Year of birth 1965, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany

**Prof. Georg Nemetschek**, Businessman

Deputy Chairman until May 12, 2022

Honorary Chairman as of May 12, 2022

Year of birth 1934, Nationality: German

First appointed 2001

**Rüdiger Herzog**, Lawyer

Year of birth 1950, Nationality: German

First appointed 2003, resigned May 12, 2022

Member of the following Supervisory Boards:

- » DF Deutsche Finance Holding AG, (not listed),  
Munich, Germany, Chairman
- » DF Deutsche Finance Investment GmbH,  
Munich, Germany, Chairman
- » DBC Finance GmbH,  
Munich, Germany, Chairman

#### Committees of the Supervisory Board

Audit Committee (as of January 1, 2022)

**Patricia Geibel-Conrad**, Chairwoman (as of May 12, 2022)

**Kurt Dobitsch**

**Dr. Gernot Strube** (as of May 12, 2022)

**Rüdiger Herzog** (Chairman, until May 12, 2022)

**Prof. Georg Nemetschek** (until May 12, 2022)

## Executive Board

### Yves Padrines

(Master of Business Administration, MBA)  
Chief Executive Officer (as of March 1, 2022)  
Born in 1976, Nationality: French

Member of Supervisory Boards of affiliated companies:

- » Maxon Computer GmbH, Germany (as of April 22, 2022)

### Dr. Axel Kaufmann

(Dipl.-Kfm.)  
Chief Financial & Operations Officer (until December 31, 2022)  
Born in 1969, Nationality: German

Further group-internal mandate:

- » Managing Director Nemetschek Austria Beteiligungen GmbH (until December 31, 2022)

Member of Supervisory Boards of affiliated companies:

- » Bluebeam Holding, Inc., USA (until December 31, 2022)
- » Bluebeam Inc., USA (until December 31, 2022)
- » Maxon Computer GmbH, Germany (until April 22, 2022)
- » Nemetschek Inc., USA (until December 31, 2022)
- » Spacewell International NV, Belgium (as of January 12, 2022, until October 10, 2022)

### Louise Öfverström

(Master of Science in Business Administration)  
Chief Financial Officer (as of January 1, 2023)  
Born in 1975, Nationality: Swedish

Further group-internal mandate:

- » Managing Director Nemetschek Austria Beteiligungen GmbH

Member of Supervisory Boards of affiliated companies:

- » Bluebeam Holding, Inc., USA
- » Bluebeam Inc., USA
- » Nemetschek Inc., USA

Further external mandate:

- » Rheinmetall AG, Germany

### Viktor Várkonyi

(Master in Informatik, MBA)  
Chief Division Officer, Planning & Design Division  
Born in 1967, Nationality: Hungarian

Member of Supervisory Boards of affiliated companies:

- » Data Design System AS, Norway (until March 22, 2022)
- » dRofus AS, Norway (until September 29, 2022)
- » Graphisoft SE, Hungary
- » RISA Tech. Inc., USA
- » SCIA Group International NV, Belgium
- » SCIA NV, Belgium
- » Solibri Oy, Finland
- » Vectorworks, Inc., USA

### Jon Elliott

(Master in Business Administration, MBA)  
Chief Division Officer, Build & Construct Division  
Born in 1976, Nationality: US American

Further group-internal mandate:

- » CEO Bluebeam Holding, Inc., USA
- » CEO Bluebeam, Inc., USA
- » Director Bluebeam Ltd., UK
- » CEO Nemetschek Inc., USA

Member of Supervisory Boards of affiliated companies:

- » Nemetschek Inc., USA

Munich, March 17, 2023

Nemetschek SE



Yves Padrines



Louise Öfverström



Viktor Várkonyi



Jon Elliott







**Declaration Confirmation of the members of the authorized body**

“I hereby confirm that, to the best of my knowledge, in accordance with the applicable financial reporting framework, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the Group management report gives a true and fair view of business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group.”

Munich, March 17, 2023



Yves Padrines



Louise Öfverström



Viktor Várkonyi



Jon Elliott

*Translation of the auditor's report issued in German language on the consolidated financial statements and group management report prepared in German language by the management of Nemetschek SE*

## Independent auditor's report

To Nemetschek SE, München

### Report on the audit of the Consolidated Financial Statements and of the Group Management Report

#### Audit Opinions

We have audited the consolidated financial statements of Nemetschek SE, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Nemetschek SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- » the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- » the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the „Other Information“ section of our auditor's report.

