

# NEMETSCHKE GROUP

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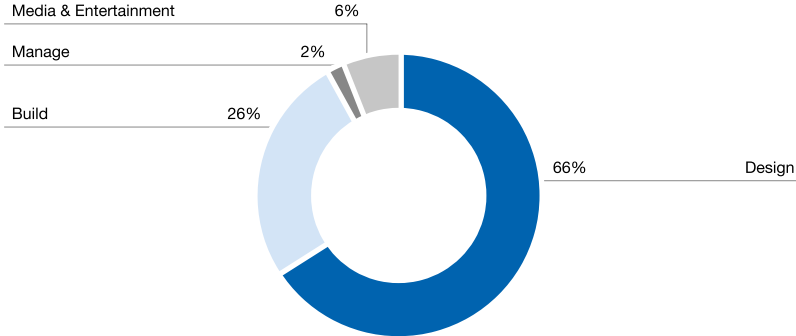


ANNUAL REPORT  
2016

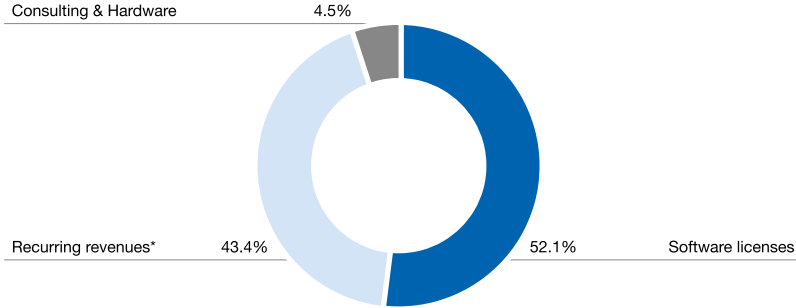
**BUILDING  
THE FUTURE  
TOGETHER**

# At a glance

## REVENUES BY SEGMENT IN %

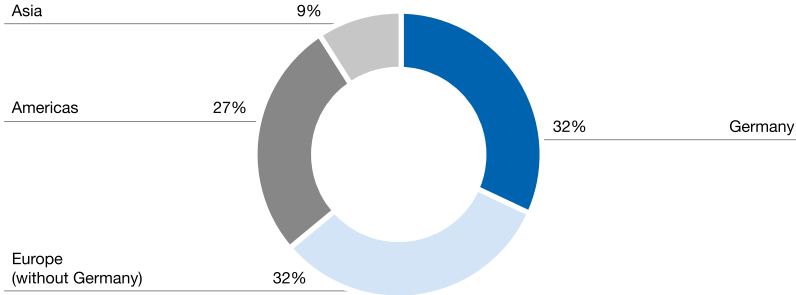


## REVENUES BY TYPE IN %



\* Software services, rental models (subscription, software-as-a-service).

## REVENUES BY REGION IN %



# Key figures

## NEMETSCHEK GROUP

in EUR million	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
<b>Revenues</b>	<b>337.3</b>	<b>285.3</b>	<b>218.5</b>	<b>185.9</b>	<b>175.1</b>
<b>EBITDA</b>	<b>88.0</b>	<b>69.5</b>	<b>56.8</b>	<b>46.3</b>	<b>40.9</b>
as % of revenue	26.1%	24.4%	26.0%	24.9%	23.4%
<b>EBIT</b>	<b>69.7</b>	<b>52.7</b>	<b>46.5</b>	<b>35.7</b>	<b>29.9</b>
as % of revenue	20.7%	18.5%	21.3%	19.2%	17.1%
<b>Net income (group shares)</b>	<b>46.9</b>	<b>35.9</b>	<b>31.5</b>	<b>24.0</b>	<b>19.5</b>
per share in €	1.22	0.93	0.82	0.62	0.51
<b>Net income (group shares) before purchase price allocation</b>	<b>55.1</b>	<b>42.8</b>	<b>35.3</b>	<b>29.7</b>	<b>25.3</b>
per share in €	1.43	1.11	0.92	0.77	0.66
<b>Cash flow from operating activities</b>	<b>79.7</b>	<b>65.1</b>	<b>44.2</b>	<b>40.2</b>	<b>36.5</b>
<b>Free cash flow</b>	<b>32.1</b>	<b>23.7</b>	<b>-35.2</b>	<b>18.7</b>	<b>29.8</b>
<b>Net liquidity/net debt</b>	<b>16.3</b>	<b>3.3</b>	<b>-3.0</b>	<b>48.6</b>	<b>44.3</b>
<b>Balance sheet total</b>	<b>454.7</b>	<b>370.8*</b>	<b>291.7</b>	<b>178.5</b>	<b>159.9</b>
<b>Equity ratio</b>	<b>44.4%</b>	<b>45.0%*</b>	<b>46.8%</b>	<b>66.2%</b>	<b>66.8%</b>
<b>Headcount as of balance sheet date</b>	<b>1,925</b>	<b>1,754</b>	<b>1,559</b>	<b>1,356</b>	<b>1,229</b>
<b>Closing price (Xetra) in €</b>	<b>55.26</b>	<b>46.03</b>	<b>20.90</b>	<b>12.58</b>	<b>8.30</b>

\* Previous year's values adjusted to final purchase price allocation of Solibri Group.



A photograph of a modern building with a curved, ribbed facade. The building is illuminated from within, creating a warm glow that highlights the texture of the facade. The sky is a deep blue with some clouds, suggesting dusk or dawn. The building has a large window on the right side, showing the interior. The overall mood is futuristic and sophisticated.

# **BUILDING THE FUTURE TOGETHER**

STRONG BRANDS. GREAT PROJECTS.

## FACTS & FIGURES

60

Locations

2.3m

Users

Users in  
142  
countries

Around  
2,000  
employees  
worldwide

14

Brands

1

Philosophy

Founded

1963

by Professor  
G. Nemetschek

OPEN  
BIM

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Strong Brands. Great Projects.

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# BUILDING THE FUTURE TOGETHER

STRONG BRANDS. GREAT PROJECTS.

## NEMETSCHKE GROUP

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With its software solutions the Nemetschek Group serves customers along the entire value chain in the AEC (Architecture, Engineering, Construction) industry.

These customers include architecture, design and planning offices, engineers of all disciplines, construction companies, construction suppliers and building administrators.

[www.nemetschek.com](http://www.nemetschek.com)







## Network of Industry Leaders

The advance of digitization will also mean fundamental changes in the construction industry. It will lead to increased cost transparency, efficiency and adherence to time budgets. These are precisely the objectives that the strong brands of the Nemetschek Group intend to achieve with their software solutions. These solutions support the BIM (Building Information Modeling) digital work method. They are perfectly fitted to the relevant target groups and enable customers to fulfill requirements for even more quality, transparency and efficiency in the building process. At the same time, they are setting new benchmarks with their solutions in the AEC and Media & Entertainment markets.





**STRONG BRANDS: NETWORK OF INDUSTRY LEADERS**

ALLPLAN	 BLUEBEAM	CREM SOLUTIONS	 DATA DESIGN SYSTEM	DESIGN DATA 	 dRofus	FRILO Software
GRAPHISOFT	MAXON	NEVARIS	PRECASTI <small>SOFTWARE engineering</small>	 SCIA	SOLIBRI	 VECTORWORKS

# Worldwide

**14 BRANDS**  
**1 PHILOSOPHY**  
**2.3M USERS**  
**60 LOCATIONS**  
**142 COUNTRIES**

## AMERICAS

Brazil  
Canada  
Mexico  
USA

There is building going on all over the world. Consequently, the Nemetschek Group has subsidiaries, branch offices, representations and cooperations in all the important markets in the world – with 14 strong brands and more than 60 locations worldwide.

With 2.3 million registered users in 142 countries, today we are among the most successful software providers worldwide for the AEC (Architecture, Engineering, Construction) industry.

NORTHERN AND EASTERN EUROPE

- Czech Republic
- Finland
- Hungary
- Norway
- Russia
- Slovakia
- Sweden

ASIA

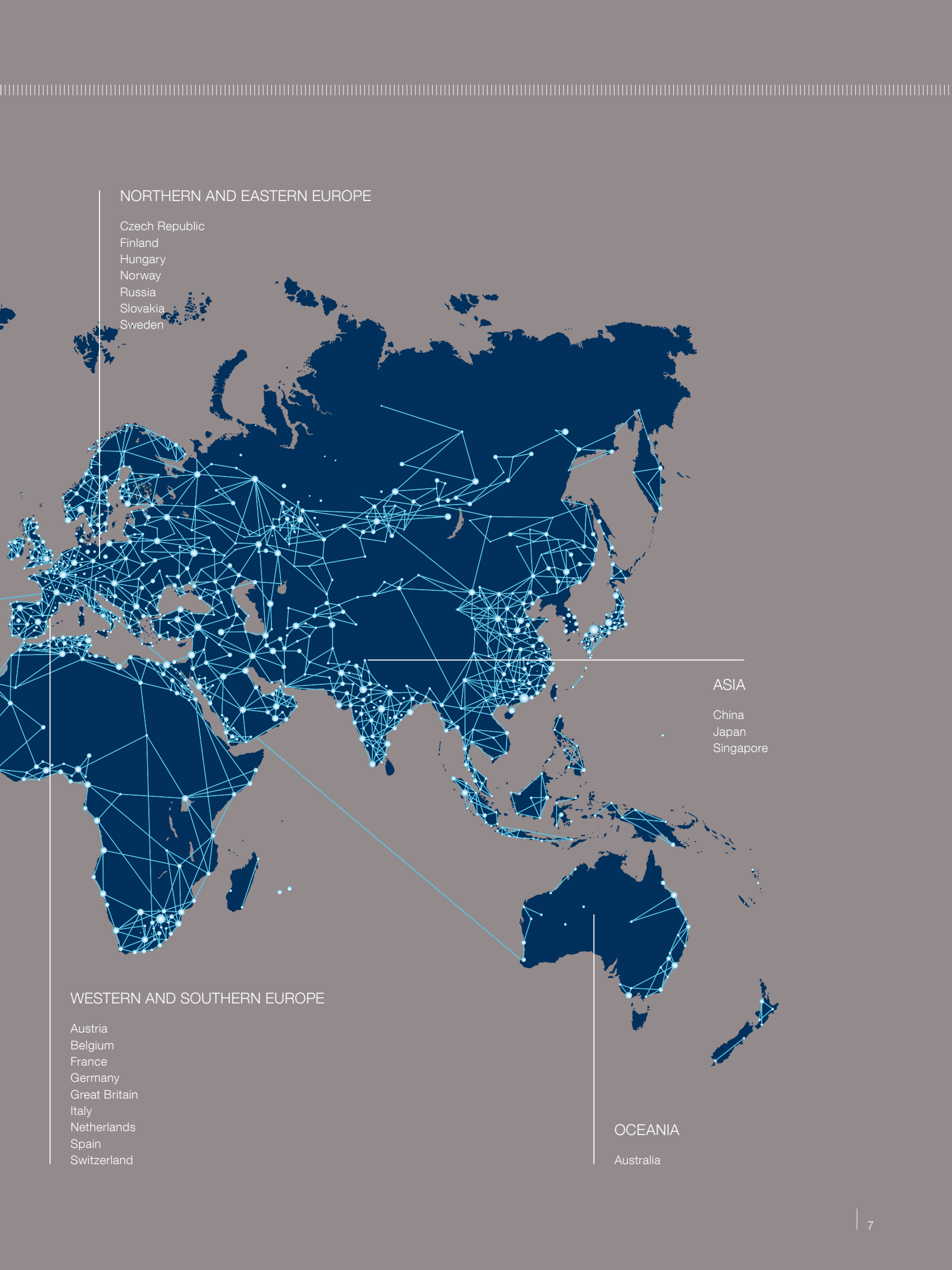
- China
- Japan
- Singapore

WESTERN AND SOUTHERN EUROPE

- Austria
- Belgium
- France
- Germany
- Great Britain
- Italy
- Netherlands
- Spain
- Switzerland

OCEANIA

- Australia



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# COLLABORATION PAR EXCELLENCE

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**Example: Hasselt City Hall, Belgium** — The building of the new municipal administration center in Hasselt, Belgium, demonstrates how seamless collaboration in building projects can minimize risks and save costs from the design phase all the way to commissioning. A joint project of several brands of the Nemetschek Group.

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ALLPLAN

GRAPHISOFT

SOLIBRI

Large-scale, highly complex building projects in particular require ongoing, reliable and efficient coordination between all stakeholders – both internal and external – across disciplines and between companies. Therefore, in association with other market players, the Nemetschek Group is promoting the Open BIM data standard. This is a universal, collaborative approach to designing, constructing and operating buildings based on open standards and workflows. It makes it possible for project stakeholders to collaborate, even if the type of software varies from user to user. The Industry Foundation Classes (IFC) interface has established itself as an open standard and is therefore of central significance.

Sharing and evaluating data throughout the entire product life cycle saves time and money and improves quality. The administration of data is key to this digital transformation, for it is only possible to take full advantage of the potential if each stakeholder can access the data that he or she needs at any given time. This begins with a realistic BIM building model, which is an essential prerequisite for a genuine 5D workflow. This model is no longer limited to just 3D construction data; it also includes data concerning the dimensions of time and costs.

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**“The end-to-end use of BIM solutions constitutes genuine added value for all stakeholders in the building process because it enables seamless and efficient collaboration”**

**Steven Hendrickx, Head Architect in Hasselt**

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**Seamless collaboration exemplified by the Hasselt City Hall**

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Under the management of the architect team comprising Jaspers-Eyers, MASS Architects and Michel Janssen, a new municipal administration center is being built in Hasselt. The complex, consisting of a renovated building section and a new building, provides approx. 17,000 m<sup>2</sup> for the city administration and social services as well as offices.



The architects and their most important partners are using Open BIM software solutions for the entire construction process. Three Nemetschek solutions are being implemented for this project: Archicad from Graphisoft for the design and planning of the architects, Allplan Engineering for civil engineering, and the Solibri Model Checker for the BIM quality control carried out by the construction company. From the beginning, all information concerning the building project is contained in the digital building model – from the draft to implementation – including all design details, desired materials, fire protection requirements, acoustic properties, insulation and building structures, and administration. This constitutes considerable added value for all stakeholders compared to the old standard model, which was purely 3D. Thus, this improvement ensures more than just seamless collaboration between all those involved. The complex project can be turned over to the municipality – the proud building owner – with the required quality, on time and within the specified budget.

**Independent and yet consistent**

Steven Hendrickx, the head architect in Hasselt, recognized four decisive factors with Open BIM over the course of the successful project:

- Individual partners design their model with their preferred BIM software, and with their own templates. Outstanding collaboration is ensured, though, thanks to a common, uniform standard which is specified in advance.
- The division of labor is defined at the beginning of the project. Data on statics, for instance, have an essential impact on the architecture and structural design. Data on heating, ventilation and air-conditioning, on the other hand, are also important but don't generally flow directly into the architecture. These data, for example, can be sufficiently analyzed with the BIM solution for quality assurance from Solibri.

Hasselt City Hall is groundbreaking – in terms of design, planning and project implementation



- Design changes in one area don't necessarily affect the plans of all the others involved in the project. The architecture and the building stage are inherently the most closely linked.
- The expertise of the staff, i.e., extensive holistic knowledge of the various building disciplines, is also critical for the success of the project.

### Two examples of the advantage of precise planning

In Hasselt, the construction company was commissioned with excavation, among other tasks. An assessment of the amount of sand that needed to be removed was done based on a calculation using conventional 2D planning methods, which yielded a result of 800 cubic meters. The engineers used the Solibri Model Checker based on Open BIM and the data provided by the architects and arrived at a figure that was just half this amount, i.e., 400 cubic meters of sand. This shows how exact the work with Open BIM solutions can be.

The steel struts to be installed are another example: With the interface function IFC Exports from Allplan, it was possible to use the BIM model to automatically calculate which steel struts needed fireproofing. All it took was a mouse click to obtain precise results, right down to the running meter. In projects that don't use Open BIM solutions, these calculations are made by manually entering the data from 2D drawings in Excel or some other software and then recalculating and evaluating the data for use in quotations and planning, a process that is susceptible to error and one that leaves a lot of room for interpretation. These errors often go undetected until the actual cost planning is already completed. In the case of the Hasselt City Hall, it was possible to avoid such errors from the outset.

### Converting to Open BIM pays off

As is the case with any change, it takes a certain amount of time for companies and employees to accept BIM as the norm. The best way, according to Steven Hendrickx, is to start out by planning smaller projects using BIM. The experience thereby gained will make it possible to complete successively larger BIM projects. The advantages of collaborating through Open BIM are obvious: The entire workflow is much simpler for all project stakeholders, and building projects are completed within time and cost budgets.

### CONCLUSION

**Consistent standards and open interfaces in particular are essential for successful building projects. Stakeholders need solutions that can “work together” for all and any individual tasks being performed. Seamless collaboration between humans and machines: This is ensured with Open BIM, and backed by the brands of the Nemetschek Group.**

The three Nemetschek Group brands involved in the Hasselt project



*Solutions: Allplan Engineering for the engineers, Archicad from Graphisoft for the architects and the Solibri Model Checker for the construction company*

# Great Projects

Every building project is unique.

The Nemetschek Group therefore offers a broad range of software solutions to meet the extremely wide variety of requirements in the building process. The result: building projects that are excellently planned and implemented – from infrastructure projects to public, residential, and office buildings.

## Reference Project No. 1:

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### GRAPHISOFT

**Len Lye Center,  
New Zealand**

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## Reference Project No. 2:

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### BLUEBEAM

**S2, King's Cross,  
Great Britain**

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## Reference Project No. 6:

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### DESIGN DATA

**FRIB** (Facility for Rare Isotope Beams), **USA**

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## Reference Project No. 7:

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### dROFUS

**Airport Oslo Gardermoen,  
Norway**

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## Reference Project No. 11:

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### SCIA

**Airport Brussels,  
Belgium**

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## Reference Project No. 12:

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### SOLIBRI

**Tripla Quarter,  
Finland**

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Reference Project No. 3:

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VECTORWORKS  
**Mareel Cinema &  
Music Venue, Great Britain**

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Reference Project No. 4:

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ALLPLAN  
**Gotthard Base Tunnel,  
Switzerland**

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Reference Project No. 5:

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NEVARIS  
**Art Museum Ravensburg,  
Germany**

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Reference Project No. 8:

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CREM SOLUTIONS  
**St Martin Tower,  
Germany**

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Reference Project No. 9:

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PRECAST  
**Allianz Stadium,  
Austria**

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Reference Project No. 10:

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MAXON  
**Waldkante,  
Germany**

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Reference Project No. 13:

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DATA DESIGN SYSTEM  
**Mooya Fellesbygg,  
Norway**

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Reference Project No. 14:

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FRILO SOFTWARE  
**Meséskert Kindergarten,  
Hungary**

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For further references please visit  
the Nemetschek Group website:  
[www.nemetschek.com/en/references](http://www.nemetschek.com/en/references)

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# GRAPHISOFT®

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## Solutions:

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ARCHICAD

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BIMcloud

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BIMx

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Developed by GRAPHISOFT in Hungary, ARCHICAD is more than just a design software. Together with GRAPHISOFT's BIMcloud and BIMx, ARCHICAD supports the entire BIM workflow throughout the entire lifecycle of the building. Developed by architects for architects, ARCHICAD's BIM-based design and documentation tools offer effective and open collaboration opportunities across the various design and engineering trades. ARCHICAD, BIMcloud and BIMx ensure efficient, interactive client communication and cost-effective construction and building management workflows.

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**BUILDING  
THE FUTURE  
TOGETHER**

STRONG BRANDS. GREAT PROJECTS.





# GRAPHISOFT®

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GRAPHISOFT is a global leader in 3D software for architects and a BIM pioneer.

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**Segment:** Design

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**Company size:** 456 employees

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**Locations:** Budapest, Beijing, Boston, Hong Kong, London, Mexico City, Moscow, Munich, São Paulo, Singapore, Tokyo, Venice

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**Website:** [www.graphisoft.com](http://www.graphisoft.com)

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Reference Project No. 1:

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## Len Lye Center New Zealand

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**Architects:** Patterson Associates  
Architects

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The shimmering building is New Zealand's most courageous contemporary art museum and an international destination for connoisseurs of experimental film and kinetic art.

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## **TO OUR SHAREHOLDERS**

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## To our Shareholders



**Patrik Heider,**  
*Spokesman of the Executive  
Board and CFO*

*Dear Shareholders,*

The Nemetschek Group looks back on an exciting, eventful and, most important, a very successful year: In 2016 we were able to continue on our course of sustainable growth, increase profitability and, overall, record the best year in terms of business in the entire history of our company. We again set benchmarks in our industry strategically, operatively and financially.

**Group revenue** in 2016 rose to an all-time high of EUR 337.3 million, a growth of 18.2% compared to the previous year. In addition to the strong organic growth of 15.9%, the positive development was driven by the new acquisitions of Solibri as of January 1, 2016, and Design Data as of August 1, 2016.

All of our four segments contributed to this development. Our core segments – Design, Build and Manage – showed double-digit growth in revenue. The Build segment was the main driving force, which grew organically by more than 30% and in total by approximately 45%. Geographically, too, this growth had a broad base: We made gains in North America and Europe as well as in Asia. While Nemetschek has its roots in Germany, we have in the meantime become an international Group and generate some 70% of our revenue outside of Germany. Another positive development is that the two pillars of our revenue, software licenses and software service contracts, as well as rental models, grew practically in unison. Recurring revenues now make up more than 43% of Group revenue. This ensures a high level of visibility and stability for us.

**Operating earnings before interest, tax and depreciation and amortization (EBITDA)** increased at a faster rate than Group revenue did, rising by 26.6% to EUR 88.0 million. The EBITDA margin improved over the course of the 2016 financial year, reaching a high level of 26.1%, following 24.4% in the previous year. In addition to strong growth, a one-off gain in the amount of EUR 1.9 million contributed to the increase in earnings. Even after adjustment, we were able to increase the EBITDA more rapidly than revenue to EUR 86.1 million and improve the EBITDA margin to 25.5%.

With cash and cash equivalents amounting to more than EUR 110 million and an equity ratio of 44.4% as of the end of 2016, the Nemetschek Group maintained its strong position. Our traditionally extremely sound equity and financing base allows us to be independent and gives us room to maneuver. In the future as well, we will invest strategically and finance further growth in order to further increase the value of the company. For this, one of our top priorities is the diligent and efficient use of our funds to finance our growth organically as well as through acquisitions.

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## **“We again set benchmarks in our industry strategically, operatively and financially”**

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### **Shareholder-friendly dividend policy – payment is to rise to EUR 0.65 per share**

In alignment with the positive development of the company, the Nemetschek share was also able to climb further in the reporting year. The closing price of EUR 55.26 represents an increase in value of more than 20% compared to that of the previous year's closing date.

The attractiveness of investing in Nemetschek is also reflected in our sustainable and shareholder-friendly dividend policy: On June 1, 2017, the dividend proposal provides an increase in the dividend from EUR 0.50 per share in the previous year to EUR 0.65 per share to the annual general meeting. This would correspond to a dividend increase of 30%. The total amount of dividends to be distributed would rise to about EUR 25 million.

### **Our solutions are setting benchmarks in our industry**

Over the past year, digitalization continued to advance in the building sector as well. The digital shift is significantly determined by the work method BIM (Building Information Modeling) in the construction industry. Its consistent application leads to increased cost transparency, efficiency and adherence to time budgets.

In terms of digitalization, the construction industry in Germany is still far behind other industries such as telecommunications and the automotive sector. The German building sector has an outstanding reputation, but a series of high-profile, large-scale projects that have considerably exceeded their budgets and deadlines seems to indicate deficits in terms of planning and implementation. For this reason, the Federal Ministry for Transport and Digital Infrastructure has created a plan to phase in the introduction of BIM. We are now in the second phase, which will continue until 2020, in which publicly financed pilot projects are being completed using BIM solutions. In the third phase from 2020 on, BIM is to be applied for all new public projects planned.

BIM is a subject worldwide. The use of this method is already widespread in the USA as well as in Scandinavia, the Netherlands and Great Britain. Around the world, the foundations are being laid for BIM to establish itself more and more in the upcoming years and evolve into a basis for optimizing the design, construction and management of buildings in the building process. The potentials and opportunities for providers of innovative software solutions are great in these times of change.

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## **“In 2016 we increased our focus on cross-brand projects and strategic initiatives that generate synergies within the Group”**

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The strong brands of the Nemetschek Group are positioning themselves accordingly with their solutions. BIM is already being lived at the Nemetschek Group: We provide the relevant target groups with a perfect fit and enable the customer to fulfill requirements for more quality, transparency and efficiency in the building process. Nemetschek advocates an open approach (Open BIM). This enables any software from the Nemetschek Group to communicate with any other software via open data and communication interfaces, even with the software of competitors. Thus, a seamless transition of building-relevant and digital information through all the stages of building creation and operation is supported and documented.

### **Strategic areas of growth**

The only way for us to secure and expand our lead in technology is by investing heavily in research and development on an ongoing basis. The focus is on subjects such as Open BIM, 5D and collaboration coupled with seamless linking and data transmission across the AEC industry. The proportion of investments in research and development has been about 24% in the past few years. In 2017 as well, we want to invest on a similar scale in order to secure the innovative power of the company in the long term.

The Nemetschek Group meanwhile has some 2.3 million users worldwide and is currently well positioned in the three strategically significant business regions: Europe, America and Asia. However, we want to make even greater use of the potentials and thus generate further growth in revenue.

For this reason, in 2016 we increased our focus on cross-brand projects and strategic initiatives that generate synergies within the Group. We want to support the brand companies in their international growth strategies, close gaps in the Group's solution portfolio, reach new customer segments, and share best practices within the Group. The appointment of a Chief Strategy Officer to the executive board of the holding in 2016 served as well the purpose of identifying and leveraging these internal potentials. We will be even more successful if we collaborate more closely with one another within the Group.

Our analysis resulted in the following subjects of focus: Digitalization in the building industry means managing and providing bigger and bigger volumes of data. Solutions for collaboration are of crucial importance. Nemetschek's activities revolve around developing a collaboration platform for all customers throughout the value chain of the building process. Moreover, we are planning to target increasingly large companies from the architecture and civil engineering sectors. Our focus is on holistic workflow solutions that are developed across brands. Integrated solutions are to make it possible to map the workflows of organizations with an architectural or civil engineering base and thus extend our expertise as a provider of multiple solutions.

Nemetschek's fast growth and the increasing number of brands have necessarily led to greater complexity in our Group. Consequently, we are working internally on cross-group ERP harmonization in order to reduce the complexity of processes and reporting structures.



**Optimistic outlook for 2017**

Dear Shareholders, we are working intensively on our strategic further devolvement into a global player in the AEC industry that can grow profitably and sustainably and set benchmarks in our sector. Over the course of the past year, we have consistently aligned our organization in keeping with global trends in our industry that are important to us and in keeping with our target markets. As a network of strong brands worldwide with extensive know-how in future technologies and intelligent solutions, we continue to anticipate double-digit percentage growth for our group for 2017.

From today's perspective and without accounting for currency effects, the **Nemetschek Group** plans to generate **revenue** in the range of EUR 395 million to EUR 401 million (+17% to +19%) in the 2017 financial year. In addition to further organic growth, inorganic growth effects have had an impact in the Design segment as a result of the acquisition of dRofus, consolidated since the beginning of 2017. In the Build segment, Data Design, which was acquired as of August 1, 2016, will be included for the first time for the entire 12 months. We see purely organic growth (excluding the companies dRofus and Design Data) in a corridor of 13% to 15%.

Operating earnings will also grow considerably despite further investments in strategic projects and the EBITDA margin of the acquired companies, which is disproportionately below the Group average. We anticipate a **Group EBITDA** of between EUR 100 million and EUR 103 million, which represents an increase of 16% to 20% compared to the adjusted EBITDA of the previous year (EUR 86.1 million).

We are dedicating all our efforts to secure and extend the success of the Nemetschek Group in the long term. Our employees are the basis for this. I would like to thank them personally as well as on behalf of my fellow executive board members, for their commitment: They made the outstanding 2016 financial year possible with their motivation and expertise. Special thanks also go out to the supervisory board for its commitment and excellent collaboration in the past year. Dear shareholders, I thank you for the trust you've placed in us which supports us on our strategic course.

Sincerely yours,



Patrik Heider

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## The Executive Board



*Viktor Várkonyi, Patrik Heider, Sean Flaherty*



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### **PATRIK HEIDER**

SPOKESMAN OF THE EXECUTIVE BOARD AND  
CFO OF NEMETSCHEK SE

“The year 2016 demonstrated once again that we are innovation leaders with our brands in the markets and are therefore able to provide our customers with the greatest edge. We owe this innovative power first and foremost to the know-how and enthusiasm of our employees, who aren't just interested in developing and distributing software, but instead in taking fascinating technologies and using them to generate even greater value for the industry and the end user. Our two new brands Design Data and dRofus are also an outstanding fit for this strategic orientation and underscore our international focus. Nemetschek retains the identity of the strong brands and integrates various technologies and cultures into a strong group. This makes us a successful network of industry leaders.”

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**SEAN FLAHERTY**

CSO OF NEMETSCHKEK SE

“2016 was an exciting year for me as I worked to form a new strategy team to strengthen our unique strategic holding structure. Globally, we have kicked off several intragroup strategic projects to increase the value that we offer our brands and help them improve their individual market position. In the USA, we have established a team for the Group to better support our fast-growing position there with revenues increasing by five times over the past three years. In a market where the digitalization and the conversion to model-based workflows accelerated last year, we are very well positioned with our focus on open standards and model quality. Our customers know that we are here for them to help them approach this change.”

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**VIKTOR VÁRKONYI**

EXECUTIVE BOARD OF NEMETSCHKEK SE AND  
CEO OF GRAPHISOFT SE

“2016 brought many exciting developments in the realm of BIM. A big step towards increasing the usage of this technology was the European Committee’s decision to standardize the open IFC format as the ISO standard for BIM. This is a mission critical validation of our effort to get the Open BIM approach widely accepted by all stakeholders. In particular, building owners are starting to take over the leadership to drive the BIM adoption. Our acquisition of Solibri in 2015 as well as Design Data and dRofus in 2016 have a strong strategic impact on our unique position and increase the value we deliver to our customers. Paired with our continued focus on innovation we are exceptionally well equipped to address the challenges in our industry for the years to come.”

