NEMETSCHEK
GROUP

ANNUAL REPORT 2022

SHAPE THE WORLD

SHAPE THE WORLD IN ALL DIMENSIONS

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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. 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.

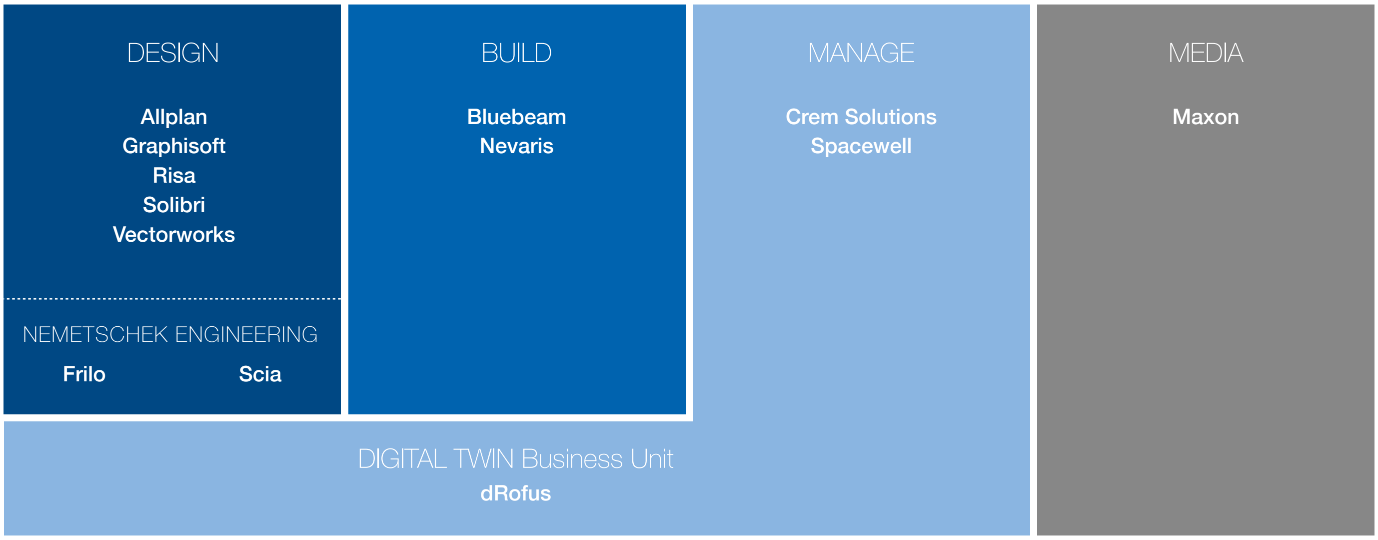
In view of sustainability, the Nemetschek Group's software solutions also contribute to more resource-efficient planning and construction and subsequently more efficient operation across the entire lifecycle of buildings and infrastructure projects. Detailed documentation also enables efficient operation 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 creative 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_2 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).

NEMETSCHEK 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_2 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-umbennung-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.

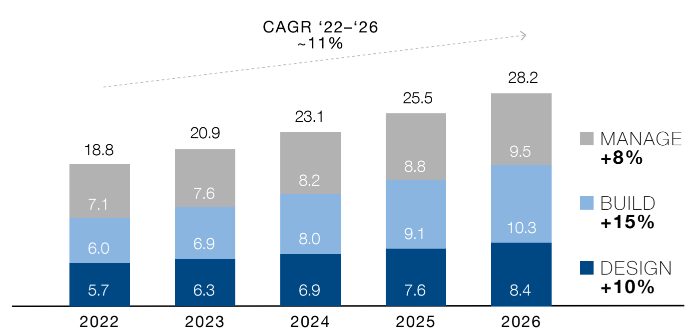
The Design market segment has a historically higher degree of maturity compared to Build and Manage, as digitalization in this area was promoted earlier than in the two other market segments. The Design market segment is expected to grow from around EUR 5.7 billion in 2022 to around EUR 8.4 billion in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



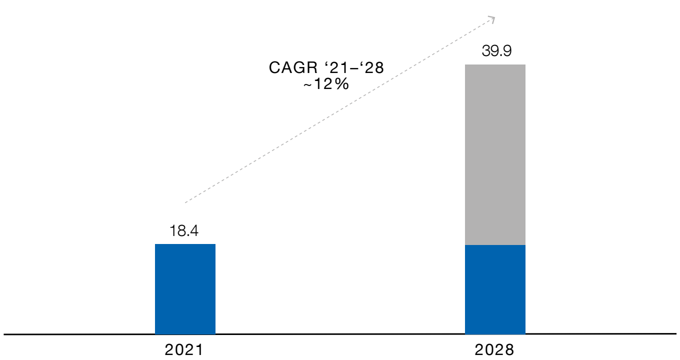
* Compound Annual Growth Rate.
Sources: Cambashi Q3 2022; Verdantix; Nemetschek Research.

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-AEC/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.

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 Axxerion 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 lifecycle 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 statementGroup 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."*

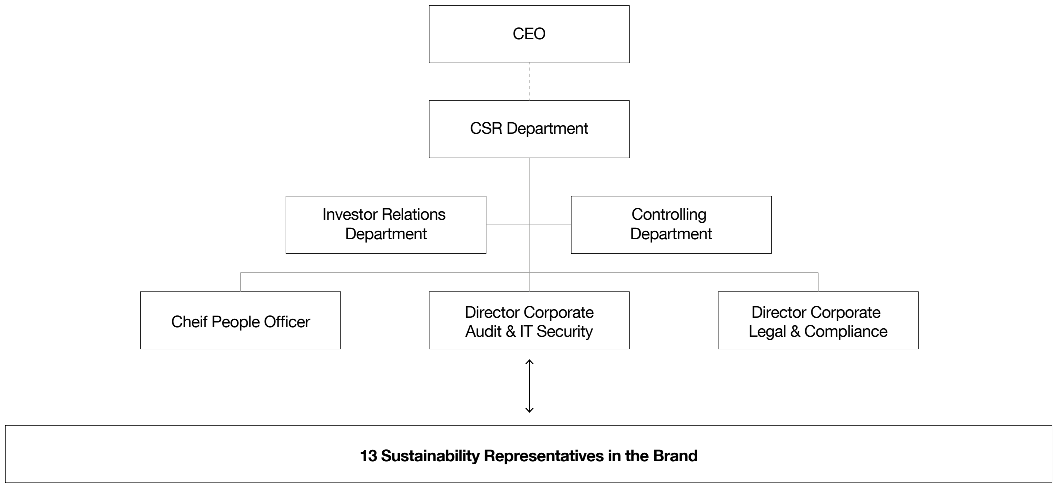
The Code of Conduct states that the Nemetschek Group does not tolerate any form of discrimination or harassment, nor corruption of any kind. Furthermore, each and every employee is required to use all resources sparingly and in an environmentally friendly manner in everyday working life. Employee responsibility 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**
Employees & Society (Social Issues and Employees)	» Attracting and retaining employees » Training and education » Employee health » Diversity and inclusion » Customer relationships » Partnerships with colleges of technology and universities
Environment & Climate (Environment)	» Environmental and social effects of products
Integrity & Compliance (Human Rights and Combating Corruption)	» Fair business practices and anti-corruption » Anti-discrimination » Data protection and information security

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 inclusion 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_2 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 subsidiary 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 anticorruption 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

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

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 climate 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

				Criterias for a substantial contribution					
Business activities	Code(s)	Revenues (absolute) (EUR million)	Share (of total revenues) (%)	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 (%)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Taxonomy-compliant activities (taxonomy-compliant)		–	–	–	–	–	–	–	–
A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)		–	–						
Revenues of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)		–	–						
Total (A.1 + A.2)		–	–						
B. NON-TAXONOMY ACTIVITIES									
Revenues of non-taxonomy activities (B)		**801.8**	**100%**						
Total (A + 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

				Criterias for a substantial contribution					
Business activities	Code(s)	CapEx (absolute) (EUR million)	Share (of total CapEx) (%)	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 (%)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Taxonomy-compliant activities (taxonomy-compliant)		–	–	–	–	–	–	–	–
A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)		–	–						
CapEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)		–	–						
Total (A.1 + A.2)		–	–						
B. NON-TAXONOMY ACTIVITIES									
CapEx of non-taxonomy activities (B)		**74.5**	**100%**						
Total (A + 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

				Criterias for a substantial contribution					
Business activities	Code(s)	OpEx (absolute) (EUR million)	Share (of total OpEx) (%)	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 (%)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Taxonomy-compliant activities (taxonomy-compliant)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)		**–**	**–**						
OpEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)		**–**	**–**						
Total (A.1 + A.2)		**–**	**–**						
B. NON-TAXONOMY ACTIVITIES									
OpEx of non-taxonomy activities (B)		**183.6**	**100%**						
Total (A + B)		**183.6**	**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)
–	–	–	–	–	–	–	–	–	–	–
							–	–	–	–

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 >>.*

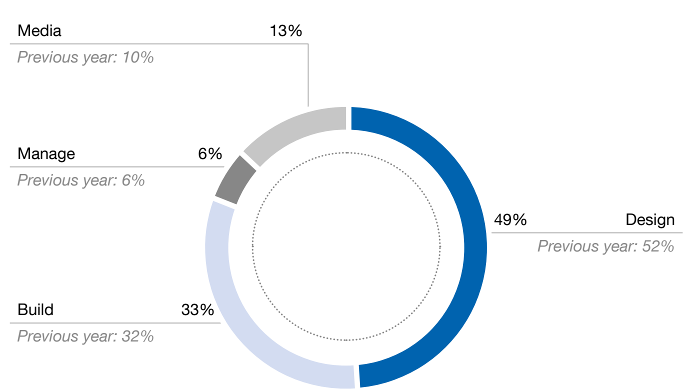
In an economically uncertain environment, the Nemetschek Group saw year-on-year growth during all four quarters and therefore continues its sustainable growth path. Particularly in the first half of the year, revenue developed above average with nominal growth of over 20%, which was partially supported 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
Total year	**801.8**	**681.5**	**17.7%**	**12.1%**
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.

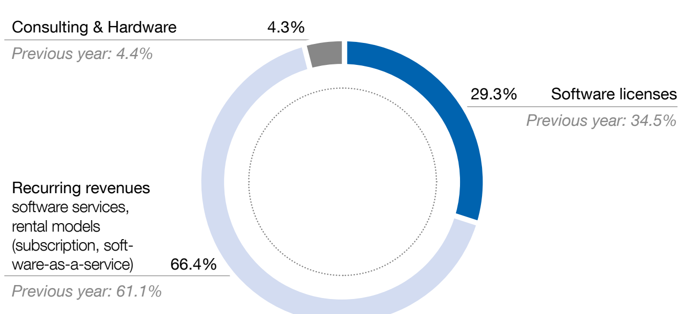
The Build segment achieved a 33% revenue share in the 2022 financial year, which is a slight increase in the 32% share of the previous year.

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).

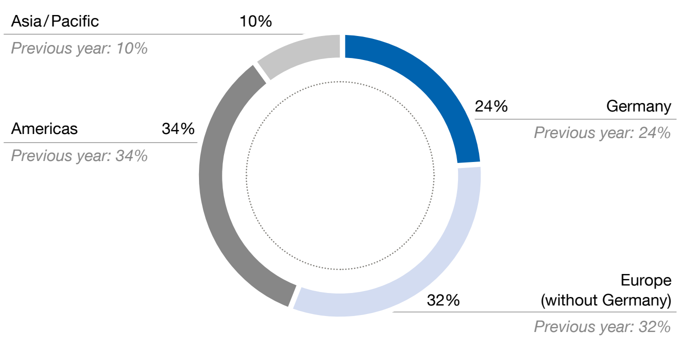
The growth rate of recurring revenues was also significantly above the growth of Nemetschek Group at 17.7% (currency-adjusted: 12.1%), which increased the share of total revenues to 66.4% (previous year: 61.1%). In the financial year 2022, around two thirds of Group revenues were therefore based on recurring 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[1)]	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

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 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 disproportionate 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[1]	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 %
Revenue	**801.8**	**681.5**	**17.7%**
EBITDA	**257.0**	**222.0**	**15.8%**
EBITDA margin	32.0%	32,6%	-0,6pp
EBIT	**198.1**	**172.0**	**15.2%**
EBIT margin	24.7%	25,2%	-0,5pp
Net income for the year (equity holders of the parent company)	**161.9**	**134.6**	**20.3%**
Earnings per share in EUR	1.40	1.17	20.3%
Net income before PPA depreciation	**188.9**	**153.9**	**22.7%**
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

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

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.

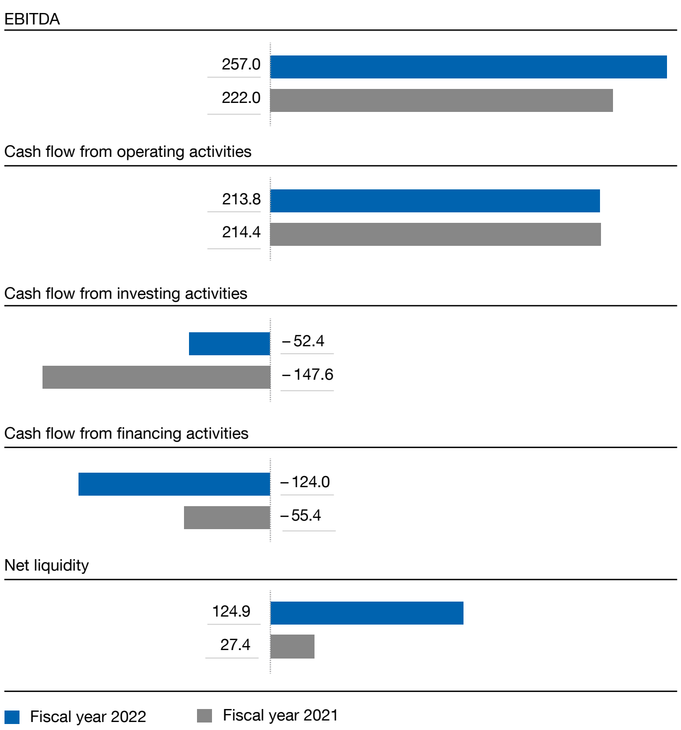
From the existing credit lines totaling EUR 284.5 million (previous year: EUR 207 million), EUR 17.0 million had been utilized as of December 31, 2022. A further EUR 267.5 million (previous year: EUR 197.0 million) is therefore readily available and can be used in addition to internal financing to continue 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
Total		**21.0**	**127.1**

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 Symterra, << 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 %
ASSETS			
Current assets	327.1	263.1	24.3%
Non-current assets	871.0	809.1	7.7%
Total assets	**1,198.1**	**1,072.2**	**11.7%**

In EUR million	**Dec. 31, 2022**	Dec. 31, 2021	Δ nominal in %
EQUITY AND LIABILITIES			
Current liabilities	403.8	384.5	5.0%
Non-current liabilities	105.1	128.0	−17.9%
Equity, total	**689.3**	**559.7**	**23.1%**
Total equity and liabilities	**1,198.1**	**1,072.2**	**11.7%**

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.

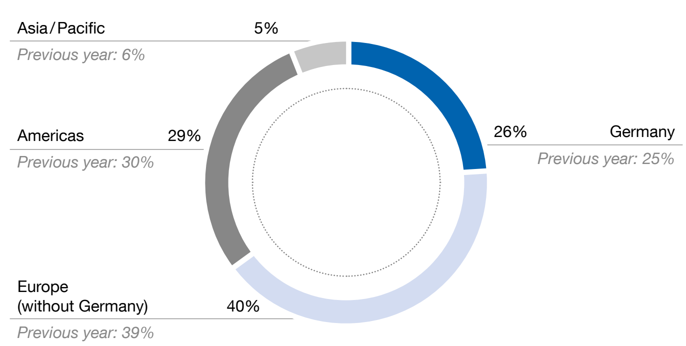
Further information on human resources work can be found in the non-financial statement under *<< 2.2 Key non-financial issues – Employee and Society >>.*

As of December 31, 2022, the Nemetschek Group had 3,448 employees worldwide (previous year: 3,180). This corresponds to an increase of 268 pemployees 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

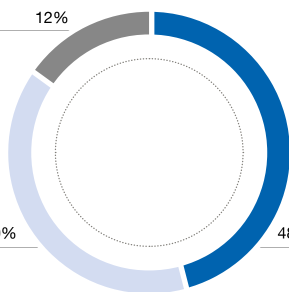
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.



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, intercompany 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:

Risk category	Probability of materialization	Severity
Economic risks	medium	medium
Industry sector risks	medium	high
Risks from the competitive environment	low	vrey low
Opportunity category	**Probability of materialization**	**Severity**
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 analysis, 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 challenging 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:

Risk category	Probability of occurrence	Severity
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
Opportunity category	**Probability of materialization**	**Severity**
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 economic 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 creditworthy 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:

Risk category	Probability of materialization	Severity
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; 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 reflected 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. 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.

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.

Munich, March 17, 2023

Yves Padrines | Louise Övferström | Viktor Várkonyi | Jon Elliott

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ANNUAL REPORT
2023

AI

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Combined Management Report for the 2023 Fiscal Year

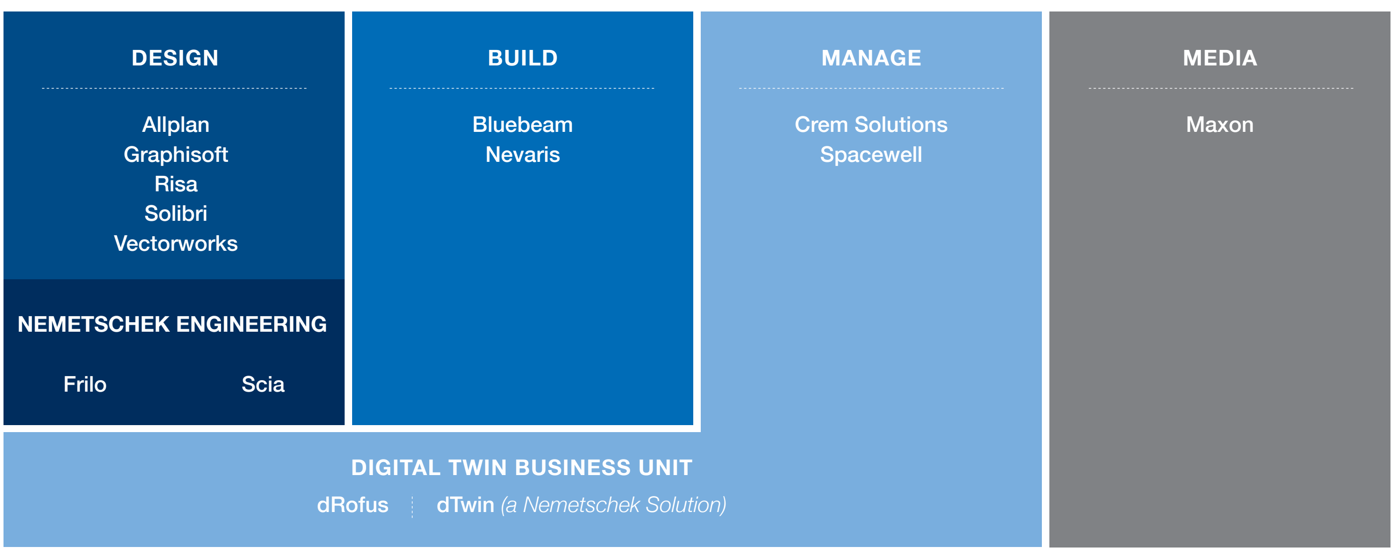
About This Report

The management report of Nemetschek SE and the Group management report for the 2023 fiscal year have been combined. The Corporate Governance Statement pursuant to section 161 of the German Stock Corporation Act (AktG) is published on the Nemetschek SE website at ir.nemetschek.com/corporate-governance. It can also be found in the section << To Our Shareholders >>. The consolidated financial statements as of December 31, 2023, that have been prepared by Nemetschek comply with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as at December 31, 2023, and, additionally, with the requirements of the German Commercial Code in connection with German Accounting Standards.

1 Group Principles

1.1 Group Business Model

Organization and Structure



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 digital software solutions for all disciplines across the building and infrastructure project life cycle (i.e., the AEC/O industry – architecture, engineering, construction, and operation) as well as for all stages during the creation of digital 2D and 3D content in the media sector.

The strategic holding company, Nemetschek SE, is headquartered in Munich, Germany, while the company's operating activities are carried out through four segments with a total of 13 brands (previous year: 13 brands). The brands are subsidiaries or groups of subsidiaries which operate in the market under an overarching Group strategy. This group structure reflects the company's philosophy of central management at the Group level and a high degree of business freedom at the subsidiary level. This enables the individual brands to focus on their respective clients' needs to increase the benefits and added value for the client. This segment and brand approach ensures that market changes can be quickly identified, analyzed, and evaluated and that client wishes can be implemented promptly, too.

Nemetschek SE houses the central functions Corporate Finance & Tax, Controlling & Risk Management, Investor Relations & Corporate Communication, People/Human Resources, Mergers & Acquisitions, Start-Up & Venture Investments, IT, Information Security, Global Procurement, Transformation Office, Internal Audit, and Corporate Legal & Compliance, which all perform key governance duties for the Group and brands. This approach enables the brands to focus fully on exploring new potential client demands and doing business.

Business Activities

Proximity to markets and clients is a key success factor for Nemetschek. With its software solutions, the Nemetschek Group supports **digitalization** along the entire construction life cycle – from the planning and construction phases to the operation, renovation, and demolition phases. This strategically integrated approach makes it possible to concentrate investments and expertise on the client-oriented segments and thus offer an end-to-end workflow and comprehensive support for clients in the building life cycle.

The Nemetschek Group's clear commitment to OPEN BIM and the associated open interfaces increase interoperability, collaboration, efficiency, and communication with different disciplines across the construction life cycle. At the same time, Nemetschek is focusing on future topics that the Group believes will shape and change the construction industry in the coming years. Such topics include artificial intelligence, digital twins, machine learning, sustainability, and the usage of IoT devices and sensors. That is why these topics are also part of the Nemetschek Group's innovation and development activities.

Added to this are digital solutions for visualization, 3D modeling, and animation, which are used in the media and entertainment industries in particular as well as the construction industry. The Nemetschek Group offers solutions for these fields, too, covering the complete content creation workflow and appealing to the entire production process for creative output.

Segments

The Nemetschek Group structure and its solution portfolio are reflected in the reporting structure with the four client-focused segments Design, Build, Manage, and Media. An Executive Board member or Segment Head is generally assigned to each segment. The close interlocking of the holding company and segments also ensures close coordination between the subsidiaries as well as a high degree of management efficiency.

Furthermore, there are benefits for the brands as well as the Group overall from the stronger harmonization and centralization of general and administrative functions, access to additional resources and tools, and intensified knowledge exchange. For instance, the brands can concentrate their capacity and resources more on the operational implementation of the corporate targets and strategy, including in particular greater client loyalty and the exploitation of additional growth opportunities.

To leverage synergies within the Nemetschek Group, the Executive Board and Segment Heads support the coordination of strategic projects between the brands in their respective segment as well as cross-segment cooperation between individual brands. As a result, the subsidiaries benefit from synergies for their segment and for the wider Group in relation to internationalization, the exchange of best practices, sales, marketing, and development activities. Simultaneously, the internal structures and processes were harmonized further during the 2023 fiscal year. Central administrative functions such as People/HR, Controlling & Risk Management, Finance, and IT were harmonized further, letting the brands focus even more strongly on their client-adjacent topics.

The company's legal structure is outlined in the notes to the consolidated financial statements in *<< Note 32 List of Companies in the Nemetschek Group >>*.

Changes within the Segment Structure

dRofus, a brand that was allocated to the Build segment in the 2022 fiscal year, has been allocated to the Digital Twin business unit since January 1, 2023, and is consolidated with the Manage segment. With the brand's solutions for data management and BIM collaboration for workflow support and providing building information during the entire building life cycle, dRofus possesses capabilities for covering the complete AEC/O life cycle and, in doing so, forms an important tie between the various segments. The dTwin solution launched in 2023 is also allocated to this business unit and is consolidated with the Manage segment. dTwin, a SaaS-based, horizontal, and open digital twin platform, provides data-based insights across the entire life cycle of a construction project.

Starting in the 2024 fiscal year, the Digital Twin business unit will be consolidated with the Design segment along with the dRofus brand and dTwin solution.

Design Segment

The portfolio particularly features OPEN BIM solutions for computer-aided design (CAD) and computer-aided engineering (CAE), which are used in 2D and 3D planning and the design phase as well as in the visualization of buildings and infrastructure projects. 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 individual brands within the Design segment target a broad range of different, specialized fields within architecture, design, and engineering. The segment's most recent two fiscal years in particular were characterized by integration and harmonization activities. The merger of individual brands and the expansion of cross-brand collaboration has resulted in the successful creation of extended and harmonized client offerings in particular, increasing the benefits for clients even further.

The segment's major client groups include, above all, architects, designers, engineers from all disciplines, including structural engineers, specialist planners, and landscape designers as well as developers and general contractors. The solutions offered enable clients to carry out their tasks across all phases, from planning and design right up to factory and construction planning.

The Design segment's market, compared with the Build and Manage segment markets, has a historically higher degree of maturity, as digitalization in this area was promoted earlier than in the other two segment markets. The total addressable market

(TAM) of the Design segment is predicted to grow from €7.9 billion in 2022 to approximately €12 billion in 2027. This equates to an average expected market growth rate of just under 9% for the period from 2022 to 2027.

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 costing. These solutions also include commercial enterprise resource planning (ERP) solutions from the Nevaris brand for construction-related cost accounting and financial accounting. On top of that, it has PDF-based and, in parts, cloud-based workflow solutions from the Bluebeam brand for digital work processes, collaboration, and documentation.

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

The Build segment's underlying TAM is expected to grow from €4.4 billion in 2022 to an anticipated €8.9 billion in 2027, corresponding to an average expected growth rate of 15% annually.

Manage Segment

The Manage segment rounds off the Nemetschek Group's range of solutions for all disciplines across the entire building and infrastructure project life cycle. It brings together competencies in the field of building management as well as professional property management.

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 (integrated workplace management system, IWMS). 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 carbon emissions.

The segment's main clients include property managers, facility managers, and global real estate companies as well as banks and insurance companies, among others.

The Manage segment's TAM was sized at €5 billion in 2022 and is predicted to grow by an average of approximately 8.5% annually to just under €7.5 billion by 2027.

Media Segment

In the Media segment, the Nemetschek Group offers professional solutions for all phases of a digital creative project via its Maxon brand. Its product portfolio includes, among other things, solutions for 3D modeling, painting, animation, sculpting, and rendering. These solutions are used across the world to create objects such as 3D motion graphics, architecture and product visualizations, computer game graphics, medical illustrations, industrial designs, and visual effects.

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

The Nemetschek Group targets the global 3D animation market in its Media segment. The latter's TAM was estimated at €5 billion in 2022, and the market volume is expected to grow to approximately €8.9 billion by 2027. This corresponds to average growth of 12% annually.

The key performance indicators of the four segments are detailed in *<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>*.

Locations

Nemetschek SE is headquartered in Munich, Germany. The Nemetschek Group's 13 brands develop and market their solutions globally from a total of 81 (previous year: 82) locations.

NEMETSCHEK LOCATIONS GLOBALLY

1.2 Growth Drivers, Goals and Strategy

Growth Drivers

The macroeconomic impacts from the current global crises and geopolitical conflicts are influencing the global construction sector, too, and that has dampened the industry's growth trajectory and has potential to dampen it still further, at least in the short term. Be that as it may, the long-term, structural growth drivers in the global construction sector remain intact, which means that there may be a new, lasting phase of growth in the future. The conclusions drawn in the previous year continue to apply, and they are that the world's growing population, increasing urbanization globally, demographic shifts, and the associated rise in demand for housing and infrastructure represent key growth drivers for the construction industry. Lastly, the chronic shortage of workers in the construction industry is a global issue.

As a maker of software for the construction sector, the Nemetschek Group, in its three segments in the AEC/O industry, profits from other long-term, structural growth drivers as well:

» Digitalization within the construction industry remains at a low level compared with other industries. There is increasing importance on catch-up effects and increased investment in industry-specific software solutions that manage processes more efficiently and therefore increase quality and reduce costs and time. The consequences of the current crises have demonstrated this once more.

» Government regulations that require or make the use of BIM software mandatory for state-funded construction and infrastructure projects continue to pave the way for further growth of the Nemetschek Group worldwide. The UK and the Scandinavian countries are particular pioneers in Europe when it comes to implementing BIM regulations and using BIM-enabled software solutions, on a similar level to Singapore. The US and other countries such as Japan already have BIM regulations for public construction and infrastructure projects.

» Furthermore, the importance of sustainability and environmental protection in the planning, construction, operation, and renovation of buildings is growing constantly. Roughly 90% of all construction projects currently exceed the anticipated schedule or budgeted costs. On top of that, more than 20% of the material used in a construction project is wasted or needs to be reworked. The construction industry is responsible for about 40% of global carbon emissions in total. A more energy- and resource-efficient way of working throughout the entire construction process, including the subsequent usage phase, is therefore a critical factor in achieving the climate targets set by policymakers (e.g., the EU European Green Deal). Intelligent BIM software solutions for more sustainable and resource-conserving planning and construction, as well as more efficient building operation, form a key basis for this.

Additionally, there are the media and entertainment industries, which are marked by high growth and constantly rising demand for digital content. It is a dynamic environment where multiple growth drivers offer companies in the industries a variety of opportunities for bolstering their position. Developing innovative solutions and satisfying the developing needs of consumers is critical for this.

The rising demand for visual content is based on factors such as the following long-term growth drivers:

- Lasting upturn in the 3D animation market. The demand for premium visual content in various industries, such as film production, advertising, game development, and virtual reality, is increasing continuously. Businesses are making stronger use of visually appealing animations to convey their messages effectively and capture the interest of their target audiences.
- Digitalization from improved accessibility. Continued digitalization and the improved availability of high-performing hardware and software make a significant contribution to the growth of the 3D animation market. The easier access to advanced tools enables businesses and creatives to create complex 3D animations and bring innovative projects to fruition.
- Technological progress in virtual reality (VR) and augmented reality (AR). The use of VR and AR is a significant influence on the expansion of the 3D animation market. For example, the latest product developments from globally leading corporations such as Apple, with its Apple Vision Pro VR goggles, or Meta's Smart Glasses, indicate that there will be a strong trend toward increasingly virtual worlds and applications. These technologies unlock new dimensions for immersive and interactive 3D experiences. Businesses are also increasingly using VR and AR to develop innovative applications for usage in professional settings, be they training, product presentations, or virtual simulations.

Goals

The strategy of the Nemetschek Group is based on an extensive analysis of markets, competitors, technological, economic, and societal trends, and economic and regulatory conditions. The Group strives for sustainable and long-term success by pursuing a strategic approach aligned with the company vision. The strategy aims to optimally use the good growth opportunities in both sectors addressed by Nemetschek. In addition, the aim is to lead customers into digitalization and make the AEC/O industry more sustainable. With its focus on technology and innovation as well as its continuous exchange with scientific institutions, the Nemetschek Group strives to expand its strong market position in a highly competitive environment. Furthermore, the Group mitigates risk by diversifying its activities across four segments for the entire building and infrastructure project life cycle, as well as the media sector. Furthermore, Nemetschek is continuously internationalizing its business. The ever-increasing share of recurring revenues also ensures a high level of economic visibility and resilience. Ultimately, the Nemetschek Group's goal is to achieve sustainable differentiation and thus offer its customers the greatest possible benefit and added value, which simultaneously leads to sustainable and long-term value creation for its shareholders and stakeholders.

To achieve these goals, the Executive Board, together with the Nemetschek Group's Executive Leadership Team, has defined a comprehensive strategy based on strategic focus themes. This strategy is implemented consistently with suitable initiatives and measures.

Vision and Mission

The strategy centers around a clear commitment to the vision and mission of the Nemetschek Group. To realize its vision „Shape the world in all dimensions", the company's mission is to be the preferred and most trusted software provider and partner for the architecture, engineering, construction, construction management (AEC/O), and media industries. The vision and mission are the guiding principles for all business activities and the basis for strategic action. The vision and mission are the guiding principles for all business activities and the basis for strategic actions.

Strategic Cornerstones

Artificial Intelligence (AI)

An overarching goal across the Nemetschek Group is to be a leader in the field of (generative) artificial intelligence (AI). This alignment as an AI-first company emphasizes its ambitions to be a technological pioneer in the AEC/O and media industries. At the same time, it also includes a clear commitment to ethical, trustworthy, and sustainable AI practices. Simultaneously, the Nemetschek Group has the task of examining AI principles and the necessity of trust, ethics, and independence in order to provide the best protection possible for integrity and the intellectual property of clients.

This structure maintains the long-standing principles and high ethical standards of the Nemetschek Group, which was founded by Professor Georg Nemetschek in 1963. The company sees two main application areas in the field of AI. Its usage offers the opportunity to increase internal efficiency in almost all business functions, for example in research and development or in customer service, in order to ensure better customer support and greater customer satisfaction. Secondly, the Nemetschek Group aims to add AI-based functions, plug-ins, and tools to its products in order to further increase the benefits for clients. Three different approaches are taken to achieve this goal:

- Firstly, AI is one of the focuses for the Group's research and development activities. To this end, the Nemetschek Group is establishing an AI Innovation Hub which will be one of the central drivers of its in-house development activities. The Nemetschek Group firmly believes that the data sets used to train deep-learning algorithms in particular are the key to the development of new functions that will offer customers genuine added value in the future. The Nemetschek Group covers the entire building life cycle in the AEC/O industry and the complete process for creative design element creation in the media industry and therefore possesses a large and broad-based data set. This data set can be used to expand the company's own product portfolio with innovative and disruptive AI solutions which in turn support customers in improving their productivity and efficiency.

» Secondly, the Nemetschek Group maintains close exchange with the TUM Georg Nemetschek Institute Artificial Intelligence for the Built World, which receives funding from the Nemetschek Innovation Foundation. In 2023, there was a double-digit number of interesting joint, multidisciplinary AI research projects for the AEC/O industry, which represents a significant increase versus the previous year. This enables the Nemetschek Group to stay close to the latest developments in academic education and research.

» Thirdly, Nemetschek invests in a range of highly innovative start-ups, including ones that develop and advance new solutions in the various application areas for artificial intelligence. For instance, these start-ups develop solutions for tasks such as AI-based 3D point cloud models or the identification and mapping of BIM objects. One goal is to bring together the start-ups' AI developments and competencies with those of the Nemetschek Group's brands in order to draw inspiration and enrich each other. Simultaneously, this ensures that the Nemetschek Group product portfolio is expanded accordingly and that the necessary speed is achieved in the development of new AI solutions. Investments in start-ups also have the potential to develop pioneering and innovative products and solutions that are not only disruptive for the Nemetschek Group itself, but also the entire AEC/O and media industries.

Business Model – Transition to Subscription and SaaS Models

An important goal of the Nemetschek Group is to significantly increase its recurring revenues, especially through the stronger implementation of subscription and software as a service (SaaS) solutions. Several Group brands have already successfully completed the transformation to subscription and SaaS models, while other brands have either started this process or are in the implementation phase. The gradual transition of the individual brands' business models ensures that the short-term accounting-related dampening effect on Group revenue and margins, is only visible to a very limited extent. Subscription and SaaS models offer a number of advantages for the Nemetschek Group's customers as well as for the Group itself. Customers, for example, can use the software more flexibly and avoid the, in comparison to a subscription offering, higher one-time license fee. At the same time, they benefit from an even more intensive customer support as well as faster and continuous innovation cycles, which results in greater customer satisfaction and loyalty. Conversely, the transition provides the Nemetschek Group with opportunities to address and win new customer groups and increase customer loyalty, among other benefits. Together with the greater potential for up- and cross-selling, Nemetschek has an opportunity to generate revenues that are higher over the entire length of a customer relationship compared to the classic model of a license with a service agreement.

In addition, the visibility, resilience, and predictability of the revenue, earnings, and liquidity increase significantly, which is an even greater advantage in times of economic uncertainty. Furthermore, the transition to desktop-based subscription models is often a prerequisite for the subsequent introduction of new cloud features. In the four segments of the Nemetschek Group, the implementation and offering of rental models are at different stages of development, with each segment continuously increasing or having already significantly increased the share of recurring revenues through subscription and SaaS.. At Group level, revenues from subscriptions and SaaS accounted for 35.4% of total revenue (previous year: 25.5%). This represents a significant currency-adjusted growth of 51.1% compared to the previous year.

Company-Wide Nemetschek Platform

Nemetschek Cloud Platform and Infrastructure

The continuing digital transformation in the construction industry and the transition from information and data silos to end-to-end workflows in the AEC/O industry require a seamless exchange of data and information between all parties and solutions involved in the construction life cycle. With the Nemetschek Group's commitment to open standards and OPEN BIM, the company's focus ever since its founding has been on minimizing information loss and data breaches in the exchange of data, models, and information. This increases efficiency, productivity, and sustainability during the entire construction life cycle. Today, this exchange involves the management and provision of increasingly large amounts of data (big data) from various sources, such as the Internet of Things (IoT), which is needed for the planning, implementation, and management of building structures.

The Group-wide cloud platform that Nemetschek is currently developing will represent a transforming approach to linking data and collaborating within the Nemetschek ecosystem. With the objective of connecting the Nemetschek Group's individual solutions, the cloud platform is intended to make seamless data exchanges easier and therefore enable an effective collaboration across different disciplines. It is designed to connect users, processes, and technologies across the entire life cycle of buildings and infrastructure projects and thus enable intelligent workflows.

Digital Twin Product Innovation

One of the Nemetschek Group's cloud infrastructure initiatives is the use and expansion of the Digital Twin technology. A Digital Twin business unit was established in 2022 to work on the development of a horizontal, data-centric, open, and cloud-based platform which results in more efficiency and sustainability during the construction life cycle.

A digital twin is essentially a digital representation of a physical building in which digitized information is linked to its physical counterpart. The developments center around the dTwin digital twin platform, which was launched at the end of 2023. Pilot projects have been underway with potential customers since then. This open and horizontal SaaS cloud solution provides data-based insights and helps customers to manage and operate building structures efficiently from planning through to operation. All relevant (historical) data and information over the entire building life cycle as well as real-time data from building operation from sensors and connected open interfaces are bundled and linked with each other. A digital twin not only enables a modern, comprehensive visualization, but also provides valuable insights through analyses, simulations, and suggestions for optimization.

The dTwin solution from Nemetschek thus closes the gap between planning, construction, and operation and enables an open, data-driven Building Lifecycle Intelligence™ approach. The current focus is primarily on the operational phase and the management of large, complex building portfolios.

Product/Market Strategy

In addition to the technological development of the Nemetschek Cloud platform and new innovative products such as dTwin, the product market strategy is also being further developed. The aim is to significantly expand the growth opportunities of the Nemetschek Group by offering integrated solutions in addition to the already successful individual solutions of the Nemetschek brands. These integrated solutions will initially address the market segment of larger, multidisciplinary, and international customers in particular, though not exclusively.

Go-to-Market Approach

Internationalization

The Nemetschek Group concentrates on the three major regions of Europe, the Americas, and the Asia-Pacific, with Europe (incl. Germany) accounting for the largest share of Group revenue at 53% (see also *<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group – Revenues by Region >>*). Ongoing internationalization, with a goal of developing further growth opportunities and further reducing the dependence on individual countries and regions, plays a crucial role in the successful implementation of the growth strategy. In order to participate even stronger in the expected higher growth of the two regions North America and Asia/Pacific, the Nemetschek Group is consistently focusing on these two growth regions, without neglecting the European market. In this context, acquisitions also represent an opportunity to open up new markets. The US, the largest regional market, and especially the countries in the Asia-Pacific region, which have previously been significantly underrepresented (approximately 10% of Group revenues), offer a attractive growth potential. The Nemetschek Group focuses especially on Japan, Singapore, Hong Kong, Malaysia, and India. The Indian market in particular offers enormous growth opportunities due to the dynamic economic and demographic development expected in the coming years. Consequently, the Nemetschek Group seeks to better utilize these opportunities by strengthening its presence in India.

Key Account Management and Cross-Selling

The Nemetschek Group's brands sell their solutions directly through their in-house sales organizations as well as indirectly via resellers and distribution partners. Both sales channels have proven to be effective with brand-specific sales approaches that are used flexibly depending on the circumstances of the relevant market and customer groups. In addition, the Nemetschek Group is increasingly using digital sales channels such as e-commerce, particularly in connection with the newly introduced subscription and SaaS models.

In order to increasingly address the market segment of larger, multinational and multidisciplinary customers, a global key account management system was implemented for the Nemetschek Group. The aim of key account management is, on the one hand, to offer customers a comprehensive, integrated and more closely networked range of solutions out of one hand. On the other hand, the global operation and approach means that the Nemetschek Group can provide this customer group with even more intensive support based on their specific customer needs.

A central element of the corporate strategy is also to intensify cross-selling potential across the entire Nemetschek Group. In addition to the large, international customers who combine various disciplines under one roof, individual brands also offer their customers solution packages with different products from the entire Nemetschek portfolio. This strategy makes it possible to use resources more efficiently by further strengthening and expanding existing client relationships.

Innovation

Research and Development Strategy and Focuses

Innovation and technological leadership have been an integral element of the Nemetschek Group identity and DNA since its founding. In light of the constantly transforming business environment, which is marked by disruption from factors such as AI, a company's strength at innovating has a crucially important role in determining wether it remains competitive and a technology leader. The Nemetschek Group's innovation strategy is oriented toward the continuous improvement of the existing product portfolio (e.g., new releases such as Archicad 27 and Allplan 2024) as well as the development of trailblazing new technologies and solutions (e.g., Archicad AI Visualizer). Therefore, the Nemetschek Group endeavors to drive and thus have a significant influence on the digital transformation in its industries – AEC/O and media – through targeted investments in research and development. Research and development focus areas are therefore topics such as artificial intelligence, digital twin or cloud-based features and solutions as well as the Group-wide cloud platform and infrastructure.

Venture Investments/Mergers and Acquisitions

In order to benefit even more from technological developments in the rapidly growing AEC/O industry, the Nemetschek Group is pursuing an investment strategy for venture investments and start-ups. In contrast to the proven M&A approach, the focus of this strategy is not on established companies, but rather on smaller, young, and highly innovative start-ups. This approach gives the Nemetschek Group early access to up-and-coming and potentially disruptive technologies with considerable growth potential. The Nemetschek Group thus guides and supports companies from the early stages of their development. Synergies are created through networking with the Group's own established brands in order to develop the full potential of the start-ups. For venture investments, the Nemetschek Group acquires minority interests which it can then potentially expand over time if there are successful developments.

A further aspect of the Nemetschek Group's venture strategy is the continuous support of the Built Environment Venture Lab at the Technical University of Munich. This underlines the Group's commitment to innovation and to actively shaping the future of the construction industry.

In addition to venture investments, the Nemetschek Group continues to view acquisitions of selected target companies with an established market presence as an important strategic option to continuously expand its own technological capabilities, market presence, and product. As part of its growth strategy, the company continuously conducts a "make or buy" assessment, particularly in relation to the aspects of product development and internationalization. This strategic approach enables the Nemetschek Group to respond flexibly to technological developments and fortify its position as an important player in the AEC/O industry as well as 3D animation.

In addition to innovative strength, management and business prospects, the decisive criteria for selecting potential takeover candidates are, in particular, the expansion or rounding off of the company's own technological expertise. The identification of and due-diligence checks on suitable targets take place at Group level as well as in the relevant segments and brand companies. External partners and specialized consultants support the M&A process to ensure that potential acquisitions are in line with the strategic goals of the Nemetschek Group.

From a regional perspective, the Nemetschek Group's current focus is on the European and North American markets. Preference is given to companies that already operate on the basis of subscription and/or SaaS models. In recent years, company acquisitions were successfully realized and integrated, particularly in the Media segment. There are currently M&A activities and targets in all segments.

The acquisitions and investments that were carried out in the 2023 fiscal year and are of material relevance to business performance are described in detail in *<< 3.2 Business Performance in 2023 and Key Events Influencing Business Performance >>*.

Business Enablement

Business Enablement is a global strategic initiative to reduce the complexity arising from the wide brand variety in the Nemetschek Group. The aim is to raise operational excellence through greater organizational efficiency and effectiveness, harmonized processes, the exchange of best practices, and an optimized tool and support system landscape. This includes, for example, harmonizing the back-end systems for human resources, enterprise resource planning (ERP), and customer relationship management (CRM), or the increase in development centers that are used by multiple brands. Furthermore, besides the harmonization of enablement processes and IT infrastructure, an organizational harmonization of various business functions such as People/HR, Controlling & Risk Management, Finance, and IT is also taking place. The resulting synergies, more efficient scaling possibilities as well as cost efficiency and effectiveness will make an important contribution to the implementation of the growth strategy and further investments in the future value creation of the Nemetschek Group.

The Nemetschek Group‘s strategic orientation, key topics and corporate goals are carefully anchored in the strategic plan and form the guiding principle for corporate development. The strategic plan is discussed and reviewed in detail at regular intervals by the Executive Board and the segment heads together with the global Nemetschek management team and in cooperation with the Supervisory Board. Identified deviations from the targets set out in the strategic plan are countered with targeted countermeasures. If necessary, targets are adjusted to ensure that the Nemetschek Group‘s strategy always meets current market, competitive and customer requirements.

1.3 Research and Development

Research and development are a very high priority at Nemetschek. In the 2023 financial year, €201.6 million (previous year: €182.6 million) were invested in research and development.

Around 24% of Group revenues therefore went toward research and development in the 2023 fiscal year (previous year: around 23%) and into new and further development of the solution portfolio. Furthermore, roughly 39% (previous year: 40%) of employees work in research and development, emphasizing once more the high priority that this area of business has for the Nemetschek Group.

The development of new, innovative solutions and enhancement of tried and tested ones rested largely on internal resources and only drew on the services of third parties to a small extent. In terms of expenditure, 88% (previous year: 90%) was on internal R&D employees (including cost of goods sold and depreciation and amortization) and just 12% (previous year: 10%) on external service providers.

Through its research and development activities, the Nemetschek Group is pursuing an aim of further expanding its innovation in the AEC/O and media markets, and identifying technological trends at an early stage, developing them into marketable solutions, and establishing them in the market. Proximity to and cooperation with clients is a key component of this. Ideas and potential for improvement are identified in close exchange with clients and then evaluated by the brands in the respective segments.

In each segment, the Segment Heads, together with their segment’s brands, draw up a road map as part of the annual planning process where the strategic product developments at brand level and across brands are laid out. Regular review discussions are held between the brands and Segment Heads as well as the Executive Board to present and verify the progress in implementing the road map and, if necessary, decide new measures.

The Group’s brands have their own development departments. There are also cross-brand development centers which the brands access. In addition to the enhancement of the brands’ individual solutions, there is a strategic focus on cross-brand development projects in the segments as well as strategic initiatives which also extend across the segments.

Innovation Focuses

All brands continuously enhance their existing solutions. The brands, in their respective segments, worked on tasks such as improving the user-friendliness of their solutions, process optimization, and integrated interfaces and connections for a seamless OPEN BIM workflow. Simultaneously, all brands work on steadily expanding their existing solution portfolios to reflect technological trends and changed client needs and, in doing so, secure their position as innovation leaders in their markets. A special, cross-segment focus for development work in the 2023 fiscal year remained the ongoing development of subscription and SaaS offerings.

The further development of the digital twin platform in particular as well as developments surrounding artificial intelligence were priorities, alongside topics such as sustainability and interoperability.

The Digital Twin business unit, which was inaugurated in the 2022 fiscal year, ties together the entire AEC/O life cycle. Its developments center around the dTwin digital twin platform, which was launched in fall 2023. This open and horizontal SaaS cloud solution provides data-based insights and helps clients to manage building structures efficiently from planning through to operation. By bringing together all the relevant data and information from across the building life cycle and real-time data from building operation using sensors and other sources that can be connected via open interfaces, Nemetschek’s new dTwin solution closes the gap between planning, construction, and operation, enabling an open, data-driven Building Lifecycle Intelligence™ approach. The initial focus for this is on clients involved in building operation and management.

Another important focus for development activities is innovation from the use of artificial intelligence, with work being done on various initiatives across the Group. In late 2023, Nemetschek announced product expansions and strategic partnerships that use artificial intelligence (AI) technologies to improve processes in the construction life cycle and in the media industry, increase productivity, and promote creativity. The objective of the initiatives is to provide clients in the AEC/O and 3D animation industries with trustworthy and ethically sound artificial intelligence.

Nemetschek’s Graphisoft brand, for example, debuted an AI-based visualizer for its BIM software solution, Archicad. Using an AI engine that generates high-quality imaging, the software’s users can shorten the early design process by generating multiple design visualizations without modeling them in 3D. The AI visualizer will be available for Nemetschek's Allplan and Vectorworks brands in 2024, too.

Allplan has, in addition, begun a technology partnership with AI start-up elevait. Through its partnership with elevait, a specialist in the field of artificial intelligence, it is aiming to use existing volumes of data systematically through the application of artificial intelligence and, in doing so, drive efficiency increases and quality improvements in the construction industry.

The Nemetschek Group sees major business potential in the field of artificial intelligence and is working intensively on enhancing its portfolio of products and solutions steadily.

Complementing its own innovation strength, the Nemetschek Group also wishes to build more on external innovation strength and invest in smaller, young, and highly innovative enterprises, i.e., start-ups. Read more about this in *<< 1.2 Growth Drivers, Goals and Strategy >>*. For this reason, further interests in young and innovative companies were acquired during the 2023 fiscal year. The focus of these investments' innovation is on artificial intelligence, sustainability in the construction sector, efficiency, costs, and project management. Moreover, cooperation and partnership with innovative businesses, colleges, and universities is part of the Nemetschek Group's DNA and the subject of gradual, ongoing development.

Maintaining contact with science and teaching has been a key concern since the Nemetschek Group was founded in 1963. Nemetschek traces its origins to higher education, where its software solutions have had a presence for decades. The brand companies provide students and professors with free software licenses and online training material as part of their "campus programs." This applies to core markets in Europe and, these days, many other markets too, especially the US.

On top of that, Nemetschek regularly helps out university programs with its involvement in invitations to student competitions for supporting young and talented people in architecture and engineering. For example, Nemetschek provides support to the Leonhard Obermeyer Center at the Technical University of Munich as a partner. Close collaboration with universities and colleges simultaneously safeguards the Nemetschek Group's innovation capabilities as it is placed close to new topics, trends, and innovative developments through the close ties to higher education.

1.4 Corporate Management and Governance

General Information

A key success factor in the Nemetschek Group's structure is its combination of a flat group structure with corresponding processes and synergies on the one hand and flexibility and entrepreneurially led brands on the other.

The strategic alignment of the Nemetschek Group and operational governance is overseen by the Executive Board and the Segment Heads of Nemetschek SE. This includes the strategic positioning of the Nemetschek Group in the relevant sales markets globally and its short- and medium-term revenues, earnings, liquidity, and investment planning. It also involves an orientation toward the competitive and market environments.

Business management takes place within the segments. Strategic targets are used as a basis for setting the targets and annual objectives of the segments and associated brand companies. In the annual planning process, these targets and annual objectives are coordinated with the brand companies, fleshed out with specifications by the brand companies, and backgrounded with quantitative and qualitative subtargets for marketing, sales, research and development, and administration. The annual planning, subtargets, and medium-term planning are coordinated between the CEOs of the individual brands and the relevant segment heads, then within the Executive Board of the Nemetschek Group in the next step. The Supervisory Board monitors and advises the Executive Board throughout the above processes.

Throughout the year, the Group's targets are monitored and evaluated each month using a Group-wide management information system with detailed reporting of key performance indicators for revenue, growth, and earnings. These indicators are compared with previous years' and plan data. The respective brand CEOs, Segment Heads, and the Executive Board discuss any deviations from the plan on a monthly basis and decide on possible measures.

Financial Performance Indicators

Nemetschek Group's key financial performance indicators (core performance indicators) remain revenue, revenue growth (currency adjusted), EBITDA and the EBITDA margin. In order to present the progress of the ongoing transition of the business model to subscription and SaaS models and thus also the total recurring revenues more transparently, additional key indicators were included in the course of 2022 compared to the previous year, although these are not intended for the explicit steering of the company. The indicators are as follows:

	FY 2023	FY 2022
Revenue (absolute)	X	X
Revenue growth (currency adjusted)	X	X
Annual recurring revenue (ARR)	X	-
ARR growth (currency adjusted)	*X*	-
Share of recurring revenue in total revenue	*X*	-
EBITDA	X	X
EBITDA margin	X	X

Non-financial performance indicators are currently not outlined in the management of the company.

Growth-Related Performance Indicators

To plan and manage the profitable growth strategy, the year-over-year absolute revenue and revenue growth figures in nominal and currency-adjusted presentation are used for measuring growth at Group and segment levels. The currency-adjusted revenue growth is calculated as the nominal revenue growth less or plus the translation effects during the course of the year from the revenue attained in foreign currencies. Revenue is the main indicator of business growth, making it a key parameter for external as well as internal evaluation of business success.

For a more transparent presentation of the future growth dynamic and of the success in the ongoing transition of business to subscription and SaaS models, and therefore of all recurring revenue, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator during the course of the 2022 fiscal year. It consists of the average of all recurring revenue (from subscription, SaaS, and service agreements) in the most recent three months, multiplied by four. This new indicator is an important measure of the Group's future potential for revenue and cash flow growth.

Complementary "enabler" metrics have been defined to analyze the development of recurring revenue and also manage its development in a targeted way. Firstly, the currency-adjusted growth in recurring revenue is considered, with the currency adjustment being calculated analogously to the corresponding calculation of total revenue. Furthermore, the share of recurring revenue to total revenue is also studied for management purposes. The sum of all recurring revenue (subscription, SaaS, and service agreements) is viewed proportionally to the Group's revenue for this.

Profitability-Related Performance Indicators

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is used to manage profitability and provide an indicator of free cash flow. It is calculated as presented in the consolidated financial statements (IFRS) << Consolidated Financial Statements (IFRS) Consolidated Statement of Cash Flows >>. EBITDA provides information on profitability and includes all items on the income statement that relate to operating performance. Similarly, the EBITDA margin is used for the steering of the company. It represents EBITDA proportionally to the Group's revenue and provides information about the company's profitability, including in comparison with competitors and other businesses. Because of their importance for the financial success of the business, the key performance indicators of revenue, EBITDA, and – since the 2022 fiscal year – ARR are also essential components of the performance management system.

The achievement of business targets is also assessed based on the development of financial performance indicators which are set for the purposes of business management and are also an element of the short- and long-term remuneration of the Executive Board. Information about 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/corporate-governance.

Detailed information about the development of the Nemetschek Group and its segments in the 2023 fiscal year and in comparison to the previous year can be found in << 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>. In addition, a comparison of actual and forecast business performance in the 2023 fiscal year can be found in << 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.

In addition to the performance indicators described above, Nemetschek SE, as an individual company, is also managed based on the liquidity required in the Group. This ensures that Nemetschek SE can discharge its obligations, especially to pay a dividend and service loans, at all times.

The most important financial performance indicators of Nemetschek SE are as follows:

	FY 2023	FY 2022
Net income for the period	X	X
Gross liquidity	X	X

Gross liquidity comprises balances of cash and cash equivalents at banks.

2 Non-Financial Statement

2.1 About This Report and the Company

About This Report

The Nemetschek Group has integrated its Group Non-Financial Statement into the Group's Annual Report. In accordance with Section 317 (2) of the German Commercial Code (Handelsgesetzbuch – HGB), the Group Non-Financial Statement is not subject to the statutory audit. Auditing firm PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft (PwC) subjected the Group Non-Financial 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 Non-financial 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 nonfinancial 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 2020/852 of the European Parliament and the Council of the European Union of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, this Non-Financial Statement by the Nemetschek Group outlines 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 *<< 2.4 EU Taxonomy >>* of this Non-Financial Statement.

This Non-Financial Statement is directed at clients, business partners, employees and investors of the Nemetschek Group, as well as interested representatives from business, science, politics and society. Unless otherwise indicated, this Group Non-Financial Statement applies to all companies included in the consolidated financial statements, and sets out the company's objectives with respect to its non-financial activities, the structures it has created, and the measures that have helped to foster sustainable development in the 2023 fiscal year.

The Nemetschek Group did not apply an external framework for the preparation of its Non-Financial Statement for the 2023 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. The Nemetschek Group based its reporting, materiality analysis and management approaches on the standards of the Global Reporting Initiative (GRI Standards). With effect from fiscal year 2024, the Nemetschek Group is required, pursuant to the Corporate Sustainability Reporting Directive (CSRD) adopted by the European Commission, to report on its sustainability activities in line with the European Sustainability Reporting Standards (ESRS). The company continued its preparations for CSRD-compliant reporting and implementation in 2023 in order to meet the regulatory requirements for reporting year 2024.

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

The Nemetschek Group is a global provider of software solutions in the AEC/O industry (architecture, engineering, construction and operation) and the media sector. The Nemetschek Group's business model is described in depth in the section *<< Group Business Model >>* of this Group Management Commentary.

2.2 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 along 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 and building structures 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 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. Specifically, it says:

> *"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."*

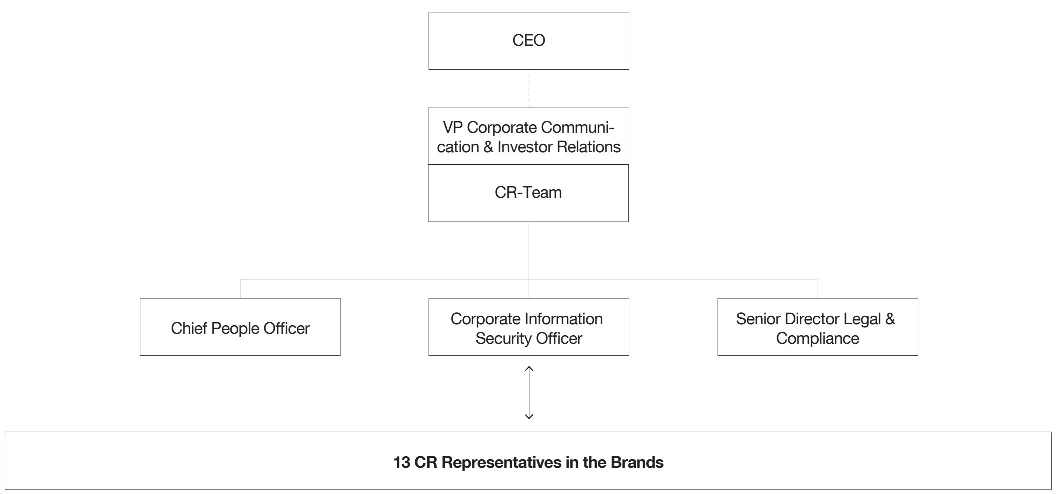
The Code of Conduct states that the Nemetschek Group does not tolerate any form of discrimination or harassment, nor corruption of any kind. Furthermore, each and every employee is required to use all resources sparingly and in an environmentally friendly manner in everyday working life. Employee responsibility 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 the 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 team and the cross-functional Core Sustainability Team identify sustainability-related topics and coordinate the implementation of the corresponding measures. The sustainability team maintains close contact with the Executive Board in this regard. The Chief Executive Officer (CEO) holds responsibility for sustainability within the Executive Board. The CEO engages intensively with the sustainability team 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 sustainability developments by means of a report every quarter. The regular reporting to and dialog with the Executive and Supervisory Boards focus in particular on the key issues identified through the Materiality Analysis, which is described below, and on the development of these issues.

THE GROUP'S CORPORATE RESPONSIBILITY (CR) STRUCTURE



Because the Nemetschek Group consists of 13 brands, many of the non-financial issues are also managed by the brands independently. In order to coordinate the activities and align them across the Group, the sustainability representatives of all brands hold regular discussions on matters such as the ongoing development of the future sustainability strategy, non-financial risks and best practices within the brands. The virtual meetings have been held once per quarter since the middle of the fiscal year. The sustainability representatives are the driving force for the relevant sustainability issues within their brand and are tasked with exchanging information with Nemetschek SE as well as with their colleagues at their brand and beyond.

Stakeholder Management

The key stakeholders for the Nemetschek Group are its employees, business partners, clients, suppliers, and investors, as well as universities and other educational establishments, the media and society at large. Contact with business partners and collaboration with universities and other educational establishments happens largely directly via the subsidiaries. The investors are kept up to date by means of periodic reports on financial market matters, and through their regular contact with the Investor Relations department and the Executive Board. The Annual General Meeting also provides an opportunity for direct dialog with the shareholders. The Nemetschek Group strives to communicate openly and reliably with all stakeholders, and in so doing, also to develop its sustainability activities on an ongoing basis. Continual dialog with stakeholders is intended to increase transparency and reinforce trust in the Nemetschek Group, while also helping to share its sustainability approach.

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 non-financial reporting (HGB section 315c in conjunction with section 289c(3)(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 2023 with respect to the topics defined in the non-financial reporting. Consequently, there remained no risks for 2023 that, on a net basis, meet the materiality criteria under section 289c (3)(3) and (4) HGB. This risk assessment was coordinated with the sustainability representatives for the brands during the reporting period.

Materiality Analysis

The Nemetschek Group performs an extensive materiality analysis every two years in order to align its sustainability activities with the interests of stakeholders. An assessment of the key issues and their validity is conducted in the intervening years. The Group started to carry out a double materiality analysis pursuant to the requirements of the ESRS standards in the 2023 fiscal year, and plans further strategic development of this approach in 2024. Reporting for the 2023 fiscal year was therefore based on the materiality analysis last performed in 2021, which was reviewed in terms of validity, and its key topics used as the basis for the sustainability report in the reporting year.

A variety of external frameworks such as the GRI Standards and various ESG and sustainability ratings were used to assess how current and relevant selected topics in the 2021 materiality analysis 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 CR Core 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 the 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**
Employees and Society (Social Issues and Employees)	» Attracting and retaining employees » Training and education » Employee health » Diversity and inclusion » Client relationships » Partnerships with higher-education institutions
Environment and Climate (Environment)	» Environmental and social effects of products
Integrity and Compliance (Human Rights and Combating Corruption)	» Fair business practices and anticorruption » Antidiscrimination » Data protection and information security

The Nemetschek Group additionally reports on the subject “Group Energy Consumption and Emissions” in the section << Environment and Climate >> in the Group Non-Financial Report 2023 in light of the future regulatory requirements of the CSRD and resulting mandatory application of the ESRS standards.

2.3 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 clear focus areas and objectives for human resources work at 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. A global incentive system was established for Nemetschek Group managers in the 2023 fiscal year to reinforce these goals. And 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, including diversity and employee well-being. They include core instruments for employee recruitment and development. Regular employee development conversations between employees and their managers as well as programs for supporting employee health are just two examples from these fields.

A Group-wide Business Enablement initiative was launched in 2023 to develop and harmonize the internal processes and structures of the AEC/O brands. Gaining and retaining employees, education and training, employee health, and diversity and inclusion are focal points of the Business Enablement initiative in the area of People/Human Resources. Owing to regional differences in terms of the labor markets in which the brands are active, the brands are also still free to define brand-specific standards and to develop their own People/HR guidelines that go beyond the minimum requirements stated in the People Letter of Commitment or govern additional topics.

The “People/Human Resources” department of Nemetschek SE supports and advises the HR departments of the individual brands. The Chief People Officer (CPO) is responsible for the “People/Human Resources department” within Nemetschek SE and reports to the CEO. There is a reporting line between the CPO and the HR managers of the individual brands in order to ensure management of the key HR topics throughout the Group. The HR departments within the Nemetschek Group also maintain close cross-brand dialog on current and future HR issues, such as development and support of talent in the company.

The Business Enablement initiative identified core processes throughout the employee life cycle in the 2023 fiscal year which can be harmonized and scaled within the Nemetschek Group. Various functional cross-brand expert teams were then formed for a range of core processes, including Talent Acquisition, Talent Management, Total Rewards, People Operations, Business Partnering and People Experience, which are responsible for ongoing development of these areas throughout the Group.

A new human experience management (HXM) cloud solution was introduced in 2023, to which the majority of the group is already connected. The HXM platform links Group-wide core HR processes across the Nemetschek Group and forms the basis for internal and external reporting, assessment, and management of employee-related data.

The Nemetschek Group’s values are characterized by open and transparent communication. This is also maintained at the Group-wide “NEMunplugged” employee events. These quarterly hybrid events 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 2023 fiscal year. Moreover, the Executive Board/Executive Leadership Team regularly presents current business development and further data and facts on the Group and its segments. The Nemetschek Management Forum, comprising the top management of Nemetschek SE and the CEOs of the individual brand companies, also holds regular meetings, both virtually and in person, to discuss and pursue matters of strategic relevance.

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 also affects enterprises like the Nemetschek Group. The AEC/O market and the media and 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.

Attractive working conditions and a positive working environment help attract the best talent to the Nemetschek Group and retain it in the Group. One of the key aims of HR activity is to develop the size of the workforce to enable realization of the Group‘s targeted growth potential and to avoid the restrictions of a skilled labor shortage. 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 2024 fiscal year 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 as well as recommendations from its own employees.

In order to retain skilled employees and managers in the long term, the Nemetschek Group keeps working on maintaining and reinforcing 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. Across the Group, 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 2023, the number of employees in the Nemetschek Group decreased by 19 or 0.6% compared with the previous year. As at December 31, 2023, the Nemetschek Group employed 3,429 people (previous year: 3,448). Employee turnover, which is defined as non-company-initiated employee departures in relation to the total headcount, was 6.7% in 2023 (2022: 9.1%).

Education and Training

The Nemetschek Group is committed to ongoing education and training. As a company that uses and promotes digitalization, the Nemetschek Group also offers young people in particular long-term prospects. Talented young people at the company have the ability to develop and gradually take on leadership responsibilities. The overriding aim of the training and education activities is to support Nemetschek Group employees in matters relating to professional and social skills, thereby enabling experts and managers to be developed from among the junior staff. The Nemetschek Group's LinkedIn Learning program provides all brand companies with access to a range of continuing professional development opportunities, in which employees can select training courses to suit their needs from a broad spectrum of subjects. Almost 2,400 Nemetschek Group employees took advantage of this offer in the reporting year. In addition to professional training measures, Themed Learning Challenges are also conducted each month via the intranet with various video content. These included subjects such as "Mindset Matters", "Sustainability in the Workplace" and "Artificial Intelligence and Machine Learning" in 2023. Leadership and expert training sessions are also offered in the individual brand companies of the Nemetschek Group; this year they have been consolidated and harmonized at Group level. The purpose behind them is to create an opportunity for the junior staff to be able to develop into managers as well as for the brands to support and promote career pathways for experts.

Training needs and corresponding initiatives are analyzed and addressed within the respective brands. The People Letter of Commitment 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 managers 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 2023, as in the previous year.

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.

In its People Letter of Commitment, the Nemetschek Group defined minimum requirements for Group-wide workplace health initiatives for all brands. Measures that were previously largely managed on a decentralized basis are currently undergoing continuous development by the newly formed expert teams within the AEC/O brands in a uniform Group-wide manner. One aim of health management is to give our employees the opportunity to participate in and to promote health-related measures offered by the company. The vast majority of brand companies offered their employees initiatives for their health in the reporting year, including preventive measures such as health screenings and subsidies for gyms.

Diversity and Inclusion

Diversity is part of the corporate culture at the Nemetschek Group. Different cultures and distinct individuality are important drivers for the Group's innovation and should therefore be promoted in a targeted manner. This guiding principle relating to the diverse and inclusive corporate culture 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 nearly 70 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 company resolved targets to increase the proportion of women in leadership roles by December 31, 2025, on the Supervisory Board (target 25%), the Executive Board (target 25%) and for the first management tier below the Executive Board (target 28.6%), all of which were achieved in 2023. The share of women on the Supervisory Board was 33.3% as at December 31, 2023 (December 31, 2022: 33.3%). The Supervisory Board appointed a female CFO effective January 1, 2023, which made the proportion of women on the Executive Board 50% as at December 31, 2023 (December 31, 2022: 0%). The first management tier below the Executive Board, which comprises employees who report directly to the Executive Board members, comprised 28.6% women as at December 31, 2023 (December 31, 2022: 25%*).

A Group-wide diversity training concept was developed in the 2023 fiscal year for 2024 to further raise awareness about diversity and inclusion issues within the Nemetschek Group.

* Correction to prior-year figure. The first management tier comprised 16 individuals as of December 31, 2022, of whom 4 were women.

Management Approach – Clients and Society

Every company in the Nemetschek Group bears social responsibility that extends beyond the mere purpose of its operating activities. Focusing purely on economic financials can increase risks in the long term. Personal communication, including digital communication formats and client contact are particularly important for the Nemetschek Group, and these communication channels are valuable for day-to-day collaboration. 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. A key account management (KAM) program was introduced at Group level in the reporting year as a new strategic pillar to consolidate and increase client satisfaction, particularly among major corporate clients. KAM is a special approach to managing and maintaining relations with our largest cross-brand clients. The KAM strategy comprises dedicated measures to ensure an advantageous long-term partnership for both parties, including personalized relationship management, proactive problem-solving at individual client level, tailor-made solutions and offerings aligned with the specific needs of individual major clients. Continual dialog on alignment with developing needs is a priority for the Nemetschek Group and is intended to offer the clients bespoke and strategic added value.

Client Relationships

Satisfaction is an important factor for long-term client relationships, which is why all brands (previous year: 12) analyze information that provides an indication of client satisfaction. One overriding objective is to have a high level of transparency across all brands with regard to client wishes and satisfaction and to continuously incorporate the findings into our go-to-market approach. At 9 (previous year: 9) of the brands, there are systematic targets in this field. This issue is currently managed in a decentralized manner so that specific client needs can be addressed with precision. Most brands use defined indicators to measure the satisfaction of their clients, including for example churn rate, net promoter score, and client satisfaction score. The brands regularly perform client surveys for this purpose and we incorporate the results from them into our go-to-market approach.

To achieve high client satisfaction right from the start, the majority of the brand companies in the Nemetschek Group involved their clients in product development at an early stage in the 2023 fiscal year, as in the previous year. Measures designed to contribute to product quality and client satisfaction include joint development projects, client panels, user groups and communities, product previews, beta testing, and workshops.

We also aim to carry out client surveys at Group level in future due to our targeted future revenue growth and our efforts to further increase the benefits for clients from integration between the individual brands. This should provide findings that may further improve collaboration with clients.

Partnerships with Higher-Education Institutions

The Nemetschek Group has its roots in the university context. Beyond that, it is also a pioneer of digitalization in the construction industry. With this in mind, cooperation with educational institutions is particularly important to the Group. It is our long-term aim 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.

The Nemetschek Group is also involved in a large number of industry associations and institutions such as buildingSMART and the German Construction Software Association (Bundesverband Bausoftware – BVBS), and is a member of NIMA, formerly the UK BIM Alliance. The brands are also active individually in many national and international associations and organizations to promote OPEN BIM solutions and workflows.

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 and building management, help to use materials more conservatively, and also contribute to reducing the energy needed by buildings.

Minimizing the use of energy and level of emissions along the value chain also plays an important role at the Nemetschek Group in making a long-term commitment to mitigating climate change and limiting global warming to a maximum of 1.5 degrees Celsius.

Management Approach

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 fewer resources overall and improves sustainability. To this end, management of the relevant aspects, such as research and development, is the responsibility of the individual brands.

Environmental protection is enshrined in the Nemetschek Group's Code of Conduct. With this central document, all employees are urged to conserve natural resources in the course of their activities and to consider environmental as well as commercial concerns when selecting suppliers, advertising materials, and other external services. The Supplier Code of Conduct also requires suppliers to use resources responsibly and minimize the environmental impact. The Nemetschek Group set out its commitment to environmental protection in its "Group Environmental Guideline", which 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. Fulfilling these obligations entails transparency and open communication with all stakeholders on environmentally relevant topics, for example, along with responsible supplier selection and product, material, and service procurement. The Guideline was drawn up by the sustainability team in consultation with the brands and relevant company departments, and coordinated with, and approved by the Executive Board and segment managers. The Group Environmental Guideline was reviewed during the reporting period.

Group Energy Consumption and Emissions

The Nemetschek Group is currently working hard to ensure uniform tracking of energy consumption and the associated emissions within its own operations throughout the Group to use as a basis for setting its own targets for prevention and reduction in future. The Group uses the internationally recognized Greenhouse Gas (GHG) Protocol standards for orientation in tracking and reporting greenhouse gas emissions. The GHG Protocol categorizes greenhouse gas emissions into Scopes 1, 2, and 3. Direct greenhouse gas emissions (Scope 1) are emissions from sources that are owned or directly controlled by a company. These include emissions from energy sources at the company's sites, such as natural gas and heating oil, as well as emissions from the company's vehicle fleet. Indirect greenhouse gas emissions (Scope 2) are those occurring through the use of purchased energy, such as electricity and district heating/cooling.