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

#### Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation, with the exception of a tax advisory engagement in connection with the fulfilment of payroll tax obligations of a German subsidiary due to nine employees seconded to Germany from abroad. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

#### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- » **I. Recoverability of goodwill**
- » **II. Recognition and accrual/deferral of revenue from software service agreements and software rental models**
- » **III. Accounting treatment of Asset Deal regarding Pixologic Inc.**

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

### **I. Recoverability of goodwill**

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 557.0 million (46.5 % of total assets or 80.8 % of equity) is reported under the "Goodwill" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the

allocated goodwill, were adequately covered by the discounted future cash flows.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in sections "Summary of significant accounting policies: Goodwill, Goodwill and intangible assets not yet ready for use" and "Notes to the consolidated financial statements: [16] Intangible assets and goodwill" of the notes to the consolidated financial statements.

### **II. Recognition and accrual/deferral of revenue from software service agreements and software rental models**

1. In the consolidated financial statements of Nemetschek SE revenue totaling EUR 801.8 million from various service offerings is reported for financial year 2022. This includes, among other things, income from software service agreements and revenue from software rental models ("subscriptions"). In accordance with IFRS 15, revenue recognition depends on the fulfillment of the individual performance obligations. On the basis of the underlying customer agreements, the performance obligations must be first determined and the transaction price must be allocated to the identified performance obligations. For each performance obligation, it must then be determined when the customer obtains control of the promised performance. In doing so, a distinction must be made as to whether the performance obligation is fulfilled on a point-in-time basis or an over-time basis. Against this background, the correct recognition and accrual or deferral of revenue is considered to be complex and is based in some respects on estimates, assumptions and judgments by the executive directors, therefore this matter was of particular significance in the context of our audit.
2. As part of our audit, we first obtained an overview of the material contract types and an understanding of the accounting policies applied in respect of revenue recognition and accrual/deferral by inspecting customer agreements. On that basis, we evaluated, among other things, the appropriateness and effectiveness of the internal control system established within the group with regard to the identification of the performance obligations as well as the accurate recognition of revenue. In this context, we also examined the consistency of the methods used to recognize revenue. Based on this, we audited the revenue among other things by selecting individual transactions with customers on a sample basis and inspecting the underlying documents (such as purchase orders, delivery documentation, invoices and payment records), and assessing them with respect to identification of the performance obligations, allocation of the transaction price, and revenue recognition. Our audit procedures also included inspecting material contracts and obtaining balance confir-

mations for trade receivables and other documentation supporting the respective fulfillment of performance obligations identified in the underlying customer agreements. As part of this process, we assessed whether revenue had been recognized in full, among other things, through analytical audit procedures. In this context we also evaluated the appropriateness of individual assumptions made by the executive directors regarding the identification and fulfillment of performance obligations as well as the allocation of the transaction price based on the various performance offerings. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors regarding the revenue recognition and accrual/deferral are substantiated and sufficiently documented.

3. The Company's disclosures relating to revenue are contained in the sections entitled "Summary of significant accounting policies: Revenues" and "Notes to the consolidated statement of comprehensive income: [1] Revenue" of the notes to the consolidated financial statements.

### III. Accounting treatment of Asset Deal regarding Pixologic Inc.

1. The subsidiary Maxon Computer Inc. located in Los Angeles, USA, acquired assets and liabilities of Pixologic Inc., located in Los Angeles, USA, as part of an asset deal in financial year 2021. The purchase price allocation for the purposes of the 2021 consolidated financial statements was conducted on a preliminary basis in accordance with IFRS 3. The total purchase price amounted to EUR 121.6 million. The assets acquired and liabilities acquired are generally recognized at fair value as of the respective acquisition date, based on a number of measurement assumptions made by the executive directors. The preliminary purchase price allocation resulted in total acquired goodwill of EUR 90.8 million for the purposes of the consolidated financial statements as at 31 December 2021. In finalizing the purchase price allocation in the financial year 2022, the fair values of the assets identified increased, resulting in a reduction of the goodwill from the company transaction by EUR 8.2 million to EUR 82.7 million. Due to the estimation uncertainties involved in measuring the assets and liabilities as part of the purchase price allocation and the material impact in terms of amount on the assets, liabilities, financial position and financial performance of the Group, this matter was of particular significance in the context of our audit.
2. As part of our audit, we assessed the accounting treatment of the business combination with the support of our internal valuation specialists. For this purpose, we first inspected and examined the contractual agreements underlying the business combination. Thereby, among other things, we reconciled the purchase price paid by Maxon Computer Inc. as consideration for the assets and liabilities received with the

supporting documentation presented to us for the payments made. We also examined the final purchase price allocation. In doing so, we also evaluated, among other things, the appropriateness of the models underlying the valuations as well as the valuation parameters and assumptions applied. The determination of the fair values, for example of customer relationships, which were determined by a valuation specialist engaged by Nemetschek SE, were reconciled by us with the numerical data with the financial accounts and the parameters used, in particular the churn rate and EBITDA margin. We also used checklists to evaluate the completeness and accuracy of the disclosures in the notes to the financial statements required by IFRS 3. Overall, we were able to satisfy ourselves that the accounting treatment was appropriate and that the estimates and assumptions made by the executive directors are comprehensible and adequately substantiated.