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## Solutions:

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Bluebeam Revu

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Bluebeam Revu Mac

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Bluebeam Revu iPad

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Bluebeam Vu

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Bluebeam Studio Prime

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Bluebeam Studio Enterprise

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Bluebeam Revu is the end-to-end digital workflow and collaboration solution to improve project communication and streamline processes.

By utilizing the PDF format, Revu enables a common data environment that allows design and construction professionals to share metadata, hyperlinks, bookmarks, images, attachments, and 3D data downstream.

Revu for Mac and Revu for iPad allow all project partners to share, create and collaborate on their desired platform. Integrated into every seat of Revu, Bluebeam Studio connects project partners worldwide in real time on the same set of centralized documents.

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# BUILDING THE FUTURE TOGETHER

STRONG BRANDS. GREAT PROJECTS.





Bluebeam develops innovative technology solutions that set standards for collaboration and workflow efficiency for architects, engineers and construction professionals worldwide.

**Segment:** Build

**Company size:** 268 employees

**Locations:** Pasadena, Boston, Chicago, Manchester (USA), San Diego, Stockholm

**Website:** [www.bluebeam.com](http://www.bluebeam.com)

Reference Project No. 2:

## S2, King's Cross Great Britain

**Engineering office:** Hilson Moran

Hilson Moran uses Bluebeam Revu as their engineering workflow solution on the 11-floor, 180,000 sq. foot office building to be inhabited by tech giant Google in London's historic King's Cross district.

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# Supervisory board's report on the 2016 fiscal year of Nemetschek SE

The supervisory board of Nemetschek SE involved itself extensively with the situation and development of the Group during the 2016 fiscal year. Over the course of the fiscal year, the committee followed the executive board closely, advised it regularly and monitored it in addition to carrying out the tasks assigned to the supervisory board by law and the articles of association with the utmost care.

## **CONSTRUCTIVE DELIBERATIONS BETWEEN SUPERVISORY BOARD AND EXECUTIVE BOARD**

The collaboration between the supervisory board and the executive board was always constructive and marked by open, trustful discussions. The executive board instructed the supervisory board regularly, promptly and comprehensively, as well as orally and in writing, about all relevant corporate strategy issues. Inherent opportunities and risks, corporate planning and the development of revenues, earnings and liquidity were extensively debated. Moreover, the supervisory board obtained information on planned and current investments, the fulfillment of the planning of the Group, of the segments and of the individual brands as well as on risk management and compliance.

The developments in the respective reporting quarters, the short-term and medium-term prospects and the long-term growth and earnings strategy were regularly and critically discussed. The supervisory board was very involved in decisions of fundamental importance for the company and obtained holistic information on backgrounds and contexts. Outside the regularly scheduled sessions, the supervisory board and the executive board maintained close contact.

On the basis of the executive board's reports, the supervisory board supported the executive board's work and made decisions on actions requiring approval. As a result of the extensive information provided by the executive board as well as independent audits, the supervisory board was able to completely fulfill its monitoring and advisory role.

## **MEETINGS AND TOPICS OF FOCUS**

In the fiscal year 2016, four regular supervisory board meetings were held, namely in the months of March (balance sheet meeting for the 2015 annual financial statements), July, October and December. The supervisory board was completely represented at all meetings. In addition to the meetings, there were further resolutions on current topics, for which the written circular procedure was used.

The deliberations focused in particular on the further internationalization of company business, segment expansion, potential acquisition targets, strategic investments and the further development of the Group's solution portfolio. Detailed reports concerning the brand companies were requested by the supervisory board and discussed. Business performance which deviated from the corresponding annual targets was discussed in detail at the supervisory board meetings and analyzed. The executive board presented the acquisition strategy and actual projects and decided on them in close collaboration with the supervisory board. The supervisory board approved all transactions in the reporting year.

In the meetings and further discussions outside of the meetings, there was debate in particular on the following topics, which were the subject of intensive deliberation and verification:

- Annual financial statements and consolidated financial statements for the 2015 fiscal year
- Proposal on the appropriation of profits for the 2015 fiscal year
- Invitation and agenda items for the regular 2016 annual general meeting with proposed resolutions to the annual general meeting as well as the supervisory board's report for the 2015 fiscal year
- Executive board and managing directors' specification of targets reached in 2015 and release of payment of variable remuneration shares as well as the definition of target agreements for the 2016 fiscal year; nominations for participation in the "Long-Term Incentive Plan" (LTIP); appointment of the members of the executive board in office for a further three years and corresponding amendments to the executive board contracts
- Declaration of Conformity in accordance with the "German Corporate Governance Code"
- Strategic projects and alignment of the Nemetschek Group and its internationalization as well as target achievement during implementation
- Group planning, revenue planning, result planning and investment planning for 2016 as well as ongoing discussion on the current situation
- Conversion of Nemetschek AG into a Societas Europaea (SE)
- Product developments and innovations of the respective brand companies regarding topics such as Open BIM, 5D, collaboration platform and digitalization
- Development of market conditions and competitive situation
- Acquisition strategy, strategic investments and cooperations
- Acquisition and integration of Design Data Corporation headquartered in Lincoln, Nebraska, USA, as well as of dRofus AS headquartered in Oslo, Norway
- Internal control and early stage risk detection systems, audit and compliance report
- Increase in the forecast for revenue and operating result at the beginning of October
- Capital market and share price development
- Group planning and investment projects for 2017

## COMPOSITION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

There were no changes in personnel on the three-man executive board of Nemetschek SE.

Sean Flaherty, who has been a member of the executive board of the Nemetschek Group since October 2013, was also CEO at brand company Vectorworks parallel to this. In April 2016, he resigned as the CEO of Vectorworks and was appointed Chief Strategy Officer of the Nemetschek Group by the supervisory board, where he has been responsible for driving forward the Group-wide strategy and the globalization of the Group. In addition, he is in charge of the M&A strategy as well as technology developments within the Group. The responsibilities of the other two members of the executive board, Patrik Heider and Viktor Várkonyi, were unchanged. All three members of the executive board were appointed to the executive board of Nemetschek SE for a further period of three years, i.e. until December 31, 2019. The existing executive board contracts were amended accordingly. For details concerning executive board remuneration, please refer to the remuneration report contained in the management report of the annual report.

As in the previous year, the supervisory board was made up of three members. There were no changes in personnel. The formation of supervisory board committees is not necessary since the supervisory board comprises three members.

## **AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

On May 20, 2016, the annual general meeting chose auditing firm Ernst & Young GmbH, Munich, for the audit of the individual financial statements and the consolidated financial statements for 2016 as well as the corresponding management report and Group management report. The supervisory board was convinced as to the independence of the auditor and obtained a written declaration from the auditor.

The annual financial statements prepared by the executive board according to the German Commercial Code (HGB), taking into consideration the accounting principles and annual report of Nemetschek SE for the 2016 fiscal year, the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315a Paragraph 1 of the German Commercial Code (HGB), and the consolidated annual report for the 2016 fiscal year have been audited and approved without qualification by auditing firm Ernst & Young GmbH, Munich.

The specified final documents of the SE, the Group and the executive board's proposal on the appropriation of profits as well as the auditor's reports were available to the members of the supervisory board in good time before the balance sheet meeting on March 23, 2017. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained his audit report and provided detailed answers to all of the supervisory board members' questions.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the management report, the consolidated financial statements, and the Group's management report and is convinced of the correctness and completeness of the actual information. The supervisory board concurs with the result of the audit performed by the auditor and has determined, within the scope of its own investigations, that there are no reservations to be raised. The supervisory board approved the 2016 financial statements and consolidated financial statements of Nemetschek SE at the balance sheet meeting of March 23, 2017. The 2016 annual financial statements are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

## **CONFLICTS OF INTEREST**

In the reporting year, there were no conflicts of interest on the part of the supervisory or executive board members.

## **CORPORATE GOVERNANCE**

The supervisory and executive boards were continuously occupied with the principles of good Corporate Governance in the 2016 fiscal year. In March 2017, the supervisory board and executive board submitted an updated Declaration of Conformity as per § 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders via the website of the Nemetschek Group. Nemetschek SE conforms to the recommendations of the Government Commission of the German Corporate Governance Code as per the version of the code published in the Federal Gazette in June 2015 with the exception of the justified deviations specified in the Declaration of Conformity. For more details on this subject, please refer to the Corporate Governance section of the annual report or visit [www.nemetschek.com/investor-relations](http://www.nemetschek.com/investor-relations).

## **THANKS FOR DEDICATED PERFORMANCE**

In the 2016 fiscal year, the Nemetschek Group set new records in terms of revenues and operating result, and is consequently continuing on its successful course as a flourishing, highly profitable and technologically leading software company. The supervisory board thanks all employees worldwide for their dedication, motivation and high level of personal commitment, without which this success would not have been possible. At the same time, the supervisory board would like to express its recognition and high level of appreciation to the executive board and the CEOs of all the brands for their great dedication and outstanding performance.

Munich, March 23, 2017



Kurt Dobitsch  
Chairman of the Supervisory Board



# Nemetschek on the Capital Market

## LOOKING BACK AT THE YEAR 2016

In January 2016, share markets worldwide got off to the weakest start in years. Most share markets were down more than 20% in the interim compared to their high point in 2015. Fear of recession and ongoing anxiety regarding the growth perspectives of several emerging markets, in China in particular, depressed the mood of investors. It was primarily the relaxed monetary policy in Europe and the moderate actions of the Fed in the USA in the second quarter that spurred prices. From mid-June on, uncertainty was evident on the share markets due to the referendum on Great Britain's leaving the European Union (EU). After the announcement of the Brexit decision, there were marked downturns in practically all European indexes. At the end of 2016, the focus was on the election of the new president in the USA. Even though the year was significantly marked by political uncertainty, most of the share markets were able to close the year positively. This was due to expansive monetary policy in particular and low interest rates in connection with a slight acceleration in global economic growth.

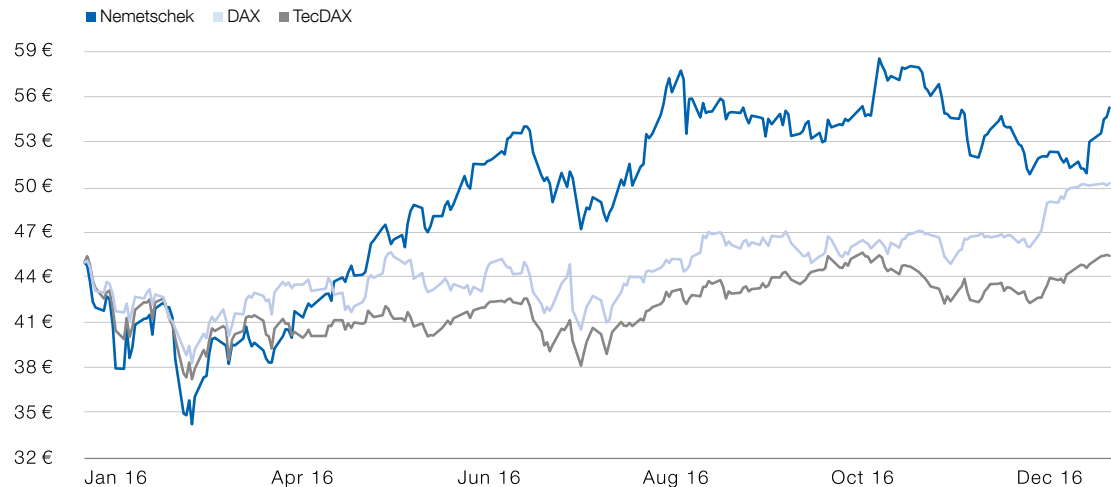
The DAX, the leading index in Germany, generated a plus of around 7% for the year. The TecDAX, which contains the 30 largest technology values – including Nemetschek SE – developed laterally and closed the year with a slight minus of 1%.

## NEMETSCHKE SHARE DEVELOPED BETTER THAN DAX AND TECDAX

In line with the positive development of the company, the Nemetschek share was able to climb further in the reporting year. The Nemetschek share began the new year at a price of EUR 46.03. Right at the beginning of the year, share markets worldwide experienced losses as a result of the economic development in Asia, which was weaker than anticipated. Likewise, the Nemetschek share was subject to a major retracement until mid-February, when the DAX and TecDAX also reached their lows for 2016. The Nemetschek share hit a year-low of EUR 34.28 on February 11, 2016. Thereafter, the Nemetschek share began climbing and generally reflected the fluctuations of the market over much of the financial year. The stronger price performance of the Nemetschek share compared to the DAX and TecDAX was accompanied by positive news such as the March announcement of annual figures which were higher than anticipated, the rise of the dividend by about 25% in April, the acquisition of the company Design Data in mid-August, the increase of the forecast for the 2016 financial year in October, and the acquisition of the company dRofus at the end of the year. The Nemetschek share reached its peak for the year on October 19, 2016 with a high of EUR 58.51. It closed the financial year at EUR 55.26. Thus, it was possible for the value of the share to grow by more than 20% within a single year.

In keeping with the very positive share price development, the market capitalization of Nemetschek SE increased from EUR 1,772.2 million at the end of 2015 to EUR 2,127.5 million as of the end of the year 2016. This corresponds to a rise in value of EUR 355.3 million in total. The ranking of Deutsche Börse lists Nemetschek 16th for market capitalization (in terms of free float) on the TecDAX as of December 31, 2016 (previous year's ranking: 15th). The average daily volume on XETRA remained at almost the same level as that of the previous year (EUR 2,230,698) at EUR 2,153,622. Nemetschek ranked 21st on the TecDAX for the volume of shares traded, after placing 24th at the end of the previous year.

#### PRICE DEVELOPMENT OF NEMETSCHKEK SHARE IN THE YEAR 2016 COMPARED TO DAX AND TECDAX (INDEXED)



#### CONVERSION OF NEMETSCHKEK AG INTO A SOCIETAS EUROPAEA (SE) COMPLETED

The conversion of Nemetschek AG into a Societas Europaea (SE) went into effect on March 22, 2016 with its entry in the Commercial Register. Thus, the resolution of the annual general meeting of May 20, 2015 was implemented.

The conversion into an SE is in keeping with the Group's global alignment and the requirements of an international and open corporate culture. Nemetschek SE will continue to use a dual board consisting of an executive board and a supervisory board. The rights of the shareholders are unaffected by the conversion.

#### ANNUAL GENERAL MEETING APPROVED ALL ITEMS ON THE AGENDA

On May 20, 2016, the supervisory board and executive board of the Nemetschek Group welcomed more than 100 shareholders to the annual general meeting in Munich. Shareholders were informed about the past financial year 2015 and about the prospects for the current financial year 2016. Then, resolutions from the agenda were presented for approval. The company's shareholders approved all agenda items with a large majority. Including the payment of dividends in the amount of EUR 0.50 per share, which rose by about 25% compared to the previous year (EUR 0.40 per share). The considerable dividend increase was in keeping with the very positive business development in 2015. With 38.5 million shares entitled to a dividend, the total dividends to be distributed amounted to EUR 19.25 million (previous year: EUR 15.4 million). The dividend payout ratio for the 2015 financial year was therefore approximately 30% – in relation to the operating cash flow, which amounted to EUR 65.1 million.

#### DIVIDEND PROPOSAL: EUR 0.65 PER SHARE

The Nemetschek Group pursues a dividend policy based on continuity, and would like to involve its shareholders in the success and development of the company now and in future.

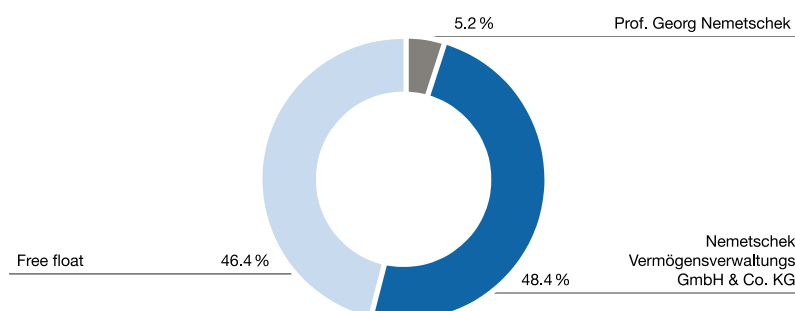
For the 2016 financial year a dividend in the amount of EUR 0.65 per share (previous year: EUR 0.50 per share) will be proposed to the annual general meeting on June 1, 2017. Subject to approval by the annual general meeting, this would correspond to a dividend increase of 30%. The total amount of dividends to be distributed would rise to about EUR 25 million (previous year: EUR 19.25 million). The dividend payout ratio for the 2016 financial year would therefore be approximately 31% – in relation to the operating cash flow amounting to EUR 79.7 million.

#### SHAREHOLDER STRUCTURE UNCHANGED

As of December 31, 2016, the free float remained unchanged at 46.4 percent. It is spread across a broad shareholder structure comprising private and institutional investors in Germany and abroad.

Nemetschek Vermögensverwaltungs GmbH & Co. KG continues to be the biggest shareholder in the company, with a share of 48.4% (18,622,928 shares). Furthermore, 5.2% (2,000,000 shares) is held directly by Prof. Georg Nemetschek. For the shares held by Nemetschek Vermögensverwaltungs GmbH & Co. KG and the shares held directly by Prof. Georg Nemetschek, a pooling agreement was concluded between the KG and Prof. Georg Nemetschek. The purpose of this agreement is to ensure a shareholder structure which is permanently stable.

#### SHAREHOLDER STRUCTURE\*



\* Direct shareholdings as of December 31, 2016.

#### COMMUNICATION WITH THE CAPITAL MARKET

The objective of Nemetschek SE is to maintain open and reliable communication with all stakeholders. An ongoing and timely dialog is to increase transparency and reinforce trust in the Nemetschek Group.

As of the end of the year, a total of 10 banks and research institutes were covering the Nemetschek share. Nemetschek is in regular and constructive communication with all institutes, which has been intensified by visits by analysts to company headquarters, various conferences and jointly conducted road shows.

In the 2016 financial year as well, numerous contacts to existing and potential investors were made. Nemetschek provided information on the economic situation, corporate strategy and future prospects of the Nemetschek Group within the scope of individual dialogs, roadshows and investor conferences. The focus was on the financial centers of Europe and North America. Moreover, many investors took advantage of the opportunity to obtain information about the Nemetschek Group within the scope of a visit to the Group's headquarters in Munich.

For the publication of the statements for the year, half year and quarter, telephone conferences are held during which the board reports on past and future business development and responds to questions from analysts and investors.

#### KEY FIGURES ON SHARES

	2016	2015
Earnings per share in €	1.22	0.93
Dividend per share in €	0.65*	0.50
Payout in € million	25.03	19.25
High in €	58.51	46.03
Low in €	34.28	20.52
Closing price in €	55.26	46.03
Price/earnings ratio	45.30	49.49
Market capitalization in € million	2,127.51	1,772.16
Average number of shares traded per day (Xetra)	45,286	69,840
Average number of outstanding shares	38,500,000	38,500,000

\* Proposal to the annual general meeting on June 1, 2017.

# Corporate Governance

The executive board and the supervisory board of the Nemetschek Group undertake responsible, long-term and substantial development of the enterprise. Good Corporate Governance is one main component of this. Open and transparent corporate communication, observance of shareholder interests, forward-looking handling of risks and opportunities, and efficient and trustful cooperation between the executive board and the supervisory board are major aspects of good Corporate Governance. These are conducive to the Nemetschek Group's gaining the trust of shareholders, business partners, employees, and the general public. At the same time, these principles are important orientation standards for both committees. In the following, the executive board and supervisory board jointly report on Corporate Governance at Nemetschek SE as per Item 3.10 of the German Corporate Governance Code.

## LEADERSHIP STRUCTURE AND COMPANY STRUCTURE

Nemetschek SE has a two-tier management and monitoring structure with the two bodies of the executive board and the supervisory board.

### EXECUTIVE BOARD

In 2016 the composition in terms of personnel remained unchanged vis-à-vis the previous year. Sean Flaherty, who has been a member of the executive board of the Nemetschek Group since October 2013, was also CEO at brand company Vectorworks parallel to this. In April 2016, he resigned as the CEO of Vectorworks and was appointed Chief Strategy Officer of the Nemetschek Group by the supervisory board, where he has been responsible for driving forward the Group-wide strategy and the globalization of the Group. In addition, he is in charge of the M&A strategy as well as technology developments within the Group.

The responsibilities of the other two members of the executive board, Patrik Heider and Viktor Várkonyi, were unchanged. All three members of the executive board were appointed to the executive board of Nemetschek SE for a further period of three years, i.e., until December 31, 2019.

The three-man executive board leads the company under its own responsibility. In compliance with corporate interests, the executive board performs its leadership role with the objective of sustainably increasing corporate value. The executive board as a whole resolves matters which are of particular significance and impact for the company or its subsidiaries.

The supervisory board is promptly involved and provided with complete information concerning all decisions which may decisively affect the net asset situation, financial situation and earnings situation of the company. The executive board reports to the supervisory board regularly, promptly and comprehensively in written and verbal form about all relevant topics relating to business development, company planning, strategic alignment, the opportunity and risk management, and compliance. In the case of acquisition projects, the executive board provides detailed information on project progress and project status at an early stage and coordinates the acquisition and integration processes in close collaboration with the supervisory board.

### SUPERVISORY BOARD

As in the previous year, the supervisory board was made up of three members. There were no changes in personnel. The supervisory board serves the executive board in an advisory capacity, monitors the executive board in its management of the company and verifies all significant business transactions for the executive board by examining the documents in question according to the terms of the German Stock Corporation Act (AktG), the company's articles of incorporation and the rules of procedure for the executive board. The supervisory board is also provided with information on the position of the individual brands and the Group as well as on major developments by the executive board outside of the regular supervisory board meetings. In this way, it can accompany operating business with advice and recommendations made on an appropriate base of information.

The supervisory board is elected by the annual general meeting. The election of the supervisory board conforms to the recommendations of the German Corporate Governance Code; all supervisory board members are elected individually. The members of the executive board are appointed by the supervisory board. For Nemetschek SE, the appointment of executive board members, like the filling of executive positions, is invariably subject to the relevant criteria of quality and suitability, and is independent of gender. By adhering to this principle of qualification-based neutrality, Nemetschek SE ensures that the best interests of the company will be served.

The supervisory board defines a catalog of business which requires approval as well as a business allocation plan in the rules of procedure for the executive board. The supervisory board acts on the basis of its own rules of procedure. Moreover, the supervisory board declares the annual financial statements and approves the consolidated financial statements. The chairman of the supervisory board presents the activities of the supervisory board every year in his report to the shareholders as part of the annual report.

The supervisory board is composed in such a way that its members as a whole are familiar with the sector in which the company is active and possess the knowledge, skills and professional experience required for due performance of their tasks. Supervisory board member Rüdiger Herzog has expertise in the areas of accounting and auditing.

According to the supervisory board and taking the owner structure of Nemetschek SE into account, all of the members of the supervisory board are independent as defined by the terms of Section 5.4.2. of the German Corporate Governance Code, i.e., none of the members of the supervisory board has a personal or business relationship with Nemetschek SE or its Group companies, the bodies of Nemetschek SE or a shareholder with controlling interest of Nemetschek SE, which would constitute a major conflict of interest which is not merely temporary.

For the purpose of self-assessment, the supervisory board regularly conducts efficiency evaluations. You will find additional information on the executive board and the supervisory board, in particular with regard to their working methods and further mandates performed by the members, in the supervisory board's report, in the notes to the consolidated financial statements, and in the management report under "Report on enterprise controlling and declaration on corporate management".

## **REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD**

In accordance with the recommendations of the German Corporate Governance Code, Nemetschek SE has been reporting the remuneration of each member of the executive board and supervisory board for some time now. The remuneration of members of the executive board consists of a base salary (fixed) and performance-dependent variable remuneration. The variable remuneration in turn contains a short-term and long-term component. The short-term, performance-dependent variable remuneration depends primarily on company targets achieved, which are agreed upon at the beginning of each year between the supervisory board and executive board. With a view to corporate management in the long term and in accordance with applicable provisions, the executive board remuneration system also contains a long-term component, the amount and payment of which depends on the achievement of defined targets for the development of revenue, earnings and personal targets. The period to be observed for this is always three financial years.

The members of the supervisory board receive fixed and performance-related remuneration. This is based on the consolidated earnings per share (diluted earnings per share in accordance with IAS 33). The remuneration report is part of the certified consolidated financial statements. It contains detailed descriptions of the principles of the remuneration systems for the executive board and for the supervisory board as well as individual declaration of the remuneration.

## **COMPLIANCE AND THE MANAGEMENT OF OPPORTUNITIES AND RISKS**

Weighing opportunities and risks continuously and responsibly is one of the principles of responsible company leadership. The objective of opportunity and risk management is to develop a strategy and define targets which create an equilibrium between growth targets and profit targets on the one hand and the risks inherent to such on the other. Please refer to the management report for detailed information on the opportunity and risk management system of the Nemetschek Group.

Compliance has always been an important component of risk prevention at the Nemetschek Group and is entrenched in the company culture. The Nemetschek Group attaches great importance to the subject of compliance. Alignment of the business activities with all relevant laws and with the company-internal principles is a basic prerequisite for successful economic activity in the long term. This includes open and fair treatment of employees, customers, business partners, shareholders and the general public.

The Nemetschek Group takes a preventive approach to compliance and aims for a corporate culture that sensitizes and educates the staff so that potential violations of the rules are avoided from the outset. The business unit Corporate Audit & Compliance controls compliance activities Group-wide and reports directly to the CFOO. The executive and supervisory boards are regularly informed about compliance-relevant issues and the further development of compliance structures as well as planned compliance-related action. The point of departure for compliance activities is the Code of Conduct of the Nemetschek Group. This is binding for all employees,

regardless of their position, and has been communicated company-wide. In addition, the Nemetschek Group uses a modern compliance training tool to disseminate information on this subject Group-wide with the greatest possible efficiency and sustainability. Reliable reporting channels and the protection of internal information providers against sanctions are essential for effective compliance. Employees of the Nemetschek Group can report compliance violations and/or inappropriate behavior either directly to their supervisor or the person responsible for compliance, or anonymously to a commissioned international law firm. Adherence to internal guidelines and applicable provisions is subject to regular internal audits by the business unit Corporate Audit & Compliance.

#### **FINANCIAL REPORTING AND YEAR-END AUDIT**

Nemetschek SE prepares its consolidated financial statements as well as the consolidated interim reports as per the International Financial Reporting Standards (IFRS). The annual financial statements of Nemetschek SE (individual financial statements) are prepared in accordance with the provisions of the German Commercial Code (HGB). The consolidated financial statements are prepared by the executive board, examined by the auditor and approved by the supervisory board. The annual general meeting selected the Ernst & Young GmbH auditing firm, Munich, as auditors and Group auditors for the 2016 financial year. On March 23, 2017, Ernst & Young took part in the deliberations of the supervisory board concerning the annual financial statements and the consolidated financial statements and reported on the results of its audit. Furthermore, the auditor was available to provide the supervisory board with additional information and answer questions concerning the year-end audit.

#### **SHAREHOLDERS AND THE ANNUAL GENERAL MEETING**

Shareholders can assert their rights and exercise their voting rights at the annual general meeting. One vote is granted for each Nemetschek SE share. The chairman of the supervisory board chairs the meeting. The executive board presents the consolidated financial statements and annual financial statements, explains the prospects of the company and, together with the supervisory board, answers the shareholders' questions. The invitation to the annual general meeting and the corresponding documents and information are made available on the Nemetschek Group website the day the meeting is called in accordance with stock corporation laws or are made available for viewing in the offices of the company. Nemetschek supports its shareholders in the assertion of their voting rights by appointing voting representatives, who vote according to the instructions of the shareholders.

#### **TRANSPARENCY AND COMMUNICATION**

The Nemetschek Group makes open and trustful communication with the shareholders and other stakeholders a priority and maintains a fair, prompt and reliable dialog with them. All capital market-relevant information is published simultaneously in German and English and made accessible on the company's website. This includes annual and quarterly reports, press releases, ad hoc notifications, information on the annual general meeting, and company presentations. The financial calendar with the relevant publication and event dates can also be found there.

#### **DIRECTORS' DEALINGS, VOTING RIGHTS AND STOCK OPTION SCHEME**

Nemetschek SE provides information on the trading of company shares by executive board and supervisory board members (directors' dealings) as per § 15a of the German Securities Trading Act (WpHG) as well as on reported changes in the shareholdings if the voting thresholds defined in the German Securities Trading Act (WpHG) are reached, surpassed or fallen below. Information on the shares held by the executive board and supervisory board is included in the notes. No transactions subject to reporting were announced in the 2016 financial year. Nemetschek SE does not have a stock option scheme at the present time.

#### **DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) DATED MARCH 2017**

The supervisory and executive boards were continuously occupied with the principles of good Corporate Governance in the 2016 financial year. In March 2017, the supervisory board and executive board submitted an updated Declaration of Conformity as per § 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders via the website of the Nemetschek Group. Nemetschek SE conforms to the recommendations of the Government Commission of the German Corporate Governance Code as per the version of the code published in the Federal Gazette in June 2015 with the exception of the justified deviations specified in the Declaration of Conformity:

In accordance with § 161 of the German Stock Corporation Act (AktG), the executive board and supervisory board of Nemetschek SE declare that the recommendations of the "Government Commission of the German

Corporate Governance Code”, version dated May 5, 2015, with the resolutions resulting from the plenary session of May 5, 2015, published in the official part of the Federal Gazette on June 12, 2015, (hereinafter “Code”), have been and are being met with the following exceptions:

- I The D & O insurance does not include excess insurance for supervisory board members (Code Item 3.8 Clause 3). Nemetschek SE does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the supervisory board.
- I For the specification of executive board remuneration, the supervisory board made no vertical comparison of remuneration at the level of Nemetschek SE, as recommended by Code Item 4.2.2 Clause 2. As a holding company, Nemetschek SE does not offer any appropriate standards of comparison for either upper management circles or staff as a whole. Nevertheless, the supervisory board – as in the past – used the remunerations of the heads of the most important product organizations as a standard of comparison on which to base its remuneration decisions.

The variable short-term incentive plan does stipulate upper limits, which however are not always expressed as a fixed amount but as a percentage of a fixed amount. Ultimately, the executive board employment contracts do not stipulate upper limits in terms of amount for the total remuneration (Code Item 4.2.3 Clause 2). Nemetschek SE is not of the opinion that this is required in the case of the existing remuneration system. If the amount of variable incentive plans is limited, this also applies for the total remuneration to be achieved.