The environmental footprint was determined for the first time in the 2022 fiscal year based on the Nemetschek Group's Scope 1 and Scope 2 emissions in 2021*. The focus in the 2023 fiscal year was on Group-wide tracking of, and improved data availability on energy consumption in order to calculate Scope 1 and Scope 2 emissions for 2022 from the approximately 80 office locations around the world. Energy consumption was recorded at site level; the data was consolidated and Scope 1 and Scope 2 emissions disclosed at Group level. Data collection is particularly challenging given the heterogeneous structure of the Nemetschek Group. Consumption at offices that were unable to report any data to the Group due to renting circumstances was estimated based on their size in order to provide a total consumption figure.

GREENHOUSE GAS EMISSIONS – SCOPE 1 AND 2

GHG emissions* in t CO2 equivalent	2022
Scope 1	2,997
Scope 2**	1,740
Total Scope 1 & 2	**4,737**

* Greenhouse gas emissions calculated pursuant to the GHG Protocol. Scope 1 emissions include emissions from stationary combustion and from the vehicle fleet.
** Scope 2 emissions are calculated based on local carbon emission factors for the sites (market-based). Unavailable data has been replaced with country-specific carbon emission factors.

No new emission reduction targets were set in the reporting year in light of the new regulatory reporting requirements under the CSRD applicable from the 2024 fiscal year. Instead, the company opted to establish a complete and adequate emissions baseline to facilitate target setting in the future.

Indirect greenhouse gas emissions occurring along the upstream and downstream value chains are defined under Scope 3 of the GHG Protocol and account for the majority of companies' greenhouse gas emissions. These include emissions from purchased goods and services, capital goods, waste, business travel, employee commuting and the use of sold products. The first assessment of the relevant Scope 3 categories for the software sector began in 2023, and will be further developed in 2024 by involving central company functions of the Nemetschek Group.

Environmental and Social Effects of Products

According to the Global Status Report 2022 published by the Global Alliance for Building and Construction, buildings were responsible for 37% of energy-related carbon emissions in 2021. According to the report, emissions will have to be reduced by more than 98% compared with the 2020 level in order to achieve net zero by 2050.

* Due to improved data transparency and changes in the calculation methodology, the Scope 1 and Scope 2 emissions for 2022 are not fully comparable with the previous year 2021. The previous year's figures will be published in the << Sustainability Report 2023 >>.

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 throughout the construction life cycle. The Nemetschek Group divides this construction life cycle into three phases: design, build and manage.

Design Phase

Using the software developed by the Nemetschek Group, users can plan with greater foresight and precision and avoid reconstruction. Moreover, buildings are optimized from as early as the planning stage – also in terms of energy efficiency. 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. Energos, also from Vectorworks, 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 Phase

Solutions from the Build segment enable savings and optimizations to be made during the build phase. For example, the Planbar planning tool from Allplan can help minimize material use in production and reduce scrap during the prefabrication of concrete constructions. 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 build phase. Allplan Precast offers a plug-in for this purpose as well as solutions in cooperation with Built-Heat.

Manage Phase

Roughly 80% of the costs of a building are incurred during the utilization phase, with a large share of this expenditure going toward energy consumption.

Spacewell Energy from subsidiary DEXMA Sensors S.L. (DEXMA) provides data-driven "energy intelligence" via a software-as-a-service (SaaS) solution. The solution reports energy consumption, analyzes usage patterns and inefficiencies, and detects anomalies in real time. Spacewell Energy enables organizations to automate energy data management in order to minimize energy consumption in their facilities. In addition, integrated workplace management systems from Spacewell enable optimum management of heating, ventilation, and lighting. They can also be used to plan and use the available office space efficiently because they show how much space is actually required, enabling resources to be conserved.

The Nemetschek Group also brought the data-driven dTwin platform to the market in the reporting year, enabling building owners to create a digital image of the actual building, which they can use to manage it more efficiently and sustainably or to remodel it if required.

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 already known 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 examples of implementation in our clients' projects; see << Sustainability Report 2023 >>.

Integrity and Compliance

Both the regulatory environment of Nemetschek SE, which is listed on the German MDAX and TecDAX, and the international focus of the Nemetschek Group are complex and highly regulated. The Group-wide compliance risk analysis completed in 2022 highlighted gross risk potential in areas including anticorruption, antitrust law, data protection and information security, and export and sanctions. Any violation of the regulatory requirements and provisions could have negative effects on the company's assets, finances, earnings, share price or reputation.

The Nemetschek Group is therefore fully committed to fair competition and firmly rejects corruption and bribery in particular. 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 and to mitigate other material risk areas.

Actual or suspected violations of applicable laws, internal regulations, or ethical standards could have negative financial consequences. 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 the 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 Executive Board member and CFO of the Nemetschek Group. Internal Audit 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 objective of the Nemetschek Group in the area of Corporate Legal & 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. The Group-wide Code of Conduct includes the key issues of human rights, and environment and climate. The Code of Conduct is transparent and 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 strengthening human rights, and combating modern slavery and human trafficking in its supply chains. Our official statements on the UK Modern Slavery Act and the Norwegian Transparency Act disclose our initiatives on these topics and are available in full transparency on the Group's website. We have also prepared a statement on the Australian Modern Slavery Act, which we will publish along with updated versions of the other statements in early 2024.

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 communicated Group-wide for this purpose 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 which provides for case-by-case integration of the Supplier Code of Conduct based on the potential risk exposure identified in a specific business partner integrity check performed in advance and 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, antidiscrimination, 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 Group-wide 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 compliance coordinators of the individual brands of the Nemetschek Group and by the Group-wide compliance network. Videoconferences were held in March, July, and December 2023 in this area, and provided the opportunity for participants to discuss and receive training on key compliance issues, in some cases relating to the current situation. Reports on potential compliance incidents are also prepared four times a year. The results in 2023 were consolidated for the Group and reviewed by Corporate Legal & Compliance before being reported directly to the CFO 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 at least four times per year about compliance-related matters, and at least once per year about the expansion of compliance structures and compliance-related initiatives that have been performed and are still planned.

The preventive compliance approach also included an initial online self-assessment of the Nemetschek Group CMS offered by the German Institute for Corporate Governance (ICG), which was performed by Corporate Legal & Compliance. The assessment contains control questions on “formal requirements”, “basic values”, “compliance”, “commitment” and “communication and monitoring”. The result showed that the Nemetschek Group CMS meets all key requirements, which was comprehensively and transparently reported to the Executive Board and Audit Committee.

The basis of the preventive compliance approach also includes Group-wide regulations in the form of policies on various topics. There are Group policies on the topics of money laundering and terrorist financing, data protection, antitrust law, anticorruption, 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, these included policies on supply chain compliance and human rights, and the crisis management process. 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 terrorist financing, conflicts of interest, export control and sanction monitoring, supply chain compliance, whistleblowing, dawn raids and search warrants, and data protection.

To keep employees aware of the current compliance rules, regular employee information is required. Mandatory Group-wide e-learning training on compliance (including anticorruption) and data protection and information security, and regular individual refresher courses on compliance topics ensure that the relevant rules are an integral part of everyday working life. Corporate Legal & Compliance also held special workshops tailored to the needs of individual subsidiaries during the reporting year to accelerate the implementation of important policies and processes and to provide information and specific training on key issues (e.g., compliance, anticorruption, antitrust law and IT dawn raids).

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 generally 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 specific 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, which they can do by contacting their superiors, the relevant HR manager, or Corporate Legal & Compliance directly.

Moreover, there is a digital, Group-wide whistleblowing system that can also be used anonymously if desired, which is proactively communicated by Corporate Legal & Compliance throughout the Group on an annual basis. This digital system has also been open to third parties since the end of 2022, with the option to use it in a range of languages to submit tip-offs. To this end, the whistleblowing system has been made transparent and accessible to all on the Group‘s website. This conscious decision to open up the whistleblower system outside the company achieved further development and professionalism aims in the areas of supply chain due diligence. In this system, tip-offs can be submitted digitally in German or English to the provider Legaltegrity using the whistleblowing tool or via telephone.

In order to meet the requirement for overall responsibility under corporate group law, Corporate Legal & Compliance also functions as an independent internal reporting office to assess tip-offs received as part of the investigation process and to delegate tasks appropriately. The process to be adhered to for processing tip-offs received is set out in writing, and applies in particular to any tips-offs relating to Corporate Legal & Compliance itself or Executive Board members. No substantial compliance violations were reported during the 2023 fiscal year or the previous year.

Fair Business Practices and Anticorruption

The Group-wide Code of Conduct incorporates considerations relating to fair business practices and anticorruption 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.

Antidiscrimination

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 2023 fiscal year, as was the case the year before.

Human Rights

Respecting and strengthening human rights and combatting modern slavery and child labor are essential components of our responsible supply chain compliance. Both the Supplier Code of Conduct and our official statements on the UK Modern Slavery Act and the Norwegian Transparency Act underscore our Group-wide approach. The Nemetschek Group also published statements for 2023 which are intended to provide more transparency about the Nemetschek Group's supply chain. The statements outline the steps that were taken in 2023 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. The same applies to business partners who are informed and contractually obliged to comply through risk-based and specially drawn up compliance and human rights clauses. A practical guide to the issue of supply chain compliance, based on the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG), and regular general training on these matters within the compliance network and compliance workshops raised general awareness about these important topics during the reporting period.

Data Protection and Information Security

The Nemetschek Group is at the vanguard of the digital transformation of the AEC/O and media/entertainment industries 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 protected in line with the latest technical standards 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 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

The international requirements for compliance, data retention, data security, and the protection of personal data are continually increasing. A comprehensive, Group-wide set of regulations therefore provides the basis for effective data protection. These regulations comprise a comprehensive Group Data Protection Guideline, 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 provisions such as those of 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 Internal 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. Corporate Legal & Compliance designed an update training course on this subject in the 2023 fiscal year, which will be offered to all subsidiaries to meet their local training obligations from 2024.

Information Security

Information security is a particularly fast growing division of the Nemetschek Group. This growth has been driven by both the significant rise in cyber attacks – including on the Nemetschek Group – and the increasing security-related requirements our clients have of our products coupled with increasing statutory and regulatory requirements on our company and our software solutions.

Group Information Security manages Group-wide information security activities with the aim of ensuring appropriate organizational and technical measures are in place at all times at both at Group and individual brand level. The Corporate Information Security Officer (CISO) is responsible for the department and reports directly to the Executive Board member and CFO of the Nemetschek Group. Information security is organized via a Group-wide information security management system (ISMS) used in the respective brand companies. The ISMS is based on the internationally recognized information security standard ISO 27001 and governs responsibilities in the Group and the brand companies and the cooperation between all functions relevant to information security. In addition to other initiatives resolved by the Executive Board in 2023, preparations were also made for ISO 27001 certification of the ISMS, which is due to be completed in the 2024 fiscal year.

Company-specific requirements are governed in the Group-wide information security policy, which is signed by the Executive Board and updated at least once a year. These include the Group Information Security Guideline and the Group Information Security Policies. These comprise 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, employees, and offices.

The information security measures in place at the Nemetschek Group aim to prevent security incidents, detect them in their root stages, and ensure a prompt and appropriate response if they do occur. The most important measures are also continually monitored and reviewed at regular intervals by independent bodies as well as by Internal Audit and Information Security.

A standardized Group-wide information security architecture comprising various state-of-the art information security systems was developed and established in the brand companies and their IT systems in 2023. Centralized monitoring of these components, assessment of all identified security events and the reaction to them is provided via the newly created Security Operation Center (SOC), which also includes a 24/7 detection function for attacks on employees or IT systems. All attacks detected or reported that are not fully automatically repelled by the security architecture are recorded by the SOC employees and transferred to the defined security incident response process.

Additional focal points of information security are included in regular training for all employees, through online courses, e-mail phishing simulations, ad hoc communication, and the inclusion of information security measures in daily workflows. The mandatory Group-wide e-learning training on information security is also updated on an annual basis.

The Nemetschek Group also has Group-wide cyber security insurance to provide additional protection against information security risks. This will be renewed for the 2024 fiscal year following an audit of the information security architecture by the insurance provider in 2023.

2.4 EU Taxonomy

As of fiscal year 2021, companies required to prepare non-financial consolidated financial statements in accordance with Section 315b 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 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation).

The EU taxonomy provides a uniform classification system for the environmental sustainability of economic activities. The purpose of this system is to make companies' sustainability activities easier to compare and to implement the European Green Deal, which aims to achieve climate neutrality in the EU in line with the Paris Climate Agreement by 2050.

Article 9 of the Taxonomy Regulation sets out the following six environmental objectives to which environmentally sustainable economic activities can contribute:

ENVIRONMENTAL OBJECTIVES OF THE EU

1. Climate change mitigation (CCM)	**4. The transition to a circular economy** (CE)
2. Climate change adaptation (CCA)	**5. Pollution prevention and control** (PPC)
3. The sustainable use and protection of water and marine resources (WTR)	**6. The protection and restoration of biodiversity and ecosystems** (BIO)

The EU taxonomy differentiates between taxonomy-eligible and taxonomy-aligned economic activities. The first step is to assess whether an economic activity is included in Annex I and II to Commission Delegated Regulation (EU) 2023/2485 or Annex I to IV to Commission Delegated Regulation (EU) 2023/2486, and is therefore taxonomy-eligible. Later steps involve examining whether this taxonomy-eligible economic activity meets the defined criteria for making a substantial contribution to one of the six environmental objectives listed above, does not do significant harm to any of the remaining five environmental objectives, and also complies with a minimum safeguard. Only if it meets the aforementioned criteria is an economic activity deemed taxonomy-eligible, and is therefore "environmentally sustainable" within the meaning of the EU taxonomy.

Since 2021, the EU taxonomy has required companies with a reporting obligation to disclose the proportion of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) relating to environmental objectives 1 (climate change mitigation) and 2 (climate change adaptation) that is deemed taxonomy-eligible. Disclosure of the taxonomy-aligned proportions relating to environmental objectives 1 and 2 has been mandatory since 2022.

In June 2023, the European Commission adopted the delegated act on environmental objectives 3 to 6, amendments to the disclosure requirements and adjustments to environmental objectives 1 and 2 concerning an expansion to include additional economic activities and adjustments to the assessment criteria for existing activities. The delegated act on environmental objectives 3 to 6 (the Environmental Delegated Act) sets out the technical screening criteria for economic activities making a substantial contribution to one or more of the environmental objectives 3 to 6. The adjustments to environmental objectives 1 and 2 (the Climate Delegated Act) include an expansion to add further economic activities and adjustments to the existing technical screening criteria for existing activities. There were also amendments to the disclosure obligations (the Disclosure Delegated Act), such as regarding the structure of the templates to be used.

Pursuant to the Taxonomy Regulation, Nemetschek SE is required to report for the 2023 fiscal year the taxonomy-eligibility of the newly introduced economic activities under environmental objectives 3 to 6, the taxonomy-eligibility of the new economic activities under environmental objectives 1 and 2, and the taxonomy-alignment of existing economic activities under environmental objectives 1 and 2, taking in to account the amendments to the assessment criteria and disclosure obligations.

Process for Identifying Taxonomy-Eligible and Taxonomy-Aligned Activities at the Nemetschek Group

A working group of experts and managers from Finance, Controlling & Risk Management, Investor Relations, and the sustainability team was put together to identify taxonomy-eligible and taxonomy-aligned activities at the company. This working group analyzed and assessed the amendments to the rules under the Taxonomy Regulation and their effect on the Nemetschek Group portfolio again in the 2023 fiscal year.

In previous years, determining the taxonomy-eligibility of revenue had started by identifying the revenue streams based on segment, brand and product. These revenue streams were next allocated to the relevant economic activities based on Annex I and II to the Climate Delegated Act, and then validated – first at Nemetschek SE level, and subsequently with the Controlling departments of the operating units. This was followed by an analysis of the taxonomy-eligibility of the capital expenditure and operating expenditure.

This analysis was subjected to a comprehensive review in 2023 in terms of its validity for the economic activities of the Nemetschek Group, and due to the changes in the regulatory environment described above, was expanded and updated as set out below:

» **Step 1:** Review of revenue streams determined in the preceding years by segment, brand and product.

» **Step 2:** Assessment of relevant economic activities based on Annex I and II to the Climate Delegated Act and Annex I and II to the Complementary Delegated Act.*

» **Step 3:** Analysis of relevant economic activities based on the adjustments and supplements to the Delegated Act amending the Climate Delegated Act.

» **Step 4:** Assessment of relevant economic activities based on Annex I to IV to the Environmental Delegated Act.

» **Step 5:** Validation of the economic activities and revenue streams at the level of Nemetschek SE and the operating units regarding taxonomy-eligible revenue.

» **Step 6:** Subsequent analysis of the taxonomy-eligibility of the capital expenditure (CapEx) and operating expenditure (OpEx). The analysis follows the approach described for revenue validation (steps 1 to 5).

* Commission Delegated Regulation (EU) 2022/1214 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities. The relevance of the affected economic activities for the Nemetschek Group was assessed based on template 1 "Nuclear and fossil gas related activities" as set out in the regulation. The template is included at the end of the section.

To avoid double counting, the revenue, capital expenditure and operating expenditure were always allocated to one relevant economic activity only.

In reviewing the economic activities with due consideration for the expansion in 2023 of the Taxonomy Regulation rules, either very few or no activities were identified or verifiable as taxonomy-eligible for the Nemetschek Group among the revenue, capital expenditure and operating expenditure. A review of taxonomy alignment was not performed.

The following figures were determined based on the process described and in relation to the base values in connection with the International Financial Reporting Standards (IFRS) used in preparing the consolidated financial statements. The basis of consolidation of the consolidated financial statements applies, i.e., all subsidiaries and associates were included when determining the key figures.

In-Depth Analysis of Revenue

Revenue pursuant to the EU taxonomy comprises the revenue recognized in the consolidated statement of comprehensive income (IFRS). To determine the proportion of taxonomy-eligible and taxonomy-aligned revenue, the relevant revenue (numerator) is set in relation to the revenue recognized in the consolidated statement of comprehensive income (denominator). Revenue in accordance with the EU taxonomy amounted to EUR 851.6 million for the 2023 fiscal year; see *<< Consolidated Financial Statements (IFRS) – Consolidated Statement of Comprehensive Income >>*.

The analysis explained above comprising all environmental objectives identified the following taxonomy-eligible activities, which could in principle result in taxonomy-eligible and taxonomy-aligned revenue.

With respect to environmental objective 1 (climate change mitigation), the following economic activities were identified: 8.2 (Data-driven solutions for GHG emissions reductions) and 9.3 (Professional services related to energy performance of buildings). The in-depth analysis found that these activities had very little or no effect at all on the economic activity of the Nemetschek Group. The verified activities are currently limited to parts of the business activities of the Spanish company DEXMA, which was acquired at the end of 2020 financial year and integrated into the Group brand Spacewell. The revenue from the verified taxonomy-eligible activities was therefore in the low to mid-single digit million euro range, as in the previous year, and thus significantly below one percent of the total revenue generated in the Nemetschek Group in 2023 of EUR 851.6 million. Accordingly, no revenue can be verified that currently makes a substantial contribution to the climate objectives. Following an in-depth analysis for the 2023 fiscal year, the economic activities listed in the new environmental objectives 3 to 6 were classified as taxonomy-non-eligible, as they are not currently clearly assignable to the Nemetschek Group‘s business activity and the assessment of client behavior regarding the use of the software solutions of the Nemetschek Group is associated with uncertainties.

In-Depth Analysis of Capital Expenditure (CapEx)

Capital expenditure pursuant to the EU taxonomy comprises additions to property, plant and equipment, additions to intangible assets, in particular capitalized development costs, and additions to right-of-use assets pursuant to IFRS 16.

Capital expenditure in 2023 comprised additions to property, plant and equipment of EUR 6.3 million (previous year: EUR 14.0 million) (*<< Note 15 Property, plant and equipment >>* in the notes to the consolidated financial statements), additions to intangible assets in the amount of EUR 6.0 million (previous year: EUR 33.1 million) (*<< Note 16 Intangible assets and goodwill >>* in the notes to the consolidated financial statements), and additions to right-of-use assets in the amount of EUR 11.4 million (previous year: EUR 27.4 million) (*<< Note 17 Leases >>*) in the notes to the consolidated financial statements). Overall, this expenditure amounted to EUR 23.7 million in 2023 (previous year: EUR 74.5 million). To determine the taxonomy-eligible or taxonomy-aligned proportion, the capital expenditure assessed as taxonomy-eligible or taxonomy-aligned (numerator) is set in relation to the determined total capital expenditure (denominator).

The Nemetschek Group’s verified capital expenditure (CapEx) is of secondary importance overall due to the Group’s business model. Based on the analysis conducted, only a small amount of taxonomy-eligible capital expenditure was identified (less than EUR 0.5 million), which includes leasehold improvements and parts of company vehicles. Due to the minor importance of the verified expenditure, an assessment based on the technical screening criteria was not performed and the determined CapEx was reported as taxonomy-non-eligible and therefore taxonomy-non-aligned.

In-Depth Analysis of Operating Expenditure (OpEx)

Operating expenditure (OpEx) pursuant to the EU taxonomy comprises direct, non-capitalized costs relating 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 income statement in the reporting period. In accordance with the consolidated financial statements (IAS 38.126), these include all non-capitalized expenses directly attributable to research or development activities.

» Maintenance and repair costs were determined based on the maintenance and repair costs allocated to internal cost centers. The corresponding cost items can be found in the divisional costs in the income statement.

Operating expenditure in accordance with the EU taxonomy amounted to EUR 203.7 million in 2023. Based on the analysis performed, taxonomy-eligible operating expenditure of less than one percent of total operating expenditure was identified pursuant to the EU taxonomy, as in the previous year. These include R&D expenses for DEXMA, which was acquired at the end of 2020 fiscal year. Due to the minor importance of this verified operating expenditure, an assessment based on the technical screening criteria was not performed and the determined OpEx was reported as taxonomy-non-eligible and therefore taxonomy-non-aligned.

The majority of the economic activities of the Nemetschek Group that could contribute to environmentally sustainable development within the construction industry are not currently covered by the delegated acts adopted in the EU Taxonomy Regulation or cannot be verified accordingly. However, the company's IT solutions contribute to making the life cycle of a building more efficient and resource-friendly, from the planning stage, through construction and management, right down to demolition. Examples of how the company's products and solutions can nevertheless contribute to positive environmental and social development are provided in the *<< Sustainability Report 2023 >>*.

In light of possible additions to the economic activities currently specified in the delegated act, it cannot be ruled out that the business activities of the Nemetschek Group will be covered by the EU taxonomy in future, and that the company will also be able to disclose environmentally sustainable business activities pursuant to the EU Taxonomy Regulation. There may also be changes in future due to portfolio 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	851.6	100%	23.7	100%	203.7	100%
Of which taxonomy eligible business activities	0.0	0%	0.0	0%	0.0	0%

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year	2023			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)
Text		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–
Of which Enabling		–	–	–	–	–	–	–	–
Of which Transitional		–	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–
A. Turnover of Taxonomy eligible activities (A1 + A2)		–	–	–	–	–	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		**851.6**	**100%**						
Total		**851.6**	**100%**						

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year	2023			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)
Text		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–
Of which Enabling		–	–	–	–	–	–	–	–
Of which Transitional		–	–	–					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–
A. CapEx of Taxonomy eligible activities (A1 + A2)		–	–	–	–	–	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		**23.7**	**100%**						
Total		**23.7**	**100%**						

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Climate Change Adaptation (12)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosys-tems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–		
–	–	–	–	–	–	–	–	E	
–	–	–	–	–	–	–	–		T
							–		
							–		

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Climate Change Adaptation (12)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosys-tems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–		
–	–	–	–	–	–	–	–	E	
–	–	–	–	–	–	–	–		T
							–		
							–		

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year	2023			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)
Text		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–
Of which Enabling		–	–	–	–	–	–	–	–
Of which Transitional		–	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–
A. OpEx of Taxonomy eligible activities (A1 + A2)		–	–	–	–	–	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		**203.7**	**100%**						
Total		**203.7**	**100%**						

TEMPLATE 1 - NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Climate Change Adaptation (12)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosys-tems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–		
–	–	–	–	–	–	–	–	**E**	
–	–	–	–	–	–	–	–		**T**
							–		
							–		

3 Economic Report

3.1 Macroeconomic and Industry-Specific Conditions

General Economic Conditions

Global Economy

The global economy continued to feel the effects of geopolitical crises and conflicts in 2023 but generally proved to be resilient. However, momentum slowed in the course of the year due in part to the subsiding post-pandemic catch-up effects. Moreover, the currently high interest rates and declining, but still high, inflation are continuing to place a damper on corporate spending and consumption as well as on private households.

In its Annual Report 2023/2024 published on November 8, 2023, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 2.7% in 2023, thus exceeding the rate that had been forecast in its Annual Report 2022/2023. In its World Economic Outlook published on January 30, 2024, the International Monetary Fund (IMF) currently expects growth of 3.1% in 2023, i.e. slightly in excess of its October 2023 forecast of 3.0% (World Economic Outlook Update).

Developments in the regions that are relevant for the Nemetschek Group are discussed below.

Eurozone

The geopolitical crises and conflicts already mentioned left clear traces on the Eurozone economy. The economic upheaval in the wake of the energy crisis primarily caused by the Russian war of aggression on Ukraine and the resultant high inflation prompted substantially slower growth in the Eurozone. In September 2023, the European Central Bank raised its key rates for the tenth consecutive time, triggering a significant decline in lending in the Eurozone. The expiry of government support in connection with the Covid-19 pandemic also placed a damper on growth, while the stabilizing factors from the catch-up effects in the aftermath of the Covid-19 pandemic – especially in the service sector – also left traces. Within the Eurozone, the German economy in particular cooled off sharply. Currently, industry and also the construction sector are still benefiting from existing order backlogs, although these are now declining significantly due to the low volume of new orders.

Overall, in its Annual Report 2023/2024 published on November 8, 2023, the German Council of Economic Experts assumed economic growth of 0.6% for 2023. The IMF forecast growth of 0.5% for 2023 in its World Economic Outlook Update published on January 30, 2024. For Germany, the German Council of Economic Experts projected contraction of 0.4% for 2023, while the IMF's January 2024 update pointed to a slowdown of 0.3%.

The muted economic growth had only a minor impact on the Eurozone employment market in the course of 2023. In its Annual Report 2023/2024, the German Council of Economic Experts forecasts an unemployment rate of 6.5% for 2023, down slightly on the previous year's figure of 6.7%. However, the numbers vary greatly from country to country, ranging from 3.1% in Germany to 11.9% in Spain for 2023. The rapidly growing and long-term shortage of skilled workers in some sectors, including the software segment, is increasingly coming to the fore and may exert a drag on growth in some economic sectors.

USA

The US economy proved to be resilient in 2023. Economic growth was particularly driven by strong domestic demand, which was fueled by persistently solid consumer spending and heavy capital spending in the corporate sector – supported by expansionary fiscal policies and investment programs such as the Inflation Reduction Act (IRA) worth US $738 billion. In particular, heavy spending on commercial construction by the US semiconductor industry was a major source of growth. Given the high interest rates and the consumption of excess private savings that had accumulated during the Covid-19 pandemic, there are signs and risks suggesting that domestic demand could taper off.

Overall, in its Annual Report 2023/2024, the German Council of Economic Experts assumed economic growth of 2.4% for 2023. For the United States, the IMF projects growth of 2.5% for 2023 in its World Economic Outlook Update published on January 30, 2024.

Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. In 2023, the Japanese economy was also dragged down by high inflation, which was additionally fueled by the Bank of Japan's accommodative monetary policies. The German Council of Economic Experts forecasts what by Japanese standards is a high inflation rate of 3.2% for the country for 2023. All in all, however, the Japanese economy recovered from the previous year's weak performance. Whereas the late waves of the Covid-19 pandemic had left deep traces on the Japanese economy in 2022, rebounding tourism in particular as well as the favorable performance of the automotive industry generated positive impetus in 2023.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 4.5% in 2023, and Japan's gross domestic product to grow by 1.8%. The IMF anticipated growth of 1.9% for Japan in 2023 (World Economic Outlook Update).

Emerging Markets / Focus India

The emerging markets are growing in importance for the Nemetschek Group. It is already active in individual countries and regions, such as India and Hungary. Conditions in the Chinese economy are also relevant for the Nemetschek Group. Given its size, changes in the Chinese economy as well as the country's economic policies have a direct bearing on the global economy.

Overall, in its Annual Report 2023/2024, the German Council of Economic Experts projects economic growth of 4.7% in the emerging markets for 2023. The IMF's World Economic Outlook Update points to expansion of 4.1% in 2023.

Developments in the emerging countries reveal substantial regional disparities. Thus, according to the IMF, the Asian emerging markets are set to grow by 5.4% in 2023, up from 4.5% in 2022. This increase was also driven by continued sharp growth in India. According to the IMF, the European emerging markets should grow by 2.7% in 2023, up from only 1.2% in 2022. This trend is being heavily influenced by the recovery of the Russian economy, which the IMF assumes will expand by 3.0% again in 2023. The IMF forecasts growth of 2.5% for the Latin American emerging markets in 2023. The year-on-year decline is mainly due to the downward movement in commodity prices in the course of the year. In 2022, high commodity prices had resulted in relatively strong growth rates. Growth in the Middle East and Central Asia should reach 2.0% in 2023. The substantial slowdown primarily reflects declining commodity prices and lower deliveries from oil exporters. The IMF forecasts economic growth of 3.3% in 2023 for the African emerging markets.

Sources: German Council of Economic Experts, Annual Report 2023/2024 dated November 8, 2023 and International Monetary Fund, World Economic Outlook Update dated January 30, 2024.

Development of the Underlying Industry-Specific Conditions in the Construction Industry

Europe

Accounting for a good 50% of revenue, the European construction industry remains the main market for the Nemetschek Group. After slowing to just under 3% in 2022 primarily as a result of high interest rates, growth in the construction industry lost further momentum in 2023, falling by 1.7% over the previous year. The main drivers were persistently high interest rates, continued inflation – especially in the construction sector – as well as the geopolitical uncertainties and their possible impact on the economy.

The individual European markets performed very disparately in some cases in 2023. Whereas Sweden (–10.6%), Finland (–10.1%) and Hungary (–8.0%) sustained the heaviest declines, substantial growth rates were achieved in countries such as Spain (+2.8%), Poland (+2.2%) and Portugal (+1.3%). The construction industry in the German market, which is important for the Nemetschek Group (–2.3%), contracted at a slightly greater rate than the European average.

North America

The United States is one of the most important markets for the Nemetschek Group. Based on the estimates of the North American Engineering and Construction Outlook (FMI, October 2023), the construction industry in the **United States** was significantly more resilient than its European counterpart and was able to continue growing by 5% in 2023 (as of October 2023). With an increase of roughly 12%, economic momentum was a good deal more pronounced in 2022. Whereas commercial building construction (+17%) and the infrastructure sector (+11%) rose sharply, the housing market (–6%) shrank significantly. Within commercial building construction (+17%), the construction of production facilities in particular made a disproportionately large contribution of 58% to growth. This growth is primarily being driven by heavy capital spending in the semiconductor industry on new manufacturing capacities. The housing construction market (–6%) also paints a mixed picture. While the number of single-family homes (–13%) and renovations (–4%) declined significantly in some cases, the number of multi-family homes (+18%) grew substantially but failed to make up for the overall decline in the other two segments.

After achieving strong growth in 2022 of +12%, the construction industry in **Canada** lost substantial momentum in 2023, shrinking by 3% year-on-year in 2023. This was primarily due to the 12% year-on-year decline in housing construction. Within housing construction, single-family homes (–20%), multi-family homes (–7%) and renovations (–12%) were all down.

Asia/Pacific

The Asia/Pacific construction industry is the world's largest and registered a decline of 1.7% in 2023. However, regional trends were highly disparate in individual cases last year. Thus, China, which is by far the largest market in the region, contracted substantially by 5.4%. On the other hand, most of the other regional construction industries posted what in some cases was strong growth in 2023. Thus, the construction sector expanded by 7.0% in India and by 1.8% in Japan. According to the latest estimates, the construction markets in other parts of Asia grew by an aggregate 3.8%.

Sources: 96th EUROCONSTRUCT Summary Report, Winter 2023 (November 2023); 2023 North American Engineering and Construction Outlook, Fourth Quarter Edition (October 2023), Building, Real Estate, Construction and Housing, Department of Statistics Singapore, Construction Work Done, Australia (Preliminary), Australian Bureau of Statistics, Oxford Economics/Haver Analysts).

Development of the Media and Entertainment Industry

The global 3D animation market was also adversely affected by the geopolitical crises and conflicts. In addition, the industry felt the effects of the film and TV strike in Hollywood. Consequently, the Media segment was unable to unleash its full growth potential. Despite these factors, the media and entertainment market continued to grow.

One reason for the segment's resilience was the broad base of different submarkets and client groups addressed by the Maxon brand with its portfolio of innovative solutions. For example, Maxon's professional solutions for the production of digital 2D and 3D content are used for the creation and rendering of visual effects in feature films, TV shows and commercials as well as for applications in the games industry and in the fields of medical illustration, virtual reality (VR), augmented reality (AR), architecture and industrial design.

In the long term, these submarkets will benefit from strong structural growth drivers. The media and entertainment market is expected to reach EUR 8.9 billion by 2027, equivalent to an annual average growth rate of 12%.

3.2 Business Performance in 2023 and Key Events Influencing the Company's Business Performance

General Statement on the Economic Position of the Group

2023 was again marked by geopolitical conflicts and crises, high inflation, rising interest rates and the macroeconomic challenges resulting from these factors. The consequences of the ongoing Russian war of aggression on Ukraine as well as the escalating Israel-Gaza conflict influenced world events as well as the global economy. Nevertheless, the Nemetschek Group continued to perform well in this very demanding environment, achieving good business results.

In the course of 2023, business performed better than originally expected and projected in the March forecast for the year despite the simultaneous adoption of subscription and SaaS models.

In particular, the operational strength of the Nemetschek Group's business and the resilience of its business model have shown once again that it can perform very successfully even in a challenging and demanding environment. Given the strong operating performance during the year, the Executive Board raised the original targets for 2023 in October, rendering them more precise << 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.

In the financial year 2023, Group revenue increased by 6.2% (currency-adjusted: 8.0%) to EUR 851.6 million despite the ongoing transition of the business model to subscription and SaaS models and a challenging market environment. As a result, currency-adjusted Group growth was at the upper end of the raised forecast corridor of 6% to 8% (previously: 4% to 6%).

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) increased to EUR 257.7 million (previous year: EUR 257.0 million). At 30.3%, the EBITDA margin was therefore at the upper end of the forecast corridor of 28% to 30%, as already stated in October.

Annual recurring revenue (ARR) increased by 23.5% (currency-adjusted: 26.7%) to EUR 718.6 million. ARR growth was therefore significantly higher than revenue growth, which indicates a significant growth potential in the coming twelve months.

In line with the Group's strategy, the share of recurring revenue as a percentage of total revenue increased significantly to 76.6%. This was more than 10 percentage points above the previous year's level (66.4%) and also in line with the guidance (share of >75%).

The ongoing Russian war of aggression on Ukraine as well as the Israel-Gaza conflict escalated by the Hamas attack on Israel have left traces on the company and its employees. The Nemetschek Group is providing assistance to people in the affected regions.

The Nemetschek Group continues to believe that the economic sanctions imposed on Russia are an important instrument for restoring peace in Ukraine and is therefore suspending new business in Russia and all activities with sanctioned persons, organizations or regions until further notice. In 2021, i.e. before the outbreak of war, business in Russia accounted for roughly 0.5% of total Group revenue. Currently, Nemetschek is not engaged in any business at all in Russia. All in all, the direct effects of this on the Nemetschek Group's business performance were negligible in 2023.

With the Hamas terror attacks on Israel on October 7, 2023, the Israel-Gaza conflict escalated and led to a renewed outbreak of war. As the Nemetschek Group does not have any direct business relations in the war region and does not engage in any activities there, the immediate consequences of the war on its earnings, financial and asset situation were insignificant in 2023.

In addition to the direct effects described above for the Nemetschek Group, both the Russian war of aggression on Ukraine and the armed Israel-Gaza conflict left traces on the global economy in 2023, see *<< 3.1 Macroeconomic and industry conditions >>*.

Overall, the business model, which is characterized by a broad portfolio of solutions, strong regional diversification in different client segments and a widening proportion of recurring revenue, proved to be very resilient in the face of these crises. In addition to actively dealing with global crises and their impact on the company, the Nemetschek Group continued to push ahead with the strategic initiatives initiated in 2023, reaching important milestones. The main focus was on further internationalization, the expansion of the subscription and SaaS models, the continuous development of innovative solutions, and the acquisition of new customers.

The Nemetschek Group has been pursuing the goal of sustainable and profitable growth for many years. In order to address the challenges arising from the growing scale of the company, its governance structures were adjusted in 2022, while the composition of the Supervisory Board was widened from four to six members in this connection. In 2023, the next step in the company's development was implemented and the formation and reinforcement of the management team successfully completed ahead of the next growth phase. To this end, the existing Executive Leadership Team (ELT) was strengthened to achieve greater agility and clout in addressing future priorities such as artificial intelligence (AI) and other important strategic aspects such as client-oriented solutions, heightened market coverage, innovative future products and continued internationalization. Alongside the two members of the Executive Board CEO Yves Padrines and CFO Louise Öfverström, the ELT includes the Chief Division Officers (CDO) of the segments, among others. As part of these restructuring efforts, experienced industry experts with pronounced innovative and technological skills were recruited.

M&A / Start-Ups and Venture Investments

The strategic "Start-ups and Venture Investments" initiative strengthened the Nemetschek Group's innovation-oriented focus on new technologies and investments in young companies, resulting in further investments in 2023, see *<< 1.2 Growth Drivers, Goals and Strategy >>*.

Holding Company Level

The strategic objective of stepping up investments in start-ups and thereby accelerating the company's own innovative strength and fostering close cooperation between such entities and the Nemetschek brands was consistently and successfully pursued in 2023. In the course of the year under review, the Nemetschek Group acquired stakes in selected international companies in line with its strategic priorities.

The share acquired in UK start-up **Preoptima** entails an investment in a software solution for calculating and reducing the carbon footprint in the construction industry. This software solution, which also incorporates artificial intelligence (AI) and generative design, covers the entire life cycle of buildings, thus complementing the Nemetschek Group's strategic approach to driving sustainability and innovation in the construction industry.

With the investment in startup **SmartPM**, which is based in Atlanta (United States), the Nemetschek Group intends to continue driving forward the digital transformation in the construction industry and widen its reach in the important US market. The SmartPM software entails a cloud-based platform for increasingly automated project management in the construction industry. The solution optimizes existing planning software solutions by improving scheduling quality and automating project management processes.

The Nemetschek Group provided seed capital for Irish company **LiveCosts**, which offers an innovative IT solution for the efficient cost monitoring of construction projects. This seed capital is intended to help LiveCosts open up new markets. The company's SaaS solution offers strong synergies with existing Nemetschek solutions in the Build segment and supports the digital transformation in the construction industry.

In the course of the year, the Nemetschek Group also acquired a stake in UK start-up **Stylib**, a company offering architects and planners a platform based on artificial intelligence and machine learning for material search and evaluation as well as the corresponding selection and management of suppliers. The Stylib SaaS solution enhances the planning and management efficiency of construction projects and is helping to drive forward the digital transformation in the construction industry.

As well as this, the Nemetschek Group invested in US start-up **Briq**, which offers a data-driven, collaborative platform for automating financial processes in the construction industry. Briq makes it possible to manage workflows, data, cash flows and projects, while improving processes, precision, and business operations.

In addition, there were further investments in young companies. For one thing, the expertise and technology of the start-ups in which the Nemetschek Group invests are networked with its brands and the joint activities strengthened. For another, this brings Nemetschek into contact with disruptive innovations in the construction industry.

In addition to these investments, partnerships were forged on the segment and brand level in the year under review aimed at helping the Nemetschek Group to implement its business strategy.

Details can be found in the notes to the consolidated financial statements under << Acquisition of subsidiaries >>.

Divestments
There were no portfolio divestments in 2023.

3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group

Earnings

Revenue Developments
In 2023, Group revenue rose by 6.2% to EUR 851.6 million (previous year: EUR 801.8 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would have reached 8.0%. 2023 was thus impacted by negative currency effects, particularly from the US dollar. The ARR (annual recurring revenue) metric introduced in the course of the previous year was very favorable << 1.3 Business Management and Corporate Governance>>. It increased by 23.5% (currency-adjusted: 26.7%) to EUR 718.6 million in 2023 (previous year: EUR 581.7 million), achieving a significantly higher rate of growth than total revenue, something which in turn points to strong future growth. The proportion of annual recurring revenue widened significantly to 76.6% in 2023 (previous year: 66.4%).

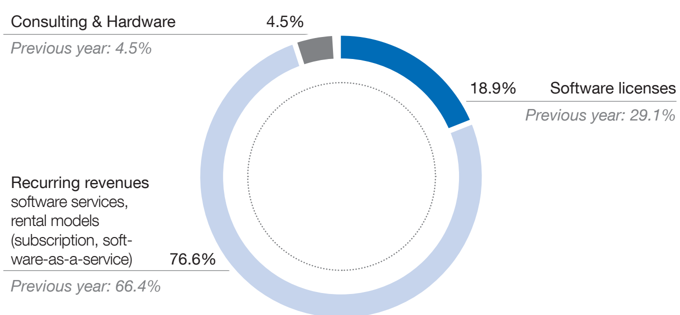
This means that the currency-adjusted revenue growth achieved in 2023 exceeded the range of 4% to 6% originally forecast in March 2023 and also reached the upper edge of the target corridor of 6% to 8%, which had been adjusted upwards in October 2023. At 26.7%, ARR growth also exceeded the March 2023 forecast of >25%. The same thing applies to the proportion of annual recurring revenue in total revenue, which at 76.6% exceeded the projected figure of >75%. See also << 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.

In an economically challenging environment, the Nemetschek Group was able to grow year-on-year over all four quarters and thus continue on its sustained growth trajectory, while at the same time converting its business model from licenses to subscription and SaaS products. After the anticipated lower pace in the first half of 2023, which was partially due to the progress planned and achieved in transitioning to subscription and SaaS models, growth picked up significantly again in the second half of the year, returning to double-digit rates in operating business. All Group segments contributed to growth in 2023 – further information can be found in << Development of the Segments >>.

DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	**FY 2023**	FY 2022	Δ nominal	Δ currency-adjusted
Total year	**851.6**	**801.8**	**6.2%**	**8.0%**
Q1	204.6	192.2	6.5%	5.5%
Q2	207.5	203.8	1.8%	3.3%
Q3	219.8	202.8	8.4%	12.6%
Q4	219.6	203.0	8.2%	10.9%

Revenue Development by Type



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

Pure “software revenue” is divided into software rental models, software services and software licenses.

In the case of software rental models, a distinction is made between subscription and SaaS products. In subscription models, the software remains on the clients’ own local systems as standard, while in the case of SaaS models the current version of the software is normally on the Nemetschek brands’ servers, which clients can then access.

Revenue from software rental models is recognized over the agreed term of the contract or partly also on a point-in-time basis in accordance with the IFRS 15 accounting standard. Similarly, revenue from software service contracts is recognized evenly over the entire term of the contract.

In contrast to software rental models, all revenue from software licenses is recognized on a point-in-time basis (i.e. when ownership is transferred to the client). The strategic goal is to successively widen the proportion of recurring revenue. This goal is to be achieved by offering more software rental models, which will lead to a more resilient and even stable business model for the Nemetschek Group.

The transformation of the business model away from classic licensing business in favor of a model characterized by high recurring revenue, particularly through the adoption of subscription and SaaS models, was pursued successfully in 2023. This transformation makes it possible to generate significantly higher revenue over the client lifetime. At the same time, these revenue flows are more resilient and thus offer greater forward visibility. In the short term, however, the adoption of rental models has a temporarily dampening impact on revenue growth for accounting-related reasons.

In 2023, the Nemetschek Group’s **recurring revenue from service contracts and rental models** rose by 22.5% (currency-adjusted: 24.7%) to EUR 652.7 million (previous year: EUR 532.6 million). Consequently, the previous year’s strong momentum of growth in recurring revenue (27.8% or currency-adjusted: 21.7%) continued. Accordingly, the growth rate for recurring revenue again exceeded the Nemetschek Group’s total revenue growth (6.2% or currency-adjusted: 8.0%), causing the share of recurring revenue in total revenue to widen to 76.6% (previous year: 66.4%). The **ARR** (annual recurring revenue) metric introduced in the previous year rose by 23.5% (currency-adjusted: 26.7%) in 2023 to EUR 718.6 million (previous year: EUR 581.7 million) and reflects the ongoing implementation of the strategic change in the business model in favor of rental models.

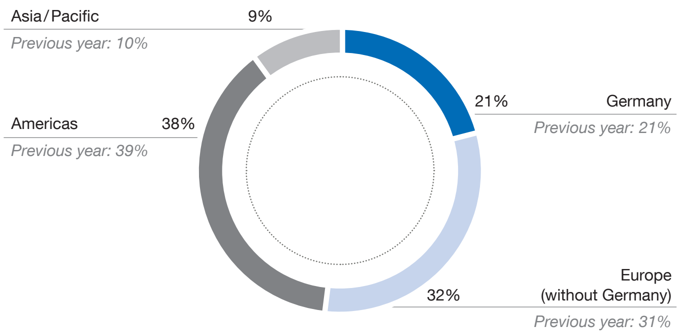
Revenue from **subscription and SaaS (rental models)**, which is included in recurring revenue, also increased by 47.8% (currency-adjusted: 51.1%) to EUR 301.8 million (previous year: EUR 204.2 million) in the year under review, significantly outstripping the growth of the Group. All segments continued to contribute to this growth in 2023. The greatest driver of this performance was the Build segment, in which the Bluebeam brand has been planning and specifically implementing the transition to a subscription model since September 2022. This favorable performance was also underpinned by the Design segment, in which a number of brands focused more heavily on subscription and SaaS models in the year under review. In the Media segment, the transition to a subscription model was also successfully completed in 2023.

The proportion of subscription and SaaS revenue in total revenue widened again significantly from 25.5% to 35.4% in 2023. Revenue from service contracts rose by 6.8% (currency-adjusted: 8.4%) from EUR 328.4 million to EUR 350.9 million in 2023. The proportion of revenue from service contracts amounted to 41.2% in the year under review, thus matching the previous year’s figure of 41.0%.

Revenue from **software licenses** contracted sharply over the prior year in line with the strategy, dropping by 30.9% (currency adjusted: 29.8%) from EUR 233.1 million to EUR 161.1 million. Accordingly, the share of total revenue attributable to software licenses fell from 29.1% in the previous year to 18.9% in 2023. This also reflects the already advanced transformation of the business model.

At 4.5%, the proportion of **consulting and hardware** revenue remained unchanged over the previous year (4.5%).

Revenue by Region



A major strategic goal of the Nemetschek Group is the further internationalization of its business alongside the development of markets with strong growth potential.

Revenue generated in **Germany** rose by 6.1% in 2023, while foreign revenue climbed by 6.2% and thus at a similar rate. At 79%, the proportion of foreign revenue was thus comparable to the previous year (previous year: 79%). As expected, foreign growth was dampened by negative currency effects, in particular from the US dollar, as well as by the conversion of the business model to subscription and SaaS systems, driven by the Bluebeam brand.

Europe (excluding Germany) has been severely impacted by the effects of the Covid-19 pandemic in recent years, while the macroeconomic fallout from the prevailing geopolitical challenges has also left traces on the European economy and particularly the construction industry. Nemetschek's businesses in Europe have also felt the effects of substantially more muted growth over the last few years. The growth momentum stabilized in 2023 despite the ongoing difficult conditions. Revenue in Europe (excluding Germany) increased by 10% in 2023. As a result of this disproportionately high growth in relation to the Group's overall performance, the share of total revenue increased to 32% (previous year: 31%).

Revenue in Germany climbed by 6.1% in the course of the year, meaning that there was no material change in the share in total revenue.

As expected, the pace of growth declined in 2023 in the **Americas**. In line with expectations, the revenue growth of around 5% in the US was impeded by the conversion of the business model of the Bluebeam brand, which is the largest revenue driver, in favor of a subscription and SaaS system along with the related accounting effects. In addition, this year's strikes in the film and TV industry in the United States placed a temporary damper on demand in the Media segment. With revenue growth slightly lower than the Group figure, the share in revenue contracted slightly to 38% in 2023 (previous year: 39%). Even so, the Americas are still the Group's strongest region in terms of revenue.

In the year under review, revenue in **Asia/Pacific** declined slightly by 1.3% over the previous year. As a result, the share accounted for by this region in total revenue shrank marginally from roughly 10% in the previous year to around 9%.

Earnings Performance

OVERVIEW OF KEY GROUP PERFORMANCE FIGURES

In EUR million	**FY 2023**	FY 2022	Δ nominal in %
Revenue	**851.6**	**801.8**	**6.2%**
EBITDA	**257.7**	**257.0**	**0.3%**
EBITDA margin	30.3%	32.0%	–1.7pp
EBIT	**199.5**	**198.1**	**0.7%**
EBIT margin	23.4%	24.7%	–1.3pp
Net income for the year (equity holders of the parent company)	**161.3**	**161.9**	**–0.4%**
Earnings per share in EUR	1.40	1.40	–0.4%
Net income for the year before depreciation from PPA	**183.8**	**186.9[1)]**	**–1.7%**
Earnings per share before depreciation from PPA in EUR	1.59	1.62[1)]	–1.7%

1) The net income for the year before depreciation from PPA and the corresponding earnings per share reported for the previous year have been restated to allow for adjustments to the relevant depreciation figures relating to minority interests.

At EUR 257.7 million, **EBITDA** (Group earnings before interest, taxes, depreciation and amortization) was slightly higher than in the previous year (EUR 257.0 million). It increased by 0.3% in nominal terms but by 4.2% in currency-adjusted terms.

As planned, the **EBITDA margin** contracted over the previous year for accounting-related reasons due to the adoption of subscription business and, at 30.3%, was 1.7 percentage points down on the previous year's figure of 32.0%. Consequently, it was slightly higher than the forecast range of 28.0% to 30.0% that had been published in March 2023 and confirmed in October 2023, see *<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>*.

2023 showed that the Nemetschek Group is able to maintain its intended profitable growth trajectory even in challenging times.

The margin contraction is attributable in particular to the strategic transformation of the business model away from licensing models in favor of subscription and SaaS systems, something which has a short-term diluting effect on margins for accounting-related reasons. Moreover, some of the markets addressed, such as Europe, faced macroeconomic headwinds in 2023, particularly in the first half of the year. In addition to that, profitability in 2023 was impeded by non-recurring personnel expenses and relatively high expenditure on trade fairs in connection with the implementation of the "go-to-market" approach.

Operating expenses increased by a total of 7.3% to EUR 661.0 million (previous year: EUR 616.2 million). This was slightly higher than the 6.2% increase in revenue. Personnel expenses are the largest single item within operating expenses, rising by 7.0% in 2023 and, hence, also somewhat more quickly than revenue, to EUR 360.9 million (previous year: EUR 337.2 million). This particularly reflects higher wages and salaries due to inflation. In addition, there were transformation-related effects (*<< Employees of the Nemetschek Group >>*). Other operating expenses increased by 10.4% to EUR 208.0 million (previous year: EUR 188.4 million) for inflation-related reasons, among other things. This item reflects investments in IT systems, expenses for external personnel as well as legal and consulting costs. At EUR 58.2 million, depreciation of fixed assets was slightly lower than in the previous year (EUR 58.8 million). The depreciation from purchase price allocation included in this item dropped slightly from EUR 31.8 million to EUR 29.4 million. Depreciation of leased assets in accordance with IFRS 16 increased slightly by EUR 0.4 million to EUR 16.7 million. Excluding depreciation and amortization, operating expenses increased by 8.1% to EUR 602.8 million (previous year: EUR 557.4 million).

Overall, the financial result amounted to EUR 4.8 million in 2023 (previous year: EUR 1.3 million). Interest expenses for acquisition loans and lease liabilities in accordance with IFRS 16 affecting the financial result rose from EUR 2.6 million in the previous year to EUR 3.3 million in 2023. However, at EUR 3.4 million (previous year: EUR 0.5 million), interest income substantially exceeded interest expenses in 2023. The other financial income of EUR 4.7 million was also higher than in the previous year (EUR 3.4 million). The income generated in 2023 primarily resulted from fair-value remeasurement gains on investments in venture companies as well as foreign currency gains. In the previous year, the item had mainly consisted of foreign currency gains.

Earnings before interest and taxes (EBIT) rose slightly by 0.7% to EUR 199.5 million and were thus in line with the previous year (EUR 198.1 million).

Income taxes increased from EUR 34.4 million in 2022 to EUR 40.6 million in 2023. At 19.8%, the Group tax rate was up on the previous year (17.3%). Effects from loss carryforwards initially recognized in 2022 were also apparent in tax expenses in 2023. Expenses from the recognition of German minimum tax effects from cross-border transactions have the opposite effect. These regulations will apply for a final time in 2023 following the introduction of the new OECD minimum taxation rules (Pillar 2).

Net income (Group earnings after taxes) declined slightly by 0.7% from EUR 165.1 million to EUR 164.0 million in 2023. Net income for the year (equity holders of the parent company) also fell slightly from EUR 161.9 million to EUR 161.3 million, dropping by 0.4%.

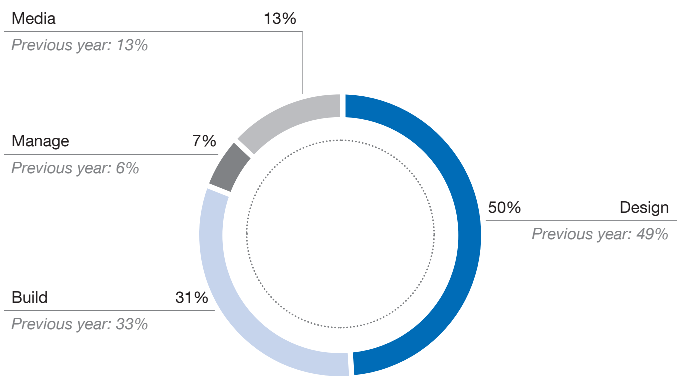
Earnings per share came to EUR 1.40 (previous year: EUR 1.40). EPS adjusted for the effects of depreciation from PPA fell by 1.7% from EUR 1.62 in 2022 to EUR 1.59 in 2023.

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 on the basis of the following financial performance indicators: revenue and year-on-year revenue growth as well as EBITDA and the EBITDA margin as operational earnings indicators *<< 1.3 Corporate Management and Governance >>.*

The distribution of revenue by segment was virtually unchanged over the previous year and broke down as follows in 2023:

Revenue by segment



The segment structure was changed in 2023 in response to a strategic realignment. The dRofus brand, which had been allocated to the Build segment in 2022, was transferred to the Digital Twin business unit with effect from January 1, 2023 and consolidated in the Manage segment. The Digital Twin business unit is consolidated in the Design segment from January 1, 2024. Further information can be found in [<< 1.1 Group Business Model >>].

In order to present the performance of the relevant segments transparently, the previous figures for the two segments concerned have been restated and, thus, rendered comparable. In addition, the consolidation column has been allocated directly to the segments (including the previous year's adjustment) since January 1, 2023.

The performance of the individual segments is set out below.

Design Segment

in EUR millions or percent	FY 2023	FY 2022	Δ nominal	Δ currency-adjusted
Revenue	423.3	389.9	8,6%	9,7%
EBITDA	120.2	115.7	3.9%	7.6%
EBITDA margin	28.4%	29.7%	–1.3pp	

In the **Design segment**, whose regional focus is on Europe, revenue of EUR 423.3 million was posted in 2023 (previous year: EUR 389.9 million). Accordingly, it grew by 8.6% (currency-adjusted: 9.7%). In 2023, the market environment in which the Design segment operates particularly felt the effects of the still high interest rates and the geopolitical crises together with their economic impact. On the one hand, this led to longer sales cycles for clients in the construction industry, thus placing a damper on growth potential. On the other hand, the market situation also spurred the transformation of the business model in favor of recurring revenue models. In the year under review, all brands contributed to the pleasing growth in recurring revenue, which at 16.3% (currency-adjusted: 17.5%) increased at a significantly greater pace than the segment's total revenue.

Segment EBITDA rose from EUR 115.7 million in the previous year to EUR 120.2 million, translating into an increase of 3.9%. Adjusted for currency effects and, thus, on a like-for-like basis with the previous year, it would have increased by 7.6%. The slower growth in EBITDA compared to revenue caused the EBITDA margin to contract slightly from 29.7% in 2022 to 28.4% in 2023. The slightly slower EBITDA growth compared to revenue was primarily due to accounting-related effects caused by the adoption of recurring-revenue models, such as subscription and SaaS products. The segment's profitability also came under pressure from planned non-recurring personnel expenses as well as budgeted higher expenses for trade fairs in connection with a reinforced and harmonized "go-to-market" approach.

Build Segment

in EUR millions or percent	FY 2023	FY 2022[1)]	Δ nominal	Δ currency-adjusted
Revenue	265.4	259.9	2,1%	4,8%
EBITDA	93.1	95.2	−2.3%	2.3%
EBITDA margin	35.1%	36.6%	−1,6pp	

1) Following the strategic reorganization of one brand (dRofus) between the Build and Manage segments, the previous year's figures have been restated and rendered comparable with the current segment structure.

In the **Build segment**, which mainly addresses construction companies in the United States, growth slowed as planned in 2023 due to the conversion of the business model to a subscription and SaaS system, which has a dampening effect on revenue in the short term due to accounting-related factors. Despite this transition, revenue rose slightly to EUR 265.4 million in 2023 (previous year: EUR 259.9 million). This translated into growth of 2.1%. Adjusted for currency effects arising in the year, growth would have reached 4.8%. The appreciable effect of currency factors is primarily due to the segment's large footprint in the United States and trends in the US dollar in the year under review.

Generally speaking, the Nemetschek Group continues to benefit from the low level of digitization in the construction sector and strong demand, especially in the Americas. The transition to subscription and SaaS models for Bluebeam, the Nemetschek Group's top-selling brand, remained successful and on track in 2023. Consequently, revenue in this category more than doubled over the previous year. In the course of the third quarter of 2023 and, hence, one year after the commencement of the transition, growth accelerated again significantly. This trend also continued in the fourth quarter, with growth gaining further momentum.

The EBITDA of EUR 93.1 million achieved in 2023 was mainly impacted by the adoption of subscription and SaaS models and the resulting short-term damper on earnings, which dropped by 2.3% (currency-adjusted: 2.3%) compared with the previous year (EUR 95.2 million). The corresponding EBITDA margin remained at a high 35.1% (previous year: 36.6%).

Manage Segment

in EUR millions or percent	FY 2023	FY 2022[1)]	Δ nominal	Δ currency-adjusted
Revenue	59.1	54.7	8,0%	9,8%
EBITDA	1.4	4.3	−67.9%	−72.3%
EBITDA margin	2.3%	7.8%	−5,5pp	-

1) Following the strategic reorganization of one brand (dRofus) between the Build and Manage segments, the previous year's figures have been restated and rendered comparable with the current segment structure.

The **Manage segment**, which comprises activities relating to building and workplace management, generated revenue of EUR 59.1 million in the year under review (previous year: EUR 54.7 million). This translated into growth of 8.0% or, in currency-adjusted terms, 9.8%.

The Manage segment is continuing to feel the effects of macroeconomic uncertainty coupled with the consequences of the Covid-19 pandemic, which are having a protracted impact on this segment. However, the stabilization in demand from facility managers emerging in the second half of the previous year, particularly in the European commercial construction sector, continued in the course of 2023. Even so, facility managers' capital spending budgets have still not returned to pre-crisis levels. Because the degree of digitization is particularly low in this segment and the importance of energy efficiency and savings in existing and operated buildings is also steadily rising, the Nemetschek Group continues to see potential for further growth in this segment. The dRofus brand has been allocated to the segment since January 1, 2023 and forms part of the newly created Digital Twin business unit, which will be consolidated within the Design segment from 2024.

Segment EBITDA fell from EUR 4.3 million in the previous year to EUR 1.4 million. As a result, the EBITDA margin contracted from 7.8% in the previous year to 2.3% in 2023. This performance was particularly attributable to capital spending on the new Digital Twin business unit, which is allocated to this segment.

Media Segment

in EUR millions or percent	FY 2023	FY 2022	Δ nominal	Δ currency-adjusted
Revenue	111.4	104.7	6,4%	8,6%
EBITDA	43.1	41.8	3.0%	7.3%
EBITDA margin	38.7%	39.9%	−1.2pp	-

Revenue in the Media segment rose by 6.4% (currency-adjusted: 8.6%) in 2023 from EUR 104.7 million to EUR 111.4 million. There were no acquisition-related growth effects in the year under review. Nor were there any material positive non-recurring effects, which had spurred segment growth in earlier years. On the contrary, strikes in the United States film and TV industry in 2023 placed a temporary damper on demand.

Segment EBITDA climbed to EUR 43.1 million (previous year: EUR 41.8 million). The EBITDA margin shrank slightly from 39.9% in the previous year to 38.7% but still remains at a high level.

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, ensure access to the debt market and manage foreign currencies and interest risks. Financing and financial risk management is organized centrally and controlled by global governance. To ensure efficient cash and liquidity management, Nemetschek SE 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 in the form of loans granted by group companies.

The financial stability of the Group is reflected in a balanced ratio of debt to equity. The equity ratio stood at 61.4% on the reporting date (December 31, 2023) (previous year: 57.5%). The renewed increase over the previous year is due to the strong Group earnings in 2023 and the almost complete discharge of financial liabilities. Liabilities to banks dropped again significantly compared with the previous year, declining from EUR 71.9 million in the previous year to EUR 6.9 million as of December 31, 2023 due to the repayments made during the year.

In view of the favorable business outlook and very solid funding structure, the Nemetschek Group is able to raise substantial liquidity beyond its existing facilities from the debt markets at short notice. Combined with the potential use of equity instruments, it can finance significant investments.

Liquidity analysis

Net liquidity/net financial liabilities in EUR million

	December 31, 2023	December 31, 2022
Short-term financial debt and short-term shares of long-term financial debt	6.8	65.1
+ non-current financial liabilities	0.1	6.9
Total financial liabilities	**6.9**	**71.9**
Cash and cash equivalents	268.0	196.8
Total liquidity	**268.0**	**196.8**
Net liquidity/net financial debt (-)	**261.2**	**124.9**

As of December 31, 2023, the Group held cash and cash equivalents of EUR 268.0 million (previous year: EUR 196.8 million). The increase of EUR 71.2 million or 36.2% over the previous year reflects the high quality of the Nemetschek Group's cash flows. 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.

At EUR 6.9 million on the reporting date, financial liabilities (bank loans) fell significantly short of the previous year (EUR 71.9 million). These financial liabilities are used almost exclusively to finance acquisitions made in the past and were repaid virtually in full in the course of 2023. The interest rate on the loans is between 0.49% p.a. and 2.87% p.a.

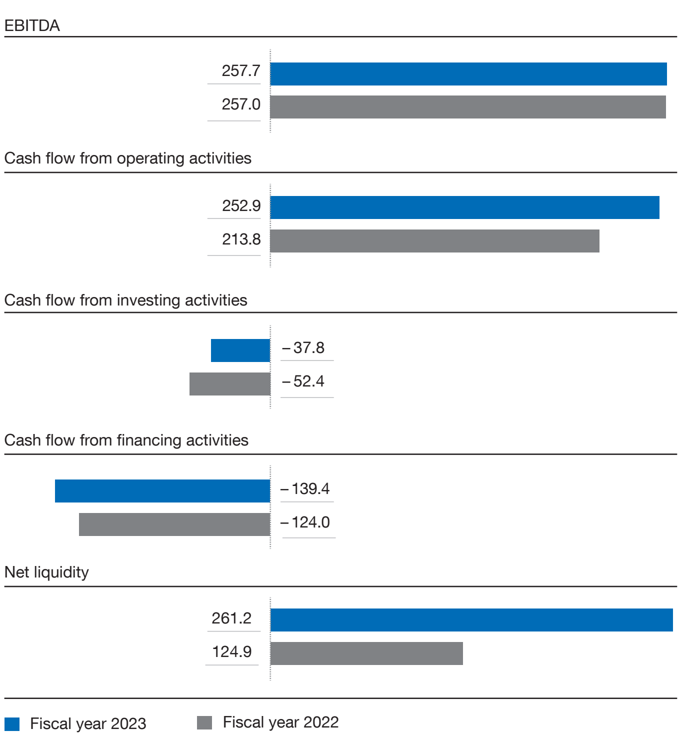
The decline of EUR 6.8 million in non-current financial liabilities in the course of 2023 is due to their reclassification as current financial liabilities. With respect to current financial liabilities, acquisition loans and further current components of financial liabilities of a total of EUR 83.6 million as well as bank loans of EUR 18.5 million were repaid in 2023.

None of the existing credit facilities of a total of EUR 357.0 million (previous year: EUR 284.5 million) has been utilized as of December 31, 2023. In addition to the cash on hand, these can be utilized to fund the profitable growth strategy.

As a result of the aforementioned changes in the relevant balance sheet items, the Group's net liquidity increased to EUR 261.2 million as of December 31, 2023 (previous year: net liquidity of EUR 124.9 million).

With its high earnings power plus its net liquidity, the Nemetschek Group is able to raise substantial 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. Total dividends of EUR 52.0 million were paid in 2023 (previous year: EUR 45.0 million).

DEVELOPMENT OF CASH FLOW



At EUR 258.9 million, the Group's cash flow in the year under review remained steady at the previous year's level (previous year: EUR 258.5 million).

Cash flow from operating activities climbed by EUR 39.1 million or 18.3% over the previous year to EUR 252.9 million in 2023 (previous year: EUR 213.8 million). This increase was mainly driven by the favorable performance of trade working capital. Management of trade working capital generated a cash flow effect of EUR 49.4 million (previous year: EUR 26.7 million). This favorable development was particularly underpinned by prepayment business models under software service and software subscription contracts generating the corresponding recurring revenue. Compared to the previous year, the positive cash flow effect increased again significantly due to the continued very good performance of this business model. The opposite effect arose from other working capital, which was characterized by higher personnel- and tax-related payments compared with the previous year.

Income taxes paid (net) decreased by EUR 2.0 million or 3.5% from EUR 59.6 million in 2022 to EUR 57.6 million in 2023. In addition to the increase resulting from the expansion of business operations, the taxation of development expenses in the United States in particular has an opposite effect. This regulation was introduced for the first time in 2022, resulting in the highest cash outflow. The related payments leveled off in 2023.

Cash flow from investing activities amounted to EUR – 37.8 million in 2023 (previous year: EUR – 52.4 million).

The previous year had been affected by payments of EUR 21.0 million for business combinations. In 2023, EUR 1.5 million was paid for liabilities arising from business combinations from previous years.

Payments made for equity investments increased substantially in 2023. At EUR 24.1 million (previous year: EUR 4.8 million), they reflect the equity interests acquired in start-ups in the course of the year (*<< 3.2 Business Performance in 2023 and Key Events Influencing the Company's Business Performance, Acquisitions/ Divestments >>*).

Cash flow from investing activities also includes expansion and replacement spending of EUR 12.7 million on fixed assets (previous year: EUR 19.0 million). The high figure for the previous year particularly reflects expansion-related investments in IT server equipment as well as spending on office space.

Cash flow from financing activities amounted to EUR – 139.4 million in 2023 (previous year: EUR – 124.0 million). The increase in payments made is mainly due to the fact that new loans were substantially lower than loan repayments. Cash and cash equivalents of EUR 18.5 million were raised in 2023 (previous year: EUR 40.8 million).

The opposite effect arose from the repayment of bank loans raised in previous years amounting to EUR 83.6 million (including EUR 27.7 million for acquisition loans). In the previous year, repayments of EUR 98.7 million (including EUR 35.7 million for acquisition loans) had been made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for 2023 of EUR 52.0 million (previous year: EUR 45.0 million) as well as payments of capital and interest on lease liabilities, with an amount of EUR 16.5 million (previous year: EUR 16.0 million) relating to repayments in 2023.

Management of Liquidity Risks

Liquidity risks arise when, for example, clients 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 of the Nemetschek Group (e.g. internal bank ratings) allows it to raise sufficient additional liquidity. As of December 31, 2023, it also had unutilized credit facilities of EUR 357.0 million (previous year: EUR 284.5 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyses 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 can also be found in the Risk and Opportunities Report << 6 Report on Risks and Opportunities>>.

Investment Analysis

In order to continue securing its market position in the AEC/O and media markets and to be able to continuously open up new areas of application, investments in research and development and capacity expansion as well as replacement and rationalization measures are required. Business combinations and investments in start-up companies also play an important role for the Nemetschek Group. Such transactions are largely financed by means of bank loans. Depending on the terms of the loan, the Company may also use its own funds. The acquisitions completed in 2023 were financed internally.

In total, the Nemetschek Group invested EUR 24.1 million in 2023 (previous year: EUR 81.1 million), of which EUR 6.3 million was for property, plant and equipment (previous year: EUR 14.3 million), primarily composed of expansion and replacement spending, and EUR 6.4 million for intangible assets (previous year: EUR 39.4 million). The main investments in the previous year had involved business combinations.

Off-balance-sheet obligations

Information on off-balance-sheet obligations can be found in << Note 27 Financial obligations >> .

Net Assets

In EUR million	Dec. 31, 2023	Dec. 31, 2022	Δ nominal in %
ASSETS			
Current assets	418.2	327.1	27.8%
Non-current assets	856.1	871.0	−1.7%
Total assets	**1,274.3**	**1,198.1**	**6.4%**

In EUR million	Dec. 31, 2023	Dec. 31, 2022	Δ nominal in %
LIABILITIES			
Current liabilities	400.6	403.8	−0.8%
Non-current liabilities	91.8	105.1	−12.6%
Total equity	**781.9**	**689.2**	**13.4%**
Total liabilities	**1,274.3**	**1,198.1**	**6.4%**

The consolidated balance sheet total as of December 31, 2023 increased by EUR 76.2 million or 6.4% to EUR 1,274.3 million (previous year: EUR 1,198.1 million).

Current assets

On the assets side of the consolidated balance sheet, current assets increased by EUR 91.1 million or 27.8% from EUR 327.1 million in the previous year to EUR 418.2 million in 2023. This was mainly due to the increase of EUR 71.2 million or 36.2% in cash and cash equivalents and the increase of EUR 15.1 million or 17.9% in trade receivables resulting from the growth in business. The percentage increase in receivables is higher than the 6.2% increase in revenue and is primarily attributable to the further growth in the share accounted for by rental models as well as high invoicing in December 2023. In addition, tax receivables increased significantly from EUR 11.3 million in the previous year to EUR 19.0 million as of December 31, 2023.

Non-current assets

Non-current assets dropped by EUR 14.9 million or 1.7% to EUR 856.1 million (previous year: EUR 871.0 million).

This was mainly attributable to changes in intangible assets, which declined significantly by EUR 36.6 million or 21.3% to EUR 135.1 million (previous year: EUR 171.7 million). Additions to intangible assets were more than offset by amortization and disposals. Moreover, goodwill declined by EUR 5.0 million or 0.9% from EUR 557.0 million to EUR 552.0 million as of December 31, 2023. This was predominantly due to currency translation effects, as a material part of the goodwill is denominated in non-EUR currencies, particularly the US dollar. Moreover, right-of-use assets under leases also contributed to the decline in non-current assets. These fell by EUR 8.9 million or 12.7% to EUR 60.9 million as of December 31, 2023 (previous year: EUR 69.8 million). Additions, particularly in the form of land and buildings, were more than offset by scheduled depreciation as well as disposals. However, these declines were also accompanied by increases. Other financial assets in particular increased significantly by EUR 11.2 million or 61.0% from EUR 18.4 million (previous year) to EUR 29.6 million as of December 31, 2023. This sharp increase was particularly underpinned by equity investments (ventures) in 2023, which had a corresponding effect on this item.

Property, plant and equipment contracted by EUR 2.9 million or 10.7% to EUR 23.7 million (previous year: EUR 26.6 million). Replacement spending on office space was more than offset by depreciation. The higher scheduled depreciation compared with the previous year is primarily due to the expansion-related investments in IT server equipment as well as investments in office space in the previous year.