3. The Company's disclosures relating to business combinations are contained in the section entitled "Business combinations" of the notes to the consolidated financial statements.

### Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- » the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in subsection "Corporate Governance Declaration" in section "8 Other Disclosures" of the group management report
- » the non-financial group statement to comply with §§ 315b to 315c HGB included in section "2 Nonfinancial Statement" of the group management report
- » the subsection "General Risk Management and Internal Control" in section "6 Key Features of the Internal Control and Risk Management System" of the group management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

- » is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- » otherwise appears to be materially misstated.

### **Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report**

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- » Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- » Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- » Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- » Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant



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

- » Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- » Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- » Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

### Other legal and regulatory requirements

#### **Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB**

##### **Assurance Opinion**

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Nemetschek\_KA+KLB\_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

##### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assur-



ance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

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

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

### **Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- » Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- » Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- » Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- » Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- » Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as group auditor by the annual general meeting on 12 May 2022. We were engaged by the supervisory board on 1 December 2022. We have been the group auditor of the Nemet-schek SE, München, without interruption since the financial year 2022.

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

### **Reference to an other matter– use of the auditor’s report**

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

**German public auditor responsible for the engagement**

The German Public Auditor responsible for the engagement is Katharina Deni.

München, March 17, 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Katharina Deni	ppa. Vera Daners
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

*PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Non-financial Group Statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.*

## **Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting**

### **To Nemetschek SE, Munich**

We have performed a limited assurance engagement on the non-financial group statement of Nemetschek SE, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Non-financial Group Statement") included in section "Nonfinancial Statement" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

### **Responsibility of the Executive Directors**

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "2.3 EU Taxonomy" of the Non-financial Group Statement. This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU

Taxonomy Regulation and the Delegated Acts adopted thereunder in section "2.3 EU Taxonomy" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

### **Independence and Quality Control of the Audit Firm**

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Responsibility of the Assurance Practitioner**

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "2.3 EU Taxonomy" of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- » Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- » Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- » Identification of likely risks of material misstatement in the Non-financial Group Statement
- » Analytical procedures on selected disclosures in the Non-financial Group Statement
- » Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report
- » Evaluation of the presentation of the Non-financial Group Statement
- » Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
- » Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

### Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "2.3 EU Taxonomy" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

### Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 17 March 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

(sgd.) Hendrik Fink  
Wirtschaftsprüfer  
German public auditor

(sgd.) ppa. Felix Wandel  
Wirtschaftsprüfer  
German public auditor







# Financial Statements of Nemetschek SE (German Commercial Code)

## Balance Sheet

as of December 31, 2022 and as of December 31, 2021

<b>ASSETS</b>	Thousands of €	<b>December 31, 2022</b>	December 31, 2021
<b>A. Fixed Assets</b>			
<b>I. Intangible assets</b>			
Purchased franchises, industrial rights and similar rights and 1. assets and licenses in such rights and assets		66	89
2. Prepayments made on intangible assets		250	0
		<b>316</b>	<b>89</b>
<b>II. Property, plant and equipment</b>			
1. Fixtures, fittings and equipment		253	292
		<b>253</b>	<b>292</b>
<b>III. Financial assets</b>			
1. Shares in affiliated companies		531,543	568,267
2. Loans due from affiliated companies		34,250	39,056
3. Investments		1,962	1,962
4. Other financial assets		2,195	50
		<b>569,950</b>	<b>609,335</b>
<b>TOTAL FIXED ASSETS</b>		<b>570,519</b>	<b>609,716</b>
<b>B. CURRENT ASSETS</b>			
<b>I. Accounts receivable and other assets</b>			
1. Trade receivables		8	0
Accounts due from affiliated companies			
2. – thereof Accounts receivable from trading EUR 120k (previous year: EUR 1,635k)		183,343	160,790
3. Other assets		7,288	1,623
		<b>190,638</b>	<b>162,413</b>
<b>II. Cash and cash equivalents</b>		<b>3,569</b>	<b>1,615</b>
<b>TOTAL CURRENT ASSETS</b>		<b>194,207</b>	<b>164,028</b>
<b>C. DEFERRED AND PREPAID EXPENSES</b>		<b>4,280</b>	<b>2,964</b>
<b>D. DEFERRED TAX ASSETS</b>		<b>1,114</b>	<b>1,434</b>
		<b>770,119</b>	<b>778,142</b>