- I An age limit for members of the executive board and the supervisory board has not been defined explicitly and is not currently planned (Code Items 5.1.2 Clause 2 and 5.4.1 Clause 2). Such an age limit would generally restrict the company in its selection of suitable members of the executive board and the supervisory board. With regard to the composition of the executive board, supervisory board and further management circles, the individual’s experience, skills and knowledge are of primary importance to the company (Code Items 4.1.5, 5.1.2 Clause 1 and 5.4.1 Clause 2). In contrast, the supervisory board and, with reference to Code Item 4.1.5, the executive board regard diversity criteria as less important, even if these are expressly welcomed.

The supervisory board did not specify any defined targets for its composition nor did it specify any defined limit for the duration of the term of office on the supervisory board (Code Item 5.4.1 Clause 2). Consequently, such objectives are not published in the Corporate Governance Report (Code Item 5.4.1 Clause 3). The supervisory board consists of only three members, including the company founder, Prof. Georg Nemetschek. The members of the supervisory board have a great deal of experience and perform their official duties in the interests of the company in the long term with proven success. The supervisory board sees continuity on the supervisory board as an advantage. In the event that the supervisory board requires new members, the supervisory board shall come to an informal agreement as to suitable candidates while taking the aspects specified in the Code into consideration.

- I The Code’s recommendation on the formation of qualified committees of the supervisory board is not followed (Code Item 5.3) as the supervisory board only has three members. The tasks for which the Code recommends the formation of such committees are all performed by the supervisory board of Nemetschek SE.
- I The members of the supervisory board receive performance-related and fixed remuneration. This is based on the consolidated earnings per share (diluted earnings per share in accordance with IAS 33) and furthermore does not have special components to account for the company’s long-term development (Code Item 5.4.6 Clause 2). The existing remuneration system has worked well for quite some time, without evincing any tendency that the short-term success of the company has been at the expense of the company’s long-term development. Nevertheless, it is planned that the supervisory board remuneration is to be changed to a purely fixed remuneration to go into effect at the beginning of the current 2017 financial year, and that a corresponding proposal for resolution will be announced to this year’s annual general meeting.

Munich, March 20, 2017

For the Executive Board

Patrik Heider  
Spokesman of the Executive Board

For the Supervisory Board

Kurt Dobitsch  
Chairman of the Supervisory Board



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## Solutions:

Vectorworks Designer

Vectorworks Architect

Vectorworks Landmark

Vectorworks Spotlight

Vectorworks Fundamentals

Vision

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Vectorworks is a global design and BIM software developer serving over 650,000 professionals in the architecture, landscape and entertainment industries. Since 1985, Vectorworks has been committed to helping designers capture inspiration, nurture innovation, communicate effectively, and bring their visions to life. With their cross-platform software, designers can build data-rich visual models while collaborating efficiently throughout the project life cycle and without sacrificing the design process.

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# BUILDING THE FUTURE TOGETHER

STRONG BRANDS. GREAT PROJECTS.







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Vectorworks develops, sells and distributes software for architecture, landscape and entertainment industries.

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**Segment:** Design

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**Company size:** 164 employees

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**Locations:** Columbia, Atlanta,  
Las Vegas

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**Website:** [www.vectorworks.net](http://www.vectorworks.net)

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Reference Project No. 3:

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## **Mareel Cinema & Music Venue Great Britain**

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**Architects:** Gareth Hoskins Architects

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Located in the UK, Mareel includes a multi-use auditorium, two cinema screens, a recording studio, rehearsal rooms, creative industry spaces, and a café bar.

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# **GROUP MANAGEMENT REPORT**

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# Group management report for the financial year 2016

## 1 BASIC INFORMATION ON THE GROUP

### 1.1 BUSINESS MODEL OF THE GROUP

#### LEGAL STRUCTURE

The Nemetschek Group is a world-leading manufacturer of software for the AEC industry (Architecture, Engineering, Construction). It offers an innovative and comprehensive portfolio of solutions for the integrated planning of 3D models, combined with professional planning of the time (4D) and cost (5D) dimensions. With sixty locations across the world, the Nemetschek Group serves about 2.3 million users in all regions with meanwhile fourteen independent brands. At the end of the financial year 2016 the number of brands was thirteen. A further brand was added effective January 1, 2017, as the result of an acquisition. With its software solutions the company, which was founded in 1963 by Professor Georg Nemetschek, addresses the needs of all those involved in construction and covers the complete life cycle of buildings, from the planning and visualization of a building, time and cost calculation, invitation to tender and contract award, the actual construction process through to management and administration, utilization, modernization and renovation.

Nemetschek SE, with its head office in Munich, assumes as the holding company the central functions in the areas of corporate finance and controlling, risk management, investor relations and corporate communication, market research & development, M&A and strategic corporate planning, human resources, IT, as well as corporate audit and compliance.

The holding company comprises the four segments Design, Build, Manage, and Media & Entertainment, which together encompass fourteen brands. The brands appear in the market as independently operating entities. The executives of the operating subsidiaries enjoy a high degree of autonomy. Hence the brands can react quickly to customer demands and wishes, market trends and changes in circumstances. In addition, the holding company facilitates exchanges between the brands and initiates strategic projects that involve more than one brand. This creates synergies in the portfolio, enhancing further the attractiveness of the offer for customers. High management efficiency is assured by continuous reporting to the holding company and ongoing dialogue.

A complete overview of the legal corporate structure is given in the notes to the financial statements.

#### BUSINESS ACTIVITIES

The brands encompassed by the Nemetschek Group offer a broad portfolio of graphics, analytic and business solutions. Their customers include architectural and design offices, structural planners, engineers of all disciplines, planning and service companies, building companies and their suppliers, process controllers as well as property, facility and asset managers.

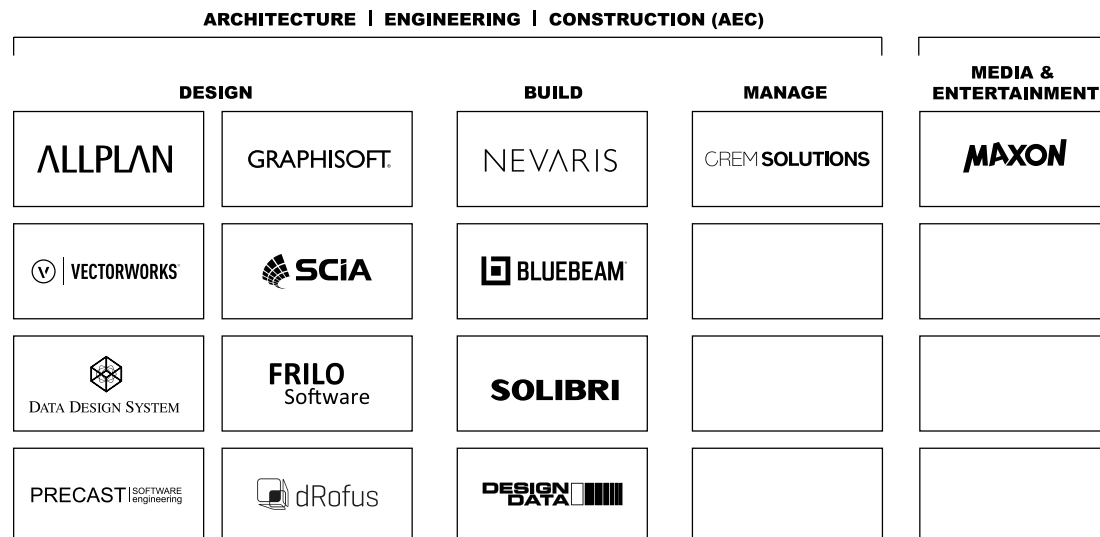
A central feature in the planning, construction and administrative process is Building Information Modeling (BIM), the digital transformation of the construction industry. Using BIM, all design, quality, timing and business targets and data are recorded and linked digitally. A virtual, three-dimensional building model is created. The simulation adds time and cost as a fourth and a fifth dimension. BIM 5D makes it possible for all those involved in a project to collaborate efficiently and transparently over the entire process of planning, constructing and managing a property. In the five-dimensional future, building will first be virtual and then real.

The Nemetschek Group has always been concerned with providing the best possible software solutions in order to master the challenges inherent in the building process. As the pioneer of the BIM idea, the Nemetschek Group has followed this holistic approach for more than thirty years. Nemetschek advocates an open approach (Open BIM). The open standard enables each piece of software from the Nemetschek Group to communicate with every other piece of software, and even with software from competitors, via open data and communications interfaces. Thus, there is seamless transition of all digital information relevant to construction, with documentation at all levels of creation right through to the management of buildings.

With its Open BIM software solutions the Nemetschek Group covers all five dimensions and facilitates simultaneously the collaboration of all those engaged in the building process. Consequently, project work proceeds faster, costings are more reliable and timetables adhered to. Errors are avoided or reduced. Thus, the Nemetschek Group is paving the way for integrated and open 5D planning and realization in the AEC sector and enables – in some cases very considerable – efficiency increases in the building process.

## BUSINESS SEGMENTS

The Nemetschek Group allocates its activities to its four segments Design, Build, Manage, and Media & Entertainment. The fourteen brands under the umbrella of the Nemetschek Group are allocated to the four segments below. dRofus only joined as the 14th brand thanks to the takeover on January 1, 2017, and was assigned to the Design segment.



### DESIGN SEGMENT

With the solutions of the Nemetschek Group for the Design segment, customers can perform their tasks creatively and with precision from the earliest planning and design phase through to the works and building planning. The portfolio includes Open BIM solutions for Computer Aided Design (CAD) and Computer Aided Engineering (CAE), which set global standards in the 2D and 3D design and visualization of buildings. In addition, there are BIM-based design and data management tools. Customers include architects, designers, engineers from all disciplines, structural planners, in-house technicians, landscape planners as well as developers and general contractors.

The following brand companies are included in the Design segment:

- || Allplan
- || Graphisoft
- || Vectorworks
- || Scia
- || Data Design System
- || Frilo Software
- || Precast Software Engineering
- || dRofus

Whereas Graphisoft and Vectorworks cater for architects and designers, the brands Data Design System, Scia, Frilo Software and Precast Software Engineering are targeted at civil engineers. Allplan's customers are architects, engineers and facility managers. The brand dRofus, which was acquired on January 1, 2017, targets public and private developers, planners, civil engineers and general contractors.

**Allplan**, which has its headquarters in Germany, has supplied innovative software to architects, civil engineers, building contractors and facility managers for more than 30 years for both planning and operational purposes. It is a leading European supplier of open BIM solutions. The CAD software family Allplan covers the entire life cycle of buildings and provides one of the biggest platforms for BIM. It comprises Allplan Architecture for planners, designers and architects, Allplan Engineering for civil engineering, the open BIM-platform bim+ for collaboration over the entire construction phase, and Allplan Alfa, a comprehensive CAFM-Software (Computer-Aided Facility-Management). Allplan has numerous locations in Europe. The software, which is available in twenty languages, is sold mainly in Europe.

The Hungarian company **Graphisoft** is one of the global leaders in the manufacture of architecture software. The BIM solution Archicad allows a high degree of design freedom and guarantees a smooth and efficient workflow through all planning phases of a building project. The portfolio includes solutions for smooth collaboration in real time from different locations, for example, using the Graphisoft BIM Server for small and medium-sized planning teams or Graphisoft BIM Cloud for medium-sized and large teams. Furthermore, with BIMx, Graphisoft offers an innovative and interactive presentation tool that is also suitable for use with mobile end devices. Apart from its head office in Budapest, Graphisoft has eleven branches worldwide. The solutions, which are available in 25 languages, are sold around the globe in over 100 countries.

The US company **Vectorworks** develops and distributes CAD and BIM software that can handle different platforms. The specific sector solutions for design, architecture, landscape, interior design and events have been tailored to the requirements of the relevant professions. Vectorworks is the most used CAD program for macOS in the world and is one of the leading programs for Windows. With Vectorworks Cloud Services, users can additionally centrally save, share, retrieve and process data from any place. Today, designers and planners in over 85 countries work with Vectorworks technology.

**Scia**, which is headquartered in Belgium, is one of the leading suppliers of software for structural construction applications and structural analysis for the building industry. The product range includes Scia Engineer, a structural construction program for calculating and measuring all kinds of projects with multiple materials, as well as Scia Design Forms. This is a new script technology specially developed for civil engineers. The software is available in fourteen languages, supports construction standards for twenty countries, and is distributed in more than fifty countries.

**Data Design System (DDS)**, which is headquartered in Norway, is a leading supplier of proven and intelligent CAD projection software for technical building equipment. DDS solutions are targeted at the disciplines of electrical engineering, sanitary, heating, ventilation and air conditioning applications and photovoltaic power plants. The DDS-CAD product family supports the Open BIM planning method, it is modular and it can be used for planning across several trades. With branches in Germany, Austria and the Netherlands, DDS mainly sells its solutions in Europe.

**Frilo Software** is one of the leading suppliers of calculation programs for structural construction tasks and efficient structural engineering. With over eighty programs for structural construction, Frilo Software covers a large part of applied structural calculations. The company offers solutions oriented to customer requirements and corresponding to the latest status in technology and standards. At present, the software is mainly in use in the German-speaking region.

**Precast Software Engineering** develops and markets software for planning pre-fabricated concrete slabs. Considerations such as quality, productivity, improved ability to plan the building process and cost efficiency are leading to the increased use of prefabricated concrete parts. The solutions include the software Planbar, a comprehensive sector solution for high quality industrialized planning of ready-made parts, as well as the Technical Information Manager (TIM), which centrally supplies information and planning functions for all company areas based on 3D models. With its branches in Singapore and Shanghai, Precast also distributes its products outside of Europe.

After the closing date of December 31, 2016, **dRofus AS**, which is domiciled in Oslo, Norway, and was consolidated for the first time as at January 1, 2017, joined the Design segment. dRofus is a leading supplier of software for BIM-based planning, equipment and data management in the construction industry. The customers of dRofus include public and private building owners, civil engineers and general contractors. dRofus has subsidiaries in the USA, Australia and Sweden, which function as distribution and support branches.

#### BUILD SEGMENT

In the Build segment, the Nemetschek Group offers holistic 5D solutions that cover the whole range of Building Information Modeling (BIM), from tender, award and final accounting, to costing, scheduling and cost accounting. Included here are commercial ERP solutions for the accounting of construction operations. Further components are PDF-based workflow solutions for digital work processes, collaboration and documentation. The Nemetschek Group also offers solutions for BIM quality assurance and control as well as BIM 3D software for steel structures. In the Build segment the relevant Nemetschek companies address building companies, developers, suppliers and general contractors, as well as planning offices, architects and civil engineers. The following brands are allocated to the Build segment:

- Nevaris Bausoftware
- Bluebeam Software
- Solibri
- Design Data (consolidated for the first time on August 1, 2016)

**Nevaris Bausoftware** produces and distributes holistic software solutions for operating and cost tracking for buildings. The product family comprises different modules that, depending on the line of business of the customer, can be combined or else deployed separately. The product family Nevaris includes the three areas ice-BIM, Build and Finance. Nevaris iceBIM is a holistic BIM 5D solution to facilitate time-keeping (4D) and cost-tracking (5D) in construction work. Nevaris Build offers numerous features such as the planning of construction costs, award of contracts and final accounts, costing, determination of quantities, building accounting and controlling. Nevaris Finance is the business part and that is based on a sector-independent ERP solution for construction companies. The range of performances includes financial bookkeeping and cost accounting, detailed material and equipment accounting, as well as payroll functions. As software of the newest generation Nevaris also supports use in the Cloud.

**Bluebeam Software** in the USA develops and distributes PDF-based workflow and collaboration solutions. The platform Bluebeam Revu handles paperless routines for the communication between all involved in the building project and improves the documentation of the measures taken. With Bluebeam Studio, which is the cloud-based collaboration solution from Revu, teams have access to projects from anywhere, and can direct them remotely. Customers can store an unlimited number of files in the Cloud, share them, and collaborate in real time.

**Solibri**, which is domiciled in Finland, is a world leader in solutions for quality assurance and control of BIM. The Solibri Model Checker examines in particular BIM models to verify integrity, quality and conformity to local standards during the entire planning and construction process. One globally unique feature is the review of entire projects using logical analysis rules to detect any defects. The customers include building and general contractors, architects, engineers and facility owners.

A new member of the Build segment is **Design Data Corporation**, which is registered in Lincoln/Nebraska, USA, and joined on August 1, 2016. Design Data is a leading supplier of BIM-3D software for precision planning in steel constructions. The BIM platform is an innovative complete solution that covers the entire work routine in steel construction via structural analysis and detailed planning right through to manufacture and implementation. The premium solution of Design Data – SDS/2 Detailing – offers a high degree of automation and intelligence in the 3D detail planning for steel construction. Customers include engineering offices, steel construction firms, building companies and detail planners.

## MANAGE SEGMENT

The focus in the Manage segment is on business and technical software solutions for the administration of complex commercial properties. Additionally, Nemetschek offers software solutions for the management of housing associations and residential management firms as well as comprehensive solutions for computer-aided facility management. The Manage segment includes the following brand:

### ■ Crem Solutions

**Crem Solutions** is a leading German supplier of software solutions for the business aspect of property management. Its core product iX-Haus offers flexible and efficient instruments to manage property. It covers the entire range of modern commercial property management duties. Together with its clients, Crem Solutions develops its software continually, thereby adapting it to changing customer demands. The customers come from all areas of property management, including property and asset managers' banks, insurance companies and globally active property companies.

## MEDIA & ENTERTAINMENT SEGMENT

Architects and engineers, designers and especially the Media & Entertainment industry use the solutions from this segment for visualizations, 3D modeling, animations or visual effects. The Media & Entertainment segment includes the following brand:

### ■ Maxon Computer

**Maxon Computer** is a leading developer of 3D modeling, painting, animation and rendering applications. The much-acclaimed software packages Cinema 4D and Body Paint 3D are deployed worldwide in numerous productions from the areas of film, television, advertising and games, alongside the visualization of architecture, medicine, product design and info-graphics. Headquartered in Germany, the company maintains branches and offices in the USA, Great Britain, Canada, France, Japan and Singapore.

## LOCATIONS

The Nemetschek Group has its headquarters in Munich and through its brands is represented at sixty locations worldwide. Nemetschek Group solutions are sold around the globe.



AMERICAS	WESTERN AND SOUTHERN EUROPE	NORTHERN AND EASTERN EUROPE	ASIA	OCEANIA
Brazil Canada Mexico USA	Austria Belgium France Great Britain Germany Italy Netherlands Spain Switzerland	Czech Republic Finland Hungary Norway Russia Slovakia Sweden	China Japan Singapore	Australia



## SIGNIFICANT SALES MARKETS AND COMPETITIVE POSITION

The AEC sector has consolidated increasingly over the past few decades. The Nemetschek Group has been actively involved in this process through its acquisitions. Today there are only a few global suppliers alongside many small companies that only operate locally. In the regional AEC markets, the Nemetschek Group finds itself needing to cope with numerous disciplines involved in the building process, various standards, and regionally different specifications, norms and regulations.

Unlike other major competitors, the Nemetschek Group concentrates almost exclusively on the AEC market with its software solutions. It is only in the Media & Entertainment segment that it also addresses the media and film industry. In all four segments, it is competing with different companies. In the target markets of the Design segment, which accounts for 65% of group sales, the Nemetschek Group is the market leader in Europe, and number two worldwide. In all segments there are several local and international competitors.

The brands of the Nemetschek Group offer custom-made solutions and react quickly to market changes. Each brand works continually on improvements and innovations. These are integrated in the releases of the individual software solutions. To meet the variety of customer demands, the Nemetschek Group offers an assortment of solutions that are tailored to the different distinct working requirements and to local guidelines and norms. Direct proximity to customers and the transformation of customer requirements into solutions are part of the group's philosophy.

With its historical roots in Germany, the Nemetschek Group has a strong base particularly in the DACH region (the German speaking countries of Germany, Austria, and Switzerland). However, in recent years it has expanded the revenue share from countries outside of DACH by organic growth and acquisitions such that these now contribute 57% (2016) of revenues. One of the growing markets alongside Europe, with its share of 64%, is America. In 2015 and 2016, the Nemetschek Group increased its sales share there by some 14% to about 27%. This favorable development was helped particularly by the acquisition of Bluebeam Software. The focus of growth efforts outside the American markets is on Asia, and especially Japan, where Nemetschek meanwhile occupies a leading position with its BIM software solutions. The revenue share of Asia in 2016 was about 9%.

The Nemetschek Group has numerous branches and offices worldwide whose purpose is to keep close contact with its customers and to enable it to respond early to trends in the markets. The brand companies handle their own distribution, organized worldwide in the form of dedicated sales teams. Additionally, the brands cooperate with distribution partners and so-called resellers who exclusively sell brand solutions globally.

### 1.2 CORPORATE MANAGEMENT AND CONTROL

Nemetschek SE, with its registered office in Munich, acts as a strategic holding company. It holds majority shares in national and international brand companies which operate in their different markets with their own identity vis-à-vis customers and with a high degree of autonomy. The operational and strategic management of the group is organized through the four segments Design, Build, Manage, and Media & Entertainment. A key factor behind the success of the structure of the holding company and brand companies lies in the relationship of group membership and synergies on the one hand, and flexibility and independence on the other. This is coupled with a high innovative strength since the brands can respond quickly to customer requirements and requests.

The corporate management is based on the corporate strategy approved by the executive and supervisory boards. This covers the strategic positioning of the Nemetschek Group and its solutions portfolio in the global sales markets, as well as its medium-term revenue and income projections. Corporate management is performed at the level of the reportable segments. The parameters and annual targets for the segments and for the different brand companies are derived from the strategic goals. In the annual planning process at profit center level these targets are agreed with the brand companies, substantiated by them and assigned individual quantitative and qualitative targets for marketing, sales and development. The reconciliation of annual planning, individual targets and medium-term planning is performed with the general managers of the relevant brands and with the executive and supervisory boards of the holding company.

During the year the group targets are monitored based on a group-wide management information system with detailed reporting of the key performance indicators for revenue, growth, earnings and risk. The central controlling indicators for the Nemetschek Group are revenues and growth over the previous year as well as the operating result (EBITDA) per segment. There are no non-financial performance indicators as control measures at the holding company level. Non-financial performance indicators such as customer satisfaction are measured

at brand level. Customer satisfaction is measured through external surveys, feedback via direct sales, through selling or reselling partners or via service channels. The results of the surveys represent an important source of information for future solutions, product improvements, marketing and selling activities.

Strategic and operative corporate management is the responsibility of the executive board. There is regular discussion with the relevant management about business developments and expected-to-actual comparisons of the individual brand companies at intervals during the year. Furthermore, there are regular cross-company reconciliation processes in all functional areas of the holding company.

### **1.3 OBJECTIVES AND STRATEGY**

The Nemetschek Group pursues a growth strategy focused in particular on the worldwide AEC markets.

The major factors driving the growth of the Nemetschek Group are continuing internationalization, innovations, and new strategic fields which result from technological trends. In addition to growing organically, Nemetschek seeks growth by well-considered, value-enhancing acquisitions. The strategy is to grow organically faster than the market average with turbo-charging of this growth through acquisitions. For acquisition projects, the focus is on growth over the life cycle in the AEC market, the rounding off of the product portfolio and on further internationalization. The international character of the Nemetschek Group and the membership of the brands in a larger corporate group is publicized by a common global philosophy: each brand features in its logo the addendum "A NEMETSCHEK COMPANY". This means that customers see first and foremost the brands and their individuality. At the same time, they can be seen as globally integrated in a corporate group.

#### **INTERNATIONALIZATION – WORLDWIDE DISTRIBUTION**

In its growth strategy, the Nemetschek Group focuses on three major regions: Europe, North & Latin America, and Asia. In recent years it has continually expanded its market position, especially in North America, while strengthening its position in legacy sales markets. In 2016, already 68.4% (previous year: 66.4%) of the group revenue was generated outside of Germany. This enables the exploitation of regional growth opportunities and also a better spread of risks. The global distribution network, consisting of in-house selling, in particular in the core markets, plus distributors and resellers, ensures proximity to customers in all markets. The steady expansion of a worldwide service and sales business is a central concern and will remain an important growth driver over the coming years.

#### **INNOVATIONS – ADDRESSING TECHNOLOGICAL TRENDS**

The digital transformation in the construction industry (key words: five-dimensional building, collaboration and "Baustelle 4.0") will transform the building industry. In the value creation chain in the construction industry, with its complex planning and process routines, it may be assumed that the potential for innovation is still considerable. Significant process improvements can be achieved by digitalization of all planning and implementation construction data – and through their thoroughgoing combination and networking as a virtual construction model.

The Nemetschek Group addresses these trends with its solutions and enables its customers to meet the requirements for more quality, transparency and efficiency in the building process. The basis of the success of Nemetschek is continual innovation, with the brand companies setting new benchmarks and standards in the AEC and Media & Entertainment market.

The Nemetschek Group is a pioneer and the brand owner of Open BIM, and leader in the area of five-dimensional construction. It is also an important trendsetter and opinion leader and, with the help of its solutions, is contributing to changing the working methods of the sector. This is demonstrated by the numerous innovation prizes that have been awarded to the brand companies.

Around a quarter of the revenues generated therefore flow regularly into research and, thus, into new and further development of the solutions portfolio. Further information on innovation activity can be found in the section "Research and development".

## STRATEGIC INITIATIVES – MULTI-BRAND PROJECTS

With the establishment of a strategy board in the holding company in 2016, Nemetschek placed more focus on projects involving more than one brand and on strategic initiatives that generate synergies within the group.

The aim is to support the brand companies in their international growth strategies, close gaps in the group's portfolio of solutions, to address new customer segments and to share best practice within the group.

During this process the following key topics have emerged: The digital transformation in the construction industry and the path to a networked building site ("Baustelle 4.0") go hand in hand with the handling and generation of an increasing data volume for the planning and realization of buildings and their complete integration. Of key importance here are solutions for collaboration and associated mobile applications. At center stage of the activities of Nemetschek is the development of a collaborative platform for all customers along the value creation chain in the building process. The aim is to boost efficiency in collaboration via core functions such as project management, document management and the sharing of information and models.

Furthermore, the Nemetschek Group plans to address increasingly large companies working in architecture and civil engineering. The focus of the activity is on complete workflow solutions that are elaborated using more than one brand. The idea is to model the workflows of organizations of architects and civil engineers and thus enhance its competence as a supplier of multiple solutions. This involves adding various functions from other brand companies to the 3D CAD and CAE solutions.

Furthermore, as the group grows, Nemetschek is internally working on group-wide ERP harmonization to reduce the complexity of processes and reporting structures.

## ACQUISITIONS

The attractiveness of the worldwide AEC market, the positioning of the group, the solid balance sheet and high cash generation open up good acquisition possibilities for the Nemetschek Group to generate further growth. Suitable enterprises in the AEC industry are identified internally by the strategy board and the brand companies themselves or otherwise by external partners and consultants.

Generally, three kinds of acquisition can be considered:

- I Firstly, directly under the umbrella of the Nemetschek Group. The precondition here is that the target company should have a certain size and generate an end user revenue of about EUR 10 million or be able to reach this level quickly by strong growth. The background is that the more brands there are under the umbrella of the Nemetschek Group the more complex control becomes. Further parameters are the rounding and/or extension of technological competence along the life cycle of buildings (horizontal extension). A so-called vertical development, i.e. the extension of the portfolio to fewer but distinct end-user segments such as infrastructure or town planning, are also conceivable. Further parameters are internationalization, a strong management and a business model that has already established itself in the market and thus has demonstrated a certain profitability.
- I Secondly, the brand companies can acquire interesting target companies directly, to the extent that the framework conditions such as the expansion of technology, regional expansion, sales structure and a healthy balance sheet allow.
- I Thirdly, the Nemetschek Group can invest in innovative and young companies – incubators – to position itself early with forward-looking topics such as collaboration in an up-and-coming field. This way the Nemetschek Group pools its many years of experience in the BIM market with novel ideas and principles.

The Nemetschek Group leaves the enterprises it acquires with their own identity. At the same time the brands have clear targets regarding financial and strategic topics. Furthermore the Nemetschek Group accompanies them in their integration into its segments and establishes the contact within the group to the other brands to promote exchanges, in particular in research and development or in distribution and marketing. By virtue of its policy of soft integration, the Nemetschek Group is very attractive as a strategic buyer for entrepreneurs. Following the sale of their company to the Nemetschek Group the founders can continue managing their enterprises while offering their employees security. At the same time, they belong to a financially strong, international group and benefit from possible synergies.

## 1.4 EMPLOYEES

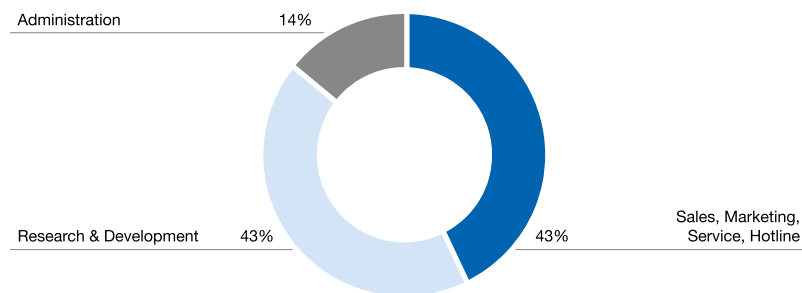
As of December 31, 2016, the Nemetschek Group employed 1,925 staff worldwide (previous year: 1,754); that is a growth of 171 persons or 9.7%. This does not include employees on parental leave, freelancers or those with long-term health problems. As at the end of the year, the figure included 61 employees who were taken over through the acquisition of Design Data as at August 1, 2016. When these effects are eliminated, the increase in the workforce from one closing date to the next was 110 persons or 6.3%.

At the end of 2016 the greater portion of the workforce of the Nemetschek Group, namely 70% (previous year: 68%), was employed outside Germany. Personnel expense rose in 2016 by EUR 24.1 million to EUR 151.2 million (previous year: EUR 127.1 million), equivalent to a personnel expense ratio (personnel expense / revenue) of 44.8% (previous year: 44.5%).

On average over the year the Nemetschek Group employed 1,829 people worldwide, an increase of 9.9% compared to the previous year (1,664). The average number employed in research and development was 781 (previous year: 722), which amounts to 42.7% of the total workforce (previous year: 43.4%).

The average number of people working in the areas of sales, marketing and hotline was 789 (previous year: 732). There were a further 259 employees (previous year: 211) in administration, including 17 trainees (previous year: 20). Trainees work primarily in the business departments, in IT and in development. The Nemetschek Group attaches great importance to taking on trainees after they have gained their qualifications.