Current liabilities

At EUR 400.6 million, current liabilities fell slightly short of the previous year (previous year: EUR 403.8 million). Rising by EUR 58.2 million from EUR 206.9 million in 2022 to EUR 265.1 million at the end of 2023, the greatest increase came from deferred revenue, primarily as a result of the larger volume of business. The opposite effect arose from changes in current financial liabilities and the current component of non-current financial liabilities. This part of financial liabilities, due for settlement within the next twelve months, fell by EUR 58.3 million to EUR 6.8 million (previous year: EUR 65.1 million), see << Liquidity Analysis >>. Current provisions also decreased by EUR 5.5 million, mainly as a result of lower personnel-related provisions.

Non-current liabilities

Non-current liabilities fell by EUR 13.2 million from EUR 105.1 million to EUR 91.8 million as of December 31, 2023. The most pronounced decline was in lease liabilities, which decreased by EUR 9.6 million from EUR 62.4 million to EUR 52.8 million as of December 31, 2023. The change is described in detail in the notes to the consolidated financial statements under << Note 17 Leases >> Deferred tax liabilities also fell by EUR 3.1 million or 15.4% over the previous year to EUR 16.7 million as of December 31, 2023 (previous year: EUR 19.8 million). In addition, non-current loans with no current component also declined significantly, dropping by EUR 6.8 million from EUR 6.9 million to EUR 0.1 million as of December 31, 2023 due to reclassifications of non-current loans as current loans.

The opposite effect arose from the increase in deferred revenue, which rose by EUR 3.6 million from EUR 2.6 million to EUR 6.2 million as of December 31, 2023 as a result of the realignment of the business model in favor of recurring revenue. Income tax liabilities also rose from EUR 6.0 million in the previous year to EUR 9.2 million.

Equity

As of December 31, 2023, equity increased by EUR 92.7 million from EUR 689.2 million (2022 reporting date) to EUR 781.9 million. The significant increase is primarily due to higher retained earnings of EUR 640.8 million (previous year: EUR 533.9 million). The opposite effect arose from other comprehensive income of EUR −22.8 million, which was mainly influenced by negative currency translation effects.

The equity ratio widened to 61.4% at the end of 2023 (previous year: 57.5%). The current liability ratio stood at 31.4% (previous year: 33.7%) and the non-current liability ratio at 7.2% (previous year: 8.8%) of the balance sheet total.

KEY BALANCE SHEET FIGURES

In EUR million	FY 2023	FY 2022	nominal in %
Liquid assets	268.0	196.8	36.2%
Goodwill/Company value	552.0	557.0	−0.9%
Equity	781.9	689.2	+13.4%
Balance sheet total	1,274.3	1,198.1	+6.4%
Equity ratio in %	61.4%	57.5%	+3.9pp

As in previous years, the Nemetschek Group determined capital costs (WACC = weighted average cost of capital) for the group of cash-generating units as part of the impairment test for goodwill.

A market risk premium of 7.0% (previous year: 7.25%) was applied. This results in capital cost rates before taxes ranging from 13.1% to 18.6% (previous year: 12.0% to 19.5%). In 2023, the further increase in interest rates in response to continued high inflation, which, however, receded over the course of the year, had an impact on the parameters derived from the capital market. Based on market capitalization as of December 31, 2023 and the planning expectations, the internal rate of return before taxes is 5.0% (previous year: 7.5%).

Nemetschek Group Employees

Personnel matters are managed locally in order to be able to act adequately and directly in the relevant markets and regions. Nemetschek SE's People/HR department is globally responsible for the strategic development of human resources management and coordinates the strategic orientation with the respective HR departments of the individual brands.

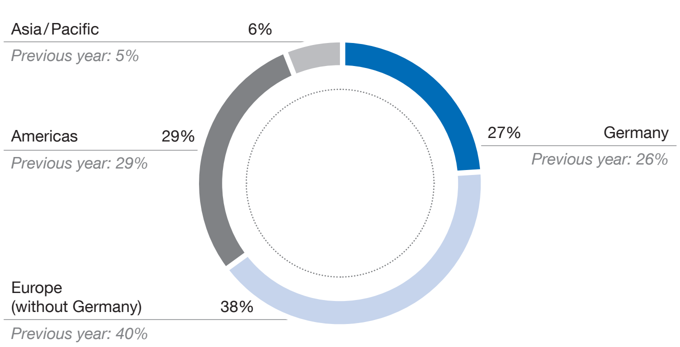
Further information on human resources work can be found in the non-financial statement under *<< 2.2 Key non-financial issues – Employee and Society >>*.

As of December 31, 2023, the Nemetschek Group had 3,429 employees worldwide (previous year: 3,448), equivalent to a slight decline of 19 employees or 0.6%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

Employees by Region

At 73% (previous year: 74%), the majority of Nemetschek Group employees were based outside Germany at the end of 2023.

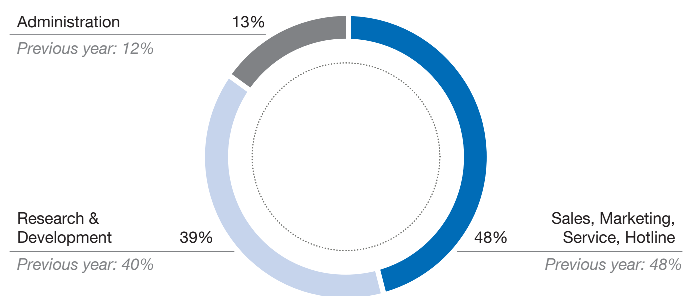
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany, the country in which the company has its headquarters.



Employees by Function

On average, the Nemetschek Group employed 3,415 people worldwide in 2023, an increase of just under 4% compared with the previous year (3,291). The average number of employees in research and development was 1,329 (previous year: 1,316), or 38.9% of the total workforce (previous year: 40.0%).

The number of sales, marketing and customer support employees averaged 1,656 (previous year: 1,571). In addition, 430 employees (previous year: 404) worked in administration.



Personnel Expenses

Personnel expenses increased by 7.0% to EUR 360.9 million in 2023 (previous year: EUR 337.2 million), resulting in a personnel expense ratio (personnel expenses/revenue) of 42.4% (previous year: 42.1%).

3.4 Earnings, 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 9.5 million in 2023 (previous year: EUR 8.7 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company".

Other operating income increased to EUR 15.5 million (previous year: EUR 13.2 million). In the year under review, it included income from currency translation of EUR 4.1 million (previous year: EUR 7.0 million) and income of EUR 9.2 million (previous year: EUR 5.2 million) from expenses recharged to subsidiaries. Personnel expenses for wages and salaries fell from EUR 14.1 million in the previous year to EUR 12.5 million. This is primarily due to a decline in variable salary components from EUR 5.9 million in 2022 to EUR 4.2 million in 2023. Other operating expenses increased from EUR 23.6 million in the previous year to EUR 30.4 million in 2023 and thus in line with other operating income. This was mainly due to increased expenses for consulting services (EUR 5.8 million up from EUR 2.9 million in the previous year), software costs (EUR 6.2 million up from EUR 4.1 million in the previous year) and marketing costs (EUR 2.8 million up from EUR 1.2 million in the previous year). Expenses from currency differences (EUR 4.2 million, down from EUR 6.5 million in the previous year) fell due to exchange rate effects, primarily from the US dollar.

Income from equity interests of EUR 124.1 million (previous year: EUR 53.0 million) includes EUR 124.0 million in dividends from subsidiaries (previous year: EUR 52.9 million). Income of EUR 27.7 million (previous year: EUR 32.4 million) from profit transfer agreements arose from profit transfers from Allplan GmbH and the Frilo Software GmbH. This is offset by expenses from the transfer of losses amounting to EUR 2.1 million (previous year: EUR 0.5 million from the Nevaris Bausoftware GmbH. Net income for the year increased to EUR 123.5 million (previous year: EUR 29.8 million).

Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 587.1 million (previous year: EUR 569.9 million). Affiliates accounted for by far the largest share of EUR 576.9 million (previous year: EUR 531.5 million). Loans to affiliated companies fell by EUR 34.2 million due to the contribution of loan receivables to equity shares in affiliated companies. The amount of EUR 1.8 million (previous year: EUR 34.2 million) is due to the grant of a contingently repayable loan to a subsidiary in the course of 2023. With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 167.6 million as of the balance sheet date (previous year: EUR 183.3 million). As of the end of 2023, other assets included tax receivables of EUR 14.5 million (previous year: EUR 7.1 million).

Cash and cash equivalents stood at EUR 6.7 million at the end of 2023 (previous year: EUR 3.6 million).

The other side of the 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 6.6 million (previous year: EUR 71.3 million). Equity increased by EUR 66.4 million to EUR 528.4 million. The net income for 2023 of EUR 123.5 million was offset by the dividend payment of EUR 52.0 million (EUR 45.0 million) that was distributed in 2023. Nemetschek SE's equity ratio was 67.4% as of the balance sheet date (previous year: 60.0%).

Provisions increased by EUR 4.9 million to EUR 14.8million. The main reasons for this are that the company recognized a repurchase obligation for treasury shares in the amount of EUR 5.2 million as part of share-based payments (see „Share-based payments") and a provision of EUR 2.3 million recognized for the first time due to the additional taxation regulation. Offsetting effects result from various individual items. Liabilities to affiliates mainly resulted from cash pooling (EUR 111.8 million; previous year: EUR 91.3 million) and short-term intercompany loans of EUR 109.3 million (previous year: EUR 127.3 million).

In 2023, control agreements and profit and loss transfer agreements were in force 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 83.21 million (previous year: EUR 87.7 million), new loans of EUR 18.51 million (previous year: EUR 40.8 million) and the dividend payment of EUR 52.0 million (previous year: EUR 45.0 million).

In 2023, Nemetschek SE extended the existing bilateral credit facilities, increasing them to a total of EUR 357.0 million (previous year: EUR 284.5 million). These credit facilities were granted with a term of up to one year. As of the end of 2023, Nemetschek SE had not drawn on any of these facilities.

In 2023, interest payments of EUR 1.4 million (previous year: EUR 0.8 million) were made on loans taken out and credit facilities.

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

Report on opportunities and risks of Nemetschek SE

Nemetschek SE is materially influenced by the risks and opportunities of the Group. Compared with the Group, Nemetschek SE is exposed to a greater foreign currency risk from intra-group financing. These foreign currency risks are mainly offset by means of natural hedging. Remaining material risk peaks are addressed in individual cases by means of hedging transactions. There were no open hedges as of the balance sheet date.

Nemetschek SE Employees

On average, Nemetschek SE had 66 employees in 2023 (previous year: 62).

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 of the Nemetschek Group set out in the Opportunity and Risk Report. Based on the Group's planning, Nemetschek SE expects another small increase in the net investment result and thus in net income in the financial year 2024. In the past financial year, this was significantly higher than in the previous year and higher than expected for 2023. This was caused by higher financing requirements. Nemetschek SE expects a positive earnings trend in the upper single-digit percentage range and, for 2024, a net profit for the year that is higher than in the past financial year, which will also increase in the upper single-digit percentage range.

Furthermore, the Nemetschek SE is expected to report positive gross liquidity in 2024 in the lower double-digit percentage range above the previous year‘s level. The previous year‘s forecast was slightly exceeded, as Nemetschek SE reported positive gross liquidity in the mid-single-digit million range.

The company plans to continue distributing around 25% of its operating cash flow to its shareholders in the future. The dividend policy is always subject to the overall macroeconomic development and the economic and financial situation of the company.

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

The original forecast for 2023 factored in the uncertain macroeconomic conditions prevailing at the beginning of 2023 as a result of the Russian war of aggression on Ukraine and what in some cases are the severe consequences for the global economy. The forecast was also based on the assumption that the global economy would grow by 2% to 3%, as predicted by the German Council of Economic Experts and the IMF at the time, and that growth would slow compared with the previous year. Likewise, the subdued state of the construction industry was taken into account in the forecast. In addition, the forecast for 2023 particularly assumed short-term dampening effects on revenue and earnings due to the conversion of the business model from classic licensing to a subscription and SaaS system. In light of these assumptions, the Executive Board entered the 2023 financial year with a realistic, generally positive, but also cautious outlook, projecting currency-adjusted revenue growth in a range of between 4% and 6%, accompanied by substantially greater growth of >25% in annual recurring revenue (ARR), thus increasing the share of annual recurring revenue in total revenue to over 75% at the end of the year. The Executive Board projected an EBITDA margin in a range of 28 – 30%.

Despite the difficult and still challenging economic conditions, such as the persistently high interest rates as a result of the continued high but now declining inflation rates in many key economic regions, as well as the likewise persistent effects of the Russian war of aggression on Ukraine, e.g. the energy crisis in Europe, and recent developments in the Gaza-Israel conflict, as explained in << 3.2 Business Performance 2023 and Key Events Influencing the Company's Business Performance >>, the outlook for global growth as forecast by the IMF and the German Council of Economic Experts at the time was achieved or even slightly exceeded. Instead of roughly 2 – 3%, the current consensus is that global growth will reach the upper edge of the range and thus come in at around 3% in 2023. The construction industry, which is of material importance for the Nemetschek Group, performed in accordance with the description contained in << 3.1 Macroeconomic and industry-specific expectations >> in 2023, although the macroeconomic effects were particularly evident here, especially in Germany and other parts of Europe.

Given this environment, the Nemetschek Group again performed encouragingly. Throughout the entire year, business expanded, driven by long-term structural growth drivers such as the low degree of digitization in the construction industry, the requirements of greater efficiency, time and cost savings along the construction and infrastructure life cycle, mounting rules with respect to the use of BIM as well as heightened sustainability and environmental protection requirements and lower carbon emission rules. This was joined by continued strong customer demand and the pronounced growth in recurring revenue from subscription and software-as-a-service (SaaS) products. The very good performance during the year prompted the Executive Board to adjust its original March 2023 revenue forecast slightly upwards and to announce a more precise target for the EBITDA margin. Accordingly, guidance was released on October 23, 2023 providing for currency-adjusted revenue growth of 6% to 8% for 2023, with an EBITDA margin at the upper end of the originally projected range of 28% to 30%. The forecast for growth in annual recurring revenue and its share in total revenue was not adjusted in October 2023.

Overall, revenue of EUR 851.6 million was achieved in 2023, corresponding to nominal growth of 6.2% and currency-adjusted growth of 8.0%. This means that the currency-adjusted revenue growth achieved in 2023 is above the range of 4% to 6% originally forecast in March 2023 and also at the upper end of the target corridor of 6% to 8%, which had been adjusted upwards in October 2023. The reasons for the encouraging growth despite the still challenging macroeconomic environment included the further increase in the proportion of recurring revenue as a basis for the targeted sustainable growth, the consistent work on the defined strategic priorities and the ongoing internationalization of the Group's business.

Driven by this favorable revenue performance, profitability also improved in 2023. In nominal terms, EBITDA rose slightly by 0.3% (currency-adjusted: 4.2%) to EUR 257.7 million, translating into an EBITDA margin of 30.3% and thus slightly exceeding the original range of 28% to 30% that had been forecast in March 2023 and rendered more specific in October 2023.

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE – OVERVIEW

	Financial year 2022 Actual	Financial year 2023 Forecast March 2023	Financial year 2023 Forecast (update) October 2023	Financial year 2023 actual	Δ nominal in %	Δ currency-adjusted
Revenue or revenue growth	EUR 801.8 million	Currency-adjusted growth: 4% - 6%	Currency-adjusted growth 6% - 8%	EUR 851.6 million	6.2%	8,0%
ARR or ARR growth (annual recurring revenue)	EUR 581.7 million	ARR growth: > 25%	ARR growth: > 25%	EUR 718.6 million	23.5%	26.7%
Share of recurring revenue in total revenue	66.4%	Share of recurring revenue >75%	Share of recurring revenue >75%	76.6%	+10.2pp	–
EBITDA or EBITDA margin	EUR 257.0 million, 32.0%	EBTIDA margin: 28% - 30%	Upper end of bandwidth 28% - 30%	EUR 257.7 million; 30.3%	0.3%	4.2%

5 Main Characteristics of the Internal Control and Risk and Opportunity Management System

General risk management and internal control system*

Governance Structure

Overall responsibility for the internal control (ICS) and risk and opportunity management system (RMS) at the Group level lies with the Executive Board of Nemetschek SE. The RMS and the ICS cover Nemetschek SE and all consolidated subsidiaries and apply the three-lines-of-defense model approach.

The first "line of defense" entails the management of operating business in conjunction with the central Group functions. They are responsible for identifying, evaluating and managing any risks that may occur. To this end, measures are defined and implemented to address the risks identified. In organizational terms, the second "line of defense" is the central risk management function, which reports to Corporate Controlling. The risk management function, which has been operating as a separate department within the Corporate Controlling organization since 2023, is responsible for the Group-wide risk and opportunity management system (RMS). The RMS undergoes continuous further development and is anchored in the Group by means of appropriate information. The Risk Committee also forms part of this second "line of defense". This body, which is composed of the segment managers and the risk category owners, discusses the combined Group-wide risks and opportunities as well as the measures taken and their impact with the Executive Board on a quarterly basis. In addition, the central risk management function prepares the reports for internal as well as external stakeholders. Internal Audit is the third "line of defense" and acts as an independent control unit of the Executive Board. It regularly reviews the effectiveness of the RMS and ICS on behalf of the Supervisory Board and also submits suggestions that contribute to its continuous improvement.

THREE LINES OF DEFENSE MODEL

In summary, this means that the two systems are implemented in the operating units, i.e. on the level of the local process owners of the Group companies ("1st line of defense"). The Corporate Controlling (RMS/ICS) and Corporate Finance (accounting-related ICS) functions ("2nd line of defense") are responsible for designing and developing the systems. In cooperation with other central functions, they also coordinate the preparation and communication of principles, policies and other information such as the Group account framework for the RMS and ICS. These units also organize and arrange training in conjunction with the central functions involved. The ICS and the RMS entail the management of risks and opportunities relevant for the achievement of business objectives, the appropriateness and reliability of internal and external accounting and compliance with the legal requirements and regulations applicable to the Nemetschek Group. Sustainability aspects, which are being continuously developed on the basis of regulatory requirements, are also increasingly taken into account included here. The Internal Audit function ("3rd line of defense") as an independent function regularly reviews the effectiveness of the two systems. Audit activities are performed within the framework of the annual audit plan or on the basis of audits requested during the year. The Audit Committee is systematically involved in the Group-wide ICS and RMS. It primarily monitors the accounts, the accounting process and also the effectiveness and the appropriateness of the ICS, the RMS and the Internal Audit function.

* These disclosures are not part of the management report and are therefore unaudited.

With the internal control system, the risk management system and the compliance management system, the Executive Board of the Nemetschek Group has created a control framework aimed at achieving appropriate and effective internal control and risk management. After considering internal control and risk management, the Executive Board is not aware of any circumstances impairing the appropriateness and effectiveness of these systems.

Accounting-Related Risk Management and Internal Control Systems (Process)

The Nemetschek Group's consolidated financial statements (in accordance with IFRS) are prepared on the basis of a centrally defined conceptual framework. This primarily entails uniform requirements in the form of accounting policies. An ongoing analysis is performed to identify the need for any adjustments to the conceptual framework necessitated by changes in the regulatory environment. The accounting departments of the operating units are kept informed on a monthly basis of relevant matters and deadlines in connection with accounting and the preparation of financial statements. The financial data reported by Nemetschek SE and its subsidiaries form the data basis for preparing the relevant financial statements. Most of the Group companies' financial data is prepared by local accounting departments. In addition, other accounting activities, such as governance and monitoring activities, may generally also be pooled at the regional level. In certain cases, such as valuations of complex remuneration or in connection with business combinations, external service providers are also consulted.

The financial statements are prepared in the consolidation system on the basis of the financial information reported by the local accounting departments. The steps required for the preparation of the financial statements undergo manual as well as system-based checks.

The qualifications of employees involved in the accounting process are ensured by means of appropriate selection processes and training. The "dual-control principle" is generally applied. In addition, financial information must pass through certain predetermined approval processes. Further control mechanisms include target/actual comparisons and analyses of the content and changes in the individual items of the financial information reported by Group units and the consolidated financial statements.

Access rights are defined in the accounting-related IT systems in accordance with our information security policy to prevent unauthorized access. The above-mentioned manual and system-based checks are also applied to the transfer of the financial information prepared in accordance with the International Financial Reporting Standards (IFRS) for inclusion in the annual financial statements of Nemetschek SE.

There is a quarterly internal certification process, in which members of various management levels, supported by confirmations from the management of units in their area of responsibility, confirm the correctness of the financial data reported to the Group headquarters and the reports on the effectiveness of the corresponding control systems.

The Audit Committee is involved in the accounting-related ICS, see << Governance >>.

6 Report on Risks and Opportunities

Risk and Opportunity Management System

In the face of ever faster market changes, mounting uncertainties, the growing complexity of internationally disparate conditions and swift technological progress, coupled with dynamic growth and capital spending in the markets addressed by the Nemetschek Group, business decisions increasingly depend on a reliable assessment of potential risks and opportunities.

As a global software company with a broad product portfolio, Nemetschek is exposed to risks and opportunities that may vary depending on the division, industry and region. Its corporate policy is geared towards utilizing opportunities, leveraging and expanding potential for success and avoiding, minimizing or offsetting the associated risks as far as possible. The aim is to preserve entrepreneurial flexibility and financial solidity, to increase the company's enterprise value on a sustainable basis and thus to safeguard the Group's long-term viability.

The risk and opportunity management process aims at systematically identifying any changes to the Group's viability at an early stage and addressing any risks jeopardizing its ability to manage its success. It follows the "three lines of defense" model.

As risk and opportunity management is integrated within Corporate Controlling for organizational purposes, it is aligned with the planning and reporting processes and their criteria. In addition, steps are taken to ensure that risks arising from business operations are evaluated across the Group on the basis of uniform quantitative and qualitative criteria and categories for the purpose of greater comparability. In contrast to the previous year, opportunities were not quantified, as strategic opportunities are the subject of the company's aspiration. However, opportunities are recorded, discussed and assessed, but not explicitly quantified individually for internal management purposes. This is generally only done when an opportunity is deemed sufficiently worthy of investment and is considered in corporate and financial planning.

The Nemetschek Group's risk and opportunity profile is updated, documented and conclusively recorded on a quarterly basis. This applies to strategic risks and opportunities relevant for the Group as well as to operational opportunities and risks at brand level. Risk owners are designated for all risks and opportunities that are identified and classified as relevant.

Relevant material risks are transferred, limited or mitigated through appropriate measures. Where appropriate and feasible, risks are also transferred by means of insurance.

The Supervisory Board is regularly informed of the main identified risks and opportunities of the Nemetschek Group as well as the appropriateness and effectiveness of the risk and opportunity management system.

Risk Evaluation and Reporting

The Nemetschek Group's risk management comprises the following elements:

- **Risk identification:** Definition of risk areas and identification of significant strategic and performance-related risks
- **Risk assessment:** Standardized assessment and evaluation of the risks and opportunities identified by means of uniform assessment procedures, taking into account their probability and the extent of potential loss
- **Risk aggregation:** Analysis of the overall risk position
- **Risk control:** Measures to manage risks with the objectives of avoiding, reducing and transferring risks
- **Risk monitoring:** Monitoring the risks of early warning indicators
- **Risk Reporting:** Regular reporting, at least quarterly, as well as on an ad-hoc basis to the responsible functions and committees ensures transparency and good corporate governance.

Risks are systematically identified and, where applicable, assessed. The risks that have been identified are quantified, classified and assigned to the following five categories:

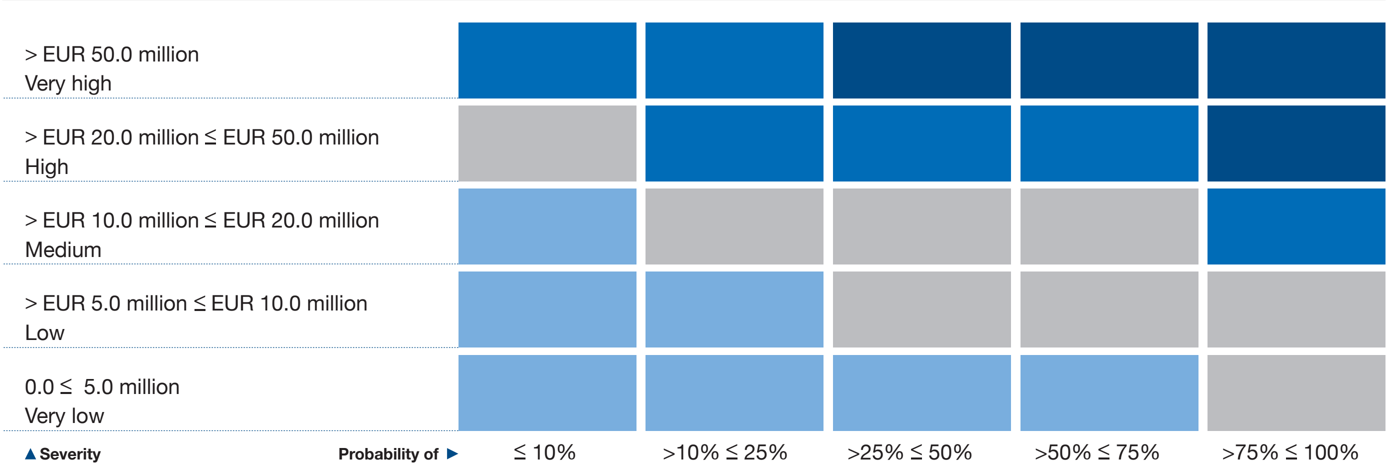
- Market Risks
- Operational Risks
- Legal, Tax and Compliance Risks
- IT and information security risks as well as
- Financial Risks

In view of their growing importance, IT and Information Security risks were combined in a separate category in the course of 2023 and also reported separately.

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 on the basis of their estimated likelihood of occurrence and the extent to which they are expected to affect the earnings, financial position, net assets and reputation of the Nemetschek Group.

The following ranges of the possible extent (after mitigation) are in relation to the sustainable and profitable growth and the financing situation of the Nemetschek Group.

RISK CLASSIFICATION MATRIX



The main risks for the Group including their estimated likelihood of occurrence and their potential extent are set out below. The four segments of the Nemetschek Group have a similar risk and opportunity profile and are therefore not presented separately. The risks listed below relate to the current Group structure as of the reporting date.

On the basis of the risk reports submitted to the Executive Board of the Nemetschek Group, the following risk profile applies as of the reporting date. It summarizes the corporate risks that are significant from the Group's point of view in risk fields with their defined risk categories:

Risk field	Risk category	Likelihood of Occurrence	Severity
	Macroeconomic and General Conditions	medium	high
	Sector Development	medium	high
Market risks	Competitive Environment	low	medium
	Corporate Strategy	very low	high
	Sales and Marketing	very low	high
	Products, Technologies and Business Processes	medium	high
	Human Resources	high	medium
Operational Risks	Acquisitions, Venture Investments and Integration	low	very low
	Legal Risks	medium	very low
	Tax Risks	high	very low
Legal, Tax and Compliance Risks	Compliance and Governance Risks	low	very low
	Data Security, Data Privacy and Information Security	low	medium
IT and Information Security Risks	Information Security Risks	high	medium
	Liquidity Risk	very low	very low
	Currency Risks	high	high
	Default Risk and Risk Management	medium	very low
Financial Risks	Interest Rate Risk	very high	very low

The Nemetschek Group's most significant risks across all risk categories as of the balance sheet date December 31, 2023 are as follows

- Foreign-exchange Risk
- Macroeconomic and Industry-Specific Market Risks,
- Parts of operational Risks (products, technologies and processes as well as human resources), and
- Parts of IT and Information Security Risks

None of the individual, business-specific risks arising from operating business constitutes a risk that is deemed to be material for the Nemetschek Group in the light of its likelihood and severity. Material risks are risks that are categorized as "high" or "very high" in terms of probability of occurrence and extent. In addition, no risks liable to threaten the Nemetschek Group's going-concern status either individually or in their entirety were identified.

Market Risks

Macroeconomic and General Conditions

The Nemetschek Group is active in various markets and regions. Business activities are influenced by geographic and sector-specific economic factors, political and financial changes and the occurrence of natural disasters, geopolitical changes and other global events. Given the current geopolitical situation, the general conditions deteriorated over the last year and this led to an increase in macroeconomic risk.

The ongoing Russian war of aggression, as well as the escalation of the Gaza-Israel conflict and the resulting war, have no significant direct impact on the business operations of the Nemetschek Group. However, indirect consequences such as the energy crisis in Europe caused by the Russian war of aggression or shifts in public-sector budgets in favor of military spending planned by different governments may have an indirect negative impact on the business of the Nemetschek Group. The regional spread of armed conflicts, which may lead to the involvement of NATO, as well as any further geopolitical upheavals triggered by the existing conflicts could cause a significant deterioration in the global economic situation and subsequently have a corresponding negative impact on global economic growth and capital spending in the corporate sector.

Nemetschek continually monitors developments in key economies and the construction and media 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 media and entertainment market is also closely monitored and events such as the strike by the film industry in the United States are observed. The highly targeted markets in Europe, North America, and Asia are continuously analyzed. Thanks to its international business orientation, the Nemetschek Group is characterized by broad risk diversification. Moreover, the individual segments react differently to economic cycles in terms of timing. The Design segment – which accounts for roughly 50% of the Nemetschek Group's revenue – is positioned at the beginning of the building life cycle and would be the first to feel the effects of any general economic downswing. The Build segment would only be affected downstream. The Manage and Media segments target different end clients, which increases risk diversification. The Manage segment is not directly dependent on the building process, as the focus in this segment is on efficiency enhancements in the management of properties. The Media segment is almost completely isolated from the construction industry.

Within the current client structure, there are currently no individual clients accounting for a material proportion of revenue. The Nemetschek Group is highly diversified, both in terms of regional distribution and client mix. At over 76.6% (previous year: 66.4%) of total revenue, the large proportion of recurring revenue is also a risk-minimizing factor. The Nemetschek Group's strategy prioritizes the further expansion of recurring revenue and continued internationalization, and these aims are systematically pursued on a long-term basis.

Sector Development
The order situation and the financial strength of the construction and media industries exert an influence on the investments of these industries in software solutions and thus on the business performance of a material part of the Group.

Long-term growth opportunities are forecast for the construction and infrastructure industry thanks to global trends such as urbanization and demographic growth. They are joined by long-term structural growth drivers such as the still low degree of digitization in the construction industry; the requirements for greater efficiency, time and cost savings along the construction and infrastructure life cycle; growing regulatory requirements – also for the use of BIM – as well as heightened sustainability and environmental requirements. The same applies to the media industry, as the demand for digital content is constantly increasing. However, growth may weaken and fluctuate in the short and medium term due to the current macroeconomic situation in the media and construction industries. In particular, high inflation and the interest rate hikes by a large number of central banks in response to it are leaving negative traces on the construction industry. Moreover, supply chain constraints, the limited availability of some raw materials, and skilled-labor shortages may prevent the industry from making full use of its development potential. Global conflicts may also cause budget re-allocations in individual countries, adversely affecting construction spending. The overall effect of these factors may be to reduce earnings in the corporate sector, something that would dampen corporate spending – including Nemetschek Group's products and solutions. In addition, risks may arise from customer consolidation, such as large media companies, resulting in changed customer requirements.

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 and instead use the relevant software in return for paying a regular usage fee.

Competitive Environment
The software market is competitive, and characterized by the rapid pace of technology, and heavy fragmentation. However, for businesses that operate sustainably, this market also offers opportunities. With the increased use of new technologies, such as artificial intelligence in the construction and media industries, new companies with strong financial resources can enter the market and quickly gain a strong market position.

Nemetschek closely monitors the competitive environment and, with its financial resources, is able to actively shape change in the industry. This is done through sustainable investments in its own research and development activities, on the one hand, and through acquisitions of or investments in start-up companies on the other hand. Furthermore, entry barriers in both industries are relatively high due to the complexity of the solutions and client relationships and proximity.

Operational Risks

Corporate Strategy
The Nemetschek Group pursues an earnings-oriented growth strategy *<< 1.2 Growth Drivers, Goals 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, financial position and net assets.

The Nemetschek Group growth strategy is based on organic growth initiatives as well as growth stimulus from M&A activities. If it is not possible to acquire businesses at reasonable prices, this may adversely affect the implementation of the 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 these and leveraging competitive differentiators in the regional submarkets to grow value. If this is not possible or is delayed, negative effects may arise. The Nemetschek Group has extensive experience in planning and establishing regional sales structures. To address specific challenges, it also engages specialized external consultants, where necessary, to avert or contain the aforementioned 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 on the basis of 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 continuously works on creating attractive and innovative solutions with many benefits for clients, thus minimizing the risks arising from the strategic orientation adopted. The Group's risk situation changed slightly in the course of the year. Changes may arise from competitors, mainly as a result of the sharp growth in the significance of artificial intelligence (AI) and its rapid ongoing development. The Nemetschek Group sees this development as harboring opportunities as well as risks which are being closely observed and actively addressed within the company. For one thing, the Group has been investing in innovations for years, with a particular focus on AI. For another, Nemetschek invests in start-ups in the AI sector to remain close to their development and to bring the start-ups together with the Nemetschek Group's existing brands.

Sales and Marketing

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.

The loss of important sales partners or sales employees could have a negative impact on the revenue and earnings of the Nemetschek Group. The brand companies address this risk through careful selection and training and by motivating sales partners and employees through attractive incentive and reward systems.

Sales risks also arise if the brands establish their own sales team or sales location in regions where a sales partner previously operated or if sales partnerships are terminated. Such a change may lead to disagreements with the previous sales partner or adverse client reactions. However, such scenarios are analyzed in detail before they are implemented and discussed both internally and with external market experts.

Further risks may arise when the product portfolio is modified or when new forms of distribution, such as subscription/rental models, are adopted if, when they are launched, the appropriate solutions do not yet have the degree of market maturity that clients expect. Nemetschek addresses this risk by preparing market launches carefully in conjunction with pilot projects involving selected customers and, if necessary, by quickly adjusting and intensifying its development activities.

Risks may also arise when new distribution and sales channels, such as e-commerce offerings (including the Group's own web stores), are established. The Nemetschek Group addresses these risks by engaging in precise planning, comprehensive communications and careful testing of corresponding changes.

Products, Technologies and Processes

In contrast to the previous year, the two risk categories products/technology and processes have been combined into a single risk. In an environment characterized by rapid technological progress, products, the technologies used and ongoing development must meet high demands.

There is a risk that competitors will gain an innovative edge and thus win clients previously with the Nemetschek Group. Future business success therefore depends above all on the ability to offer innovative products that are tailored to clients' needs. With its organizational structure, the Nemetschek Group is positioned close to its customers and market. In this way, it is able to identify changes and trends at an early stage, evaluate them and take an appropriate response in such a way that client needs and internal quality standards can be met. The Nemetschek Group continuously invests roughly one fifth of its revenue in research and development to avert product- and technology-based risks as far as possible and to reduce them to a level tailored to the strategy.

The Nemetschek Group's software products incorporate third-party technology in some cases. 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. It addresses this risk by selecting suppliers carefully and ensuring adequate quality assurance.

Risks may arise if the required and planned process results do not meet client requirements in terms of time and quality due to insufficient resources or changes in underlying conditions. The Nemetschek Group addresses risks that arise from changes in processes by implementing structured project management and targeted communications. Changes are tested at defined milestones and rework done if necessary. Internal and external experts are also engaged as needed.

Further risk potential exists in the realignment of the product lines. In such cases, the Nemetschek Group takes care to intensify the exchange of information with the clients affected and to comprehensively explain the benefits of the realignment or migration.

Human Resources

The software industry is currently facing a growing shortage of qualified employees, particularly in the areas of software development as well as marketing and sales.

The prevailing shortage has constituted a risk to the sector for many years. 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. To recruit and retain employees, the Nemetschek Group offers flexible working models as well as attractive salaries and working conditions. In addition, it works very closely with universities, provides scholarships, and awards doctoral positions to identify young specialists and to recruit them at an early stage. Moreover, the company aims to offer its employees an attractive workplace, appealing development opportunities, and consequently a bond between the employees and the company.

Acquisitions, Venture Investments and Integration

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

There is a risk that merged or acquired entities do not develop in line with expectations, preventing the defined earnings targets from being reached. This could negatively impact the Nemetschek Group's earnings, financial position and net assets. Goodwill, which arises from business combinations, is subject to impairment testing at least once a year. It is possible that the value of an acquiree proves to be impaired due to commercial developments, meaning that the purchase price may need to be written off in full or in part. This would negatively impact the Nemetschek Group's earnings, financial position and net assets.

To address M&A risks, potential targets are assessed, evaluated and planned carefully and systematically before any contract is signed. There is an established, standardized process for M&A activities with a special focus on due diligence and ensuing integration within the Nemetschek Group.

Legal, Tax and Compliance Risks

Legal Risks

In an international company such as the Nemetschek Group, contractual, competitive, trademark, and patent law related risks may arise. 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 earnings, financial position and net assets, the share price, or the reputation of the company.

To mitigate these 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, connected with this, higher cash outflows. Furthermore, changes may adversely affect the deferred tax assets and liabilities recognized.

The Nemetschek Group's future tax situation is subject to uncertainty over the US tax reform, as a considerable part of its profits are generated in that country. In addition, the Nemetschek Group will come within the scope of the future BEPS (Base Erosion and Profit Shifting) Initiative 2.0 of the Organization for Economic Development and Cooperation (OECD) and its local implementations. They range from increased transparency, such as country-based reporting, to requirements for minimum taxation. The very likely implementation of the EU Minimum Taxation Directive is expected to have an impact on the Group's tax position.

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 regulatory requirements could have negative effects on the company's earnings, financial position and net assets, share price, or reputation.

To a small extent, clients of the Nemetschek Group include governments or publicly owned companies. Business activity in the construction industry is partly characterized by orders of a larger volume. Cases of corruption or simply the corresponding allegations could make participation in public tenders more difficult or even impossible and have negative effects on the company's continued economic activity, earnings, financial posistion and net assets, share price, or 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 in-person training are used to communicate this topic on a sustained and Group-wide basis. This helps to raise Group-wide awareness, allowing employees to detect potentially critical situations and take the appropriate response.

Applying the relevant Group policies and other regulations (including specific compliance guidelines) as well as targeted compliance communication measures, we raise employees' awareness of the importance of compliance and provide the necessary training.

Along with this, external stakeholders such as suppliers and business partners are integrated into the operational compliance process. As part of the risk-based business partner audit, the Supplier Code of Conduct (SCoC) forms an integral part of the contract to ensure that business partners implement supply chain compliance in their own operations in a sustainable and transparent manner.

IT and Information Security Risks

IT Risks – Data Security, Data Privacy and Information Security

The requirements with regard to compliance, data retention, data security as well as data privacy are increasing in severity all the time. On the one hand, new and extensive regulations and legal stipulations are planned in the current regulatory environment, while on the other, the requirements that individual clients have are also rising. The General Data Protection Regulation (GDPR) is currently the most significant regulation in force. In addition, local data protection authorities may impose other sanctions under Article 83 of the GDPR. The Nemetschek Group has designed its processes to be fundamentally compliant with data-protection requirements, and an external data protection officer also helps to ensure compliance with the data protection regulations.

Information Security Risks

The Nemetschek Group is observing a growing threat to Group-wide information security in the market environment. This development is also resulting in risks to the security of products and solutions as well as the IT systems and networks of the Nemetschek Group. Like other global companies, the Nemetschek Group is exposed to the threat of cyber-attacks by increasingly professional perpetrators, supported by organized crime and possibly also by government structures engaged in industrial espionage or even sabotage. For this reason, the resultant risks rose in the course of the year.

At the same time, the information security requirements to address these threats are steadily increasing. The EU Commission will implement regulations that call for high security standards for software products (EU Cyber Resilience Act as well as the EU's NIS-2 Directive (Network and Information Security)). These regulations are to enter into force after being ratified in 2025, with different transitional periods commencing in that year. 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 supports these activities and is working closely on meeting the future requirements. For this purpose, it has initiated projects to ensure that its products and solutions are implemented in a legally compliant manner and in accordance with client requirements at all times.

A large number of measures have been developed within the Nemetschek Group to maintain and permanently improve the level of protection to actively address the IT and information security risks described. The following measures, for example, have been implemented:

» Group-wide implementation of a modern cyber defense architecture.

» Establishment of a Group-wide information security management system in accordance with ISO 2700x, which also includes the management of IT and information security risks.

» Installation of a global information security organization with established reporting lines to the Executive Board.

» Close collaboration and regular exchange between the information security managers and experts of the Nemetschek Group.

» Establishment of 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 as well as successful and failed attempts are analyzed, while the entire information security system is constantly undergoing further development and being adapted to take account of current and, as far as possible, future threat patterns. Group-wide cybersecurity insurance provides further protection, covering all Group companies, and is intended to mitigate the financial consequences of a potential cyberattack.

Financial Risks

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

On the basis of the existing financial liabilities, there is a general liquidity risk if earnings deteriorate. At the end of 2023, the Nemetschek Group had liabilities to banks of around EUR 6.9 million (previous year: EUR 72 million). The Group continued to generate positive cash flows from operating activities in 2023, allowing it to settle liabilities that have already fallen due for payment or will do so in the future. Nemetschek SE ensures to some extent the availability of decentralized financial resources via central cash pooling and intra-Group distribution and financing options. As a matter of principle, the Group pursues conservative and risk-averse financing strategies. The Group Treasury function has been significantly strengthened over the previous years and aspects such as banks, liquidity, and risk management steadily enhanced through the continued upscaling of governance structures and revisions to processes and systems.

Currency Risks

As an internationally active company, the Nemetschek Group is exposed to exchange rate fluctuations, especially in the United Kingdom, Japan, Norway, Sweden, Switzerland, Hungary, and the United States. The ongoing internationalization of the Group's activities will additionally heighten the relevance of exchange rate fluctuations for the Group's business activities. However, at the Group level they only affect the earnings arising in a foreign currency, as the operating subsidiaries outside the Eurozone generate most of their revenue, costs, and expenses in their local currencies (natural hedging). Nonetheless, currency fluctuation may impact pricing and therefore revenue, which may influence the earnings of individual Group companies. Given the continued high uncertainty over the future direction of the monetary policies pursued by individual central banks, exchange rates may remain volatile and – when translated into the euro, which is the reporting currency – significantly impact the earnings, financial position, and net assets of the Group and the parent company. In the case of the parent company, this additionally concerns currency risks arising from foreign-currency financing transactions with subsidiaries.

Default Risk and Risk Management

Credit risks within the Nemetschek Group are addressed by managing credit approvals, defining upper limits and control procedures and by maintaining regular debt reminder cycles.

The Nemetschek Group has no significant concentration of credit risks with any single client or groups of clients. The maximum credit risk equals the amounts recognized on the face of the balance sheet.

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 checked 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 current economic environment, it is possible that the creditworthiness of some clients may change, resulting in an elevated credit risk.

Over the past three years, the markets have experienced rising insolvency figures, funding problems on the part of clients and project postponements due to delays in the supply chain. The Nemetschek Group and its clients have demonstrated great resilience in this respect, thus remaining shielded from greater systemic risk. The Group continually monitors this situation and, if necessary, will take measures and recognize provisions.

Interest Rate Risk

As a result of the measures taken by central banks to curb inflation, interest rates are currently high, especially in Europe and the United States. However, management does not currently see any significant interest rate risk for the company due to the Nemetschek Group's financing structure. Long-term financing arrangements are hedged with fixed interest rates. Future M&A activities may have an impact on future interest payments and are therefore assessed in each individual transaction. Given the company's good earnings and financial situation and, hence, its creditworthiness, the adverse effect of the interest rate risk on the Nemetschek Group would be limited.

Opportunity Management and Reporting

The recognition and management of opportunities have been established as integral components of strategy, corporate planning and forecasting processes. This provides a long-term, medium-term and short-term perspective for additional growth potential for the Nemetschek Group. Accordingly, management evaluates relevant and feasible opportunities that are consistent with the Group's strategic goals and offer a competitive advantage.

Among other things, operational potential is addressed by means of regular discussions between the Executive Board, the segment managers and other relevant experts. To this end, economic, industry and sales developments as well as the competitive environment and technological trends are considered in the light of market, industry and competition data. Opportunities that can be realized in the short term are prioritized and integrated within the rolling business forecast.

The Nemetschek Group's opportunity management process is based on the risk management process.

The opportunities set out and described below are considered to offer the greatest potential for the Nemetschek Group as of the balance sheet date December 31, 2023:

Opportunity Field	Opportunity Category
	Macroeconomic and General Conditions
	Sector Development
Economic Opportunities	Competitive Environment
	Corporate Strategy
	Sales and Marketing
	Products, Technologies and Business Processes
	Human Resources
Operational Opportunities	Acquisitions, venture investments and integration

Economic Opportunities

Macroeconomic and General Conditions

A swifter-than-expected improvement in the global economic outlook could boost capital spending on the part of clients and, hence, demand for Nemetschek Group products and solutions. 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. 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 benefit from the potential opportunities. However, the current assessments are subject to change and it may not be possible to fully act on opportunities.

Sector Development

Mounting cost pressure and the increased use of digital working methods may lead to an acceleration of digitization in 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 phase, where market participants are 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 allow digital transformation in the construction industry to unfold more quickly than expected and permit potential revenue to be harnessed faster than expected, too.

In addition, the construction industry can benefit from numerous government-initiated investment projects for infrastructure and public construction. This consequently opens up opportunities for participating in investment programs, particularly for the Design and Build segments. In the Manage segment, issues such as efficiency enhancements and sustainable building management are particularly relevant. Here as well, the trend in favor of energy savings, for example, may harness growth potential.

Further opportunities may arise in the Media segment as the creation of digital content and worlds, together with 3D animation is increasingly growing in importance. One example of this is the metaverse, which merges the virtual with the real world. In addition, there is a growing need for digital content and rising demand for gaming. These trends could have a positive impact on demand for solutions in the Media segment.

Competitive Environment

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 portfolio of products and solutions in line with its clients' needs while generating innovation that adds value for clients.

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 harness this potential and make use of these opportunities, the Nemetschek Group has created and scaled up internal structures targeted at M&A and start-ups.

Operational Opportunities

Corporate Strategy

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 the relevant technologies become increasingly important in the construction industry.

The progressive shift towards new sales and business models such as subscription and software-as-a-service products as part of the Group's strategic orientation offers accelerated growth opportunities and also ensures greater stability and forward visibility with respect to revenue and margins.

New technologies may also unleash new market potential. The growing importance of artificial intelligence in particular may change the AEC/O and media markets. In addition to the development and implementation of AI solutions, the growing importance of AI at Nemetschek is also being fueled by a high willingness to invest in relevant start-ups. Alongside the risks, the Nemetschek Group particularly also sees opportunities in this development and has been investing in AI-related innovations for many years. In addition, it is working with university experts to promote an exchange with academia on AI.

Sales and Marketing

The ongoing internationalization of Nemetschek's business forms a strategic focus for expanding regional market share or entering new markets. The focus lies on those sales markets that offer the greatest market potential and growth. Alongside Europe, a major priority is the United States, which is the largest regional AEC/O software market in the world, and selected Asian markets. Along with this, there is an opportunity for stepping up efforts to address previously peripheral markets, e.g. in Asia/Pacific, including India, and for generating additional growth.

New forms of market cultivation arising from the consolidation of individual products are opening up opportunities to offer existing and potential new clients more comprehensive packages of solutions. This is particularly the case for large, international clients who combine various disciplines under one roof. This is supplemented by cross-selling activities to offer clients packages containing different products from the entire Nemetschek portfolio. Opportunities may also arise from new sales channels such as e-commerce in which clients can take out a subscription for a solution directly online via the website.

Products, Technologies and Processes

The development of new solutions and technologies that are focused on client benefits, including cloud-based solutions and platforms or digital twins for example, can enable the new growth potential to be harnessed. New business models such as subscriptions and SaaS also open up opportunities to boost Group's earnings. The Nemetschek Group uses its close client relationships and its knowledge and experience as well as its research and development resources to harness the opportunities that are emerging.

Changes are continuously made to existing business processes and models in order to achieve targeted improvements. Changes may have a direct positive impact on client benefits, and thus also on client relationships, as well as an indirect effect by additionally optimizing internal corporate structures and processes, thus creating a positive impact on the Group's cost structure and value generation.

Human Resources

The Nemetschek Group is aligned with long-term growth. 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. The functional organizational structure of the G&A functions (HR/People, Controlling & Risk Management, Finance and IT) rolled out in 2023 may also enhance the appeal of roles in these areas. Furthermore, a more closely coordinated brand identity, portraying a globally active group, offers an opportunity to heighten the company's appeal for existing and future employees. The existing, 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 have options for retaining employees and hiring new ones.

Acquisitions, Venture Investments and Integration

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

In order to make the best possible use of acquisition opportunities, the Nemetschek Group continually screens the markets for suitable targets. It also works with M&A advisors to fill gaps in its portfolio. Furthermore, the responsible persons within the segments contribute their expert knowledge and market observations in an established and professional M&A process. There is a standardized M&A process with a particular focus on due diligence, valuation and post-merger integration.

Summary Assessment of the Group's Opportunity and Risk Situation

Compared to the previous year, there have been no material changes in the company's overall risk profile or individual risks and opportunities. The adjustments to the risk profile mainly reflect the slight elevation of market risks compared to the previous year, particularly with regard to the overall and sector-specific outlook and the competitive environment, as well as the slight increase in operating risks. The Nemetschek Group also sees a heightened risk of cyber-attacks compared to 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 position, and the financing structure.

7 Outlook 2024

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 impact the Group's future earnings, financial and asset situation.

The outlook for the global economy is currently influenced by many factors that are subject to great uncertainties. Geopolitical conflicts and crises, in particular, and their impact on global markets are continuing to leave traces on the global economy. Despite the adverse circumstances, the global economy proved to be robust in 2023, reflecting companies' mounting resilience.

The consequences of the ongoing Russian war of aggression on Ukraine, the terrorist attacks by Hamas in Israel, which has prompted a military response from Israel, as well as the difficult trade relations between the United States and China will have an impact on the global economy in 2024. Above all, the restrictive monetary policies triggered by the conflicts and crises described above are having a dampening effect and will take their toll in 2024.

In addition to the above-mentioned factors, the increasing transformation efforts and activities in individual economic regions (e.g. the European Green Deal in the European Union) towards a more sustainable economy are also leading to major changes in the economic framework, yielding opportunities as well as risks for individual sectors.

The monetary measures taken by governments and central banks exerted their effect in 2023. Inflation rates are expected to continue declining, gradually reaching the central banks' targets. As a result, the current tight monetary policies may be eased in the future.

Given the large number of existing and potential geopolitical conflicts, the current forecasts are fraught with high uncertainty.

Overall, the International Monetary Fund (IMF) in its World Economic Outlook published on 30 January 2024 and the German Council of Economic Experts in its Annual Report 23/24 published on 8 November 2023 expect the global economy to flatline or slow in 2024. While the IMF is predicting an increase in gross domestic product (GDP) of 3.1%, the German Council of Economic Experts projects growth of just 2.2%.

The following forecasts have been issued for the main regions in which the Nemetschek Group operates:

GDP in the **Eurozone** is expected to expand by 1.1% (German Council of Economic Experts) or 0.9% (IMF) in 2024. In the EU, the fallout from the energy crisis, caused primarily by the Russian war of aggression on Ukraine, is still having a negative impact. The still restrictive monetary policies in the EU are also continuing to have a dampening effect on the economy, with the European construction industry in particular bearing the brunt.

The **German** economy should regain some momentum compared to 2023 and return to a growth trajectory with expansion of 0.7% according to the German Council of Economic Experts. The IMF likewise expects a slight increase in economic output of 0.5% for Germany. Due to the comparatively high level of industrialization, particularly in energy-intensive sectors, the German economy is currently suffering particularly severely from the consequences of the energy crisis and historically high interest rates.

The German Council of Economic Experts is forecasting growth of 1.6% for the **United States** in 2024, while the IMF expects growth of 2.1%. Accordingly, both institutions assume that the US economy will lose momentum. In particular, the high interest rates could place a damper on the economy in 2024, with government support programs primarily intended to promote corporate investment.

For **Asia** – where both institutions see the greatest regional growth globally for 2024 – the German Council of Economic Experts forecasts an increase in GDP of 3.8%. **China** is expected to grow by 4.3% In its January 2024 update, the IMF puts economic growth in China at 4.2% and thus lower than in the previous year. The Chinese economy continues to suffer from the consequences of the real estate crisis, although industrial output is expected to normalize further. Growth rates in India are also likely to exceed the global and Asian forecasts. The IMF expects economic output to grow by 6.5%. This is consistent with the estimates of the German Council of Economic Experts, which anticipates growth of 6.2%.

Overall, the uncertainties associated with the aforementioned forecasts are considerable and particularly depend on the further course of political and economic conflicts, crises and underlying conditions. Any risks occurring or worsening or any deterioration in conditions may have a negative effect on the global economy. Likewise, an end to the war in Ukraine or the Middle East or an improvement in general conditions may generate impetus for the global economy, feeding through to the industries and regions addressed by the Nemetschek Group. The IMF and the German Council of Economic Experts currently believe that the short-term risks for the global economy outweigh the opportunities.

Sources: German Council of Economic Experts, Annual Report 23/24 dated November 8, 2023 and International Monetary Fund, World Economic Outlook Update dated January 30, 2024.

Development of the Underlying Industry-Specific Conditions

Construction Industry

The construction industry is influenced by the prevailing macroeconomic and political conditions. The effects previously described of the current geopolitical crises and conflicts are also leaving traces on the construction industry in particular. High interest rates, restrictive monetary policies and persistently high prices are triggering greater investment reticence on the part of companies and private property developers, at least in the short term. However, the current situation in the construction industry is forcing planning and construction companies in particular to improve the efficiency of their planning and building processes. The need for improved efficiency and cost savings may therefore also provide important impetus for the further digitalization of the industry. Moreover, sustainability and environmental protection are becoming increasingly important in the planning, construction, operation and renovation of buildings. A more energy- and resource-efficient approach throughout the entire construction process, including the subsequent use phase, is therefore a critical factor in achieving the political climate targets. This should also generate impetus for the construction industry.

The experts at Euroconstruct (November 2023) project a sequential inflation-adjusted decline in the construction industry in **Europe**. They forecast a decline of 1.7% in 2023, widening to 2.1% in 2024. Euroconstruct sees a recovery emerging in the European construction industry and a return to a growth trajectory in 2025.

The **German** construction industry, which is of particular importance for the Nemetschek Group, is expected to contract by 2.2% in 2024. This decline is therefore within the range forecast for 2023, for which experts project contraction of 2.3%. At 2.2% in 2024, the decline forecast for Germany is slightly above the average for the Euroconstruct countries (decline of 2.1%). The highest growth rates across Europe are expected in Ireland (+4.4%), Slovakia (+2.9%) and Poland (+2.5%). By contrast, Italy (–7.3%), Sweden (–5.7%) and Denmark (–4.9%) are expected to experience the sharpest declines in construction output in 2024.

In the **United States**, construction output should expand by 5% in 2023, before flatlining and shrinking slightly in 2024 (0%) and 2025 (–1%), respectively. Whereas residential construction in particular is expected to shrink substantially by 7% in 2024 and 3% in 2025, the non-residential sector should expand by 5% in 2024. Output in this sector will also likely shrink by 2% in 2025.

The construction industry in **Asia** should contract slightly by 0.4%. A decline of 2.6% is projected for China, while India should remain stable (growth of 0.2%), with Japan displaying substantial growth of 5.2%.

Source: 96th Euroconstruct Summary Report Winter 2023; North American Engineering and Construction Outlook Fourth Quarter Edition (October 2023).

Digitalization in Construction

Digitalization in the construction industry is less advanced than in other industries due to the high degree of fragmentation, non-serial production processes and the low profitability and the low margins in construction. Nevertheless, a large number of players in the construction industry view the digital transformation as a key competitive advantage and a strategic priority. Mounting regulation – including for sustainable construction, high material costs, the continued shortage of skilled labor and the lessons learned from the Covid-19 pandemic – may spur and even accelerate existing trends such as digitization 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 ensures compatibility between different software solutions and thus fosters 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.

Development of the Media and Entertainment Industry

The media and entertainment industry continues to benefit from a steady increase in demand for high-quality content and animation by artists and creators, as well as the growing use of visual effects (VFX) in films and videos, as well as high demand from the gaming industry. Although demand in the industry temporarily stalled as a result of the strikes in Hollywood in 2023, Nemetschek still sees great market potential – especially in the medium term – from the metaverse and the creation of an artificial environment in the form of augmented reality (AR) or virtual reality (VR). In this market, the Nemetschek Group is very well positioned with the Media segment and the Maxon brand to leverage future growth potential in the underlying market.

General Statement on Expected Development

Outlook for the Nemetschek Group

Despite the underlying macroeconomic and industry-specific conditions and challenges outlined above, the Executive Board is optimistic about 2024.

In the short term, the planned ongoing adoption of subscription and SaaS models will have a temporary dampening effect on revenue growth and profitability due to accounting-related effects. At the same time, however, the conversion to subscription and SaaS models means that higher revenues can be generated over the client lifetime. Moreover, revenues are more predictable and, as a result, business generally gains added resilience – even across economic cycles.

In the medium and long term, the significant structural growth drivers such as the low level of digitalization in the construction industry, the requirements of greater efficiency and time and cost savings in the construction life cycle, mounting regulations on

BIM use, increased demands for sustainability, environmental protection and lower carbon emissions as well as ongoing urbanization remain fully intact. A further factor is the ongoing shortage of skilled workers, which has in fact been exacerbated by the crises of recent years.

On a like-for-like basis, we expect an attractive revenue growth in 2024. Specifically, currency-adjusted revenue growth should be in a range of 10% to 11%. Growth in recurring revenue, as measured by the annual recurring revenue (ARR) KPI, is expected to increase significantly faster than Group revenue at around 25%. The share of recurring revenue in total revenue is therefore expected to continue widening to roughly 85% at the end of the current year. The EBITDA margin should be in a range of 30% to 31%.

	Financial year 2023 Actual	**Financial year 2024 Forecast March 2024**
Revenue or currency-adjusted revenue growth	EUR 851.6 million, 8.0%	Currency-adjusted revenue growth of 10 to 11%
ARR or ARR growth (annual recurring revenue)	EUR 718.6 million, 26.7%	ARR growth of ~25%
Share of recurring revenue in total revenue	76.6%	Share of recurring revenue in total revenue: ~85%
EBITDA or EBITDA margin	EUR 157.7 million, 30.3%	EBITDA margin of 30% to 31%

As business development is influenced by currency effects, particularly the US dollar, the outlook for revenue growth is stated on a currency-adjusted basis in order to better assess the company‘s operational strength.

Dividends

The pro-shareholder dividend policy pursued by Nemetschek SE based on continuity and sustainability, is to be continued in the coming 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.

In general, it should be borne in mind in connection with the forecast that, in addition to a change in underlying economic conditions, changes in currency exchange rates and possible portfolio modifications as a result of M&A activities could have an impact on the Group’s revenue and earnings, and ultimately also on the achievement of the forecast. For this reason, the forecast for 2024 has been prepared on a basis comparable with the previous year, assuming constant exchange rates and a portfolio unaffected by M&A activities. Nemetschek SE expects net income in the mid double-digit million range and gross liquidity in the lower single-digit million range in 2024.

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 company. This may cause the actual results, success and performance of the Nemetschek Group to differ substantially from the results, success or performance expressly or implicitly contained in the forward-looking statements.

8 Other Disclosures

Corporate Governance Declaration

The Corporate-Governance Statement pursuant to sections 289f and 315d of the German Commercial Code (HGB) is part of the Group Management Commentary. It is published on the website *ir.nemetschek.com/corporate-governance*. 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. The corporate governance declaration can also be found in the 2023 Annual Report in the chapter entitled *<< To our Shareholders >>*.

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, 2023, 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 of 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 Sections 84 and 85 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 two 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).

The amendments to the Articles of Incorporation are governed by Article 59 of the SE Regulation, Section 51 of the SE Act and Section 179 of the German Stock Corporation Act in conjunction with Articles 14 and 19 of Nemetschek SE's Articles of Incorporation. According to this provision, 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 Supervi-

sory 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, 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.

Related Entities Report

The Executive Board of Nemetschek SE has prepared a report on the company's relationships with affiliated companies (dependency report) in accordance with Section 312 of the German Stock Corporation Act and has declared the following at the end of the report:

Our company, Nemetschek SE, received appropriate consideration for each legal transaction listed in the report on relationships with affiliated companies for the reporting period from January 1, 2023 to December 31, 2023 in the light of the circumstances known to us at the time the legal transactions were carried out. Nemetschek SE has not taken or omitted any measures.

Munich, March 15, 2024

Yves Padrines

Louise Övferström

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NEMETSCHEK GROUP

2024 ANNUAL REPORT

Intelligence beyond AI

SEGMENTS AND BRANDS OF NEMETSCHEK GROUP

NEMETSCHEK GROUP

DESIGN	BUILD	MANAGE	MEDIA
ALLPLAN GRAPHISOFT RISA SOLIBRI VECTORWORKS	BLUEBEAM gocanvas NEVARIS	CREMSOLUTIONS SPACEWELL	MAXON
DIGITAL TWIN BUSINESS UNIT: dRofus, dTwin			

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Combined Management Report for the Financial Year 2024

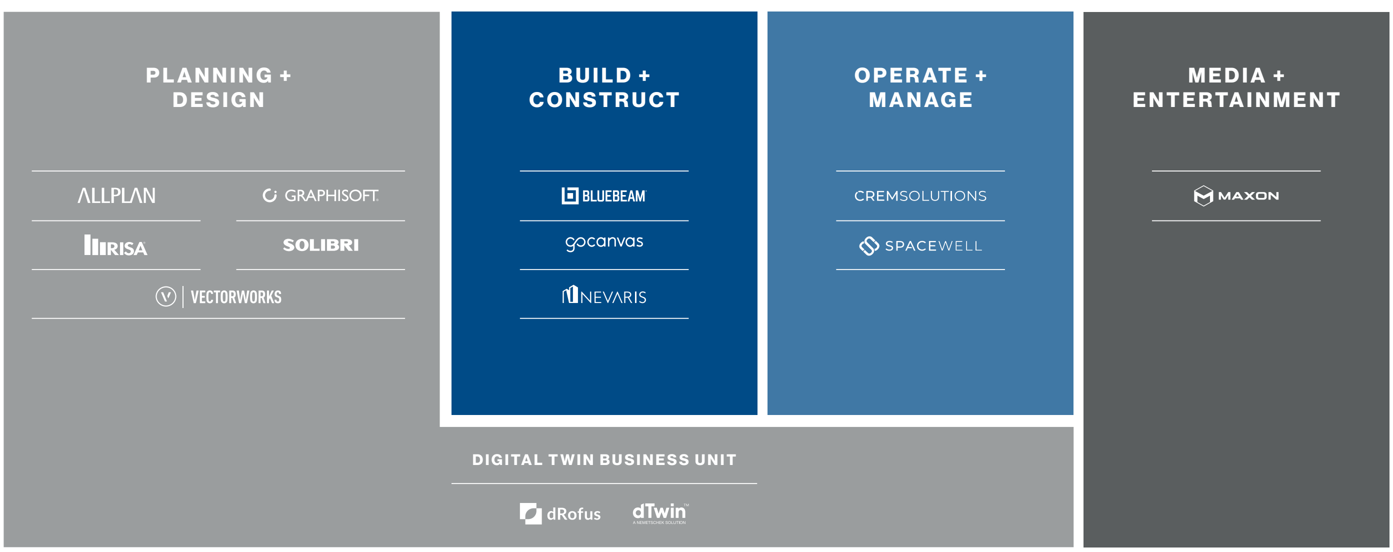
About This Report

The management report of Nemetschek SE and the Group management report for the 2024 fiscal year have been combined. The Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG) is published on the Nemetschek SE website at ir.nemetschek.com/declarationofconformity. Furthermore, the Corporate Governance Declaration and the Declaration of Conformity can also be found in the annual report 2024 in the section [<< To Our Shareholders >>]. The consolidated financial statements as at December 31, 2024, that have been prepared by Nemetschek comply with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as at December 31, 2024, and, additionally, with the requirements of the German Commercial Code in connection with German Accounting Standards.

1 Group Fundamentals

1.1 Group Business Model

Organization and Structure



Nemetschek SE, together with its subsidiaries (brands), forms the globally active Nemetschek Group. Founded in 1963 by Prof. Georg Nemetschek, the company can now look back on more than 60 years of history. Today, the Nemetschek Group is a global provider of digital software solutions for all phases and disciplines of the building and infrastructure project life cycle (i.e., the AEC/O industry – architecture, engineering, construction, and operation) as well as for all stages during the creation of digital 2D and 3D content in the media sector.

As a strategic holding company, Nemetschek SE is headquartered in Munich, Germany, and carries out its operating activities through four segments with a total of 12 brands (previous year: 13 brands). On the one hand, the structure combines central steering at Group level and, on the other, business freedom at brand level. As such, it is possible for individual brands to focus on client needs and acquiring new customers, thus generating added value for customers. This combined segment and brand approach makes it easier to quickly identify market changes and efficiently implement customer requirements. In order to simultaneously ensure a high degree of business efficiency, Nemetschek SE handles central functions such as Corporate Finance & Tax, Controlling & Risk Management, Investor Relations & Corporate Communication, People/Human Resources, Strategy (incl. Mergers & Acquisitions, Start-up & Venture Investments and AI), IT, Information Security, Global Procurement, Transformation Office, Internal Audit, and Corporate Legal & Compliance. These departments also perform important governance tasks, thus enabling the brands to concentrate first and foremost on harnessing new potential customers and their operational activities.

Business Activities

Proximity to markets and customers are key success factors for Nemetschek. With its software solutions, the company supports **digitalization** along the entire construction life cycle – from the planning and construction phases to the operation, renovation, and demolition phases. This comprehensive approach concentrates investments and expertise in the client-oriented segments and thus offers end-to-end client support for the entire building life cycle.

The Nemetschek Group is clearly committed to OPEN BIM, which increases interoperability, collaboration, efficiency, and communication with different disciplines across the entire construction lifecycle. At the same time, the Nemetschek Group is focusing on future topics that will shape and change the construction industry over the next few years. Such topics mainly include artificial intelligence, digital twins, machine learning, sustainability, and the usage of IoT devices and sensors. These topics are therefore also focal points of the Nemetschek Group's innovation and development activities.

In addition, the company provides digital solutions for 3D visualization, modeling, and animation that are used particularly in the media and entertainment sector and that cover the entire content production workflow.

Segments

The Nemetschek Group organizes its twelve brands in the client-oriented segments Design, Build, Manage, and Media. Each of these four segments is led by an Executive Board or segment manager. The holding company and the segments are closely interlinked in order to ensure highly effective steering and close coordination, including among the individual companies.

Furthermore, there are benefits for the brands as well as the Group overall from the stronger harmonization and globalization of general and administrative functions, access to additional resources and tools, and intensified knowledge exchange. For instance, the brands can focus their capacity and resources more on the operational implementation of the corporate targets and strategy, including in particular greater client loyalty and the exploitation of additional growth opportunities.

To leverage synergies within the Nemetschek Group, the Executive Board and segment managers support the coordination and implementation of strategic projects between the brands in their respective segment as well as cross-segment cooperation between individual brands. As a result, the subsidiaries benefit from synergies and transfer of knowledge for their segment and for the wider Group in relation to internationalization, the exchange of best practices, and sales, marketing, and development activities. To this end, the harmonization of internal structures and processes, which had already begun, was further spearheaded in the 2024 fiscal year. Central administrative functions such as People/HR, Controlling & Risk Management, Finance, and IT have already been harmonized further, letting the brands focus even more strongly on their client-adjacent topics.

The company's legal structure is outlined in the notes to the consolidated financial statements in *<< Note 32 List of Companies in the Nemetschek Group >>*.

Changes within the Segment Structure

The process of merging individual brands was also continued in 2024 in order to provide customers with harmonized solutions. As part of this work, the group brands Scia and Frilo were integrated into the Allplan brand.

The Nemetschek Group has also acquired GoCanvas Holdings, Inc., headquartered in Reston, Virginia, USA. GoCanvas is a leading provider of SaaS solutions to facilitate collaboration between specialists on the construction site. With GoCanvas, traditionally paper-based processes can be digitalized, inspections made easier, construction site safety increased, and compliance with regulations ensured. Following completion of the acquisition with effect from July 1, 2024, GoCanvas was assigned to the Build segment and has since been fully consolidated within this segment.

Furthermore, the Digital Twin business unit together with the dRofus brand and the dTwin solution was transferred from the Manage segment to the Design segment in 2024 as planned and consolidated there. As of December 31, 2024, the four segments of the Nemetschek Group comprise a total of 12 brands (previous year: 13 brands).

Design Segment

The Design segment's major client groups include, above all, architects; designers; engineers from all disciplines, including structural engineers; specialist planners, and landscape designers as well as developers and general contractors. The individual brands within the Design segment target a broad range of different, specialized fields within architecture, design, and engineering. Customers can use the solutions offered to carry out their tasks across all phases, from planning and design right up to factory and construction planning. The Design segment's portfolio particularly features OPEN BIM solutions for computer-aided design (CAD) and computer-aided engineering (CAE), which are used in the 3D planning and visualization of buildings and infrastructure projects. These are complemented by BIM-based solutions for quality assurance and control to avoid errors and conflicts during the planning and construction phase.

The segment's recent financial years were characterized by integration and harmonization activities. The merger of individual brands and the expansion of cross-brand collaboration has resulted in the successful creation of extended and harmonized client offerings in particular, increasing the benefits for customers even further. In the year 2024, these harmonization activities were continued and the subsidiaries Scia and Frilo were integrated into the Allplan brand.

The market for the Design segment is traditionally more mature than the markets for the Build segment due to the earlier use and adoption of digital solutions. According to the industry analysts at Cambashi, who focus on planning, visualization and construction software, the market (TAM – Total Addressable Market) for design and planning software is expected to grow from an estimated EUR 8.8 billion in 2024 to around EUR 12.5 billion in 2028, corresponding to a compound annual growth rate of around 9%.

Build Segment

The Build segment's customers include construction companies, developers, and suppliers as well as general contractors, planning offices, architects, and civil engineers, among others. Here, the Nemetschek Group offers complete 5D BIM solutions from the bidding and award phase to invoicing, budgeting, scheduling, and costing. These solutions also include, among other things, commercial enterprise resource planning (ERP) solutions from the Nevaris brand for construction-related accounting. On top of that, it has PDF-based and, in parts, cloud-based workflow solutions from the Bluebeam brand for digital work processes, collaboration, and documentation.

In addition, the newly acquired GoCanvas Holdings, Inc., has been assigned to the Build segment since July 1, 2024.

GoCanvas provides flexible cloud and mobile solutions that help customers on the construction site efficiently collect real-time data, collaborate across construction sites, create digital checklists, make data-driven business decisions, and replace paper-based processes with digital workflows, ultimately increasing efficiency and safety on the construction site. Founded in 2008, the company employed around 300 people worldwide in 2023, with locations in the USA, Canada, Australia, and South Africa, and generated annual recurring revenues (ARR) of around USD 67 million in the financial year 2023.

The acquisition of GoCanvas, with its complementary technology, customer base and geographic presence, complements Nemetschek's expertise in covering the entire life cycle in the AEC/O industry. The acquisition of GoCanvas opens up significant growth opportunities and technological synergies by further improving both companies' market and customer access. GoCanvas' strong presence in the US strengthens the Nemetschek Group's position in the US, while the Group in turn offers GoCanvas a base for expansion in Europe and the Asia-Pacific region. As a pure SaaS solution provider, GoCanvas will also further accelerate the transition to a subscription- and SaaS-centric business model for the Nemetschek Group.

The Build segment offers great potential for growth, which is due to the low level of digitalization in the construction industry, i.e., the degree to which modern, digital solutions are used. In their study, market experts and analysts at Cambashi estimate that the market size (TAM) for software in the construction industry will increase from EUR 5.7 billion in 2024 to EUR 9.1 billion by 2028, representing a compound annual growth rate of 12%.

Manage Segment

The Manage segment rounds off the Nemetschek Group's range of solutions for all disciplines across the entire building and infrastructure project life cycle, focusing on building management and professional property management. The segment's main customers include property managers, facility managers, and global real estate companies as well as banks and insurance companies, among others.

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 (integrated workplace management system, IWMS). 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 carbon emissions.

For software solutions in the field of building management, Verdantix, a market analyst specializing in real estate and the built environment, has forecasted a market growth (TAM) from EUR 8.6 billion in 2024 to EUR 12 billion by 2028, which corresponds to an annual growth rate of around 8%. Within this market, the fastest growing subsegments are energy management (+11%) and space management, both of which closely align with Spacewell's core offerings.

Media Segment

In the media segment, the Nemetschek Group offers professional solutions for all phases of a digital creative project through its Maxon brand. The product portfolio includes 3D modeling, painting, animation, sculpting, and rendering solutions. These solutions are used worldwide to create 3D motion graphics, architectural or product visualizations, graphics for computer games, medical illustrations, industrial designs and visual effects, to name just a few examples.