<b>EQUITY AND LIABILITIES</b>	Thousands of €	<b>December 31, 2022</b>	December 31, 2021
<b>A. EQUITY</b>			
<b>I. Subscribed capital</b>		<b>115,500</b>	<b>115,500</b>
<b>II. Capital reserve</b>		<b>20,530</b>	<b>20,530</b>
<b>III. Retained earnings</b>		<b>28,586</b>	<b>28,586</b>
<b>IV. Unappropriated profit</b>		<b>297,401</b>	<b>312,660</b>
<b>TOTAL EQUITY</b>		<b>462,016</b>	<b>477,276</b>
<b>B. PROVISIONS AND ACCRUED LIABILITIES</b>			
1. Accrued tax liabilities		59	382
2. Other provisions and accrued liabilities		9,850	8,217
<b>TOTAL PROVISIONS AND ACCRUED LIABILITIES</b>		<b>9,909</b>	<b>8,599</b>
<b>C. LIABILITIES</b>			
1. Liabilities due to banks		71,300	118,200
2. Trade accounts payable		1,855	1,703
3. Accounts due to affiliated companies		220,850	167,598
Other liabilities			
– thereof taxes: EUR 1,100k (previous year: EUR 1,608k)			
4. – thereof social security EUR 0k (previous year: EUR 5k)		1,246	1,662
<b>TOTAL LIABILITIES</b>		<b>295,250</b>	<b>289,163</b>
D. Deferred revenue		2,818	0
<b>E. Deferred tax liability</b>		<b>126</b>	<b>1,028</b>
		<b>770,119</b>	<b>776,065</b>

## Profit and loss account of Nemetschek SE

for the period January 1 to December 31, 2022 and 2021 (German Commercial Code)

Thousands of €	<b>December 31, 2022</b>	December 31, 2021
1. Revenues	8,735	7,560
Other operating income		
2. – thereof for income from currency revaluation EUR 7,016k (previous year: EUR 273k)	13,205	6,015
3. Personnel expenses		
a) Wages and salaries	–14,068	–11,274
Social security, pension and other benefit costs		
b) – thereof for pension: EUR 135k (previous year: EUR 127k)	–1,123	–954
Depreciation and amortization of intangible assets, property, plants and equipment	–187	–499
Other operating expense		
5. – thereof for expense from currency revaluation EUR 6,499k (previous year: EUR 1,568k)	–23,550	–16,132
Income from investments		
6. – thereof from affiliated companies: EUR 52,890k (previous year: EUR 67,281k)	53,025	67,379
7. Income from profit and loss transfer agreements	32,379	34,749
Income from loans due to affiliated companies – thereof from affiliates companies: EUR 1,549k (previous year: EUR 1,734k)	1,549	1,734
Other interest and similar income		
9. – thereof from affiliates companies: EUR 6,111k (previous year: EUR 293k)	6,111	333
Expenses from profit and loss transfer agreements		
10. – thereof from affiliates companies: EUR 457k (previous year: EUR 0k)	–457	0
11. Depreciation of financial assets	–34,787	0
Interest and similar expenses		
12. – thereof from affiliated companies: EUR 4,824k (previous year: EUR 98k)	–5,962	–1,087
Taxes on income – thereof expenses from changes in deferred taxes recognized in the balance sheet: EUR 582k (previous 13. year: EUR 1,427k)	–5,084	–6,782
<b>14. Earnings after tax</b>	<b>29,787</b>	<b>67,466</b>
15. Other Taxes	–1	–1
<b>16. Net Income</b>	<b>29,786</b>	<b>67,465</b>
17. Profit carried forward from previous year	267,615	231,620
<b>18. Unappropriated profit</b>	<b>297,401</b>	<b>299,085</b>



## Financial calendar 2023

<p>March 23, 2023</p> <p>Publication Annual Report 2022</p>	<p>April 27, 2023</p> <p>Publication 1st Quarter 2023</p>
<p>July 31, 2023</p> <p>Publication Half-year Report 2023</p>	<p>October 26, 2023</p> <p>Publication 3rd Quarter 2023</p>

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