### PERSONNEL STRUCTURE



Globally, the Nemetschek Group employs almost only staff with a vocational or higher education qualification. Numerous employees are architects or engineers, reflecting the company's strong roots in the AEC industry. In 2016 the proportion of women in the workforce was close to the level of the previous year, namely 34% (previous year 35%). In selecting personnel for management positions, efforts are made to achieve, wherever possible, a balanced distribution of appointments with respect to male and female candidates.

Depending on where they are located and the size of the brand company, employees receive special benefits in addition to their salary, for example, a company car, enrolment in the company pension scheme or subsidized canteen meals. In most companies there is performance-related remuneration, which is crucial to high employee motivation. The criteria for performance are the development of revenues and earnings of the relevant company and the achievement of personal targets. Managers and sales employees are assessed primarily in terms of the overall success of the relevant subsidiary, whereas the variable remuneration for the other employees depends on the achievement of individual or team targets.

## 1.5 RESEARCH AND DEVELOPMENT

Innovative products are the basis for the success of the group. Therefore, approximately one quarter of group revenues usually flow into product and process innovations. The high importance of research and development is also highlighted by the fact that a major proportion of the employees work in this area.

The strategy of the Nemetschek Group in research and development is focused on innovation, customer benefits and an improvement in the efficacy of the solutions. Close cooperation with customers is essential with a view to the continued development of solutions, to commit customers and to be able to meet their requirements. In the internationalization activities of the different brands, a key role is played by alignment to national standards. Regarding trends such as Open BIM, 5D, Cloud, rental models, collaboration or mobile application possibilities, the brands of the Nemetschek Group are working steadily on new bespoke solutions. With respect to Cloud solutions and mobile use the highest attention is paid to data security.

As a pioneer of Building Information Modeling (BIM), Nemetschek adheres to the principle of Open BIM as the basis for cooperation, independently of which software a user has chosen. All brands that address the AEC sector contribute to the Open BIM approach with their solutions. Together with partners, and also as part of the global buildingSMART initiative, Nemetschek is intensively committed to the continued development and implementation of the appropriate standards, in particular of the Industry-Foundation-Classes (IFC). IFC is a manufacturer-independent and freely-available data exchange format that has proved particularly powerful for the exchange of 3D building-oriented planning data in the construction industry – regardless of which software the project partners use. The brand companies are constantly working on improving, testing and certifying their interfaces for the seamless exchange with other Open BIM solutions. Furthermore, the brand companies are working on the development of collaborative additional functions – for example, in order to follow which project participant received, read and possibly amended or approved which detailed information when.

In the **Design** segment the three major CAD brands Allplan, Graphisoft and Vectorworks once again presented innovative releases, as is reflected not least in their strong organic growth. For all three brands with their solutions **Allplan 2017**, **Archicad 20** and **Vectorworks 2017**, the focus was on the optimization of BIM workflow, with the goal of efficient, multi-locational collaboration with fast data transfer, independent of manufacturer, and reduced information losses in the exchange of project data.

The other brands also published their releases as well as numerous new features; these include Scia with its flagship solution **Scia Engineer** for structural analysis and drafting. The current version 16 offers improvements in quality and ease of use. Frilo Software offers a continual development of the more than 80 structural construction programs; meanwhile, Precast Software has again fine-tuned the **Planbar** solution to customer requirements. With its solution **DDS-CAD 12**, Data Design System offers the user a fast overview of all project data. With **dRofus 1.9**, dRofus facilitates a comprehensive document management and BIM-based exchange of building data.

In the **Build** segment, with its eponymous software Nevaris offers numerous business and technical functions. Depending on the activity concerned and customer wishes, the three core modules **Nevaris iceBIM**, **Nevaris Build** and **Nevaris Finance** can either be combined with each other or deployed separately, and in 2016 they were further adapted to customer wishes. Bluebeam presented the new version of its platform **Bluebeam Revu 2016**. The powerful PDF processing, commenting and collation functions were combined with new functions to improve the digital handling of project documentation, reporting and navigation. Design Data performed numerous additions and automations in its **SDS/2** Release for 2016.

In the **Manage** segment, Crem Solutions developed further its modularly conceived **iX-Haus** solution.

In the **Media & Entertainment** segment Maxon met with success with its launch of Release 18 of the industry solution **Cinema 4D**. It is characterized by numerous optimizations in the areas of Modeling, Rendering and Animation, as well as even greater stability of the workflows.

In developing new products and continuing the development of trusted solutions, mostly internal group resources were utilized and third-party services were used only to a limited extent.

In the fiscal year 2016 the Nemetschek Group invested EUR 80.8 million (previous year: EUR 67.9 million) in research and development. This corresponds to about 24% (previous year: 24%) of the group revenue. As in previous years, development performances were not capitalized in the consolidated balance sheet.

## 1.6 SUSTAINABLE AND RESPONSIBLE BEHAVIOR

An underlying prerequisite for long-term success is adherence to sustainable economic principles. Sustainability means preparing the company to be secure in the future and creating conditions for a successful future. As a world leader in software, the Nemetschek Group is keen to assume its social and ecological responsibilities. Here the focus is on three aspects: the environment, workforce and society at large.

### ENVIRONMENT

The Nemetschek Group continually seeks to link innovation and commercial success with the highest quality expectations and conservative treatment of resources and the environment. The building sector plays a significant role in the discussion about global climate change. Meanwhile, in Europe, it is obligatory to provide an energy certificate when letting or selling a building. Any extra costs for energy efficient design and building have usually been amortized within a few years. Against this background the pressure on the designers has grown. Today, developers expect more than a good design – they want to know what effects the planned building will have on energy consumption and they place value on using environmentally acceptable materials. It is not “only” the aesthetic and functional requirements of a building that must be implemented, it is even more important to harmonize these factors with a positive ecological assessment of a building. Energy efficiency, freedom from contamination, and recyclability of the building materials play a significant role in the planning process.

The software solutions of the Nemetschek Group cater for sustainability, promoting efficient and environmentally resilient construction. The solution portfolio of Nemetschek supports architects and engineers in designing energy-efficient buildings and in minimizing the consumption of raw materials. Almost all brands under the umbrella of the Nemetschek Group have appropriate solutions in their portfolio.

For example, Archicad from Graphisoft has an integrated solution, the EcoDesigner STAR, for determining the energy profile of a building. This enables architects to conduct a reliable and dynamic evaluation of the energy requirement of the building model to optimize the energy behavior of their design draft. It is also possible to document the necessary evidence for the energy certificate. With Allplan it is possible to undertake energy and ecological appraisals of buildings with the optional module Energy Certificate. With the tool Energos, which is integrated into the CAD software Vectorworks, the energy consumption of any project can be monitored at the touch of a button any time during planning, i.e. from first draft through to execution plans. It is also possible to export the energy data for further analysis. A further subject is the trend to just-in-time deployment of precision concrete parts. Consequently, there is a reduction in the consumption of materials and transport to the building site. Here the solution Planbar from Precast Software comes into its own. Planbar enables the comprehensive planning of the relevant processes in the prefabrication plants – through to the logistics at the building site. Solibri in Norway offers the Solibri Model Checker to increase quality in the entire planning and building process, to lower costs and reduce time needed. The software also helps the environment since, right from the beginning of the planning process, and later in the building process itself, the necessary material quantities can be calculated exactly using the tool Information Takeoff.

The trend to sustainable construction can be observed worldwide. In the USA, for example, the demand for environmentally acceptable building methods is increasing especially in public areas. Green Building Initiatives – that is, projects in which higher demands are made of the sustainability and energy efficiency of the buildings – have increasingly caught the attention of town planners, covering currently 40% of the entire building area of the United States. Current market developments show that between 2015 and 2023 about USD 960 billion were invested in the USA in measures to increase energy efficiency for existing buildings.\* Changes to the framework conditions such as greater economic growth or international climate treaties might boost this figure even further.

Internally in the Nemetschek Group, too, environmental considerations have high priority. For example, almost all brand companies use telephone and video conferencing to keep business trips to a minimum. Furthermore, innovative training methods such as e-learning, for example for compliance services or for language courses, and learning videos are used instead of printed manuals and operating instructions; this approach leads to a significant reduction in paper consumption. Step by step, downloads from the internet are replacing the shipment of DVDs.

\* Source: German-American Chambers of Commerce – “The US Market for Sustainable Construction”.

## EMPLOYEES AND WORKING ENVIRONMENT

A high degree of motivation and identification of its employees is a core element for the global success of the Nemetschek Group. The company promotes this by creating attractive working conditions and a positive working environment.

The brand companies are keen to enable their employees to reconcile work and family. This is supported not least by flexible working time rules. The exact structure varies and is also dependent on local regulations. The same applies for the scope of part-time work and parental leave.

Optimal working conditions also involve a comprehensive further education program with internal and external training. The choice of training events ranges from specific technical training to foreign-language and IT courses through to management training and seminars. There is also an offer of various sports facilities. The success of these measures is reflected in the high number of speculative applications submitted to the different brand companies and also directly to Nemetschek SE.

Inevitably, on account of the company's international orientation, corporate compliance also features high on the agenda. The Nemetschek Group insists on the integrity of employees in their dealings with stakeholders and on good relations with one another within the Nemetschek Group. To this end, a Code of Conduct has been developed for all those employed in the Nemetschek Group. The principles, which are also stated on the Nemetschek Group website under the heading "Companies", are conveyed to employees through special training courses.

## COMPANY

Nemetschek has its roots in the university environment, where its software has been present for decades. The brand companies provide free software licenses and online training material to students and university teachers as part of their "Campus programs". This currently applies to many markets beyond the core ones in Europe and above all the USA. Nemetschek regularly supports university programs by staging student competitions for the next generation of architects and engineers.

In addition, there is close cooperation with universities and colleges. For example, Nemetschek is a partner to the Leonhard-Obermeyer-Center of the Technical University Munich, thereby promoting the next generation of architects and engineers. Simultaneously, Nemetschek ensures a high affinity of potential customers for its own software solutions.

Management personnel of the group also hold teaching posts at various colleges of further education in Germany. For this, each brand has its own emphasis. The Coach Program of Allplan has already trained and counseled more than fifty students. In 2016 these coaches passed on their knowledge to more than 1,000 students. In 2016 the US subsidiary Vectorworks again awarded a scholarship for which the students of all architectural and design institutions worldwide submit their best work and can win prizes worth USD 10,000 in total.

Graphisoft offers Archicad training through various channels, whether in the context of free workshops for beginners and advanced students or for lecturers that are performed each semester at numerous universities and technical colleges.

The US subsidiary Bluebeam Software organizes free webinars and offers favorable student licenses so that students can learn how to use Bluebeam Revu at an early stage. By supporting students and universities in competitions of the AEC industry, Bluebeam Software helps them gain practical experience in the real world of work.

Scia is running a user competition for engineers for the tenth time. In December 2016, a new international user competition was initiated under the title "The Art of Structural Design". In March 2017, a jury will begin the process of choosing the most outstanding among the submissions of civil engineering projects that have a connection to Scia, and there will be awards for those that excel in terms of originality, difficulty or prestige. One essential aspect is the use of Building Information Modeling (BIM) as an integrated planning method. On account of its extensive commitment, the Nemetschek Group has enjoyed a very good reputation among universities and educational establishments since the inception of the company.

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# ALLPLAN

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## Solutions:

Allplan Architecture

Allplan Engineering

Allplan Alfa

bim+

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The comprehensive solution portfolio covers all of the stages in the life cycle of a building:

For the design stage, Allplan Architecture and Allplan Engineering are two powerful BIM design tools available to architects and engineers.

In the build stage, a process management platform by Sablono, a 100% subsidiary of Allplan, ensures precise performance tracking and project documentation.

In the manage phase, Allplan Alfa is the ideal tool for sustainable, browser-based facility management.

With bim+, Allplan offers a BIM platform for system-independent collaboration in BIM projects across all disciplines.

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## **BUILDING THE FUTURE TOGETHER**

STRONG BRANDS. GREAT PROJECTS.







# ALLPLAN

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Allplan is a leading European provider of open solutions for Building Information Modeling (BIM).

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**Segments:** Design, Build, Manage

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**Company size:** 357 employees

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**Locations:** Munich, Bratislava, Madrid, Paris, Prague, Salzburg, Trient, Zurich etc.

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**Website:** [www.allplan.com](http://www.allplan.com)

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Reference Project No. 4:

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## Gotthard Base Tunnel Switzerland

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**General planner:** Gähler & Partner

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With a length of 57 kilometers, it is the longest tunnel in the world. The Gotthard Base Tunnel was inaugurated in June 2016 and is considered to be the connecting point between northern and southern Europe.

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## 2 ECONOMIC REPORT

### 2.1 OVERALL CONDITIONS

#### GLOBAL ECONOMY\*

In 2016 growth in the global economy was generally subdued. However, the recovery in the industrialized countries continued. The United States, the Eurozone and Great Britain each reported moderate growth. The referendum in the United Kingdom with the unexpected vote for Brexit in June 2016 led briefly to volatility on the financial markets, but there were no major repercussions on the economy. In the emerging countries, after recent falls in growth rates, the outlook improved. The transformation of the Chinese economy and the connected turbulence at the beginning of 2016 did not have any substantial effect on the overall positive trend, either.

In its current appraisal, the German Council of Economic Experts has forecast a growth in the global gross domestic product (GDP) of 2.5% in 2016 (previous year: 3.0%).

#### EUROZONE

For a third year in a row the economy in the Eurozone grew in 2016. Hence the recovery continued and the output of the countries using the euro returned to and exceeded the levels enjoyed before the 2008 financial crisis. The upturn was mainly due to internal demand. It must be borne in mind that the member states diverge greatly in output and growth. Another consideration is that, according to the German Council of Economic Experts, the impetus was largely attributable to the expansionary monetary policy of the European Central Bank. Whereas the gross domestic product of the Eurozone in 2015 grew by 2.0%, this is thought to have fallen back to 1.6% in 2016.

#### USA

The labor market in the USA was in good shape, which favored high private consumption. This was in contrast to the stagnation of exports, which can be explained by the considerable revaluation of the dollar. There was a decline in expenditure on the construction of residential property. All in all, this led to a weakening of growth. Whereas GDP climbed 2.6% in 2015, it is expected to have risen just 1.5% in 2016.

#### JAPAN

The Japanese economy experienced a subdued upturn mainly on the strength of increased consumer spending. Output continues to be strongly determined by the expansionary monetary and fiscal policy. As a result of the revaluation of the Yen since the middle of 2015, the foreign demand in 2016 was lower. Overall the expectation for the year under review is that there was a slight increase in output of 0.6% (previous year: +0.5%).

#### EMERGING COUNTRIES

The somewhat moderate growth compared to earlier years continued in 2016. There was, though, generally a wide-ranging stabilization of the situation of the emerging countries. This was helped by the strengthening of the Chinese economy, which grew solidly notwithstanding some turbulence at the start of the year. The end of the recession was expected in Russia and in South America. The GDP in the emerging countries is predicted to have been 4.4% in 2016 (previous year: +4.7%).

### CONSTRUCTION SECTOR SITUATION\*\*

#### EUROPE

The European construction industry did not live up to the high expectations that the sector experts of Euroconstruct had for 2016. Instead of an expected rise in construction volume of 2.0% and a continuation of the recovery, there were again some dampeners for the sector. Declines were expected for the eastern European countries and for Portugal. As a result of the referendum outcome for the United Kingdom, too, there was an assumption of a slight decline in the construction activity. This was in contrast to high growth forecasts for the Scandinavian countries such as Sweden (+6.9%), Finland (+6.8%) and Norway (+6.7%). The major economies of Germany, France, Spain and Italy recorded moderate growth that, as in the previous year, was displayed mainly by the residential building sector.

\* Sources: Annual Report 2016/17 German Council of Economic Experts; GTAI/Economic Trends.

\*\* Sources: Euroconstruct Summary Report Barcelona, Nov. 2016; GTAI/Bauwirtschaft; DATAMARK, Market Intelligence Brazil, 2017 Dodge Construction Outlook, 2017 Germany Trade & Invest.

## NORTH AMERICA, USA

After four years of strong growth the US construction industry was noticeably weaker in the reporting year. Nonetheless, the sector experts Dodge Data & Analytics assume that the upturn will continue, albeit at a slower pace. The growth was sustained to a considerable degree by the high-rise sector with growth rates in the mid one-digit percentage range. Infrastructure, too, is seen as gaining in importance. After a decline in 2015, expenditure on infrastructure was higher in the first half of 2016 by 2.2%, supported by the so-called FAST Act, which is an executive order of the US government from the end of 2015 for a financial package of USD 300 billion for the transport sector in the period extending to 2020.

## SOUTH AMERICA, BRAZIL

In 2016 the construction industry in Brazil continued in a difficult phase. Following the downturn in 2015 the sector experts of Sinduscon-SP again forecast a decline in market volume. The one positive factor is that a slight increase in building activity is forecast as from 2017. Because there has long been under-investment the infrastructure sector offers growth opportunities in the medium term. In September 2016, the Brazilian government passed the Projeto Crescer, which consists of several concession projects for infrastructure, including airports, motorways and ports.

## ASIA, JAPAN

Despite a subdued economy and falling population, the construction sector in Japan plays an important role, contributing about 10% of gross domestic product. About one third of this is the infrastructure of the public sector. After subdued development in previous years, the sector is now looking ahead with confidence. The situation in private residential construction recovered somewhat and here, as for private commercial construction, a moderate growth is expected for the year 2016. In total, the Ministry of Land, Infrastructure and Transport (MLIT) expects an increase in construction output of 1.6% for the fiscal year 2016.

## SUMMARY\*\*\*

The performance indicators of the construction sector presented above represent only some of many indicators for the development of the Nemetschek Group markets. In digitalization the expenditure for IT and Software in the construction industry plays an important role. The average expenditure on IT for industry as a whole is about 3.4% of revenue. Hence with average IT expenditure of 1.2% of revenue the companies in the construction trade have considerable catching up to do. For example, IT expenditure in the building sector from 2015 to 2025 is predicted to grow by an average of 19% a year. This is currently recognized not only by planners and construction companies, and is demonstrated not only by surveys and studies, but is apparent much more by the increased deployment of digital methods in the office and on the building site.

In terms of digitalization, the construction industry in Germany remains far behind other sectors such as telecommunications and the automotive industry. The digital transformation in the construction industry will be largely governed by the work method BIM 5D. The creation of a digital – i.e., virtual – building model that is afterwards realized on site, with the model subsequently serving as documentation and the basis for the operating phase, is often already a reality today, and this modeling is set to become an essential part of everyday working in construction.

The deployment of BIM is widespread in the USA and Singapore but also far advanced in Scandinavia, the Netherlands and the United Kingdom. Scandinavia and the United Kingdom have taken a decisive step towards universal establishment of BIM with the entry into law of the BIM Level 2 mandate in April 2016, which prescribes the application of BIM Level 2 as mandatory for public projects. Since 2014 there has been an EU directive recommending the use of computer-aided methods such as BIM for the awarding of public building projects and invitations to tender. In order to press ahead with this directive, at the beginning of 2016 the EU BIM Task Group was set up, assembling representatives of the biggest public commissioning authorities for building projects in the EU member states. The aim is to unite the national initiatives in a common and coordinated European approach.

In Germany, the application of BIM is being advanced by the multi-phased plan “Digital Design, Building and Operation”. In order to define the necessary quality standards, experience is being gathered in BIM pilot projects under the wings of the Federal Ministry for Transport and Digital Infrastructure (BMVI) and competencies are being put together. Following a preparatory phase lasting until 2017 and a pilot phase, starting in 2020, BIM is to be deployed for all new projects in the public sector.

\*\*\* Sources: EU BIM Task Group; Construction Technology Report 2016; Phased plan Digital Planning and Building by BMVI.

Worldwide the foundations are being laid for BIM 5D to establish itself strongly in the coming years and to develop as the basis for optimizing the planning, execution and management of buildings in the construction process. Thus, the potential and opportunities for software solution providers are excellent.

## **2.2 BUSINESS PERFORMANCE AND EVENTS WITH A SIGNIFICANT EFFECT ON BUSINESS PERFORMANCE**

In 2016 the Nemetschek Group continued to grow and it again achieved record figures in revenue and results. The positive corporate development went hand in hand with the expansion of the Nemetschek Group's worldwide presence, the further development of the solutions portfolio and the acquisition of the Design Data Corporation. The factors driving the good business development were investments in new employees, the comprehensive and innovative portfolio of the Nemetschek Group and the focus on digitalization and the strong demand for technology such as Open BIM and collaboration.

### **ACQUISITIONS**

Effective August 1, 2016, the Nemetschek Group took over 100% of the shares in **Design Data Corporation**, which is domiciled in Lincoln/Nebraska, USA. Design Data is a leading supplier of software solutions for detailed planning in steel construction using BIM. The BIM platform of Design Data is an innovative and complete solution that covers the entire work routine in steel construction from structural construction calculations through the detailed planning to manufacture and execution. The premium solution of Design Data offers the highest degree of automation and intelligence in the 3D steel detailing.

Customers include engineering offices, steel construction firms, building companies and detail planners. With about 6,000 users, Design Data has a market share in North America of about 45%. Because of its strong customer relationship to construction companies, Design Data has been allocated to the Build segment.

With the takeover, the Nemetschek Group filled a gap in its AEC portfolio and expanded its competence with software solutions for steel structures. Nemetschek is now able to model the complete work routine in structural planning from the planning and calculation stage (with the Scia brand) through execution planning and manufacture (Design Data) through to the inspection of the plans (Bluebeam). With the steel construction solution the existing competence of Nemetschek in concrete construction has been expanded. As a solution supplier for steel and concrete the Nemetschek Group has filled a gap in its competencies as a multimaterial supplier and can exploit its growth potential in the BIM market even better.

At the same time, the Nemetschek Group is also expanding its international presence, since Data Design generates about 80% of the revenue in North America.

The purchase price for the 100% of the shares was EUR 42.4 million. There was also an earn-out component that depends on the increase in revenues and profitability in the financial year 2018. As things stand, this earn-out payment is expected to run to EUR 1.9 million.

### **COOPERATION AND PARTNERSHIPS**

In order to expand its market position and in order to satisfy diverse customer demands, the Nemetschek Group relies on cooperation and on the collaboration with partners from the sector who, themselves, offer leading solutions in specialist areas. There are partnerships both within the group among the brand companies and between brand companies and external partners.

The brand Solibri entered into an internal cooperation with Allplan and Graphisoft at the end of 2016. Allplan and Solibri concluded a comprehensive cooperation contract on the joint marketing of the Solibri software in Germany and France. The cooperation contract between Graphisoft and Solibri comprises the joint marketing of the Solibri Model Checker in Germany and Austria. Through the cooperation with Allplan and Graphisoft, Solibri obtains the possibility of increasing its distribution activities.

Furthermore, the brand companies agree cooperation with external partners. The German Production Resource Group (PRG) will, together with the development team of Vectorworks, develop tools and object libraries for Vectorworks Spotlight, the leading CAD-Software. In addition, it is intended that the work routines, which are of greatest significance for the events industry will be improved.

Graphisoft agreed a strategic partnership with D. Vision Architecture and Minnucci Associati, Italy's leading BIM service provider. The aim of the program is the dissemination of BIM and of the Open BIM standards. The creation of national standards and guidelines for BIM in Italy, based on the Software solutions of Graphisoft and the services of BIM FACTORY and Minnucci Associati, is intended to promote the establishment and standardization of BIM workflows and collaboration in the building process.

In September 2016, Allplan and BIMObject (domiciled in Sweden) announced a partnership, BIMObject being the world leading platform for manufacturer-specific BIM content. This enables BIM objects with detailed material and product specification to be integrated directly in their BIM workflows. Vectorworks has cooperated with BIMObject since 2015.

In August 2016, Data Design System (DDS) entered a partnership with TELENOT ELECTRONIC GmbH in order to enhance security features in CAD planning of building technology. With this, the partners reacted to the sharp climb in demand for security systems and smart home control functions in private, industrial and public areas.

In September, Maxon announced a comprehensive agreement which is to run for a number of years with NVIDIA, one of the biggest developers of graphics processors. The cooperation is targeted at scalable and intuitive, physically-based rendering solutions for 3D artists and designers and enables Maxon the access to NVIDIA rendering technologies.

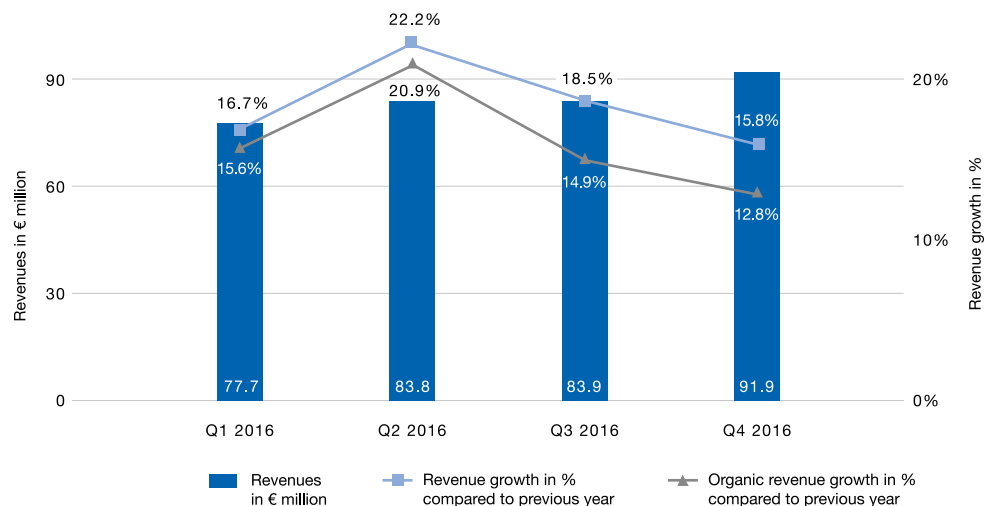
## 2.3 DEVELOPMENT OF THE MATERIAL PERFORMANCE INDICATORS

### DEVELOPMENT OF REVENUES

The Nemetschek Group can look back on a very successful financial year, which again saw organic growth and acquisitions.

In all four **quarters**, revenues rose over those of the reference periods. In the first quarter, revenue climbed 16.7% to EUR 77.7 million (previous year: EUR 66.6 million), whereas the organic growth was 15.6%. The second quarter saw an increase in growth with revenues rising by 22.2% to EUR 83.8 million (previous year: EUR 68.6 million). Organic growth in the second quarter of 2016 was an impressive 20.9%. Up by 18.5%, revenues in the third quarter rose to EUR 83.9 million (previous year: EUR 70.7 million), with organic growth at 14.9%. In the fourth quarter 2016 there was a slight slackening in growth. Up by 15.8%, revenues rose to EUR 91.9 million (previous year: EUR 79.3 million), with organic growth at 12.8%.

## DEVELOPMENT OF REVENUE, GROWTH OF REVENUE (ORGANICALLY AND INCLUDING ACQUISITIONS)



In 2016, **consolidated revenues** rose markedly to stand at EUR 337.3 million, a rise over the previous year (EUR 285.3 million) of 18.2%. Besides strong organic growth of 15.9% (previous year: 14%), the growth is attributable to the acquisitions Solibri Oy (consolidation at January 1, 2016) and Design Data Corporation (consolidation at August 1, 2016). The contribution to revenue made by Solibri was EUR 4.5 million in the year under review and from Design Data it was EUR 4.9 million.

After eliminating currency exchange effects, consolidated revenue is slightly higher – by EUR 0.2 million – making growth about 18.3%. Nemetschek is exposed to notable currency effects from the USA, Great Britain, Japan and Switzerland.

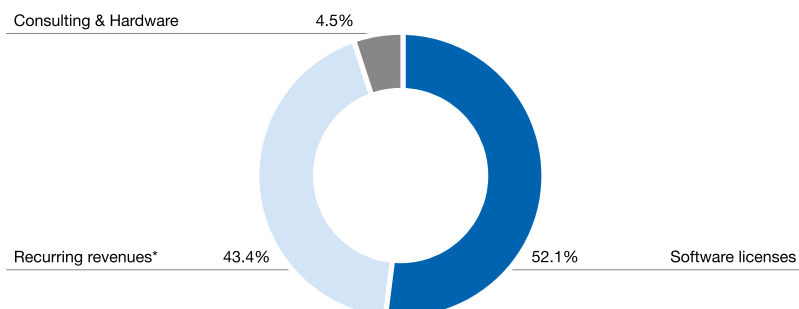
On account of the strong business in the first nine months of 2016, at the beginning of October the Nemetschek Group increased its revenues forecast to a corridor between EUR 338 and 341 million, having communicated a range from EUR 319 to 325 million in March 2016. This represented a planned revenue growth over the previous year (EUR 285.3 million) of +18% to +20% (previously: +12% to +14%). With EUR 337.3 million, Nemetschek was able to almost reach the lower end of the range of its most recent revenues forecast.

### REVENUE FROM SOFTWARE LICENSES AND RECURRENT REVENUES

Both software licenses and recurrent revenues contributed to the sharp growth in 2016. Income from software licenses climbed 16.9% to EUR 175.8 million (previous year: EUR 150.4 million). The brands that contributed most to this welcome development were Bluebeam, Graphisoft, Allplan, Data Design System, and Nevaris. The share of software licenses in total revenue was 52.1% (previous year: 52.7%).

The recurrent revenues from software service contracts and rental models increased by 19.7% to EUR 146.5 million (previous year: EUR 122.4 million). Accordingly, their proportion of total revenues rose slightly to 43.4% (previous year: 42.9%).

The double-digit percentage growth in both significant areas secures sustainable corporate growth for the Nemetschek Group: The license business enables new customers to be acquired or existing ones catered to more intensively while the software service contracts and rental models secure recurrent sales.

**REVENUES BY TYPE IN %**

\* Software services, rental models (subscription, software-as-a-service).

**INTERNATIONALIZATION**

The Nemetschek Group has sixty locations and distributes its software globally. In recent years the Nemetschek Group has constantly strengthened its market position outside of its core markets in the DACH (German-speaking) region and is stronger above all in the USA. Today, Nemetschek solutions are being sold in almost all world regions. The geographical extension of the Group's business activities makes it possible to recognize additional regional growth opportunities while also leading to a better allocation of risks.

Apart from the DACH region, other European markets, including Scandinavia, Southern Europe and the United Kingdom, make up the focus of the Nemetschek Group in Europe. Outside of Europe, interest is directed at both North and Latin America and Asia, especially Japan and China.