In addition to architects and designers, other customers in the Media segment include film and TV studios, advertising agencies, the video game industry, product and graphic designers, as well as creative freelancers from the international media and entertainment industry.

The Media segment, which addresses the global market for 3D animations, is a further growth area for the Nemetschek Group. The market experts and analysts at Cambashi estimate the market size (TAM) for software in the media industry in 2024 at EUR 5.3 billion. By 2028, this market is expected to grow to EUR 7.8 billion, which corresponds to a compound annual growth rate of almost 10%.

The key figures of the four segments are explained in [<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>].

Locations

Nemetschek SE is headquartered in Munich, Germany. The Nemetschek Group’s 12 brands develop and market their solutions globally from a total of 80 (previous year: 81) locations.

NEMETSCHEK LOCATIONS GLOBALLY

1.2 Growth Drivers, Goals and Strategy

Growth Drivers

The macroeconomic consequences of high interest rates, ongoing global crises and geopolitical conflicts continue to have a negative impact on the short-term growth prospects of the global construction industry. Nevertheless, the long-term structural growth drivers of the global construction sector remain intact and offer the potential for a further sustained growth phase in the future. These structural growth drivers include the growing world population, increasing global urbanization, regulations, and demographic change. These topics lead to a sustained high demand for new residential and infrastructure projects as well as for the renovation of existing buildings and infrastructure such as bridges and tunnels. As a provider of software solutions for the construction industry, the Nemetschek Group, with its three segments that address the **AEC/O industry**, also benefits from various other long-term and structural growth drivers, such as the low level of digitalization in the construction industry compared to most other industries. Furthermore, there is an increasing need for industry-specific software solutions that manage processes more efficiently and sustainably and thus increase the quality while reducing costs and time. The effects of the latest crises and challenges in the construction industry have only made this need more apparent.

- In addition to these fundamental growth drivers, government regulations that require or mandate the use of BIM software for publicly funded construction and infrastructure projects continue to pave the way for the Nemetschek Group's global growth. In Europe, the United Kingdom and Scandinavian countries are pioneers in implementing BIM regulations and using BIM-capable software solutions. In the USA and other countries such as Singapore, Hong Kong and Japan, there are already BIM regulations for public building and infrastructure projects.
- In addition, the structural labor shortage in the construction industry remains a long-term global problem, making the adoption of digital solutions for greater efficiency necessary.

» Furthermore, the importance of sustainability and environmental protection in the planning, construction, operation, and renovation of buildings is constantly increasing. The construction industry is responsible for approximately 40% of global CO_2 emissions. The adoption of energy- and resource-efficient practices throughout the construction process, including the subsequent usage phase, is therefore crucial to achieving the climate targets set by policymakers (e.g., the EU's European Green Deal). In addition, around 90% of all construction projects currently exceed their estimated schedule or cost. Furthermore, more than 20% of the materials used in a construction project are wasted or require rework. Intelligent BIM software solutions that enable more sustainable and resource-efficient design, construction, and operation are an important basis.

In addition, the **media and entertainment industries** is also characterized by high growth and ever-increasing demand for digital content, even though the industry has suffered from the Hollywood strikes. Due to the dynamic environment in these industries, the development of new innovative solutions that meet the changing needs of consumers is crucial. The increasing demand for visual content is based, among other things, on the following long-term growth drivers:

» Continued growth in the 3D animation market. The demand for high-quality visual content in various industries, such as film production, advertising, game development and virtual reality, is continuously growing. Companies are increasingly relying on visually compelling animations to effectively convey their messages and capture the interest of their target audiences.

» Digitalization through improved accessibility: The ongoing digitalization and improved availability of powerful hardware and software are contributing significantly to the growth of the 3D animation market. Easier access to advanced tools enables companies and creatives to create complex 3D animations and realize innovative projects.

» Technological advances in virtual reality (VR) and augmented reality (AR): The use of VR and AR has a significant impact on the expansion of the 3D animation market. The latest product developments from global leaders such as Apple, with its Apple Vision Pro VR glasses, or Meta's Smart Glasses show that there will be a strong trend towards virtual worlds and applications. These technologies unlock new dimensions for interactive 3D experiences. Companies are also increasingly using VR and AR to develop innovative applications for use in the professional environment, for example for training, product presentations or virtual simulations. The development of AI-based solutions has not yet had a significant impact on the demand for 3D animation. While the use of purely AI-based solutions is increasing in some cases in the amateur segment, their use in the professional environment is still very limited. The main reasons for this remain a number of unanswered questions regarding the performance and quality of the solutions, as well as the protection of intellectual property.

Goals

The strategy of the Nemetschek Group is based on a comprehensive analysis of markets, competitors, technological, economic and social trends, as well as economic and regulatory framework conditions. The group strives for sustainable, long-term success by pursuing a strategic approach that is aligned with the corporate vision. The strategy aims to make optimal use of growth opportunities in both of the industries addressed by the Nemetschek Group, the AEC/O and media industries. In addition, the aim is to lead customers into digitalization and to make the industries more sustainable. With its focus on technology and innovation, as well as its continuous dialog with scientific institutions, the Nemetschek Group is seeking to expand its market position in a highly competitive environment. The diversification of activities across four segments for the entire life cycle of construction and infrastructure projects, as well as the media sector, has a mitigating effect on risk. In addition, Nemetschek is continuously internationalizing its business. The constantly increasing share of recurring revenues also ensures a high level of economic visibility and resilience – even in difficult macroeconomic times. Ultimately, the Nemetschek Group aims to achieve a sustainable differentiation and thus offer its customers the greatest possible benefit and added value, which at the same time leads to a sustainable and long-term value creation for shareholders and stakeholders.

To achieve these goals, the Executive Board of the Nemetschek Group has defined a comprehensive strategy based on strategic focus topics. This strategy is consistently implemented with suitable initiatives, and measures and adapted accordingly to current topics and developments.

In the financial year 2024, in addition to the topic of artificial intelligence (AI), sustainability was also included as a strategic focus topic. Since the construction industry in particular is one of the largest contributors to CO_2 emissions, the Nemetschek Group has set itself the goal of helping customers to implement more sustainable business practices with its solutions and to support the industry in reducing CO_2 emissions and achieving climate neutrality.

Vision and Mission

The strategy centers around a clear commitment to the vision and mission of the Nemetschek Group. To realize its vision „Shape the world in all dimensions“, the company‘s mission is to be the preferred and most trusted software provider and partner for the architecture, engineering, construction, management (AEC/O), and media industries. The vision and mission are the guiding principles for all business activities and the basis for strategic action.

Strategic Cornerstones

Artificial Intelligence (AI)

One of the Nemetschek Group's overarching goals is to be a leader in the application of artificial intelligence (AI) in the industries it addresses. As a company that has clearly committed itself to artificial intelligence, the Nemetschek Group is driving internal transformation through AI and rethinking industry workflows through AI. At the same time, this also includes a clear commitment to ethical, trustworthy and sustainable AI practices to protect the intellectual property of customers. This approach follows the long-standing principles and ethical standards of the Nemetschek Group, which was founded in 1963 by Professor Georg Nemetschek.

The company sees two main application areas in the field of AI. On the one hand, the use of AI offers the opportunity to increase internal efficiency and effectiveness in almost all corporate functions, for example in research and development or in customer service, to ensure better customer care and higher customer satisfaction. On the other hand, the Nemetschek Group wants to expand its products to include AI-based functions, plug-ins and tools to further increase the benefits for customers. To achieve this goal, three different approaches are being pursued:

» Firstly, AI is one of the key topics of the Nemetschek Group's research and development activities. For this reason, the Nemetschek Group has created an AI & DATA innovation hub that will be one of the central drivers for the group's internal development activities. The innovation & DATA hub will help to realize synergies in the development of AI services across all brands in the Nemetschek Group's portfolio. With its extensive industry expertise in the AEC/O and media sectors, the Nemetschek Group is also uniquely positioned to unlock the benefits of AI through workflow innovations.

» Secondly, the Nemetschek Group maintains a close exchange with the “TUM Georg Nemetschek Institute Artificial Intelligence for the Built World”, which is funded by the Nemetschek Innovation Foundation. As in the previous year, there were a large number of interesting joint and multidisciplinary AI research projects for the AEC/O industry in 2024. This enables the Nemetschek Group to remain close to the latest developments in academic training and research.

» Thirdly, Nemetschek is investing in a number of highly innovative start-ups that, among other things, develop and advance new solutions in the various application areas of artificial intelligence. These start-ups develop solutions such as AI-based insights into deadline and project controls and analyses, as well as machine learning-based solutions to analyze the risks within construction contracts. One goal is to combine the AI developments and expertise of the start-ups with those of the Nemetschek Group brands to inspire and enrich each other. At the same time, this ensures that the Nemetschek Group's product portfolio is expanded accordingly and that the necessary speed and diversity is achieved in the development of new AI solutions. Investments in start-ups also have the potential to develop groundbreaking and innovative products and solutions that are disruptive not only for the Nemetschek Group itself, but also for the entire AEC/O and media industries.

Sustainability

As a global provider of software solutions for the Architecture, Engineering, Construction, and Operation (AEC/O) and media industries, the Nemetschek Group has embedded sustainability as a core element of its corporate strategy to address the globally rising need for sustainable solutions and increasing regulatory demands. Guided by the vision “Shape the world in all dimensions”, the company strives to be the preferred partner for its industries, which also includes sustainability.

In the year 2024, the Nemetschek Group placed an even greater strategic focus on sustainability, alongside innovation drivers such as artificial intelligence, thus once again emphasizing its role in mitigating climate change and promoting sustainable development in the AEC/O sectors. Looking ahead, the Nemetschek Group intends to develop the strategic direction of its portfolio even further to create a holistic sustainability strategy that also promotes long-term growth and value creation for the company.

Business Model – Transition to Subscription and SaaS Models

One of the most important goals of the Nemetschek Group is to significantly grow its recurring revenues, particularly by introducing more subscription and software-as-a-service (SaaS) offerings. One of the main reasons for this transition is the numerous advantages that subscription and SaaS models offer both to the customers of the Nemetschek Group and to the Group itself. Customers can use the software more flexibly and avoid the higher one-time license fees compared to a subscription offer. At the same time, they benefit from even more intensive customer care and faster, continuous innovation cycles, which leads to higher customer satisfaction.

For the Nemetschek Group, on the other hand, the transition offers the opportunity to address and acquire new customer groups and to increase customer loyalty. Together with the greater potential for up- and cross-selling, Nemetschek also has the opportunity to generate higher revenues over the entire lifetime of a customer relationship than with the traditional model of licenses and maintenance contracts. In addition, the visibility, resilience and predictability of revenues, earnings and liquidity increase significantly, which is a major advantage, especially in times of economic uncertainty. Furthermore, the transition to desktop-based subscription models is often a prerequisite for the subsequent introduction of new cloud features and solutions.

In its transition to a subscription- and SaaS-centric business model, the Nemetschek Group pursues a transformation strategy tailored to its various segments. One of the cornerstones of this strategy is the phased transition of the group's operating business. By migrating the individual segments and their brands to subscription and SaaS offerings in phases, the Nemetschek Group can significantly reduce the risk associated with such a comprehensive transformation. The gradual transition of the business models of the individual brands ensures that the short-term accounting-related dampening effect on the revenue and margin development of the Nemetschek remains relatively limited. An additional advantage of this phased approach is that the short-term dampening effects on the free cash flow generation during the transition are limited. As a result of this strategy, the transition to subscription and SaaS models has progressed to varying degrees in each of the four segments. The Media segment, with the Maxon brand, has already been migrated. The transition of the Manage and Build segments, with the migration of the Bluebeam brand, which was largely completed by the end of 2024 are going according to plan and is also already well advanced.

Furthermore, the acquisition of GoCanvas Holdings, Inc., which is already a pure SaaS company, has further increased the share of recurring revenues of the Nemetschek Group. In contrast, the migration in the Design segment will be further accelerated in 2025, as the segment's two largest brands, Graphisoft and Allplan, are significantly accelerating the transition to subscription and SaaS models in 2025.

At the end of 2024, revenues from subscription and SaaS offerings accounted for 57.0% of group revenues, which represents a significant growth over the previous year (35.4%). The share of all recurring revenues (i.e., including revenues from software maintenance contracts) in total revenues at the end of 2024 was 86.5% (+9.9 percentage points compared to the previous year).

Go-to-Market Approach

Internationalization

The Nemetschek Group focuses on the three major regions Europe, America and Asia/Pacific, with Europe (including Germany) still contributing the largest share of group revenue at around 49% (previous year: 53%) (see also _<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group – Revenue by region >>_). In order to open up further growth opportunities and to reduce dependency on individual countries and regions, the ongoing internationalization plays a key role in the successful implementation of Nemetschek's growth strategy. At the same time, this will make the Nemetschek Group less dependent on future economic crises in individual countries or regions, as is currently the case, for example, with regard to the weakening construction industry in Germany. In order to participate in the expected higher growth in the regions of North America and Asia/Pacific, the Nemetschek Group is consistently focusing on these two growth regions, while not neglecting the European market. In this context, acquisitions are also a way to enter new markets. Besides the US as the largest regional market, the countries in the Asia/Pacific region, which have so far been significantly underrepresented with about 10% (previous year: 9%) of group revenue, offer attractive growth potential. The Nemetschek Group is therefore increasingly focusing on Japan, Singapore, Hong Kong, Australia/New Zealand, and India.

In particular, the Indian market offers enormous growth opportunities in the coming years due to the very low level of digitalization, strong urbanization and the expected dynamic economic and demographic development. The Nemetschek Group therefore wants to participate more fully in the enormous growth potential of the Indian construction industry by strengthening its local presence. In a first step, Nemetschek has therefore opened a sales office in Mumbai with a local sales team that will sell the company's various solutions under the umbrella of the Nemetschek Group rather than via the individual brands. After the Shared Services, Development and Research Excellence Center in Hyderabad, this is the group's second location in India.

The Nemetschek Group will also focus on the Middle East, in particular Saudi Arabia, as an additional region. High order intake and so-called Giga projects, which are financed by the state, will ensure strong growth in the local construction industry in the short and medium term.

Key Account Management and Cross-Selling

The brands of the Nemetschek Group are sold both directly, via the group's own sales organizations, and indirectly, via resellers and distribution partners. Both sales channels have proven effective in the brand-specific sales approaches and are used flexibly depending on the circumstances of the relevant market and the customer groups. In addition, the Nemetschek Group is increasingly using digital distribution channels such as e-commerce, especially in connection with the newly introduced subscription and SaaS models. To address the market segment of larger, multinational and multidisciplinary customers more effectively, global key account management has been implemented at the Nemetschek Group. The objective of the key account management is, on the one hand, to offer customers a comprehensive, integrated and tightly networked solution from a single source. On the other hand, the global function and approach means that the Nemetschek Group can cater to this customer group even more intensively on the basis of their special customer needs. A central element of the corporate strategy is to intensify cross-selling potential across the entire Nemetschek Group. The focus here is primarily on large, internationally active customers that combine various specialist disciplines under one roof. This strategy makes it possible to use resources more efficiently by further strengthening and expanding existing customer relationships.

Nemetschek Cloud Platform and Infrastructure

The Nemetschek Cloud Platform is a key enabler of significant progress in the group's commitment to digital transformation and seamless collaboration in the AEC/O industry. Building on the long-standing commitment to open standards and Open BIM, this innovative platform is being developed to centralize data exchange and enable native integration across all of the Nemetschek Group products. In this context, interoperability is one of the core principles of Nemetschek cloud platform and infrastructure. The ability for different systems to work together as seamlessly as possible applies not only to the various solutions within the Nemetschek Group, but also to those of third-party providers. The creation of a unified ecosystem is designed to eliminate information silos and enable end-to-end workflows and real-time collaboration between all parties involved in the building life cycle.

At its core, the Nemetschek Cloud Platform will serve as a comprehensive solution for managing and exchanging ever-larger amounts of data from multiple sources. This centralized approach increases efficiency and productivity, throughout the entire life cycle in the construction industry. The platform's architecture is designed to meet the complex requirements of modern AEC/O projects and offers advanced features such as model management, viewing capabilities, and seamless integration with both Nemetschek Group and third-party solutions.

The Nemetschek Cloud Platform is thus becoming a key cornerstone of the company's strategy to drive innovation and growth in the AEC/O industry. By providing a scalable and secure environment for data-driven collaboration, it lays the foundation for future advances in AI and machine learning applications in the construction sector. This platform will not only optimize workflows and improve project outcomes, but also position the Nemetschek Group as a leading provider of cloud-based solutions for the construction industry, fostering an ecosystem that supports open, seamless collaboration with partners and external systems.

Product innovation Digital Twin

One of the initiatives for the cloud infrastructure of the Nemetschek Group is the application and expansion of Digital Twin technology. The Digital Twin business unit was set up in 2022 to develop a horizontal, data-centered, open and cloud-based platform that improves efficiency and sustainability in the life cycle of buildings.

A digital twin is essentially a digital representation of a physical building that links digitized information to its physical counterpart to provide real-time, data-driven insights for the management and efficient operation of building structures.

The digital twin platform dTwin was launched at the end of 2023 and is used as a platform for connected intelligence and visual analytics for buildings, especially for large-scale projects and facilities.

dTwin harmonizes and visualizes all building data in a digital twin that enables the customer to see and understand the building and make data-driven decisions to increase its value. With dTwin, the customer gets a complete overview of a project, facility or building, can use the data already available and ultimately manage the plant more efficiently. dTwin offers the customer three essential functions:

» Visualize data: dTwin displays all relevant data and assets on one platform

» Understand assets: dTwin connects and processes data independently of format, solution provider and device – in real time

» Data-driven decisions: dTwin provides insights and tools for monitoring, planning, simulating and optimizing

Nemetschek's dTwin solution thus closes the gap between planning, construction and operation, enabling an open, data-driven Building Lifecycle Intelligence™ approach. The current focus is primarily on the operating phase and the management of large, complex building portfolios.

Mergers & Acquisitions, Ventures and Innovation

In order to benefit even more from technological developments in the growing markets of the AEC/O and media industries, the Nemetschek Group pursues a venture investment and start-up strategy. In contrast to the proven M&A approach, this strategy concentrates not on established companies but on smaller, younger and highly innovative start-ups.

This approach allows the Nemetschek Group early access to emerging and potentially disruptive technologies with significant growth potential. The Nemetschek Group assists and supports the start-ups in the early phases of their development and fosters the exchange of ideas with its established brands. In the case of venture investments, the Nemetschek Group typically acquires minority interests, which can potentially be expanded over time if the start-up is successful.

As part of this strategic initiative, the Nemetschek Group also invested in a number of highly innovative start-ups in the financial year 2024, such as SmartPM Technologies, Inc., which uses AI to provide insights into schedule and project controls and analysis, Document Crunch, Inc., which uses machine learning to analyze the risks within construction contracts, and Briq Technologies, Inc., a data-driven, collaborative platform for automating financial processes in the construction industry. Overall, the Nemetschek Group has already invested in around 15 start-ups.

An additional aspect of the Nemetschek Group's venture strategy is the continuous support of the Built Environment Venture Lab at the Technical University of Munich. This underlines once more the Group's commitment to innovation and to actively shaping the future of the construction industry.

In addition to venture investments, the Nemetschek Group continues to regard the acquisition of selected target companies with an established market presence as an important strategic option for continuously expanding its own technological expertise, market presence and solutions portfolio. As part of its growth strategy, the company continuously conducts "make or buy" assessments, particularly in relation to product development and internationalization decisions. This strategic approach enables the Nemetschek Group to respond flexibly to technological developments and fortify its position as an important player in the AEC/O industry and the media industries.

The identification and due diligence of suitable targets is conducted both at group level and in the relevant segments and brand companies. External partners and specialized consultants support the M&A process. The decisive criteria for selecting potential acquisition targets include not only innovative strength, management and business prospects, but also the expansion or rounding out of the company's own technological expertise. The Nemetschek Group is currently focusing on the regions of Europe, North America and Asia/Pacific. Ideally, the target companies already work on the basis of subscription and/or SaaS models.

As one of its key strategic priorities, the Nemetschek Group continues to actively pursue potential M&A activities across all its segments. One example that meets all of the above criteria was the acquisition of GoCanvas, which was officially completed on July 1, 2024, and represents the largest acquisition in the more than 60-year history of the Nemetschek Group. GoCanvas, which is consolidated in the Build segment, is one of the leading providers of SaaS solutions for paperless data collection, reporting and collaboration between skilled workers on the construction site. The acquisition of GoCanvas and its complementary technology, customer base and geographic presence will therefore create medium to long-term synergies.

An overview of the acquisitions and investments made in the financial year 2024 that are of material significance for the business performance is described in detail in *<< 3.2 Business performance in 2024 and significant events influencing the business performance >>*.

Business Enablement
Business enablement is a global strategic initiative to reduce the complexity resulting from the large number of brands in the Nemetschek Group. The aim is to increase operational excellence through greater organizational efficiency and effectiveness, harmonized processes, the exchange of best practices, as well as an optimized tool and support system landscape and the necessary skills. This includes, for example, the harmonization of backend systems in human resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) or the expansion of development centers that are used across brands. In addition to the harmonization of enablement processes and IT infrastructure, the organizational harmonization of various operational functions such as People/HR, Finance, Controlling & Risk Management, Information Security or IT is also taking place. The synergies arising from this, the more efficient scaling options and the cost efficiency and effectiveness make a major contribution to implementing the growth strategy and further investments in the future value creation of the Nemetschek Group.

The Nemetschek Group's strategic orientation, core topics and corporate objectives are carefully anchored in the strategic plan and form the guiding principles for the company's development. The strategic plan is regularly and thoroughly discussed and reviewed by the Executive Board and the segment heads together with the global Nemetschek management team and in cooperation with the supervisory board. Any deviations from the targets set out in the strategic plan are counteracted with targeted measures. If necessary, the targets are adjusted to ensure that the strategy of the Nemetschek Group always meets current market, competition and customer requirements.

1.3 Research and Development

Innovation and the pursuit of technology leadership have been an integral part of the identity and DNA of the Nemetschek Group since its foundation. In the face of a constantly changing business environment, which is characterized, among other things, by disruptions such as AI, the company's ability to innovate is crucial to remain competitive. The Nemetschek Group's innovation strategy is oriented toward the continuous improvement of the existing product portfolio (e.g., new releases such as Archicad 28 and Allplan 2025) as well as the development of trailblazing new technologies and solutions (e.g., AI Visualizer, AI Assistant). For this reason, the Nemetschek Group endeavors to drive and thus have a significant influence on digital transformation in its industries – AEC/O and media – through targeted investment in research and development. Research and development focus areas are therefore topics such as artificial intelligence, digital twin, sustainability, or cloud-based features and solutions as well as the Group-wide cloud platform and infrastructure (see also << 1.2 Growth Drivers, Goals and Strategy >>).

Excellence in Every Phase of the AEC/O Life Cycle and in Content Production
The AEC/O and media sectors are undergoing rapid change centered on technology and sustainability. The mission of the Nemetschek Group is to provide professionals in the industry with state-of-the-art tools that enable them to plan, build, administer, and create digital content more efficiently, creatively, and sustainably.

In particular, the AEC/O industry is complex by nature and comprises multiple disciplines and complex workflows. Therefore, the focus is on developing intuitive, integrated solutions that enhance productivity, precision, and innovation during all phases of a project – from the initial concept through to construction and subsequent operation.

In each segment, the segment managers, in tandem with their respective brands, compile a comprehensive product road map as part of the annual planning process. This road map outlines strategic product developments that are tailored to the individual needs of the brands concerned and that ensure the direction of the long-term strategy of the Nemetschek Group. At regular review meetings involving the brands, the segment managers, and the Executive Board, progress in implementing the road map is reviewed, milestones are validated, and adjustments or new measures initiated where necessary.

Each Group brand maintains its own development department, which spearheads innovation and incorporates the needs and feedback of the respective end markets and users in its innovations. These teams concentrate on the ongoing development of individual solutions, such as Maxon's ZBrush sculpting software for iPad, the Graphisoft BIM tools, Bluebeam's digital collaboration software, and the infrastructure modeling features from Allplan.

Strategic initiatives at segment level drive forward key developments that improve the brands' products and services and expand Nemetschek solutions in vital areas such as open BIM standards, AI-managed workflows, and digital twin technologies. This focused approach ensures that each brand continues to offer innovative solutions while simultaneously contributing to the overall transformation of the AEC/O and media industries.

Shaping the Future: Collaboration, Integration, and Sustainability

As the AEC/O industry is becoming increasingly interconnected, cross-brand and interdisciplinary collaboration will become ever more important. While Nemetschek has already made substantial progress in creating standardized workflows, the company sees even greater potential in the future in terms of harnessing synergies within the Group portfolio. Ultimately, the Nemetschek Group's vision is to create an interconnected ecosystem in which cross-brand innovations increase added value for customers and the industry. As the AEC/O sector plays a crucial role in combating climate change, the Nemetschek Group is committed to supporting and driving change towards sustainable practices. Therefore, sustainability is always an important aspect when developing new solutions and innovations focused on reducing waste, improving energy efficiency, and supporting green construction standards.

Innovation Focuses

All brands of the Nemetschek Group continuously enhance their existing solutions. In the respective segments, the brands worked, for example, constantly on improving the user friendliness of their solutions, on process optimizations, and on integrated interfaces and links for a smooth OPEN BIM workflow. Simultaneously, all brands work on steadily expanding their existing solution portfolios to reflect technological trends and changed client needs and, in doing so, secure their position as innovation leaders in their markets. A special, cross-segment focus for development work in the 2024 fiscal year remained the ongoing development of subscription and SaaS offerings.

A key area of focus for the Group's development activities is innovation through the use of artificial Intelligence (AI), with various initiatives Group-wide working in this area. One of the guiding principles behind these developments is the aim of providing customers in the AEC/O and 3D animation industries with trustworthy and ethically sound artificial intelligence. In line with this, the Nemetschek Group has already introduced various product extensions and strategic partnerships that use artificial intelligence technologies to improve processes in the life cycle of buildings and in the media industries, thus increasing productivity and promoting creativity. For example, the Nemetschek brand Graphisoft has launched an AI-based visualizer for its BIM software solution Archicad, which was consequently also implemented in the authoring solutions from Allplan and Vectorworks. Using an AI-assisted engine that generates high-quality imaging, the software's users can shorten the early design process by generating multiple design visualizations without needing to model them in 3D. In order to further accelerate and streamline its AI activities, the Nemetschek Group has also set up an AI & DATA Innovation Hub, which represents one of the central driving forces behind internal AI development activities. This hub will play a key role in development synergies of AI services across all brands in the Nemetschek Group portfolio. By virtue of its extensive industry expertise in AEC/O and media, the Nemetschek Group is well positioned to utilize the benefits of AI.

Further development priorities are the cloud platform and infrastructure, as well as the further development of the digital twin platform dTwin. The open and horizontal SaaS cloud solution dTwin will be continuously expanded with new features in the future.

A further key area of focus for internal development activities lies in the continuous introduction of new cloud-based functions for the solutions of all individual brands. One example in this regard is Bluebeam, which further digitalizes the construction process by introducing multiple new features. These include the cloud-based collaboration solution Bluebeam Anywhere, which enables Nemetschek customers' teams to seamlessly access project documents, markups, and many other items of information from any location. At the same time, it improves communication and collaboration between the various teams in real time and from any device (Web, mobile, iPad, and desktop). Combining the existing Nemetschek Group expertise in the Build segment with the broad portfolio of SaaS solutions of the newly acquired GoCanvas Holdings, Inc., for paperless documentation, reporting, and data integration on the building site gives rise to an end-to-end construction solutions portfolio.

In the 2024 financial year, EUR 213.9 million (previous year: EUR 201.6 million) were invested in research and development. Around 22% of Group revenues therefore went toward research and development in the 2024 fiscal year (previous year: around 24%) and into new and further development of the solution portfolio. Furthermore, roughly 37% (previous year: 39%) of employees work in research and development, emphasizing once more the high priority that this area of business has for the Nemetschek Group. The development of new, innovative solutions and enhancement of tried and tested ones rested largely on internal resources and only drew on the services of third parties to a small extent. In terms of expenditure, 88% (previous year: 88%) was on internal R&D employees (including cost of goods sold and depreciation and amortization) and just 12% (previous year: 12%) on external service providers.

In addition to its own innovative strength, the Nemetschek Group is also increasingly utilizing external innovative capabilities by investing in smaller, young and highly innovative companies, such as SmartPM, Document Crunch or Briq in 2024. Read more about this in *<< 1.2 Growth Drivers, Goals and Strategy >>*. The focus of these investments is on keeping pace with the latest developments in key areas such as artificial intelligence and sustainability in the construction industry.

In addition, collaboration and partnerships with other innovative companies, colleges and universities are part of the DNA of the Nemetschek Group and support the further development of the company. Maintaining contact with science and teaching has been a key focus since the Nemetschek Group was founded in 1963. Nemetschek has its roots in the academic sector, where the company's software solutions have been used for decades. The brands provide students and professors with free software licenses and online learning materials as part of their "campus programs." This applies to the core markets in Europe and now also to many other markets, particularly the USA and, since 2024, India.

Moreover, Nemetschek regularly takes part in university programs by getting involved in the holding of student competitions to foster young talent in architecture and engineering. For example, Nemetschek provides support to the Leonhard Obermeyer Center at the Technical University of Munich as a partner. Close collaboration with universities and colleges simultaneously safeguards the Nemetschek Group's innovation capabilities, as it is kept up to date with new topics, trends, and innovative developments through the close ties to higher education.

1.4 Corporate Management and Governance

General Information

A key success factor for the Nemetschek Group is its combination of a streamlined Group structure with efficient processes and synergies, as well as the flexibility and independent responsibility of the segment and individual brands. This structure makes it possible to strike a balance between global management and entrepreneurial freedom, thus promoting innovative strength and agility.

The strategic leadership and the operational management of the Nemetschek Group are performed by the Executive Board of Nemetschek SE in close cooperation with the managers of the individual segments and functions. The core tasks include the strategic positioning of the Group on global markets and its short- and medium-term revenue, profitability, liquidity, and investment planning. These processes are not only aligned with internal targets, but also take into account market and competition analyses in order to ensure long-term success.

Management is carried out at segment level and through the relevant functional responsibilities. Based on the strategic objectives, specific requirements and annual targets are derived for the segments and corresponding brands of the Nemetschek Group. These objectives are aligned with the brands as part of an annual planning process and broken down into operational sub-targets for areas such as marketing, sales and research & development. This is done in close coordination between the segment managers, the managers of the brands, and the responsible Global Process Owners (GPOs) as well as the Executive Board of the Nemetschek Group. The Supervisory Board supports these processes in an advisory capacity and monitors compliance with the defined targets.

A monthly monitoring process supports the pursuit of targets during the financial year. A management information system is used to record and evaluate key figures such as revenue, growth, costs, and earnings. These key figures are compared with the previous year's figures and the planned targets in order to identify deviations at an early stage. If necessary, suitable countermeasures are developed in collaboration with the segment managers, the managers of the brand companies, the GPOs and the Executive Board.

Financial Performance Indicators

The key financial performance indicators (core management indicators) of the Nemetschek Group continue to be revenue growth (currency-adjusted) and thus revenue, EBITDA and the EBITDA margin. These indicators serve as central benchmarks for monitoring the company's performance and are continuously monitored and analyzed. To increase transparency in the transition of the business model to subscription and SaaS models, the Nemetschek Group has introduced additional key figures. These include annual recurring revenues (ARR), ARR growth (currency-adjusted), and the share of recurring revenues in total revenues. However, these additional key figures are not used directly for control purposes, but primarily to communicate progress in the transformation. Furthermore, in 2024, following the acquisition of GoCanvas, the key figures revenue growth (currency-adjusted), ARR growth (currency-adjusted) and EBITDA margin were also reported adjusted for the effects of the acquisition of GoCanvas Holdings, Inc., to allow for a comparison of the company's performance with the previous year.

	FY 2024	FY 2023
Revenue growth (currency-adjusted) and thus revenue (in absolute terms)	X	X
Revenue growth (organic, i.e., excluding GoCanvas & currency-adjusted)	X	-
ARR (Annual Recurring Revenue)	X	X
– Growth of ARR (currency-adjusted)	*X*	*X*
Growth in ARR (organically, i.e., excluding GoCanvas and currency-adjusted)	*X*	-
– Share of recurring revenues in total revenues	*X*	*X*
EBITDA	X	X
EBITDA margin	X	X
EBITDA margin (organic, i.e., excluding GoCanvas)	X	-

Non-financial performance indicators are not currently taken into account in corporate management. Nevertheless, non-financial, qualitative targets for the introduction of structures for sustainability reporting are taken into account in the compensation of the Executive Board in the context of the short-term variable component.

Growth-Related Performance Indicators

To plan and manage the profitable growth strategy, the Nemetschek Group uses year-over-year absolute revenue and the nominal and currency-adjusted revenue growth, at both Group and segment level, as central indicators.

The currency-adjusted revenue growth is calculated as the nominal revenue growth less or plus the translation effects during the course of the year from the revenue attained in foreign currencies. This indicator is extremely important, as revenue and its growth play a central role in terms of assessing business performance – both internally and externally.

For a more transparent presentation of the future growth dynamic and of the success in the ongoing transition of business to subscription and SaaS models, and therefore of all recurring revenue, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator during the 2022 fiscal year. This indicator is calculated using the average of all recurring revenue, i.e., from subscription, SaaS, and service agreements in the most recent three months, multiplied by four. As such, ARR represents a crucial indicator of the company’s future revenue and cash flow development.

Complementary “enabler” metrics have been defined to analyze the development of recurring revenue and also manage its development in a targeted way. Firstly, the currency-adjusted growth in recurring revenue is considered, with the currency adjustment being calculated analogously to the corresponding calculation of total revenue. Furthermore, the share of recurring revenue to total revenue is also used. The sum of all recurring revenue (subscription, SaaS, and maintenance agreements) is viewed proportionally to the Group’s revenue for this.

Profitability-Related Performance Indicators
Earnings before interest, taxes, depreciation, and amortization (EBITDA) is primarily used to manage profitability and provide an indicator of free cash flow. It is presented in the consolidated financial statements (IFRS) under << Consolidated Financial Statements (IFRS), Consolidated Statement of Cash Flows >>. EBITDA provides information on profitability and includes all items on the income statement that relate to operating performance. It is supplemented by the EBITDA margin, which indicates the ratio of EBITDA to revenue, measures the relative profitability of the company, and is therefore suitable for comparison with competitors and other companies. Because of their importance for the financial success of the business, the key performance indicators of revenue and EBITDA are also essential components of the performance management system.

The achievement of business targets is also assessed based on the development of financial performance indicators which are set for the purposes of business management and are also an element of the short- and long-term remuneration of the Executive Board. Information about 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/remuneration*.

Detailed information about the development of the Nemetschek Group and its segments in the 2024 fiscal year and in comparison to the previous year can be found in << 3.3 Earnings, Financial Position, and Net Assets of the Nemetschek Group >>. In addition, a comparison of actual and forecast business performance in the 2024 fiscal year can be found in << 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.

In addition to the performance indicators described above, Nemetschek SE, as an individual company, is also managed based on the liquidity required in the Group. This ensures that Nemetschek SE can discharge its obligations, especially to pay a dividend and service loans, at all times.

The most important financial performance indicators of Nemetschek SE are as follows:

	FY 2024	FY 2023
Net income for the period	X	X
Gross liquidity	X	X

Gross liquidity comprises balances of cash and cash equivalents at banks.

2. Non-Financial Group Statement

2.1 General Disclosures

Preparation of the Sustainability Statement

The Nemetschek Group has prepared its non-financial Group statement (sustainability statement) in accordance with the CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017, and in compliance with §§ 315b to 315c of the German Commercial Code (HGB). The sustainability statement has been integrated into the Annual Report. The sustainability statement includes disclosures on environmental, social, and governance (ESG) topics that were identified as material in the fiscal year 2024 based on the double materiality assessment in alignment with the European Sustainability Reporting Standard (ESRS) 1. The governance-related disclosures also include company-specific information on cyber and information security. The material topics cover the five aspects required by CSR-RUG, environmental aspects, employee aspects, social aspects, respect for human rights, as well as anti-corruption and bribery, within the following topic chapters, which are defined in alignment with ESRS.

CSR-RUG Topics	According to ESRS defined Thematic Chapters
Environmental Aspects	2.2 Environmental Information
Employee Aspects	2.3 Social Information
Social Aspects	2.3 Social Information
Respect for Human Rights	2.3 Social Information
Anti-Corruption and Bribery	2.4 Governance Information

In accordance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088, the Nemetschek Group also discloses in this sustainability statement whether and to what extent the Group's activities are associated with economic activities classified as environmentally sustainable under the Taxonomy Regulation. Further details on this topic can be found in Chapter 2.2 Environmental Information << EU Taxonomy >> of this sustainability statement.

The implementation of the Corporate Sustainability Reporting Directive (CSRD) into German law had not been completed by the time the sustainability statement was prepared in March 2025. The Nemetschek Group has not applied a recognized reporting framework for the preparation of its 2024 sustainability statement but reports in alignment with the European Sustainability Reporting Standards (ESRS). It is expected that reporting will be fully in accordance with ESRS from fiscal year 2025 onward. In fiscal year 2024, the Nemetschek Group structures its reporting, presentation of policies, actions, and targets, as well as the disclosure of metrics (unless otherwise stated), in accordance with ESRS. The materiality analysis was conducted in line with the double materiality principle, as outlined in ESRS 1. This includes the assessment of actual and potential, negative and positive impacts, risks, and opportunities (short, medium, and long-term time) based on the criteria set forth in ESRS 1. Unless otherwise stated, the sustainability statement includes all subsidiaries consolidated in the Group financial statements. The PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, has conducted a limited assurance engagement on the Nemetschek Group's sustainability statement in accordance with ISAE 3000 (Revised). The Supervisory Board of Nemetschek SE has reviewed this statement and sees no reason for objections. The scope of consolidation of the sustainability statement follows that of the consolidated financial statements. No subsidiaries are excluded from the consolidated sustainability reporting.

In fiscal year 2024, the Nemetschek Group conducted a double materiality assessment for the first time, based on ESRS 1. To identify and assess impacts, risks and opportunities (IROs), both its own business operations and the upstream and downstream value chain were analyzed. The information contained in the sustainability statement thus includes information on material impacts, risks and opportunities associated with direct or indirect business relationships in the upstream and downstream value chain of the Nemetschek Group. In principle, the qualitative as well as the quantitative information is reported in this sustainability statement, including the Group's upstream and downstream value chain.

In its sustainability statement for the fiscal year 2024, the Nemetschek Group does not make use of the option to omit specific information relating to intellectual property, know-how or the results of innovation. In addition, Article 19a (3) and Article 29a (3) of Directive 2013/34/EU, which allows for exemptions from disclosing impending developments or matters in the course of negotiation, are not applied.

When preparing the sustainability statement, the Nemetschek Group defines the following short, medium and long-term time horizons. Short-term time horizons refer to the period that the Nemetschek Group has taken as a basis for the reporting period in its consolidated financial statements. The reporting period for the sustainability statement corresponds to the reporting period for the consolidated financial statements. Medium-term time horizons refer to the period from the end of the short-term reporting period up to five years. Long-term time horizons cover more than five years. The definition of the medium to long-term time horizons is based on ESRS 1 Section 6.4.

The Nemetschek Group's sustainability statement, in particular the reporting of Scope 3 Greenhouse Gas (GHG) emissions for category 3.1 Purchased Goods and Services and 3.11 Use of Sold Products in Chapter 2.2 Environmental Information << Climate Change >>, includes data on the upstream and downstream value chains that are determined using secondary data and approximations.

The emissions of Scope 3 category 3.1 are calculated, taking into account the GHG Protocol, using a spend-based approach. Data on the economic value of the purchased goods and services are collected over the relevant reporting period and multiplied by corresponding, secondary emission factors (average, inflation-adjusted emissions per unit of currency) per emission category. Emission-based calculations using the spend-based method tend to be higher than those calculated using the activity-based method. The spend-based method relies on averages that are aggregated across a large number of goods and services, whereas the activity-based method relies on more precise and specific data, such as actual energy and resource consumption. The emissions of Scope 3 category 3.11 are determined, taking into account the Greenhouse Gas Protocol, using application scenarios based on the annual software and CPU usage time of customers and end-users. The Nemetschek Group determines the emissions from the use of its software solutions in the current reporting period using both primary data and application-related averages and assumptions. In order to improve the accuracy of the reported emissions for purchased goods and services as well as the use of sold products, the Nemetschek Group plans to use supplier-specific data and emission factors in the medium to long term and to develop brand-specific usage scenarios in more detail.

The metrics and monetary amounts stated in the sustainability statement in the area of Scope 3 GHG emissions, including information on the upstream and downstream value chain, are based in part on estimates by internal experts. According to the Nemetschek Group's assessment, the reporting of emissions in Scope 3 category 3.11 is subject to certain measurement uncertainties.These are based on assumptions made regarding various application scenarios. The calculation method is described in detail in Chapter 2.2 Environmental Information << Scope 1, Scope 2, and Scope 3 GHG emissions >>).

The Nemetschek Group's sustainability statement for the fiscal year 2024 was prepared in accordance with the ESRS for the first time and includes material information on environmental, social and governance information, including strategic aspects, actions and metrics. In addition, there are no material changes in the preparation and presentation of the sustainability information compared to the previous reporting period, with the exception of reporting in accordance with the EU Taxonomy Regulation. In fiscal year 2024, an extensive revision of the previous EU taxonomy classification process was carried out in order to increase the degree of accuracy of the reported information. In this process, additional economic activities classified as "taxonomy-eligible" were identified for the Nemetschek Group. Due to the improved insights, the taxonomy-eligible revenues, capital expenditures (CapEx) and operating expenses (OpEx) for the fiscal year 2023 were recalculated as a comparative figure and therefore deviate from the information in the prior year's reporting, see Chapter 2.2 Environmental Information << EU Taxonomy >>. Due to the improved availability of relevant data points, the new structured approach leads to a higher level of detail in the reported information. In the current reporting year, five (previous year: zero) economic activities were identified as "taxonomy-eligible" in accordance with delegated acts. The Nemetschek Group includes the information pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council and pursuant to the Commission Delegated Regulations in its sustainability statement, see Chapter 2.2 Environmental Information << EU Taxonomy >>.

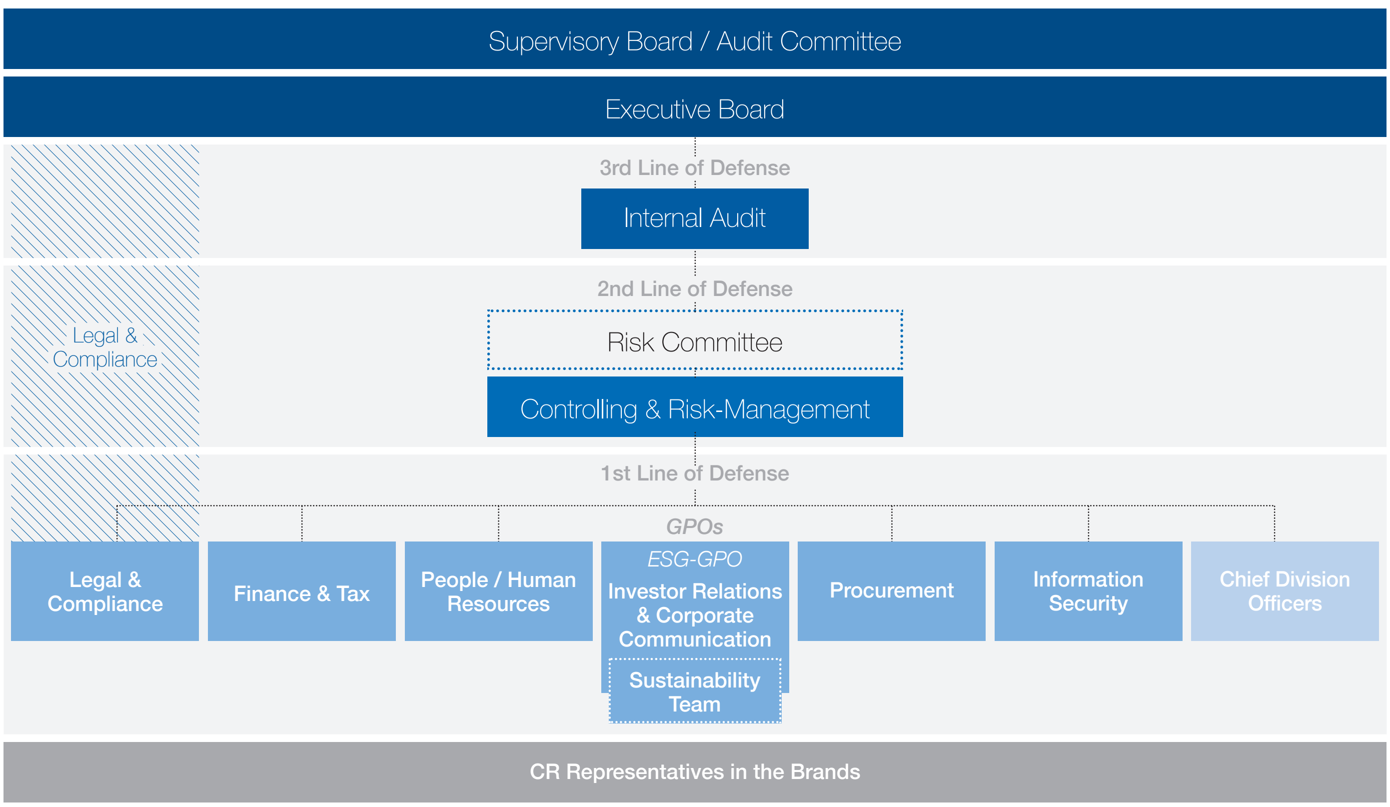
Governance

Nemetschek SE has a dual management and control structure consisting of two separate bodies: the Executive Board and the Supervisory Board. The Executive Board is responsible for the day-to-day management of the company, the direction of business activities, and representing the company to third parties. The main tasks of the Supervisory Board include supervising and advising the Executive Board, appointing and removing Executive Board members, approving important corporate decisions, and determining the remuneration for Executive Board members. A key aspect of the dual management and control system is the strict separation between the two bodies. Consequently, members may not serve on both bodies simultaneously.

As of December 31, 2024, the number of executive members of the Executive Board and Supervisory Board of Nemetschek SE was 2 persons. The number of non-executive members was 6 persons. There are no employee representatives on the Supervisory Board or the Executive Board. As of December 31, 2024, the gender distribution was 37.5% women and 62.5% men. The gender diversity of the Executive Board and Supervisory Board is calculated as the average ratio of female to male members. As of December 31, 2024, the percentage of independent members of the Supervisory Board of Nemetschek SE was 100%.

The Executive Board and the Supervisory Board of Nemetschek SE are responsible for the management and oversight of impacts, risks and opportunities, based on the work of the Risk Committee, comprising the segment managers, the individuals responsible for the risk areas or risk categories (which are described in more detail in Chapter << 6 Report on Risk and Opportunities >> of the Group Management Report), and the Executive Board. In principle, the Executive Board bears the overall responsibility for the management of the Group's impacts, risks and opportunities. The Supervisory Board provides advice to the Executive Board and reviews all significant business transactions by examining the relevant documentation. The strategic direction of the Nemetschek Group and the operational management concerning impacts, risks, and opportunities are achieved through the collaboration of the Executive Board and the Global Process Owners (GPOs) of the Nemetschek Group. Corporate governance is conducted at the segment level (Design, Build, Manage und Media) and within the functions.

In fiscal year 2024, based on the double materiality assessment performed, the relevant sustainability-related impacts, risks, and opportunities were integrated into the existing Group-wide risk and opportunity management system. As a result, sustainability-related impacts, risks, and opportunities are managed by the Executive Board and the Supervisory Board in the same manner as risks and opportunities have been managed to date. The Group-wide risk and opportunity management, which, starting with the current reporting year, also encompasses impacts, is the responsibility of the Executive Board of Nemetschek SE, under the supervision of the Supervisory Board, and is aligned with the Three Lines of Defense model, as detailed in Chapter *<< 5 Main Characteristics of the Internal Control and Risk and Opportunity Management System >>* of the Group Management Report. As of December 31, 2024, the governance within the Group concerning sustainability aspects is organized as depicted and described below.



The existing GPOs, who primarily lead a corporate function at Nemetschek SE and have “Environment, Social and Governance” (ESG) expertise in their respective fields, are responsible for the quarterly collection, assessment, and management of ESG relevant impacts, risks, and opportunities (first “line of defense”). The initiation of appropriate actions and the measurement of their effectiveness are the responsibility of the respective GPOs. In fiscal year 2024, an additional ESG-GPO role was created in the first “line of defense”, supported by the Group’s Sustainability Team. The ESG-GPO oversees the identification, assessment, and management of ESG-relevant impacts, risks, and opportunities by the GPOs within the existing process and determines the ESG relevance of new impacts, risks, and opportunities. The new ESG-GPO role is intended to ensure appropriate coordination of ESG-relevant information for the central risk management function and the Risk Committee (second “line of defense”). The Group Internal Audit function (third “line of defense”) acts as an independent control body for the Executive Board and the Supervisory Board and, starting from fiscal year 2025, will regularly review the effectiveness of the (integrated) impact, risk, and opportunity management in accordance with the existing process and on behalf of the Supervisory Board.

The GPOs and the ESG-GPO have a direct reporting line to the Executive Board of Nemetschek SE. Within the Risk Committee, impacts, in addition to risks and opportunities, have been discussed quarterly with the Executive Board since fiscal year 2024 and recorded in a quarterly report. Reporting of relevant impacts, risks, and opportunities to the Supervisory Board also occurs quarterly in the form of an internal report. The Sustainability Team also informs the Executive Board and the Supervisory Board once a quarter about the key regulatory and internal developments in the area of sustainability. Clear roles and responsibilities of the GPOs, the ESG-GPO, and the risk management function, with corresponding involvement of the Executive Board and the Supervisory Board, enable the effective implementation of the Three Lines of Defense model and thus result in an effective risk management system with an internal control system within the framework of managing impacts, risks, and opportunities.

The GPOs are responsible for sharing and assessing decision-relevant information on impacts, risks, and opportunities, according to their respective expertise, with the ESG-GPO and the Risk Committee at least quarterly. The assessment is reviewed by the risk management function in close coordination with the ESG-GPO. If necessary, additional GPOs or specialist departments are involved to ensure the appropriateness of the assessment. The assessment of impacts, risks, and opportunities that have not previously been classified as material will be reviewed at least annually by the GPOs and updated as necessary, as well as reviewed in the second instance by the risk management function in close coordination with the ESG-GPO for appropriateness. Through the creation of the quarterly risk report, the risk management function is closely involved in terms of content to consolidate and bundle the topics for the Executive Board and Supervisory Board. The systematic involvement of the Group Internal Audit function and the Audit Committee to monitor the appropriateness and effectiveness of existing processes will ensure additional control of the process steps in the future.

As the Nemetschek Group conducted a double materiality assessment for the first time in fiscal year 2024 in accordance with the ESRS requirements, Group-wide targets related to material impacts, risks and opportunities have not yet been defined. Consequently, there is no process in place to measure progress towards achieving targets. This process is to be defined in the medium to long term with the definition of targets. The heads of the Group functions and the Sustainability Team aim to inform the Executive Board and the Supervisory Board regularly, at least quarterly, also about the definition or adjustment of targets.

The Supervisory Board and the Executive Board of Nemetschek SE possess adequate competence and expertise to ensure the successful development of the Group and to sustainably increase the value of the company. When appointing members to the Executive Board, in addition to topics such as industry and software know-how, comprehensive leadership qualities and strategic development, competence in the area of sustainability is also required. This includes knowledge of the content of material impacts, risks and opportunities of the Group. The Executive Board of Nemetschek SE is responsible for the management of the Nemetschek Group. The Supervisory Board of Nemetschek SE advises the Executive Board and supervises it in the management of the company. The composition of the Supervisory Board is linked to a profile of skills, which includes a general understanding of the business of the Nemetschek Group, detailed knowledge of business administration, industry knowledge, experience in the area of governance, compliance and risk management, as well as personnel management/HR, expertise in the area of sustainability and financial expertise (accounting, auditing). The competences of the Executive Board and the Supervisory Board include experience relevant to the segments, solutions and geographical locations of the Group.

Nemetschek SE works with external consultants and sustainability experts to exchange information on specific sustainability-related topics. External expertise is intended to support the Supervisory Board and the Executive Board in making informed decisions on sustainability issues and on the strategic orientation regarding sustainability. Access to external expertise is intended to ensure that the Supervisory Board and the Executive Board are always informed about complex sustainability topics that cannot be covered by their immediate expertise. In fiscal year 2024, two workshops were conducted together with an external strategic partner to inform and advise the Supervisory Board and the Executive Board on the increasing regulation in the area of sustainability (in particular the CSRD) and the associated strategic relevance for the Group. These topics were also discussed in the Audit Committee and Supervisory Board meetings held in fiscal year 2024.

Members of the Supervisory Board and the Executive Board have direct expertise in sustainability-relevant areas such as environmental management, social responsibility, and governance practices. The Supervisory Board and the Executive Board bring valuable knowledge from industries where sustainability is a strategic priority. Furthermore, through sector expertise in architecture, engineering, and technology, the Supervisory Board and Executive Board members possess a strong understanding of the environmental and social challenges the company faces in its core business areas, including energy efficiency, CO_2 reduction, and sustainable construction.

The Nemetschek Group engages in sector associations and sustainability networks such as the German Sustainable Building Council (DGNB), which enables the Executive Board and the Supervisory Board to stay informed about the latest sustainability standards and benchmarks within the Architecture, Engineering, Construction and Operation (AEC/O) industry. Through these memberships, the members of the Supervisory Board and the Executive Board have access to expertise within the sector as well as to leading companies in the field of sustainability. The sustainability-relevant skills and knowledge within the Supervisory Board and Executive Board of Nemetschek SE cover the material impacts, risks, and opportunities of the company identified in the double materiality assessment in the areas of Climate Change (ESRS E1), Own Workforce (ESRS S1), Consumers and End-Users (ESRS S4), Business Conduct (ESRS G1), as well as Cyber and Information Security. The skills and knowledge of the Supervisory Board and Executive Board members help the Group to leverage opportunities for sustainable growth, product innovation, and market leadership in a changing global environment accordingly.

The effectiveness of the defined policies and actions within the Group is monitored through the discussion of changed assessments (according to likelihood of occurrence and severity) for material impacts, risks, and opportunities. The ESG-GPO and the GPOs report along the functional and disciplinary reporting line to the CEO or the CFO, and thus to the Executive Board. These reporting channels can also be used for ESG-related topics as needed. Compliance with due diligence obligations is also addressed in the Risk Committee. In these cases, the responsible GPO can also report directly to the Executive Board as needed.

The Executive Board of Nemetschek SE regularly, promptly, and comprehensively informs the Supervisory Board, both in writing and verbally, about all relevant topics concerning corporate development and strategy. In addition to associated risks and opportunities, relevant impacts of the Nemetschek Group on people and the environment were also discussed and reported to the Supervisory Board in fiscal year 2024. Relevant dependencies between impacts, or between risks and opportunities, are considered within the Group-wide risk and opportunity management framework and, if necessary, integrated into regular reporting. Furthermore, the Supervisory Board is informed about the implementation of the strategic direction and plans for the Group, the segments, and the individual brands, planned and ongoing transactions (current M&A and venture activities), as well as risk management. Detailed information about impacts, risks, and opportunities that have particular relevance for decision-making is provided to the Executive Board and the Supervisory Board on a quarterly basis as part of the internal reporting from the Risk Committee. The implementation of due diligence obligations, as well as the results and effectiveness of adopted strategies, actions, metrics, and objectives, are integral parts of the existing internal reporting from the Group functions and the Sustainability Team to the Executive Board and the Supervisory Board.

The metrics reported in this sustainability statement are intended to provide information about the performance and effectiveness in relation to material impacts, risks, and opportunities within the Group, which are detailed in Chapter 2.1 General Information *<< Strategy and Business Model >>* and *<< Management of Impacts, Risks, and Opportunities >>*. As part of the double materiality assessment, the Nemetschek Group identified the following sustainability aspects as material. The material impacts, risks, and opportunities were substantively consolidated and discussed in the current fiscal year with the members of the Risk Committee as well as the defined persons responsible for the risk fields or risk categories.

SUSTAINABILITY ASPECTS DISCUSSED IN THE RELEVANT ESRS TOPICS

ESRS	Topic	Subtopic	Titel	Impact	Risk	Oppor-tunity
Environment (ESRS E1)	Climate Change	Climate Change Adaption	Sustainable & Climate-friendly Construction / Building Certificates	–	–	●
		Climate Change Mitigation		●	–	●
		Energy		●	–	●
Social (ESRS S1)	Own Workforce	Working Conditions	Social Dialogue	●	–	–
			Employee Empowerment	●	–	–
		Equal Treatment & Opportunities for all	Employer Attractiveness	–	–	●
			Training and Up/Reskilling	●	–	–
			Equity & Diversity	●	–	–
Social (ESRS S4)	Consumers and End-Users	Information-related Impacts for Consumers & End-Users	Efficiency through Software	●	–	–
			Transparency and Liability through Software	●	–	–
		Social Inclusion of Consumers & End-Users	OPEN Building Information Modeling (BIM)	●	–	–
			Student Licenses	●	–	–
Governance (ESRS G1)	Business Conduct	Corporate Culture	Innovative Corporate Culture	●	–	–
		Management of Relations with Suppliers, including Payment Practices	Conditions of Payment for Suppliers	●	–	–
		Corruption & Bribery	Reducing the Risk of Corruption & Bribery	●	–	–
Nemetschek-specific	Cyber and Information Security		Actions for Cyber & Information Security	●	–	–

As part of its sustainability statement, the Nemetschek Group discloses information on the remuneration of the Executive Board and the Supervisory Board. The remuneration components for the Executive Board consist of five different parts:

(1) Fixed Remuneration: Each member of the Executive Board receives a fixed remuneration, which is paid out in twelve equal monthly installments at the end of each calendar month.

(2) Benefits: Each member of the Executive Board receives customary fringe benefits such as a company car, which may also be used for private purposes, and subsidies for health and long-term care insurance.

(3) Short Term Incentive Plan (STIP): Each member of the Executive Board receives short-term, performance-related (variable) remuneration, which depends primarily on the achievement of corporate targets (revenues, adjusted EBITDA, EBITA and/or EBT, partly also earnings per share based on the consolidated financial statement) as well as the achievement of individual special targets.

(4) Long Termin Incentive Plan (LTIP): The LTIP depends primarily on the achievement of defined company targets for the development of the adjusted EBITDA, EBITA, and EBT of the Nemetschek Group or the earnings per share based on the consolidated financial statement. The performance period is three financial years (LTIP period).

(5) Stock Appreciation Rights Plan (SAR): The Supervisory Board may decide that members of the Executive Board will participate in a SAR plan of the Nemetschek Group.

The remuneration components for the Supervisory Board consist of three different parts:

(1) Fixed Remuneration: According to the Articles of Incorporation, the members of the Supervisory Board receive a fixed remuneration for each full year of their membership on the Supervisory Board. Supervisory Board members who have not been members of the Supervisory Board or a committee for the full fiscal year or have not chaired for the full fiscal year receive remuneration pro rata, rounded up to full months.

(2) Membership in a Committee of the Supervisory Board: Each member receives additional remuneration for each full fiscal year of membership. Pro rata remuneration for committee activities requires the committee in question to have held a meeting during the relevant period to fulfill its tasks.

(3) Performance-Oriented Component: Each member receives a performance-related component for attending a meeting of the Supervisory Board or one of its committees in person or virtually.

The remuneration components of the Executive Board and the Supervisory Board are published in the remuneration report *ir.nemetschek.com/remuneration* and can be viewed there in detail.

The sustainability targets for the Executive Board members are qualitative in nature and relate to the establishment of structures, instruments, and data points for CSRD reporting. There are no (sustainability) targets for Supervisory Board members. The sustainability targets for the Executive Board members are listed in the STIP. The achievement of the targets is measured by the

Supervisory Board. If the targets are met, the variable remuneration is paid out. If a pro rata measurability according to the degree of target achievement is possible, this is carried out. The share of the Executive Board's variable remuneration that depends on sustainability-related targets is 3.0% of the total variable remuneration for the CFO and almost 2.0% of the total variable remuneration for the CEO. The existing remuneration system can be changed by the Supervisory Board but must also be approved by the Annual General Meeting.

The due diligence of the Nemetschek Group includes the following core elements, which are disclosed in separate paragraphs of the sustainability statement.

Core Elements of Due Diligence	**Paragraphs in the Sustainability Statement**
a) Embedding due diligence in governance, strategy and business model	Chapter 2.1 General Disclosures << Governance >> and << Management of Impacts, Risks and Opportunities >>
b) Engaging with affected stakeholders in all key steps of the due diligence	Chapter 2.1 General Disclosures << Management of Impacts, Risks and Opportunities >> Chapter 2.3 Social Information << Management of Impacts, Risks and Opportunities – Own Workforce >> and << Management of Impacts, Risks and Opportunities – Consumers and End-Users >>
c) Identifying and assessing adverse impacts	Chapter 2.1 General Disclosures << Management of Impacts, Risks and Opportunities >> (Double Materiality Assessment and IRO-Management)*
d) Taking actions to address those adverse impacts	Chapter 2.3 Social Information << Management of Impacts, Risks and Opportunities – Own Workforce >> and << Management of Impacts, Risks and Opportunities – Consumers and End-Users >> Chapter 2.4 Governance Information << Management of Impacts, Risks and Opportunities – Business Conduct >> and << Cyber and Information Security >>
e) Tracking the effectiveness of these efforts and communicating	Chapter 2.1 General Disclosures << Governance >>

The Nemetschek Group's risk management regarding sustainability reporting follows a holistic approach and includes all fully consolidated subsidiaries of the Group. As described in Chapter << 6 Report on Risk and Opportunities >> of the Group Management Report, the risk management process consists of the following components: 1. Risk identification, 2. Risk assessment, 3. Risk aggregation, 4. Risk control, 5. Risk monitoring, and 6. Risk reporting. The existing process has been expanded to include sustainability-related impacts, risks, and opportunities for sustainability reporting.

The Nemetschek Group has established an Internal Control System (ICS) with regard to sustainability reporting, which, based on COSO (Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission) 2013, includes the following components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities.

The control environment (component 1) comprises standards, processes, and structures that form the basis for the implementation of internal controls throughout the organization. With regard to sustainability reporting, the control environment includes ICS principles based on ESRS (ESRS 1 Sec. 2 and Appendix B), audit (ISAE 3000 Revised) and ICS requirements (COSO 2013), as well as defined roles and responsibilities for sustainability reporting at the Nemetschek Group. Within the framework of the risk assessment (component 2), risks are identified with regard to sustainability reporting, for example, incorrect data, an excessive level of uncertainty, or data that is not available (in a timely manner). The control activities (component 3) comprise concepts and procedures that are intended to ensure that identified risks do not materialize. These include, on the one hand, detective controls, such as the segregation of roles for data entry and validation as well as plausibility checks (automated and manual). The control activities include preventive controls, such as the communication of the ICS principles to persons who are involved in sustainability reporting. The information and communication (component 4) include the passing on of key information, such as the process schedule, process flows, roles and responsibilities, or the topic-specific data points. Within the framework of the monitoring activities (component 5), further control activities are defined as needed if there is a well-founded suspicion that existing controls are not sufficient, for example, if detective controls indicate materialized risks.

In order to ensure auditability, the requirement to comply with the ICS principles has been communicated to all Group functions that are involved in Group-wide ESG data collection. The principles stipulate that ESG data (applying the four-eyes principle) must be accurate and complete, and that appropriate plausibility checks of the data must be carried out. Sources of error must be identified and, if necessary, suitable counteractions and controls must be implemented. The data collected should be relevant, understandable, and consistent. With regard to the verifiability of the information, the ICS principles stipulate that the collection of information must be documented, and corresponding evidence must be kept on file. The same applies to information on calculation methods used to prepare estimates or approximations. These can be used if direct data collection is not possible.

* IRO management describes the quarterly collection and assessment, as well as management, of ESG-relevant impacts, risks, and opportunities within the Group's existing risk and opportunity management system.

The risks of sustainability reporting are identified and assessed by the ESG-GPO, who is responsible for the reporting process. The close cooperation between the Sustainability Team, the ESG-GPO, the GPOs, the risk management function, and the Executive Board makes it possible to manage the risks of sustainability reporting appropriately and to prioritize them accordingly, for example within the framework of the Risk Committee Meetings. Potential risks and mitigation strategies, including the associated controls, were recorded in the form of the ICS with regard to sustainability reporting established in the 2024 fiscal year.

The Nemetschek Group has not identified any material risks related to sustainability reporting to date. In the future, the Group Internal Audit function, in cooperation with the Sustainability Team and the central Group functions involved in the reporting process, will be involved in identifying potential process risks in sustainability reporting and in evaluating the effectiveness of the ICS. To counteract potential risks in sustainability reporting, the Nemetschek Group's sustainability statement is also subject to a limited assurance engagement in accordance with ISAE 3000 (Revised) by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich. The audit procedures include the identification of likely risks of material misstatement in the Nemetschek Group's sustainability statement. The metrics reported in this sustainability statement are not subject to any further audit by external bodies. The methods and significant assumptions behind the metrics are set out in the topic-specific chapters.

The Nemetschek Group has developed and internally communicated the ICS principles to counter the potential risk of incorrect sustainability reporting. Furthermore, the creation of the ESG-GPO role contributes to centrally monitoring all impacts, risks, and opportunities with ESG relevance and, if necessary, defining actions in coordination with the GPOs responsible for the respective specialist areas. The ESG-GPO is responsible for the process of sustainability reporting, so that the potential reporting risks fall within his area of professional responsibility. All impacts, risks, and opportunities identified in the double materiality assessment are reviewed at regular intervals (at least annually) and the assessment is adjusted if necessary. This ensures that changes that could amend the materiality of risks (also with regard to sustainability reporting) are identified at an early stage. Through the integration of IRO management into the Group-wide risk and opportunity management, which follows a structured process including internal control procedures (Three Lines of Defense model), new, potential or actual risks are also recorded quarterly, and appropriate actions are derived and implemented. The Risk Committee and the Supervisory Board are informed quarterly by the central risk management function about the results of the risk assessment.

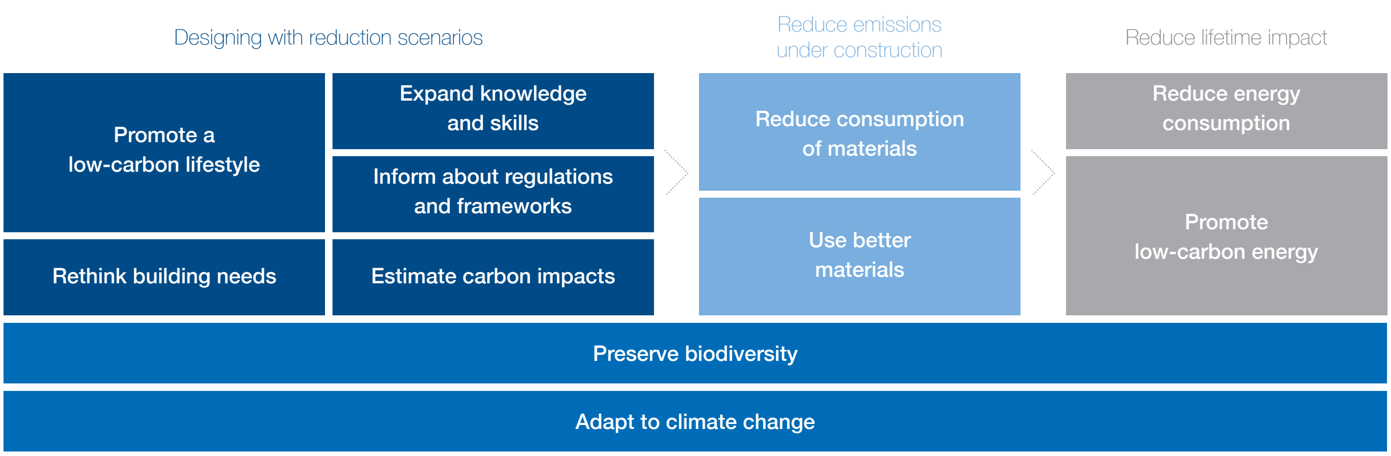
Strategy and Business Model

The Nemetschek Group is a global provider of software solutions for the AEC/O as well as the media and entertainment industries. The Nemetschek Group's business model is described in detail in Chapter [<< 1.1 Group Business Model >>] and [<< 1.2 Growth Drivers, Goals and Strategy >>] of this Group Management Report. As of December 31, 2024, the Nemetschek Group employs 3,989 employees worldwide.* The Group's employees are active in various regions and are distributed across the following geographical areas: Germany (991 employees), Europe excluding Germany (1,346 employees), Americas (1,259 employees), Asia/Pacific (319 employees), and Rest of World (74 employees). The Nemetschek Group's revenues by segment can be found in the Group Management Report, see << 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>.

The Nemetschek Group's strategy and business model are closely intertwined with the major challenges facing the construction industry, including digitalization and sustainable building. The same applies to the media and entertainment industries, where demand for innovative, digital content is continuously increasing. The Nemetschek Group distributes its software solutions to a broad range of customers, primarily in the European and US markets, as well as in some regions in Asia/Pacific. Key products and solutions are particularly represented in the Group's high-revenue segments, Design and Build. With the Group's solution portfolio in the Design, Build and Manage segments, customers and end-users can plan, construct, and operate buildings in a more energy- and resource-efficient and sustainable manner.

* The total number of employees does not match the information provided in the consolidated financial statements, see explanations in Chapter 2.3 Social Information << Own Workforce >>.

In fiscal year 2024, the Nemetschek Group defined portfolio-related sustainability ambitions and identified 11 levers, focused on mitigating climate change, particularly through the Group's AEC/O segments related to the design, construction, and operation of buildings. These 11 levers have been fully integrated into the double materiality assessment for fiscal year 2024 and are aligned with the topic-specific ESRS in the environmental area – Climate Change (ESRS E1), Pollution (ESRS E2), Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4), and Circular Economy (ESRS E5). The double materiality assessment has shown that the most significant lever, and thus the greatest business opportunity for the Nemetschek Group, lies in reducing energy consumption and CO_2 emissions (Climate Change ESRS E1) in the construction industry. However, additional environmental topics could become material in the future with regard to the Group's portfolio.



The Nemetschek Group's sustainability ambitions under the 11 levers, which have varying relevance at the segment and brand level, fundamentally relate to all solutions, sales markets, and customer groups within the AEC/O segments, as well as related stakeholders such as architects, engineers, construction companies, building owners, and operators. To evaluate the most important solutions, the Nemetschek Group conducted a comprehensive analysis of its portfolio in the fiscal year 2024. As part of the portfolio analysis, the contribution of the Nemetschek Group software solutions to mitigating climate change was measured using a company-specific assessment model comprising nearly 40 assessment dimensions, and recommendations for the further development of the software solutions with regard to the 11 levers were derived.

The Nemetschek Group's business model and Group strategy consider the impacts, risks and opportunities of the sustainability aspects identified as material through targeted actions and investments that aim both at the topic of sustainability and at increasing the company's resilience, efficiency, and long-term growth targets. With its investment strategy in the area of venture investments and start-ups, as well as the continuous expansion of the existing product portfolio, the Nemetschek Group contributes to the reduction of climate and environmental impacts in the construction industry and underscores its claim to technological leadership in the digital transformation towards greater sustainability (Climate Change ESRS E1). With its software solutions for the AEC/O and media and entertainment industries, the Nemetschek Group also aims to offer customers and end-users the greatest possible technological benefit and added value. Accordingly, the strategic focus topics of the Nemetschek Group, including Artificial and Sustainability, Nemetschek Cloud Platform and Infrastructure, or Merger & Acquisitions / Ventures & Innovation, are closely aligned with the needs of its customers (Consumers and End-Users ESRS S4).

The Nemetschek Group is a globally operating group with an international shareholder structure. The Executive Board and the Supervisory Board attach particular importance to responsible and transparent management and control of the company, which is geared towards sustainable value enhancement. Corporate policy and corporate governance practices are laid down, among other things, in relevant Group guidelines as well as the Code of Conduct and the Supplier Code of Conduct (Business Conduct ESRS G1). In view of worldwide cyberthreats, information security plays a central role in the Nemetschek Group's business model. The company's strategy includes actions and investments in a comprehensive security infrastructure, including a global information security organization and a Group-wide Information Security Management System (ISMS) in accordance with ISO/IEC 27001 (Topic "Cyber and Information Security"). As part of the global strategic Business Enablement Initiative, which is intended to reduce the complexity of the Nemetschek Group's brand diversity, a special focus is placed on the area of People/Human Resources and thus on the aspect of its own workforce. The harmonization of organizational Human Resources processes as well as the harmonization of the personnel IT landscape aim to manage the employee lifecycle and related impacts Group-wide in the future (Own Workforce ESRS S1).

