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%