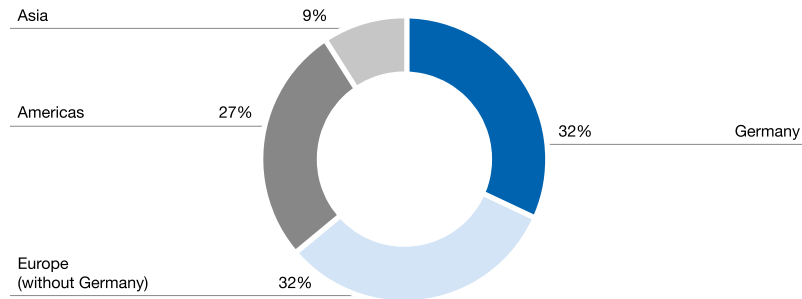
The Nemetschek Group was able to strengthen and expand its market position in 2016 in all the regions it focuses on. In its home market, Germany, growth was in double digits. Indeed, Germany continues to be the largest market with a share of revenue of about 32%. In Europe, the strongest growth was obtained in Scandinavia, not least because there the use of BIM is already widespread. The presence in Scandinavia was further strengthened at the end of 2015 by the acquisition of Solibri in Finland. The US subsidiary, Bluebeam, has had its European office in Sweden since the middle of 2015 in order to deal with the Scandinavian countries more intensively. In the south of Europe, which a couple of years ago was in the throes of the economic crisis, growth rates have rebounded. In total, the European markets outside of Germany contributed about 32% to the Group's revenue.

In North America, the Nemetschek Group continued to grow strongly in the year under review with over 20%. Meanwhile, America contributes about 27% of revenue. Alongside strong organic growth driven mainly by the Bluebeam brand, Design Data, which was acquired in August, will contribute to a further extension of the market position in the USA. The brand company Scia has also established an office in the USA in order to process this market. After Graphisoft had strengthened its activities in the previous year, the subsidiary Vectorworks followed in 2016; it will address the market in Mexico with a new distribution partner.

The Nemetschek Group achieved a similar growth in 2016 in Asia, and especially in Japan. About 9% of the group revenues were generated in Asia in the reporting year. Besides Precast Software Engineering with its branches in Singapore and Shanghai, Maxon has a branch in Singapore while Graphisoft, Vectorworks and Bluebeam are represented there through distribution partners.

In Germany, revenue climbed 11.4% to EUR 106.7 million (previous year: EUR 95.8 million). Revenues outside Germany climbed by 21.7% to EUR 230.5 million (previous year: EUR 189.5 million). The share of revenues generated outside Germany increased, as strategically planned, to 68.4% (previous year: 66.4%).

**REVENUES BY REGION IN %**



**DEVELOPMENT OF THE SEGMENTS**

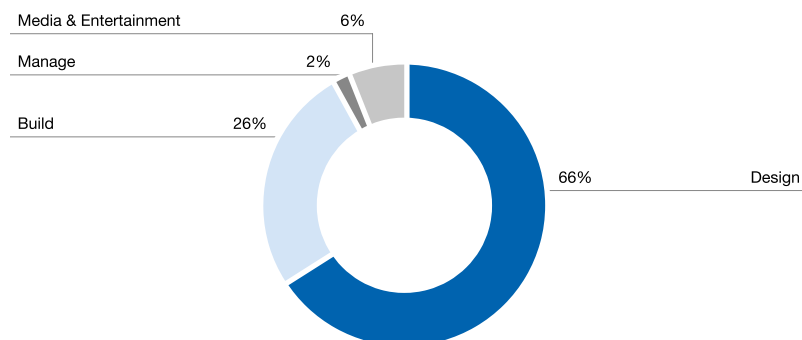
The **Design** segment recorded a welcome growth of 11.1% in 2016 and revenues increased to EUR 220.9 million (previous year: EUR 198.8 million). After eliminating the company Glaser -isb cad-, which was sold at the end of 2015, organic growth was 12.4%. The strongest growth in this segment was recorded by Graphisoft, followed by Data Design System and Allplan. The Design segment contributed 65.5% to group revenues (previous year: 69.7%). EBITDA rose disproportionately more than revenue, increasing by 27.8% to EUR 63.2 million (previous year: EUR 49.5 million). The EBITDA margin improved from 24.9% to 28.6%.

The **Build** segment recorded revenue growth of 45.6% to EUR 87.5 million (previous year: EUR 60.1 million). This includes Solibri over the full twelve months, Solibri having been acquired at the end of 2015 with a contribution to revenues of EUR 4.5 million. It also includes Design Data, which was acquired on August 1, 2016, with a revenue contribution of EUR 4.9 million. Organic growth, too, was high at +31.0%, supported in particular by the US brand Bluebeam Software. EBITDA grew noticeably, but remained below revenue growth due to capital expenditure. EBITDA rose by 22.7% to EUR 12.8 million (previous year: EUR 10.4 million). The EBITDA margin came to 14.7% (previous year: 17.4%). The Build segment contributed 25.9% of the group revenue in the reporting year. On account of the acquisitions made in recent years, the Build segment has grown noticeably in relative terms as well.

Revenues in the **Manage** segment rose by 12.0% year on year to EUR 7.1 million (previous year: EUR 6.3 million). EBITDA was boosted disproportionately relative to revenues by 19.4% to EUR 1.6 million (previous year: EUR 1.3 million). The EBITDA margin rose to 22.7% (previous year: 21.3%).

The **Media & Entertainment** segment increased its revenue in 2016 by 8.7% to EUR 21.8 million (previous year: EUR 20.1 million) although the development over the quarters was uneven. EBITDA increased slightly to EUR 8.4 million (previous year: EUR 8.2 million) so that the EBITDA margin stood at 38.6% (previous year: 41.0%). The result reflects investments such as those made in order to create innovative products.

**REVENUES BY SEGMENT IN %**





**QUARTERLY REVIEW: KEY RATIOS OF THE SEGMENTS**

In EUR million	Q1	Growth Δ in % (LFL* in %)	Q2	Growth Δ in % (LFL* in %)	Q3	Growth Δ in % (LFL* in %)	Q4	Growth Δ in % (LFL* in %)
<b>Design</b>								
Revenue	51.4	11.6% (12.2%)	55.4	15.8% (16.1%)	55.5	12.2% (12.6%)	58.6	5.8% (9.2%)
EBITDA**	13.5	16.0%	15.8	56.7%	16.6	27.3%	17.4	18.0%
EBITDA margin	26.1%	–	28.5%	–	29.8%	–	29.8%	–
<b>Build</b>								
Revenue	19.5	41.2% (34.5%)	20.8	41.0% (35.2%)	21.6	45.3% (28.4%)	25.5	53.6% (26.6%)
EBITDA**	5.0	66.0%	4.1	24.3%	2.4	41.0%	1.3	–47.1%
EBITDA margin	25.6%	–	19.8%	–	11.3%	–	5.0%	–
<b>Manage</b>								
Revenue	1.5	13.0%	1.7	27.9%	1.7	17.4%	2.1	–2.2%
EBITDA**	0.2	57.2%	0.4	117.6%	0.4	15.4%	0.6	–8.4%
EBITDA margin	13.7%	–	20.8%	–	22.8%	–	30.7%	–
<b>Media &amp; Entertainment</b>								
Revenue	5.2	–1.6%	6.0	26.8%	5.0	1.2%	5.7	9.7%
EBITDA**	2.3	–10.7%	2.4	44.8%	1.6	–7.3%	2.0	–7.5%
EBITDA margin	45.1%	–	40.9%	–	32.5%	–	35.6%	–

\* LFL (Like for Like): revenue growth = organic revenue growth.

\*\* The EBITDA in the segments does not include the positive one-off effect of EUR 1.9 million in Q2/2016.

**ANNUAL REVIEW: KEY RATIOS OF THE SEGMENTS**

In EUR million	FY 2016	FY 2015	Growth Δ in %	Growth LFL* Δ in %
<b>Design</b>				
Revenue	220.9	198.8	11.1%	12.4%
EBITDA**	63.2	49.5	27.9%	29.0%
EBITDA margin	28.6%	24.9%		
<b>Build</b>				
Revenue	87.5	60.1	45.6%	31.0%
EBITDA**	12.8	10.4	22.7%	15.8%
EBITDA margin	14.7%	17.4%		
<b>Manage</b>				
Revenue	7.1	6.3	12.0%	
EBITDA**	1.6	1.3	19.4%	
EBITDA margin	22.7%	21.3%		
<b>Media &amp; Entertainment</b>				
Revenue	21.8	20.1	8.7%	
EBITDA**	8.4	8.2	2.2%	
EBITDA margin	38.6%	41.0%		

\* LFL (Like for Like): revenue growth = organic revenue growth.

\*\* The EBITDA in the segments does not include the positive one-off effect of EUR 1.9 million in Q2/2016.

Details of non-financial performance indicators are provided under Section 1.2, "Corporate management".

## 2.4 EARNINGS SITUATION

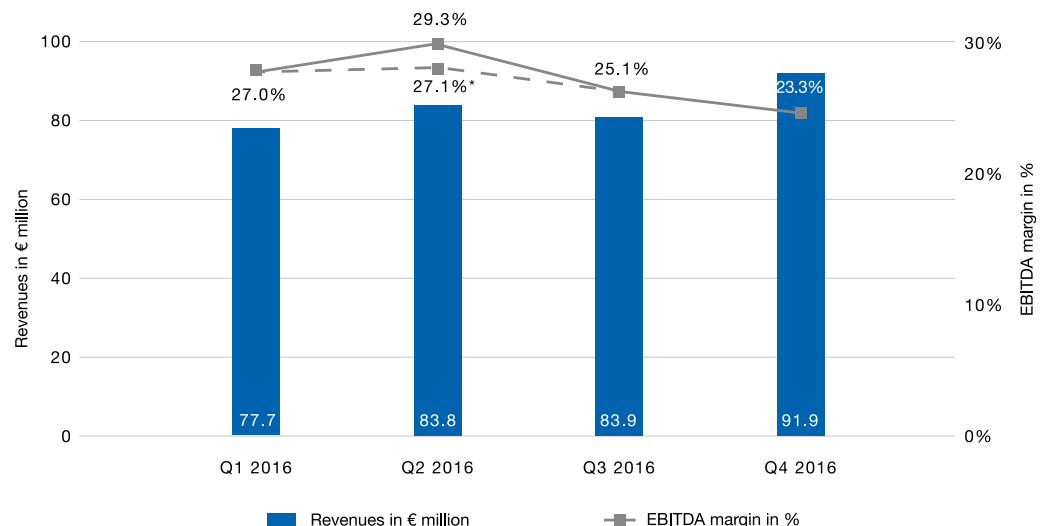
### GROWTH IN EARNINGS

With a disproportionate growth of 26.6%, earnings before interest, tax and depreciation/amortization (EBITDA) increased to EUR 88.0 million (previous year: EUR 69.5 million). The EBITDA margin in fiscal year 2016 improved to 26.1% after 24.4% in the previous year. Besides the strong growth, one-off income of EUR 1.9 million contributed to the rise in the results, this coming from litigation with a former member of the board of Nemetschek SE. Without this one-off effect, the EBITDA would have been at EUR 86.1 million, corresponding to an EBITDA margin of 25.5%.

In October 2016 the Nemetschek Group increased the forecast corridor for EBITDA (after elimination of the one-off effect) simultaneously with the revenue forecast from EUR 77 million to 80 million to EUR 89 million to 91 million. The slight shortfall in results compared to the amended forecast range, with an adjusted EBITDA of EUR 86.1 million, was mainly caused by an unexpected tax effect of EUR 1.4 million at the end of the fiscal year. However, on account of the continuing high profitability of the Nemetschek companies, the EBITDA margin improved noticeably in the fiscal year 2016.

Currency effects from foreign transactions of EUR –0.3 million (previous year: EUR 0.7 million) had a slightly adverse effect on profitability. This currency effect is contained in other operating income and expenses. The translation currency effect was marginal and came to EUR 0.1 million at EBITDA level (previous year: EUR 3.6 million). Eliminating the currency effect, the EBITDA would therefore have been slightly lower.

### QUARTERLY DEVELOPMENT OF REVENUE AND EBITDA MARGIN



\* Adjusted EBITDA margin without the positive one-off effect of EUR 1.9 million that came about in Q2/2016.

Operating expenses before depreciation/amortization came to EUR 256.3 million (previous year: EUR 221.7 million), a climb of 15.6% over the reference period. The increase arose primarily from increased personnel costs and higher other operating expenses. In total, personnel expenses climbed by 19.0% to EUR 151.2 million (previous year: EUR 127.1 million). Other operating expenses came to EUR 94.1 million, an increase of 10.9% compared to the previous year (EUR 84.9 million). The higher expense items are mainly a consequence of the dynamic growth in the operating business of the entire group and the associated investment in personnel and infrastructure.

The amortization on fixed assets increased on account of higher amortization from the purchase price allocation (PPA amortization) as well as higher investments in fixed assets of EUR 16.8 million in 2015 to EUR 18.3 million. The amortization from the purchase price allocation ran to EUR 11.1 million in 2016 (previous year: EUR 10.1 million).

Earnings before taxes and interest (EBIT) improved in 2016 to EUR 69.7 million, which is 32.2% higher than in the previous year (EUR 52.7 million).

The financial result in the reporting year was mainly shaped by the interest expense of EUR 1.0 million (previous year: EUR 0.7 million). In total, the financial result came to EUR -0.5 million (previous year: EUR +1.5 million). The positive figure for the previous year was mainly due to a noticeable rise in the result from associated entities and one-off income from the reduction of a subsequent purchase price obligation of EUR 1.0 million.

The group tax rate was slightly lower than in the previous year at 29.4% (previous year: 30.3%). In absolute terms, taxes on income and earnings rose from EUR 16.4 million to EUR 20.3 million.

The period result (group result after taxes) improved by 29.3% to EUR 48.8 million (previous year: 37.8 million). Net income for the year (shareholders of the parent company) climbed by 30.7% to reach EUR 46.9 million (previous year: EUR 35.9 million). The earnings per share amounted to EUR 1.22 (previous year: EUR 0.93), a rise of 30.7%.

Eliminating for PPA amortization, the net income was EUR 55.1 million, which is 28.9% higher (previous year EUR 42.8 million). This works out at earnings per share of EUR 1.43 (previous year: EUR 1.11).

#### SUMMARY OF GROUP INDICATORS

In EUR million	FY 2016	FY 2015	Change in %
<b>Revenue</b>	<b>337.3</b>	<b>285.3</b>	<b>+18.2%</b>
thereof software licenses	175.8	150.4	+16.9%
thereof recurrent revenues	145.5	122.4	+19.7%
<b>EBITDA</b>	<b>88.0</b>	<b>69.5</b>	<b>+26.6%</b>
EBITDA margin	26.1%	24.4%	
<b>EBITDA (excluding positive one-off effect)</b>	<b>86.1</b>	<b>69.5</b>	<b>+23.9%</b>
EBITDA margin (excluding positive one-off effect)	25.5%	24.4%	
<b>EBIT</b>	<b>69.7</b>	<b>52.7</b>	<b>+32.2%</b>
EBIT margin	20.7%	18.5%	
Net income for the year (equity holders of the parent company)	46.9	35.9	+30.7%
Earnings per share in EUR	1.22	0.93	+30.7%
Adjusted net income before amortization of PPA	55.1	42.8	+28.9%
Adjusted earnings per share before amortization of PPA in EUR	1.43	1.11	+28.9%

## 2.5 FINANCIAL POSITION

### PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The prime objective of our financial management is to secure the financial stability and flexibility, as well as the liquidity of the Nemetschek Group. This is done by ensuring an equilibrium between equity and debt capital. By the taking out of a further bank loan with a term of five years in the amount of EUR 38 million in order to finance the acquisition of Design Data Corporation, liabilities to financial institutions as at December 31, 2016, rose to EUR 95.8 million (previous year: EUR 80 million). The capital structure remains very solid with an equity ratio of 44.4% (previous year: 45.0%).

### LIQUIDITY ANALYSIS

As at December 31, 2016, the Nemetschek Group held liquid funds of EUR 112.5 million, an increase compared to the previous year of 34.0% (previous year: EUR 84.0 million). This represents EUR 2.92 per share eligible for dividends (previous year: EUR 2.18). Despite the redemption obligations from acquisition loans of EUR 22.2 million and the dividend distribution amounting to EUR 19.3 million, the Nemetschek Group owns enough liquid reserves to undertake other growth projects, both organic and non-organic.

In investing the surplus liquidity, priority is given to short-term, risk-free availability rather than profit maximization; this is so that, if needed, funds can be accessed quickly to finance an acquisition.

At the balance sheet date December 31, 2016, there were euro loan liabilities amounting to EUR 95.8 million due to company acquisitions. The interest on the loan is between 0.77% p.a. and 1.03% p.a. Net liquidity climbed to EUR 16.3 million at the closing date of December 31, 2016 (at previous year's closing date: EUR 3.3 million).

To ensure efficient cash and liquidity management, Nemetschek SE, as the ultimate parent, carries out group-wide cash pooling with selected subsidiaries. Other liquid assets flow to the ultimate parent of the group through the annual profit distributions of subsidiaries.

### CASH FLOW DEVELOPMENT

The cash flow for the period increased by 23.9% to EUR 86.8 million (previous year: EUR 70.0 million). This increase primarily results from the higher annual net income before tax.

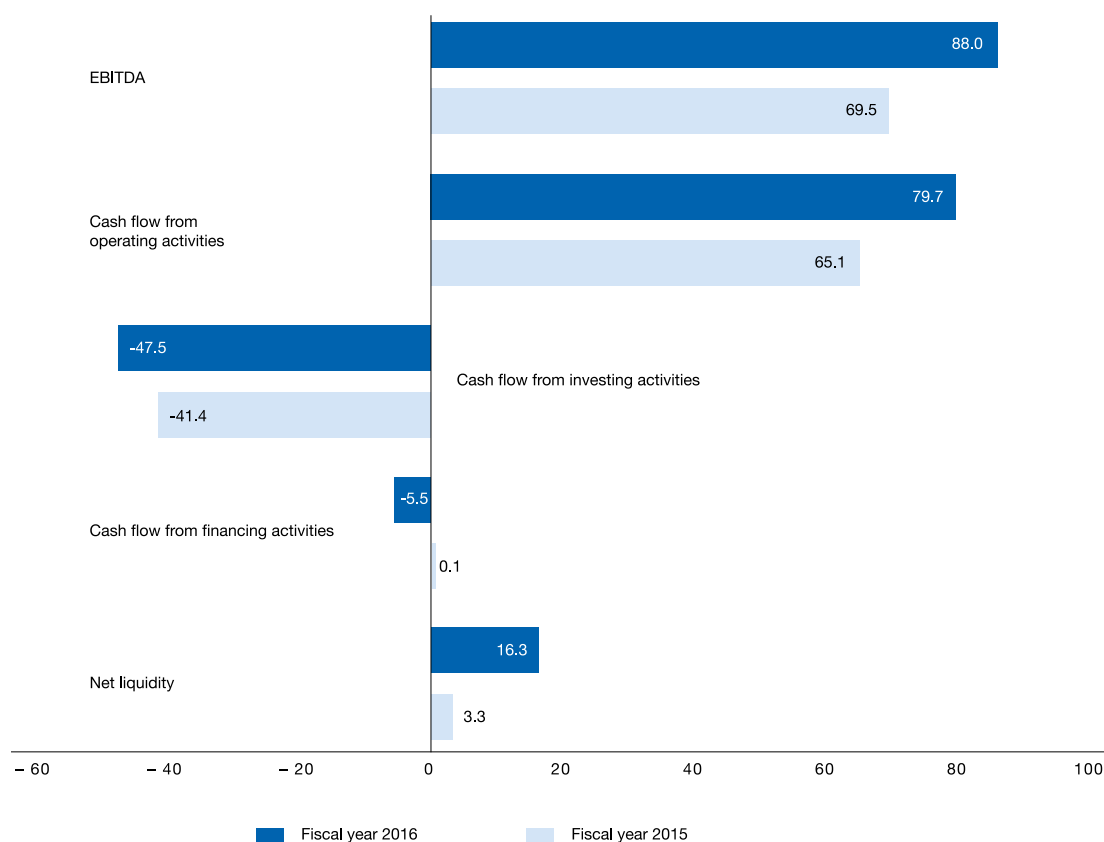
Cash flow from operations at EUR 79.7 million increased by 22.4% compared to the previous year's figure of EUR 65.1 million. The growth in operating cash flow was characterized in the reporting year mainly by the described effects on the period cash flows as well as continuing high growth in software service contracts. There was a countervailing effect in the operating cash flow from changes in trade receivables, which increased on account of growth. Prepaid expenses increased, as too did other current assets, also on account of the greater business activity.

Cash flow from investing activities came to EUR - 47.5 4 million (previous year: EUR - 41.4 million). Whereas the previous year included the acquisition of Solibri Oy for EUR 31.1 million minus purchased funds, the main postings in fiscal 2016 were disbursements of EUR 40.4 million for the acquisition of Design Data Corporation and investments for expansion and replacement in fixed assets in the amount of EUR 7.4 million (previous year: EUR 7.6 million).

Cash flow from financing activities was EUR - 5.5 million (previous year: EUR 0.1 million). This mainly reflects the taking out of the loan of EUR 38.0 million to finance the acquisition of Design Data. Further factors were the dividend distribution of EUR -19.3 million (previous year: EUR - 15.4 million), redemptions of loans of EUR 22.2 million and distributions to companies with minority shareholders of EUR 1.2 million.

Cash and cash equivalents were EUR 112.5 million at the year-end (previous year: EUR 84.0 million).

## CASH FLOW ANALYSIS IN EUR MILLION



### MANAGEMENT OF LIQUIDITY RISKS

Liquidity risks arise from the possibility that customers may not be able to settle their obligations to the Nemetschek Group under normal trading conditions. To manage this risk the company periodically assesses the credit rating of its customers.

The credit rating of Nemetschek allows sufficient liquid funds to be procured. Furthermore, as at December 31, 2016, there were lines of credit of EUR 19.5 million that had not been taken up. Nemetschek monitors its risk of a shortage of funds using monthly liquidity planning. This considers the maturity of both its financial assets (accounts receivable, fixed-term deposits etc.) and projected cash flows from operating activities. The objective is to maintain a balance between continuous coverage of financial funding requirements and the guarantee of maintaining flexibility.

### INVESTMENT ANALYSIS

In order to secure a leading market position in the AEC market and to constantly secure and expand new fields of application, investments are made for capacity expansion, as well as for replacement and rationalization measures. These investments are financed from cash flow derived from operations.

The Nemetschek Group invested EUR 7.4 million in tangible and intangible assets (previous year: EUR 7.6 million). The Design segment invested EUR 4.5 million (previous year: EUR 4.1 million) in fixed assets, the Build segment EUR 1.7 million (previous year: EUR 3.1 million) and Media & Entertainment EUR 1.0 million (previous year: EUR 0.4 million). In the segment Manage, capital expenditure was some EUR 0.07 million (previous year: EUR 0.05 million).

Amortization of internally generated assets ran to EUR 1.1 million in 2016 (previous year: EUR 1.2 million).

## 2.6 NET ASSETS

On the assets side, current assets rose by 33.3% from EUR 125.9 million to EUR 167.9 million. The causes of the increase were mainly a rise in liquid funds of EUR 28.5 million and higher trade receivables, which rose by EUR 9.2 million. The rise in trade receivables resulted partly from the continuing organic growth of the Nemetschek Group (EUR 0.4 million), partly from the acquisition of Design Data (EUR 3.1 million).

Non-current assets rose in total by EUR 42.0 million to EUR 286.8 million. Intangible assets and goodwill rose, mainly due to the acquisition of Design Data, from EUR 227.0 million to EUR 266.9 million. The rise in tangible assets from EUR 13.8 million to EUR 14.3 million resulted from the higher expansion and replacement expenditure. The interests held in associated entities increased on account of the earnings due to Nemetschek from the DocuWare Group to EUR 2.5 million (previous year: EUR 1.9 million).

On the shareholders' equity and liabilities side of the balance sheet, current debt increased by 23.6% to EUR 104.1 million (previous year: EUR 84.3 million). The debt mainly comprises trade payables alongside provisions and accrued liabilities that fall due in less than one year and are covered by current operating cash flow. Current loans of EUR 26.0 million include the redemption amount of the long-term bank loan due in the coming 12 months.

Trade payables increased by 20.2% to EUR 7.9 million (previous year: EUR 6.6 million), this rise being a result of growth. The rise in provisions to EUR 32.8 million (previous year: EUR 25.6 million) and the rise in revenue accruals to EUR 55.3 million (previous year: EUR 42.0 million) are also attributable to the increased business volume. Other current debts rose by EUR 8.5 million to EUR 15.5 million; this was mainly on account of the liability from the Bluebeam acquisition in the amount of an earn-out liability of EUR 5.1 million and higher value added tax liabilities.

Non-current liabilities also increased, mainly due to the acquisition of Design Data, to EUR 106.5 million (previous year: EUR 99.7 million). This includes the non-current portion of the bank loan in the amount of EUR 70.2 million. Deferred tax liabilities fell slightly to EUR 20.6 million (previous year: EUR 20.8 million). Other non-current financial obligations are mainly retrospective purchase price obligations from the acquisitions of Solibri in the amount of EUR 7.6 million and of Design Data in the amount of EUR 1.9 million.

The shareholders' equity ratio at the end of the year was 44.4% (previous year: 45.0%), the current borrowing ratio was 32.2% (previous year: 28.1%) and the non-current borrowing ratio was 23.4% (previous year: 26.9%).

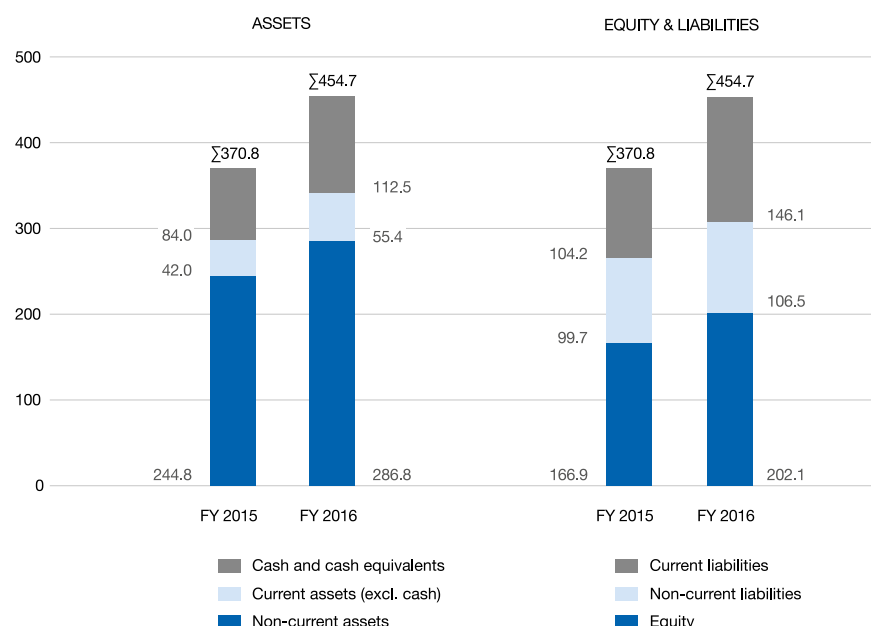
There was a favorable effect from exchange rate fluctuations, i.e., changes in the translation of those financial statements which are stated in foreign currency, with an additional EUR 6.8 million recorded under equity.

As at December 31, 2016, the balance sheet total had risen to EUR 454.7 million (previous year: EUR 370.8 million).

### KEY BALANCE SHEET FIGURES

In EUR million	FY 2016	FY 2015	Change in %
Cash and cash equivalents	112.5	84.0	+34.0%
Goodwill	177.2	143.8	+23.2%
Equity	202.1	166.9	+21.1%
Balance sheet total	454.7	370.8	+22.6%
Equity ratio in %	44.4	45.0	

## SUMMARY OF THE BALANCE SHEET IN EUR MILLION



## 2.7 COMPARISON OF ACTUAL AND FORECAST BUSINESS DEVELOPMENT

The Nemetschek Group published its first forecast for the financial year 2016 in March 2016, when it published the consolidated financial statements for 2015. It forecast a rise in revenues to between EUR 319 million and EUR 325 million, which would represent an increase over the previous year of 12% to 14%. EBITDA was expected to rise to between EUR 77 million and EUR 80 million.

Following the dynamic development in the first nine months, at the beginning of October the executive board adjusted the forecasts for revenues and EBITDA upwards. The background was that organic growth had turned out to be greater than anticipated and that Design Data had joined the group effective August 1, 2016. The new forecasts were for revenues between EUR 338 million and EUR 341 million (+18% to +20%) and an EBITDA adjusted for the positive one-off effect of the second quarter of between EUR 89 million and EUR 91 million.

With revenue growth of 18.2% to EUR 337.3 million, Nemetschek fell just short of the lower end of the range of its last forecast. EBITDA was boosted disproportionately relative to revenues by 26.6% to EUR 88.0 million (previous year: EUR 69.5 million). EBITDA was EUR 86.1 million after eliminating the positive one-off effect (EUR 1.9 million) in the second quarter. The slight deviation from the target corridor is mainly due to an unexpected tax effect of EUR 1.4 million towards the end of the financial year.

### OVERVIEW OF THE FORECAST TO ACTUAL FIGURES IN THE FISCAL YEAR 2016

In EUR million	Actual financial year 2015	Forecast 03/2016	Forecast adjustment 10/2016*	Actual financial year 2016
Revenue	285.3	319–324	338–341	337.3
EBITDA	69.5	77–80	89–91**	86.1**

\* At the beginning of October 2016 the forecast was adjusted upwards on account of the positive business development in the first three quarters.

\*\* The EBITDA does not include the positive one-off effect of EUR 1.9 million in Q2/2016.

## 2.8 OVERALL PRESENTATION

The Nemetschek Group looks back on a very successful financial year that was shaped by high growth and consequently new record figures for revenue and earnings. The forces driving growth were organic, plus the acquisitions of Solibri (at the end of 2015) and of Design Data, which was consolidated effective August 1, 2016. Supported by the positive development, the group pressed ahead with its main strategic tasks, above all internationalization, the further development of the solutions portfolio and the canvassing of new customers. In parallel, Nemetschek created the basis for further growth with future-oriented investments. Despite the high investments, EBITDA rose more sharply than revenues, and an already high profitability was further increased.

# NEVARIS

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## Solutions:

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NEVARIS iceBIM

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NEVARIS Build

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NEVARIS Finance

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NEVARIS is an end-to-end software for designers and construction companies. The solution for building technology, NEVARIS Build, covers tenders/awarding of contracts/invoicing, calculation, subcontractor management, building accounting and construction scheduling, among other things.