The Nemetschek Group's vision, "Shape the world in all dimensions", and its mission to be the preferred and most trusted software provider and partner for the Architecture, Engineering, Construction, and Operations and Media sectors define the guiding principles of its business activities and the foundation of strategic action within the Group. In fiscal year 2024, the Nemetschek Group decided to define sustainability as a strategic focus topic, thereby further sharpening the strategic cornerstones that form the basis for achieving the Group's growth ambitions. Increasing regulations in sustainable building, raising awareness among customers and end-users, as well as the impact measurement of segment- or brand-specific initiatives to implement the sustainability ambitions, represent a central challenge for the Group in this context. To achieve its strategic goals and sustainability ambitions, the Nemetschek Group relies on a structured operating model that forms the basis of its entrepreneurial value creation.

As a provider of innovative software solutions for the AEC/O and media and entertainment industries, the Nemetschek Group drives digitalization and the use of BIM throughout the entire building lifecycle. The Nemetschek Group's value chain is divided into upstream processes, its own operations, and downstream processes. In the upstream value chain, the focus is on research and development of new software solutions and collaboration with technology partners and suppliers, particularly in the areas of cloud infrastructure, data management, and artificial intelligence. Key suppliers include technology providers such as cloud service providers and research institutions, with whom innovations in the AEC/O and media and entertainment industries are driven forward.

The central Group functions, which control the operational processes for the Group and its brands, are anchored in the strategic holding company, Nemetschek SE. The operative business is implemented in the four segments Design, Build, Manage, and Media with a total of 12 brands. The brands focus on the development, sales, and maintenance of software solutions specifically designed for design, simulation, visualization, and BIM. Qualified software developers and designers as well as a high-performance infrastructure are essential for this. The Nemetschek Group offers software rental models such as subscription and Software-as-a-Service (SaaS), software services, and software licenses, and supports customers with extensive training and support services. Sales are made both directly via the company's own website and specialized sales teams and indirectly via partner networks, resellers, and distributors.

In the downstream value chain, the focus is on the customers and end-users of the Nemetschek Group. These include architects and designers, planning offices, engineers, construction companies and general contractors, and building managers, as well as film and television studios, advertising agencies, the video game industry, product and graphic designers, and creative freelancers. Through regular software updates and upgrades, technical support, and the provision of additional services such as data backup, consulting, and individual adaptations of the software solutions, there is a close exchange between customers and end-users and the brands of the Group. The Nemetschek Group fosters a trusting relationship with its customers and end-users through continuous dialogue. Adapting the solutions to the specific requirements of customers and end-users also contributes to long-term customer satisfaction. In addition, the Nemetschek Group cooperates with business partners who expand the software offering with additional solutions and promotes exchange between customers and end-users through specialist events and conferences.

The Nemetschek Group is closely linked to developments in the construction, architecture and engineering industries, as well as the media and entertainment industries, which means that sustainability-related impacts, risks, and opportunities in these sectors have a direct influence on the Group's business model. Key drivers such as BIM, digitalization/automation, sustainability, and climate protection in the construction industry can create new growth opportunities, as demand for digital tools and cloud-based solutions continues to rise. In the upstream value chain, this enables increased investment in research and development, while in the downstream value chain, networking of sales channels and customers and end-users continues to grow. The Group structure, new sales and business models, such as the switch from classic licensing to subscription and SaaS, as well as strategic aspects are explained in detail in the sections *<< 1.1 Group Business Model >>* and *<< 1.2 Growth Drivers, Goals and Strategy >>* of this Group Management Report.

As an international group, the Nemetschek Group maintains relationships with a large number of suppliers and business partners worldwide, from whom it sources goods, particularly in the form of software, hardware, data, infrastructure, as well as IT and (marketing) services. State-of-the-art technical resources are essential for the development of innovative software solutions for the AEC/O and the media and entertainment industries. A central component of entrepreneurial value creation are also the skills, knowledge and creativity of employees, which is why the acquisition, development and retention of talent is of particular importance for the Nemetschek Group. The Nemetschek Group's procurement approach is based on strategic procurement, which is constantly evolving and enables fact-based decisions. The Nemetschek Group maintains partnerships with key suppliers to remain innovative and competitive. Access to the latest technologies and market innovations is to be secured through internal development, strategic collaborations and acquisitions.

The Nemetschek Group is distinguished by a broad portfolio of solutions along the building lifecycle from the planning to the construction and operation or renovation phase to the deconstruction of buildings (Design, Build, Manage segments), as well as in the creation of digital content in 2D and 3D (Media segment). The goal of the brand and segment approach is to focus on the needs of the respective segments and thereby increase customer benefit and added value. With its innovative solution portfolio, the Nemetschek Group helps drive digitalization in the construction and infrastructure sector and meet the demand for time, cost and resource savings, as well as increasing regulations – especially in the area of sustainability. In addition to maintaining sustainable building certificates in customer and end-user projects through LEED (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method) or DGNB, the Nemetschek Group also promotes open standards and OPEN BIM, thus increasing the participation of smaller architecture, engineering and construction companies in large construction and infrastructure projects. By expanding its international presence, the Nemetschek Group aims to exploit growth potential and thus further increase its attractiveness in the capital and labor markets.

In the upstream value chain, the Nemetschek Group works closely with a variety of suppliers and technology partners to develop innovative software solutions. In the downstream value chain, customers in the construction and media sectors are addressed directly via brand-specific sales organizations, as well as indirectly via resellers and distribution partners. The focus on digitalization and sustainability along the building lifecycle and in the media and entertainment industries, as well as the continuous further development of technologies such as artificial intelligence and cloud-based solutions, are central elements of the Nemetschek Group's value creation.

To align business and sustainability activities with the interests and perspectives of stakeholders, the Nemetschek Group conducted an extensive double materiality assessment in fiscal year 2024 in accordance with the ESRS, see Chapter 2.1 General Disclosures << Management of Impacts, Risks, and Opportunities >>. The results of the double materiality assessment and the associated sustainability-related impacts, risks, and opportunities will be reviewed on an event-driven basis in the future to ensure the relevance and validity of the material topics for the current reporting years. A review or re-execution of the double materiality assessment will take place, with certain defined criteria, including regulatory changes, potential changes in the company strategy and business model, as well as portfolio changes and M&A activities of the Nemetschek Group, being considered.

Apart from the materiality assessment, the Nemetschek Group maintains a regular exchange with its most important stakeholders. The most important stakeholders of the Nemetschek Group are customers, business partners, investors and employees. For the individual segments and brands, national and international industry associations and organizations with representatives from business, science, politics and society as well as educational institutions and universities are also of particular importance. The Nemetschek Group regularly exchanges information intensively with its most important stakeholders to continuously develop the business activities and the sustainability approach of the organization, considering internal and external perspectives. Interests and viewpoints of customers and business partners are reflected at segment and brand level through customer advisory boards and surveys as well as regular exchange also at trade fairs, product previews or in joint workshops. The Investor Relations & Corporate Communication Group function and the Executive Board also maintain close contact and exchange with the investors of the Nemetschek Group through a variety of virtual and personal meetings as well as in the context of investor conferences and roadshows. Open and transparent communication within the Group is also fostered, among other things, through Group-wide employee events (town halls) organized by the People/Human Resources Group function. The segment managers and the heads of the Group functions have a direct reporting line to the Executive Board, which is thus kept informed of the relevant interests and viewpoints of stakeholders.

When conducting the double materiality assessment in the 2024 fiscal year by the Sustainability Team of the Nemetschek Group, a special focus was also placed on the integration of the interests and viewpoints of internal and external stakeholders, encompassing the upstream and downstream value chain as well as the Group's own operations. As part of selected stakeholder interviews, internal and external stakeholders were involved in the identification of sustainability-related impacts, risks, and opportunities. Selected internal and external stakeholders were also involved in the materiality assessment. As an internationally active Group, open stakeholder dialogue is of particular importance for the Nemetschek Group to create added value for its own organization, customers, business partners, investors and employees. The integration of diverse interests and viewpoints supports the strategic orientation of the Nemetschek Group to drive sustainability and innovation in the construction industry. The interests and viewpoints of internal and external stakeholders, which are reflected in the results of the Nemetschek Group's double materiality assessment, are also intended to contribute to further developing the Nemetschek Group's sustainability approach into a holistic sustainability strategy. Strategic activities for the development of a holistic sustainability strategy that is aligned with the interests and viewpoints of the stakeholders are to be intensified from the 2025 reporting year onwards. Changes to the overarching Group strategy and/or the business model of the Nemetschek Group are described in detail in the Group Management Report, see << 1.1 Group Business Model >> and << 1.2 Growth Drivers, Goals and Strategy >>.

The stakeholders' interests and viewpoints, and the associated broad view of the Nemetschek Group's impacts, risks, and opportunities, are reflected in the Group's strategic direction and business model. Due to market-specific demand and increasing regulatory requirements, the topic of sustainability was explicitly integrated into the Group's strategic cornerstones in fiscal year 2024. In the future, the topic of sustainability will play an even more central role in the expansion and further development of the existing solution portfolio at the segment and brand level, making an even greater contribution to promoting sustainability in the construction industry.

In the double materiality assessment, the Nemetschek Group identified material impacts in the topic-related ESRS E1 (Climate Change), ESRS S1 (Own Workforce), ESRS S4 (Consumers [here Customers] and End-Users), ESRS G1 (Business Conduct), as well as the company-specific topic of Cyber and Information Security, all of which are exclusively positive in nature. The material impacts, risks, and opportunities are described in detail in the table below. The table also provides information on which business segments (AEC/O or Media and Entertainment) the impacts, risks, and opportunities are located and whether they relate to the Group's own operations and/or the upstream and downstream value chain. The material impacts, risks and opportunities in the area of Climate Change (ESRS E1) cover a medium to long-term time horizon, whereas the material impacts, risks and opportunities in the areas of Own Workforce (ESRS S1), Consumers and End-Users (ESRS S4) and Cyber and Information Security are usually short to medium term.

				Operating Segment		Value Chain		
Topic	**Titel**	**Description**	**IRO**	**AEC/O**	**Media**	**Up-stream**	**Own Opera-tions**	**Down-stream**
Climate Change	Building Certificates	The software of the Nemetschek Group facilitates the certification process for customers and end-users to obtain building certifications such as LEED, BREEAM, or DGNB for sustainable and climate-friendly construction (Focus Area: Climate Change Mitigation).	Impact	●				●
		The software of the Nemetschek Group facilitates the certification process for customers and end-users looking to obtain building certifications such as LEED, BREEAM, or DGNB for sustainable and energy-efficient construction (Focus Area: Energy).	Impact	●				●
		Due to the increasing number of regulations and standards for sustainable construction, the demand from customers and end-users for certifications such as LEED, BREEAM, or DGNB for sustainable and climate-friendly buildings (Focus Area: Climate Change Mitigation) could rise, creating business opportunities for the Nemetschek Group.	Opportunity	●				●
		Due to the increasing number of regulations and standards for sustainable construction, the demand from customers and end-users for certifications such as LEED, BREEAM, or DGNB for sustainable and energy-efficient buildings (Focus Area: Energy) could increase, creating business opportunities for the Nemetschek Group.	Opportunity	●				●
	Climate Resilient Infrastructure	The rising demand for climate-resilient infrastructure that can withstand the impacts of climate change (Focus Area: Climate Change Adaptation) could open business opportunities for the Nemetschek Group by offering software solutions that support these requirements. Additionally, associated regulatory changes, evolving customer requirements, and market trends could be reflected in the portfolio. This enables the Nemetschek Group to take on a pioneering role in promoting sustainability within the construction industry.	Opportunity	●				●

				Operating Segment		Value Chain		
Topic	Titel	Description	IRO	AEC/O	Media	Up-stream	Own Opera-tions	Down-stream
Own Workforce	Social Dialogue	Standardized communication formats and close dialogue between management/employees, and work councils promote internal communication, engagement, and employee satisfaction while also contributing to effective conflict resolution within the Group. Employees in Europe benefit from an established structure with dedicated work council.	Impact	●	●		●	
	Workforce	The most valuable asset of the Nemetschek Group is its workforce and the associated expertise within its segments and brands. The Nemetschek Group could leverage its attractive working conditions as a strategic competitive advantage to enhance its employer attractiveness, including in relation to its sustainable solutions portfolio. At the same time, employee satisfaction, retention, and engagement can be strengthened, and new talent can be attracted to the Group.	Opportunity	●	●		●	
	Employee Empowerment	The Nemetschek Group employs qualified and specialized professionals, primarily in industrialized countries, where they benefit from excellent working conditions and competitive salaries.	Impact	●	●		●	
		The Nemetschek Group offers a variety of remote work models, including hybrid models and flexible working hours, to foster a family-friendly work environment and improve the balance between professional and personal life.	Impact	●	●		●	
		Given its international and partially decentralized structure, the Nemetschek Group exhibits a high degree of individualization, which fosters strong employee identification and a pronounced sense of belonging to their respective brands. Employees benefit from working conditions tailored to specific brand requirements.	Impact	●	●		●	
	Training & Up/Reskilling	The Nemetschek Group provides training sessions, learning initiatives, and resources to enhance employees' skills and knowledge, actively supporting their professional and personal development. The Nemetschek SE and its brands each benefit from an allocated learning budget.	Impact	●	●		●	
	Equity & Diversity	Group-wide and brand-specific training sessions, such as harassment prevention training, contribute to raising employee awareness on topics such as equity and diversity.	Impact	●	●		●	
		The Nemetschek Group places great emphasis on fair recruitment and promotion practices, ensuring equal opportunities for all applicants and employees. Diversity aspects, including gender, ethnicity, nationality, and age, are considered in the hiring process (Group Diversity Statement).	Impact	●	●		●	
Consumers and End-Users	Efficiency through Software	The software solutions of the Nemetschek Group provide information on local regulations, materials, and construction-related impacts, facilitate data exchange, and promote the digitalization and automation of processes. The added value for customers and end-users results from increased efficiency, productivity, and quality in the construction process.	Impact	●				●
	Overview of Responsibilities	The Nemetschek Group's software solutions enhance transparency regarding project responsibilities, requirements, and liability while enabling traceability of work processes. This helps reduce construction-related disputes among project stakeholders.	Impact	●				●
	OPEN BIM	The Nemetschek Group actively promotes OPEN BIM. Through open interfaces, (smaller) companies benefit from participation in large-scale projects, fostering diversity, broader industry participation, and collaboration in the construction sector.	Impact	●				●
	Student Licenses	The Nemetschek Group is committed to social inclusion by providing students and young professionals with free software licenses, ensuring that the Group's solutions can be used regardless of financial constraints.	Impact	●	●			●
Business Conduct	Innovative Corporate Culture	The Nemetschek Group fosters an innovative corporate culture and supports entrepreneurial mindsets, for example, by collaborating with start-ups and maintaining close interaction with customers and end-users to develop forward-thinking solutions.	Impact	●	●		●	
	Conditions of Payment for Suppliers	As a reliable and fair business partner, the Nemetschek Group maintains standardized payment terms that benefit all suppliers within the Group.	Impact	●	●	●		
	Reducing the Risk of Corruption & Bribery	The Nemetschek Group has established a comprehensive set of actions to prevent and detect corruption and bribery, both within its own operations and in relation to suppliers and business partners, to minimize compliance risks.	Impact	●	●	●	●	●
Cyber and Information Security	Cyber & Information Security Actions	The Nemetschek Group has implemented a variety of actions to actively manage and control cyber and information security risks, as well as to ensure uniform standards throughout the Group.	Impact	●	●	●	●	●

The Nemetschek Group's material impacts in the areas of climate change as well as consumers and end-users relate to the Group's AEC/O segments. Through sustainable, climate-friendly, and energy-efficient solutions for the planning, construction, and operation of buildings and infrastructures, the Nemetschek Group helps customers and end-users in its downstream value chain to obtain sustainable building certificates and thus makes a positive contribution to promoting sustainability throughout the entire building lifecycle. Customers and end-users also benefit from efficient exchange of data, models, and information through OPEN BIM solutions. The increased transparency, interoperability, and collaboration, also with (smaller) architecture, engineering, and construction companies, as well as the provision of free student licenses to educational institutions and universities, distinguishes the positive contribution of the Nemetschek Group in the social and societal context of the AEC/O software sector.

The Nemetschek Group distributes its software solutions worldwide, with a particular focus on the high-revenue sales markets in the US and Europe, as well as selected Asian markets, including India in Asia/Pacific. In addition to brand-specific sales approaches, existing and potential new customers are increasingly addressed via global key account management (KAM), cross-selling activities, and e-commerce activities. The Go-to-Market approach, which focuses on the three major regions of Europe, the North America, and Asia/Pacific, and the topic of sustainability are strategic cornerstones of the Nemetschek Group.

Material impacts in the topic-related ESRS S1 (Own Workforce), ESRS G1 (Business Conduct), as well as the company-specific topic of Cyber and Information Security, arise in all segments of the Nemetschek Group, the AEC/O and the Media and Entertainment segment. Through Group-wide communication formats, the Nemetschek Group contributes to promoting a social dialogue within the Group. Attractive working conditions, which can be tailored to the specific needs of employees, also have a positive effect on satisfaction, engagement, and a sense of belonging within the Nemetschek Group. The employees of the Nemetschek Group benefit from Group-wide training and up/reskilling opportunities that contribute to professional and personal development. Through Group- and brand-specific training courses, the Group's employees are also to be sensitized to topics such as equal rights and diversity, which are also taken into account in hiring and promotion processes. The material impacts Own Workforce are closely linked to the strategic Business Enablement Initiative, in which core processes along the employee lifecycle are to be further harmonized Group-wide.

The Nemetschek Group sees positive impacts of its business conduct both in its own operations and in the upstream and downstream value chain. Through investments in and cooperation with venture companies, the Nemetschek Group continues to strengthen both new technologies and ways of thinking as well as its own innovation culture. Innovation, as a strategic cornerstone (Merger & Acquisitions / Ventures & Innovation) of the Group, has been an integral part of the corporate identity since the Nemetschek Group was founded. Standardized terms of payment and compliance actions to prevent and detect corruption and bribery also have a positive impact on successful business and cooperation with customers, suppliers, and business partners. The same applies to the comprehensive actions for managing Cyber and Information Security risks in the Group, which make a central contribution to the implementation of the Group's growth strategy. A large proportion of the material, all of which are positive impacts, were identified in the double materiality assessment in the social topics, including the topic-specific ESRS S1 and ESRS S4.

Actual, material opportunities for the Nemetschek Group were identified within its own operations as well as in the downstream value chain in the topic-related ESRS E1 (Climate Change) and ESRS S1 (Own Workforce). Sustainability and environmental protection are steadily gaining importance in the planning, construction, as well as the operation and renovation of buildings and are an essential factor for achieving politically set climate targets (for example, the European Green Deal). With its AEC/O portfolio, the Nemetschek Group offers intelligent BIM software solutions in its strategically relevant sales markets and via diversified sales channels that can make a contribution to climate change adaptation, climate change mitigation, and energy efficiency. Entrepreneurial opportunities for the Nemetschek Group also arise through increasing regulations and guidelines in the area of sustainable building and the associated increasing demand for certifications, such as LEED, BREEAM or DGNB, for buildings and infrastructures. The increasing need for climate-resilient infrastructures that can withstand the consequences of climate change opens up further business opportunities for the Group and underscores the management's decision to include the topic of sustainability in the Group's strategic cornerstones.

As a globally operating software group, Nemetschek's own workforce and the associated expertise within its own operations is a key success factor for the Nemetschek Group. The Nemetschek Group sees the increase in employer attractiveness as well as attractive working conditions within the Group as a significant opportunity to continue to attract specialized specialists and managers in the labor market in the future and to retain them in the company in the long term. The strategic Business Enablement Initiative, which aims at the organizational and content-related harmonization of the central Group functions, including People/Human Resources, and the functional organizational structure in the area of People/Human Resources are intended to reduce the complexity of brand diversity in this context, strengthen the teams, and thus contribute to the implementation of the global growth strategy of the Nemetschek Group.

The double materiality assessment of the Nemetschek Group has shown that no topic-specific or company-specific risk was identified that is above the defined materiality threshold and would therefore have to be reported in the context of this sustainability statement. There are no material risks arising from the company's own operations or from business relationships, products, and services that are very likely to have severe negative impacts on the non-financial aspects pursuant to § 289c HGB.

In conducting the double materiality assessment, the Nemetschek Group analyzed how material impacts of the company could affect people or the environment (or, in the case of potential impacts, how they are likely to affect them). The double materiality assessment revealed that no negative impacts on people or the environment were identified that exceeded the defined materiality threshold. The construction industry is responsible for around 40% of global CO_2 emissions. By promoting sustainable construction and usage practices in its downstream value chain, the Nemetschek Group contributes to reducing the environmental burden caused by the construction industry and thus to mitigating climate change. Climate-friendly construction methods, which have the least possible negative impacts on the environment, and buildings that are particularly resilient to climate change have positive effects on the environment and on people who benefit, for example, from safe living and working spaces or the increase in energy efficiency. The Nemetschek Group's OPEN BIM solutions, which enable a more efficient exchange of data, models, and information, contribute to more efficient collaboration in the construction process, from which (smaller) architecture, planning, and construction companies also benefit. Through close cooperation with educational institutions and universities, which is managed via the Group's global academic program, the Nemetschek Group also promotes access to innovative software and thus supports education and equal opportunities. The Nemetschek Group's global academic program is designed to enable the next generation of leaders in the AEC/O and the media and entertainment industries, before they enter the workforce, to use the Group's software solutions in a targeted manner in practice.

Positive impacts on people, in particular the employees of the Nemetschek Group, arise through the establishment of attractive working conditions as well as the promotion of equal treatment and equal opportunities, which contribute to the motivation and long-term retention of specialists and managers. A positive working environment that offers adequate development opportunities and an open dialogue that promotes employee well-being are intended to contribute to satisfaction and innovation within the Group. The corporate policies and corporate governance practices, which are laid down in relevant Group guidelines as well as the codes of conduct, prescribe responsible action towards people and the environment and shape the corporate culture of the Nemetschek Group. Through a preventive compliance approach, high information security standards, and trusting supplier relationships, the Nemetschek Group sees itself as a reliable partner in the AEC/O and the media and entertainment industries.

In order to identify, monitor, prevent, mitigate, remediate, or bring an end to future actual or potential adverse impacts, the Nemetschek Group has transferred the management of the material and non-material impacts (as well as risks and opportunities) into the Group's existing risk and opportunity management. The management of the material impacts as well as related actions taken and their effect is primarily carried out by the persons responsible for the existing risk fields or risk categories. With the integration of the management of material impacts, risks, and opportunities into the existing Group risk and opportunity management (managed by the Executive Board of Nemetschek SE), the Nemetschek Group has created a control framework that aims at an effective, integrated management of actual or potentially adverse impacts. Sustainability-relevant aspects that can have an influence on the company's success are to be identified, managed, and monitored systematically and at an early stage.

In fiscal year 2025, the influence of material impacts, risks, and opportunities on the business model, the value chain, the strategy, and decision-making within the Group will be further assessed. This includes changes that can be made to the strategy or the business model as part of actions to manage certain material impacts or risks or to take advantage of certain material opportunities. The actions already implemented in fiscal year 2024, as well as those planned for the future, that are directly related to the impacts or opportunities of the Group identified as material are explained in the topic-specific information in Chapters << 2.2 Environmental Information >>, << 2.3 Social Information >>, and << 2.4 Governance Information >>.

In fiscal year 2025, the strategic further development of the solution portfolio is to be linked to the results of the double materiality assessment in order to develop a holistic sustainability strategy for the Group in the medium term. In doing so, the current and expected influence of the material impacts, risks, and opportunities on the business model, the value chain, the corporate strategy, and decision-making is to be analyzed and taken into account in greater detail. In addition, further actions are to be defined to manage certain material impacts or risks or to take advantage of material opportunities, which contribute to the corporate strategy and the business model of the Nemetschek Group.

When conducting the double materiality assessment, the Nemetschek Group considered impacts from the Nemetschek Group on various topics in the area of Environment, Social and Governance that originate directly or indirectly from or are related to the strategy and the business model of the Group. A large proportion of the material impacts in the area of ESRS S1, ESRS G1, as well as Cyber and Information Security, are closely linked to the Business Enablement Initiative, which is intended to contribute to increasing efficiency and effectiveness in the Group. The strategic cornerstones Artificial Intelligence and Sustainability, Nemetschek Cloud Platform and Infrastructure, as well as the Go-to-Market approach, include central aspects of the material impacts in the area of ESRS E1 and ESRS S4, including sustainability and digitalization in the construction sector. Material impacts related to the innovative corporate culture (ESRS G1) of the Nemetschek Group are anchored in the strategic cornerstones Merger & Acquisitions /

Ventures & Innovation. Due to the close link with the strategic cornerstones of the Group, the Nemetschek Group expects the actual, material impacts to continue to materialize over a short to medium-term time horizon.

Through its business activities, the Nemetschek Group has material positive impacts, particularly in the area of Climate Change (ESRS E1) and Consumers and End-Users (ESRS S4), which are directly related to the Group's business model. Through the development and provision of intelligent BIM software solutions that enable environmentally friendly and resource-efficient processes throughout the entire building lifecycle, the Nemetschek Group offers solutions for major challenges of the construction industry in the area of digitalization and sustainability. Through the efficient cooperation of various actors by means of digital solutions in the construction process as well as the promotion of sustainable building, the Nemetschek Group contributes in the core of its business model to promoting positive impacts on people and the environment. In the context of the Business Enablement Initiative as well as related activities and actions, a significant share of the material positive impacts in the area of Own Workforce (ESRS S1), Business Conduct (ESRS G1), as well as Cyber and Information Security, which can also have short, medium and long-term effects on the business relationships of the Nemetschek Group.

As part of the double materiality assessment, the Nemetschek Group has not identified any risks that are above the defined materiality threshold. In the area of Environment and Social, opportunities in the area of sustainable and climate-friendly building/ building certificates as well as in the area of employer attractiveness were identified as material. So far, no significant financial effects of material sustainability-related risks and opportunities of the Nemetschek Group on its financial position, financial performance and cash flows are to be reported. There are also no material sustainability-related risks and opportunities for which there is a significant risk of a material adjustment to the carrying amounts of the assets and liabilities recognized in the related consolidated financial statements in the next reporting period.

In order to increase the resilience of the Nemetschek Group's strategy and business model with regard to the ability to manage material impacts and risks and to analyze material opportunities, the material impacts, risks, and opportunities were assigned to the strategic cornerstones and the four segments of the Group. The qualitative analysis shows that the material impacts, risks, and opportunities are directly linked to all strategic cornerstones, with the exception of the focus topic of business model (transition to subscription-based and SaaS models). The strategic cornerstones determine both current and future business activities and thus have an impact over a short, medium, to long-term time horizon. The strategic cornerstones are implemented by responsible internal sponsors who were involved in the implementation of the double materiality assessment in the form of initiatives and actions. Accordingly, material impacts, risks, and opportunities are taken into account with regard to the strategy and the business model of the Nemetschek Group. The integration of material impacts, risks, and opportunities into the existing Group-wide risk and opportunity management as well as the further development of the sustainability approach by the Sustainability Team also contribute to ensuring that the strategy and the business model of the Nemetschek Group remain resilient with regard to managing material impacts and risks and that material opportunities are utilized within the Group.

Strategic Cornerstones	Number IROs	IROs	Operating Segments AEC/O	Media
Artificial Intelligence & Sustainability	5	Climate Certificates (4 IROs), Climate Resilient Infrastructure	●	
Business Model (Subscription & SaaS)	0	-		
Go-to-Market Approach	1	Student Licenses	●	●
Nemetschek Cloud Platform & Infrastructure	3	OPEN BIM, Efficiency trough Software, Overview over Responsibilities	●	
Merger & Acquisitions / Ventures & Innovation	1	Innovative Corporate Culture	●	●
Business Enablement	11	Social Dialogue, Workforce, Employee Empowerment (3 IROs), Training & Up/Reskilling, Equity & Diversity (2 IROs), Reducing the Risk of Corruption & Bribery, Conditions of Payments for Suppliers, Cyber & Information Security Actions	●	●

In the current reporting year, the Nemetschek Group conducted a climate risk and resilience analysis for physical and transition climate risks. The analysis and its results are described in detail primarily in this Chapter 2.1 General Disclosures << Strategy and Business Model >> as well as under << Management of Impacts, Risks, and Opportunities >>.

The Nemetschek Group has included all 37 sub-topics listed in ESRS 1 AR16 in the area of Environment, Social and Governance as well as three company-specific sustainability topics in the double materiality assessment to identify actual or potential impacts, risks, and opportunities. The reporting of material impacts, risks, and opportunities for the topic-related ESRS E1 (Climate Change), ESRS S1 (Own Workforce), ESRS S4 (Consumers and End-Users), and ESRS G1 (Business Conduct) is based on the ESRS. The impacts, risks, and opportunities identified as material are presented in detail in Chapter 2.1 General Disclosures << Strategy and Business Model >>. For the company-specific topic of Cyber and Information Security, actual, material impacts were identified, which relate to extensive actions in the area of information security as well as the cooperation with certified service providers and which aim to establish the highest possible Cyber and Information Security standard. The positive impacts are directly related to the business model, the strategy, and the value chain of the Nemetschek Group and have a special relevance for the Nemetschek Group with regard to the increasing worldwide cyberthreats, increasing security-relevant customer requirements, as well as legal and regulatory requirements in the area of information security. The reporting on the company-specific topic of Cyber and Information Security is based on ESRS 1 Annex A. In the double materiality assessment, the Nemetschek Group identified sustainability-related impacts, risks, and opportunities for the first time in the current reporting year based on the ESRS. Changes to material impacts, risks, and opportunities compared to the previous reporting period are therefore not part of this report.

In the double materiality assessment, the Nemetschek Group did not identify any material climate-related risks. Furthermore, the climate risk analysis carried out in fiscal year 2024 did not identify any physical or transition climate risks that are to be regarded as material for the Nemetschek Group. The Nemetschek Group has performed a resilience analysis for physical risks as well as transition risks along the time horizons of the climate risk analysis. Neither material physical risks, transition risks, nor material parts of the value chain were excluded from the resilience analysis. The consideration of the value chain includes the upstream and downstream value chain, as well as its own business activities. The scenarios used, time horizons, key drivers, and input factors considered for the physical and transition risks are described in detail in Chapter 2.1 General Disclosures << Management of Impacts, Risks, and Opportunities >>.

The resilience analysis was carried out, validated, and completed within the 2024 reporting year. As no material physical risks are relevant for the Nemetschek Group, no actions to increase resilience against physical risks were defined. The strategy and the business model of the Nemetschek Group generally show a high resilience against climate-related hazards. This is discussed in detail below. As the Nemetschek Group does not make any quantitative statements on the financial effects of the climate risk analysis for fiscal year 2024, the implementation of the resilience analysis is also of a qualitative nature. Although no material physical risks have been identified at present, the Nemetschek Group pursues a proactive approach to risk management. The processes include continuous monitoring and assessment of potential risks. As soon as new risks arise, these are taken into account in the resilience analysis.

Physical risks were identified using the “Representative Concentration Pathway” (RCP) scenario 4.5. In the sixth assessment report of the Intergovernmental Panel on Climate Change (IPCC), these scenarios are supplemented by “Shared Socioeconomic Pathways” (SSPs). These pathways assume and take into account socioeconomic developments with regard to the economy, the environment and society depending on the scenario. Transition risks were identified using the RCP scenario 1.9. The analysis included the effects of changes in energy and CO_2 prices, new technological developments and various macroeconomic trends. In particular, effects were assessed taking into account politics and law, technology, the market, and reputation, as well as the Nemetschek Group’s business model and interaction with key stakeholders. The identified risks were assessed on the basis of the Nemetschek Group’s business model in order to identify potential transition risks facing the Nemetschek Group.

The time horizons of the resilience analysis are consistent with those of the climate risk analysis. The effects of the aforementioned climate scenarios on the Nemetschek Group were analyzed. No other independent scenarios were included in the analysis. The Nemetschek Group has not yet defined any measurable, results-oriented targets in connection with climate change adaptation and mitigation, which is why no reference is made to them in the resilience analysis. The Nemetschek Group recognizes the necessity and importance of such targets in principle and intends to take appropriate steps in the short to medium term to set corresponding targets.

The Nemetschek Group did not identify any material physical risks as part of its resilience analysis. The Nemetschek Group’s office locations worldwide are leased properties. The Nemetschek Group has no production sites due to its business model. Therefore, possible damage to physical assets is not material in the overall context of the assets. Potential damage from business interruptions was classified as not material. The examined, highest-revenue locations of the Nemetschek Group do not have any material exposure to natural hazards. If natural hazards should lead to any inaccessibility of the office locations, business interruptions are avoided by the fact that it is generally possible for the employees to work completely remotely. Despite the exclusion of material physical risks, the Nemetschek Group would therefore be extremely resilient to business interruptions in the event of their occurrence.

Transition risks arising from potential server failures could lead to business interruptions. However, in order to increase the own resilience and thus that of their customers, server providers generally have server redundancies in place themselves. The Nemetschek Group shows a high degree of resilience to potential transition risks due to its own counteractions as well as the actions taken by its suppliers. Potential transition risks also arise from changing regulatory requirements for climate-friendly and energy-efficient construction, which can lead to changes in the demand for construction software. If the Nemetschek Group does not react to changing product requirements, there could be a displacement effect by competitors. Due to the proven risk and opportunity management as well as the strategic prioritization of the topic of sustainability, potential risks within the Group are generally systematically identified at an early stage, and opportunities for the expansion of the Nemetschek Group’s portfolio are derived from them. Uncertainties, which are associated, for example, with regulatory changes, volatile customer demand or new technological developments, were taken into account in the resilience analysis and were classified as (very) low overall. Since the Nemetschek Group has not defined any measurable, results-oriented targets in connection with climate change adaptation and mitigation, for the current fiscal year, corresponding targets are not taken into account for the resilience analysis.

In fiscal year 2023, the Nemetschek Group appointed a Chief Strategy Officer (and Chief Division Officer Operate & Manage) who, in exchange with the segment managers, identifies potential transitional climate risks and simultaneously derives portfolio-related opportunities for the Nemetschek Group. These risks and opportunities were also discussed in the fiscal year 2024 as part of the quarterly Risk Committee Meetings with the involvement of the Head of Risk Management. The Sustainability Team also aims to continuously promote the sustainable transformation of the company and to ensure compliance with regulations and legal frameworks at all times. In its striving for sustainable economic success, the Nemetschek Group aims to aviod potential financial or reputational damage that could be associated with inadequate sustainability performance.

Based on the results of the climate risk analysis, the Nemetschek Group sees a continued ability to adapt its strategy and business model to the challenges of climate change in the short, medium, and long term. This includes the ability to make adjustments to the product and service portfolio and to ensure access to capital in the long term. Demand in the area of sustainable construction and climate-resilient infrastructure opens up business opportunities for the Nemetschek Group in this context. In order to reflect regulatory as well as market-specific sustainability aspects even more strongly in the product requirements of customers and to transform them into entrepreneurial opportunities, the topic of sustainability was integrated into the strategic cornerstones of the Group in fiscal year 2024.

All persons in its own workforce who may be affected by material impacts of the company are relevant to the information provided in accordance with ESRS 2 and have been taken into account in this sustainability statement. The Nemetschek Group employs the following types of employees who are affected by material impacts:

- Executive Board/Managing Director: Includes Executive Board members of Nemetschek SE and managing directors of the brands. Supervisory Board members and Executive Board members of the individual brands are not included.
- Permanent Employees: Includes an employer/employee relationship with an individual under an open-ended employment contract, either part-time or full-time. The employee is on the employer's payroll and is subject to the income tax and social security laws of his/her respective country. This applies to both employees and executives.
- Temporary Employees: Includes a fixed-term employer/employee relationship with an individual for a defined period of more than six months. The employee is on the employer's payroll and is subject to the income tax and social security laws of his/her respective country. This applies to both employees and executives.

As part of the sustainability statement, trainees, temporary workers, and academic staff are also classified as temporary employees:

- Trainees: Includes employees undergoing a typically three-year training program to acquire recognized professional skills. After the training period, the employer has the option, but not the obligation, to hire the trainee as a permanent employee. Trainees are generally limited to Germany.
- Temporary Workers: Includes "mini-jobs" (only in Germany) or a fixed-term employment relationship with an individual for a period of less than six months. The individual is on the employer's payroll, and all income tax and social security laws of the respective country apply. This employment generally applies to student jobs or internships of short duration and/or those occurring at regular intervals.
- Academic Staff: Includes PhD candidates, master's or bachelor's thesis candidates. Academic staff are considered employees if the Nemetschek Group enters into a direct fixed-term employment contract with the candidate.

The Nemetschek Group employs the following types of non-employed workers who are affected by material impacts:

- Temporary Agency Workers: A company within the Nemetschek Group (lessee) leases personnel from a third-party provider (lessor) or another company within the Nemetschek Group (internal lessor). The lessee is authorized to issue instructions and may integrate the leased personnel into its infrastructure. For personnel from third-party providers: Depending on jurisdiction, the lessor typically requires a valid license for temporary agency work. For internal staffing: The lessee must report leased personnel, and the internal lessor must notify this to HR. Temporary agency workers are classified as third-party-provided individuals.
- Freelancers: Refers to contractual arrangements between an independent contractor (or a company owned by the contractor) and a company within the Nemetschek Group. The contractor (1) is generally not bound by instructions, (2) can freely schedule their working hours, (3) is not integrated into the employer's infrastructure (e.g., email, PC/laptop, phone), (4) bears their own entrepreneurial risk, and (5) is not economically dependent on a single client (performs a significant portion of work for other clients). The above points refer to Germany. Country-specific laws and regulations are considered for each location. Freelancers are classified as self-employed individuals.

There are no material negative impacts related to ESRS S1 (Own Workforce). In the context of the double materiality assessment, material positive impacts of the Nemetschek Group, resulting from existing actions in the area of People/Human Resources within the Group, were identified. The impacts and actions generally relate to all employees of the Nemetschek Group (employees in an employment relationship, taking into account the legal framework):

- General communication formats (such as communication from the Executive Board and the Executive Leadership Teams [ELT], town halls, Board Letter) and a close dialogue between management and the European Works Council of Nemetschek SE, as well as between employees and the European Works Council, promote employee communication, engagement, and satisfaction, as well as conflict resolution. The employees of the subsidiaries Spacewell Netherlands, Graphisoft Germany, and Allplan Germany also benefit from local works councils.
- The Nemetschek Group offers opportunities for home office agreements, including hybrid models, and ensures a family-friendly environment and work-life balance with flexible working hours and, overall, very good working conditions.
- Due to the international, partly decentralized structure of the Nemetschek Group, there is a high degree of individualization, which leads to a strong identification of employees with the respective brands. Due to the regional differences in the labor markets in which the brands are active, they have the opportunity to adapt working conditions and standards to sector- and location-specific requirements.
- The Nemetschek Group offers programs and training initiatives as well as resources that aim to improve the skills and knowledge of employees and thus specifically promote professional and personal growth. Nemetschek SE and the brands receive an allocated learning budget.
- Group- and brand-specific training courses help raise employee awareness in areas such as equal rights and diversity. Training on harassment prevention is mandatory for employers in some states in the USA who employ a certain minimum number of employees. The Nemetschek Group ensures that all employees in the various regions receive the appropriate training units.

- The Nemetschek Group maintains fair hiring and promotion practices and aims to ensure equal opportunities for all applicants and employees. Diversity in terms of gender, ethnic origin, nationality, and age is treated transparently and and is taken into account in the hiring process.

As part of the double materiality assessment, no material risks, but a material opportunity for the Nemetschek Group were identified with regard to its own workforce. The Nemetschek Group's most valuable asset is its qualified and specialized workforce in Nemetschek SE and the individual brands, which possesses an enormous wealth of knowledge in the area of developing operative processes and marketing innovative software products. Through attractive working conditions and the contribution of the software solutions to global climate targets, the Nemetschek Group can strengthen its position as an attractive employer in the market. This offers the opportunity to further increase employee satisfaction, retention, and motivation, to attract new talent and, at the same time, to enhance the public reputation of the Nemetschek Group. These aspects are to be taken into account even more in fiscal year 2025 as part of the development of a Group-wide HR strategy.

The Nemetschek Group identifies itself as a pioneer in the digital transformation of the AEC/O industry and covers the entire lifecycle of construction and infrastructure projects with the various software products of its individual brands. In addition, the Nemetschek Group offers software solutions for the media and entertainment industries, for example in the production of digital 2D and 3D content. The core of the operative business activity is therefore the development and distribution of software solutions, which means that the Nemetschek Group is to be classified as belonging to the IT or software sector.

Within the software sector, no activities have yet been identified that are particularly exposed to the risk areas of slavery, forced labor, or child labor. According to recognized external sources for the identification of sector risks in the area of human rights, such as the CSR Risk Check of the Helpdesk on Business and Human Rights, the Practice Guide Business and Human Rights of the UN Global Compact or the research report "Die Achtung von Menschenrechten entlang globaler Wertschöpfungsketten" ("Respect for Human Rights Along Global Value Chains") of the Federal Ministry of Labor and Social Affairs of Germany, the software industry has not yet been identified as a risk-exposed sector for slavery, forced labor or child labor. No incidents or grievances attributable to these risk areas were reported to the Nemetschek Group via internal and external reporting channels in the current reporting period. The practical guide on the topic of Supply Chain Compliance, which is based on the requirements of the German Supply Chain Due Diligence Act (LkSG), is nevertheless intended to increase basic awareness of this important topic within the Group.

As an international provider of digital software solutions, the Nemetschek Group operates a global network of operational locations that is spread across all brands of the Group. Regardless of the country in which the brands of the Nemetschek Group are based, the binding rules and regulations of the Group-wide Nemetschek Group Code of Conduct apply to all brands and locations, which, among other things, postulates the strict rejection of any form of slavery, forced labor or child labor. An evaluation of the worldwide Group locations, which includes a comparison against recognized external sources for the identification of country risks in the areas of forced and child labor (for example, the Global Slavery Index by Walk Free / Children's Rights in the Workplace Atlas by UNICEF), has not revealed any significant risk exposure of a Nemetschek Group location in these risk areas. While 79% of Nemetschek Group locations are within the low-risk spectrum in the area of child labor, 96% are considered low risk in the area of slavery and forced labor. There is currently no location of the Nemetschek Group in a country that has been defined as a high-risk region according to the consulted sources and the applied methodology.

Within the present reporting period, no cases of slavery or forced labor, nor of child labor within its own business area or at business partners of the Nemetschek Group were reported via the existing internal and external reporting channels.

In the context of the double materiality assessment, no material, negative or potentially negative impacts were identified. According to the double materiality assessment, there are therefore no groups with higher risk exposure or certain characteristics within the workforce for whom a special understanding must be developed. There are no material risks related to ESRS S1 (Own Workforce). The opportunity described above is not limited to specific groups of people, but applies to the entire (potential) workforce.

The Nemetschek Group includes all customers and end-users who are materially affected by its business activities within the scope of its disclosures in accordance with ESRS 2. As the Nemetschek Group's solution portfolio consists of software for companies, the following refers to customers and end-users, not consumers and end-users. The customers and end-users in the AEC/O and the media and entertainment industries who may be materially affected by the Nemetschek Group's own business activities or by its value chain are

- Architects who use the Group's design and planning software to create detailed architectural plans and models.
- Engineers who rely on structural and civil engineering tools to design efficient and safe infrastructures.
- Construction companies/project managers who use BIM solutions to manage projects, improve collaboration, or increase efficiency in construction.
- Building owners/operators who use the Group's software to manage the operation, maintenance, and sustainability of buildings throughout their entire lifecycle.

- Educational institutions/universities, including students and young professionals who use Nemetschek Group software through free software licenses.

The customers and end-users are both directly affected by the functionality of the Nemetschek Group software and indirectly via the value chain, including partnerships and services that support the provision of software, updates, and customer service. The customers and end-users of the Nemetschek Group are represented worldwide, particularly in the regions of Europe, North America, and Asia-Pacific. No material negative impacts on customers and end-users were identified in the double materiality assessment.

The material positive impacts on customers and end-users relate to the following topic areas in the downstream value chain of the Nemetschek Group:

- Efficiency through Software: The software solutions of the Nemetschek Group provide information on local regulations, materials, and construction-related impacts, facilitate data exchange, and promote the digitalization and automation of processes. The added value for customers and end-users results from increased efficiency, productivity, and quality in the construction process (AEC/O segments).
- Overview of Responsibilities: The Nemetschek Group's software solutions enhance transparency regarding project responsibilities, requirements, and liability while enabling traceability of work processes. This helps reduce construction-related disputes among project stakeholders (AEC/O segments).
- OPEN BIM: The Nemetschek Group actively promotes OPEN BIM. Through open interfaces, (smaller) companies benefit from participation in large-scale projects, fostering diversity, broader industry participation, and collaboration in the construction sector (AEC/O segments).
- Student Licenses: The Nemetschek Group is committed to social inclusion by providing students and young professionals with free software licenses, ensuring that the Group's solutions can be used regardless of financial constraints (AEC/O segments as well as the media and entertainment segment).

The material positive impacts relate to all of the above-mentioned customer and end-user groups, with the offered free student licenses primarily having a positive effect on students and young professionals. As part of the double materiality assessment, no material risks or opportunities were identified in the area of ESRS S4 (Consumer and End-Users) that arise from the impacts or dependencies in connection with customers and end-users. Based on the materiality assessment set out in Chapter 2.1 General Disclosures << Management of Impacts, Risks, and Opportunities >>, no material negative impacts for customers and end-users in business activities or downstream value chain have been identified. Currently, no material risks or opportunities arising from the impacts and dependencies in connection with customers and end-users have been identified.

Management of Impacts, Risks und Opportunities

The double materiality assessment process was carried out based on ESRS 1 Chapter 3 and the "Materiality assessment implementation guidance" of EFRAG dated December 22, 2023. The double materiality assessment process is divided into four phases:

- Understanding the Context
- Identifying Impacts, Risks, and Opportunities
- Assessing Impacts, Risks, and Opportunities
- Determining Materiality

Understanding the Context

- Mapping of Business Activities: As a first step, the various segments/business models of the Group were analyzed to map the relevant business activities as well as the upstream and downstream value chain of the Nemetschek Group.
- Identification of Potentially Relevant Sustainability Topics: To identify potentially material sustainability aspects, the Nemetschek Group included all 37 sub-topics in the area of Environment, Social, and Governance listed in ESRS 1 AR16 in the double materiality assessment process. To identify additional sector-relevant sustainability topics for the Nemetschek Group, a literature review was conducted. The sources include the Sustainability Accounting Standards Board (Technology & Communications category – Software & IT Services subcategory – Version 2023-12), a preliminary double materiality assessment including a qualitative employee survey conducted in 2023, the Risk and Opportunity Report of the first quarter 2024, and a sector-specific competitive analysis. In addition to the 37 sub-topics in the area of Environment, Social, and Governance of ESRS 1 AR16, the topics of Cyber and Information Security, Ethical Artificial Intelligence, and Intellectual Property and Copyright were included as sector-relevant or company-specific topics in the double materiality assessment.

- Identification of relevant stakeholders: Initially, a list of potentially relevant stakeholders was created using various sources, including ESRS examples, previous materiality assessments, and competitive analyses. The subsequent selection of relevant stakeholders was based on coverage of the value chain, business segments, business regions, ESRS topics, affected stakeholders, users of the report, and the perspective on the materiality of the impacts or financial materiality. Furthermore, the Nemetschek Group's dependency on the stakeholder(s) and the stakeholder's dependency on the Nemetschek Group were assessed and taken into account. In principle, care was taken to involve both internal and external stakeholders in the process. Based on the selection criteria, a total of 17 stakeholders were identified, including nature as a "silent stakeholder".

Identifying Impacts, Risks, and Opportunities

As part of the double materiality assessment, interviews were conducted with the identified relevant stakeholders to identify potential and actual, positive and negative impacts of the Nemetschek Group, as well as risks and opportunities arising from sustainability matters for the Nemetschek Group. A semi-structured approach was chosen for the interviews, in which the sub-topics provided the structure for the discussions. The interviews lasted between 30 and 180 minutes. Each interview began with an explanation of the topics and sub-topics, as well as an explanation of double materiality. Depending on the expertise of the stakeholder, sub-topics were discussed in varying degrees of detail. A topic-specific summary allowed each interview to be tailored to the specific expertise of the stakeholder. At the end of the interviews, stakeholders had the opportunity to add further topics or comments. This ensured that impacts, risks and opportunities that did not belong to the pre-identified sustainability topics could also be addressed. The identified impacts, risks, and opportunities were classified not only in terms of content but also with regard to the affected time horizons defined in ESRS 1, as well as the location within the Group's value chain. A total of 12 interviews were conducted with internal and external stakeholders. The identified impacts, risks and opportunities were supplemented by research from scientific publications. A total of 185 impacts, risks, and opportunities were identified.

Assessing Impacts, Risks, and Opportunities

Assessment

The process for assessing potential and actual impacts, risks, and opportunities was developed in conjunction with the risk management function of the Nemetschek Group. The assessment methodology was defined based on the ESRS. For impacts, the assessment dimensions of scale, scope, irremediable character, and likelihood were applied, and for risks and opportunities, the assessment dimensions of magnitude and likelihood, as described in ESRS 1 Chapter 3.4 and 3.5, respectively, were applied. Based on the assessment scales used in risk and opportunity management, a 1 to 5 scale was used with 1 = very low, 2 = low, 3 = medium, 4 = high and 5 = very high. For impacts with human rights character, the severity level (consisting of scale, scope, and irremediable character) was given more weight than the likelihood by assuming it to be 100% (corresponding to an actual impact). The assessment took place in several workshops with various internal subject matter experts.

Determining Materiality

Prioritization

To prioritize the assessed impacts, risks, and opportunities, a materiality threshold was established. A sub-topic was classified as material if it was material from an impact and/or financial perspective. The threshold was set at 3.5, according to which sub-topics with a rating between medium and high (high when rounded up) are defined as material. In this fiscal year, the highest-rated risks and opportunities were just below the defined threshold with a financial materiality assessment 3.4. In order to act proactively, the Nemetschek Group has decided to classify the associated sub-topics as material because they have the potential to become material for future business activities.

Monitoring

The Nemetschek Group is conducting a review of its potential and actual, negative and positive impacts for the first time as part of an update to the materiality assessment. The process for identifying, assessing, prioritizing, and monitoring potential and actual impacts includes information from the Nemetschek Group's due diligence process. Within the framework of the due diligence process, impacts are identified by means of internal and external reporting channels and appropriate actions are initiated. As part of the IRO management process, see Chapter 2.1 General Disclosures << Governance >>, material impacts, risks and opportunities are reviewed quarterly and reassessed as needed. Non-material impacts, risks and opportunities are reviewed at least annually and reassessed as needed. Within the existing (reporting) processes, the effectiveness of the actions taken is monitored.

In identifying potentially relevant sustainability topics and relevant stakeholders, no specific activities, business relationships, geographical locations, or other factors with an increased risk of negative impacts were identified. The double materiality assessment process therefore focuses on a comprehensive and holistic consideration of the impacts in its own business area as well as the upstream and downstream value chain of the Nemetschek Group. In order to take into account impacts that are connected with the business activities or business relationships of the Nemetschek Group, the stakeholder involvement process included interviews with representatives of specific categories that cover both its own business area and the upstream and downstream value chain of the Group. These stakeholders are customers and end-users, suppliers, investors, lenders and creditors/analysts, employees and other workers, management, sustainability team, risk management, legal/compliance, information security, civil society and local communities (covered via research of scientific papers) and nature ("silent stakeholder") (covered via research of scientific papers).

Various stakeholders with their different perspectives were included in the process. Both internal and external stakeholders were considered. The Nemetschek Group distinguishes between two main groups of stakeholders: affected stakeholders, whose interests are affected or could be affected – positively or negatively – by the Group's activities and its direct and indirect business relationships across its value chain; and users of sustainability statements, including primary users of general-purpose financial reporting, business partners, trade unions and social partners, civil society, non-governmental organizations, governments, analysts, and academics. Some stakeholders may belong to both of the mentioned main groups. Further criteria that were considered during the selection are indicated at the beginning of the chapter. The list of stakeholders is provided below:

Categories of Stakeholder	**Internal/ External**	**Main Group**	**Type of Engagement**
Customers & End-Users	External	Affected Stakeholders & Users	Direct via Interviews
Suppliers	Internal/ External	Affected Stakeholders	
Investors, Lenders & Creditors / Analysts	Internal/ External	Affected Stakeholders & Users	
Employees & Other Workers	Internal/ External	Affected Stakeholders	
Management	Internal	Affected Stakeholders & Users	
Sustainability Team	Internal	Affected Stakeholders	
Risk Management	Internal	Affected Stakeholders	
Legal/Compliance	Internal	Affected Stakeholders	
Information Security	Internal	Affected Stakeholders	
Civil Society & Local Communities	External	Users	Indirect via Academic Research
Nature ("silent Stakeholder")	External	Affected Stakeholders	

When assessing risks and opportunities, the impacts that had already been assessed and that have a connection to the respective risks and opportunities were also considered and discussed.

The Nemetschek Group assessed the likelihood (frequency within one year) of risks and opportunities as follows:

» 5 – Very high (> 75% ≤ 100%)

» 4 – High (> 50% ≤ 75%)

» 3 – Medium (> 25% ≤ 50%)

» 2 – Low (> 10% ≤ 25%)

» 1 – Very low (≤ 10%)

The Nemetschek Group assessed the magnitude of risks and opportunities in the context of the double materiality assessment using the following scales:

» 5 – Very high (> EUR 50.0 million)

» 4 – High (> EUR 20.0 million ≤ EUR 50.0 million)

» 3 – Medium (> EUR 10.0 million ≤ EUR 20.0 million)

» 2 – Low (> EUR 5.0 million ≤ EUR 10.0 million)

» 1 – Very low (EUR 0.0 million ≤ EUR 5.0 million)

Sustainability-related risks are assessed based on the same dimensions and scales as other risk categories. The prioritization of risks is carried out independently of the sustainability context based on the aforementioned assessment dimensions. Involving several subject matter experts in the assessment of the individual impacts, risks and opportunities, as well as an overarching consistency check of all assessments by the Sustainability Team, is intended to ensure control (validation and four-eyes principle) in accordance with the defined ICS principles. The results of the double materiality assessment were also validated and thus adopted by the Executive Board and Supervisory Board of Nemetschek SE. The integration of IRO management into the Group-wide risk and opportunity management is described in Chapter 2.1 General Disclosures << Governance >>.

The assignment of opportunities to the respective GPO with the highest level of expertise is intended to ensure that the best possible actions are implemented to utilize the opportunities within the framework of the necessary business processes. The same applies to positive impacts. In addition to the involvement of internal and external stakeholders, a literature review was conducted to identify impacts, risks, and opportunities. For the remaining steps of the materiality assessment, both financial and non-financial information available to the Group functions was taken into account.

Prior year and reporting period assessments of sustainability-related topics did not explicitly consider the concept of double materiality. The inclusion of this new perspective led to both a higher number of (material) impacts, risks, and opportunities, and thus more material topics. All sustainability topics identified as material in the 2023 Annual Report (Non-Financial Group Statement) are still material, although these are now structured differently due to reporting based on the ESRS. Compared to the 2023 Annual Report (Non-Financial Group Statement), two additional sub-topics, Corporate Culture and Management of Relationships with Suppliers, were identified as material. Both topics are currently of high relevance, particularly in the context of the strategic Business Enablement Initiative, which is intended to reduce the complexity from the Group's wide range of brands. In future reporting periods, the assessment of impacts, risks, and opportunities will be reviewed regularly and updated as necessary.

The double materiality assessment carried out in the reporting year has shown that no material impacts, risks, or opportunities in the following topic-related ESRS were identified for the Nemetschek Group as a provider of digital software solutions: Pollution (ESRS E2), Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4), Circular Economy (ESRS E5), Workers in the Value Chain (ESRS S2), and Affected Communities (ESRS S3). Accordingly, the Nemetschek Group does not publish any information based on the excluded topic-related ESRS.

The identification and assessment of actual and potential climate-related impacts was taken into account as part of the double materiality assessment and follows the process described in Chapter 2.1 General Disclosures << Management of Impacts, Risks, and Opportunities >>. The Nemetschek Group involved both internal and external stakeholders in the implementation of the double materiality assessment. In addition to internal stakeholders, external parties, including suppliers, sector associations or financial analysts, were also surveyed on climate-related impacts.

When collecting and calculating GHG emissions, the Nemetschek Group observes the principles, requirements, and guidelines of the internationally recognized GHG Protocol Corporate Standard (Version 2004). In the 2024 reporting year, the Nemetschek Group introduced an ESG software solution for the collection of its Group-wide energy consumption and GHG emissions in order to manage the Group's climate impacts. Its own efforts to identify actual and potentially future sources of GHG emissions and, where applicable, causes for other climate-related impacts of its own activities and along the value chain were also reviewed in the 2024 reporting year as part of a project to measure and assess the CO_2 footprint as well as a Scope 3 hotspot analysis. Future activities and plans to manage energy consumption and GHG emissions primarily relate to increasing the share of primary data in data collection as well as regularly reviewing and expanding Scope 3 reporting.

The Nemetschek Group has performed a physical climate risk analysis to identify and assess exposure and vulnerability to climate hazards based on RCP4.5 (IPCC scenario). Further information on the climate risk analysis is provided in Chapter 2.1 General Disclosures << Strategy and Business Model >>. As part of the double materiality assessment, which also includes an analysis of the Nemetschek Group's value chain, no material physical climate risks were identified. The physical climate risk analysis of dedicated locations was therefore focused on the own business activities.

The time horizons of the climate risk analysis are in line with those of the European Commission under the European Green Deal: 2030 (medium-term) and 2050 (long-term). The time horizons were not defined based on the lifespan of the assets, the strategic planning horizon, or the capital allocation plans. For the physical climate risk assessment, the Nemetschek Group's office locations with the highest revenues were identified and used for the assessment. The geographical distribution of the locations has led to a risk assessment of locations in the United States, Germany and Hungary. To determine the proximity to potential sources of danger, the office locations were checked based on the addresses (comparable to the geographical coordinates) of the building. The 28 categories of climate hazards described in the EU Regulation (EU) 2021/2139 of the European Commission were assessed for potential impacts on the economic activities of the Nemetschek Group as well as proximity to the Group's office locations. Of the 28 climate-related hazards, three were classified as potentially relevant: tornadoes, hurricanes, and floods. These climate-related hazards are acute climate-related hazards.

After potential physical climate-related hazards were identified, the climate risk analysis was carried out with the aid of publicly available risk assessment tools (such as the Aqueduct Floods Tool of the World Research Institute), supported by various scientific sources (such as the Federal Emergency Management Agency National Risk Index Maps) and further research. The indicator used for tornadoes and hurricanes, the Tornado Building Expected Annual Loss and Hurricane Building Expected Annual Loss (EAL), combines likelihood and magnitude of the hazards. To determine the flood risk, in addition to topographic maps, models regarding the flood depth were also included, which take into account the probability and magnitude of the flood. All identified risks were evaluated based on the assessment scales used by the Nemetschek Group's Risk Management. Due to the low share of our own physical assets in the total assets, damage to the Group's assets has been assessed as not material in the assessment of the physical climate risks. The influence of climate-related hazards on the Nemetschek Group's business activities was also classified as not material, as the business activities are hardly exposed to climate-related hazards and there is a high resilience of the business model. The basis of the scenario analysis is current climate data. This data shows material climate-related hazards for the current period. Assuming that climate-related hazards will increase in the medium to long term with rising temperatures, a scenario analysis in the short term before 2030 was dispensed with.

The Nemetschek Group's material assets, office locations, and business model were analyzed with regard to potential climate-related hazards. The vast majority of the Nemetschek Group's assets are intangible in nature. Therefore, the predominant assets of the Nemetschek Group are not affected by climate-related hazards. The Nemetschek Group's offices are located in areas without significant climate-related hazards. As the Nemetschek Group does not operate any physical production facilities, no climate-related hazards were identified that are likely to lead to material business interruptions.

The analysis of transition risks was carried out in accordance with ESRS E1 paragraph 20c under the scenario of global warming of 1.5°C (RCP1.9). No other scenarios were considered when assessing transition risks. The time horizons are consistent with those of the physical climate risk analysis. Transition risks were identified on the basis of the double materiality assessment, the business model, the cost structure, and relevant stakeholders in the value chain and were supplemented by further risks in accordance with the Task Force on Climate-Related Financial Disclosure (TCFD) classification of transition risks. The assessment of the risks was based on the risk classification of the central risk management of the Nemetschek Group. Probabilities of occurrence and impacts are based on the assessment of the double materiality assessment. Risks that were identified outside of the double materiality assessment, as well as the duration of the transition events, were assessed with the specialist departments. Based on the Nemetschek Group's business model, potential transition risks in the upstream and downstream value chain as well as its own business activities were considered. Forecasts with regard to the development of transition risks (for example, predicted changes in CO_2 prices over time) were used to assess the impacts of the transition risks. Identified risks were also assessed with regard to changes in the severity of the impacts over time. Transition risks were identified as gross risks in a first step. In a second step, the identified risks were compared with existing actions and characteristics of the business model that reduce risks in order to be able to carry out a net assessment of the risks. When considering net transition risks, the Nemetschek Group does not see itself exposed to any material transition risks. The Nemetschek Group therefore has a high natural resilience to transition risks.

No assets or business areas were identified that are incompatible with a transition to a climate-neutral economy or that require significant efforts to become compatible with it. The demand for sustainable, climate-resilient buildings and infrastructures offers the Nemetschek Group the opportunity to develop solutions that serve regulatory and market-specific requirements and to strategically transform these into entrepreneurial opportunities in the area of sustainability. So far, no reporting on climate scenarios has taken place in the financial reporting. A statement on the compatibility of the information made can therefore not be made.

When identifying potentially material sustainability aspects, the Nemetschek Group included all 37 sub-topics listed in ESRS 1 AR16 in the area of Environment, Social, and Governance, as well as three sector-relevant topics, in the double materiality assessment. During the analysis, all actual and potential impacts, risks, and opportunities within the framework of its own activities and within the upstream and downstream value chain were identified and assessed with the involvement of internal and external stakeholders who have expertise on all topics and sub-topics.

As a provider of digital software solutions in the AEC/O and media and entertainment industries, no material impacts, risks, and opportunities were identified for the business activities of the Nemetschek Group, which imply the Group's worldwide assets and locations, in the areas of Pollution (ESRS E2), Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4), and Circular Economy (ESRS E5). A detailed analysis at location level was dispensed with, as the Group's worldwide locations are exclusively rented office premises.

In the double materiality assessment, internal and external stakeholders were included who are either themselves affected by the areas of Pollution (ESRS E2), Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4), and Circular Economy (ESRS E5) or have corresponding expertise with regard to the perspective of affected communities. The procedure for identifying and assessing material impacts, risks, dependencies, and opportunities follows the double materiality assessment process, which covers the Nemetschek Group's own operations as well as the upstream and downstream value chain. For the business activities of the Nemetschek Group, and thus the Group's worldwide locations, neither dependencies on biodiversity and ecosystems and their services, nor ecosystem services that would be of particular relevance for the Nemetschek Group, were identified. In this context, no transition risks and physical risks, nor opportunities in connection with biodiversity and ecosystem, nor systemic risks for the Nemetschek Group, were identified.

Internal and external stakeholders who are either themselves affected by the area of Biodiversity and Ecosystems (ESRS E4) or have corresponding expertise with regard to the perspective of affected communities were involved in the process described above. As the Nemetschek Group's business model does not lie in the manufacturing sector, but in the development of intelligent software solutions, no specific sustainability assessments were conducted on shared biological resources and ecosystems that relate to locations, production or the procurement of raw materials as well as related impacts on communities or negative impacts on ecosystem services. Furthermore, the Nemetschek Group is currently not aware of any worldwide leased office locations located in the vicinity of areas with vulnerable biodiversity or of any business activities at locations negatively affecting certain areas by leading to a deterioration of natural habitats or the habitats of species or to the disturbance of the species for which a protected area has been designated. For this reason, the Nemetschek Group has not taken any remedial actions with regard to biodiversity at this time.

2.2 Environmental Information

EU Taxonomy

Pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088, the Nemetschek Group discloses in this sustainability statement whether and to what extent the Group's activities are associated with economic activities that are classified as environmentally sustainable under the Taxonomy Regulation.

Basic Information

With the EU Action Plan on Sustainable Finance, the European Union (EU) aims to redirect capital flows towards sustainable investments. In 2020, the EU Taxonomy Regulation 2020/852 (Taxonomy Regulation) came into force in this context. The Taxonomy Regulation is a classification system that defines which economic activities in the EU are considered environmentally sustainable. Since 2021, companies subject to reporting requirements, such as Nemetschek SE, are obligated to comply with the Taxonomy Regulation.

The Taxonomy Regulation lists the following six environmental objectives, to which an economic activity must make a substantial contribution in order to be classified as environmentally sustainable:

ENVIRONMENTAL OBJECTIVES OF THE EU

1. Climate change mitigation (CCM)	**4. Transition to a circular economy** (CE)
2. Climate change adaptation (CCA)	**5. Pollution prevention and control** (PPC)
3. Sustainable use and protection of water and marine resources (WTR)	**6. Protection and restoration of biodiversity and ecosystems** (BIO)

The classification system distinguishes between taxonomy eligibility and taxonomy alignment. Economic activities that are taxonomy-eligible, as defined by the EU Taxonomy, have the potential to be environmentally sustainable. Taxonomy-aligned activities, on the other hand, are those that are actually environmentally sustainable in accordance with the EU Taxonomy. Reporting companies are required to disclose the results of this classification annually for revenue, capital expenditures (CapEx), and operating expenditures (OpEx).

As part of the classification, it must be determined whether the economic activities of the Nemetschek Group are described in Annex I and Annex II of Delegated Regulation (EU) 2021/2139, or in Annex I to IV of Delegated Regulation (EU) 2023/2486 and are therefore taxonomy eligible. In the year 2022, Delegated Regulation (EU) 2022/1214 expanded the list of potentially sustainable economic activities by adding 6 additional activities in the fields of nuclear energy and fossil gas. The *<< Template 1 – Activities in the Fields of Nuclear Energy and Fossil Gas >>* indicates that the Nemetschek Group is not involved in any economic activity related to energy generation from fossil gas or nuclear energy.

The Nemetschek Group classifies economic activities as taxonomy eligible if they align with one of the aforementioned Delegated Regulations and their annexes. For each identified taxonomy-eligible economic activity, the Nemetschek Group assesses, based on the established criteria, whether the Group makes a substantial contribution to one of the six environmental objectives listed ("Substantial Contribution" criteria) and does not significantly impede the attainment any of the other goals ("Do No Significant Harm" criteria, DNSH). Furthermore, the Group verifies compliance with the social minimum safeguards ("Minimum Safeguards") concerning the economic activities. Only when all of these criteria are met can an economic activity be considered taxonomy-aligned and thus environmentally sustainable under the Taxonomy Regulation.

Information on the Adjustment of EU Taxonomy Metrics for the Fiscal Year 2023

In the fiscal year 2024, a comprehensive revision of the existing EU Taxonomy classification process was carried out, aiming to achieve a higher degree of accuracy in the reported information. Based on the improved insights, the Taxonomy metrics for the fiscal year 2023 were recalculated, resulting in deviations from the figures disclosed in the previous year's report.

Classification Process of the Nemetschek Group

The classification and determination of taxonomy-eligible and taxonomy-aligned activities were carried out by an established project team within the Group. The project team consisted of members from the Sustainability Team and the Group functions of Investor Relations & Corporate Communication, Finance & Tax, Controlling & Risk Management, Legal & Compliance, People/Human Resources, as well as representatives from the operational segments of the Nemetschek Group. External consultants supported the project team throughout the entire classification process. During the project work, the Sustainability Team and the external consultants formed the core team of the project.

Classification Process – Taxonomy Eligibility

In the fiscal year 2024, the first step involved reviewing the entire product and solutions portfolio of the Nemetschek Group for taxonomy eligibility by the project core team. In several stages, the Group's activities were aligned with the economic activities described in the respective legislative acts on climate and environmental taxonomy. Initially, 19 potentially taxonomy eligible economic activities were identified. Through further workshops, which intensively involved the operational segments of the Nemetschek Group, a final total of five taxonomy eligible economic activities were determined.

For the identified economic activities, a comprehensive evaluation of their financial significance for the Nemetschek Group was carried out on the basis of the prior-year figures. The assessment and monetary evaluation of taxonomy-eligible revenues, CapEx, and OpEx were primarily carried out by the Group functions of Finance & Tax and Controlling & Risk Management, as well as the respective controllers in the brands. To avoid double counting, it was ensured that revenues, CapEx, and OpEx were only assigned to one environmental objective, even if they contributed to multiple objectives. It was also verified that no consolidation-related double counting occurred.

As part of the classification process, it was determined that the Nemetschek Group engages in reporting activities in the following five taxonomy eligible economic activities:

- CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles
  (Own or leased company fleet)
- CCM 7.2 Renovation of existing buildings
  (Tenant improvements and renovations of office buildings)
- CCM 7.7 Acquisition and ownership of buildings
  (Leasing of office buildings)
- CCM 8.1 Data processing, hosting, and related activities
  (Hosting share of revenues generated with SaaS by individual subsidiaries)
- CCM 9.1 Close to market research, development, and innovation
  (Operational development expenses in sustainability-oriented products and solutions of individual subsidiaries)

The results of the monetary assessment for the fiscal year 2024 are described under *<< EU Taxonomy Metrics >>*.

Classification Process – Taxonomy Alignment

For the five economic activities identified as taxonomy eligible, a taxonomy alignment review was conducted in a three-step process. First, it was examined whether the respective activities (1) actually and demonstrably make a substantial contribution to one of the six environmental objectives (“Substantial Contribution” criteria). Then, it was verified whether (2) there are no significant impairments to the other five environmental objectives (“DNSH” criteria). Finally, it was checked whether (3) the social minimum safeguards (“Minimum Safeguards”) are met. The criteria (1) and (2) are referred to as technical assessment criteria.

Verification of the Technical Assessment Criteria

As part of the classification process for the fiscal year 2024, each of the taxonomy eligible economic activities was individually assessed to determine whether it makes a substantial contribution to one of the six environmental objectives and does not significantly impede the attainment of the other five objectives. This assessment was carried out using a decision tree developed by Nemetschek SE. The criteria queried in the decision tree represent the technical assessment criteria described in the respective climate and environmental taxonomy legal acts. The result shows that for the fiscal year 2024, none of the taxonomy eligible economic activities fully meet the technical assessment criteria. Therefore, no taxonomy aligned activities were identified within the Nemetschek Group for the fiscal year 2024.

Verification of Social Minimum Safeguards

The compliance with social minimum safeguards was verified independently of the results of the technical assessment criteria. The verification ensures that the Nemetschek Group follows the following guidelines and principles:

- the OECD Guidelines for Multinational Enterprises (Organisation for Economic Co-operation and Development, OECD, Guidelines for Multinational Enterprises on Responsible Business Conduct, 2023 edition),
- the UN Guiding Principles on Business and Human Rights, including the core principles and rights from the eight fundamental conventions outlined by the International Labour Organization (ILO), and
- the International Bill of Human Rights.

Compliance with the social minimum safeguards was reviewed at Group level, involving the functions Finance & Tax, Legal & Compliance, and People/Human Resources. It was assessed whether the international frameworks mentioned above, particularly those covering “Human and Labour Rights,” “Corruption and Bribery,” “Taxes,” and “Fair Competition” are fully applied. The review found that the regulations concerning “Corruption and Bribery” and “Fair Competition” are fully applied. In the areas of “Human and Labour Rights” and “Taxes”, specific issues were identified within the Group-wide policies that are planned to be addressed in the short to medium term by the responsible group functions.

As part of the described three-step process, it was determined that for the fiscal year 2024, Nemetschek Group does not engage in any activities that can be classified as taxonomy aligned. The results of the assessment for the fiscal year 2024 are outlined under *<< EU Taxonomy Metrics >>*.

EU Taxonomy Metrics

The Delegated Regulation (EU) 2021/2178, Article 8 of the Taxonomy Regulation, mandates the reporting of the following metrics: revenue, CapEx, and OpEx. The calculation of these metrics is based on the definitions and explanations included in Annex I of Delegated Regulation 2021/2178. For the fiscal year 2024, Nemetschek SE is required to disclose the proportions of these metrics that are taxonomy-eligible and taxonomy-aligned for all six environmental objectives.