NEVARIS Finance is an accounting tool for the construction industry.

Target/actual comparisons are supported by means of the integrated solution from NEVARIS Build and Finance.

NEVARIS iceBIM is a complete, holistic 5D solution and enables in combination with CAD software the creation of an intelligent 3D building model (BIM model). This makes it possible to automatically generate tender specifications and incorporate them – together with the 3D model – in the calculation. NEVARIS thus covers the entire process flow from the CAD model to billing.

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## **BUILDING THE FUTURE TOGETHER**

STRONG BRANDS. GREAT PROJECTS.







# NEVARIS

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NEVARIS develops and distributes holistic structural engineering and construction business software for architects and construction companies – from small offices to large corporate construction groups.

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**Segment:** Design, Build

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**Company size:** 119 employees

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**Locations:** Achim, Berlin,  
Wals-Siezenheim

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**Website:** [www.nevaris.com](http://www.nevaris.com)

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Reference Project No. 5:

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## **Art Museum Ravensburg Germany**

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**Contractor:** Georg Reisch

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The Ravensburg Art Museum is the world's first museum to be certified as a passive house construction. It has won the German Architecture Prize and the German Sustainability Award.

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## 3 OPPORTUNITY AND RISK REPORT

### OPPORTUNITY AND RISK MANAGEMENT

The corporate activity of the Nemetschek Group involves both opportunities and risks which are, above all, characterized by the diversity of the business. A risk management and control system is implemented for early detection, assessment and the correct management of opportunities and risks. The aim of the Nemetschek Group is to continually expand its national and international market position, to further develop its solutions and to adjust these to market and customer requirements. To this end, all opportunities should be used as best as possible, with a focus on an active response to market changes.

The management of opportunities is governed by the leitmotif of sustainable and profitable growth and a long-term increase in corporate value. The materialization of any risks is connected with this process. Risks must be recognized early and their severity assessed, and they need to be discussed and handled professionally, thereby ensuring the future success of the Nemetschek Group.

General responsibility for detecting risks at an early stage and dealing with them rests with the executive board. The general managers of the subsidiaries as well as defined risk owners and the risk managers of the subsidiaries and of Nemetschek SE support the executive board in exercising its functions. The scope of responsibility of the risk managers comprises the summary, measurement, assessment and reporting of risks and pertinent counter-measures. The risk owners are responsible for continually identifying, assessing and managing risks in their respective strategic and operational areas. The internal auditor is also a key player in the risk management system and, in the course of his or her activities, continually monitors the proper functioning and effectiveness of the processes.

To improve comparability, risks are assessed across the whole group based on uniform quantitative and qualitative criteria. As part of a risk inventory, the current risk status of the Nemetschek Group is subject to updates and is documented.

### ACCOUNTING-RELATED RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

The risk management and internal control systems generally also cover the accounting processes as well as all risks and checks with regard to accounting. This relates to all parts of the risk management system and internal control system that could have a significant impact on the consolidated financial statements. The aim of risk management with regard to the accounting processes is to identify and assess risks that could prevent the consolidated financial statements from complying with the applicable regulations. Any impact of identified risks on the consolidated financial statements must be measured. The aim of the internal control system is to establish sufficient security through the set-up of controls so that the consolidated financial statements comply with the relevant regulations, despite any identified risks.

Both the risk management system and the internal control system cover Nemetschek SE and all subsidiaries relevant for the consolidated financial statements with all processes relevant for preparation of the financial statements. The controls relevant for accounting primarily concern the risk of a significant misstatement in the consolidated financial statements.

An evaluation of the significance of misstatements is based on the probability of occurrence and the effects on revenue, EBITDA and the balance sheet total. The capital market and the influence on the share price also play an important role.

Significant elements of risk controlling and management in accounting are the assignment of responsibilities and controls during the preparation of the financial statements, group-wide requirements in the form of guidelines on accounting and the preparation of the financial statements, and appropriate rules for accessing the IT systems. The principle of dual control and functional separation are also important control principles in the accounting process.

An evaluation of the effectiveness of internal controls with regard to accounting was an integral part of the checks the internal audit department performed in 2016. Four times a year, the supervisory board is informed about significant identified risks in the Nemetschek Group and the efficiency of the risk management system and accounting-relevant internal control system.

## OPPORTUNITIES AND RISKS

The Nemetschek Group is faced with strategic risks of a medium to long-term nature. These are related to changes in environmental and market factors, competitive conditions, technological progress and management processes such as, for example, development and marketing, or organizational or leadership processes. There are also operating risks that tend to be of a more short-term nature, and that can arise from changes in the market environment, inadequate or erroneous internal processes, systems or external factors as well as human error. As a result, the efficiency of the organization and the recoverable value of assets might be impaired.

The Nemetschek Group's factors for success are based on its decades of experience in the development and marketing of software solutions in the AEC sector (Architecture, Engineering, Construction) and in the Media & Entertainment industry, its well-qualified and highly motivated employees as well as stringent and efficient business processes. Opportunities for further development of the business base and for expansion of the portfolio are systematically identified and exploited where possible.

## RISK MEASUREMENT AND REPORTING

The Nemetschek Group analyzes and measures risks systematically. That is, the risks are quantified and categorized. In order to undertake appropriate measures for risk management, in particular any going concern risks, the risks identified are assessed with regard to their estimated probability of occurrence or materialization and, on occurrence, the expected scale of their effect on the earnings, net assets and financial position, the share price and the reputation of the Nemetschek Group. Subsequently they are classified as "low", "medium" or "high".

### RISIK POTENTIAL PROBABILITY OF OCCURRENCE

Level	Probability of materialization
Very low	≤ 10%
Low	> 10% ≤ 25%
Medium	> 25% ≤ 50%
High	> 50% ≤ 75%
Very high	> 75% ≤ 100%

### RISIK POTENTIAL SEVERITY OF THE LOSS OR DAMAGE

Level	Potential severity
Very low	EUR 0.0 ≤ 0.25 million
Low	> EUR 0.25 ≤ 0.75 million
Medium	> EUR 0.75 ≤ 2.0 million
High	> EUR 2.0 ≤ 4.5 million
Very high	> EUR 4.5 million

## MARKET RISKS

### ECONOMIC RISKS (POLITICAL AND REGULATORY RISKS, SOCIAL CONFLICTS, INSTABILITIES, NATURAL DISASTERS)

The order situation of customers can be affected by positive or negative developments in the construction sector and the general economic climate.

The Nemetschek Group is active in various markets, the economies of which might enter a recession or undergo a crisis due to cuts in state spending, new financial laws to limit spending and debt, high unemployment, or due to natural disasters or conflicts. There is generally the possibility that, due to rapid change in the economic situation or state regulation in individual countries or in commercial communities, conditions may arise that threaten the existing business models or market opportunities of the subsidiaries. Such changes may in turn also negatively affect the sales, the financial position and earnings situation and the existing assets of the company.

Nemetschek tracks the development of the important economies and their construction industries using generally available early warning indicators and an analysis of its own marketing situation. Thanks to its international sales orientation, the company is able to spread its risks. In particular, the Nemetschek Group continuously observes those markets where it is most strongly present, i.e., Europe, North and Latin America, and Asia.

Economic or political changes can affect the business activities of the Nemetschek Group. The global economic background has become more volatile in recent years and therefore the economic risks greater. The conflict in Syria intensified in the course of 2016 and could imperil the stability of the economic regions worldwide. Closely linked with this is the refugee crisis and its effects on the economic situation in the European Union and other regions of the world. In addition, in some countries of the European Union there are nationalist tendencies, for instance in France, Hungary and Poland, and there is the upcoming exit of the United Kingdom from the EU. In the light of the policies of the new US president, European companies in the USA may face higher uncertainty regarding the future business conditions there. A further point is the slowdown in economic growth in the BRIC countries, which might have adverse effects on other economic regions.

It cannot be ruled out that the economic conditions in central markets may have a lasting negative influence on the business activities, financial position and results of operations of the Nemetschek Group. However, the further advancement of internationalization of the Nemetschek Group offers the advantage of a greater spread of risk.

### INDUSTRY SECTOR RISKS

The main opportunities and risks, which could lead to a significant change to the Nemetschek Group's economic situation, lie in the market and industry environments.

The AEC market is characterized by high-speed innovation. The significance of information technology and digitalization is growing constantly. Therefore, there is still a great and increasing growth potential in our target markets. The Nemetschek Group has a leading competitive position and is able to react quickly and flexibly due to its structure with strong and independent companies, and it is therefore able to realize additional revenue potential. Conversely, a fall in demand might negatively impact the earnings situation at short notice due to a delay in reducing costs.

However, revenue from Nemetschek Group solutions is distributed geographically across many countries. No individual customers account for a major share of revenues and, thus, there is no cluster risk. Moreover, the customers of the Nemetschek Group are characterized by a high degree of loyalty. The Nemetschek Group is therefore very diversified in terms of regional spread and in terms of its customer structure. Consequently, the risks described have not yet had any significant impact on the earnings situation of the Nemetschek Group. As a leading player in the AEC sector, and in view of its size and competence, Nemetschek has good prospects of extending its market share further and profiting from technological trends.

The order situation and financial strength of the construction industry and its players influence the industry's investments in software, and, in turn, the development of the group's business.

The fundamental willingness of private and institutional builders to invest also plays an important role in future development. The general conditions of the economies in which Nemetschek is active might therefore permanently impair the purchasing power of our target groups.

In addition, pessimism about further economic development could provoke a decline in investment.

The Nemetschek Group tracks such trends by regularly analyzing the significant early indicators. Additionally, there is a particular focus on growth opportunities in the emerging countries which Nemetschek would also like to exploit steadily, as well as a focus on the demand for innovative solutions.

Risks are diversified at Nemetschek additionally through involvement in markets in different countries, which are generally also characterized by different economic and competition risks. The risk is spread by a broad customer base and the varied product portfolio. The high proportion of repeat maintenance income also helps keep risk to a minimum. Risk of default, namely the risk of contractual parties failing to pay, is managed by means of credit approvals, limits, monitoring procedures and regular debt reminder routines.

**RISKS FROM THE COMPETITIVE ENVIRONMENT**

The Nemetschek Group is active in a very competitive and technologically fast-moving market. Apart from Nemetschek, there are not many large vendors active in the global AEC market. Risks may arise as a result of the pace of technological change, competitors’ innovations or the appearance of new players in the market.

Nemetschek, however, considers these risks to be manageable. The company invests substantially in research and development in order to further develop the solutions portfolio and to bring out innovations. About 24% of the total group revenue is re-invested annually in research and development. The Nemetschek Group sees itself as a supplier of competence that is prepared to go to considerable lengths to accommodate the needs of its customers. With its segments Design, Build, Manage and Media & Entertainment the Nemetschek Group covers the entire life cycle of buildings. In addition, the Media & Entertainment segment, which is substantially independent of any one sector, has made good progress over the last few years. Nemetschek is therefore exposed to lower risks than other market participants.

Nonetheless, there remains a risk that competitors may offer software solutions with less functionality but at substantially lower prices in order to win over existing customers from the Nemetschek Group. In order to counter this risk the subsidiaries work continually on fulfilling individual customer wishes, offering innovative solutions and on comprehensive service and support.

With regard to the current market situation the board assesses the probability of economic risks arising from instability to be “medium”. The extent is also classified as “medium”. The probability of risks materializing from the competitive environment is assessed as “medium”, whereas the severity of impact should they occur is assessed as “low”. For all risks described here the executive board does not currently see anything which would impact on the financial, economic and earnings situation.

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

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## OPERATIVE RISKS

### CORPORATE STRATEGY

Risks can also result from corporate decisions which change the opportunity and risk profiles in the short, medium or long term.

Customer demand for products, solutions and services remains subject to constant change. Measures taken for product development, expansion of business fields or marketing might not meet with success. The risk also exists that the corporate decisions and the allocation of resources for the permanent securing of the company might be inadequate and the substance of the company jeopardized.

In order to control these risks there is close cooperation between the development and marketing of products and solutions and the requirements of the markets, and of our target groups. The competitive situation is regularly analyzed regarding technology, market participants and business models. Furthermore, the brand companies cultivate close dialogue on various sector forums dealing with the development of the AEC and the Media & Entertainment segments with allies, analysts and key customers.

### SALES RISKS

The varying sales models of the group are based on the approach of technically reliable sales partners, re-sellers and well-qualified employees with expertise. These contribute to the optimal processing of the customer segments and to ensuring high customer satisfaction; they guarantee the sustainability of earnings. The brand companies work the various markets with different sales and business models. As a result of the partially high complexity of the solutions, marketing them is very demanding. Knowledge of the technologies and products is subject to constant change due to fast technical progress.

Any loss of sales partners or of sales personnel may adversely affect the revenue and earnings of the Nemetschek Group. The brand companies counter this risk through careful selection, training and control of their distribution partners and of their sales personnel. The sales employees are paid performance-related premiums or commission in addition to their fixed remuneration.

Sales risks would also arise if the subsidiaries decided to establish their own selling team or own sales offices in regions where a sales partner was already established. In connection with changeovers, conflicts might arise with the former distribution partner or there might be adverse customer reactions.

### MARKETING RISKS

The Nemetschek Group generates its revenues mainly from the sale of software licenses and income from maintenance contracts with its customers. In addition to these two forms, there is a trend towards software as a service (SaaS) and rental models (i.e., subscription). Some of our software, for example Nevaris, is already offered as SaaS, or in the case of Bluebeam as a rental model, although the volumes involved are still very low. Large software houses have already converted their models from the classical desktop use to SaaS and subscription. This changeover is being accelerated in the USA in particular. There is a risk that the market might move faster in this direction than Nemetschek assumes.

### PRODUCT RISKS

There is a basic risk that the innovative advantage achieved by the Nemetschek Group might be lost through innovations from competitors as well as through failure to acknowledge and adapt, at all or in time, to changing customer requirements and technological advances. Thus, future business success depends above all on the ability to offer innovative products which are tailored to the different needs of customers. Nemetschek counters this risk by generally offering annual release cycles for its software products. This is also an opportunity to win additional market shares thanks to the extensive product range tailored to local customer requirements. Nemetschek has, additionally, the ability to react to changes quickly through its fourteen autonomous brand companies. Only by constantly optimizing the product range can the advance on competitors be increased, or at the very last be maintained. As a result of its close proximity to customers and its innovative solutions, the Nemetschek Group sees a good chance of future profitable growth.

Potential risks are attached to the process of developing software products in that they might fail to sufficiently fulfill customers' needs or internal quality standards.

The technology of third parties is partly included in the software products of the brand companies. Where this is lost or there is a lack of quality in technology, this can lead to delays in own software supply, as well as to increased expenses for the procurement of replacement technology or for quality improvement. The brand companies account for this risk through careful selection of suppliers and appropriate quality assurance.

#### PROJECT RISKS

To a limited extent Nemetschek generates revenues as part of project contracts with customers in various countries. This kind of business has a different profile to the classical software license business since in order to render its services Nemetschek must have some recourse to external personnel with key expertise. In some cases Nemetschek must have recourse to the support of the customer for project realization and exact customer documentation in order to provide the service (systems specification).

It is possible that, if the performances rendered were inadequate, compensation for damages would be claimed from the brand companies. For example, as a consequence of divergent country-specific legal requirements, Nemetschek might not fully meet contractual conditions. To avoid such risks Nemetschek has issued guidelines on the awarding of contracts which prescribe a legal and commercial examination of such projects.

#### TECHNOLOGY RISKS

The Nemetschek Group examines and uses the opportunities of digitalization on a continual basis. However, the risk exists that the technologies used are no longer “state of the art”. This could relate to both existing and future products. The product portfolio strategy currently pursued with Open BIM and 5D solutions, the provision of rental models and cloud services, and catering for mobile end devices should help the company to develop new markets and to secure its market position.

Should the expected market demand for Open BIM and 5D solutions be weaker than expected, or should completely different technologies assert themselves, under some circumstances earnings might no longer cover the investments made.

Nemetschek bears this risk by continually evaluating technology and by regularly updating market estimates, as well as focusing the product portfolio strategy on current market conditions. Overall, Nemetschek is convinced that new business opportunities will arise from the trend to Open BIM and 5D.

Risks arise if technologies such as rental models or the cloud are demanded sooner than expected and the matching solutions do not yet have the level of maturity expected by the customer. Nemetschek meets this risk through rapid alignment and by intensifying its development activities.

#### PROCESS RISKS

The core processes of software development, marketing and organization in the Nemetschek Group are subject to continuous checks and improvements by management. The performance and goal orientation of these processes is put to the test and optimized during strategic and operational planning. Nevertheless, fundamental risks might still exist that, due to inadequate availability of resources or changes in underlying conditions, the required and planned process results might not meet customer requirements in terms of timing and quality.

Further risk potential exists in the restructuring of the product lines. Thus, the migration to a new solution of a product which has been on the market for a long time can bring with it the risk of losing customers even if the migration takes place within the group. In such cases the Nemetschek Group makes sure that the communication between the brands is strengthened and comprehensive marketing demonstrates to customers the advantages of migration.

#### PERSONNEL

Recruiting and permanently retaining highly qualified employees is a key factor for the entire software sector and therefore also for the Nemetschek Group. If managers or other qualified employees were to leave the Nemetschek Group and suitable replacements could not be found, this would adversely affect business development. This is especially significant if it involves the loss of specialist knowledge. To prevent this risk, the Nemetschek Group offers attractive working conditions and continually improves the processes in its knowledge management. The general skills shortage in Germany presents a challenge to the Nemetschek Group. In order to win young employees, the Nemetschek Group works very closely together with universities, awards scholarships and grants doctorate jobs.

## ACQUISITION AND INTEGRATION RISKS

Company acquisitions are an essential component of a corporate strategy aimed at long-term profitable growth. The Nemetschek Group will, therefore, continue to strengthen and expand its own market position through acquisitions. In order to make the most of these opportunities, the internal staff of the market research & development unit of the Nemetschek Group survey the markets continually in search of suitable candidates while also working with M&A consultants in order to identify possible acquisitions. Furthermore, the brands contribute their knowledge and market observations to a professional M&A process. Acquisitions are carefully and systematically checked before contracts are signed. A standardized process has been established for M&A with an emphasis on due diligence and post-merger integration.

In looking for appropriate companies to acquire, Nemetschek finds itself competing with other corporations. The structure of the Nemetschek Group with its independent brands represents a considerable advantage in the tender process. Experience shows that company founders prefer belonging to a strong international group, but still wish to preserve their identity and far-reaching independence. This structure offers considerable opportunities for the acquisition of attractive companies. Simultaneously, there is the entrepreneurial risk that the entity acquired fails to develop commercially as expected and that the revenue and earnings goals pursued via its acquisition are missed. After the acquisition the companies are rapidly integrated in the reporting, controlling and risk management system of the Nemetschek Group.

Goodwill is subject to an annual impairment test. There was no need to record impairment in the financial year 2016. However, future impairment cannot be excluded.

In view of the current market situation, the executive board considers the probability and extent of sales, marketing, product, project and technology risks to be "low". With respect to all risks described above, nothing is seen that would be expected to impact on the financial, economic and earnings situation.

<b>Risk category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Corporate strategy	very low	very low
Sales risks	low	low
Marketing risks	low	low
Product risks	low	low
Project risks	low	low
Technology risks	low	low
Process risks	very low	very low
Employees	very low	very low
Acquisition and integration risks	very low	very low



## LEGAL, TAX AND COMPLIANCE RISKS

### TAX RISKS

With its branches worldwide the Nemetschek Group is subject to local tax laws and regulations. Changes to these regulations could lead to a high tax expense and to corresponding cash outflows. Furthermore, changes would have an impact on the deferred tax assets and liabilities. However, changes in tax regulations might otherwise have a positive effect on the results of operations of the Nemetschek Group.

### COMPLIANCE AND GOVERNANCE RISKS

The regulatory environment of Nemetschek SE, listed in the German TecDAX, is complex and has a high concentration of regulations. Any potential infringement of regulations can have a negative effect on the net assets, financial situation and results of operations, the share price or the reputation of the company.

A small number of the customers of the Nemetschek Group are governments or publicly owned companies. Business in the engineering field is in part characterized by orders of high volume. The occurrence of – or indeed merely allegations of – corruption might hinder participation in public tendering and have adverse effects on further economic activity, on net assets, the financial position and results of operations, on the share price or on the company’s good name. Considering this, Nemetschek has instituted an anti-corruption program alongside the Code of Conduct for all employees. Compliance and corporate responsibility have always been important components of the corporate culture at the Nemetschek Group. In order to communicate the issue sustainably and group-wide, a modern training tool is used. The learning objective is that employees can recognize and correctly react to potentially critical situations.

### LEGAL RISKS

In the software sector, developments are increasingly protected by patents. The patent activities mainly relate to the American market, whereby protection of software by patents is also steadily increasing in other markets. An infringement of patents might have a negative effect on the net assets, financial situation and results of operations, the share price or the reputation of the company.

The Nemetschek Group works in distribution not only with its own sales force but also with external dealers and several cooperation partners. In the case of the external sales forces, the risk is naturally that the distribution agreements might be subject to improper influence with the consequent potential of loss of new business and the erosion of the existing customer base. Distribution partners might not renew their contracts with Nemetschek or might wish to do so only under conditions that are not acceptable. Distribution agreements might be terminated, something that could give rise to litigation and so adversely affect the group’s business activity, the financial and earnings position or the cash flow.

With regard to the current market situation the executive board assesses the probability of tax and legal risks materializing as “medium”. The extent of tax risks is assessed as “medium” and the extent of legal risks as “low”. For all other risks described above the executive board sees nothing which would impact on the net assets, financial situation or results of operations.

Risk category	Probability of materialization	Severity
Tax risks	medium	medium
Compliance and governance risks	very low	very low
Legal risks	medium	low

## FINANCIAL RISKS

Where there are high financial liabilities there is a liquidity risk should the earnings situation of the group deteriorate. Currently the Nemetschek Group has bank liabilities of about EUR 96 million. However, the group generates pronounced positive cash flows, which allow investment in organic growth as well as acquisitions. The availability of decentralized funds is ensured by Nemetschek SE using a centralized cash pooling system. The objective of the Nemetschek Group with regard to financial risk management is to mitigate the risks presented below by the methods described. Nemetschek generally pursues a conservative, risk-averse strategy.

## CURRENCY RISKS

The Nemetschek Group is exposed to fluctuations in exchange rates in its operating business, especially in the United States, Japan, the United Kingdom, Norway, Sweden, Hungary and Switzerland. The company's strategy is to eliminate or reduce these risks by entering into hedging transactions. The currency risks of the group occur due to the fact that the group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are centrally agreed and coordinated with Group Treasury. Exchange rate fluctuations only have a limited effect at group level because the operating subsidiaries outside of the Euro region record revenue as well as cost of materials, personnel expenses and other expenses predominantly in their local currencies. Nonetheless, currency fluctuations in one of these countries may lead to consequences for the Nemetschek Group, especially on sales and pricing, which in turn might influence the revenue and earnings of individual brands.

The brand companies enter into different types of forward exchange contracts, if required, in order to manage their foreign exchange risk resulting from cash flows from anticipated business activities and financing arrangements (in foreign currencies).

## DEFAULT RISK AND RISK MANAGEMENT

Risks of default are controlled by the handling of credit approvals, the setting of upper limits and control processes as well as by regular reminder cycles.

The group's business partners are deemed to be highly creditworthy and it is not expected that any will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risks with any single customer or specific customer group. From today's perspective, the maximum credit risk can be derived from the amounts shown in the balance sheet.

The Nemetschek Group only does business with creditworthy third parties. All customers that wish to perform material trade with the company on credit terms are subject to credit verification procedures if materiality criteria are exceeded. In addition, receivables balances are monitored on an ongoing basis with the result that the company's exposure to default risks is not significant. If risks of default are identified, appropriate accounting precautions will be taken.

Within the group there is currently no material concentration of default risks. With respect to the other financial assets of the group, which comprise cash and cash equivalents, the group's maximum exposure to credit risk, arising from default of the counter-party, is equal to the carrying amount of these instruments.

### INTEREST RISK

As a result of the current financing structure of the Nemetschek Group there is no material interest risk in the opinion of management.

In view of the present market situation, the executive board considers the probability of materialization of currency risks to be “high” and the default risks to be “medium”, but the severity on materialization for both to be “low”. For all other risks described nothing is currently seen that would impact on the net assets, financial or results of operations.

Risk category	Probability of materialization	Severity
Currency risks	high	low
Default risk and risk management	medium	low
Interest risk	very low	very low

### SUMMARY ASSESSMENT OF THE GROUP'S OPPORTUNITY AND RISK SITUATION

The executive board of Nemetschek SE is convinced that none of the risks identified above, whether individually or in aggregate, threaten Nemetschek as a going concern, and that the group will continue to successfully master challenges and opportunities. Compared to the previous year there were no material changes in the overall risk position or the specific risks described. Management is convinced that the risks are limited and manageable. The financial basis of the company is solid. The equity ratio of 44.4% is good and the liquidity situation comfortable.

The executive board sees opportunities in a stronger market penetration of the solutions portfolio and the addressing of further vertical markets in the value-added chain of the AEC industry. Nemetschek's chances of expanding its market position as the leading supplier of integrated software solutions for the whole life cycle of buildings result from further internationalization, as well as from the systematic exploitation of the potential within existing markets, supported by the consistent implementation of new technologies. The Nemetschek Group will use the opportunities for further development of the company without losing sight of the associated risks and the need to counter potential risks.



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## Solution:

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SDS/2

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The BIM platform SDS/2 is a complete solution covering the entire steel delivery workflow.

SDS/2 software products provide automatic detailing, engineering information, fabrication data and more, reducing the time required to design, detail, fabricate and erect steel.

Design Data's flagship product, SDS/2 Detailing, offers the highest level of automation and intelligence available in any 3D steel detailing package.

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**BUILDING  
THE FUTURE  
TOGETHER**

STRONG BRANDS. GREAT PROJECTS.





## DESIGN DATA

Design Data is a leading provider of BIM software solutions for the structural steel detailing industry.

**Segment:** Design

**Company size:** 61 employees

**Location:** Lincoln

**Website:** [www.sds2.com](http://www.sds2.com)

Reference Project No. 6:

**FRIB** (Facility for Rare Isotope Beams)

**USA**

**Steel constructor:** Douglas Steel Fabricating Corporation

This 220,000-square-foot scientific user facility for the Office of Nuclear Physics in the U.S. Department of Energy Office of Science will be completed in 2017.

## 4 OTHER DISCLOSURES

### **4.1 REPORT ON ENTERPRISE CONTROLLING AND DECLARATION ON CORPORATE MANAGEMENT**

#### DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 AKTG

The declaration of conformity in accordance with § 161 AktG (Stock Corporation Act) is published within the section Corporate Governance of the annual report of Nemetschek SE (as well as on the Nemetschek Group website [www.nemetschek.com](http://www.nemetschek.com)).

#### CORPORATE MANAGEMENT PRACTICES THAT GO BEYOND THE MINIMUM LEGALLY REQUIRED

Our aim is for Nemetschek to be perceived worldwide as a responsible enterprise with high ethical and legal standards.

The common basis for our actions is the culture of the Nemetschek Group. It is mirrored in fair and respectful dealings with colleagues and third parties and is characterized by a willingness to perform, open communication, seriousness, trustworthiness and conservation of natural resources.

We have summarized these principles in the Code of Conduct of the Nemetschek Group. This Code is a binding guide for all employees of the Nemetschek Group, whatever their function or standing in the group. Only continual reflection on our values and their integration in all our action represents a commitment to the culture of our company and ensures long-term our entrepreneurial success. The Code of Conduct is available on the company website.

On matters of the company control and management, reference is also made to chapter 1.2 of this management report.

#### WORKING MANNER OF EXECUTIVE AND SUPERVISORY BOARDS

The make-up of the executive board can be seen on the website. The executive board has not formed any committees. The manner of working of the executive board is governed by the standing orders for the executive board. The distribution of duties within the executive board can be inferred from a business distribution plan.

The composition of the supervisory board is governed by the corporate statutes which are available on our internet page, as is the present membership of the supervisory board. The supervisory board consists of three members only and for this reason no committees have been formed. The working method of the supervisory board is governed by standing orders.

With regard to the working methods of the executive and supervisory board, we refer to the Corporate Governance report of the company report and to the report of the supervisory board.

#### TARGET NUMBERS FOR PROPORTION OF WOMEN, §§ 76 (4), 111 (5) AKTG

Pursuant to § 111 (5) AktG the supervisory board shall regularly specify target figures for the proportion of women in the supervisory and executive boards. Pursuant to § 76 (4) AktG the executive board shall specify target figures for the proportion of women at the two management levels directly junior to the executive board.

The supervisory board set the target figure for the proportion of women in the supervisory and in the executive board in the period extending until December 31, 2016, at 0% since what is important in the composition of the supervisory and the executive boards is the experience, ability and knowledge of the individual members. The proportion of women in the supervisory board and in the executive board is currently 0%.

For the period extending to December 31, 2016, the executive board had set a target of at least 20% women in the first management level below board level. At Nemetschek SE there is only one management level below the executive board. This management level is currently constituted by five senior employees with the title "Director". They are, individually, the Directors for Finance, for Controlling, for Investor Relations & Corporate Communications, for Corporate Audit & Compliance, and for Market Research & Development. These positions are held by four men and one woman. Hence the proportion of women in the first management level is at present 20%.

The targets specified were achieved.

For the period extending to December 31, 2018, the supervisory board specified on March 20, 2017, that the targets for the proportion of women in the supervisory and in the executive board is again 0%. Nonetheless, in the event of a vacancy arising in the supervisory or the executive board, the supervisory board will of course also consider candidates who are female. On March 20, 2017, the executive board specified for the period extending until December 31, 2018, the target for the proportion of women at the management level below the executive board unchanged at 20%.

#### **4.2 EXPLANATORY REPORT OF THE EXECUTIVE BOARD ON THE DISCLOSURES UNDER § 289 (4) HGB AND § 315 (4) HGB**

##### (1) COMPOSITION OF THE SUBSCRIBED CAPITAL

The nominal capital of Nemetschek SE as of December 31, 2016, amounted to EUR 38,500,000.00 and is divided into 38,500,000 bearer shares.

##### (2) RESTRICTIONS RELATING TO THE VOTING RIGHTS OR TRANSFERABILITY OF SHARES

There are no restrictions relating to the voting rights or transferability of shares.