The calculation of the EU Taxonomy metrics is based on the consolidated financial statements as of December 31, 2024. The consolidated financial statements comply with the International Financial Reporting Standards (IFRS) as applicable in the EU as of December 31, 2024. The consolidation principles of the consolidated financial statements are applied in the calculation of the metrics. All fully consolidated subsidiaries were included in the calculation.

As described under << Basic Information >>, the EU Taxonomy classification process was revised for the fiscal year 2024. The findings were used both to determine the EU Taxonomy metrics for the fiscal year 2024 and to revise the EU Taxonomy metrics for the previous year. For better comparability, the adjusted previous year's figures are reported in this statement and under << Additional Information on the EU Taxonomy >>.

Taxonomy Eligible and Taxonomy Aligned Revenue

Revenue, according to Annex I of the Delegated Regulation 2021/2178, includes the revenue reported in the consolidated statement of comprehensive income (IFRS). To determine the share of taxonomy eligible and taxonomy aligned revenue, the respective revenue (numerator) is compared to the total revenue reported in the consolidated statement of comprehensive income (denominator). In the fiscal year 2024, the revenue according to the EU Taxonomy amounted to EUR 995.6 million (previous year: EUR 851.6 million), see << Consolidated Financial Statements (IFRS) – Statement of Comprehensive Income >>.

Based on the portfolio evaluation carried out in the fiscal year 2024, the share of taxonomy eligible revenue was 0.6% (EUR 5.6 million) (previous year: 0.6% or EUR 5.2 million), and the share of taxonomy aligned revenue was 0% (EUR 0 million) (previous year: 0% or EUR 0 million). The taxonomy eligible revenue in fiscal year 2024 was generated through the economic activity CCM 8.1 (Data processing, hosting, and related activities) and includes the hosting share of revenues generated with SaaS by individual subsidiaries. The detailed classification of the revenue is provided in << Additional Information on the EU Taxonomy >>.

Taxonomy Eligible and Taxonomy Aligned Capital Expenditures (CapEx)

Total CapEx according to Annex I of the Delegated Regulation 2021/2178 consists of additions to tangible assets, additions to intangible assets, which were primarily obtained through acquisitions, and additions to right-of-use assets under IFRS 16. For fiscal year 2024, total CapEx was calculated from the additions to tangible assets of EUR 7.3 million (previous year: EUR 6.3 million) (<< Note 15 Tangible assets >> in the notes to the consolidated financial statement), intangible assets of EUR 283.8 million (previous year: EUR 6.0 million) (<< Note 16 Intangible assets and goodwill >> in the notes to the consolidated financial statement), and additions to right-of-use assets of EUR 17.1 million (previous year: EUR 11.4 million) (<< Note 17 Leases >> in the notes to the consolidated financial statement).

In total, the aforementioned investments according to the EU Taxonomy for fiscal year 2024 amounted to EUR 308.3 million (previous year: EUR 23.7 million). The significant increase is mainly due to investments in intangible assets related to the acquisition of GoCanvas Holdings, Inc. To determine the share of taxonomy eligible and taxonomy aligned investments, the investments classified as taxonomy eligible, and taxonomy aligned (numerator) are compared to the total investments according to the EU Taxonomy (denominator). In the fiscal year 2024, the share of taxonomy eligible CapEx was 6.2% (EUR 19.0 million) (previous year: 58.5% or EUR 13.8 million), and the share of taxonomy-aligned CapEx was 0% (EUR 0 million) (previous year: 0% or EUR 0 million).

A significant contribution to the taxonomy eligible CapEx in fiscal year 2024 came from the economic activities CCM 7.7 (Acquisition and ownership of buildings) related to operational premises used by the Nemetschek Group and CCM 6.5 (Transport by motorcycles, passenger cars, and light commercial vehicles) and thus investment in the vehicle fleet in use. The detailed classification of all relevant economic activities is provided in << Additional Information on the EU Taxonomy >>.

Taxonomy Eligible and Taxonomy Aligned Operating Expenses (OpEx)

Total OpEx according to Annex I of the Delegated Regulation 2021/2178 includes direct, uncapitalized costs related to research and development, building renovation activities, short-term leases/short-term leasing, maintenance, and repairs. This includes:

» Research and development expenses recognized as expenses in the consolidated statement of comprehensive income in the reporting period. In accordance with the consolidated financial statements (IAS 38.126), this includes all non-capitalized expenses that are directly attributable to research or development activities.

» Maintenance and repair costs were determined based on the maintenance and repair costs allocated to the internal cost centers. The corresponding cost items can be found in the overhead costs of the income statement.

In fiscal year 2024, OpEx according to the EU Taxonomy amounted to EUR 216.0 million (previous year: EUR 203.7 million). The increase in OpEx is also mainly related to the acquisition of GoCanvas Holdings, Inc. To determine the share of taxonomy eligible and taxonomy aligned OpEx, the OpEx classified as taxonomy eligible, and taxonomy aligned (numerator) is compared to the total OpEx according to the EU Taxonomy (denominator). In fiscal year 2024, the share of taxonomy eligible OpEx was 98.9% (EUR 213.6 million) (previous year: 99.5% or EUR 202.8 million), and the share of taxonomy aligned OpEx was 0% (EUR 0 million) (previous year: 0% or EUR 0 million).

Major parts of the taxonomy eligible OpEx in fiscal year 2024 was incurred in the economic activities CCM 9.1 (Market-oriented research, development, and innovation), and CCM 8.1 (Data processing, hosting, and related activities). These figures include research and development expenses for sustainability-oriented products and solutions of the Nemetschek Group as well as operational expenses for hosting services for customer data in certain subsidiaries. The detailed classification of all relevant economic activities is provided in *<< Additional Information on the EU Taxonomy >>*.

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	995.6	100.0%	308.3	100.0%	216.0	100.0%
Of which taxonomy eligible business activities	5.6	0.6%	19.0	6.2%	213.6	98.9%

Additional Information on the EU Taxonomy

The following tables, which are to be disclosed in accordance with Annex I and Annex II of the Delegated Regulation to Article 8 of the Taxonomy Regulation, provide information on the taxonomy eligible and taxonomy aligned share of revenue, CapEx, and OpEx.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2024

Financial year 2024	2024			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, 2024 (4)	Climate Change Miti-gation (5)	Climate Change Ad-aptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosys-tems (10)
		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	–	–	–	–	–	–	–
of which Enabling		0.0	–	–	–	–	–	–	–
of which Transitional		0.0	–	–	–	–	–	–	–
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**
Transport by motorbikes, passenger cars and commercial vehicles	6.5	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	7.2	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	7.7	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	8.1	5.6	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	9.1	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5.6	0.6%	100.0%	–	–	–	–	–
A. Turnover of Taxonomy eligible activities (A1 + A2)		**5.6**	**0.6%**	**100.0%**	**–**	**–**	**–**	**–**	**–**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		990.0	99.4%						
Total		**995.6**	**100.0%**						

Y = YES; N = No; EL = Eligible; N/EL = Not eligible

DNSH criteria ("Does Not Significantly Harm")									
Climate Change Mitigation (11)	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity and ecosystems (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1) or eligble (A.2) turnover, 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
Y/N	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	E	–
–	–	–	–	–	–	–	–	–	T
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	0.4%	–	–
–	–	–	–	–	–	–	0.2%	–	–
–	–	–	–	–	–	–	0.6%	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**0.6%**	**–**	**–**

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2024

Financial year 2024	2024			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Climate Change Miti-gation (5)	Climate Change Ad-aptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosys-tems (10)
		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	–	–	–	–	–	–	–
of which Enabling		0.0	–	–	–	–	–	–	–
of which Transitional		0.0	–	–	–	–	–	–	–
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Transport by motorbikes, passenger cars and commercial vehicles	6.5	3.7	1.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	7.2	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	7.7	14.8	4.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	8.1	0.5	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	9.1	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19.0	6.2%	100.0%	–	–	–	–	–
A. CapEx of Taxonomy eligible activities (A1 + A2)		**19.0**	**6.2%**	**100.0%**	**–**	**–**	**–**	**–**	**–**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		289.3	93.8%						
Total		**308.3**	**100.0%**						

Y = YES; N = No; EL = Eligible; N/EL = Not eligible

DNSH criteria ("Does Not Significantly Harm")									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligble (A.2) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	E	–
–	–	–	–	–	–	–	–	–	T
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	14.3%	–	–
–	–	–	–	–	–	–	2.3%	–	–
–	–	–	–	–	–	–	38.1%	–	–
–	–	–	–	–	–	–	3.8%	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	58.5%	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**58.5%**	**–**	**–**

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2024

Financial year 2024	2024			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, 2024 (4)	Climate Change Miti-gation (5)	Climate Change Ad-aptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosys-tems (10)
		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustain-able activities (Taxonomy-aligned) (A.1)		0.0	–	–	–	–	–	–	–
of which Enabling		0.0	–	–	–	–	–	–	–
of which Transitional		0.0	–	–	–	–	–	–	–
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Transport by motorbikes, passen-ger cars and commercial vehicles	6.5	2.9	1.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	7.2	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	7.7	4.1	1.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	8.1	18.8	8.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	9.1	187.8	87.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		213.6	98.9%	100.0%	–	–	–	–	–
A. OpEx of Taxonomy eligible activities (A1 + A2)		**213.6**	**98.9%**	**100.0%**	**–**	**–**	**–**	**–**	**–**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		2.4	1.1%						
Total		**216.0**	**100.0%**						

Y = YES; N = No; EL = Eligible; N/EL = Not eligible

DNSH criteria ("Does Not Significantly Harm")									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligble (A.2) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	E	–
–	–	–	–	–	–	–	–	–	T
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	1.5%	–	–
–	–	–	–	–	–	–	0.5%	–	–
–	–	–	–	–	–	–	2.0%	–	–
–	–	–	–	–	–	–	7.7%	–	–
–	–	–	–	–	–	–	87.8%	–	–
–	–	–	–	–	–	–	99.5%	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**99.5%**	**–**	**–**

TEMPLATE 1 - NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Climate Change

In this sustainability statement, the Nemetschek Group reports relevant information on significant sustainability aspects in the environmental area, including metrics on energy consumption, energy mix, and GHG gross emissions for Scope 1, 2, and 3 categories. The principles, methods, assumptions, and emission factors applied to determine Scope 1, Scope 2, and Scope 3 GHG emissions are detailed in this chapter.

In the current reporting period, the Nemetschek Group has not yet adopted a transition plan for climate change mitigation. The Nemetschek Group is aware of the importance of climate change mitigation and adaptation and is committed to taking necessary steps to develop a robust and comprehensive transition plan in the short to medium-term. This will include a science-based climate target and will generally be in line with the goal of limiting global warming to 1.5 °C in accordance with the Paris Agreement and aiming for climate neutrality by 2050.

Energy Consumption and Mix

The Nemetschek Group discloses its energy consumption and energy mix for the reporting year 2024 in the table below, broken down by energy consumption from fossil, nuclear, and renewable sources.

TOTAL ENERGY CONSUMPTION RELATED TO OWN OPERATIONS

Energy consumption and mix	2024
(6) Total fossil energy consumption (MWh)	**10,517**
Share of consumption from fossil sources in total energy consumption (%)	**83.1%**
(7) Consumption from nuclear sources (MWh)	**1,017**
Share of consumption from nuclear sources in total energy consumption (%)	**8.0%**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	40
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	1,080
(10) The consumption of self-generated non-fuel renewable energy (MWh)	8
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**1,128**
Share of renewable sources in total energy consumption (%)	**8.9%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**12,662**

Scope 1, Scope 2 and Scope 3 GHG Emissions

The Scope 1, Scope 2, and relevant Scope 3 GHG emissions for the Group for the reporting year 2024 are presented in the table below. In addition, Scope 1 and Scope 2 GHG emissions are disclosed for the 2023 reporting year.

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS – GHG EMISSIONS PER SCOPE

	2024	2023	Comparative in %
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO_2eq)*	1,971	2,068	–4.7%
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO_2eq)	1,424	1,338	6.4%
Gross market-based Scope 2 GHG emissions (tCO_2eq)	1,478	1,172	26.1%
Significant Scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	59,546	-	-
1 Purchased goods and services	30,856	-	-
Cloud computing and data center services	*4,531*	-	-
11 Use of sold products**	28,690	-	-
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2eq)	62,941	-	-
Total GHG emissions (market-based) (tCO_2eq)	62,995	-	-

* Biogenic CO_2 emissions from the combustion or biological decomposition of biomass are not included in the calculation. Since biogenic emissions in Scope 1, 2 and 3 were not identified as material for the Nemetschek Group, they are not published separately in this sustainability statement.

** The Nemetschek Group has developed an approach that divides the emissions from the utilization phase of its software products (Scope 3.11) into direct emissions (Direct use-phase emissions) and indirect emissions (Indirect use-phase emissions). Direct emissions comprise the electricity consumption of the end devices (e.g. computer, smartphone) during the use of the software. Indirect emissions relate to the electricity consumption caused by the data transfer for downloading and updating the software. This categorization is based on the requirements of the GHG-Protocol (Guidance for Scope 3, Category 11: Use of Sold Products).

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS – FINANCIAL AND OPERATIONAL CONTROL

	Consolidated	Unconsolidated but operational control
Scope 1 Gross GHG emissions (tCO_2eq)	1,971	0
Gross location-based Scope 2 GHG emissions (tCO_2eq)	1,424	0
Gross market-based Scope 2 GHG emissions (tCO_2eq)	1,478	0

The Nemetschek Group reports its GHG emissions for the reporting year 2024 in accordance with ESRS E1. In this context, no significant changes are reported regarding the definition of what constitutes the Nemetschek Group and its upstream and downstream value chain. Any impacts on the comparability of current and prior reporting periods regarding GHG emissions primarily relate to portfolio changes in the current fiscal year.

In the measurement and calculation of GHG emissions, the Nemetschek Group adheres to the principles, requirements, and guidelines of the internationally recognized GHG Protocol Corporate Standard (Version 2004) in accordance with ESRS E1. The GHG Protocol classifies GHG emissions into Scopes 1, 2, and 3. Scope 1 includes direct emissions from sources owned or controlled by the company, such as emissions from the combustion of natural gas or heating oil at company locations and from the company's own vehicle fleet. Scope 2 refers to indirect emissions resulting from the consumption of purchased energy, such as electricity or district heating. Scope 3 encompasses all other indirect emissions along the value chain, which typically account for the largest share of a company's total GHG emissions. Scope 3 GHG emissions arise from both upstream activities, such as purchased goods and services, and downstream processes, such as the use of sold products.

Methodology and Process Description
Scope 1 and Scope 2 GHG Emissions

In order to analyze the climate and environmental impacts of the company, all consolidated subsidiaries of the Nemetschek Group were considered, and their relevance for reporting Scope 1 and Scope 2 GHG emissions was assessed. Based on this, a reporting threshold was established. Larger sites are required to collect primary data, while smaller sites are exempt from data collection, as they contribute only an immaterial share to the total GHG emissions. For smaller sites below the defined threshold, extrapolation factors were determined to calculate Scope 1 and Scope 2 GHG emissions. These factors are based on primary data collected from larger sites in 2023 and are used to extrapolate to 100% GHG coverage. Average consumption values, with outliers removed, were used in determining the extrapolation factors. The consolidation and extrapolation of Scope 1 and Scope 2 GHG emissions is carried out at the Group level. Data for the period from January up to and December 31, 2024, was collected. For the fourth quarter, estimates based on documented assumptions, or prior-year data are permitted. Scope 1 and Scope 2 GHG emissions were analyzed according to the operational control approach. The key steps of the GHG accounting process include:

(1) Identification of Emission Sources

The Nemetschek Group systematically identifies all relevant GHG emission sources within its operational boundaries and related to its business activities, including both direct and indirect emissions.

(2) Data Collection

The Nemetschek Group collects activity data for identified emission sources. For Scope 1 and Scope 2 GHG emissions, this includes fuel consumption and energy consumption. The data collection for calculating Scope 1 and Scope 2 GHG emissions is supported by an ESG software platform, enabling systematic, IT-supported data collection in accordance with the GHG Protocol Corporate Standard as well as the ESRS E1 requirements. Automated plausibility checks assist in the data collection and validation process.

(3) Application of Emission Factors

The ESG software platform calculates GHG emissions by linking activity data with specific emission factors. The emission factors used for calculating GHG emissions come from recognized external sources, such as the IPCC Guidelines (for global emission factors), national GHG inventories (for region-specific emission factors), as well as industry standards and databases (International Energy Agency [IEA], Department for Environment, Food & Rural Affairs [DEFRA], and U.S. Environmental Protection Agency [EPA]). The alignment with guiding principles application of internationally recognized standards, such as the GHG Protocol, is intended to ensure that the Nemetschek Group's GHG emissions are measured and reported consistently, transparently, and comparably.

(4) Conversion in CO_2 Equivalents

Using the latest Global Warming Potential (GWP) values from the IPCC, the ESG software platform converts non-CO_2-gases (CH_4, N_2O, HFCs, PFCs, SF_6 und NF_3)* into CO_2-equivalents to standardize the measurement and calculation of emissions (GHG emissions (kg CO_2eq) = Activity Data x Emission Factor). Non-CO_2 gases are accounted for through the location-specific emission factors associated with the country's average electricity mix. The ESG software platform enables seamless data collection, consolidation, and validation, and manages Scope 1 and Scope 2 GHG emissions Group-wide, aiming to capture all relevant environmental information fully and systematically.

* Methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbon (PFC), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

(5) Data Quality

The Nemetschek Group collects activity data at the site level. In each brand within the group, responsible persons for local data collection, consolidation, and validation have been appointed. Activity data for Scope 1 and 2 are entered into the ESG software platform by local data gatherers, where all data points are pre-structured. A defined internal validation and control process at both the brand and group level ensures data integrity. The Nemetschek Group does not rely on information from companies in its value chain whose reporting periods differ from that of the Nemetschek Group.

Methodology and Process Description
Scope 3 GHG Emissions

In the 2024 fiscal year, the Nemetschek Group conducted a Scope 3 hotspot analysis to identify the relevant Scope 3 categories for inclusion in its company-specific GHG inventory. Scope 3 categories deemed insignificant or not applicable to the Nemetschek Group have been excluded from the inventory for this reporting year. The Nemetschek Group is committed to continually improving its data collection processes and regularly reviewing, updating, and gradually expanding its Scope 3 GHG inventory to enable more precise and comprehensive reporting.

As a result of the low contribution to total emissions based on the Scope 3 hotspot analysis, the following Scope 3 GHG emission categories were deemed insignificant and therefore not included in this year's report: Capital goods (3.2), Fuel- and energy-related Activities (3.3), Transportation and distribution (upstream) (3.4), Waste generated in operations (3.5), Business travelling (3.6), Employee commuting (3.7), and Investments (3.15). As the Nemetschek Group does not operate franchises (3.14) nor owns significant upstream (3.8) or downstream (3.13) leased assets, these categories are also excluded from this year's reporting. Additionally, as a provider of digital software solutions for the AEC/O sector as well as the media and entertainment industries, categories related to manufacturing are not applicable to the Nemetschek Group and, therefore, are not reported: Transportation and distribution (downstream) (3.9), Processing of sold products (3.10), and End-of-life treatment of sold products (3.12).

Based on the results of the conducted Scope 3 hotspot analysis, the Nemetschek Group has included the following Scope 3 GHG emission categories in its GHG inventory:

- Category 3.1 Purchased Goods and Services: The category 3.1 includes all upstream emissions from the goods (tangible) and services (intangible) purchased by the Nemetschek Group in the reporting year.
- Category 3.11 Use of Sold Products: The category 3.11 includes emissions from the use of software solutions sold by the Nemetschek Group in the reporting year.

Scope 3 GHG emissions were analyzed according to the operational control approach.

Category 3.1 Purchased Goods and Services

The Nemetschek Group records and reports indirect Scope 3 GHG emissions resulting from the procurement of goods and services. Scope 3 category 3.1 was calculated using the spend-based method.

(1) Reporting Boundaries

The process follows the principles of the GHG Protocol. All relevant emissions of the Nemetschek Group and its consolidated subsidiaries are considered. Expenditure categories were classified based on economic activity using the NACE coding system (Classification of Economic Activities in the EU, NACE). All types of costs (OpEx Goods/OpEx Services) that are also reflected in financial reporting were considered. The matching of expenditure categories to the corresponding NACE categories was performed using the European Commission's database (List of NACE Codes). Each expenditure category is assigned to the appropriate NACE code, as the corresponding emission factor is stored in the EXIOBASE emissions factor database for each NACE code.

(2) Calculation Method

The calculation of GHG emissions is based on the spend-based method, which is recognized as one of the approved calculation methods of the GHG Protocol for Scope 3 category 3.1. The process includes the following steps:

Emission Calculation: Emissions are calculated based on economic expenditures, multiplied by emission factors from the EXIOBASE database. The expenditures are based on actual values for the period from January to December 2024. The selection of emission factors is based on the assignment of each expenditure category to the corresponding NACE code (expenditure value [€] x emission factor [kg CO_2e/€] = GHG emissions [kg CO_2e]).

Inflation Adjustment: The emission factors of the EXIOBASE database are adjusted for inflation in order to enable a precise and up-to-date calculation of GHG emissions. The emission factors are based on the year 2020 and are adjusted to the price level of the year 2023 based on inflation rates from the World Bank. At the time of the GHG emissions calculation, the updated dataset of inflation rates from the World Bank for the year 2024 was not yet available.

(3) Calculation Tools Used

For the calculation of Scope 3 GHG emissions, the Nemetschek Group relies on information from the EXIOBASE database and the World Bank Global Database of Inflation. EXIOBASE provides an emission factor for each NACE category, which is assigned to a specific expenditure category. The World Bank Global Database of Inflation is used to adjust the emission factors to inflation-adjusted values. By using recognized data sources, the Nemetschek Group ensures that the calculation is based on trustworthy data.

3.11 Use of Sold Products

The Nemetschek Group tracks and reports Scope 3 GHG emissions (Scope 1 and Scope 2 GHG emissions of customers and end-users) resulting from the use of its sold software solutions. The Scope 3 category 3.11 is determined based on identified application scenarios, which are based on annual software and CPU usage time. At least one responsible person from product management or product development has been appointed within each brand, with the necessary expertise to determine application scenarios.

(1) Reporting Boundaries

The reporting boundaries for Scope 3 GHG emissions are clearly defined according to GHG Protocol standards and include indirect Scope 3 GHG emissions from the Group: Emissions from the use of software solutions sold by the Nemetschek Group are included as part of Scope 3 GHG emissions. All relevant software usage-related emissions of the Nemetschek Group and its fully consolidated subsidiaries are accounted for.

(2) Calculation Methods

To calculate GHG emissions, the following steps were undertaken:

Emission Calculation: Emissions are calculated based on primary data and approximations, which were determined through queries per software product. The total number of software users, the type of user devices, the countries of origin of the end-users, the usage time of the devices per user, the CPU time, as well as the initial downloads and updates were requested. The data was calculated using emission factors from the Ecoinvent, IEA, Öko-Institut e.V., and The Shift Project databases. Missing information was supplemented or estimated through informed assumptions by the specialist departments.

(3) Calculation Tools Used

Assumptions based on The Shift Project's "Lean ICT: Towards Digital Sobriety"* study were used to calculate the energy consumption of end-user devices (PC and mobile devices). The emission factors for direct emissions from the energy mix (electricity consumption) per country are based on the Ecoinvent database, V3.10 (Energy consumption of the end-user device [kWh] x Emissions factor energy mix [kg CO_2e/kWh] = GHG emissions [kg CO_2e]). The emission factors for indirect emissions for software downloads and updates are taken from the Öko-Institut e.V. study "Digitaler CO_2-Fußabdruck"**. To calculate the GHG emissions resulting from downloads and updates, the amount of transmitted data [GB] is multiplied by the emissions factor for data transfer in a data center (Data transfer amount [GB] x Emissions factor data transfer data center [kg CO_2e/GB] = GHG emissions [kg CO_2e]).

GHG EMISSIONS INTENSITY, LOCATION-BASED (TOTAL GHG EMISSIONS PER NET REVENUE)

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/€)	0.000063
Total GHG emissions (market-based) per net revenue (tCO_2eq/€)	0.000063

For the calculation of the GHG intensity, the Nemetschek Group uses the revenues from the Group management report, see << 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >> Line "Total year".

In connection with the assessment of climate impacts of material physical risks that could affect the financial position of the Group, the Nemetschek Group provides the following information: Based on the results of the climate risk analysis, it has been determined that there are currently no sites with significant assets exposed to material physical risks. This conclusion applies to the assets of the Nemetschek Group both within and outside the EU. Although currently no significant assets are exposed to a material physical risk, the Nemetschek Group pursues a proactive approach to risk management. The processes include continuous monitoring and assessment of potential risks to existing assets. This is to ensure that the Nemetschek Group can react promptly and effectively to emerging climate-related risks. In accordance with ESRS 1 paragraph 137 and ESRS 1 Appendix C, the Nemetschek Group conducted a qualitative climate risk analysis for the financial year 2024. No quantitative data is collected or disclosed.

* The Shift Project (2019): Lean ICT: Towards Digital Sobriety.
** Öko-Institut e.V. (2020): Digitaler CO_2-Fußabdruck. Data collection to estimate the manufacturing effort, energy consumption, and usage of digital end devices and services.

2.3 Social Information

In its sustainability statement, the Nemetschek Group reports relevant disclosures on material sustainability aspects in the social area, including key information on its own workforce as well as on customers and end-users. The following chapter presents strategic aspects, actions, and metrics related to the company's own workforce, including workforce characteristics, diversity metrics, as well as incidents, grievances, and severe human rights impacts.

Own Workforce

Management of Impacts, Risks and Opportunities – Own Workforce

The Nemetschek Group communicates key aspects related to its workforce in the "People Letter of Commitment". This document addresses the following impacts and opportunities that apply to its own entire workforce:

- The Nemetschek Group upholds fair hiring, and promotion practices and aims to ensure equal opportunities for all applicants and employees. Diversity in terms of gender, ethnicity, nationality, and age is handled transparently and considered in the hiring process.
- The Nemetschek Group provides programs, training initiatives, and resources aimed at enhancing employees' skills and knowledge to support both professional and personal development. Nemetschek SE and its brands are allocated a dedicated learning budget.
- The Nemetschek Group offers opportunities for home-office contracts, including hybrid models, and enables flexible working hours to foster a family-friendly environment and a well-balanced work-life integration.
- General communication formats (such as communications from the Executive Board and the ELT, town halls, Board Letter) and close dialogue between management and the European Works Council of Nemetschek SE, as well as between employees and the European Works Council (which also applies to local works councils), promote communication, engagement, and employee satisfaction, as well as conflict resolution.

The main content of the "People Letter of Commitment" is the definition of minimum requirements for fundamental leadership and employee-related topics, as well as key areas such as talent acquisition, performance evaluation, and health management. There is currently no formal process in place to monitor the "People Letter of Commitment". It does not include any specific targets. The "People Letter of Commitment" covers all activities and regions, with its scope applying to the entire workforce, excluding the upstream and downstream value chain. The Executive Board of Nemetschek SE has delegated responsibility for the implementation of the "People Letter of Commitment" to the Chief People Officer (CPO) within the Group function People/Human Resources. The "People Letter of Commitment" does not reference third-party standards or initiatives.

The perspectives of its own workforce are incorporated into the decisions and activities of the Nemetschek Group through the European Works Council or via regular town halls and exchange formats. These decisions aim to manage the actual and potential impacts on its own workforce. The engagement of the workforce takes place through the meetings of the European Works Council of Nemetschek SE, which represents all employees within the EU or a contracting state of the European Economic Area. The European Works Council receives information from the Executive Board once per year during the official works council meeting regarding the current and previous fiscal year. The CPO provides insights into the current business operations of the Nemetschek Group. The Executive Board discloses decisions and activities related to the impacts and potential impacts on the workforce. Engagement occurs on a regular basis once per year in the second quarter during the annual works council meeting. The works council has the opportunity to address questions to the Executive Board and the CPO, leading to participation and consultation through subsequent discussions. The works council's feedback on the Executive Board's information is not formally recorded. Responses are provided orally during the annual works council meeting. The Executive Board subsequently decides whether, how, and which topics will be further pursued or not. The workforce is not directly informed about how their feedback has influenced internal decisions.

Engagement activities take place at the organizational level, between the Executive Board, the CPO, and the European Works Council. No additional personnel, nor any financial resources, are allocated for engagement. The European Works Council is informed in the event of organizational changes within the Nemetschek Group that may arise from reducing CO_2 emissions and transitioning to more environmentally friendly and climate-neutral activities affecting its own workforce. This includes aspects such as restructuring, employment loss or creation, training and up/reskilling, gender and social equity, and health and safety. The highest position within Nemetschek SE is the Chief Executive Officer, who holds the operational responsibility for ensuring collaboration with the European Works Council and for integrating the outcomes, where possible, into the strategic and operational direction of the Nemetschek Group.

Furthermore, the entire workforce is included in the Nemetschek Group's hybrid town halls. The workforce receives insights into the company's current strategic direction from the Executive Board and, additionally, from the ELT. The workforce has the opportunity to submit questions in advance. The town halls are recorded and subsequently shared with the entire workforce. Based on employee questions, the Executive Board and ELT gain insights into the topics that are relevant to the workforce. The entire workforce has the opportunity to ask questions. No additional personnel beyond those mentioned above, nor any financial resources, are allocated for inclusion. The entire workforce is informed about organizational changes, provided they have a direct impact on the workforce.

The general approach and procedures for providing or contributing to remediation actions in cases where the Nemetschek Group has caused or contributed to a significant negative impact on its own workforce include several individual approaches:

» Accessible compliance reporting mechanisms for issues/behaviors, including the provision of local contact points for employees, such as within the Compliance and HR teams.

» Promotion of a speak-up culture, in which employees can confidentially report concerns via the Group's whistleblower tool and address questions directly to management during hybrid town halls.

Through specific channels, the Nemetschek Group's own workforce can directly address concerns or needs with the company. The following channels have been established by the Nemetschek Group:

» Managers are encouraged to conduct regular one-on-one meetings with their employees.

» Regular team meetings within departments should take place to provide employees within departments or project teams with the opportunity to report concerns and needs.

» The European Works Council serves as a representative voice for the brands based in Europe (Allplan, Graphisoft, Solibri, dRofus, Nevaris, Bluebeam, Spacewell, Crem Solutions, Maxon) and Nemetschek SE towards the management. The same applies to the local works councils of Spacewell Netherlands, Graphisoft Germany, and Allplan Germany.

» Management provides opportunities for follow-up questions after important announcements as well as during or after town hall meetings.

» The Corporate Legal & Compliance function serves as an independent internal reporting body. Employees of the Nemetschek Group can contact the department via email at: compliance@Nemetschek.com.

» The responsible HR manager/personnel manager is available for confidential discussions/reports, as is the Corporate Legal & Compliance function.

Additionally, an external channel has been established by a third-party provider:

» The whistleblower system is managed by the Corporate Legal & Compliance function, with evaluations conducted at the corporate level.

The Nemetschek Group has implemented various processes to support the availability of the described channels:

» All valid guidelines and strategies of all departments are accessible via the intranet ONE.

» Upon joining the Nemetschek Group, new employees are informed about the relevant contacts via a welcome email from Legal & Compliance and People/Human Resources, including a description of the procedure for submitting a grievance in the Legal & Compliance department's email.

» Each brand has a dedicated contact person for compliance topics who is available for inquiries and reports.

» Every employee has the opportunity to address questions, grievances, or suggestions with a local HR representative and receive clarification on the relevant channels.

The Nemetschek Group has a procedure for handling grievances related to employee matters, which is detailed in Chapter 2.4 Governance Information << Management of Impacts, Risks and Opportunities – Business Conduct >>.

Reports/grievances submitted through the established employee channels are recorded by the responsible (compliance) unit and documented in accordance with legal requirements. If a report/grievance is submitted via the digital whistleblower system (see Chapter 2.4 Governance Information << Management of Impacts, Risks, and Opportunities – Business Conduct >>), it is automatically assigned a deadline management and progress tracking system. If one of the other channels is used, this process is carried out manually. All Group-wide reports/grievances are allocated, consolidated, and anonymously reported to the Executive Board and Supervisory Board on a quarterly basis by Corporate Legal & Compliance. If ad-hoc reporting is necessary, this is done outside of the quarterly cycle. The established reporting channels are regularly communicated to all employees across the group to ensure their effectiveness. The whistleblower system policy includes protections against retaliation for individuals. Currently, there are no methods to assess whether employees of the Nemetschek Group are aware of and trust the processes and structures available to voice their concerns or needs.

In the first quarter of 2025, the Nemetschek Group is conducting a global employee survey of all active employees in order to gain a better understanding of the concerns and needs of its workforce.

Characteristics of the Undertaking´s Employees

The Nemetschek Group discloses the information on the key characteristics of its workforce for the 2024 reporting year. The total number of employees does not match the figures reported in the consolidated financial statements, as all individuals who, under national law or its application, have an employment relationship with the Nemetschek Group were counted for the sustainability statement. This also includes employees in inactive employment relationships, such as parental leave, unpaid leave, phased retirement, or illness. All data points are reported as headcount. The data is reported as of the reporting date, December 31, 2024, for the current reporting year.

CHARACTERISTICS OF UNDERTAKING'S EMPLOYEES – NUMBER OF EMPLOYEES BY GENDER*

Number of employees (head count)	2024
Gender	
Male	2,619
Female	1,363
Other	3
Undisclosed	4
Total employees	**3,989**

* Gender according to employees' own statements.

CHARACTERISTICS OF UNDERTAKING'S EMPLOYEES – NUMBER OF EMPLOYEES BY GEOGRAPHICAL AREA*

Number of employees (head count)	2024
Country	
Germany	991
Hungary	408
USA	1,095
Total	**2,494**

* Presenting head count in countries where the Nemetschek Group has at least 50 employees representing at least 10% of its total number of employees.

CHARACTERISTICS OF UNDERTAKING'S EMPLOYEES – INFORMATION ON EMPLOYEES BY CONTRACT TYPE AND GENDER*

	2024				
	Female	Male	Other	Undisclosed	Total employees
Number of employees (head count)	1,363	2,619	3	4	3,989
Number of permanent employees (head count)	1,331	2,566	3	4	3,904
Number of temporary employees (head count)	31	53	0	0	84
Number of employees without guaranteed working hours (head count)	1	0	0	0	1

* Gender according to employees' own statements.

The majority of employees at the Nemetschek Group are in permanent employment relationships. The share of temporary contracts is generally low, as the Nemetschek Group aims to retain employees in the long term. Temporary contracts typically arise from training programs, working student and internship agreements, or as replacements for parental leave, illnesses, or other extended absences. The total number of employees who left the Nemetschek Group in the 2024 reporting year was 545. Accordingly, the employee turnover rate* stands at 13.7%.

All reporting-relevant metrics were submitted by the HR representatives of each brand to the Group function People/Human Resources at Nemetschek SE. All brands contributed to the development of the defined reporting items to establish a consistent understanding of the required data across the entire Group. The data points to process follows the four-eyes principle to ensure completeness and accuracy. In all brands, one person was designated for data collection and another for data validation. Data collection and submission were carried out using a template pro-

* The employee turnover rate is determined based on the total number of employees who leave the company voluntarily or due to dismissal, retirement, or death, in relation to the total number of employees as of the reporting date, December 31, 2024.

vided to the brands. The data was subsequently validated and consolidated at the Group level.

Diversity

The gender distribution at the first management level as well as the age distribution within the company's own workforce is as follows for the 2024 reporting year.

GENDER DISTRIBUTION AT TOP MANAGEMENT LEVEL*

	2024	
Gender	Number of managers	Share at top management level (%)
Male	10	71.4%
Female	4	28.6%
Other	0	0.0%
Undisclosed	0	0.0%

* Gender according to employees' own statements.

The first management level of Nemetschek SE, includes all executives with budget and personnel responsibility who report directly to the Executive Board members. As of December 31, 2024, the first management level consists of 14 individuals, including 4 women. The current proportion of women at the first management level is therefore 28.6% (previous year: 28.6%).

DISTRIBUTION OF EMPLOYEES BY AGE GROUP

	2024	
Age group	Number of employees	Share of the total number of employees (%)
Under 30 years old	598	15.0%
30–50 years old	2,567	64.4%
Over 50 years old	824	20.7%

Incidents, Complaints and Severe and Human Rights Impacts

During the reporting period, 9 reports related to potential discrimination cases were received and processed through the Nemetschek Group's reporting channels. For the purpose of this disclosure, the definition of discrimination also encompasses harassment. In total, 19 reports/grievances were submitted through the designated reporting channels established for the Nemetschek Group's workforce. The Nemetschek Group is not aware of any reports/grievances that were submitted to the national OECD Contact Points for Multinational Enterprises during the reporting period. During the reporting period, the Nemetschek Group was not required to pay any fines, other penalties, or restitution amounts related to incidents of discrimination or harassment.

In addition to the existing reporting channels, such as the Group-wide whistleblower system, the globally accessible compliance email address, and the regular surveys conducted among subsidiaries, additional inquiries were conducted for relevant metrics, such as discrimination incidents, employee grievances, or training participation rates, as part of the 2024 sustainability statement. These inquiries were carried out through questionnaires sent to the globally established compliance network. The collected information was centrally consolidated at the Nemetschek SE level and validated and reviewed for plausibility in collaboration with other corporate functions, including People/Human Resources.

During the reporting period, no severe human rights violations related to the Nemetschek Group's own workforce were reported. During the reporting period, the Nemetschek Group did not pay or reimburse any fines, penalties, or other amounts related to the remediation of severe human rights violations concerning its own workforce.

Consumer and End-User

Management of Impacts, Risks and Opportunities – Consumers and End-Users

The human rights obligations of the Nemetschek Group that are relevant for customers and end-users are based on the Group's existing compliance and due diligence processes. These processes include mechanisms for monitoring adherence to the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

In the double materiality assessment, actual or potential, positive or negative impacts were identified and evaluated, considering the perspectives of customers and end-users through internal and external stakeholders, particularly through the inclusion of industry and trade associations. Most brands of the Nemetschek Group conduct regular customer surveys and customer satisfaction evaluations (Customer Satisfaction Score, CSAT). Additionally, most brands maintain permanent customer advisory boards, which contribute to product development and general business operations. The Nemetschek Group collaborates with industry representatives, including professional associations and interest groups, to gain insights into best practices and new trends. This collaboration is to ensure that the Group's strategic direction aligns with customer and end-user interests as well as industry standards. Furthermore, the teams of most brands regularly conduct impact assessments based on direct customer and end-user feedback, helping to identify actual and potential impacts. Customer and end-user perspectives are also integrated into product development processes. By prioritizing customer and end-user contributions, the Nemetschek Group aims to enhance usability and accessibility of its solutions, ensuring that they meet the needs of various user groups.

Nemetschek SE and the brands are in continuous dialogue with customers and end-users affected by actual and potential, positive and/or negative impacts or their legal representatives, either directly or through credible representatives who have insight into their situation, through direct discussions with customers and end-users (surveys, interviews) or through cooperation with industry and trade associations.

Direct contact with customers and end-users is primarily managed by the brands of the Nemetschek Group. Some brands involve their customers across various phases of engagement:

Phases of Engagement

» Pre-development phase: Engagement takes place in the planning stage of new products or services, allowing the Nemetschek Group to gather initial insights and expectations from customers and end-users.

» Development phase: The Nemetschek Group involves users in usability tests and feedback sessions to refine product features and usability.

» Post-launch phase: After introducing a product or service, the Nemetschek Group continues to collect feedback to assess performance and identify improvement opportunities.

Types of Engagement

» Surveys: Brands regularly conduct surveys to collect quantitative data on satisfaction and user needs.

» Focus groups: Organized discussions with selected customers provide qualitative insights and enable a deeper understanding of the user experience.

» Interviews: One-on-one interviews enable personal feedback and in-depth discussions on specific concerns or suggestions.

» Workshops: The Nemetschek Group organizes workshops with industry representatives and stakeholders to address user concerns and develop solutions together.

» Feedback channels: Online platforms, including websites and social media channels, allow customers to provide feedback.

Engagement Frequency

» Regular surveys: Brands conduct customer surveys at irregular intervals to assess current satisfaction and new trends.

» Always-available channels: Brands maintain open communication channels (see feedback channels), through which customers can submit feedback at any time.

The operational responsibility for engaging customers and end-users in product development lies at the brand level. Within the brands, this responsibility falls to the Chief Technology Officer, Chief Product Officer, or CEO in smaller brands. Brand executives collaborate closely with segment leaders, who, together with the executive board, define the Group's strategic direction, focus areas, and corporate goals as part of the overall strategic plan. During the annual planning process, segment leaders work with brand executives to create a roadmap outlining strategic product development and specific initiatives to drive Group-wide growth.

The Nemetschek Group assesses the effectiveness of its customer and end-user engagement at the decentralized level, directly within brands and business units. This approach allows interaction processes to be tailored to the specific needs and dynamics of each brand or end-users/user group. Effectiveness is evaluated using various methods, such as customer satisfaction analysis, monitoring of feedback channels, and assessing the impact of engagement on decision-making and operational outcomes. Where applicable, all agreements, decisions, or changes resulting from this engagement are documented and integrated into the operational strategy of the respective brand or unit.

Insights into the perspectives of customers and end-users are gathered through surveys, customer contributions, and direct contact via the brands' service hotlines. The Nemetschek Group is not currently aware of any customers or end-users who are particularly vulnerable to the impacts of the Group's business activities or who could be directly marginalized by them. All customers and end-users can address their perspectives equally to the brands or the Group via the existing communication channels. Customer and end-user engagement is primarily managed at the brand level, allowing each brand to tailor its approach to its specific market and target audience. To enhance interaction and collaboration with larger, multinational, and multidisciplinary customers and end-users, the Nemetschek Group implemented a global KAM system in the past fiscal year. The global KAM aims to provide even more tailored support to customer groups, particularly large international customer, based on their individual needs.

Through the customer service of each brand, the Nemetschek Group offers its customers and end-users the opportunity to directly address their concerns, needs, or requests to the respective brand. The customer service function is internally organized within each brand and does not rely on external partners. Customers and end-users can contact Nemetschek Group brands directly via various channels, such as the website, social media platforms, email, and telephone hotline. Since the end of the 2024 fiscal year, the Nemetschek Group's processes, including customer service and support processes, have been ISO-certified across the entire Group (ISO/IEC 27001), with the exception of the GoCanvas brand (and SiteDocs, part of GoCanvas), which was acquired in July of the reporting year. Certification for GoCanvas is planned for the fiscal year 2025. For grievances, customers and end-users of the Nemetschek Group also have access to the global whistleblowing system at the Group level. This whistleblowing system allows customers and end-users to submit complaints to the Nemetschek Group, anonymously if desired. It includes structures and procedures to protect identities and safeguard individuals involved from retaliation.

2.4 Governance Information

Business Conduct

The Nemetschek Group reports relevant disclosures on material sustainability aspects in the area of governance in its sustainability statement, including material information on corruption and bribery as well as the Group's payment practices. For the company-specific topic of Cyber and Information Security, additional material information and relevant metrics are disclosed to assess performance and effectiveness in relation to information security.

Management of Impacts, Risks and Opportunities – Business Conduct

Good corporate governance and taking responsibility for employees, society, and the environment are of great importance to the Nemetschek Group. The Nemetschek Group aims to be a trustworthy, reliable, and honest partner for its customers, business partners, employees, and the general public. Every employee and management shares responsibility for ensuring that the Nemetschek Group fulfills its legal and social responsibilities worldwide. The Code of Conduct, approved by the Executive Board of Nemetschek SE and communicated internally, defines Group-wide behavioral principles in a format that is easily understandable for all employees. It serves as a values-based guideline within the Group. The responsibility to identify, investigate, and prevent unethical, inappropriate, or unlawful behavior is firmly embedded in the corporate culture of the Nemetschek Group.

The three most important topics promoted and communicated as part of the corporate culture are:

Establishing and Evaluating Corporate Culture

- Regular feedback sessions: To measure employee satisfaction and engagement, regular feedback sessions between employees and managers are to be held. Employee surveys are already an integral part of the corporate culture in some brands. The Nemetschek Group is conducting a global employee survey in the first quarter of 2025.
- Professional development: Professional training and career development opportunities strengthen employees' commitment to the Nemetschek Group.
- Recognition of achievements: Individualized recognition of successes aims to motivate employees across the Nemetschek Group.

Development of Corporate Culture

- Management culture: Management acts as positive role model for employees.
- Speak-up culture: Employees have the opportunity to confidentially report concerns via the whistleblower tool or raise questions during hybrid town halls.

A Board Letter to all Nemetschek Group employees is used to communicate key behavioral principles across the Group. Further communication takes place between management and employees in collaboration with HR.

Corporate Legal & Compliance and the risk management function regularly conduct risk analyses. The corporate risk analysis, managed by the risk management function, covers corporate and business risks, among others. The compliance and human rights risk assessments, conducted by Corporate Legal & Compliance, focus on identifying, assessing, and managing specific risk areas within the compliance area, for instance, with money laundering- or antitrust risks; or within the human rights area, for instance, with forced or child labor, anti-corruption or human rights. These analyses also serve to identify grievances and shortage in the respective areas and are further complemented by audits conducted by the Internal Audit function at the Group level.

Furthermore, the Nemetschek Group actively promotes and encourages an open speak-up culture across the entire organization. Employees are encouraged to report any behaviors that may violate the Code of Conduct or other internal or external regulations. To support this, the Nemetschek Group implements proactive communication actions, including regular emails, intranet publications, and executive board communications. A modern whistleblowing system allows grievances to be reported not only by employees but also by external third parties, with the option to submit reports anonymously if desired. This digital platform serves as the whistleblowing system for all brands of the Nemetschek Group, placing special emphasis on whistleblower protection, ensuring confidentiality of involved parties, and maintaining information security. The whistleblowing system is currently available in German, English, and Hungarian.

In addition to the digital whistleblowing system, employees can also directly contact their managers, the responsible HR representative, or the (local or company-wide) Legal & Compliance department. All incoming reports are first reviewed for plausibility with the highest level of confidentiality. If necessary, further investigative actions and steps are initiated. In individual cases, other company branches/functions, as well as external advisors, may be involved. The Corporate Legal & Compliance function serves as an independent internal reporting body, regularly reviews the effectiveness of the whistleblowing process, and adjusts it as needed. The identification, investigation, and remediation of unethical, inappropriate, or unlawful behavior is one of the core principles of the Nemetschek Group and is therefore firmly embedded in the corporate culture. This principle is reflected in both publicly accessible and internally available documents and policies and is regularly communicated by the company (e.g., through email and intranet publications).

All information submitted through one of the Nemetschek Group's whistleblowing channels (e.g., a tip-off to suspected cases of corruption or bribery) is processed via a standardized process that is based on the legal requirements in accordance with Directive (EU) 2019/1937 and the nationally applicable laws for the implementation of the Directive, and thus complies with, among other things, the legal deadlines. This standardized process not only covers tip management and communication following a whistleblowing report but also defines the investigation and remediation actions to be taken after receiving a report. The Corporate Legal & Compliance function of the Nemetschek Group handles and evaluates whistleblowing reports independently and objectively, following a standardized process to safeguard the rights of all parties involved – particularly those of the reporting person.

The Nemetschek Group ensures compliance with these regulations through a mandatory, Group-wide compliance training that covers knowledge on anti-corruption and bribery prevention. The training must be completed at the beginning of employment and must be repeated regularly, in most cases at least every two years, depending on the subsidiary.

Corruption and bribery pose a significant risk not only to the assets and economic success of the Nemetschek Group but also to its very existence. The Nemetschek Group is therefore committed to ensuring that the implemented anti-corruption and anti-bribery actions are mandatory for all employees, fostering a comprehensive awareness of these risks. The Nemetschek Group recognizes that certain functions, particularly those with direct interfaces to external business partners, such as procurement, sales departments, and the Executive Board, are more frequently exposed to corruption and bribery risks.

Nemetschek SE and its subsidiaries based in the EU are subject to Directive (EU) 2019/1937 and the respective national laws implementing this directive. The Nemetschek Group actively promotes an open, Group-wide speak-up culture. To ensure that whistleblowers feel safe when submitting reports, the Nemetschek Group has implemented a range of protective actions. These include clear statements in the Code of Conduct, which explicitly affirm that "no employee will suffer any disadvantage as a result of making a report". This message is further reinforced through additional communication actions, such as flyers and policies available to all employees via the intranet. For whistleblowers who are not employees, the Nemetschek Group provides the necessary information on its corporate website, including an FAQ page, which explicitly states that even if a report later turns out to be unfounded, the reporting person will not face any negative consequences – provided the report was not made with malicious intent.

In addition to communication actions, the Nemetschek Group has implemented (technical) safety precautions within its whistleblowing system. Whistleblowers have the option to submit reports anonymously. Disclosing one's identity or providing information that could lead to identification is not required and is not necessary for submitting a report or for subsequent communication during the review process. Even if a whistleblower voluntarily chooses to disclose their identity, this information is only shared when it is absolutely necessary (e.g., in official or legal proceedings) or with the explicit consent of the whistleblower.

The Corporate Legal & Compliance function of the Nemetschek Group processes and evaluates whistleblowing reports independently and objectively in accordance with a standardized procedure to protect the rights of all parties involved – particularly those of the reporting person. This is also reflected in an internal reporting process to the supervisory bodies, which ensures a sufficient overview of the facts to serve as a basis for decision-making. At the same time, it strictly safeguards the privacy and data protection rights of the reporting person and other involved parties. The Nemetschek Group has established a policy regarding its material positive impact, corporate policies, and the promotion of corporate culture. A component of this policy is the "People Letter of Commitment", which is described in *<< 2.3 Social Information >>*.

As a globally operating company, the Nemetschek Group has established relationships with numerous suppliers and business partners that provide the Group with goods and services. The careful selection of suppliers and business partners is a key factor in the profitable growth and reputation of the Nemetschek Group. Rules and principles governing supplier and business partner selection, business transactions, service quality, and risk management serve to strengthen the Group's negotiating position and reduce financial, ethical, and reputational risks.

The Nemetschek Group's Group Procurement Policy, introduced in the 2024 reporting year, provides a framework for procurement activities and promotes good, harmonized practices in procurement, including purchasing and payment practices. The Group Procurement Policy applies to all employees worldwide who are responsible for procurement or are involved in any way in purchasing and procurement processes. The Group Procurement Policy was approved by the Head of Global Procurement and reviewed and endorsed by the Executive Board of Nemetschek SE. The policy stipulates a 30-day payment term, ensuring timely payments to suppliers and business partners.

The principles governing collaboration with suppliers and business partners are also outlined in the Supplier Code of Conduct of the Nemetschek Group. The Nemetschek Group expects its suppliers and business partners, as well as their employees, to act responsibly at all times and to fully comply with the laws, regulations, and policies of the countries in which they operate. Furthermore, compliance with the core principles of the Supplier Code of Conduct, the UN Global Compact (UNGC), and the fundamental principles of the ILO is required. The Supplier Code of Conduct also affirms that the Nemetschek Group is a fair and responsible market participant that adheres to its contractual obligations toward suppliers and business partners.

As an international software company, the Nemetschek Group places great importance on sustainable and responsible supplier relationships. The Group approach considers both supply chain risks and their impact on sustainability aspects. As part of Business Partner Due Diligence, the Nemetschek Group ensures a careful selection of business partners with regard to anti-corruption compliance. In the strategic procurement process, environmental criteria, such as packaging materials, energy consumption, and recycling opportunities, are incorporated into supplier selection, depending on the type of goods and services. These actions actively contribute to reducing indirect environmental impacts.

To further enhance transparency and efficiency in the supply chain, the Nemetschek Group plans to introduce a cloud-based procurement platform. This innovative solution will enable the early identification and mitigation of supply chain risks while strengthening collaboration with strategically important suppliers. The improved availability and quality of data will support more informed procurement decisions.

The integration of environmental criteria plays a key role in the selection of suppliers and contract partners. The modern procurement approach systematically incorporates these aspects and aims to ensure a sustainable and responsible supply chain. Potential partners are evaluated based on sustainability factors, such as energy efficiency and the use of renewable energy sources, waste management, and circular economy approaches. Social criteria that go beyond compliance with the core principles of the Supplier Code of Conduct, the principles of the UNGC, and the ILO are not yet considered in supplier selection. These criteria, alongside factors such as quality, innovation capacity, and pricing, are weighted differently in the overall supplier evaluation.

Incidents of Corruption or Bribery

The Nemetschek Group is fully committed to fair competition and explicitly rejects corruption and bribery. This commitment is based on the firm belief that long-term business success can only be achieved through lawful and responsible conduct, which also has a positive impact on stakeholder satisfaction. An open corporate culture and a well-established Compliance Management System (CMS) are key actions in combating against corruption and bribery. This message is consistently communicated to employees worldwide through “Tone from the-Top” actions, such as the regular Board Letter, which, like the Group-wide Code of Conduct, is published in both German and English and made available on the Nemetschek Group intranet and website. The Code of Conduct has been communicated across the entire Group and is binding for all employees, regardless of their position within the company.

Actual or suspected violations of applicable laws – including anti-corruption and anti-bribery laws – internal standards, or other regulations, are regularly reviewed, identified, and assessed through various risk analyses and audits conducted by Corporate Legal & Compliance, the risk management function, and Internal Audit. The assessment is conducted based on (industry)-standard parameters, including likelihood of occurrence and potential amount of loss. These audits and analyses are further supplemented by the Group-wide whistleblowing system, which serves as an additional mechanism for detecting bribery and corruption risks.

To prevent bribery and corruption, the Nemetschek Group has implemented a range of processes to raise and strengthen awareness of bribery and corruption risks across the organization. As a general principle, employees receive guidelines, instructions, and support materials to help them manage corruption and bribery risks in their daily work. Corporate Legal & Compliance uses various communication channels, including intranet publications, emails, and mandatory e-learning, which incorporates practical scenarios to help employees act in compliance when faced with corruption or bribery risks. Employees also have access to the Group-wide anti-corruption policy, which provides detailed requirements and specifications, refining the principles outlined in the Code of Conduct. This policy is supplemented by additional documents for specific processes and situations, such as guidelines on gifts, hospitality, and corporate event planning. The policy has been globally communicated and implemented across all business units of the Nemetschek Group.

As a global software provider, the Nemetschek Group naturally interacts with a wide range of business partners across its upstream and downstream value chain. To minimize the resulting legal, financial, and reputational risks, such as those arising from allegations of corruption and bribery, the Nemetschek Group has developed a risk-based approach to ensuring compliant and diligent business partner management. This approach includes a selection of risk mitigation actions that employees can choose from depending on the level of risk exposure. This includes the Supplier Code of Conduct, which defines the Nemetschek Group’s expectations towards third parties, as well as guidance for employees on how to assess and evaluate potential risks through a due diligence process. Depending on the business partner’s risk exposure, the due diligence process may be conducted with varying levels of detail. The guidance provides employees with different courses of action to address these risks.

Finally, the Nemetschek Group has also established a standardized internal investigations process covering all types of compliance violations, including actual or suspected cases of corruption and bribery. This process includes the investigation and management of compliance violations, as well as the development and implementation of remediation actions. The process consistently follows the four-eyes principle and ensures confidentiality.

To fulfill its corporate governance responsibilities, Corporate Legal & Compliance serves as an independent reporting body for evaluating and investigating reported concerns. Specific procedures have been established to prevent conflicts of interest in cases where Executive Board members or Corporate Legal & Compliance itself are subject to reports. In such cases, alternative responsibilities and reporting structures have been defined and documented within the process description. The results of internal investigations are presented to the Executive Board and Supervisory Board in a summarized and abstract format as part of quarterly reporting. This includes, among other things, the appropriate consideration of legal requirements regarding the confidentiality of whistleblowers’ identities and data protection regulations. In addition to periodic reporting, ad hoc reporting is conducted if necessary.

Group policies, including the anti-corruption policies, are of particular importance in the context of prevention. They contribute to ensuring employee compliance in key areas, such as the prevention and detection of corruption and bribery. These policies protect both employees and the company, thereby contributing to sustainable development. Therefore, the communication and implementation of group policies at the Nemetschek Group follow a standardized process to ensure that all relevant stakeholders across all local entities receive the policies and are adequately informed about their content.

The Corporate Legal & Compliance function ensures that each compliance policy is endorsed at the global executive board level ("Tone from the Top") and that a formally documented resolution by the board is obtained. Corporate Legal & Compliance then communicates policies, such as the Group-wide anti-corruption policy, via the intranet and email. To ensure that the policy is communicated and implemented across all relevant local entities, Corporate Legal & Compliance forwards the policies to all brand managing directors and utilizes the globally established compliance network, which consists of designated compliance coordinators responsible for each brand within the Nemetschek Group. The compliance coordinators are responsible for obtaining internal approvals at the brand level and securing the support of local management for the respective policies ("Tone from the Top"). They then communicate the policy content to all employees and provide necessary training sessions

One component of the Nemetschek Group's portfolio of preventive actions to prevent violations of anti-corruption and anti-bribery laws is the mandatory computer-based compliance training, which is offered in various formats. These training sessions aim to promote a corporate culture where all employees are aware of potential compliance risks. The Nemetschek Group utilizes a modern compliance training tool to efficiently and sustainably disseminate knowledge on anti-corruption and bribery prevention across the Group. The e-learning program has been rolled out across all Nemetschek Group subsidiaries and is mandatory for all employees, including management. The training must be completed at the beginning of employment and must be repeated regularly, in most cases at least every two years, depending on the subsidiary. The training includes both theoretical content and practical examples related to anti-corruption and bribery prevention. Additionally, Corporate Legal & Compliance regularly provides further training sessions for compliance coordinators, who act as local multipliers within their respective brands ("Train the Trainer principle").

Corruption and bribery represent a general risk to the Nemetschek Group. Therefore, the Nemetschek Group applies its established anti-corruption and anti-bribery actions equally to all employees to raise broad awareness of these risks. The Nemetschek Group recognizes that functions with direct interfaces to external business partners, such as procurement and sales departments as well as the Executive Board, are particularly exposed to corruption and bribery risk scenarios. The Executive Board maintains regular dialogue with Corporate Legal & Compliance to ensure that the Nemetschek Group's compliance management system continues to meet evolving internal and external regulatory requirements. To maintain this standard, the Executive Board supports the establishment, maintenance, and enhancement of new and existing compliance actions. This includes reinforcing a consistent "Tone from the Top" culture and leading by example in fulfilling compliance obligations and training requirements ("Walk the Talk"). Executive Board members therefore participate in the same anti-corruption training as regular employees. Considering their particularly high-risk exposure to corruption and bribery scenarios, Executive Board and Supervisory Board members have been provided with additional training materials by Corporate Legal & Compliance, outlining bribery and anti-corruption risks, solutions, and appropriate conduct in critical situations.

During the reporting period, no reports or grievances regarding violations of anti-corruption or anti-bribery laws were received through the Nemetschek Group's established reporting channels. Furthermore, the Nemetschek Group is not aware of any ongoing proceedings, resulting convictions, or fines related to violations of anti-corruption or anti-bribery laws in connection with its subsidiaries during the reporting period.

In the 2024 reporting year, a total of 3,846 employees across the Group were recorded as having completed compliance training, representing 86.2%. The metrics also include trained employees who have left the Nemetschek Group within the brand-specific training cycle.

Payment Practices

As a global software company, the Nemetschek Group is committed to ensuring fair payment terms for all suppliers. A 30-day payment term from the invoice date is granted to all suppliers. Longer payment terms, for instance, with larger companies, may be individually negotiated as long as they do not result in unfair disadvantage. During the reporting period, the Nemetschek Group was not aware of any outstanding legal proceedings related to unfulfilled payments by any of its subsidiaries.

Cyber and Information Security Actions

For the company-specific topic of Cyber and Information Security, the Nemetschek Group reports additional material information and relevant metrics in its sustainability statement to assess performance and effectiveness in relation to information security. Since the fiscal year 2024, the Risk Committee of the Nemetschek Group has been discussing not only risks and opportunities but also information security impacts on a quarterly basis with the executive board. These discussions are documented in a quarterly report for the supervisory board.

The Nemetschek Group's security strategy is based on a three-layer security model. This model consists of a "Brand Layer", which focuses on local implementation and security management at the brand level, a "Group Layer", which is mandatory for all brands and ensures fundamental security standards, and a "Flexible Layer" which includes optional services available to brands upon request. The "Group Layer", which is managed by the group-wide and centrally controlled Information Security function and includes shared services operated by the Security Operations Center (SOC), comprises several mandatory services. These cover the implementation of standard technology, asset management, vulnerability management, threat alerts, 24/7 security monitoring, and 24/7 incident response. Web application security is intended to be ensured through the use of web application scanners and other security auditing tools. Employee security awareness is reinforced through phishing campaigns and training sessions. Regular penetration tests are conducted to identify vulnerabilities. The "Group Layer" also includes standardized brand security reports and technical incident response services. The "Flexible Layer", primarily managed by Nemetschek SE, including the SOC, offers advanced services. These include an Managed Detection and Response (MDR) service, which enhances monitoring capabilities, asset-based and brand-specific solutions with result analysis, as well as administrative support services for the entire Group. The brands remain responsible for contract management and the implementation of Group-wide security actions at the local level. The strategy also includes the provision of hardening guidelines and comprehensive training sessions to support these efforts. This multi-layered approach aims to create an appropriate, scalable, and flexible security system that can be tailored to the specific needs of individual brands while ensuring a solid security foundation for the entire Group.

The Nemetschek Group acknowledges its responsibility to continuously improve information security, thereby creating added value for internal and external stakeholders, including customers, business partners, and employees. The company considers the needs of various interested parties, both internally and externally, and addresses relevant information security issues within the Group. The interests and perspectives of key stakeholders in the area of information security are as follows:

- Employees (internal): Implementation of ISMS controls to protect the company information, securing the work environment, and enhancing capabilities through training sessions
- Management (internal): Minimizing operational disruptions and security incidents to maintain brand value and reputation while ensuring cost-efficient information security
- Shareholders (external): Preventing loss events through cost-efficient information security and compliance with legal requirements
- Customers (external): Ensuring the protection of customer information and the availability of services while maintaining confidentiality, integrity, and availability
- Suppliers (external): Implementing controls to meet supplier security requirements and ensure secure operations
- Authorities/Auditors (external): Ensuring compliance with legal requirements and providing evidence of a functioning ISMS
- Cyberinsurance providers (external): Preventing damage through strong cyberdefense

For a globally operating company in the AEC/O and media and entertainment industry like the Nemetschek Group, a comprehensive and reliable information security management system is of central importance. To best protect the Group's software solutions, IT systems, and networks against cyberthreats, investments are made in the company's security infrastructure, and various actions are implemented to enhance security levels. As part of the Group-wide Business Enablement Initiative, operational excellence in information security is also to be increased through greater organizational efficiency and effectiveness, as well as harmonized processes. The centrally managed ISMS, which applies to all segments of the Group, its own operations, and the Nemetschek Group's value chain, is intended to strengthen confidence in the Nemetschek Group as a reliable market partner and contribute significantly to the implementation of the Group's growth strategy.

The process for identifying and assessing the material impacts, risks, and opportunities related to information security follows the process of double materiality assessment as well as the management of material impacts, risks, and opportunities within the Group. During the double materiality assessment, the Group Information Security function was closely involved in identifying and assessing sustainability-related impacts, risks, and opportunities in the area of information security. The management of material impacts, as well as the actions taken and their effectiveness, is the responsibility of the Corporate Information Security Officer (CISO). As part of the double materiality assessment, actual or potential, positive or negative impacts, risks, and opportunities in the area of information security were identified that are directly linked to the Nemetschek Group's business model, strategy, and value chain. The assessment of impacts, risks, and opportunities in information security has determined that the actual positive impacts related to the Nemetschek Group's security infrastructure exceed the defined materiality threshold and are therefore relevant for this report.

The Nemetschek Group fulfills its social responsibility and is committed across the entire Group to the diligent handling of information from employees, customers, and business partners. The Information Security function oversees group-wide information security activities to always ensure appropriate organizational and technical actions – at the Group level, as well as at segment and brand levels. The function is led by the CISO, who reports directly to the CFO and thus to the Executive Board of Nemetschek SE. Information security is organized through a Group-wide ISMS implemented in the respective brands. At the end of the 2024 reporting year, the ISMS of all brands, except GoCanvas (and SiteDocs), was certified according to ISO/IEC 27001. The Nemetschek Group's corporate structure enables centralized control and monitoring at the Group level, while brands retain responsibility for information security.

The Nemetschek Group's approach to managing information security includes detailed regulations and procedures aligned with international standards and regulatory requirements. The Group-wide information security policies, including the "Group Information Security Guideline" and "Group Information Security Policies", aim to protect IT systems and data, as well as the security of products, employees, and office locations throughout the Group. The policies are based on the Group-wide ISMS, which complies with ISO/IEC 27001 standards, and focus on preventing security incidents, their early detection, and ensuring an appropriate response. The policies include technical and organizational actions for implementing and monitoring information security. The effectiveness of the actions is regularly reviewed by independent bodies and internal audits at least annually. The regulations apply to all entities within the Nemetschek Group and cover management processes, core processes, and support processes. The "Group Information Security Guideline" and "Group Information Security Policies" were adopted by the CISO of the Nemetschek Group and approved and released by the Executive Board of the Nemetschek Group. The regulations are updated as needed, generally at least once a year.

The implementation of information security policies includes several actions that are particularly relevant for the Nemetschek Group, including:

- ISO/IEC 27001 Certification: In fiscal year 2024, all brands, except GoCanvas (and SiteDocs), were successfully certified according to ISO/IEC 27001. The certification is valid until 2027. GoCanvas (and SiteDocs) will be integrated into the Nemetschek ISMS through a scope extension in 2025, as planned.
- SOC: In fiscal year 2023, a Group-wide standardized information security architecture was established and implemented across brands and their IT systems. Centralized monitoring, evaluation, and response to identified security incidents are managed through the newly established SOC. The SOC provides 24/7 threat detection to identify and mitigate security attacks targeting employees or IT systems. The SOC enables real-time detection and rapid response to threats. Relevant security incidents are escalated into a defined security incident process.
- Training and Awareness: Additional priorities in information security include regular training for all employees through web-based training, phishing email simulations, and targeted communication campaigns to enhance employee awareness of information security. The Group-wide mandatory e-learning program on information security is also updated annually. A well-trained workforce enables the Nemetschek Group to detect and mitigate security threats at an early stage. Regular training is a key component of the Group's commitment to information security.
- Cybersecurity Insurance: To further mitigate information security risks, the Nemetschek Group also maintains a Group-wide cybersecurity insurance policy with coverage appropriate to the size of the Group.

Further actions, such as an improved reporting structure, arise from potential new regulatory requirements, such as the Network and Information Security Directive (NIS2). At the same time, the Nemetschek Group is preparing for the European Cyber Resilience Act (CRA), which provides for an expanded vulnerability program for software products. With its actions in the area of information security, the Nemetschek Group aims to ensure the security and resilience of products with digital elements in order to be prepared for future legal obligations.

The Nemetschek Group's internal security control system monitors the effectiveness of concepts and actions with regard to material impacts, risks, and opportunities in the area of information security. The number of security incidents by severity level, Time to Detect (TTD: time required to identify an incident or security threat), and Time to Respond (TTR: time required to contain and resolve an incident or security threat) are subject-specific control variables, which provide insights into the effectiveness of existing policies and actions in information security. Internal and external security audits, as well as penetration tests, provide additional insights into the effectiveness of the ISMS.

Information security metrics are measured through regular data collection on performance, risk indicators, and governance practices. The Group Information Security function periodically evaluates performance against internal targets, analyzes trends, and compares them with data from the technology industry, which is generated by platform providers using anonymized customer data. Based on these assessments, initiatives for the continuous improvement of the ISMS are introduced to enhance Group-wide policies and processes in the short to medium term. The Nemetschek Group discloses its performance in information security through regular oral and written reports to the ELT and external stakeholders (e.g., customer questionnaires on information security or certification audits). The systematic information security approach of the Nemetschek Group supports efforts to protect IT systems, data, products, employees, and office locations in alignment with corporate goals and the expectations of internal and external stakeholders, enabling the effective management of impacts, risks, and opportunities.

To assess information security performance, the Nemetschek Group conducts regular internal and external audits, including supplier audits and penetration tests. Relevant findings are reported regularly to the management of Nemetschek SE or the respective brand. The information security strategy focuses on the continuous improvement of existing processes and includes regular regulation updates as well as internal corrective actions. The Group Information Security function is committed to transparent reporting on the effectiveness of policies and actions for internal and external stakeholders in compliance with ISO/IEC 27001.

The Nemetschek Group aims for zero security incidents. Security incidents are understood as individual or a series of unwanted or unexpected information security events that are highly likely to affect the Group's business operations and endanger information security. The time spans of TTD and TTR in security incidents should be kept as short as possible. In the event of security incidents, these are thoroughly investigated after resolution and appropriate actions are taken to prevent a recurrence of a security incident. The metrics in the area of Cyber and Information Security are reported for the first time in the current reporting year and serve as a base for future reporting periods.

The Nemetschek Group tracks security incidents and the corresponding TTD and TTR for all brands, except Maxon and GoCanvas, via a SaaS-based “Managed Security Service Provider” (MSSP) platform. Metrics for Maxon and GoCanvas are recorded separately. The Corporate Information Security function validates and consolidates security incidents, TTD, and TTR at the Group level. Security incidents at the Nemetschek Group are categorized into three levels (“medium”, “high”, or “critical”). The classification is based on an assessment of financial and reputational impacts. In the fiscal year 2024, a total of 9 incidents occurred in the “medium” category. There were no incidents in the “high” and “critical” categories. The average TTD is almost real-time, the average TTR is approximately 26 minutes.

3 Economic Report

3.1 Macroeconomic and Industry-Specific Conditions

General Economic Conditions

Global Economy

In 2024, the global economy continued to be impacted by geopolitical crises and persistently high interest rates in key economic areas. Nevertheless, global growth remained robust overall, with gross domestic product (GDP) continuing to grow at 3.0% in the first half of the year, according to the DIW Weekly Report No. 36-2024, and remaining stable in the second half of the year, ending the year at 3.2% according to the International Monetary Fund's World Economic Outlook published on January 17, 2025.

The economic development in the developed economies varied. While weak growth of around 0.8% is projected for the European Union (EU), the US economy performed significantly better, with an estimated growth rate of 2.8% according to the World Economic Outlook published on January 17, 2025. While the EU continued to suffer from structural weaknesses, restrained investment activity and the consequences of high energy prices, the US economy benefited from a robust labor market and solid consumer demand. This divergence underscored the different challenges and growth impulses in the two regions.

Declining inflation rates prompted the European Central Bank (ECB) and the US Federal Reserve (FED) to make their first interest rate cuts, from June and September respectively. Nevertheless, the interest rates in both economic regions remained relatively high, which – coupled with ongoing inflation – had a dampening effect on the investment and consumer behavior of companies and private households alike.

According to the IWF report as of January 17, 2025 GDP growth of approx. 4.2% is expected for emerging and developing countries. China, as a significant actor within this Group, experienced sluggish domestic demand, however, which had an adverse effect on emerging and developing countries as a whole.

In its Annual Report 2024/2025, published on November 13, 2024, the German Council of Economic Experts forecast global GDP growth of 2.6%, which represents an increase of 0.4 percentage points on the prior-year forecast. The International Monetary Fund (IMF) forecast global growth of roughly 3.2% for 2024 in its World Economic Outlook published on January 17, 2025.

Below, the performance of the regions relevant to the Nemetschek Group is examined in more detail.

Eurozone

Geopolitical crises, particularly the ongoing Russian war of aggression against Ukraine, once again dominated the economic performance of the Eurozone in 2024. In addition, the associated energy crisis continued to have an impact in 2024, although the situation on the energy markets eased compared to the previous year. Inflation fell compared with 2023, but remained high, which depressed the purchasing power of private households. On account of the partial normalization of inflation, the European Central Bank (ECB) was able to cut interest rates slightly for the first time in several years. However, interest rates remained comparatively high, continuing to contribute to low demand for credit and low investment growth. In particular, the German economy, as the largest Eurozone economy, continued its negative trajectory in 2024 following a price-adjusted decline in gross domestic product (GDP) of −0.3% in 2023. The main reasons for this development were the lack of necessary structural reforms, as well as the aforementioned high energy prices and interest rates and the slowing down of domestic consumption and international export demand. For Germany, the German Council of Economic Experts projected a moderate contraction of −0.1% for 2024, while the IMF's January 2025 update pointed to a slightly sharper slowdown of −0.2%.