##### (3) INVESTMENTS IN CAPITAL EXCEEDING 10% OF VOTING RIGHTS

Direct and indirect investments in subscribed capital (shareholder structure) which exceed 10 % of the voting rights are presented in the notes to the financial statements or in the notes to the consolidated financial statements of Nemetschek SE.

##### (4) SHARES WITH SPECIAL RIGHTS GRANTING CONTROL

There are no shares with special rights granting control.

##### (5) TYPE OF VOTING RIGHT CONTROLS WHEN EMPLOYEES HOLD INTERESTS IN CAPITAL AND DO NOT EXERCISE THEIR CONTROL RIGHTS DIRECTLY:

There are no voting right controls on employees with shareholdings.

##### (6) LEGAL PROVISIONS AND STATUTES ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE EXECUTIVE BOARD AND ON AMENDMENTS TO THE STATUTES

The appointment and dismissal of executive board members is governed by §§ 84 and 85 of the German Stock Corporation Act about § 8 of the statutes of Nemetschek SE. These stipulate that executive board members shall be appointed by the supervisory board for a maximum of five years. Re-appointment or prolongation of the term of office is allowed, for a term of up to five years each time.

Any amendment to the statutes is subject to § 179 of the Stock Corporation Act in connection with §§ 13 and 19 of the statutes of Nemetschek SE. These state that the annual general meeting shall decide on amendments to the statutes by a two-thirds majority of votes cast or, if at least half of the nominal capital is represented, by a simple majority of the votes cast. Where the law prescribes for a majority of the nominal capital represented to pass a resolution at the annual general meeting, the simple majority of the nominal capital represented when the resolution is passed is sufficient, where legally permitted. Under § 14 of the statutes of Nemetschek SE the supervisory board is authorized to resolve changes where these affect only the wording of the statutes.

##### (7) AUTHORIZATION OF THE EXECUTIVE BOARD TO ISSUE OR REDEEM SHARES

According to § 71 (1) No. 8 AktG the company requires a special authorization by the annual general meeting to acquire and trade its treasury shares, to the extent not expressly permitted by law. An authorization resolution was presented to the annual general meeting on May 20, 2015, and passed accordingly by the shareholders.

In accordance with the resolution on agenda item 7 of the annual general meeting of May 20, 2015, the authorization is valid as follows:

“7.1 The company is authorized to purchase up to 3,850,000 treasury shares by May 20, 2020, on one or more than one occasion, i.e., 10% of the nominal capital, in full or in part, complying with the following conditions. 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 purchased and still holds, or which are attributable to it in accordance with §§ 71a et seq. AktG (Stock Corporation Act), constitute more than 10% of its share capital. The authorization may not be used for the purpose of trading treasury shares.

This authorization replaces the authorization adopted by the annual general meeting of Nemetschek Aktiengesellschaft on May 20, 2014, as agenda item 6, concerning the acquisition of treasury shares, which is hereby cancelled to the extent it was not exercised.

7.2 The shares are purchased, as opted by the executive board, via the stock exchange or by way of public offer, addressed to all the company's shareholders.

a) If the shares are 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 in the last five days of trading prior to the obligation to purchase them on the electronic exchange (Xetra - or a separately functioning comparable system instead of the Xetra system) by more than 10%.

b) If a public purchase offer is made, the offer price for a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price on the Xetra exchange over the five days of trading prior to publication of the purchase offer by more than 10%. If the total number of shares tendered exceeds the volume of the purchase offer, shares shall be subscribed on the basis of the relative quotas. Preferential subscription to small numbers of shares may be allowed, up to a maximum of 100 shares in the company offered for sale per shareholder of the company.

7.3 The executive board is authorized to use the treasury shares purchased 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 entities, investments in entities or parts of entities.

b) The shares may be redeemed with the approval of the supervisory board, without any further resolution of the annual general meeting being required for the redemption to take effect. Redemption leads to a reduction in capital. The executive board may alternatively decide that the share capital shall remain unchanged on redemption and be increased instead by the inclusion of the proportion of other shares within share capital in accordance with § 8 (3) AktG. The executive board is authorized in this case to adjust the number of shares in the statutes.

7.4 The subscription right of the shareholders to these treasury shares is excluded to the extent that these are used in accordance with the above-mentioned authorization under item 7.3 lit. a) of the agenda.

7.5 This resolution is subject to the condition precedent of the filing of the execution of the capital increase pursuant to TOP 6 in the commercial register of the company."

The condition precedent mentioned under item 7.5 in the resolution was fulfilled on June 9, 2015, and the resolution of the general meeting of May 20, 2015, on TOP 7 therefore took effect.

#### (8) SIGNIFICANT AGREEMENTS THAT ARE SUBJECT TO A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

The company has not entered into any significant agreements that are subject to a change in control as a result of a takeover bid.

#### (9) REMUNERATION AGREEMENTS OF THE COMPANY WITH THE MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

The company has not entered into any remuneration agreements with the members of the executive board or employees in the event of a takeover bid.



## REMUNERATION REPORT

### SUPERVISORY BOARD

In addition to a fixed component, the remuneration paid to members of the supervisory board contains a variable profit-based component. The variable compensation component is based on the consolidated earnings (diluted earnings per share). It is the view of the supervisory board and the executive board that this important ratio constitutes a reliable benchmark for increasing the intrinsic value of the shares and, thus, the company's performance.

Remuneration of the supervisory board breaks down as follows:

#### REMUNERATION OF THE SUPERVISORY BOARD

2016	Thousands of €	Fixed components	Variable components	2016
Kurt Dobitsch		30.0	199.0	229.0
Prof. Georg Nemetschek		22.5	199.0	221.5
Rüdiger Herzog		15.0	199.0	214.0
<b>Total</b>		<b>67.5</b>	<b>597.0</b>	<b>664.5</b>

2015	Thousands of €	Fixed components	Variable components	2015
Kurt Dobitsch		30.0	141.5	171.5
Prof. Georg Nemetschek		22.5	141.5	164.0
Rüdiger Herzog		15.0	141.5	156.5
<b>Total</b>		<b>67.5</b>	<b>424.5</b>	<b>492.0</b>

### EXECUTIVE BOARD

Remuneration of the members of the executive board consists of fixed compensation and the usual additional components, such as health and care insurance as well as a company car, and a variable, performance-based compensation. The variable remuneration has a current and non-current component.

The current performance-based (variable) remuneration mainly depends on corporate objectives achieved (revenue, EBITA and earnings per share) which are agreed between the supervisory board and executive board at the beginning of each fiscal year.

The non-current performance-based (variable) executive board remuneration – also known as Long-Term-Incentive-Plan (LTIP) – depends on the achievement of fixed corporate objectives with regard to the development of revenue and operative results (EBITA) as well as in reaching pre-defined strategic project goals. The period to be observed is always three fiscal years. Participation of the executive board in the LTIP requires an appropriate nomination by the supervisory board at the annual balance sheet meeting of the supervisory board. The three executive board members Patrik Heider, Sean Flaherty and Viktor Várkonyi have been nominated for the LTIP 2014 – 2016, for 2015 – 2017 and for 2016 – 2018. In the fiscal year 2016 no non-current variable component was disbursed, but was vested.

In the following tables the remuneration, payments and benefits are individually presented for each member of the executive board of Nemetschek SE in accordance with the recommendations of clause 4.2.5 (3) of the German Corporate Governance Code:

**EXECUTIVE BOARD REMUNERATION – VALUE OF THE AMOUNTS GRANTED**

	Patrik Heider				Sean Flaherty			
	2015 Initial Value	2016 Initial Value	2016 Minimum	2016 Maximum	2015 Initial Value	2016 Initial Value	2016 Minimum	2016 Maximum
Thousands of €								
Fixed compensation	200	242	242	242	96	115	115	115
Fringe benefits	20	18	18	18	0	0	0	0
<b>Total</b>	<b>220</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>96</b>	<b>115</b>	<b>115</b>	<b>115</b>
One-year variable compensation	360	415	0	500	0	137	0	200
Multi-year variable compensation								
LTIP 2014 – 2016	161	88	0	88	161	88	0	88
LTIP 2015 – 2017	183	109	0	206	183	109	0	206
LTIP 2016 – 2018	–	143	0	258	–	143	0	258
<b>Total</b>	<b>924</b>	<b>1,015</b>	<b>260</b>	<b>1,312</b>	<b>440</b>	<b>592</b>	<b>115</b>	<b>867</b>

	Viktor Várkonyi			
	2015 Initial Value	2016 Initial Value	2016 Minimum	2016 Maximum
Thousands of €				
Fixed compensation	96	96	96	96
Fringe benefits	0	0	0	0
<b>Total</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>96</b>
One-year variable compensation	0	0	0	0
Multi-year variable compensation				
LTIP 2014 – 2016	161	88	0	88
LTIP 2015 – 2017	183	109	0	206
LTIP 2016 – 2018	–	143	0	258
<b>Total</b>	<b>440</b>	<b>436</b>	<b>96</b>	<b>648</b>

**EXECUTIVE BOARD REMUNERATION – CASH FLOW VIEW**

	<b>Patrik Heider</b>		<b>Sean Flaherty</b>	
	<b>2016 Initial Value</b>	2015 Initial Value	<b>2016 Initial Value</b>	2015 Initial Value
Thousands of €				
Fixed compensation	242	200	115	96
Fringe benefits	18	20	0	0
<b>Total</b>	<b>260</b>	<b>220</b>	<b>115</b>	<b>96</b>
One-year variable compensation	415	360	137	0
Multi-year variable compensation				
LTIP 2014 – 2016	0	0	0	0
LTIP 2015 – 2017	0	0	0	0
LTIP 2016 – 2018	0	0	0	0
<b>Total</b>	<b>675</b>	<b>580</b>	<b>252</b>	<b>96</b>

	<b>Viktor Várkonyi</b>	
	<b>2016 Initial Value</b>	2015 Initial Value
Thousands of €		
Fixed compensation	96	96
Fringe benefits	0	0
<b>Total</b>	<b>96</b>	<b>96</b>
One-year variable compensation	0	0
Multi-year variable compensation		
LTIP 2014 – 2016	0	0
LTIP 2015 – 2017	0	0
LTIP 2016 – 2018	0	0
<b>Total</b>	<b>96</b>	<b>96</b>

Total remuneration of the executive board of Nemetschek SE for the fiscal year 2016 amounted to EUR 2,047k (previous year: EUR 1,804k).

Besides the remuneration paid by Nemetschek SE, Viktor Várkonyi received EUR 198k gross as a fixed salary from Graphisoft SE (previous year: EUR 198k) and as profit-related short-term remuneration EUR 108k (previous year EUR 96k) gross. Sean Flaherty received from Vectorworks, Inc. or from May 1, 2016, from Nemetschek Inc. EUR 144k (previous year: EUR 203k) gross as a fixed salary and EUR 267k (previous year: EUR 156k gross) as a profit-related short-term remuneration. Total remuneration from subsidiaries for Mr. Várkonyi and Mr. Flaherty amounted to EUR 717k (previous year: EUR 653k).

## 5 SUBSEQUENT EVENTS REPORT

The subsequent events report is contained in the notes to the financial statements.

## 6 FORECAST 2017

### 6.1 FRAMEWORK CONDITIONS

#### MACRO-ECONOMIC BACKGROUND\*

In its current report the German Council of Economic Experts assumes that the moderate growth in the world economy will continue. The expectation for 2017 is that global GDP will rise by 2.8%.

The USA is predicted to achieve GDP growth of 2.3% in 2017. Driven by the expansionary monetary policy of the European Central Bank, the Eurozone, too, is expected to continue its recovery. On account of the uncertainties following Brexit, the German Council of Economic Experts expects there to be a slight slowdown in output, but not a slump. As in the Eurozone, the forecast for the United Kingdom is for GDP to grow by 1.4%. On account of the very expansionary effects of its monetary and fiscal policy, for Japan, too, economic recovery is expected with a rise in GDP of 0.8%. For the threshold countries, the German Council of Economic Experts expects GDP growth rates of 4.8% and thus a continuation of the dynamic development.

#### CONSTRUCTION INDUSTRY\*\*

Most of the customers of the Nemetschek Group are directly or indirectly involved in the construction industry. The economic situation of the construction industry is therefore a significant indicator for the Nemetschek Group. For the European region, the experts of Euroconstruct expect a continuation of the moderate growth in the sector for the years 2017 to 2019. For 2017 the assumption is that the volume of construction work will rise in all countries of Europe with the exception of the United Kingdom and the Czech Republic. Strong growth is forecast for Ireland (+8.5%), France (+3.6%) and Spain (+3.2%). However, in absolute terms, the construction volume in these three countries will remain well below their long-term average. For Germany and Switzerland the expectation is for comparatively low growth rates of +1.5% and +1.3% respectively, whereby the absolute construction volume in these two countries is already high. All in all, construction volume is expected to increase in 2017 by 2.1% in the Eurozone.

According to the sector experts of Dodge Data & Analytics, the US construction industry will also perform robustly in the coming years. They expect an increase in the number of building starts of about 5% in 2017 compared with the previous year. The main factor driving growth remains high-rise construction. The change in administration in the USA, too, is expected to lead to higher infrastructure spending. Already the Fast Act, as it is known, was passed in 2015 to provide funding for the transport sector of USD 300 billion in the years up to 2020.

Despite a declining population and only moderate growth, the order situation in the Japanese construction industry remains at a steady high in absolute terms. Japan remains therefore very interesting for the construction sector and hence also for our international brands. The Olympic Games in 2020 in Tokyo and the various associated construction projects promise the prospect of growth for the coming years. Further impetus is expected from the reconstruction of the regions in Japan that have suffered earthquakes, as well as from the demand for age-appropriate residential buildings. The building sector should benefit from a government economic boosting package which was passed in August 2016. This includes a budget of YEN 1.7 trillion (approx. EUR 14 billion) for infrastructure.

All in all, market experts anticipate a welcome development of the construction sector in 2017. For the Nemetschek Group this means that the markets it addresses will continue to enjoy impetus.

\* Sources: Annual Report 2016/17 German Council of Economic Experts; GTAI/Economic Trends.

\*\* Sources: Euroconstruct Summary Report Barcelona, Nov. 2016; GTAI/Construction industry.

## 6.2 CORPORATE STRATEGY

As a market and technology leader in the AEC industry the Nemetschek Group plans for sustainable growth with high and stable profitability by offering innovative solutions to all those involved in the construction process in order to increase quality and efficiency throughout. Simultaneously there is the goal of expanding further internationally.

Strategically, the focus is on the following aspects:

### GROWTH – ORGANIC AND NON-ORGANIC

Based on the strength of the largely favorable impetus coming from the construction industry and on the assumption that technological factors are driving growth in the AEC market, such as progressive digitalization, BIM, 5D and collaboration for further growth, in 2017 the Nemetschek Group expects again a successful business development and further growth in all segments. This growth will be supported by the strong financial base of the group, its strong competitive position and the close customer relationships enjoyed by the individual brands. Besides organic growth, the solutions portfolio and the market presence will also be expanded by targeted acquisitions. Thanks to its high cash flows and solid balance sheet, the Nemetschek Group has access to the necessary funds to finance its planned future growth, whether organic or through takeovers, cooperation or partnerships.

### INNOVATIONS AND CUSTOMER REQUIREMENTS

The ambition is to offer innovative and customer-oriented solutions for the AEC industry and thereby to set criteria and standards. Challenges facing the sector such as the rising complexity of buildings, ever shorter planning and construction times, interdisciplinary and international collaboration that is being demanded more and more often, the digital availability of all data, and the growing cost pressure are to be handled with bespoke product solutions. Here digital transformation offers great opportunities in the construction industry. BIM enables information to be interconnected by creating a synchronized database that all involved in the project can access. A central prerequisite for the long-term success of the group is a profound understanding of our customers' problems as well as bespoke solution offers.

The Nemetschek Group secures its technological lead with continually high investments in research and development. The outstanding issues we address are Open BIM, 5D and collaboration coupled with seamless networking and data transfer across the AEC sector. In recent years, the share of expenditure for research and development compared to revenues came to about 24%. It is planned to invest a similar amount in 2017 in order to secure the company's innovatory force over the long term.

### INTERNATIONALIZATION AND WORLDWIDE DISTRIBUTION

As a global group, in the coming years, it is intended that the revenue distribution over the different regions should be as balanced as possible. The Nemetschek Group is currently well positioned in the three strategic regions in the business of Europe, America, and Asia. In the future, the potential in all three regions should be used more strongly and in this way further sales growth generated. The board sees especially promising and long-term business prospects in America.

The Nemetschek Group will continually extend its geographical presence to win and support customers and drive forward the expansion of its worldwide selling and marketing activities.

### STRATEGIC INITIATIVES – CROSS-GROUP PROJECTS

With the establishment of a strategy board in the holding in 2016 Nemetschek placed more focus on projects involving more than one brand and on strategic initiatives that generate synergies within the group.

The focus is on solutions on collaboration which are more and more in demand on account of the digital transformation of the construction industry and the management and provision of ever larger data quantities for the planning and realization of buildings, as well as their consistent interconnection. At center stage of the activities of Nemetschek is the development of a collaborative platform for all customers along the value creation chain in the building process. The aim is to boost efficiency in collaboration via core functions such as project management, document management and the sharing of information and models.

Furthermore, the Nemetschek Group plans to address increasingly large companies working in architecture and civil engineering. The focus of the activity is on complete workflow solutions that are elaborated using more than one brand. The idea is to model the workflows of architecture and civil engineering organizations and thus enhance our competence as a supplier of multiple solutions. This involves adding various functions of other brands to 3D CAD and CAE solutions.

#### FINANCING, INVESTMENTS AND LIQUIDITY

The financial strength of the Nemetschek Group ensures that it can grow continually from its own resources and respond flexibly to market demands. The Nemetschek Group sees itself as well placed for its planned growth in 2017 thanks to its very robust balance sheet. As in past years, a high operating cash flow should increase liquidity and offer enough scope for planned investments of the brand companies in development, sales and marketing. Furthermore, as it grows, the Nemetschek Group is working in the groupwide strategic projects that have been described as well as on an ERP harmonization in order to reduce the complexity of processes and reporting structures.

As before, acquisitions can be funded from the current cash flow, existing liquidity and the take-up of external capital.

Major cost items within the Nemetschek Group are personnel expenses and other operating expenses. In 2017 the Nemetschek Group will recruit additional experts globally and it assumes therefore that there will be a further moderate increase in personnel expenses. Other operating expenses feature primarily selling expenses and they, too, are expected to rise slightly in 2017 as a result of the unchanged planned international expansion.

#### DIVIDEND POLICY

The Nemetschek Group follows a long-term and sustained dividend policy and allows its shareholders to participate appropriately in the Company's development both now and in the future. The company will propose the distribution of a dividend to the annual general meeting for the fiscal year 2016. For the financial year 2016, the supervisory and executive boards propose a dividend of EUR 0.60 per share (previous year: EUR 0.50 per share). The general meeting will vote on the proposed dividend on June 1, 2017. Subject to the consent of the general meeting, the distribution proposal corresponds to an increase in the dividend of 20%.

#### OVERALL PRESENTATION ON PROBABLE DEVELOPMENT

On account of the long-term intact growth trend in the relevant markets, the board looks to the future with optimism and assumes a continuing positive business development for the present financial year 2017.

The very good competitive position, the great technical knowledge and the many years of experience along the life cycles in the AEC and the Media & Entertainment markets form a good basis for the Nemetschek Group for further sustained growth in all four segments.

From today's perspective and without taking into account any currency effects, the **Nemetschek Group** has planned for **revenue** for the **financial year 2017** of between EUR 395 million and EUR 401 million (+17% to +19%). Besides the further organic growth, non-organic growth effects will play a role in the Design segment through the acquisition of dRofus that has been consolidated since the beginning of 2017. In the Build segment, Design Data, which was acquired on August 1, 2016, will be consolidated for the first time for a full 12 months. The purely organic growth (excluding the companies dRofus and Design Data) is expected to be in the corridor of 13% to 15% in 2017.

**Group EBITDA** will also increase noticeably despite further investments in strategic projects and the acquired entities having an EBITDA margin lower than the group average. The group EBITDA is expected to lie between EUR 100 million and 103 million, which represents growth compared with the adjusted EBITDA of the previous year (EUR 86.1) of 16% to 20%.

In terms of segments, the Nemetschek Group sees itself very well positioned in the **Design** segment on account of the strong market positioning of its brands with BIM-oriented and intelligent solutions for the planning and drafting phase through to the works and building planning. For the financial year 2017 a turnover growth is expected that will be in the same corridor as the planned organic growth at group level. This positive estimate is based on the innovations, the further development of the solutions portfolio and further internationalization with a strong sales thrust.

The **Build** segment will promote the further development of the Nevaris product family, which is the comprehensive BIM 5D solution, in order to guarantee an efficient and consistent model-based way of working in planning and execution. Solibri and Design Data will press ahead with their solutions in the direction of greater internationalization. Since its acquisition in 2014, Bluebeam Software has contributed materially to the disproportionately strong growth of the segment. All in all, growth rates for the segment are expected that are above the average for the group.

In the **Manage** segment the focus continues on addressing the residential market and on strong sales activities to win new customers. For the financial year 2017 the Nemetschek Group expects revenue growth in line with the general level for the group.

In the **Media & Entertainment** segment, investments are being made in the solutions portfolio in order to win the enthusiasm of new customers and to expand the customer basis with tried and tested solutions, and to grow internationally even more strongly. In this segment, growth is expected to be slightly under that of the average for the group.

In general it should be borne in mind that the revenue and results developments of the Nemetschek Group can be influenced by key exchange rates, in particular the rates of the euro compared with the US dollar, the Swiss franc, the Japanese yen, the British pound, the Hungarian forint, the Norwegian crown and the Swedish crown; fluctuations in exchange rates might therefore affect the accuracy of the forecasts.

#### NOTE ON FORECASTS

This management report contains statements and information about transactions and processes that lie in the future. These forward-looking statements are identified from formulations such as “expect”, “intend”, “plan”, “evaluate” or similar terms. Such forward-looking statements are based on our expectations today and certain assumptions. They thus involve a number of risks and uncertainties. Numerous factors, many of which are outside the Nemetschek Group’s sphere of influence, affect the Nemetschek Group’s business activities, successes, business strategy, and its results. This can lead to the actual results, success, and performance of the Nemetschek Group materially deviating from the information on results, success, or performance explicitly or implicitly mentioned in these forward-looking statements.

Munich, March 10, 2017



Patrik Heider



Sean Flaherty



Viktor Várkonyi



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## Solution:

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dRofus

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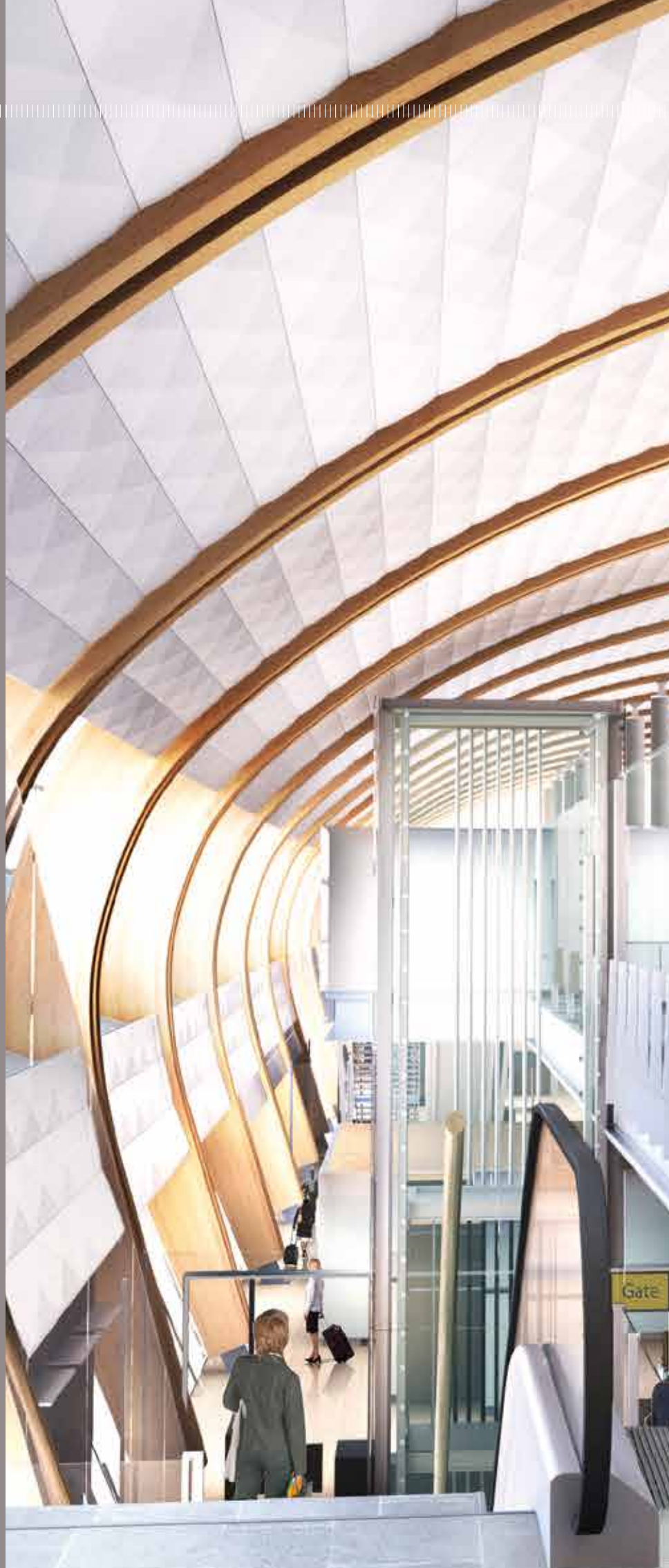
dRofus is the leading planning and data management solution for the global building industry. With direct connections for example to ARCHICAD, dRofus offers a unique planning, data management and BIM collaboration tool. dRofus provides all stakeholders with comprehensive workflow support and access to building information throughout the building lifecycle.

Plan, manage and maintain data for departments, rooms, room templates, surfaces, items, systems and components – all in a single cloud based platform. dRofus is a SQL server database that will provide state of the art performance and speed regardless of project size, type or complexity.

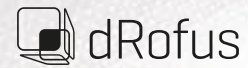
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**BUILDING  
THE FUTURE  
TOGETHER**

STRONG BRANDS. GREAT PROJECTS.







dRofus is a globally operating provider for BIM-based planning, data management and collaboration tools throughout the building lifecycle.

**Segment:** Design

**Company size:** 26 employees

**Locations:** Oslo, Malmö,  
San Francisco, Sydney

**Website:** [www.drofus.no](http://www.drofus.no)

Reference Project No. 7:

## Airport Oslo Gardermoen Norway

**Administration:** Avinor

dRofus was used as the core planning tool throughout the entire Terminal 2 project. In addition, dRofus is being used during operation of the airport.

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**CONSOLIDATED FINANCIAL  
STATEMENTS**  
(IFRS)

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# **Consolidated financial statements**

(IFRS)

*As a result of rounding it is possible that individual figures in these consolidated financial statements do not add up to the totals shown and that the percentages shown do not reflect the absolute values to which they relate.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2016 and 2015

## STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	2016	2015	[Notes]
<b>Revenues</b>	<b>337,286</b>	<b>285,269</b>	[1]
Own work capitalized	7	38	
Other operating income	6,957	5,884	[2]
<b>Operating Income</b>	<b>344,250</b>	<b>291,191</b>	
Cost of materials/cost of purchased services	-10,946	-9,749	[3]
Personnel expenses	-151,188	-127,084	[4]
Depreciation of property, plant and equipment and amortization of intangible assets	-18,314	-16,781	[5]
<i>thereof: amortization of intangible assets due to purchase price allocation</i>	-11,056	-10,131	[5]
Other operating expenses	-94,129	-84,872	[6]
<b>Operating expenses</b>	<b>-274,577</b>	<b>-238,486</b>	
<b>Operating results (EBIT)</b>	<b>69,673</b>	<b>52,705</b>	
Interest income	183	178	[8]
Interest expenses	-1,046	-705	[8]
Share of results of associated companies	380	970	[7]
Other financial expenses/income	-23	1,035	[9]
<b>Earnings before taxes (EBT)</b>	<b>69,167</b>	<b>54,183</b>	
Income taxes	-20,325	-16,401	[10]
<b>Net income for the year</b>	<b>48,842</b>	<b>37,782</b>	
<b>Other comprehensive income:</b>			
Difference from currency translation	6,846	10,482	
<b>Subtotal of items of other comprehensive income that will be reclassified to income in future periods:</b>	<b>6,846</b>	<b>10,482</b>	
Gains/losses on revaluation of defined benefit pension plans	-105	-54	
Tax effect	30	16	
<b>Subtotal of items of other comprehensive income that will not be reclassified to income in future periods:</b>	<b>-75</b>	<b>-38</b>	
<b>Subtotal other comprehensive income</b>	<b>6,771</b>	<b>10,444</b>	
<b>Total comprehensive income for the year</b>	<b>55,613</b>	<b>48,226</b>	
<b>Net profit or loss for the period attributable to:</b>			
Equity holders of the parent	46,925	35,896	
Non-controlling interests	1,917	1,886	
<b>Net income for the year</b>	<b>48,842</b>	<b>37,782</b>	
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the parent	53,733	45,997	
Non-controlling interests	1,880	2,230	
<b>Total comprehensive income for the year</b>	<b>55,613</b>	<b>48,227</b>	
Earnings per share (undiluted) in euros	1.22	0.93	[11]
Earnings per share (diluted) in euros	1.22	0.93	
Average number of shares outstanding (undiluted)	38,500,000	38,500,000	
Average number of shares outstanding (diluted)	38,500,000	38,500,000	

The accompanying notes to this statement of comprehensive income form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2016 and December 31, 2015

## STATEMENT OF FINANCIAL POSITION

ASSETS	Thousands of €	December 31, 2016	December 31, 2015	[Notes]
<b>Current assets</b>				
Cash and cash equivalents		112,482	83,966	[24]
Trade receivables, net		38,794	29,611	[13]
Inventories		597	530	[14]
Tax refunded claims for income taxes		3,477	2,467	[14]
Other current financial assets		10	78	[14]
Other current assets		12,546	9,297	[14]
<b>Current assets, total</b>		<b>167,906</b>	<b>125,949</b>	
<b>Non-current assets</b>				
Property, plant and equipment		14,255	13,792	[12]
Intangible assets		89,729	83,190*	[12]
Goodwill		177,178	143,771*	[12]
Investments in associates and non-current available-for-sale assets**		2,474	1,863	
Deferred tax assets		2,234	1,372	[10]
Non-current financial assets		43	51	[14]
Other non-current assets		929	793	[14]
<b>Non-current assets, total</b>		<b>286,842</b>	<b>244,832</b>	
<b>Total assets</b>		<b>454,748</b>	<b>370,781</b>	

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

\*\* See notes to the consolidated financial statements "investments in associates" and "non-current available-for-sale assets".