Overall, in its Annual Report 2024/2025 published on November 13, 2024, the German Council of Economic Experts assumed economic growth of 0.7% for the Eurozone for 2024. In its World Economic Outlook published on January 17, 2025, the IMF currently expects growth of 0.8% in 2024, i.e., slightly in excess of its 2023 forecast of 0.4% for the Eurozone. According to Eurostat, the unemployment rate in the euro area remained stable at 6.3% in December 2024, with regional differences remaining high. The shortage of skilled workers is worsening in many sectors, including the software industry and the construction industry, and is hindering long-term growth prospects.

USA

The US economy performed well in 2024, bolstered by strong domestic demand and continued high investment in key areas such as semiconductor production and new technologies. Moreover, the Inflation Reduction Act (IRA) ensured further positive growth momentum, especially in renewable energies. The high interest rate burden had initial effects, however, as surplus private savings were largely used up and consumption slowed down in some cases.

Overall, in its Annual Report 2024/2025, the German Council of Economic Experts assumed economic growth of 2.7% for 2024, whereas the IMF arrived at a figure of 2.8%. According to the German Council of Economic Experts, the risks of a stronger slowdown have increased, but nonetheless remain limited.

Asia
Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. In 2024, Japan's economic performance was marked by a quite moderate growth rate, a slowing down of inflation, and structural adjustments. The IMF puts Japan's real-term GDP growth at roughly −0.2% for 2024. This represents a slowing down compared with the previous years, which is attributable to weaker global demand and the impact of production downtime, especially in the automotive industry. According to the World Economic Outlook published on October 22, 2024, inflation dropped to approx. 2.2%, compared with 3.3% in 2023. This was partially mad possible by lower commodities prices and the stabilization of the yen. Despite rising wages private consumption was weak as real purchasing power remained limited due to inflation.

Emerging Markets
The emerging markets are growing in importance for the Nemetschek Group. It is already active in individual countries and regions, such as India. In addition, the development of the Chinese economy is important for the Nemetschek Group. Due to its size, changes in the Chinese economy and economic policy have a direct impact on the development of neighboring countries and the entire global economy.

In its annual report 2024/25 published on November 13, 2024, the German Council of Economic Experts expects the emerging markets to grow by 4.3% overall. In its World Economic Outlook in January, the IMF predicts growth of 4.2% for 2024. Developments in the individual countries in the emerging markets group will continue to vary strongly. For the **Asian region**, the IMF predicts growth of 5.2% for 2024. The slight decline compared to 2023 (5.7%) is mainly due to the slower recovery in China, where structural problems in the real estate sector and muted export demand are hampering momentum. With a growth rate of 6.8%, **India** remains the region's growth engine and is the world's fastest-growing economy, according to Germany Trade & Invest (GTAI). Key factors driving this development include subsidies such as production-linked incentives (PLI), which provide targeted investment support, as well as rising domestic demand and increasing purchasing power. In addition, ongoing digitalization, together with extensive infrastructure projects, is creating an innovation-friendly environment that encourages companies to make additional investments. The demographic structure – a young population with great labor force potential – as well as a series of government reforms and efforts to reduce bureaucracy are further strengthening the confidence of foreign investors and consolidating India's position as a growth engine in the region.

According to the World Economic Outlook of October 22, 2024, the IMF expects the positive development in **European emerging markets** to continue in 2024, with a growth of 3.2% after 3.3% in year 2023. The IMF sees a stable development in the European emerging countries, with a growth of 3.2% in 2024 on the back of 3.3% in 2023. According to the IMF, the **Latin American emerging markets** are set to grow by 2.4% in 2024. The region remains affected by low commodities prices and the uncertainties in Brazil and Argentina. A return to more stable political conditions, however, could boost investment activity. A growth of approx. 2.4% is expected by the IWF for the **Middle East and Central Asia**, which is up slightly on 2023 (2.0%). A more stable geopolitical environment and diversification strategies away from the oil industry are having a positive effect. After **Saudi Arabia** experienced a slight decline in economic growth of −0.8% in 2023, the economy recovered and is expected to achieve a growth rate of 1.3%, according to the Saudi Arabian General Authority for Statistics. This adjustment reflects the deliberate reductions in oil production, both as a result of the country's own measures and of OPEC agreements to stabilize the global oil market. While the growth rate in the oil sector slowed, the non-oil sector (tourism, technology, and entertainment) remained a driving force for the economy. With a forecasted growth rate of 3.8% (according to the IFW), the **African developing countries** are seeing a moderate improvement. Investments in infrastructure projects and a diversification of the economy are spearheading expansion, even though many countries continue to struggle with high debt levels and inflation.

Sources: DIW Wochenbericht No. 36-2024, German Council of Economic Experts, Annual Report 2024/2025 dated November 13, 2024, and International Monetary Fund, World Economic Outlook Update dated October 22, 2024, and January 17, 2025. January 2025, Eurostat (Statistics | Eurostat) und German Trade Invest (Wirtschaftsausblick Indien); Oxford Economics und General Authority for Statistics.

Development of industry-specific conditions in the construction industry

Europe
In 2024, Europe remained the most important market for the Nemetschek Group, accounting for around 49% of group revenue. Following growth declines in the construction industry in the previous two years, particularly due to high interest rates, this trend continued in 2024, with the industry contracting by −2.4%. This was due to weaker domestic and foreign investments, which led to a fall in demand for building materials and other associated preliminaries. Moreover, high interest rates and tense lending conditions had a substantial impact on the real estate market, which, in turn, weakened the construction sector, partly because of the diminishing effect of generous incentives for energy-efficient renovation. Private non-housing construction was also hindered by high borrowing costs and structural changes such as

the rise in hybrid remote-working models and online retail, which have cut demand for office and retail spaces. The individual European markets performed very disparately in some cases in 2024. While the highest declines were mainly recorded in the Nordic countries, such as Finland (–5.4%), Sweden (–5.3%) and Norway (–4.9%), countries such as Spain (+2.0%), Portugal (+1.5%) and Ireland (+1.4%) even achieved notable growth rates. The German market, which is important for the Nemetschek Group, recorded a slightly disproportionate decline in the construction industry of 2.8% compared to the rest of Europe.

North America

Alongside the European market, the **United States** is one of the most important sales markets for the Nemetschek Group. For 2024, the FMI (as of October 2024) anticipates that expenditure in the construction sector will continue to rise, albeit at a slower rate than in the prior-year period, meaning that growth of approx. 5% is to be anticipated. The three segments of commercial building construction (+6%), the infrastructure sector (+5%), and the housing market (+5%) all contribute to this development with similar growth rates. Within commercial building construction (+6%), the areas of public safety (29%) and production facilities (21%) represent the chief drivers of growth. In the housing market (+6%), the picture has reversed compared with the previous year. Whereas multi-family homes were still the growth driver in 2023 (+18% in the year 2023), they posted a –4% decline in 2024. By contrast, single-family homes (+5%) and housing renovations (+8%) gained renewed momentum following the declines witnessed in 2023.

On the back of minimal growth of just 2% for the construction industry in **Canada** in 2023, it recovered slightly in 2024, with growth of +4% forecast for 2024. This recovery was particularly pronounced in housing growth, which once again recorded a slight increase (+2%). However, the growth of +4% seen in commercial buildings was lower than the previous year's increase of +8%.

Asia/Pacific

The construction industries in the Asia–Pacific region which still represent the world's largest building sectors exhibited a decline of around 3.0% in 2024. This development was influenced by a variety of factors.

The construction industry in **China**, in particular, recorded a sharp decline of around –5.3%. Although public-sector investment in infrastructure, particularly in the transport sector, was bolstered by the 14th Five-Year Plan, demand in the real estate sector was held back by high excess debt. In addition, strict government controls, such as limits on the indebtedness of real estate companies, borrowing restrictions on buyers, land purchases, and construction regulations, had a negative impact on the market.

India's construction sector remained a growth region in 2024, with a rise of 7.5%. The driving factors were large-scale infrastructure projects, continued urbanization, and increasing investments in housing projects. The government also implemented initiatives such as the National Infrastructure Pipeline, channeling significant funds into road, railroad, and energy projects.

The **Japanese** construction industry recorded moderate growth of approx. 1.8%, driven by investments in the modernization of infrastructure and transport networks. Major projects, such as expansion of the Shinkansen high-speed rail network, contributed to this stability.

In 2024, the construction industry in **Saudi Arabia** recorded growth of 0.4%. The weak growth of the construction industry in Saudi Arabia in 2024 resulted mainly from production cuts in the oil sector, which led to lower government revenues and reduced infrastructure investments. According to the Construction Outlook Q4 2024 for Saudi Arabia, Oxford Economics is forecasting a return to higher growth of 3.0% to 6.6% in the coming years. Residential and commercial construction is seen as a driver of growth, while civil engineering is not expected to see significant growth until 2026. The main underlying growth drivers are investments in Vision 2030 projects, rising private investments and improved credit conditions.

Other countries such as Indonesia, Vietnam and Bangladesh recorded average growth of more than 5.0%, with urbanization and economic development remaining key growth drivers.

Sources: 98th EUROCONSTRUCT Summary Report, Winter 2024 (November 2024); 2024 North American Engineering and Construction Outlook, Fourth Quarter Edition (October 2024), Fortune Business Insights (Marktgröße für Baumaterialien | Globaler Branchenbericht 2032); Mordor Intelligence (Analyse der Marktgröße und des Anteils von Bau- und Konstruktionsplatten – Branchenforschungsbericht – Wachstumstrends); Construction Outlook, Q4 2024 Saudi Arabia (December 2024); Oxford Economics.

Development of the Media and Entertainment Industry

The global 3D animation market continued to be influenced by the geopolitical crises and conflicts in 2024. In addition, ongoing challenges such as the film and TV strike in Hollywood prevented the market from fully unleashing its growth potential. In spite of these limitations, the media and entertainment market grew overall, driven by technological innovations and rising demand for high-quality visual and creative content.

A key factor for the sector's resilience is the diversity of markets and target groups addressed, particularly by innovative solutions such as the Maxon Group brand. Maxon solutions are not only used to produce feature films, TV products, and commercials, but also in the games industry and the fields of medical illustration, virtual reality (VR), augmented reality (AR), architecture, and industrial design.

In the long term, the brand benefits from powerful structural growth drivers, such as the growing use of VR and AR technologies and the integration of artificial Intelligence (AI). Forecasts indicate that the global 3D animation market will achieve a low double-digit annual growth rate by 2030, which is attributable to increasing demand for animated experiences and the application of visual effects in various sectors.

Source: PwC Global Entertainment & Media Outlook 2024-28 (https://www.pwc.com/gx/en/news-room/press-releases/2024/pwc-global-entertainment-and-media-outlook-2024-28.html)

3.2 Business Performance in 2024 and Key Events Influencing the Company's Business Performance

General Statement on the Economic Position of the Group

2024 was marked by geopolitical conflicts and crises and the macroeconomic challenges resulting from these factors. The consequences of the ongoing Russian war of aggression on Ukraine and the escalating Middle East conflict, which is spreading within the region, influenced world events and impacted the global underlying economic conditions. Overall, however, the global economy once again proved to be resilient in 2024. Global declines in inflation, and the associated cuts in interest rates by individual central banks, also had a supporting effect and, overall, ensured a slight improvement in the global economy. This overall development, however, was marked by considerable regional and industry-specific uncertainties. In this challenging environment, the Nemetschek Group once again performed positively and generated very strong business results.

In the course of 2024, the Nemetschek Group's business developed very favorably and better than originally expected in the outlook for the financial year 2024 published in March. In particular, the operational strength of the business and the resilience of the business model, which is also based on the continued successful transition of the business model to recurring revenues from subscription and SaaS models, have once again shown how the Nemetschek Group can develop very successfully even in a demanding and challenging environment. With the acquisition of GoCanvas Holdings, Inc., (Reston, Virginia, USA) on July 1, 2024, the largest company acquisition in the history of the company to date was successfully completed during the financial year, see *<< M&A / Start-up und Venture Investments >>*.

Despite the ongoing transition of the business model to subscription and SaaS models and a still challenging market environment, overall Group revenue increased by 16.9% (currency-adjusted: 17.2%) to EUR 995.6 million. Organic growth, i.e., adjusted for the effects from the takeover of GoCanvas Holdings, Inc., with effect from July 1, 2024, came in at 13.7% (currency-adjusted: 14.0%).

The Group's earnings before interest, taxes, depreciation and amortization (EBITDA) grew to EUR 301.0 million (previous year: EUR 257.7 million). At 30.2%, the EBITDA margin was almost at the previous year's level of 30.3%. This includes one-time costs for M&A activities as well as the dilutive effect of the profitability of GoCanvas Holdings, Inc., which is still below the Group average.

The organic EBITDA margin, i.e., excluding the dilutive effect of the lower operating profitability of GoCanvas, was at 31.1%. The results do not yet reflect the full potential of GoCanvas Holdings, Inc., as both the revenue and EBITDA contribution in the second half of the year were reduced by a high single-digit million euro amount due to the IFRS-related purchase price allocation.

Annual recurring revenue (ARR) grew by 41.9% (currency-adjusted: 41.6%) to EUR 1,019.9 million. Organic ARR growth, i.e., adjusted for the GoCanvas contribution, of 34.6% (currency-adjusted: 34.2%) was generated. The ARR growth was therefore significantly more than the Group's revenue growth, which indicates a growth potential in the next 12 months.

In line with the strategy, the share of annual recurring revenue in total revenue increased significantly to 86.5% (organic, i.e., excluding GoCanvas Holdings, Inc.: 86.3%). As such, this figure climbed by around 10 percentage points compared to the prior-year figure (76.6%).

The ongoing Russian war of aggression on Ukraine as well as the ongoing military conflicts in the Middle East have left traces on the company and its employees. The Nemetschek Group believes that the economic sanctions imposed on Russia are an important instrument for restoring peace in Ukraine and therefore continues to suspend all activities with sanctioned persons, organizations or regions until further notice. In 2021, i.e., before the outbreak of war, business in Russia accounted for roughly 0.5% of total Group revenue. At present, no revenues generated in Russia are known.

The military conflicts in the Middle East continued in 2024 and spread within the region. As the Nemetschek Group does not have any direct business relations in the war region and does not engage in any activities there, the immediate consequences of the war on its earnings, financial and asset situation remained insignificant in 2024.

In addition to the direct effects described above for the Nemetschek Group, both the Russian war of aggression on Ukraine and the armed conflicts in the Middle East left traces on the development of the global economy and industries relevant to the company in 2024, see *<< 3.1 Macroeconomic and Industry Conditions >>*.

Overall, the business model, which is characterized by a broad portfolio of solutions, strong regional diversification in different client segments, and a high proportion of recurring revenue, proved to be very resilient. In 2024, the Nemetschek Group once again observed global developments and crises, as well as their potential effects on the company, extremely closely in order to respond quickly to possible impacts if necessary. First and foremost, however, the initiated strategic initiatives were driven forward, and key milestones reached, in the 2024 fiscal year. The main focus of this work was on strengthening the Group-wide go-to-market approach and further internationalization, the expansion of the subscription and SaaS models, and the continuous development of innovative solutions and new technologies connected with artificial intelligence, cloud features, and sustainability. The Nemetschek Group focuses relentlessly on the satisfaction of existing customers and on acquiring new ones. A further key area of focus lies in expanding the company's operations through acquisitions and investments in young and innovative start-ups.

As a growth-oriented company, the Nemetschek Group strives to grow sustainably and profitably, now and in the future. In order to do justice to the challenges associated with the company's increasing size, along with the significant increase in regulatory requirements, governance and management structures have been further expanded in recent years, and the Business Enablement initiatives launched have been continued and extended. In the 2024 fiscal year, the focus was on strengthening existing governance functions at the company and implementing the strategic focus areas outlined.

M&A / Start-up & Venture Investments

The strategic "Start-up & Venture Investments" initiative strengthened the Nemetschek Group's innovation-oriented focus on new technologies and investments in young companies, resulting in further investments in 2024. Since the start of the strategic initiative in the middle of 2021, the investment volume of the Nemetschek Group in start-ups amounted to a medium double-digit million-euro figure, split between more than a dozen promising start-ups and fostering not only the company's own innovative capabilities, but also that of industry.

Beyond the investments and shareholdings in start-ups, M&A transactions play a significant role in successfully implementing the corporate strategy, which is geared toward sustainable growth. In the reporting year, the largest M&A transaction in the company's history – the takeover of GoCanvas Holdings, Inc. – was successfully completed.

Segment level

On July 1, 2024, the takeover of GoCanvas Holdings, Inc., headquartered in Reston (Virginia, USA), was successfully completed. Since then, GoCanvas has been managed and fully consolidated within the Build segment. GoCanvas is a provider of SaaS solutions to facilitate collaboration between specialists on the construction site. With GoCanvas, traditionally paper-based processes can be digitalized and construction site safety improved. Synergies can be generated through complementary technologies, client bases, and regional sales structures. At the same time, the acquisition represents an ideal addition to the portfolio strategy in the Build segment, further accelerating the transition of the Nemetschek Group business model to subscriptions and SaaS models. At the time of the takeover, GoCanvas employed more than 300 people worldwide and generated annual recurring revenue (ARR) of USD 67 million and an operating margin below that of the Nemetschek Group in the 2023 fiscal year. The influence of the acquisition on the results of operations, financial position, and net assets is discussed under *<< Results of Operations, Financial Position, and Net Assets >>* . For more information on the takeover, see the notes to the consolidated statements under *<< Acquisitions of subsidiaries >>*.

Holding level

The Nemetschek Group is continually expanding its product and solution portfolio through acquisitions, gaining access to new technologies and / or regional markets and thus closing gaps in its value chain. In addition, new customer groups can be reached and market shares that are considered relevant and promising can be won. There is also a growing focus on investments in ventures in order to gain access to innovative technologies and business models and to promote the acceptance of new technologies in the market. With its know-how, the Nemetschek Group is in a position to influence the development of ventures positively and to strengthen value generation. Investments in ventures are made with the aim of deriving economic benefit from them, which is seen in a profitable sale.

During the past financial year, the Nemetschek Group invested in selected international companies in line with its strategic priorities.

At the beginning of the year, the Nemetschek Group made an additional investment in the US start-up Briq Technologies, Inc., based in Pasadena, California (USA). Briq offers a data-driven, collaborative platform for the automation of financial processes in the construction industry. Briq can be used to manage workflows, data, cash flow and projects, while simultaneously improving processes, precision and business workflows.

At the start of the year, the Nemetschek Group made an investment in the US start-up Briq Technologies, Inc., headquartered in Pasadena, California (USA). which offers a data-driven, collaborative platform for automating financial processes in the construction industry. Briq makes it possible to manage workflows, data, cash flows and projects, while improving processes, precision, and business operations.

As part of a series A financing round, the Nemetschek Group continued its investment in SmartPM Technologies, Inc., headquartered in Atlanta, Georgia (USA), and further expanded the existing partnership. With this investment, Nemetschek aims to further spearhead the transformation in construction and further broaden its reach in the key US market. The SmartPM software entails a cloud-based platform for increasingly automated project management in the construction industry. The solution optimizes existing planning software solutions by improving scheduling quality and automating project management processes.

During the course of the year, the Nemetschek Group also announced the investment it made in Document Crunch, Inc., headquartered in Alpharetta, Georgia (USA), as part of a series B financing round. Document Crunch is a technology firm specializing in the areas of AI-assisted document administration and risk management in the construction industry.

Beyond the investments outlined, partnerships were entered into at segment and brand level, such as in the form of an interoperability agreement with Autodesk and a strategic partnership with Hexagon. The aim of these activities is to support implementation of the strategic direction of the Nemetschek Group.

Details of company transactions can be found in the notes to the consolidated financial statements under *<< Acquisition of subsidiaries >>*.

Divestments

There were no significant portfolio divestments in the financial year 2024.

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

Earnings

Revenue Development

In 2024, Group revenue rose by 16.9% to EUR 995.6 million (previous year: EUR 851.6 million). Adjusted for currency effects (i.e., on the basis of constant exchange rates compared with the previous year), revenue growth would have reached 17.2%. 2024 was thus impacted by slightly negative currency effects, particularly from the US dollar. Organic growth, i.e., adjusted for the effects from the takeover of GoCanvas Holdings, Inc., with effect from July 1, 2024, came in at 13.7% (currency-adjusted: 14.0%).

At 17.2%, revenue growth at constant currency was above the outlook of 13% to 14%, which was expanded due to the GoCanvas acquisition. Excluding the contribution from GoCanvas, organic growth was 13.7%. At 14.0%, organic growth after adjustment for currency effects was also above the originally forecast range of 10% to 11%. See also *<< 4 Comparison of the actual and forecast business performance of the Nemetschek Group >>*.

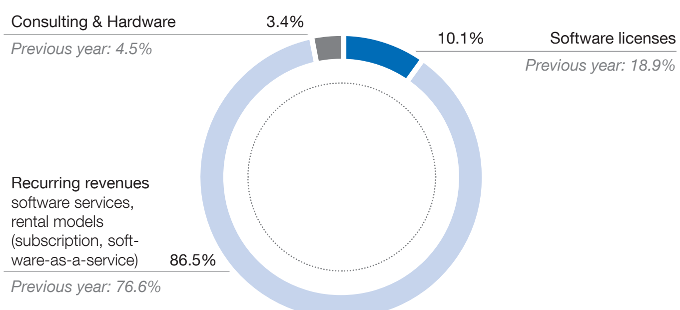
Annual Recurring Revenue (ARR) – see also *<< 1.4 Corporate management and governance >>* – developed positively in 2024. ARR grew by 41.9% (currency-adjusted: 41.6%) to EUR 1,019.9 million in the financial year 2024 (previous year: EUR 718.6 million), once again showing a higher growth momentum than total revenue, which in turn points to high growth in the future. This means that growth also exceeded the outlook of more than 30%. Organic growth in ARR was also very encouraging at 34.6% (currency-adjusted: 34.2%). The share of annual recurring revenues grew to 86.5% in the financial year 2024 (organically, i.e., excluding GoCanvas Holdings, Inc.: 86.3%). This means that the share increased again by around 10 percentage points compared to the previous year's level (76.6%) and is thus above the figure of around 85% that was forecasted.

In an economically challenging environment, the Nemetschek Group was able to grow year-on-year over all four quarters and thus continue on its sustained growth trajectory, while at the same time converting its business model from licenses to subscription and SaaS products. Strong end-of-year business in the fourth quarter of 2024 contributed to the forecast being exceeded. In the second half of the year, the completed takeover of GoCanvas Holdings, Inc., contributed to the strong revenue growth. But even without the contribution of GoCanvas Holdings, Inc., the revenue growth of 13.7% in the financial year 2024 was once again in the double-digit percentage range. The Nemetschek Group segments contributed to growth in 2024 by differing degrees – further information can be found in *<< Development of the Segments >>*.

DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

in EUR millions or percent	FY 2024	FY 2023	Change		Organic change (excluding GoCanvas)	
			Δ nominal in %	Δ currency-adjusted in %	Δ nominal in %	Δ currency-adjusted in %
Total year	**995.6**	**851.6**	**16.9%**	**17.2%**	**13.7%**	**14.0%**
Q1	223.9	204.6	9.4%	10.3%	9.4%	10.3%
Q2	227.7	207.5	9.7%	9.7%	9.7%	9.7%
Q3	253.0	219.8	15.1%	15.8%	8.9%	9.6%
Q4	290.9	219.6	32.5%	32.3%	26.2%	25.9%

REVENUE DEVELOPMENT BY TYPE



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

Pure “software revenue” is divided into software rental models, software services and software licenses.

In the case of software rental models, a distinction is made between subscriptions and SaaS offers. While in the case of subscription models the software continues to be located by default on the customers' own local systems, in the case of SaaS models (cloud) the current version of the software is normally located on the servers of the Nemetschek brands, which customers can access.

Revenue from software rental models, such as SaaS and subscription contracts, is recognized over the agreed contract term or, in some cases, at the time of sale and subsequently over the contract term, as in the case of some of the subscriptions models, in accordance with the IFRS 15 accounting standard. Revenue from software maintenance contracts is recognized evenly over the entire contract term.

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 gradually increase the share of recurring revenues. This goal is achieved by offering more software rental models, which leads to a more resilient and even more stable business model for the Nemetschek Group.

The transformation of the business model away from the traditional license business and towards a model with high recurring revenues, in particular through the transition to subscriptions and SaaS, was continued successfully in 2024. This transformation makes it possible to generate significantly higher revenues over the customer lifetime. At the same time, these revenue inflows are more resilient and thus easier to plan. In the short term, however, the transition to subscription and SaaS models has a temporary dampening effect on revenue growth due to accounting effects.

In the financial year 2024, the Nemetschek Group was able to increase its **recurring revenues from maintenance contracts and rental models** by 31.9% (currency-adjusted: 32.1%) to EUR 861.2 million (previous year: EUR 652.7 million). Organically (adjusted for GoCanvas), growth was 27.9% (currency-adjusted: 28.1%). This means that the high growth momentum of the previous year in recurring revenues (22.5% or currency-adjusted: 24.7%) was even exceeded. The growth rate of recurring revenues was again higher than the overall revenue growth of the Nemetschek Group (16.9% or currency-adjusted: 17.2%). As a result of this the share of recurring revenues in total revenues increased to 86.5% (previous year: 76.6%). The **ARR** (Annual Recurring Revenue) key figure grew by 41.9% (currency-adjusted: 41.6%) in the financial year 2024 to EUR 1,019.9 million (previous year: EUR 718.6 million), reflecting the sustainable implementation of the strategic shift in the business model towards offering more rental models. In organic terms (adjusted for GoCanvas), ARR growth was 34.6% (currency-adjusted: 34.2%).

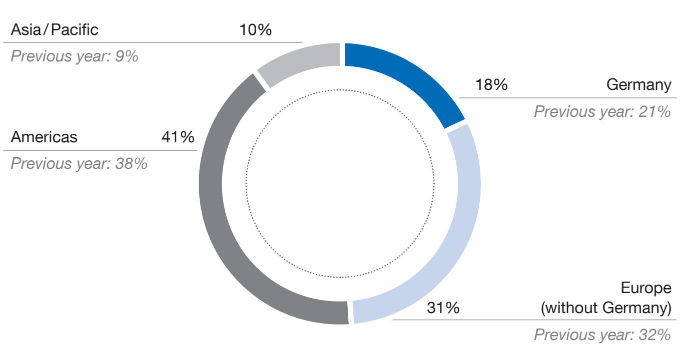
Revenue from **subscriptions and SaaS (rental models)** – which is considered recurring revenue – also increased at a disproportionately high rate to the Group's growth in the past financial year, rising by 88.1% (currency-adjusted: 88.3%) to EUR 567.8 million (previous year: EUR 301.8 million). In organic terms (adjusted for GoCanvas), the growth rate was 79.5% (currency-adjusted: 79.6%). In the financial year 2024, all segments contributed to this significant growth. The strongest driver of this development was the Build segment. Growth in this segment was over 100%, partly due to the acquisition of GoCanvas Holdings, Inc. The Design segment, in which some brands continued to accelerate their transition to subscriptions and SaaS, also contributed to the positive development. The share of group revenue from subscriptions and SaaS grew significantly again, from 35.4% to 57.0% in the financial year 2024.

In line with the strategy, revenue from maintenance contracts fell by –16.4% (currency-adjusted: –16.2%) from EUR 350.9 million to EUR 293.3 million in the financial year 2024. The share of revenues from maintenance contracts in the financial year 2024 was 29.5%, and thus, as planned, below the level of the previous year of 41.2%.

Revenues from **software licenses** fell by –37.5% (currency-adjusted: –36.6%) to EUR 100.7 million, compared to the previous year's figure of EUR 161.1 million, in line with the company's strategy. Accordingly, the share of software licenses in total revenue fell from 18.9% in the previous year to 10.1% in the financial year 2024. This development reflects the already well-advanced transformation of the business model.

At 3.4%, the share of **Consulting & Hardware** revenues was below the previous year's level (4.5%).

REVENUE DEVELOPMENT BY REGION



A key strategic objective of the Nemetschek Group is to further internationalize its business and to open up additional markets with high growth potential. The result of these efforts is reflected in the very encouraging growth abroad. In addition to the organic revenue growth abroad, there was also the revenue contribution from the acquired GoCanvas Holdings, Inc.

Revenues generated in **Germany** increased at a disproportionately low rate of 2.8% in the financial year 2024, while foreign revenues grew significantly by 20.6%. Germany's share of revenues thus fell from around 21% in the previous year to around 18% in the financial year 2024, and the share of revenues generated abroad was around 82%, up from the previous year's figure of 79%. The low domestic revenue growth is based, on the one hand, on the ongoing transition to subscriptions and SaaS models, especially in the Design segment, and the resulting short-term accounting-related dampening effect on revenue growth. On the other hand, the overall economic development in Germany, especially in the construction industry, also influenced the business of the Nemetschek Group.

In previous years, **Europe (excluding Germany)** had been strongly impacted by geopolitical crises and their macroeconomic consequences, and the European economy – especially the construction industry – weakened considerably. Nemetschek's businesses in Europe had also felt the effects of substantially more muted growth. The momentum of growth stabilized in 2023 and 2024 despite the still challenging conditions. Revenue in Europe (excluding Germany) increased by 14.7% in 2024. As a result, growth in Europe (excluding Germany) was below the growth of the Nemetschek Group. Owing to this, its proportion of total revenue fell to 31% (previous year: 32%).

In the **Americas** region (North, Central and South America), the growth dynamic increased significantly in the financial year 2024. First and foremost, the Build and Design segments contributed to the revenue growth of around 23.8% (previous year: around 5%). In the second half of the year, the inorganic revenue contribution of GoCanvas, focusing on the North American market, played a particularly important role in the strong revenue growth. Businesses in the Media segment also grew in the region, but continue to be influenced by cautious demand from the film and TV industry. With sharp revenue growth, its share of revenue in North America climbed to 41% in 2024 (previous year: 38%). As such, the Americas are still the Group's strongest region in terms of revenue.

The **Asia/Pacific** region recorded a significant year-over-year revenue growth of 27.9% in 2024. As in the USA, the Nemetschek Group benefited from a more robust construction industry. As a result, the share accounted for by this region in total revenue increased slightly from roughly 9% in the previous year to around 10%.

Earnings Performance

OVERVIEW OF KEY GROUP PERFORMANCE FIGURES

in EUR millions or percent	FY 2024	FY 2023	Change Δ nominal in %	Change Δ currency-adjusted in %	Organic change (i.e., excluding GoCanvas) Δ nominal in %	Organic change (i.e., excluding GoCanvas) Δ currency-adjusted in %
Revenue (absolute), revenue growth	**995.6**	**851.6**	**16.9%**	**17.2%**	**13.7%**	**14.0%**
ARR (Annual Recurring Revenue)	1,019.9	718.6	41.9%	41.6%	34.6%	34.2%
EBITDA	**301.0**	**257.7**	**16.8%**	**15.3%**	**16.9%**	**15.4%**
EBITDA margin	30.2%	30.3%				
EBITDA margin (organic, i.e., excluding GoCanvas)	31.1%	30.3%				
EBIT	**234.2**	**199.5**	**17.4%**			
EBIT margin	23.5%	23.4%				
Net income for the year (equity holders of the parent company)	**175.4**	**161.3**	**8.8%**			
Earnings per share in EUR	1.52	1.40	8.8%			
Net income for the year before depreciation from PPA	**200.8**	**183.8**	**9.3%**			
Earnings per share before depreciation from PPA in EUR	1.74	1.59	9.3%			

The **EBITDA** (consolidated operating result before interest, taxes, depreciation and amortization) increased in the financial year 2024 to EUR 301.0 million due to the very good operating performance, continued strict cost discipline and very strong revenue growth – supported by the acquisition of GoCanvas – and thus increased compared to the previous year (EUR 257.7 million). The growth amounted to 16.8% (15.3% on a constant currency basis) and was slightly diluted by the consolidation of GoCanvas in the second half of the year. Excluding the GoCanvas acquisition, growth would have amounted to 16.8% (15.3% on a constant currency basis). In addition, the previous year's EBITDA was burdened by planned one-time personnel expenses and comparatively high expenses in the area of trade fairs, which were related to the implementation of the go-to-market approach.

At 30.2%, the **EBITDA margin** was at the previous year's level of 30.3% and slightly above the EBITDA guidance range of 29% to 30%, which was adjusted due to the acquisition of GoCanvas.

The **organic EBITDA margin** (i.e., excluding the GoCanvas) amounted to 31.1%, and was thus slightly above the guided range of 30% to 31%, see << 4 Comparison of the actual business performance of the Nemetschek Group with the forecast >>.

The past financial year 2024 has shown that the Nemetschek Group can continue on its targeted profitable growth path even in challenging times and can even accelerate it through organic and inorganic growth impulses.

Operating expenses increased by a total of 17.0% to EUR 773.1 million (previous year: EUR 661.0 million). The rise in operating expenses was thus at the level of revenue growth (16.9%). Personnel expenses are the largest single item within operating expenses, rising by 12.5% in 2024 and, hence, more slowly than revenue, to EUR 406.1 million (previous year: EUR 360.9 million). This particularly reflects higher wages and salaries due to inflation. In addition, there were transformation-related effects, such as the establishment of central functions in Nemetschek SE and the new employees from the GoCanvas acquisition (<< Employees of the Nemetschek Group >>). Other operating expenses increased by 24.9% to EUR 259.8 million (previous year: EUR 208.0 million) for inflation-related reasons, among other things. This item reflects sales commissions, costs of IT systems, expenses for external personnel as well as legal and consulting costs. At EUR 66.8 million, depreciation of fixed assets was up on the previous year (EUR 58.2 million). The depreciation from purchase price allocation included in this item increased from EUR 29.4 million to EUR 36.7 million. This was due in particular to the acquisition of GoCanvas and the resultant recognition of acquired intangible assets, in particular client relationships and technology. Depreciation of leased assets in accordance with IFRS 16 increased slightly by EUR 0.1 million to EUR 16.8 million. Excluding depreciation and amortization, operating expenses increased by 17.2% to EUR 706.3 million (previous year: EUR 602.8 million).

Overall, the financial result amounted to EUR –5.4 million in 2024 (previous year: EUR 4.8 million). Interest expenses for acquisition loans and lease liabilities in accordance with IFRS 16 affecting the financial result rose substantially from EUR 3.3 million in the previous year to EUR 16.7 million in 2024. This was due to the interest incurred in financing the acquisition of GoCanvas. On the other hand, there was interest income of EUR 4.7 million in 2024 (previous year: EUR 3.4 million). The other financial income of EUR 18.1 million was also higher than in the previous year (EUR 11.1 million). The income generated in 2024 primarily arose from foreign currency gains and the gain on a currency hedging transaction of around EUR 8.4 million in connection with the purchase of GoCanvas. This instrument was used to hedge the exchange rate risk between the signing and closing of the acquisition of GoCanvas. In the previous year, the item had mainly consisted of foreign currency gains and fair-value remeasurement gains on venture investments. Other financial expenses of EUR 11.4 million (previous year: EUR 6.4 million) mainly include foreign currency effects from loans between group subsidiaries.

Earnings before interest and taxes (EBIT) rose by 17.4% to EUR 234.2 million and were thus above the previous year's level (EUR 199.5 million).

Income taxes increased from EUR 40.6 million in 2023 to EUR 49.4 million in 2024. At 21.7%, the Group tax rate was up on the previous year (19.8%). In the financial year 2024, tax risks in connection with cross-border transactions were taken into account. In the previous year, loss carryforwards that had become usable for the first time were also recognized. Furthermore, tax expenses were increased due to the fact that the Pillar 2 rules came into force. In the Nemetschek Group, Hungary was affected in 2024, with tax rules that had not been applied in the past resulting in a EUR 2.0 million increase in the tax position.

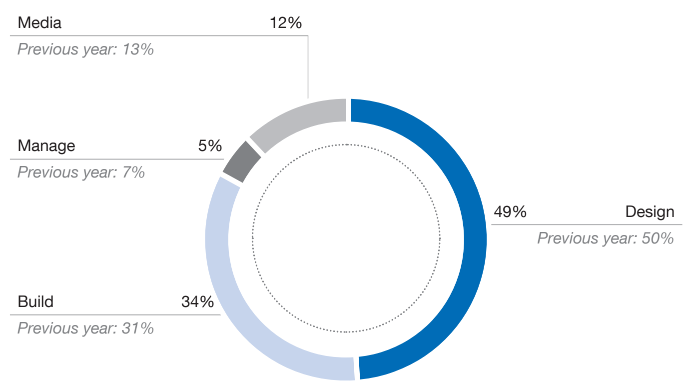
Net income (Group earnings after taxes) increased by 9.0% from EUR 164.0 million to EUR 178.8 million in 2024. Net income for the year (equity holders of the parent company) increased by 8.8% from EUR 161.3 million to EUR 175.4 million. Earnings per share came to EUR 1.52 (previous year: EUR 1.40). EPS adjusted for the effects of depreciation from PPA rose by 9.3% from EUR 1.59 in 2023 to EUR 1.74 in 2024.

Segment Developments

The strategic and operational management of the Nemetschek Group is organized via the four segments Design, Build, Manage and Media. The individual brands and their subsidiaries are assigned to the respective segments, see *<< 1.1 Group business model >>*. The key financial performance indicators used to manage the segments are revenue and year-on-year revenue growth (currency-adjusted) as well as EBITDA and the EBITDA margin as key performance indicators of operating profit. Further information can be found in chapter *<< 1.3 Corporate management and governance >>*.

Revenue distribution by segment has changed slightly compared to the previous year – due to the acquisition of GoCanvas Holdings, Inc., which mainly affects the Build segment – and is as follows in 2024:

REVENUES BY SEGMENT



In the financial year 2024, a change in the segment structure occurred due to a strategic reorganization. As of January 1, 2024, the Digital Twin business unit, including the dRofus brand, was reallocated from the Manage segment to the Design segment, where it was consolidated. For further information, see *<< 1.1 Group business model >>.* To present the development of the affected segments transparently, the previous year's figures for the two affected segments have been adjusted and presented on a comparable basis.

Information on the performance of the individual segments is provided below.

Design Segment

in EUR millions or percent	FY 2024	FY 2023 [1]	Δ nominal	Δ currency-adjusted
Revenue	488.8	432.0	13.1%	13.7%
Personnel costs	–198.5	–182.3	8.9%	–
Other expenses	–137.4	–117.6	16.8%	–
EBITDA	144.8	119.8	20.9%	17.7%
EBITDA margin	29.6%	27.7%	+1.9pp	–

1) With effect from January 1, 2024, the Digital Twin business unit, including the dRofus brand, was regrouped from the Manage segment to the Design segment and consolidated in the latter. The prior-year figures were adjusted accordingly.

In the **Design segment,** with its regional focus on Europe, revenues of EUR 488.8 million (previous year: EUR 432.0 million) were generated in the financial year 2024. The segment was thus able to grow by 13.1% (currency-adjusted: 13.7%). In particular, a very strong year-end business had a positive impact on growth. The subdued market environment, which continues to be characterized by higher interest rates and geopolitical challenges in Europe, led to longer sales cycles for customers and thus hindered the full realization of the growth potential. On the other hand, the market situation also fostered the transformation of the business model towards recurring revenue models, which, however, had a short-term dampening effect on revenue. The growth in recurring revenues was over proportionately high. They grew by 24.1% (currency-adjusted: 24.3%), driven in particular by a strong increase in subscription and SaaS models. Based on this positive development, the share of recurring revenues increased again.

The segment's EBITDA rose from EUR 119.8 million in the previous year to EUR 144.8 million, which corresponds to an increase in earnings of 20.9%. Adjusted for currency effects, the increase would have been 17.7%. The overproportionate growth of EBITDA compared to revenue growth led to an increase in the EBITDA margin from 27.7% in the financial year 2023 to 29.6% in the financial year 2024. The improvement is also due to the negative special effects in the previous year. In the previous year, planned one-time personnel expenses and planned higher expenses for trade fairs, which are related to a strengthened and harmonized go-to-market approach, weighed on the segment's profitability.

Segment Build

			Change		Organic change (i.e., excluding GoCanvas)	
in EUR millions or percent	FY 2024	FY 2023	Δ nominal in %	Δ currency-adjusted in %	Δ nominal in %	Δ currency-adjusted in %
Revenue	340.7	265.4	28.4%	28.4%	18.0%	18.0%
Personnel costs	–138.1	–108.6	27.2%	–	–	–
Other expenses	–77.0	–49.9	54.2%	–	–	–
EBITDA	108.3	93.1	16.3%	14.7%	16.5%	14.8%
EBITDA margin	31.8%	35.1%	–3.3pp	–	–0.5 pp	–

In the **Build segment,** which primarily addresses construction companies in the United States, the transition of the Bluebeam brand to subscription and SaaS models continues to go according to plan and was successfully completed by the end of 2024. From July 1, 2024, the acquisition of GoCanvas Holdings, Inc., and its consolidation resulted in inorganic effects on revenues and earnings; see << M&A / Start-up & Venture Investments >> and << 4 Comparison of the actual and forecast business performance of the Nemetschek Group >>.

In the financial year 2024, revenues grew to EUR 340.7 million (previous year: EUR 265.4 million). This corresponds to a nominal growth rate of 28.4% (currency-adjusted: 28.4%). Organic growth, i.e., excluding the revenue contributions from the consolidation of GoCanvas Holdings, Inc., amounted to 18.0% (currency-adjusted: 18.0%) and was thus also above the growth dynamic of the previous year, despite the transition to subscriptions and SaaS models and its associated accounting-related burdening effect in the first three quarters.

In the Build segment, the Nemetschek Group continues to benefit from the low level of digitalization in the construction sector and from strong demand, particularly in the Asia/Pacific and Americas regions. The successful transition of Bluebeam's business model to a subscription and SaaS offerings led to a significant increase in recurring revenues. Recurring revenues grew by 55.9% (currency-adjusted: 55.9%), with a particularly strong contribution from the subscription and SaaS models.

In the financial year 2024, the EBITDA of EUR 108.3 million was 16.3% (currency-adjusted: 14.7%) above the previous year's figure (previous year: EUR 93.1 million) despite the accounting-related effects from the transition to subscription and SaaS models as well as the dilutive effect due to the lower profitability of the acquired GoCanvas and the associated effects from the purchase price allocation. Due to the effects described above, the EBITDA margin fell to 31.8% (previous year: 35.1%), but remained at a very high level. Organically (adjusted for the GoCanvas acquisition), the EBITDA margin was slightly below the previous year at 34.6%.

Segment Manage

in EUR millions or percent	**FY 2024**	FY 2023 [1)]	Δ nominal	Δ currency-adjusted
Revenue	49.9	50.4	−1.1%	−1.1%
Personnel costs	−26.1	−28.7	−9.1%	–
Other expenses	−11.3	−12.8	−12.1%	–
EBITDA	5.1	1.8	> 100%	>100%
EBITDA margin	10.2%	3.6%	+ 6.6pp	–

1) With effect from January 1, 2024, the Digital Twin business unit, including the dRofus brand, was regrouped from the Manage segment to the Design segment and consolidated in the latter. The prior-year figures were adjusted accordin

The **Manage segment**, which comprises all activities related to facility and workplace management, generated revenues of EUR 49.9 million in the past financial year (previous year: EUR 50.4 million), which corresponds to a slight decline of −1.1% (currency-adjusted: −1.1%). In the financial year 2024, the sale of a unit for consulting services with a low profitability also had a revenue-reducing effect. In addition, the Digital Twin business unit, including the dRofus brand, was reallocated from the Manage segment to the Design segment as of January 1, 2024, and consolidated there. The previous year's figures have been adjusted accordingly. The Manage segment is feeling the effects of the continued macroeconomic uncertainty, coupled with the long-term consequences of the Covid-19 pandemic and the resulting changes in working conditions. The investment volume of building managers remains below the level prior to the outbreak of the Covid-19 pandemic. However, the Nemetschek Group continues to see growth potential in this segment as the degree of digitalization for building efficiency remains very low and the importance of energy efficiency and energy savings continues to grow.

The segment EBITDA improved significantly from EUR 1.8 million in the previous year to EUR 5.1 million in the year 2024. The main drivers of this development were restrictive cost management, the sale of the consulting service with a low profitability as well as efficiency increases. Overall, this resulted in an increase of the EBITDA margin from 3.6% in the previous year to 10.2% in the financial year 2024.

Segment Media

in EUR millions or percent	**FY 2024**	FY 2023 [1)]	Δ nominal	Δ currency-adjusted
Revenue	120.1	111.4	7.8%	8.2%
Personnel costs	−43.3	−41.2	4.9%	–
Other expenses	−34.2	−27.7	23.4%	–
EBITDA	42.9	43.1	−0.5%	−0.1%
EBITDA margin	35.7%	38.7%	−3.0pp	–

In the financial year 2024, revenue in the **Media segment** grew by 7.8% (currency-adjusted: 8.2%) from EUR 111.4 million to EUR 120.1 million. The revenue development of the Nemetschek Group was thus again above the level of the underlying market. One of the reasons for the weak market development was the continued restrained demand from customers, especially in the important US market. The restrained demand is primarily still due to the effects of the long-lasting strike in Hollywood and the film industry in the previous year.

The segment's EBITDA of EUR 42.9 million was almost at the previous year's level of EUR 43.1 million. The previous year's EBITDA margin of 38.7% thus decreased by 300 basis points. However, supported by stringent cost management, the segment's EBITDA margin of 35.7% remained above the Nemetschek Group average.

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, ensure access to the debt market and manage foreign currency and interest rate risks. Financing and financial risk management is organized centrally and controlled by global governance. To ensure efficient cash and liquidity management, Nemetschek SE 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 in the form of loans granted by Group companies. If necessary, hedging transactions are concluded in dedicated individual cases.

The Nemetschek Group's financing options were improved in 2024. The existing bilateral credit facilities totaling EUR 357.0 million were replaced by financing under a revolving syndicated loan with a total volume of EUR 500 million. In the fourth quarter of 2024, Nemetschek SE issued its first promissory note (hereinafter called "Schuldschein") with a volume of EUR 300 million, thus securing access to this segment of the debt market.

The financial stability of the Nemetschek Group is reflected in a balanced ratio between debt and equity. The equity ratio stood at 44.2% on the reporting date (December 31, 2024) (previous year: 61.4%). The decline in the equity ratio is mainly due to the debt financing raised to acquire GoCanvas. The good Group earnings in 2024 had the opposite effect. In view of the favorable business outlook and solid funding structure, the Nemetschek Group is able to raise substantial liquidity beyond its existing facilities from the debt markets at short notice. Combined with the potential use of equity instruments, it can finance significant investments.

Liquidity analysis

Net liquidity/net financial liabilities in EUR million

	December 31, 2024	December 31, 2023
Short-term financial debt and short-term shares of long-term financial debt	0	6.8
+ non-current financial liabilities	500.3	0.1
Total financial liabilities	**500.3**	**6.9**
Cash and cash equivalents	205.7	268.0
Total liquidity	**205.7**	**268.0**
Net liquidity/ net financial debt (–)	**–294.6**	**261.2**

As of December 31, 2024, the Group held cash and cash equivalents of EUR 205.7 million (previous year: EUR 268.0 million). The decrease of EUR 62.3 million or 23.2% over the previous year is mainly due to the acquisition of GoCanvas and the associated financing measures. Cash and cash equivalents were used, among other things, to acquire GoCanvas and to repay the interim financing raised for this purpose. 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.

At EUR 500.3 million on the reporting date, financial liabilities (bank and Schuldschein loans) were significantly up on the previous year (EUR 6.9 million).

On the reporting date, the Nemetschek Group had no current financial liabilities and no short-term shares of long-term financial debt (bank loans). The liabilities existing on the previous year's reporting date were fully repaid in the course of 2024.

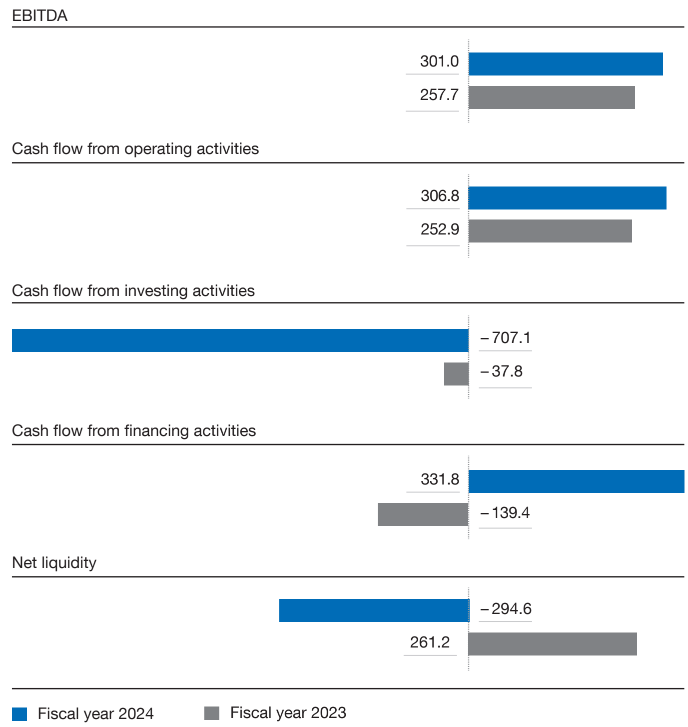
The EUR 500.2 million increase in non-current financial liabilities during 2024 to EUR 500.3 million as of December 31, 2024 (previous year: EUR 0.1 million) is attributable to financing of the acquisition of GoCanvas. A Schuldschein loan of EUR 300.0 million was issued, and long-term credit facilities were utilized to fund the purchase. The various tranches of the Schuldschein loan have maturities of three to five years. Part of the three-year Schuldschein loan has a fixed interest rate, while the other tranches have variable interest rates. EUR 201.0 million of the revolving syndicated loans with a volume of EUR 500 million were utilized. These were used to fund the growth strategy. The syndicated loan agreement requires compliance with financial covenants. There is no indication that these have not been complied with or cannot be complied with.

As a result of the aforementioned changes in the relevant balance sheet items, the Group's net financial debt was EUR –294.6 million as of December 31, 2024. On the basis of the aforementioned changes in the relevant balance sheet items, the Group's net financial debt as of December 31, 2024, was EUR –294.6 million (previous year: net liquidity of EUR 261.2 million). This negative net liquidity is characterized by long-term debt. The Group's continued high cash flow generation will reduce this negative liquidity in the following years. Furthermore, the Group has access to additional debt capital. Equity measures can also be implemented, with the Annual General Meeting having authorized a capital increase of up to 10% of the share capital. With these options, the negative net liquidity as of the reporting date does not represent an increased liquidity risk.

Due to the high profitability of the Nemetschek Group and the fact that its debt is within the bandwidths of the financial key figures set by banks, the group is able to obtain liquid funds for investments on a large scale.

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. Total dividends of EUR 55.4 million were paid in 2024 (previous year: EUR 52.0 million).

DEVELOPMENT OF CASH FLOW



At EUR 308.3 million, the Group's cash flow in 2024 was 19.1% above the previous year's level (EUR 258.9 million).

Cash flow from operating activities in the financial year 2024 increased by EUR 53.9 million or 21.3% year-on-year to EUR 306.8 million (previous year: EUR 252.9 million). The increase was positively influenced primarily by the positive development of the operating business and consequently of the cash flow for the period as well as trade working capital (trade receivables and payables as well as deferred revenue). The management of the trade working capital resulted in a cash flow effect of EUR 47.8 million (previous year: EUR 49.4 million). This positive development was mainly due to the advance payment models from software service and software rental contracts with the corresponding recurring revenues. Compared to the previous year, the positive cash flow effect increased significantly again due to the continued very good development of this business model. The development of other working capital, which was characterized by higher provisions and trade payables compared to the previous year, also had a positive effect.

Income taxes paid (net) increased by EUR 9.2 million or 16.0% from EUR 57.6 million in 2023 to EUR 66.8 million in 2024. In addition to the increase resulting from the expansion of business operations, the taxation of development expenses in the United States in particular has had an opposite effect. This regulation was introduced for the first time in 2022, resulting in the highest cash outflow in this year. The related payments leveled off further in 2024.

Cash flow from investing activities amounted to EUR –707.1 million in 2024 (previous year: EUR –37.8 million).

Payments made for company acquisitions and equity investments increased substantially in 2024. At EUR 680.8 million (previous year: EUR 0.0 million), they reflect the company acquisitions (mainly the acquisition of GoCanvas Holdings, Inc.) and further equity interests acquired in start-ups in the course of the year. See section *<< 3.2 Business Performance in 2024 and Key Events Influencing the Company's Business Performance, Acquisitions/Divestments >>*.

Cash flow from investing activities also includes expansion and replacement spending of EUR 13.7 million on fixed assets (previous year: EUR 12.7 million).

Cash flow from financing activities amounted to EUR 331.8 million in 2024 (previous year: EUR –139.4 million). The large increase in payments made is mainly due to the fact that new loans were substantially higher than loan repayments in connection with financing of the company acquisitions. Cash and cash equivalents of EUR 931.0 million were raised in 2024 (previous year: EUR 18.5 million). This includes proceeds of EUR 300.0 million from successful placement of the first Schuldschein loan in the company's history, utilization of the syndicated loan and interim financing for the acquisition of GoCanvas.

The opposite effect arose from the repayment of bank loans amounting to EUR 507.1 million. This relates mainly to repayments of short-term interim financing raised in connection with the acquisition of GoCanvas. In the previous year, repayments of EUR 83.6 million (including EUR 27.7 million for acquisition loans) had been made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for 2024 of EUR 55.4 million (previous year: EUR 52.0 million) as well as payments of capital and interest on lease liabilities.

Management of Liquidity Risks

Liquidity risks arise when, for example, clients or payment service provider 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. That is underpinned by Group's broad client structure, in which there is no concentration risk.

The high creditworthiness of the Nemetschek Group (e.g., internal bank ratings) allows it to raise sufficient additional liquidity. As of December 31, 2024, it also had unutilized credit facilities of EUR 306.8 million (previous year: EUR 357.0 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyses 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 can also be found in the Risk and Opportunities Report *<< 6 Report on Risks and Opportunities – Financial Risks >>*.

Investment Analysis

In order to continue securing its market position in the AEC/O and media markets and to be able to continuously open up new areas of application, investments in research and development and capacity expansion as well as replacement and rationalization measures are required. Business combinations and investments in start-up companies also play an important role for the Nemetschek Group. Such transactions are largely financed by means of bank loans. Depending on the terms of the loan, the company may use its own funds. The acquisitions completed in 2024 were financed internally, by bank loans and by issue of a Schuldschein loan. The bank loans raised were used for interim financing and were largely replaced by successful placement of the first Schuldschein loan in the company's history of EUR 300.0 million.

In the financial year 2024, the Nemetschek Group invested a total of EUR 867.7 million (previous year: EUR 24.1 million), of which EUR 7.3 million was in property, plant and equipment (previous year: EUR 6.3 million), which mainly represented expansion and replacement investments, and EUR 830.3 million in intangible assets (previous year: EUR 6.4 million), of which EUR 823.5 million (previous year: EUR 0) resulted from company acquisitions.

Off-balance-sheet obligations

Information on off-balance-sheet obligations can be found in *<< Note 27 Financial obligations >>*.

Net Assets

In EUR million	Dec. 31, 2024	Dec. 31, 2023	Δ nominal in %
ASSETS			
Current assets	413.7	418.2	–1.1%
Non-current assets	1,722.7	856.1	101.2%
Total assets	**2,136.3**	**1,274.3**	**67.6%**

In EUR million	Dec. 31, 2024	Dec. 31, 2023	Δ nominal in %
LIABILITIES			
Current liabilities	535.6	400.6	33.7%
Non-current liabilities	656.3	91.8	614.8%
Total equity	**944.4**	**781.9**	**20.8%**
Total liabilities	**2,136.3**	**1,274.3**	**67.6%**

The consolidated balance sheet total as of December 31, 2024 increased significantly by EUR 862.0 million or 67.6% to EUR 2,136.3 million (previous year: EUR 1,274.3 million).

Current assets

On the assets side of the consolidated balance sheet, current assets decreased by EUR 4.6 million or –1.1% from EUR 418.2 million in the previous year to EUR 413.7 million in 2024. This was mainly due to the 23.2% decrease in cash and cash equivalents to EUR 205.7 million (previous year: EUR 268.0 million). The opposite effect arose from the business-driven increase in trade receivables of EUR 47.8 million or 47.9% to EUR 147.4 million. The percentage increase in receivables is higher than the 16.9% increase in revenue and is primarily attributable to the further growth in the share accounted for by rental models as well as high invoicing in December 2024.

Non-current assets

Non-current assets rose significantly by EUR 866.5 million or 101.2% to EUR 1,722.7 million (previous year: EUR 856.1 million).

This was mainly due to the increase in goodwill by EUR 583.2 million or 105.6% from EUR 552.0 million to EUR 1,135.2 million as of December 31, 2024. The increase is due to acquisitions, mainly in connection with the takeover of GoCanvas Holdings, Inc. There were also changes in goodwill as a result of currency translation effects, as a material part of the goodwill is denominated in non-EUR currencies, particularly the US dollar. In addition, the change in intangible assets also contributed to that. They increased significantly by EUR 248.3 million or 183.8% to EUR 383.4 million (previous year: EUR 135.1 million). The additions to intangible assets, mainly through acquisitions, significantly exceed amortization and disposals. Detailed information can be found in *<< Note 16 Intangible assets and goodwill >>*. The right-of-use assets under leases that are classified as non-current assets were EUR 60.7 million and thus at the previous year's level (EUR 60.9 million). Additions, particularly in the form of rental of office space, were offset by scheduled depreciation as well as disposals. In addition, other financial assets in particular increased by EUR 17.1 million or 57.9% from EUR 29.6 million (previous year) to EUR 46.7 million as of December 31, 2024. This sharp increase was particularly underpinned by equity investments in start-ups in 2024, which had a corresponding effect on this item.

Property, plant and equipment decreased by EUR 1.7 million or 7.0% to EUR 22.1 million (previous year: EUR 23.7 million). Investments in office space could not be more than compensated for by depreciation, which remained almost unchanged compared to the previous year.

Current liabilities

At EUR 535.6 million, current liabilities were significantly above the previous year (EUR 400.6 million).

The largest share of the increase results from the greater volume of business, in particular from recurring revenues. As a result, deferred revenue increased significantly. It increased by EUR 89.5 million, or 33.8%, from EUR 265.1 million in 2023 to EUR 354.6 million at the end of 2024. Current provisions also increased by EUR 6.3 million, or 18.1%, to EUR 41.1 million, mainly as a result of higher personnel-related provisions. In addition, accrued liabilities increased by EUR 22.4 million from EUR 30.8 million (previous year) to EUR 53.2 million as of December 31, 2024.

Non-current liabilities

Non-current liabilities rose by EUR 564.5 million from EUR 91.8 million to EUR 656.3 million as of December 31, 2024.

The most significant increase related to non-current loans. They rose by EUR 500.2 million from EUR 0.1 million on the previous year's reporting date to EUR 500.3 million as of December 31, 2024, and mainly reflect the Schuldschein loan of EUR 300.0 million that was successfully placed in December 2024 and the syndicated financing of EUR 201.0 million that was utilized. Deferred tax liabilities also increased significantly by EUR 36.3 million or 216.5% over the previous year to EUR 53.0 million (previous year: EUR 16.7 million) as a result of company acquisitions. Deferred revenue from multi-year client contracts as part of recurring revenue models rose by EUR 25.1 million from EUR 6.2 million to EUR 31.2 million as of December 31, 2024.

Lease liabilities changed slightly by 0.1% and were EUR 52.8 million as of December 31, 2024. The change is described in detail in the notes to the consolidated financial statements under *<< Note 17 Leases >>*.

Equity

As of December 31, 2024, equity increased by EUR 162.5 million from EUR 781.9 million (2023 reporting date) to EUR 944.4 million. The significant increase is primarily due to higher retained earnings of EUR 763.1 million (previous year: EUR 640.8 million) and the rise in other comprehensive income (OCI) of EUR 37.6 million, which was mainly influenced by positive currency translation effects.

The equity ratio declined to 44.2% at the end of 2024 (previous year: 61.4%). The current liability ratio stood at 25.1% (previous year: 31.4%) and the non-current liability ratio at 30.7% (previous year: 7.2%) of the balance sheet total. This is mainly attributable to the financing structure for the acquisition of GoCanvas Holdings, Inc. Significant portions of the financing were implemented through debt instruments.

KEY BALANCE SHEET FIGURES

In EUR million	**FY 2024**	FY 2023	Δ nominal in %
Liquid assets	205.7	268.0	−23.2%
Goodwill/Company value	1,135.2	552.0	105.6%
Equity	944.4	781.9	20.8%
Balance sheet total	2,136.3	1,274.3	67.6%
Equity ratio in %	44.2%	61.4%	17.2pp

As in previous years, the Nemetschek Group determined capital costs (WACC = weighted average cost of capital) for the group of cash-generating units as part of the impairment test for goodwill.

A market risk premium of 6.5% (previous year: 7.0%) was applied. This results in capital cost rates before taxes ranging from 12.9% to 17.2% (previous year: 13.1% to 18.6%). In 2024, the slight decline in interest rates over the course of the year in response to receding inflation had an impact on the parameters derived from the capital market. Based on market capitalization as of December 31, 2024 and the planning expectations, the internal rate of return after taxes is 4.7% (previous year: 5.0%).

Nemetschek Group Employees

Nemetschek SE's People/HR department is globally responsible for the strategic development of human resources management and coordinates the strategic orientation with the respective HR departments of the individual brands.

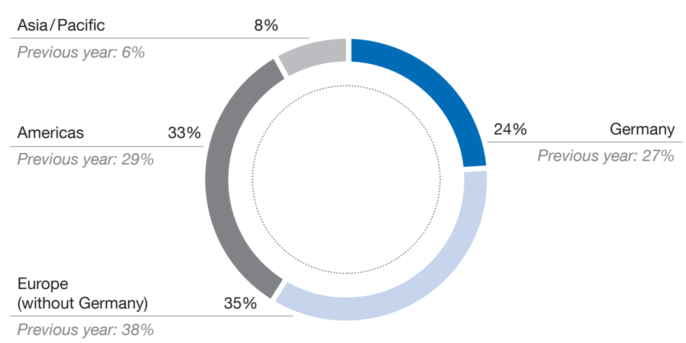
Further information on human resources work can be found in the non-financial group declaration under << 2.3 Social Information >>.

As of December 31, 2024, the Nemetschek Group had 3,894 employees worldwide (previous year: 3,429), equivalent to an increase of 465 employees or 13.6%. This increase also includes new employees due to the acquisition of GoCanvas. This does not include employees on parental leave, freelancers and those on long-term sick leave.

Employees by Region

At 76% (previous year: 73%), the majority of Nemetschek Group employees were based outside Germany at the end of 2024.

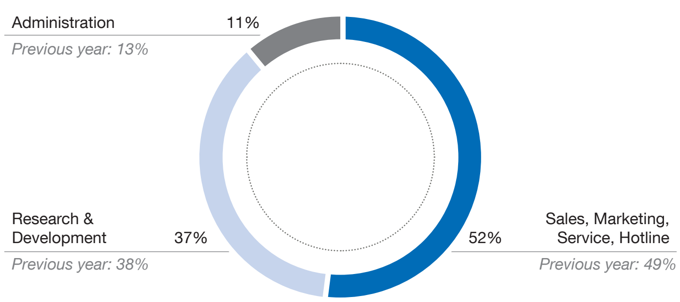
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.



Employees by Function

The number of employees in research and development at the end of the year was 1,423 (previous year: 1,323), or 37% of the total workforce (previous year: 38%).

The number of sales, marketing and customer support employees at the end of the year was 2,046 (previous year: 1,672). In addition, 426 employees (previous year: 434) worked in administration.



Personnel Expenses

Personnel expenses increased by 12.5% to EUR 406.1 million in 2024 (previous year: EUR 360.9 million), resulting in a personnel expense ratio (personnel expenses/revenue) of 40.8% (previous year: 42.4%). The increase in personnel expenses is also influenced by the GoCanvas acquisition, salary increases and transformation effects, such as the development of central functions in Nemetschek SE.

3.4 Earnings, 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.

Revenue Development and Earnings Situation

Nemetschek SE's revenues of EUR 12.8 million in 2024 (previous year: EUR 9.5 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company."

Other operating income increased to EUR 32.8 million (previous year: EUR 15.5 million). There were proceeds of EUR 8,280 thousand from an FX forward in 2024. In the year under review, there was also income from currency translation of EUR 7.1 million (previous year: EUR 4.1 million) and income of EUR 16.9 million (previous year: EUR 9.2 million) from expenses recharged to subsidiaries. Personnel expenses for wages and salaries rose from EUR 12.5 million in the previous year to EUR 18.1 million. Other operating expenses increased from EUR 30.4 million in the previous year to EUR 50.3 million in 2024 and thus in line with other operating income. This was mainly due to increased expenses for consulting services (EUR 13.5 million, up from EUR 5.8 million in the previous year), IT software costs (EUR 10.5 million, up from EUR 6.2 million in the previous year) and marketing costs (EUR 3.6 million, up from EUR 2.8 million in the previous year). Expenses from currency differences (EUR 6.9 million, up from EUR 4.2 million in the previous year) rose due to exchange rate effects, primarily from the US dollar.

Income from equity interests of EUR 193.1 million (previous year: EUR 124.1 million) includes EUR 192.9 million in dividends from subsidiaries (previous year: EUR 124.0 million). Income of EUR 26.6 million (previous year: EUR 27.7 million) from profit transfer agreements arose from profit transfers from Allplan GmbH. This is offset by expenses from the transfer of losses amounting to EUR 1.5 million (previous year: EUR 2.1 million) from the Nevaris Bausoftware GmbH.

In 2024, EUR 2,220k was recognized as out-of-period income from the recording of the add-back taxation in 2023. In the financial year 2024, EUR 1,300k were recognized as out-of-period expenses due to a finding for the tax audit period 2016 to 2019 and EUR 1,100k for the subsequent period 2020 to 2023. Income of EUR 4,230k was recognized from the initial recognition of deferred tax assets on interest carried forward. The net profit for the year increased to EUR 175.1 million (previous year: EUR 123.5 million).

Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 1,263 million (previous year: EUR 587.1 million). Affiliates accounted for by far the largest share of EUR 1,249 million (previous year: EUR 576.9 million). In 2024, Bluebeam Inc. acquired 100% of the shares in GoCanvas Holdings, Inc., headquartered in Reston, Virginia, USA. To finance the acquisition, Nemetschek SE increased the capital of Bluebeam, Inc., by EUR 662.5 million. This mainly accounts for the increase in financial assets. With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 178.6 million as of the balance sheet date (previous year: EUR 167.6 million). As of the end of 2024, other assets included tax receivables of EUR 18.0 million (previous year: EUR 14.5 million).

Cash and cash equivalents stood at EUR 13.2 million at the end of 2024 (previous year: EUR 6.7 million).

The other side of the balance sheet is dominated by liabilities to banks and Group companies. As a result of new loans and scheduled repayments, bank liabilities rose to EUR 504.0 million (previous year: EUR 6.6 million). This was due to financing of the capital increase at Bluebeam, Inc., in order to fund the acquisition of GoCanvas Holdings, Inc. Equity increased by EUR 117.3 million to EUR 645.6 million. The net income for 2024 of EUR 175.1 million was offset by the dividend of EUR 55.4 million (EUR 52.0 million) that was distributed in 2024. Nemetschek SE's equity ratio was 43.4% as of the balance sheet date (previous year: 67.4%).

Provisions increased by EUR 4.9 million to EUR 19.7 million. Provisions for short- and long-term variable remuneration increased due to the rise in the number of employees and the inclusion of further executives in the long-term variable remuneration program. In contrast, the tax provisions were reduced.

Liabilities to affiliates mainly resulted from cash pooling (EUR 172.4 million; previous year: EUR 111.8 million) and short-term intercompany loans of EUR 127.6 million (previous year: EUR 109.3 million).

In 2024, control agreements and profit and loss transfer agreements were in force with the following subsidiaries: Allplan GmbH and Nevaris Bausoftware GmbH. There were also profit and loss transfer agreements and control agreements between Allplan GmbH and Allplan Deutschland GmbH. The control and profit and loss transfer agreements with Frilo Software GmbH ended due to the merger with Allplan GmbH.

Financial Position

Nemetschek SE's financing activities mainly comprised new debt of EUR 931.0 million (previous year: EUR 18.5 million), redemption payments of EUR 436.6 million (previous year: EUR 83.21 million) and the dividend payment of EUR 55.4 million (previous year: EUR 52.0 million). The financial covenants agreed with the lenders for the syndicated loan were met as of December 31, 2024, and there are no indications of a possible default.

In 2024, Nemetschek SE replaced the existing bilateral credit facilities (previous year: EUR 357.0 million) with a syndicated loan with a volume of up to EUR 500 million and a term of five years. The reported liabilities to banks relate to the syndicated loan (EUR 201 million) and a Schuldschein loan (EUR 300 million) as well as short-term interest liabilities for these loans. Nemetschek SE has committed, but unutilized credit facilities and a syndicated loan share of EUR 306.8 million. The syndicated loan agreement requires compliance with financial covenants. There is no indication that these have not been complied with or cannot be complied with. In 2024, interest payments of EUR 11.8 million (previous year: EUR 1.4 million) were made on loans taken out and credit facilities.

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

The liabilities due exceed cash, cash equivalents, short-term receivables and other assets by EUR 626.1 million. The liabilities included in the debts amounting to EUR 817.2 million (previous year: EUR 236.7 million) are mainly characterized by liabilities to banks amounting to EUR 504.0 million (previous year: EUR 6.6 million) and liabilities to affiliated companies amounting to EUR 304.2 million (previous year: EUR 225.7 million). Nemetschek SE can exercise control over these companies to extend the liabilities beyond their current maturity date. Furthermore, Nemetschek SE can request dividends from the affiliated companies in order to further increase short-term liquidity. In addition, Nemetschek SE has committed, but undrawn credit lines and syndicated loan shares of EUR 306.8 million (previous year: EUR 357.0 million) available until 2029. In this respect, Nemetschek SE can more than compensate for the above-described shortfall through internal and external financing measures.

Report on opportunities and risks of Nemetschek SE

Nemetschek SE is materially influenced by the opportunities and risks of the Group. Compared with the Group, Nemetschek SE is exposed to a greater foreign currency risk from intra-group financing. These foreign currency risks are mainly offset by means of natural hedging. Remaining material risk peaks are addressed in individual cases by means of hedging transactions. There were no open hedges as of the balance sheet date.

Nemetschek SE Employees

On average, Nemetschek SE had 102 employees in 2024 (previous year: 66).

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 heavily influenced by the forecasts of the Nemetschek Group set out in the Opportunity and Risk Report. Based on the Group's planning, Nemetschek SE expects another small increase in the net investment result and thus in net income in the financial year 2025. In the past financial year, this was significantly higher than in the previous year and also exceeded the expectation for 2024. This was due to higher financing requirements, which were largely covered by dividends received from subsidiaries, which were not factored into the forecast. Nemetschek SE expects a positive earnings trend in the upper single-digit percentage range for 2025. The net profit for 2025 is expected to be higher than in the past financial year. An increase in the upper single-digit percentage range is anticipated.

Furthermore, Nemetschek SE is expected to report positive gross liquidity in 2025 with growth in the lower double-digit percentage range above the previous year's level. The outlook from the previous year for the year 2024 was exceeded, as Nemetschek SE reported positive gross liquidity in the low double-digit million range, which is mainly due to intercompany dividend payments in December. The company plans to continue to distribute around 25% of the operating cash flow to its shareholders in the future. The dividend policy always takes into account macroeconomic factors and the economic and financial situation of the company.

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

The original outlook for the financial year 2024 took into account the uncertain macroeconomic and industry-specific conditions prevailing at the time of the outlook in March 2024, primarily due to geopolitical conflicts and crises. The outlook was also based on the assumption that the global economy in 2024 would grow by 2.2% (German Council of Economic Experts) to 3.1% (IMF), as projected by the German Council of Economic Experts and the IMF at the time, and that growth would stagnate or even slow down compared to the previous year. The outlook also took into account the anticipated downturn in the construction industry in the USA, Europe and Asia, which are important markets for the Nemetschek Group. In addition, the outlook for the financial year 2024 took into account short-term dampening effects on revenue and earnings due to the ongoing transition of the business model from the traditional license business to subscription and SaaS models.

Taking into account the aforementioned assumptions, the Executive Board entered the financial year 2024 with realistic but positive expectations overall, anticipating currency-adjusted revenue growth in the range of 10% to 11%. The annual recurring revenue (ARR) growth was expected to be over-proportionally high at around 25%, thus increasing the share of recurring revenues in total revenues to around 85% by the end of the year. For the EBITDA margin, the Executive Board forecasted a range of 30% to 31%.

Following the successful closing of the GoCanvas acquisition as of July 1, 2024, the Executive Board confirmed the previous expectations for the operating business (i.e. excluding acquisition effects) for the financial year 2024 and at the same time expanded the outlook due to the acquisition of GoCanvas. The consolidation of GoCanvas was expected to have an additional positive effect on the forecasted revenue growth of three percentage points in the financial year 2024. With regard to the EBITDA margin, the Executive Board expected a dilution of around 100 basis points compared to the originally forecast EBITDA margin due to the profitability of GoCanvas, which is still below the average of the Nemetschek Group. These figures did not yet reflect the full potential of the GoCanvas acquisition, as both the revenue and EBITDA contribution in the second half of the year were expected to be reduced by a high single-digit million euro amount due to the IFRS purchase price allocation. The ARR growth was expected to increase from around 25% to more than 30% in the year 2024 after the consolidation of GoCanvas. The share of recurring revenues was still expected to be around 85%.

The global economy met or even slightly exceeded the growth prospects forecasted by the IMF and the German Council of Economic Experts at the time of the outlook, despite the demanding and still challenging economic conditions. Instead of a growth rate of 2.2% (German Council of Economic Experts, Annual Report 2023/24, November 2023) or 3.1% (IMF, World Economic Outlook – Update, January 2024), the growth for the year 2024 is currently expected to be slightly above the original forecasts with 2.6% (GCEE Annual Report 2024/25, November 2024) or 3.2% (IMF, World Economic Outlook, October 2024). In 2024, the construction industry, which is important for the Nemetschek Group, developed as described in chapter << 3.1 Macroeconomic and industry-specific conditions >>. The negative impact of the macroeconomic development continued to be felt, particularly in the construction industry in Germany and other parts of Europe.

In this environment, the Nemetschek Group again performed very well. Over the course of the financial year, the business developed positively, driven by the long-term structural growth drivers, such as the still low level of digitalization in the construction industry, the increasing demands for greater efficiency, time and cost savings along the life cycle of construction and infrastructure projects, increasing regulations for the use of BIM and the continuously increasing requirements in the areas of sustainability, environmental protection and lower CO_2 emissions. In addition, the continuous work on the defined strategic pillars had a positive impact on the business development. The already high and still increasing share of recurring revenues – primarily from subscriptions and software as a service (SaaS) models – supported the positive business development.

The very strong business development at the end of the fourth quarter resulted in the Nemetschek Group even exceeding its revenue, growth and earnings targets.

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE – OVERVIEW

					Change		Change (excluding GoCanvas)	
	Financial year 2023 Actual	Financial year 2024 Forecast March 2024	Financial year 2024 Forecast (update) including GoCanvas	Financial year 2024 Actual	Δ nominal in %	Δ currency-adjusted in %	Δ nominal in %	Δ currency-adjusted in %
Revenue (absolute)/ revenue growth	EUR 851.6 million	Currency-adjusted growth:10%–11%	Currency-adjusted growth:13%–14%	EUR 995.6 million	16.9%	17.2%	13.7%	14.0%
ARR/growth in ARR (annual recurring revenue)	EUR 718.6 million	ARR growth: approx. 25%	ARR growth: > 30%	EUR 1,019.9 million	41.9%	41.6%	34.6%	34.2%
Share of recurring revenue in total revenue	76.6%	Share of total revenue approx. 85%	Share of total revenue >85%	86.5%				
EBITDA/EBITDA margin	EUR 257.7 million, 30.3%	EBTIDA margin: 30%–31%	EBITDA margin range: 29%–30%	EUR 301.0 million, 30.02%; 31.1% (excluding GoCanvas	16.8%	15.3%	16.9%	15.4%

Overall, **revenue** in the financial year 2024 grew significantly by 16.9% (currency-adjusted: 17.2%) to a total of EUR 995.6 million (including GoCanvas) due to very strong business performance at the end of the fourth quarter in the Design and Build segments. In the Design segment in particular, two one-time effects had a positive impact on development in the fourth quarter. On the one hand, the final sale of licenses by Graphisoft resulted in customers bringing forward some license purchases planned for the future to the fourth quarter. On the other hand, successful campaigns to migrate existing customers from one-year maintenance contracts to partly multi-year subscription contracts had a positive effect in the fourth quarter, since a larger share of future revenue is realized directly. The revenue contribution from the first-time consolidation of GoCanvas was in line with the outlook at around 3 percentage points of total growth. Organically (i.e. excluding the acquisition effects of GoCanvas), revenue growth in the financial year 2024 was at 13.7%. The currency-adjusted growth of 14.0% was thus well above the most recently communicated outlook for the currency-adjusted revenue growth of 10% to 11%.

In addition to the strong development in the fourth quarter, the main drivers of this encouraging growth in a continuing challenging macroeconomic environment were, primarily the ongoing increase in the share of recurring revenues which provided a strong basis for the targeted sustainable growth and the consistent implementation of the defined strategic priorities. These priorities include, in addition to the transition of the business model to subscription and SaaS, the further development of topics related to artificial intelligence and sustainability, the intensified go-to-market approach, the development of a Nemetschek cloud platform and infrastructure, further mergers and acquisitions as well as investments in start-ups and the business enablement initiative for an efficient and effective organization. The ongoing internationalization as part of the go-to-market initiative – increasingly also in emerging markets – supports the growth dynamic, while at the same time further strengthening the resilience of the Nemetschek business.

Based on the pleasing and better-than-expected revenue development, profitability also developed positively in the financial year 2024. EBITDA (including GoCanvas) grew by 16.8%

(currency-adjusted: 15.3%) to EUR 301.0 million, corresponding to an EBITDA margin of 30.2%, and thus marginally above the upper end of the outlook range of 29% to 30%, which was expanded in July 2024 due to the GoCanvas acquisition. In organic terms (i.e., excluding the dilutive effect of the lower profitability of GoCanvas and the effects of purchase price allocation), the EBITDA margin expanded to 31.1%, which was also slightly above the forecasted range of 30% to 31%.

In the financial year 2024, annual recurring revenue (ARR) growth was 41.9% (currency-adjusted: 41.6%) including the contribution from GoCanvas. As expected, growth was therefore above 30%. In organic terms, annual recurring revenue grew by 34.6% (currency-adjusted: 34.2%). At 86.5%, the share of recurring revenues in total revenues was also in line with the outlook of around 85%.

5 Main Characteristics of the Internal Control and Risk and Opportunity Management System

General risk management and internal control system*

Governance Structure

Overall responsibility for the internal control system (ICS) and risk and opportunity management system (RMS) at the Group level lies with the Executive Board of Nemetschek SE. The RMS and the ICS cover Nemetschek SE and all consolidated subsidiaries and apply the three-lines-of-defense model approach.

The first "line of defense" entails the management of operating business in conjunction with the central Group functions. They are responsible for identifying, evaluating and managing any risks that may occur. To this end, measures are defined and implemented to address the risks identified. In organizational terms, the second "line of defense" is the central risk management function, which reports to Corporate Controlling. The risk management function, which has been operating as a separate department within the Corporate Controlling organization since 2023, is responsible for the Group-wide risk and opportunity management system (RMS). The RMS undergoes continuous further development and is anchored in the Group by means of appropriate information. The Risk Committee also forms part of this second "line of defense". This body, which is composed of the segment managers and the risk category owners, discusses the combined Group-wide risks and opportunities as well as the measures taken and their impact with the Executive Board on a quarterly basis. In addition, the central risk management function prepares the reports for internal as well as external stakeholders. Internal Audit is the third "line of defense" and acts as an independent control unit of the Executive Board. It regularly reviews the effectiveness of the RMS and ICS on behalf of the Supervisory Board and also submits suggestions that contribute to its continuous improvement.

THREE LINES OF DEFENSE MODEL

In summary, this means that the two systems are implemented in the operating units, i.e., on the level of the local process owners of the Group companies ("1st line of defense"). The Corporate Controlling (RMS/ICS) and Corporate Finance (accounting-related ICS) functions ("2nd line of defense") are responsible for designing and developing the systems. In cooperation with other central functions, they also coordinate the preparation and communication of principles, policies and other information such as the Group account framework for the RMS and ICS. These units also organize and arrange training in conjunction with the central functions involved. The ICS and the RMS entail the management of risks and opportunities relevant for the achievement of business objectives, the appropriateness and reliability of internal and external accounting and compliance with the legal requirements, and regulations applicable to the Nemetschek Group. Sustainability aspects, which are being continuously developed on the basis of regulatory requirements, are also taken into account; in 2024 a double materiality analysis (DMA) was undertaken, and its results are integrated into the RMS. The Internal Audit function ("3rd line of defense") as an independent function regularly reviews the effectiveness of the two systems. Audit activities are performed within the framework of the annual audit plan or on the basis of audits requested during the year. The Audit Committee is systematically involved in the Group-wide ICS and RMS. It primarily monitors the accounts, the accounting process and also the effectiveness and the appropriateness of the ICS, the RMS and the Internal Audit function.

* These statements are so-called non-financial statements and are therefore unaudited.

With the internal control system, the risk management system and the compliance management system, the Executive Board of the Nemetschek Group has created a control framework aimed at achieving appropriate and effective internal control and risk management. After considering internal control and risk management, the Executive Board is not aware of any circumstances impairing the appropriateness and effectiveness of these systems.

Accounting-Related Risk Management and Internal Control Systems (Process)

The Nemetschek Group's consolidated financial statements (in accordance with IFRS) are prepared on the basis of a centrally defined conceptual framework. This primarily entails uniform requirements in the form of accounting policies. An ongoing analysis is performed to identify the need for any adjustments to the conceptual framework necessitated by changes in the regulatory environment. The accounting departments of the operating units are kept informed on a monthly basis of relevant matters and deadlines in connection with accounting and the preparation of financial statements. The financial data reported by Nemetschek SE and its subsidiaries form the data basis for preparing the relevant financial statements. Most of the Group companies' financial data is prepared by local accounting departments. In addition, other accounting activities, such as governance and monitoring activities, may generally also be pooled at the regional level. In certain cases, such as valuations of complex remuneration or in situations involving business combinations, external service providers are also consulted.

The financial statements are prepared in the consolidation system on the basis of the financial information reported by the local accounting departments. The steps required for the preparation of the financial statements undergo manual as well as system-based checks.

The qualifications of employees involved in the accounting process are ensured by means of appropriate selection processes and training. The "dual-control principle" is generally applied. In addition, financial information must pass through certain predetermined approval processes. Further control mechanisms include target/actual comparisons and analyses of the content and changes in the individual items of the financial information reported by Group units and the consolidated financial statements.

Access rights are defined in the accounting-related IT systems in accordance with our information security policy to prevent unauthorized access. Existing control processes will be strengthened, and regular, systematic reviews of administrators' activities will be established. These enhanced control measures are also applied to the transfer of the financial information prepared in accordance with the International Financial Reporting Standards (IFRS) for inclusion in the annual financial statements of Nemetschek SE.

There is a quarterly internal certification process, in which members of various management levels, supported by confirmations from the management of units in their area of responsibility, confirm the correctness of the financial data reported to the Group headquarters and the reports on the effectiveness of the corresponding control systems.

6 Report on Risks and Opportunities

Risk and Opportunity Management System

In the face of ever faster market changes, increasing uncertainties, the growing complexity of internationally disparate conditions and swift technological progress, coupled with dynamic growth and capital spending in the markets addressed by the Nemetschek Group, business decisions increasingly depend on a reliable assessment of potential risks and opportunities.

As a global software company with a broad product portfolio, Nemetschek is exposed to risks and opportunities that may vary depending on the division, industry and region. Its corporate policy is geared towards utilizing opportunities, leveraging and expanding potential for success and avoiding, minimizing or offsetting the associated risks as far as possible. The aim is to preserve entrepreneurial flexibility and financial solidity, to increase the company's enterprise value on a sustainable basis and thus to safeguard the Group's long-term viability.

The risk and opportunity management process is aimed at the early and systematic identification of developments that could threaten the company's existence and at managing risks that jeopardize the company's success. It follows the "three lines of defense" model.

As risk and opportunity management is integrated within Corporate Controlling for organizational purposes, it is aligned with the planning and reporting processes and their criteria. In addition, steps are taken to ensure that risks arising from business operations are evaluated across the Group on the basis of uniform quantitative and qualitative criteria and categories for the purpose of greater comparability. Opportunities, especially those that are considered strategic opportunities, are the subject of the company's aspiration. Opportunities that are recorded, discussed and assessed, but not explicitly quantified individually for internal management purposes are treated as unrealizable opportunities unless an opportunity is deemed sufficiently worthy of investment and reflects the strategic direction of the business. When an opportunity is considered to be more than likely to occur, and is worthy of investment, it is included in corporate and financial planning.

In fiscal 2024 the Group conducted a double materiality analysis and integrated sustainability-related impacts, risks, and opportunities into the existing risk and opportunity management system. In addition, an ESG GPO role (GPO, Global Process Owner) was created in 2024 to provide appropriate coordination of information in identification, assessment, and management of ESG-relevant topics.

The Nemetschek Group's risk and opportunity profile is updated, documented and conclusively recorded at least on a quarterly basis. This applies to strategic risks and opportunities relevant for the Group as well as to operational opportunities and risks at brand level. Risk owners are designated for all risks and opportunities that are identified and classified as relevant.

Relevant material risks are transferred, limited or mitigated through appropriate measures. Where appropriate and feasible, risks are also transferred by means of insurance.

The Supervisory Board is regularly informed of the main identified risks and opportunities of the Nemetschek Group as well as the appropriateness and effectiveness of the risk and opportunity management system.

Risk Evaluation and Reporting

The Nemetschek Group's risk management comprises the following elements:

» **Risk identification:** Definition of risk areas and identification of significant strategic and performance-related risks

» **Risk assessment:** Standardized assessment and evaluation of the risks and opportunities identified by means of uniform assessment procedures, taking into account their probability and the extent of potential loss

» **Risk aggregation:** Analysis of the overall risk position

» **Risk control:** Measures to manage risks with the objectives of avoiding, reducing and transferring risks

» **Risk monitoring:** Monitoring the risks of early warning indicators

» **Risk Reporting:** Regular reporting, at least quarterly, as well as on an ad-hoc basis to the responsible functions and committees ensures transparency and good corporate governance.

Risks are systematically identified and, where applicable, assessed. The risks that have been identified are quantified, classified and assigned to the following four (2023: five) categories:

» Market Risks

» Operational Risks (including Information technology)

» Legal, Tax and Compliance Risks

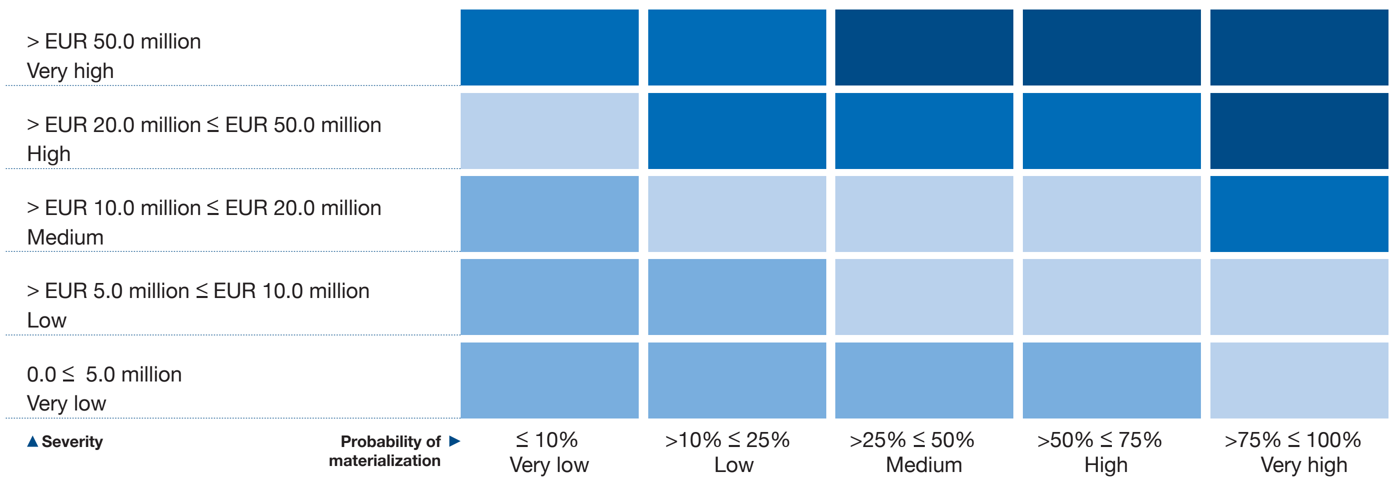
» Financial Risks

In the previous year, the risks of cyber security and information technology were presented as a separate risk. In 2024, these risks were included under operational risks. This change was made because these risks are primarily operational in nature. The streamlining of the categories thus better reflects the actual risks to which the Nemetschek Group is exposed. Instead of five categories, as in the previous year, there were only four categories in 2024.

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 on the basis of their estimated likelihood of occurrence and the extent to which they are expected to affect the earnings, financial position, net assets and reputation of the Nemetschek Group.

The following ranges of the possible extent (after mitigation) are formulated in relation to the sustainable and profitable growth and the financing situation of the Nemetschek Group.

RISK CLASSIFICATION MATRIX



The main risks for the Group including their estimated likelihood of occurrence and their potential extent, are set out below. The four segments of the Nemetschek Group have a similar risk and opportunity profile and are therefore not presented separately. The risks listed below relate to the current Group structure as of the reporting date.

On the basis of the risk reports submitted to the Executive Board of the Nemetschek Group, the following risk profile applies as of the reporting date. It summarizes the corporate risks that are significant from the Group's point of view in risk fields with their defined risk categories:

Risk field	Risk category	Likelihood of Occurrence	Severity
	Competitive Environment	low	medium
	Economic (2023: Macroeconomic and General Conditions)	medium	high
Market Risks	Industry (2023: Sector Development)	medium	high
	Acquisitions, Venture Investments and Integration	low	very low
	Corporate Strategy	very low	high
	Cyber Security (2023: Information Security)	low (2023: high)	medium
	Human Resources	high	medium
	Information technology (2023: Data Security, Data Privacy and Information Security)	medium (2023: low)	medium
	Products, Technologies and Business Processes	medium	high
Operational Risks	Sales and Marketing	very low	high
	Compliance and Governance Risks	low	very low
Legal, Tax and Compliance Risks	Legal Risks	medium	very low
	Tax Risks	high	very low
	Currency Risks	high	high
	Default and Risk Management	medium	low (2023: very low)
	Interest Rate Risks	high (2023: very high)	very low
Financial Risks	Liquidity Risks	very low	very low

The significant risks for the Nemetschek Group across all risk categories as of the December 31, 2024, reporting date are as follows:

- Foreign-exchange Risk
- Economic and Industry-Specific Market Risks
- Operational Risks (particularly elements of products, technologies and business processes, human resources, and information technology)

None of the individual, business-specific risks arising from operating business constitutes a risk that is deemed to be material for the Nemetschek Group in light of its likelihood and severity. Material risks are risks that are categorized as “high” or “very high” in terms of probability of occurrence and extent. In addition, no risks individually or in the aggregate are liable to threaten the Nemetschek Group’s going-concern status.

Market Risks

Competitive Environment

The software market is competitive, and it is highly dynamic with start-ups and venture players continually challenging the established market players. It is characterized by the rapid pace of technology, and heavy fragmentation. The Group focuses on operating sustainably, to maintain a competitive edge, and the risks that are likely to materialize due to this approach remain consistent with the prior year. With the increased use of new technologies, such as artificial intelligence which may lower entry barriers in the construction and media industries, new companies with strong financial resources can enter the market and quickly gain a strong market position.

Nemetschek closely monitors the competitive environment and, with its financial resources, is able to actively shape change in the industry. This is done through sustainable investments in its own research and development activities, on the one hand, and through, e.g., acquisitions of or investments in ventures on the other hand. Furthermore, the barriers to entry in both of the targeted industries remain relatively high to date due to the complexity of the solutions and the customer relationships and proximity.

Economic

The Nemetschek Group is active in various markets and regions. Business activities are influenced by geographic and sector-specific economic factors, political and financial changes and the occurrence of natural disasters, geopolitical changes and other global events. Given the current geopolitical situation, the general conditions deteriorated over the last year and this led to a general increase in macroeconomic risk.

The current rapid changes in geopolitical landscapes, as well as escalation of numerous geopolitical conflicts and wars, are monitored. As of now the areas identified that touch the business have no significant direct impact on the business operations of the Nemetschek Group. However, indirect consequences such as energy disruptions in Europe or shifts in public-sector budgets in favor of military spending may have an indirect negative impact on the business of the Nemetschek Group. The business closely monitors geopolitical changes, upheavals, or conflicts – which could cause a significant deterioration in the global economic situation and subsequently have a corresponding negative impact on global economic growth and capital spending in the corporate sector – to evaluate potential impacts to the business and to plan the corporate strategy accordingly. The Nemetschek Group is observing the development of the economic situation very closely, particularly in the USA and Europe. However, there has been no change in the risk assessment so far.

Nemetschek continually monitors developments in key economies and the construction and media 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 media and entertainment market is also closely monitored and events such as the hurricanes and fires in the United States are observed. The highly targeted markets in Europe, North America, and Asia are continuously analyzed. Thanks to its international business orientation, the Nemetschek Group is characterized by broad risk diversification. Moreover, the individual segments react differently to economic cycles in terms of timing. The Design segment – which accounts for roughly 49% (previous year: 50%) of the Nemetschek Group’s revenue – is positioned at the beginning of the building life cycle and would be the first to feel the effects of any general economic downswing. The Build segment would only be affected downstream. The Manage and Media segments target different end clients, which increases risk diversification. The Manage segment is not directly dependent on the building process, as the focus in this segment is on efficiency enhancements in the management of properties. The Media segment is almost completely isolated from the construction industry.

Within the current client structure, there are currently no individual clients accounting for a material proportion of revenue. The Nemetschek Group is highly diversified, both in terms of regional distribution and client mix. At over 86.5% (previous year: 76.6%) of total revenue, the large proportion of recurring revenue is also a risk-minimizing factor. Despite the generally unfavorable economic conditions, there is no change to the risk assessment for the Nemetschek Group compared to the prior year. The Nemetschek Group’s strategy prioritizes the further expansion of recurring revenue and continued internationalization, and these aims are systematically pursued on a long-term basis.

Industry (2023: industry development)
The order situation and the financial strength of the construction and media industries exert an influence on the investments of these industries in software solutions and thus on the business performance of a material part of the Group.

Long-term growth forecasts for the construction and infrastructure industry and global trends such as urbanization and demographic growth as well as the increased use of climate resilient architecture and construction, are factors considered by the Group. They are joined by long-term structural drivers such as the still low degree of digitalization in the construction industry; the requirements for greater efficiency, certifications, time and cost savings along the construction and infrastructure life cycle; growing regulatory requirements – also for the use of BIM – as well as heightened sustainability and environmental requirements. The same applies to the media industry, as the demand for digital content is constantly increasing. However, growth may weaken and fluctuate in the short and medium term due to the current macroeconomic situation in the media and construction industries. In particular, high inflation and the longer-term impacts of changes in interest rates by a large number of central banks in response to it are leaving negative traces on the construction industry. Moreover, supply chain constraints, the limited availability of some raw materials, and skilled-labor shortages may prevent the industry from making full use of its development potential. Global conflicts may cause budget re-allocations in individual countries, adversely affecting construction spending. The overall effect of these factors may be a reduction in earnings in the corporate sector, something that would dampen corporate spending – including Nemetschek Group's products and solutions. In addition, risks may arise from customer consolidation, such as large media companies, resulting in changed customer requirements.

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 and instead use the relevant software in return for a regular usage fee.

Operational Risks

Acquisitions, Venture Investments and Integration
Realizing growth potential through mergers and acquisitions (M&A) and investments in start-ups is a core element of the corporate strategy.

There is a risk that merged or acquired entities do not develop in-line with expectations, preventing the defined earnings targets from being reached. This could negatively impact the Nemetschek Group's earnings, financial position, and net assets. Goodwill, which arises from business combinations, is subject to impairment testing at least once a year. It is possible that the value of an acquiree proves to be impaired due to commercial developments, meaning that the purchase price may need to be written off in full or in part. In 2024, the valuations of venture investments were evaluated and adjusted to better reflect the realizable value for the Group. However, the probability of occurrence and potential severity of this risk in the future are assessed as low and very low, respectively. An impairment of goodwill as well as write-downs of the venture investments would negatively impact the Nemetschek Group's earnings, financial position, and net assets.

To address M&A risks, potential targets are assessed, evaluated and planned carefully and systematically before any contract is signed. There is an established, standardized process for M&A activities with a special focus on due diligence and ensuing integration within the Nemetschek Group.

Corporate Strategy
The Nemetschek Group pursues an earnings-oriented growth strategy << 1.2 Growth Drivers, Goals 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, financial position and net assets.

The Nemetschek Group growth strategy is based on organic growth initiatives as well as growth stimulus from M&A activities. If it is not possible to acquire businesses at reasonable prices, this may adversely affect the implementation of the 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 these and leveraging competitive differentiators in the regional submarkets to grow value. If this is not possible or is delayed, negative effects may arise. The Nemetschek Group has extensive experience in planning and establishing regional sales structures. To address specific challenges, it also engages specialized external consultants, where necessary, to avert or contain the aforementioned 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 and potentially the company strategy, on the basis of these findings. Thanks to its close relationships with its clients, a broad range of attractive client solutions, and its role as an innovator, the Nemetschek Group continuously works on creating attractive and innovative solutions with many benefits for clients, thus minimizing the risks arising from the strategic orientation adopted.

Cyber Security

The Nemetschek Group monitors threats to Group-wide information security in the market environment. Threats result in risks to the security of products and solutions as well as the IT systems and networks of the Nemetschek Group. Like other global companies, the Nemetschek Group is exposed to the threat of cyber-attacks by professional perpetrators, supported by organized crime and possibly also by government structures engaged in industrial espionage or even sabotage. For this reason, Nemetschek takes a proactive stance in detecting and eliminating threats to its business.

At the same time, the information security requirements to address these threats are steadily increasing. The EU Commission will implement regulations that call for high security standards for software products (EU Cyber Resilience Act as well as the EU's NIS-2 Directive (Network and Information Security)). These regulations are to enter into force after being ratified in 2025, with different transitional periods commencing in that year. 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 supports these activities and is working closely on meeting the future requirements in order to achieve a sustainable impact. For this purpose, it has initiated projects to ensure that its products and solutions are implemented in a legally compliant manner and in accordance with client requirements at all times.

A large number of measures have been developed within the Nemetschek Group to maintain and permanently improve the level of protection to actively address the IT and information security risks described. The following measures, for example, have been implemented:

» Group-wide implementation of a modern cyber defense architecture.

» Establishment of a Group-wide information security management system in accordance with ISO 27001, which also includes the management of IT and information security risks.

» Installation of a global information security organization with established reporting lines to the Executive Board.

» Close collaboration and regular exchange between the information security managers and experts of the Nemetschek Group.

» Establishment of 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.

Nemetschek completed ISO 27001 certification in 2024. Our obtaining of certification demonstrates the Group's ability to meet the demands of customers, who increasingly need to verify the technical capabilities of their third-party service providers, and to rise to the level of competitors and regulatory requirements. In 2024, the successful certification resulted in a comprehensive analysis of the information security management of the group as well as its risks and resulted in the assessment that the probability of this risk materializing has decreased from high to low despite continued high levels of external attack activity.

The information security measures are constantly monitored to verify their effectiveness. New threats as well as successful and failed attempts are analyzed, while the entire information security system is constantly undergoing further development and being adapted to take account of current and, as far as possible, future threat patterns. Group-wide cybersecurity insurance provides further protection, covering all Group companies, and is intended to mitigate the financial consequences of a potential cyber-attack.

Human Resources

The software industry continues to face shortages of qualified employees, particularly in the areas of software development as well as marketing and sales. No significant sustainability risks were identified although several factors correlated closely to existing risks. Adapting its approach to employees according to changes in the business and the market, while upholding just and egalitarian practices tailored for employee success, helps the Group to support a qualified and sustainably engaged workforce and impact the overall culture of the organization.

The prevailing shortage has constituted a risk to the sector for many years. 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. To recruit and retain employees, the Nemetschek Group offers flexible working models as well as attractive salaries and working conditions. In addition, it works very closely with universities, provides scholarships, and awards doctoral positions to identify young specialists and to recruit them at an early stage. Moreover, the company aims to offer its employees an attractive workplace, appealing development opportunities, and consequently a bond between the employees and the company.

Information technology

The requirements with regard to compliance, data retention, data security as well as data privacy continue to increase over time. The General Data Protection Regulation (GDPR) is currently the most significant regulation in force that may impose significant sanctions in the event of non-compliance. In addition, local data protection authorities may impose additional rules or regulations in this area that would impact the business. The Nemetschek Group has designed its processes to be fundamentally compliant with data-protection requirements, and an external data protection officer also helps to ensure compliance with the data protection regulations.

On the one hand, new and extensive regulations and legal stipulations are planned in the current regulatory environment, while on the other, the requirements that individual clients have are also rising. The increasing regulatory burden coupled with difficulty finding skilled employees resulted in the assessment that the likelihood had increased from low to medium.

Products, Technologies and Business Processes

In keeping with the previous year, the two risk categories products/technology and business processes have been presented as a single risk. Both risks have similar inherent characteristics, where products/technologies is more outward facing and business processes is more inward facing. In an environment characterized by rapid technological progress, Nemetschek Group's products, the technologies used, and ongoing development must meet high demands. The company is able to achieve a lasting impact with its products, as customers continue to digitize their processes. The company is contributing to the digital transformation in the construction industry.

There is a risk that competitors will gain an innovative edge and thus win clients previously with the Nemetschek Group. Future business success therefore depends above all on the ability to offer innovative products that are tailored to clients' needs. With its organizational structure, the Nemetschek Group is positioned close to its customers and markets. In this way, it is able to identify changes and trends at an early stage, evaluate them and take an appropriate response in such a way that client needs and internal quality standards can be met. The Nemetschek Group continuously invests roughly 21.5% (previous year: 20%) of its revenue in research and development to avert product- and technology-based risks as far as possible and to reduce them to a level appropriate for the strategy.

The Nemetschek Group's software products incorporate third-party technology in some cases. In 2024, a payment service provider suddenly ceased providing its services and payments, resulting in a financial risk to the business that required changes in business processes. 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. It addresses this risk by selecting suppliers carefully and ensuring adequate quality assurance.

Risks may arise if the required and planned business process results, especially those supporting product delivery, do not meet client requirements in terms of time and quality due to insufficient resources or changes in underlying conditions. The Nemetschek Group addresses risks that arise from changes in processes by implementing structured project management and targeted communications. Changes are tested at defined milestones and rework done if necessary. Internal and external experts are also engaged as needed.

Further risk potential exists in the realignment of the product lines or other strategic initiatives. In such cases, the Nemetschek Group takes care to intensify the exchange of information with the clients affected and to comprehensively explain the benefits of the realignment or migration. Due to the internal measures, the probability of occurrence of the risk and its classification remain unchanged from the previous year.

Sales and Marketing

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.

The loss of important sales partners, sales employees, or e-commerce solutions could have a negative impact on the revenue and earnings of the Nemetschek Group. The brand companies address this risk through careful selection and training and by motivating sales partners and employees through attractive incentive and reward systems.

Sales risks also arise if the brands establish their own sales team or sales location in regions where a sales partner previously operated or if sales partnerships are terminated. Such a change may lead to disagreements with the previous sales partner or adverse client reactions. However, such scenarios are analyzed in detail before they are implemented and discussed both internally and with external market experts.

Further risks may arise when the product portfolio is modified or when new forms of distribution, such as subscription/rental models, are adopted if, when they are launched, the appropriate solutions do not yet have the degree of market maturity that clients expect. Nemetschek addresses this risk by preparing market launches carefully in conjunction with pilot projects involving selected customers and, if necessary, by quickly adjusting and intensifying its development activities.

Risks may also arise when new distribution and sales channels, such as e-commerce offerings (including the Group's own web stores), are established. The Nemetschek Group addresses these risks by engaging in precise planning, comprehensive communications and careful testing of corresponding changes.

Legal, Tax and Compliance Risks

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 regulatory requirements could have negative effects on the company's earnings, financial position and net assets, share price, or reputation. It is also becoming increasingly important to demonstrate sustainable practices. This is done primarily through the stewardship of relationships with suppliers as well as anti-corruption and bribery practices.

To a small extent, clients of the Nemetschek Group include governments or publicly owned companies. Business activity in the construction industry is partly characterized by orders of a larger volume. Cases of corruption or simply the corresponding allegations could make participation in public tenders more difficult or even impossible and have negative effects on the company's continued economic activity, earnings, financial position and net assets, share price, or 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 in-person training are used to communicate this topic on a sustained and Group-wide basis. This helps to raise Group-wide awareness, allowing employees to detect potentially critical situations and take the appropriate response.

Applying the relevant Group policies and other regulations (including specific compliance guidelines) as well as targeted compliance communication measures, we continuously raise employees' awareness of the importance of compliance and provide the necessary training.

Along with this, external stakeholders such as suppliers and business partners are integrated into the operational compliance process. As part of the risk-based business partner audit, the Supplier Code of Conduct (SCoC) forms an integral part of the contract to ensure that business partners implement supply chain compliance in their own operations in a sustainable and transparent manner.

Legal Risks

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

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

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

Tax Risks

With its globally based subsidiaries, the Nemetschek Group is subject to the relevant local tax laws and regulations, as well as the regulations on the cross-border offsetting of transactions. Changes to these regulations may lead to higher tax expenses and, connected with this, higher cash outflows. Furthermore, changes may adversely affect the deferred tax assets and liabilities recognized.

The Nemetschek Group's future tax situation is subject to uncertainty over a potential US tax reform, as a considerable part of its profits are generated in that country. In addition, the Nemetschek Group is within the scope of the BEPS (Base Erosion and Profit Shifting) Initiative 2.0 of the Organization for Economic Development and Cooperation (OECD) and its local implementations. They range from increased transparency, such as country-based reporting, to requirements for minimum taxation. The Group has assessed the BEPS and other tax legislation enacted during 2024 and, while there were impacts, they were not material and did not change the assessed risk to the business overall.

Financial Risks

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

On the basis of the existing financial liabilities, there is a general liquidity risk if earnings deteriorate. At the end of 2024, the Nemetschek Group had liabilities to banks of around EUR 500.4 million (previous year: EUR 6.9 million). The change in liabilities to banks, which was significant in 2024, was not deemed to be a factor that would change the risk because the covenants, terms, and conditions were favorable to the business. In addition, equity offerings of share capital up to a total of 10% may be undertaken if needed. Furthermore, strong positive operating cash flows together with the higher leveraging capabilities improve the ability of the business to fund the Group.

The Group continued to generate positive cash flows from operating activities in 2024, allowing it to settle liabilities that have already fallen due for payment or will do so in the future. In the future, the group is expected to continue to generate cash flow from operating activities at least in the amount of the EBITDA. This will enable the servicing of the EUR 500 million in loans, which are due in three to five years. Agreed covenants will be adhered to at all times. Nemetschek SE ensures to some extent the availability of decentralized financial resources via central cash pooling and intra-Group distribution and financing options. In 2024, Nemetschek SE also issued its first Schuldschein, which is a private standardized loan contract formed under the German Civil Code, improving and further diversifying Nemetschek SE's financing sources over the next three to five years while keeping the regulatory burden on the business small. As a matter of principle, the Group pursues conservative and risk-averse financing strategies. The Group Treasury function has been significantly strengthened over the previous years and aspects such as a core banking concept, including a revolving credit facility, liquidity, and risk management, have been steadily enhanced through the continued upscaling of governance structures and revisions to processes and systems.

Currency Risks

As an internationally active company, the Nemetschek Group is exposed to exchange rate fluctuations. The ongoing internationalization of the Group's activities will additionally heighten the relevance of exchange rate fluctuations for the Group's business activities. However, at the Group level they only affect the earnings arising in a foreign currency, as the operating subsidiaries outside the Eurozone generate most of their revenue, costs, and expenses in their local currencies (natural hedging). Nonetheless, currency fluctuation may impact pricing and therefore revenue, which may influence the earnings of individual Group companies. Given the continued high uncertainty over the future direction of the monetary policies pursued by individual central banks, exchange rates may remain volatile and – when translated into the euro, which is the reporting currency – significantly impact the earnings, financial position, and net assets of the Group and the parent company. In the case of the parent company, this additionally concerns currency risks arising from foreign-currency financing transactions with subsidiaries.

Default Risk and Risk Management

Credit risks within the Nemetschek Group are addressed by managing credit approvals, defining upper limits and control procedures and by maintaining regular debt reminder cycles.

In 2024, a payment service provider suddenly ceased providing necessary services and payments, resulting in a financial risk to the business that required changes in business processes and a shift of the assessed severity of default risk from very low to low. The Nemetschek Group has no significant concentration of credit risks with any single client or groups of clients.

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 checked 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 current economic environment, it is possible that the creditworthiness of some clients may change, resulting in an elevated credit risk.

Over the past three years, the markets have experienced rising insolvency figures, funding problems on the part of clients and project postponements due to delays in the supply chain. The Nemetschek Group and its clients have demonstrated great resilience in this respect, thus remaining shielded from greater systemic risk. The Group continually monitors this situation and, if necessary, will take measures and recognize provisions.

Interest Rate Risk

As a result of the measures taken by central banks to curb inflation, interest rates have fluctuated more for the last two years than in the past, especially in Europe and the United States. In 2024, the assessed likelihood of an interest rate risk was decreased from very high to high because of the strong position of the Nemetschek Group's financing structure that was further improved during the course of the year. Long-term financing arrangements are hedged, when it is considered prudent, with fixed interest rates. Future M&A activities may have an impact on future interest payments and are therefore assessed in each individual transaction. The company's strong position, which is further emphasized by the successful issue of the promissory note, is illustrated by the lower interest rate risk, as interest rate spreads were lower than expected in the previous year. Given the company's good earnings and financial situation and, hence, its creditworthiness, the adverse effect of the interest rate risk on the Nemetschek Group would be limited.

Opportunity Management and Reporting

The recognition and management of opportunities have been established as integral components of strategy, corporate planning and forecasting processes. This provides a long-term, medium-term and short-term perspective for additional growth potential for the Nemetschek Group. Accordingly, management evaluates relevant and feasible opportunities that are consistent with the Group's strategic goals and offer a competitive advantage.

Among other things, operational potential is addressed by means of regular discussions between the Executive Board, the segment managers and other relevant experts. To this end, economic, industry and sales developments as well as the competitive environment and technological trends are considered in light of market, industry and competition data. Opportunities that can be realized in the short term are prioritized and integrated within the rolling business forecast.

The Nemetschek Group's opportunity management process is based on the risk management process. Opportunities are aspirational and the probability of realization is assessed through the rolling business forecast. If an opportunity is not likely to be realized but may materialize over time it is not quantified until it is realizable, except for sustainability topics which are quantified for sustainability purposes.

The opportunities set out and described below are considered to offer the greatest potential for the Nemetschek Group as of the balance sheet date December 31, 2024:

Opportunity Field	Opportunity Category
Market Opportunities	Competitive Environment
	Economic
	Industry (2023: Industry Development)
Operational Opportunities	Acquisitions, Venture Investments and Integration
	Corporate Strategy
	Cyber Security (new)
	Human Resources
	Products, Technologies and Business Processes
	Sales and Marketing
Legal Opportunities	Compliance and Governance (new)

The opportunities are subject to a wide range of assumptions, and actions outside the control of management, and are not quantified until an opportunity has an appropriate likelihood of occurrence and importance to evaluate individually.

Market Opportunities

Competitive Environment

Due 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 portfolio of products and solutions in line with its clients' needs while generating innovation that adds value for clients.

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 venture investments. To harness this potential and make use of these opportunities, the Nemetschek Group has created and scaled up internal structures targeted at M&A and venture investments.

Economic

A swifter-than-expected improvement in the global economic outlook could boost capital spending on the part of clients and, hence, demand for Nemetschek Group products and solutions. 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. 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 ways to benefit from the potential opportunities. However, the current assessments are subject to change and it may not be possible to fully act on all opportunities.

Industry (2023: Industry Development)

Mounting cost pressure, lack of labor, and the increased use of digital working methods may lead to an acceleration of digitalization in the construction industry. Compared to other industries, digital transformation has still 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 phase, where market participants are 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 allow digital transformation in the construction industry to unfold more quickly than expected and permit potential revenue to be harnessed faster than expected, too.

Climate-resilient architecture and climate-friendly construction offer the group opportunities and will have a greater impact on sustainability initiatives in the future, as the industry is increasingly focusing on sustainable methods. Sustainability and environmental protection are important in planning, constructing, operating, and renovating buildings and infrastructure. Demand for sustainability-oriented building certificates is rising. The Group plans to have an impact by making a significant contribution to climate change adaption, mitigation and energy efficiency through its products and position in the industry, see also << 2.1 General Disclosures >> and << 2.2 Environmental Information >>.

In addition, the construction industry can benefit from numerous government-initiated investment projects for infrastructure and public construction. This consequently opens up opportunities for participating in investment programs, particularly for the Design and Build segments. In the Manage segment, topics such as efficiency enhancements and sustainable building management are particularly relevant. Here as well, the trend in favor of energy savings, for example, may harness growth potential.

Further opportunities may arise in the Media segment as the creation of digital content and worlds, together with 3D animation is increasingly growing in importance. The current push to add artificial intelligence (AI) into products, and build on the metaverse, which merges the virtual with the real world, creates new pathways for product features and development. In addition, there is a growing need for digital content and rising demand for gaming. These trends could have a positive impact on demand for solutions in the Media segment.

Operational Opportunities

Acquisitions, Venture Investments and Integration

The Nemetschek Group uses acquisitions to expand its portfolio of products and solutions, gain access to new technologies and/or regional markets, and thus close gaps in its value chain. New client groups can also be reached and market shares can be gained that are considered relevant and promising for the future. The Group is also increasingly prioritizing investments in ventures in order to access innovative technologies and support their implementation in the market.

In order to make the best possible use of acquisition opportunities, the Nemetschek Group continually screens the markets for suitable targets. It also works with M&A advisors to fill gaps in its portfolio. Furthermore, the persons responsible within the segments contribute their expert knowledge and market observations in an established and professional M&A process. There is a standardized M&A process with a particular focus on due diligence, valuation and post-merger integration.

Corporate Strategy

The Nemetschek Group sees itself as a driver for building information modeling (BIM) and has a strong position in all AEC/O segments when it comes to this working method. BIM regulations in various countries are helping to ensure that the relevant technologies become increasingly important in the construction industry.

The progressive shift towards new sales and business models, such as subscription and software-as-a-service products as part of the Group's strategic orientation, offers accelerated growth opportunities and also ensures greater stability and forward visibility with respect to revenue and margins.

New technologies may also unleash new market potential. The growing importance of artificial intelligence (AI), in particular, may change the AEC/O and media markets. In addition to the development and implementation of AI solutions, the growing importance of AI at Nemetschek is also being fueled by a strong willingness to invest in relevant ventures. Alongside the risks, the Nemetschek Group also sees opportunities in this development and has been investing in AI-related innovations for many years. In addition, it is working with university experts to promote an exchange with academia on AI.

Cyber Security

The cyber security measures undertaken by the business demonstrate continuing maturity and readiness to face threats to the digital infrastructure that BIM and the Nemetschek business model are increasingly reliant on. As the regulatory environment, and day to day needs, adapt to the emerging issues globally and locally, the business is prepared to address them.

Nemetschek Group only works with certified service providers and ensures uniform application of the highest cyber and data security standards, including across all its suppliers where possible, to ensure a sustainable impact is achieved.

The Nemetschek Group has implemented a variety of measures to actively manage and control cyber and information security risks and to ensure uniform cyber and data security standards in the Group. These also make a central and positive contribution to implementing the Group's growth strategy and represent a business opportunity for the Nemetschek Group from the financial year 2024.

Human Resources

The Nemetschek Group is aligned for long-term growth. Its organizational structure and workflows allow changes to be made dynamically and offer appealing development opportunities for Nemetschek Group employees or entry opportunities for external candidates. The company continually adapts its approach to its employees to respond to changes in the business, including but not limited to communicating, training, supporting, and upholding just and egalitarian practices to promote employee success.

The Group's attractiveness as an employer and its attractive working conditions both provide the opportunity to recruit specialized experts and managers from the labor market as well as promote longevity with current employees. Highly qualified, and supported, employees are the backbone of the business. Nemetschek Group is committed to promoting an innovative culture to foster talent and thereby make an impact on its own workforce. Sustainability as an essential feature of corporate culture strengthens the organization. See also *<< 2.1 General Disclosures >>* and *<< 2.3 Social Information >>*.

The functional organizational structure of the G&A functions (HR/People, Controlling & Risk Management, Finance, IT, and Information Security) rolled out in 2023 is enhancing the appeal of roles in these areas. Furthermore, a more closely coordinated brand identity, portraying a globally active group, continues to be an opportunity to heighten the company's appeal for existing and future employees. The existing, close cooperation with a broad network of universities, particularly in Europe, the US, and India, 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 have more options for retaining employees and hiring new ones.

Products, Technologies and Processes

The development of new solutions and technologies that are focused on client benefits, including cloud-based solutions and platforms or digital twins for example, can enable new efficiencies and growth potential to be harnessed. New business models such as subscriptions and SaaS also open up opportunities to boost the Group's earnings. The Nemetschek Group uses its close client relationships and its wealth of knowledge and experience as well as its research and development resources to harness opportunities that are emerging.

The Nemetschek Group's software provides information on regulations, materials, and construction impacts; facilitates data exchange; and enhances process digitalization and automation, thereby improving efficiency, productivity and the overall quality of constructed buildings. Open BIM allowes for transparency on project responsibilities and requirements and enables the traceability of workflows, creating accountability and liability in projects and reducing the potential for design-related disputes among stakeholders. These characteristics, which are inherent in the Nemetschek Group's products, facilitate the involvement of smaller businesses in larger projects, thus promoting broader participation and collaboration in the construction industry and more sustainable effects and outcomes.

Changes are continuously made to existing business processes and models in order to achieve targeted improvements. Changes may have a direct positive impact on client benefits, such as facilitating the acquisition of building certifications and improved transparency on building projects with BIM, and thus also on client relationships, as well as an indirect effect by additionally optimizing internal corporate structures and processes, thus creating a positive impact on the Group's cost structure and value generation.

Sales and Marketing
The ongoing internationalization of Nemetschek's business forms a strategic focus for expanding regional market share or entering new markets. The focus lies on those sales markets that offer the greatest market potential and growth. Alongside Europe, a major priority is the United States, which is the largest regional AEC/O software market in the world, as well as selected Asian markets. Along with this, there is an opportunity for stepping up efforts to address previously peripheral markets, e.g. in Asia/Pacific, including India, and for generating additional growth.

New forms of market cultivation arising from the consolidation of individual products are opening up opportunities to offer existing and potential new clients more comprehensive packages of solutions. This is particularly the case for large, international clients who combine various disciplines under one roof. This is supplemented by cross-selling activities to offer clients packages containing different products from the entire Nemetschek portfolio. Offering discounted licenses to students and young professionals establishes an inclusive approach to familiarizing incoming participants with BIM. Opportunities may also arise from new sales channels such as e-commerce, in which clients can take out a subscription for a solution directly online via our websites.

Legal Opportunities

Compliance and Governance
This opportunity was newly identified in 2024. Maintaining an active compliance team that meets regularly aids in preventing and detecting compliance or governance issues that would otherwise be difficult to detect and resolve. In addition to the company's compliance activities, the introduction of and adherence to a formal audit of business partners and of terms and conditions helps to minimize risk. Reducing opportunities for corruption and bribery, as well as strong management of relationships with suppliers, including preventative and detective payment practices, are supposed to have a sustainable impact. As Nemetschek continues to grow it is in a better position to deal with larger, and more well known, service providers, and this provides the opportunity to work in a community of common-minded businesses.

Summary Assessment of the Group's Opportunity and Risk Situation
Changes in the company's overall risk profile or individual risks and opportunities comprise the likelihood of occurrence for cyber security risks as well as interest rate risks which are reduced, from high to low and from very high to high, respectively; whereas, the likelihood of occurrence of a risk in Information technology and development has increased from low to medium. Additionally, the assessed severity for Default and Risk Management was increased from very low to low. The adjustments to the risk profile mainly reflect the reduction of cyber security risks compared to the previous year, particularly due to successful ISO 27001 certification and other IT initiatives during the year. Information technology risks increased because the regulatory environment continues to be increasingly complex, and obtaining skilled employees continues to be difficult. The decrease in interest rate risks is tied to successful financing initiatives during the year that benefit the long-term financial solidity of the business. The increase in probability of Default and Risk Management risk is due to an incident with a service provider that ceased providing necessary services and payments. Lastly, incorporation of the sustainability-related impacts, risks, and opportunities into the opportunity and risk analysis process improves the Group's focus on sustainability. Overall, the Nemetschek Group 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 position, and the financing structure.

7 Outlook 2025

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 impact the Group's future earnings, financial and asset situation.

The outlook for the global economy is currently influenced by many factors that are subject to great uncertainties. Geopolitical conflicts and crises, as well as their impact on global markets, remain key drivers of the global economic situation. Despite these myriad crises, the global economy proved to be robust in 2024.

It is also expected that the Russian war of aggression in Ukraine, as well as the increasing disputes and conflicts in the Middle East, will have a negative impact on the development of the global economy in 2025. Furthermore, it is anticipated that trade relations between the USA and China, but also between the USA and Europe, could become strained due to the new US President and that global supply chains could be impacted as a result. Moreover, the increasing transformation efforts and activities in individual economic areas (e.g., the Department of Government Efficiency in the USA and the European Green Deal in the European Union) could lead to substantial changes in the underlying economic conditions, yielding opportunities as well as risks for individual sectors.

The monetary measures taken by governments and central banks have exerted their effect in recent years. Inflation rates are therefore expected to continue declining, gradually reaching the central banks' targets and have already done so in some regions. Initial measures to ease the restrictive monetary policy have already been taken and further such measures are expected. Interest rates already fell during the course of 2024, but remain at a relatively high level in many regions. Given the large number of existing and potential geopolitical conflicts, the following forecasts are, however, fraught with high uncertainty.

In its World Economic Outlook published on January 17, 2025, the International Monetary Fund (IMF) expects global growth of 3.3%, which is similar to the growth rate witnessed in 2024. In its Annual Report 2024/2025 published on November 13, 2024, the German Council of Economic Experts assumes that global economic growth will slow to 2.6% in 2025.

In its report published in January, the IMF estimates global inflation at 4.2% in the year 2025, whereas the German Council of Economic Experts expects a lower rate of inflation of 3.0 percent. Both groups of experts thus anticipate a slowdown compared to the previous year.

The following developments are forecast for the regions of operational significance for the Nemetschek Group:

GDP in the **Eurozone** is expected to grow by 1.3% (German Council of Economic Experts) and 1.0% (IMF) in 2024. The European Central Bank continues to relax its monetary policy, meaning that a further slight reduction in interest rates can be expected for 2025. It is also assumed that inflation will once again decline compared with previous years and that it will gradually move towards the target set by the ECB in many European countries. Nevertheless, it is still expected that the Russian war of aggression against Ukraine, in particular, will continue to have an adverse impact on economic performance in the EU.

After the economy in **Germany** more or less stagnated in 2024, the German Council of Economic Experts and the IMF anticipate that economic performance in Germany will remain weak, with each institution predicting growth rates of 0.4% and 0.3%, respectively, for 2025. The German economy continues to face substantial challenges, as high energy and labor costs, as well as increasing international competition (e.g., from China), are having a particularly negative impact on export business, but also on overall economic performance.

The German Council of Economic Experts is forecasting growth of 2.1% for the **United States** in 2025, while the IMF expects growth of 2.7%. Both institutions therefore expect that the US economy will slow down for the second year in a row. The economic policies planned by the new government, including possible tax reforms and infrastructure investments, could have a considerable effect on economic performance. In particular, the planned tariffs could push up inflation and put a strain on trade relations. In addition, the Federal Reserve has raised the prospect of two further interest rate cuts of 0.25 percentage points in 2025. This cautious easing of monetary policy is intended to bolster economic growth while simultaneously keeping inflation under control.

The highest level of economic growth is once again forecast for **Asia** in 2025. The IMF expects growth of 5.1% in 2025, putting its estimate more or less on a par with that of the German Council of Economic Experts at 4.1%. A driver in the region is **China**, with an estimated growth of 4.6% (IWF) or 4.6% (Council of Economic Experts). The crisis in the Chinese real estate sector, however, is expected to continue in 2025. Additionally, it is anticipated that tensions in international trade, especially with the USA and the EU, could negatively impact Chinese exports. Planned tariffs on Chinese products, such as electric vehicles, could also change the balance of trade. An additional strong driver in Asia is India, with a forecast growth rate of 6.5% (IMF) or 6.6% (Council of Economic Experts). The Indian government is increasingly focusing on expanding the country's infrastructure and is subsidizing investments in key areas such as technology and renewable energies. Continuing digitalization and technological progress, especially in the IT sector, are consolidating India's position as a global driver of innovation and spearheading its economic growth. For

Saudi Arabia, further economic growth is forecasted. The IMF expects an increase of 3.3% for the year 2025. However, this outlook is slightly below the original growth expectation, as Saudi Arabia's economic growth was revised downwards slightly due to the reduction in oil production. At the same time, however, the country is making considerable efforts to diversify its economy and make it less dependent on the oil sector.

Overall, the uncertainties associated with the aforementioned forecasts are considerable and particularly depend on the further course of political and economic conflicts, crises and underlying conditions. Any risks occurring or worsening or any deterioration in conditions may have a negative effect on the global economy. Likewise, an end to the war in Ukraine or the Middle East or an improvement in general conditions may generate impetus for the global economy, positively affecting the industries and regions addressed by the Nemetschek Group. The IMF and the German Council of Economic Experts currently believe that the short-term risks for the global economy outweigh the opportunities.

Sources: German Council of Economic Experts, Annual Report 2024/25 dated November 13, 2024, and International Monetary Fund, World Economic Outlook Update dated October 22, 2024, and January 17, 2025.

Development of the Underlying Industry-Specific Conditions in the Construction Sector

Construction Industry

The construction industry is influenced by the prevailing macroeconomic and political conditions. The effects previously described of the current geopolitical crises and conflicts are also leaving traces on the construction industry in particular. High interest rates (despite slight falls), a still restrictive monetary policy, and continued high prices continue to exert a dampening effect on the current willingness to invest among companies and private developers. In the medium term, however, the construction sector is expected to recover slightly.

The current situation in the sector poses the challenge of finding efficiencies in planning and construction processes, especially for companies operating in this area. The increased need for improved efficiency and cost savings may therefore continue to provide an important incentive for the further digitalization of the industry. At the same time, the importance of sustainability and environmental protection in the planning, construction, operation, and renovation of buildings is growing at an increasing rate. A more energy- and resource-efficient approach throughout the entire construction process, including the subsequent use phase, is a critical factor in achieving the political climate targets. This may also lead to positive growth momentum for the construction industry.

The experts at Euroconstruct (December 2024) project a sequential inflation-adjusted decline in the construction industry in **Europe**. They forecast a decline of –1.8% in 2024, improving to –0.1% in 2025. Renewed growth of 1.3% is expected for the first time in 2026. The German construction industry, which is still of particular importance for the Nemetschek Group, is expected to contract by –1.1% in 2025. The forecast contraction is therefore lower than in 2024, where a decline of –3.5% was expected.

At –1.1% in 2025, the decline forecast for Germany is above the average for the Euroconstruct countries (–0.1%). The highest growth rates across Europe are expected in Ireland (+6.0%), Norway (+5.6%) and Poland (+5.4%). The sharpest declines in 2025 are forecast for Italy (–6.4%) and Belgium (–1.2%).

While the construction industry in the **USA** is estimated to have grown by 5% in 2024, according to the North American Engineering and Construction Outlook, it is anticipated that this growth will slow down slightly to 2.0% in 2025 and 2026. Economic growth is expected to slow down in all areas. As such, growth of 1% is expected for residential buildings in 2025, followed by 2% in 2026. Growth of 1.0% and 2.0% in 2025 and 2026 is also predicted for non-residential buildings. The infrastructure sector is expected to see sustained high growth of 5.0% in 2025 and 3.0% in 2026.

A decline of 2.8% is expected for the construction industry in **Asia**. This decline is being driven primarily by **China**, where a decline of 8.0% is expected, while growth of 5.9% is expected for India, which is being driven primarily by residential construction. Significant growth of 4.0% is expected in Japan. Growth of 3.0% is also expected in Saudi Arabia.

Sources: 98th Euroconstruct Summary Report Winter 2024; North American Engineering and Construction Outlook Fourth Quarter Edition (December 2024), Oxford Economics.

Digitalization in Construction
Digitalization in the construction industry is less developed than in other industries. This is due to significant fragmentation, non-series production processes, and the low profitability of construction. Nevertheless, an increasing share of actors in the industry are coming to regard digital transformation as a crucial competitive advantage and strategic priority. Factors such as more robust regulation (particularly for sustainable construction), high material costs, the ongoing skills shortage, and the lessons of the Covid-19 pandemic may further drive or even accelerate existing digitalization trends in the medium term. The Nemetschek Group, which is globally positioned in this market, is therefore operating in a growing market with significant long-term growth prospects. Particularly favorable in this regard is the growing spread of an open standard for data exchange, which improves compatibility and efficient data sharing between different software solutions, thus fostering the establishment of BIM. This development is chiefly being driven by the international nonprofit organization buildingSMART, which promotes digitalization in the construction industry.

Development of the Media and Entertainment Industry
The media and entertainment industry continues to benefit from growing demand for high-quality content and animation by artists and creators, as well as the growing use of visual effects (VFX) in films and videos and strong demand from the gaming industry. Although growth in the industry was briefly hit by the strikes in Hollywood in 2023, Nemetschek still sees great potential in the medium term, especially in the metaverse area and the development of artificial environments using augmented reality (AR) and virtual reality (VR). In this market, the Nemetschek Group is globally positioned with its Media segment and the Maxon brand to leverage future growth potential in the underlying market.

General Statement on the Expected Development

Outlook for the Nemetschek Group
Despite the underlying macroeconomic and industry-specific conditions and challenges outlined above, the Executive Board is optimistic about 2025.

In the short term, the planned ongoing adoption of subscription and SaaS models, especially in the Design segment, will have a temporarily dampening effect on revenue growth and profitability due to accounting-related effects. At the same time, however, the conversion to subscription and SaaS models means that higher revenues can be generated over the client lifetime. Moreover, revenues are more predictable and, as a result, business generally gains added resilience – even across economic cycles.

In the medium and long term, the significant structural growth drivers in the segments Design, Build, and Manage, such as the low level of digitalization in the construction industry, the requirements for greater efficiency and time and cost savings in the construction life cycle, mounting regulations on BIM use, increased demands for sustainability, environmental protection and lower carbon emissions, as well as ongoing urbanization, remain fully intact. In addition, there is the ongoing shortage of skilled workers, which has even intensified as a result of the crises of recent years and is leading to a further need for digitalization. Furthermore, there is a comparable development in the Media segment, where the medium- and long-term structural growth drivers, such as the growing demand for high-quality content and animation and the increased use of visual effects, (VFX) remain intact.

For the financial year 2025, the Executive Board expects currency-adjusted revenue growth for the Nemetschek Group (including GoCanvas) in a range between 17% and 19%. This includes an M&A-related revenue contribution from the GoCanvas acquisition of around 350 basis points. The EBITDA margin for the Nemetschek Group, including the dilution due to the lower profitability of GoCanvas, which is still below the group average, is expected to be around 31%.

These figures do not yet reflect the full potential of the GoCanvas acquisition, as both the revenue and EBITDA contribution in the first half of 2025 are still reduced due to the IFRS-related purchase price allocation.

	Financial Year 2024 Actual	Financial Year 2025 March 2025 Outlook
Revenue and currency-adjusted revenue growth (including GoCanvas)	EUR 995.6 million, 17.2%	Currency-adjusted revenue growth of 17%–19%
Revenue contribution from the GoCanvas acquisition	320 basis points	~ 350 basis points
EBITDA and EBITDA margin (including GoCanvas)	EUR 301.1 million, 30.2%	EBITDA margin of ~ 31%

The key financial figure ARR (Annual Recurring Revenue) will in 2025 no longer be part of the forecast, as the transition to subscription and SaaS models has already been largely completed. Nevertheless the Nemetschek Group will continue to report on ARR. The same applies to the share of recurring revenues in total revenues.

As the business development is affected by currency effects, especially from the US dollar, the outlook for revenue growth is given excluding currency effects to better assess the operational strength of the business.

Dividends

The pro-shareholder dividend policy pursued by Nemetschek SE based on continuity and sustainability is to be continued in the coming 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.

In general, it should be noted that, in addition to a change in economic conditions, changes in exchange rates and possible portfolio changes due to M&A activities could have an impact on the Group's revenue and earnings development and ultimately on the achievement of the outlook. For this reason, the outlook for the 2025 financial year was prepared, as in previous years, on a comparable basis with constant exchange rates and a portfolio unaffected by M&A activities.

Outlook for Nemetschek SE

The net profit of the Nemetschek SE in the financial year 2025 is expected to be above the net profit of the past financial year. An increase in the upper single-digit percentage range is expected.

Furthermore, it is expected that the Nemetschek SE will report positive gross liquidity in 2025 with a growth in the low double-digit percentage range above the previous year's level.

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 company. This could result in material differences between the actual results, success, and performance of the Nemetschek Group and the results, success, and performance explicitly or implicitly contained in the forward-looking statements.

8. Other Disclosures

Corporate Governance Declaration

The corporate governance declaration pursuant to sections 289f and 315d of the German Commercial Code (HGB) is part of the Group Management Commentary. It is published on the Nemetschek SE website at *ir.nemetschek.com/cgd*. 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. The corporate governance declaration can also be found in the 2024 Annual Report in the chapter entitled *<< To our Shareholders >>*.

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, 2024, 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 statutory provisions, such as in accordance with Sections 71b and 136 of the AktG. The company's Executive Board is not aware of other restrictions, such as under agreements between shareholders.

(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 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 are generally no controls on voting rights for employees holding an interest in the capital. If Nemetschek SE issues shares as a remuneration component under employee participation schemes, the shares are transferred to the employees. The beneficiary employees can exercise the control rights conferred on them by the employee shares as other shareholders do in accordance with the statutory provisions and the regulations in the Articles of Incorporation.

(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 (2) 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 consisted of two persons as of December 31, 2024. It has consisted of three persons since January 1, 2025.

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).

The amendments to the Articles of Incorporation are governed by Article 59 of the SE Regulation, Section 51 of the SE Act and Section 179 of the German Stock Corporation Act in conjunction with Articles 14 and 19 of Nemetschek SE's Articles of Incorporation. According to this provision, amendments to the Articles of Incorporation are generally decided by the Annual General Meeting by 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 on 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 on 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 on 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 23, 2024, 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 23, 2024, the authorization is valid as follows:

"a) The Executive Board shall be authorized until the end of May 22, 2029, with the approval of the Supervisory Board, to purchase shares in the company up to a total of 10% of the share capital existing at the time this authorization becomes effective or – if this amount is lower – of the share capital of the company existing at the time this authorization is exercised in each case, for any permissible purpose within the scope of the statutory limitations and under the conditions specified in more detail below. The authorization may not be used for the purpose of trading in treasury shares.

In accordance with Section 71 (2) sentence 1 AktG, the purchased treasury shares, together with other shares that the company has already acquired and still holds or that are attributable to it in accordance with Sections 71d and 71e AktG, may at no time account for more than 10% of the company's share capital. Furthermore, the requirements of Section 71 (2) sentences 2 and 3 AktG must be observed.

At the discretion of the Executive Board, treasury shares may be acquired aa) via the stock exchange or bb) by means of a public purchase offer or cc) by means of a public invitation to shareholders to submit offers to sell.

aa) If the shares are purchased via the stock exchange, the purchase price per share (excluding incidental expenses) may not exceed or fall below the arithmetic mean of the closing auction prices of shares in the company in the Xetra trading system of the Frankfurt Stock Exchange on the last three days of trading prior to the obligation to purchase by more than 10% and more than 20% respectively.

bb) If the acquisition takes place outside the stock exchange on the basis of a public purchase offer, a fixed purchase price or a purchase price range may be determined. The purchase price offered or the limits of the purchase price range offered (excluding incidental expenses) per share may not exceed or fall below the arithmetic mean of the closing auction prices of shares in the company in the Xetra trading system of the Frankfurt Stock Exchange on the 5th, 4th and 3rd day of trading prior to the date of publication of the offer by more than 10% and more than 20% respectively. If significant price movements occur after the publication of a public purchase offer, the offer may be adjusted.

cc) If the acquisition is made by means of a public invitation to all shareholders to submit offers to sell, the company shall set a purchase price range per share within which offers to sell may be submitted. The purchase price per share to be paid by the company (excluding incidental expenses), which the company determines on the basis of the offers to sell received, may not exceed or fall below the arithmetic mean of the closing auction prices of shares in the company in the Xetra trading system of the Frankfurt

Stock Exchange on the last three days of trading prior to the day on which the offers to sell are accepted by more than 10% and more than 20% respectively.

dd) If significant price movements occur after the publication of a public purchase offer or a public invitation to submit offers to sell, the public purchase offer or the public invitation to submit offers to sell can be adjusted. In this case, the arithmetic mean of the closing auction prices of shares in the company in the Xetra trading system of the Frankfurt Stock Exchange on the 5th, 4th and 3rd day of trading prior to the public announcement of the adjustment is used to determine the adjusted purchase price or the adjusted purchase price range. The 10% or 20% limit for exceeding or falling below the mean amount shall be applied to the adjusted amount.

The volume of a public purchase offer or a public invitation to submit offers to sell may be limited. If a public purchase offer or a public invitation to submit offers to sell exceeds this volume, the purchase or acceptance may be made in proportion to the shares offered (tender quotas), with the partial exclusion of any pre-emptive tender rights of shareholders in this respect. Furthermore, provision can be made for the preferential acceptance of smaller quantities of up to 100 shares offered per shareholder as well as for a rounding rule in accordance with prudent commercial practice in order to exclude arithmetic fractional shares. Any further pre-emptive tender rights of shareholders shall be excluded to this extent.

The detailed drafting of the respective acquisition, in particular of a public purchase offer or a public invitation to submit offers to sell, shall be determined by the Executive Board.

The authorization to purchase treasury shares may be exercised once or several times, in whole or in part. The purchase may be carried out in tranches, spread over various acquisition dates, within the authorization period until the permissible acquisition volume is reached. The acquisition may also be carried out by Group entities dependent on the controlling enterprise within the meaning of Section 17 AktG or by third parties for the account of the controlling enterprise. Furthermore, the company may agree with one or more banks or other enterprises that meet the requirements of Section 186 (5) sentence 1 AktG that they will transfer to the controlling enterprise a predetermined number of shares or a predetermined euro equivalent value of shares in the company within a predefined period of time. The price at which the controlling enterprise acquires treasury shares shall represent a discount on the arithmetic mean of the volume-weighted average price in the Xetra trading system on the Frankfurt Stock Exchange, calculated over a predetermined number of trading days. However, the price of the share may not fall below the aforementioned mean by more than 20%. Furthermore, the credit institutions or other enterprises fulfilling the requirements of Section 186 (5) sentence 1 AktG must undertake to purchase the shares to be transferred on the stock exchange at prices that are within the range that would apply if the controlling enterprise itself were to purchase them directly on the stock exchange.

Should the Xetra trading system on the Frankfurt Stock Exchange be replaced by a comparable successor system, this authorization shall also apply to that system in place of Xetra trading.

b) The Executive Board shall be authorized to use shares in the company that are acquired on the basis of the above authorization or in accordance with Section 71d AktG for all legally permissible purposes from May 24, 2024, in particular

aa) to sell the shares to third parties against payment in cash in a manner other than via the stock exchange or by means of an offer to sell addressed to all shareholders. The prerequisite for this is that the price at which the shares are sold (excluding incidental selling expenses) is not substantially below the price of the company's shares determined by the opening auction in the Xetra trading system on the Frankfurt Stock Exchange on the day of the binding agreement;

bb) to offer or sell the shares as consideration in connection with a merger with other companies, the acquisition of companies, business units or equity interests in other entities or the acquisition of other assets. Sell in this context also includes granting conversion or subscription rights and purchase options and transferring shares as part of a securities lending transaction;

cc) to utilize the shares to fulfill or secure conversion or option rights or conversion obligations or acquisition rights to shares in the company, in particular from and in connection with convertible bonds or bonds with warrants attached issued in the future by the company or a Group entity of the company within the meaning of Section 18 AktG;

dd) to use the shares to pay a scrip dividend, which offers all shareholders the option of transferring all or part of their dividend entitlement to the company in return for shares in the company;

ee) to redeem the shares, without such redemption or its implementation requiring a further resolution of the Annual General Meeting. The redemption shall lead to a capital decrease. The Executive Board may determine otherwise, i.e., that the share capital remains unchanged upon redemption and instead that the proportion of the share capital relating to the remaining shares increases through redemption pursuant to Section 8 (3) AktG. In such a case, the Executive Board is authorized to adjust the statement of the number of shares in the Articles of Incorporation;

ff) to offer the shares for purchase to members of the company's Executive Board, members of the Executive Board and the management of controlled Group entities of the controlling enterprise within the meaning of Section 18 AktG and to employees of the company or of Group entities as part of the agreed remuneration and/or to fulfill the company's obligations under management and employee participation schemes, share matching plans, performance share programs, stock appreciation rights or other virtual share or share option programs, to grant shares or to sell or transfer shares to such persons; the shares offered or granted may also be transferred to the beneficiaries after the end of the board or employment relationship. This also includes the authorization to offer the shares free of charge or for purchase at other special conditions or to grant, sell or transfer them. The shares may also be transferred to a bank or another company meeting the requirements of Section 186 (5) sentence 1 AktG, which, along with the shares, assumes the obligation to use the shares exclusively for the purposes set out in sentence 1 of this lit ff). The Executive Board shall be authorized to acquire the shares to be granted to employees of the company and of controlled Group entities, to members of the company's Executive Board or to members of the management of controlled Group entities via securities loans from a bank or another company meeting the requirements of Section 186 (5) sentence 1 AktG and use the shares acquired on the basis of the above purchase authorization or an earlier authorization to repay these securities loans. If treasury shares are to be offered for sale, granted or transferred to members of the company's Executive Board, the Supervisory Board shall decide on the exercise of this authorization.

Shareholders' subscription rights to acquired treasury shares shall be excluded to the extent that these shares are used in accordance with the above authorizations under b) aa) to cc) and ff). In addition, the Executive Board shall be authorized, with the approval of the Supervisory Board, to exclude subscription rights in order to grant the holders and/or creditors of conversion/option rights to shares in the company or corresponding conversion/option obligations subscription rights in order to make allowance for any dilution effect to the extent to which they would be entitled after exercising these rights or fulfilling these obligations. The Executive Board shall also be authorized, with the approval of the Supervisory Board, to exclude subscription rights if within the meaning of Section 186 (3) sentence 4 AktG an exclusion of subscription rights is required to implement the scrip dividend (authorization lit b) dd)). Furthermore, subscription rights for fractional amounts may be excluded in the event of a sale offer to all shareholders.

The authorizations under b) aa) and cc) are restricted pursuant to Section 186 (3) sentence 4 AktG to the extent that the total number of shares in the company to be sold with the exclusion of subscription rights, together with new shares in the company that have been issued excluding subscription rights since this authorization was granted, must in total not exceed 10% of the company's share capital, either at the time when this authorization takes effect or – if this value is lower – at the time this authorization is exercised. Furthermore, shares issued or required to be issued to meet obligations arising from bonds with warrants attached or convertible bonds must also be included in determining this 10% limit, provided that these bonds were issued with the exclusion of subscription rights during the term of this authorization in corresponding application of Section 186 (3) sentence 4 AktG. In determining this 10% limit, all shares must be included that are issued in direct or indirect application of the above provision during the term of this authorization up to the time when it is exercised.

The authorization to use treasury shares can be exercised once or several times, in whole or in part.

The authorization to acquire and use treasury shares resolved by the Annual General Meeting on May 28, 2019 will be cancelled at the end of May 23, 2024."

(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.

Related Entities Report

The Executive Board of Nemetschek SE has prepared a report on the company's relationships with affiliated companies (Related Entities Report) in accordance with Section 312 of the German Stock Corporation Act and has declared the following at the end of the report:

Our company, Nemetschek SE, received appropriate consideration for each legal transaction listed in the report on relationships with affiliated companies for the reporting period from January 1, 2024 to December 31, 2024 in light of the circumstances known to us at the time the legal transactions were carried out. Nemetschek SE has not taken or omitted any measures.

Munich, March 14, 2025

The Executive Board

Yves Padrines   Louise Öfverström   Usman Shuja

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