<b>EQUITY AND LIABILITIES</b>	Thousands of €	<b>December 31, 2016</b>	December 31, 2015	[Notes]
<b>Current liabilities</b>				
Short-term borrowings and current portion of long-term loans		26,000	18,577	[18]
Trade payables		7,922	6,590	[18]
Provisions and accrued liabilities		32,778	25,619	[17]
Deferred revenue		55,293	41,996	[19]
Income tax liabilities		7,353	3,707	[18]
Other current financial obligations		1,224	571	[20]
Other current liabilities		15,539	7,086	[18]
<b>Current liabilities, total</b>		<b>146,109</b>	<b>104,146</b>	
<b>Non-current liabilities</b>				
Long-term borrowings without current portion		70,231	62,059	[18]
Deferred tax liabilities		20,600	20,798*	[10]
Pensions and related obligations		1,660	1,744	[17]
Non-current financial obligations		9,721	8,500*	[21]
Other non-current liabilities		4,309	6,617	[22]
<b>Non-current liabilities, total</b>		<b>106,521</b>	<b>99,718</b>	
<b>Equity</b>				
Subscribed capital		38,500	38,500	[15]
Capital reserve		12,485	12,485	[16]
Retained earnings		143,954	116,345	[16]
Other comprehensive income		4,363	-2,498	[16]
<b>Equity (Group shares)</b>		<b>199,302</b>	<b>164,832</b>	
Non-controlling interests		2,816	2,085	
<b>Equity, total</b>		<b>202,118</b>	<b>166,917</b>	
<b>Total equity and liabilities</b>		<b>454,748</b>	<b>370,781</b>	

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

# CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to December 31, 2016 and 2015

## CONSOLIDATED CASH FLOW STATEMENT

Thousands of €	2016	2015	[Notes]
Profit (before tax)	69,167	54,183	
Depreciation and amortization of fixed assets	18,314	16,781	
Change in pension provision	-189	23	
Other non-cash transactions	-147	70	
Portion of the result of non-controlling interests	-561	-970	
Elimination of deconsolidation profit	0	-498	
Result from disposal of fixed assets	177	420	
<b>Cash flow for the period</b>	<b>86,761</b>	<b>70,009</b>	<b>[24]</b>
Interest income	-183	-178	
Interest expenses	1,046	705	
Change in other provisions	4,685	3,408	
Change in trade receivables	-5,217	12	
Change in other assets	-2,716	2,357*	
Change in trade payables	1,141	276	
Change in other liabilities	8,191	-1,508*	
Interest received	127	164	
Income taxes received	1,749	1,141*	
Income taxes paid	-15,905	-11,264*	
<b>Cash flow from operating activities</b>	<b>79,678</b>	<b>65,122</b>	<b>[24]</b>
Capital expenditure	-7,370	-7,629	
Cash paid for investments in financial assets	-50	0	
Cash received from disposal of shares	0	1,166	
Cash received from disposal of fixed assets	311	205	
Cash paid for acquisition of subsidiaries, net of cash acquired	-40,419	-35,145	
<b>Cash flow from investing activities</b>	<b>-47,528</b>	<b>-41,403</b>	<b>[24]</b>
Dividend payments	-19,250	-15,400	
Dividend payments to non-controlling interests	-1,162	-2,044	
Cash received from bank loans	38,000	32,000	
Interest paid	-904	-629	
Repayment of borrowings	-22,200	-12,000	
Payments for acquisition of non-controlling interests	0	-1,877	
<b>Cash flow from financing activities</b>	<b>-5,516</b>	<b>50</b>	<b>[24]</b>
<b>Changes in cash and cash equivalents</b>	<b>26,633</b>	<b>23,769</b>	
<b>Effect of exchange rate differences on cash and cash equivalents</b>	<b>1,883</b>	<b>3,229</b>	
<b>Cash and cash equivalents at the beginning of the period</b>	<b>83,966</b>	<b>56,968</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>112,482</b>	<b>83,966</b>	<b>[24]</b>

The accompanying notes to this cash flow statement form an integral part of these consolidated financial statements.  
\* For better comparability the previous year figures were reclassified.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1, 2015 to December 31, 2016

### STATEMENT OF CHANGES IN EQUITY

Thousands of €	Equity attributable to the parent company's shareholders				Total	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Currency conversion			
<b>As of January 1, 2015</b>	<b>9,625</b>	<b>41,360</b>	<b>96,621</b>	<b>-12,625</b>	<b>134,981</b>	<b>1,595</b>	<b>136,576</b>
Difference from currency translation				10,127	10,127	356	10,483
Remeasurement gains/losses from pensions and related obligations			-27		-27	-12	-39
Net income for the year			35,896		35,896	1,886	37,782
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>35,869</b>	<b>10,127</b>	<b>45,996</b>	<b>2,230</b>	<b>48,226</b>
Increase of share capital through corporate funds	28,875	-28,875			0		0
Transactions with non-controlling interests			-543		-543	102	-441
Dividend payments to non-controlling interests			-202		-202	-1,842	-2,044
Dividend payment			-15,400		-15,400	0	-15,400
<b>As of December 31, 2015</b>	<b>38,500</b>	<b>12,485</b>	<b>116,345</b>	<b>-2,498</b>	<b>164,832</b>	<b>2,085</b>	<b>166,917</b>
<b>As of January 1, 2016</b>	<b>38,500</b>	<b>12,485</b>	<b>116,345</b>	<b>-2,498</b>	<b>164,832</b>	<b>2,085</b>	<b>166,917</b>
Difference from currency translation				6,861	6,861	-15	6,846
Remeasurement gains/losses from pensions and related obligations			-53		-53	-22	-75
Net income for the year			46,925		46,925	1,917	48,842
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>46,872</b>	<b>6,861</b>	<b>53,733</b>	<b>1,880</b>	<b>55,613</b>
Dividend payments to non-controlling interests			-13		-13	-1,149	-1,162
Dividend payment			-19,250		-19,250	0	-19,250
<b>As of December 31, 2016</b>	<b>38,500</b>	<b>12,485</b>	<b>143,954</b>	<b>4,363</b>	<b>199,302</b>	<b>2,816</b>	<b>202,118</b>

The accompanying notes to this statement of changes in equity form an integral part of these consolidated financial statements.

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## CREM SOLUTIONS

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### Solutions:

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iX-Haus

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iX-Haus plus IHS

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Crem Solutions' core product iX-Haus is an efficient instrument for the administration of real estate portfolios of all kinds, making it possible to cover all the requirements of the housing industry, commercial real estate management and corporate real estate management.

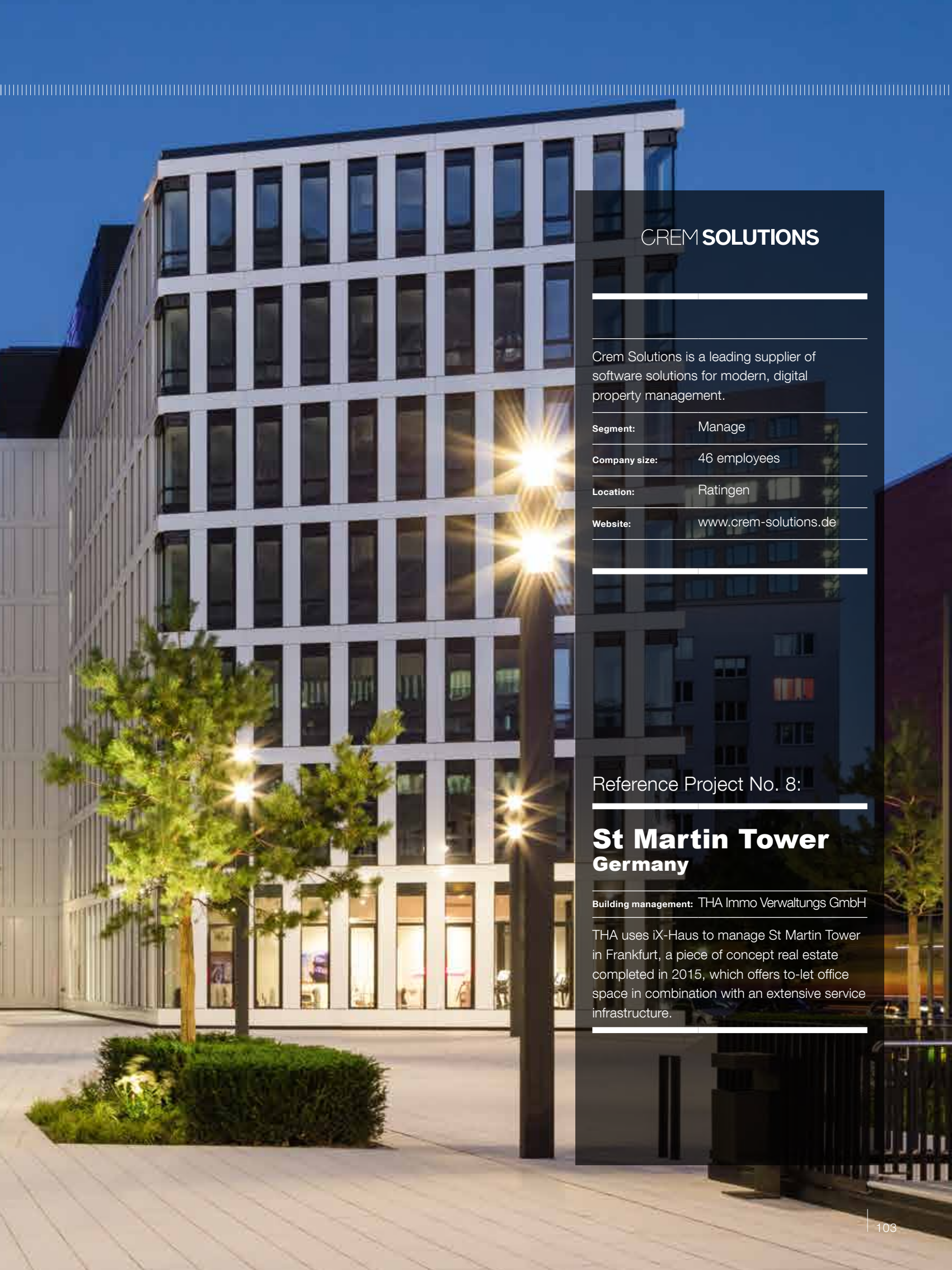
The program is flexible and modular, and meaningfully integrates related solutions from partner companies. These characteristics are the prerequisite for suitability for the individual business processes and requirements of all clients. Moreover, iX-Haus plus IHS comprises a solution for technical real estate management.

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# BUILDING THE FUTURE TOGETHER

STRONG BRANDS. GREAT PROJECTS.





## CREM SOLUTIONS

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Crem Solutions is a leading supplier of software solutions for modern, digital property management.

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<b>Segment:</b>	Manage
<b>Company size:</b>	46 employees
<b>Location:</b>	Ratingen
<b>Website:</b>	<a href="http://www.crem-solutions.de">www.crem-solutions.de</a>

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Reference Project No. 8:

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## St Martin Tower Germany

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**Building management:** THA Immo Verwaltungs GmbH

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THA uses iX-Haus to manage St Martin Tower in Frankfurt, a piece of concept real estate completed in 2015, which offers to-let office space in combination with an extensive service infrastructure.

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# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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# Notes to the consolidated financial statements for the financial year 2016

## THE COMPANY

The Nemetschek Group, headquartered in Munich, is a globally leading software maker for the AEC (Architecture, Engineering, Construction) industry and offers an innovative and comprehensive solution portfolio for the integrated design of 3D models, combined with professional time (4D) and cost planning (5D). With its 14 independent brands, the Nemetschek Group serves around 2.3 million users in regions all over the globe with 60 locations worldwide. With its software solutions, the company founded by Prof. Georg Nemetschek in 1963 addresses all stakeholders in the building process and covers the complete life cycle of buildings: from building design and visualization, time and cost calculation, tenders, awarding of contracts and commissioning all the way to the actual construction process and building management, administration, use, modernization and renovation.

The 14 brands under the umbrella of the Nemetschek Group offer a wide portfolio of graphical, analytical and commercial solutions. Architecture, design and planning offices, engineers from all fields, design and service providers, small and large construction companies and construction suppliers, process controllers and estimators as well as building administrators and building and asset managers are among the customers.

One main theme in the design, building and management process of buildings is Building Information Modeling (BIM), the digital transformation of the construction industry. BIM makes it possible to digitally capture and link all design, qualitative, time and economic specifications and data. It results in a virtual, three-dimensional building model. Time and costs, as the fourth and fifth dimensions, are added to this in the simulation. BIM 5D enables efficient and transparent collaboration of all project stakeholders throughout the entire process of designing, building and managing a piece of real

estate. In the five-dimensional future, the building is first constructed virtually and then in reality.

It has always been the priority of the Nemetschek Group to provide the best possible solutions to meet the challenges in the building process. As a forerunner of the BIM concept, the Nemetschek Group has been following this holistic philosophy for more than 30 years. Nemetschek stands for an open approach (Open BIM). The open standard enables any Open BIM software from the Nemetschek Group to communicate with any other software via open data and communication interfaces, even with the software of competitors. Thus, a practically seamless transition of building-relevant information through all the stages of building creation and operation is supported and documented.

With its Open BIM software solutions, the Nemetschek Group covers all five dimensions and simplifies cooperation between all those involved in the building process. Project work becomes faster, it remains more within cost and time budgets, and errors are reduced. With this, the Nemetschek Group lays the foundation for an integrated open 5D design and implementation process in the AEC industry and ultimately generates improvements in efficiency in the building process.

Nemetschek SE (formerly Nemetschek Aktiengesellschaft) as the top Group company, was founded by the conversion of Nemetschek GmbH on September 10, 1997, and has been quoted on the German stock exchange in Frankfurt am Main since March 10, 1999. Today Nemetschek is listed on the TecDAX. With its filing in the commercial register on March 22, 2016, Nemetschek Aktiengesellschaft was converted into Nemetschek SE. The 2016 annual report can be ordered from Nemetschek SE or accessed via the company website: [www.nemetschek.com](http://www.nemetschek.com).

## INFORMATION ON THE “GERMAN CORPORATE GOVERNANCE CODE”

The Declaration of Conformity was submitted on March 20, 2016. The relevant current version is available to the shareholders on the

website of Nemetschek SE (<https://www.nemetschek.com/investor-relations/corporate-governance/>).

## GENERAL INFORMATION

The Nemetschek SE prepares and publishes the consolidated financial statements in euros. Information is shown in the consolidated financial statements in EUR k (€ k) unless otherwise specified.

The consolidated financial statements of Nemetschek SE, including previous year comparisons, were prepared in accordance with the International Financial Reporting Standards (“IFRS”) and related interpretations issued by the International Accounting Standards Board (“IASB”) which were required to be applied as of December 31, 2016, to the extent that the IFRS and the interpretations are adopted by the European Union, and also according to § 315a of the German Commercial Code (HGB).

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

Accounting policies adopted in the financial year 2016 are consistent with those policies adopted in the previous year.

## COMPANIES CONSOLIDATED AND BASIS OF CONSOLIDATION

### SUBSIDIARIES

The consolidated financial statements comprise Nemetschek SE, Munich, and all domestic and foreign subsidiaries. Subsidiaries are consolidated in full from the date of acquisition, i.e., the date on which control is transferred to the Group. Full consolidation ends when the parent company ceases to have control.

Nemetschek has control of an investment entity to the extent that it has power over the investment entity. This means that Nemetschek has existing rights which give Nemetschek the ability to redirect relevant activities. These are activities which significantly affect the investment entity’s returns. Furthermore, Nemetschek is exposed to variable returns from its involvement with the investment entity or has the rights to these and has the ability to use its power over the investment entity to affect its returns from its involvement with the investment entity. Where Nemetschek holds less than the majority of the voting rights, other facts and circumstances (including contractual agreements which give Nemetschek power over the investment entity) can lead to the company’s controlling the investment entity. With regard to the control of investment entities, Nemetschek

The financial year of the Nemetschek Group and the Nemetschek SE ends respectively on December 31 of each year.

The consolidated statement of financial position and consolidated statement of comprehensive income have been prepared in accordance with IAS 1 “Presentation of Financial Statements”. The statement of comprehensive income has been prepared using the nature of expense method as well as according to the definition of the “one statement approach”. The consolidated financial statements are prepared on the basis of historical acquisition and manufacturing costs unless other specifications are made in the section “Accounting policies”. The statement of financial position has been classified by applying the current/non-current distinction.

performs a revaluation where facts and circumstances indicate that there are changes in factors that evidence control. In the 2016 financial year, control resulted for all fully consolidated investment entities from the holding of the majority of voting rights.

Shares without controlling interest represent the portion of net income/loss and net assets not attributable to the Group. Shares without controlling interest are disclosed separately in the consolidated statement of comprehensive income and in the consolidated statement of financial position. In the consolidated statement of financial position, these shares without controlling interest are disclosed in equity, separately from the equity attributable to owners of the parent company. Measurement of non-controlling interests is at the proportional fair value of assets and liabilities purchased (partial goodwill method). After initial measurement, profits and losses are allocated in proportion to the investment without limitation, as a result of which a negative balance can arise for non-controlling interests.

The following table shows information on Maxon Subgroup with material non-controlling interests before group internal eliminations:

#### NON-CONTROLLING INTERESTS

Name, registered office of the parent entity	MAXON GmbH, Friedrichsdorf	
Thousands of €	2016	2015
<b>Percentage of non-controlling interests</b>	<b>30%</b>	<b>30%</b>
Non-current assets	3,254	2,439
Current assets	15,437	11,442
Non-current liabilities	-1,839	-1,673
Current liabilities	-7,354	-5,259
<b>Net assets</b>	<b>9,498</b>	<b>6,949</b>
<b>Carrying amount of the non-controlling interests</b>	<b>2,849</b>	<b>2,085</b>
Revenues	23,355	21,512
Net income	5,852	5,795
Other comprehensive income	78	338
<b>Total comprehensive income</b>	<b>5,930</b>	<b>6,133</b>
<b>Non-controlling interests associated profit</b>	<b>1,756</b>	<b>1,739</b>
<b>Non-controlling interests associated other comprehensive income</b>	<b>23</b>	<b>101</b>
Cash flow from operating activities	7,828	6,640
Cash flow from investing activities	-1,052	-393
Cash flow from financing activities	-3,176	-5,164
<i>(thereof: Dividends paid to non-controlling interests)</i>	-1,076	-1,664
Currency changes on cash and cash equivalents	-50	476
<b>Net increase in cash and cash equivalents</b>	<b>3,550</b>	<b>1,559</b>

The financial statements of subsidiaries are prepared as of the same balance sheet date as the parent company, using consistent accounting policies. All intercompany balances, income and expenses and unrealized gains and losses from intercompany transactions are eliminated in full.

As part of the capital consolidation, business combinations are accounted for using the acquisition method. Under this method, the cost of the business combination is allocated to the identifiable assets acquired as well as the liabilities and contingent liabilities assumed in accordance with their fair values at the acquisition date. Any excess of the cost of the business combination over the interest of the Group in the fair value of the identifiable assets, liabilities

and contingent liabilities acquired is reported as goodwill. Acquisition-related costs are disclosed as expenses when they are incurred. The entities purchased or disposed of during the year are included in the consolidated financial statements from the time of acquisition or time of loss of control. Transactions with non-controlling interests which do not lead to a loss of control are recorded to comprehensive income as equity transactions without impacting profit or loss. When a business relationship existing between Nemetschek and the entity purchased before the business combination is offset as part of the business combination and a gain or loss arises, this is recorded to profit or loss. In the event of loss of control, any remaining shares are remeasured at fair value in profit or loss at this point in time.



## SHARES IN ASSOCIATES

Investments in associates are generally accounted for using the equity method. Nemetschek SE defines associates (generally investments of between 20% and 50% of capital) as entities subject to significant influence that are neither subsidiaries nor joint ventures. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The statement of comprehensive income reflects the Group's share of the results of operations of the associate.

Unless stated otherwise, the financial statements of the associates are prepared as of the same balance sheet date as the parent company. Where necessary, adjustments are made to comply with the Group's uniform accounting policies. The DocuWare group develops and distributes software for the electronic administration of documents. Sablono GmbH develops software solutions for the digital planning, control and monitoring of complex construction projects. The following table summarizes financial information for the shares of the Group in non-material associates, based on the amounts reported in the consolidated financial statements:

### ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity	pro rata
<b>2016</b>				
DocuWare GmbH, Germering		22.41	8,470	1,898
Sablono GmbH, Berlin		24.99	-42	-10
<b>2015</b>				
DocuWare GmbH, Germering		22.41	5,828	1,306
Sablono GmbH, Berlin		29.00	297	86

### DOCUWARE GROUP

	Thousands of €	December 31, 2016	December 31, 2015
Other current assets		33,113	25,074
Other non-current assets		3,571	4,228
Other current liabilities		27,814	23,204
Other non-current liabilities		400	271
Group's carrying amount of investment		1,950	1,273
Revenues		37,142	34,550
Net income from continuing operations		3,022	4,297
Net income from non-continuing operations		0	0
<b>Net income for the year</b>		<b>3,022</b>	<b>4,297</b>
Group's share of profit for the year		677	963
Difference from currency translation		-647	-267
<b>Other comprehensive income</b>		<b>2,375</b>	<b>4,030</b>
Dividends received from associated company		0	0

In addition, Sablono GmbH, Berlin, being an associate, is accounted for using the equity method. The percentage shareholding amounts to 24.99% (previous year: 29.00%). The carrying value of these shares amounts to EUR 457k as of December 31, 2016 (pre-

vious year: EUR 573k). The share result in 2016 from the business divisions continued amounted to EUR -117k (previous year: EUR -154k).

## NON-CURRENT AVAILABLE-FOR-SALE ASSETS

<b>Name, registered office of the entity</b>	Thousands of €	Shareholding in %	Equity Dec. 31, 2016	<b>Net income/loss for the year 2016</b>
NEMETSCHEK OOD, Sofia, Bulgaria		20.00	3,787	879
rivera GmbH, Karlsruhe via NEVARIS Bausoftware GmbH		20.00	28**	-10**
Sidoun International GmbH, Freiburg i. Breisgau*		16.27	834	51
Planen Bauen 4.0 GmbH, Berlin		6.25	198**	-192**

\* Fiscal year ends as of June 30, 2016.

\*\* Figures are shown as of December 31, 2015.

For the non-current available-for-sale assets, due to a lack of market, the item is stated at acquisition cost. There are currently no plans to sell the assets. The assumption that significant influence is exercised on the financial assets in which voting rights of 20% or more are held does not hold true for either NEMETSCHEK OOD, Sofia, Bulgaria, or for rivera GmbH, Karlsruhe, as influence is neither

exercised on management nor in the form of a governing body. Also, neither are material business relationships maintained, nor is influence exercised, beyond the mere capital investment. The financial assets constitute mere capital investments. The carrying value of the non-current available-for-sale assets amounts to EUR 67k (previous year: EUR 17k).

## AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The following companies listed are fully consolidated at the closing date in the consolidated financial statements of Nemetschek SE:

**AFFILIATED ENTITIES**

Name, registered office of the entity	Shareholding in %
Nemetschek SE, Munich	
<b>Direct equity investments</b>	
<b>Design segment</b>	
Friilo Software GmbH, Stuttgart	100.00
Vectorworks, Inc., Columbia, Maryland, United States	100.00
Data Design System AS, Klepp Stasjon, Norway	100.00
NEMETSCHKEK OOO, Moscow, Russia - in liquidation	100.00
SCIA Group International nv, Herk-de-Stad, Belgium	100.00
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	100.00
Allplan GmbH, Munich*	100.00
Nemetschek Inc., Washington, United States**	100.00
<b>Build segment</b>	
NEVARIS Bausoftware GmbH, Achim	98.50
NEVARIS Bausoftware GmbH, Mondsee, Austria	49.90
Bluebeam Holding, Inc., Delaware, USA (formerly: Nemetschek US, Inc.)	100.00
Solibri Oy, Helsinki, Finland	100.00
<b>Manage segment</b>	
Crem Solutions GmbH & Co. KG, Ratingen	100.00
Crem Solutions Verwaltungs GmbH, Munich	100.00
<b>Media &amp; Entertainment segment</b>	
MAXON Computer GmbH, Friedrichsdorf	70.00
<b>Other</b>	
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00
<b>Indirect equity investments</b>	
<b>Design segment</b>	
via Allplan GmbH, Munich:	
Allplan Deutschland GmbH, Munich*	100.00
Allplan Development Germany GmbH, Munich**	100.00
Allplan Schweiz AG, Wallisellen, Switzerland	93.33
Allplan France S.A.R.L., Paris, France	100.00
Allplan Österreich Ges.m.b.H., Wals, Austria	100.00
Allplan Systems España S.A., Madrid, Spain	100.00
Allplan Česko s.r.o., Prague, Czech Republic	100.00
Allplan Slovensko s.r.o., Bratislava, Slovakia Republic	100.00
Allplan Italia S.r.l., Trient, Italy	100.00
DACODA GmbH, Rottenburg	100.00
via Nemetschek Austria Beteiligungen GmbH:	
Precast Software Engineering GmbH, Wals, Austria	100.00
via Precast Software Engineering GmbH, Wals, Austria:	
Precast Software Engineering Pte. Ltd., Singapore	100.00
via Precast Software Engineering Pte. Ltd., Singapore:	
Precast Software Engineering Co. Ltd., Shanghai, China	100.00

**Table continued:**

via SCIA Group International nv, Herk-de-Stad, Belgium:	
SCIA nv, Herk-de-Stad, Belgium	100.00
Scia do Brasil Ltda, São Paulo, Brasil	99.90
via SCIA nv, Herk-de-Stad, Belgium:	
Scia Nederland BV, Arnhem, Netherlands	100.00
Scia France Sarl, Roubaix, France	100.00
Online Projects BVBA, Herk-de-Stad, Belgium - in liquidation	70.00
Scia Inc., Maryland, United States**	100.00
Scia CZ s.r.o., Brno, Czech Republic	100.00
via Scia CZ s.r.o., Brno, Czech Republic:	
Scia SK s.r.o., Zilina, Slovakia Republic	100.00
via Graphisoft SE European Company Limited by Shares, Budapest, Hungary:	
Graphisoft Deutschland GmbH, Munich	100.00
Graphisoft USA Inc., Waltham, Massachusetts, United States	100.00
Graphisoft Japan KK, Tokyo, Japan	100.00
Graphisoft UK Ltd., Uxbridge, Great Britain	100.00
Graphisoft Hong Kong Ltd., Hong Kong, China	100.00
Graphisoft Mexico S.A. de C.V., Mexico D.F., Mexico	100.00
GRAPHISOFT BRASIL SERVICOS DE TECNOLOGIA DA INFORMACAO LTDA, São Paulo, Brasil	100.00
via Graphisoft UK Ltd., Uxbridge, Great Britain:	
Bite Design Ltd., London, Great Britain	100.00
via Data Design System AS, Klepp Stasjon, Norway:	
DDS Building Innovation AS, Klepp Stasjon, Norway	100.00
Data Design System UK Ltd., Wiltshire, Great Britain	100.00
Data Design System GmbH, Ascheberg	100.00
<b>Build segment</b>	
via Bluebeam Holding, Inc., Delaware, United States (formerly: Nemetschek US, Inc.):	
Bluebeam Software, Inc., Pasadena, United States	100.00
via Bluebeam Software, Inc., Pasadena, United States:	
Bluebeam AB, Krisa, Sweden	100.00
via Nemetschek Austria Beteiligungen GmbH:	
NEVARIS Bausoftware GmbH, Mondsee, Austria	50.10
via NEVARIS Bausoftware GmbH, Mondsee, Austria:	
Nevaris BIM Software GmbH, Berlin	86.50
via Solibri Oy, Helsinki, Finland:	
SOLIBRI UK LTD., Newbury, Great Britain	100.00
Solibri LLC, Scottsdale, United States	100.00
Solibri DACH GmbH, Hamburg**	100.00
via Nemetschek Inc., Washington, United States:**	
Design Data Corporation, Lincoln, United States***	100.00
<b>Media &amp; Entertainment segment</b>	
via MAXON Computer GmbH, Friedrichsdorf:	
MAXON Computer Inc., Thousand Oaks, California, United States	90.00
MAXON Computer Canada Inc., Varennes, Canada	100.00
MAXON Computer Ltd., Bedford, Great Britain	100.00

\* In the fiscal year 2016, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:

- Option not to prepare notes to the financial statements so that the annual financial statements comprise a balance sheet and income statement.
- Option not to prepare a management report.
- Option not to publish the annual financial statements.

\*\* These companies were founded in 2016.

\*\*\* Included in the consolidated financial statement from August 1, 2016.

## ACCOUNTING AND VALUATION PRINCIPLES

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The costs for replacing a part of an item of property, plant and equipment are included in its carrying amount at the time the costs are incurred, provided they meet the recognition criteria. The costs of ongoing repairs and maintenance are expensed immediately in profit or loss.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

**TABLE OF USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT**

	Useful life in years
IT equipment	3
Motor vehicles	5
Factory equipment	3 – 10
Leasehold improvements	5 – 10

### BORROWING COSTS

Borrowing costs are recognized as an expense when incurred.

### BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the purchase method. Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the fair values of the acquired identifiable assets, liabilities and contingent liabilities and agreed conditional considerations. Subsequent changes to the fair value of a conditional consideration which represents an asset or a liability are recorded through profit or loss in accordance with IAS 39.

Where put options are agreed on the additional purchase of minorities, the Group applies the "anticipated acquisition method". Any resulting measurement changes in the purchase price liability are included in goodwill and do not impact income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units of the Group that are expected to benefit from the synergy effects of the business combination, irrespective of whether other assets or liabilities of the company acquired are assigned to those units.

Goodwill is tested for impairment at least once a year or whenever facts or changes in circumstances indicate that the carrying value may be impaired.

Property, plant and equipment are derecognized upon disposal or when no further economic benefits are expected from the continued use or sale of the asset. Gains or loss arising on derecognition of the asset are calculated as the difference between the net recoverable value and the carrying amount of the asset and are included in profit or loss in the period in which the asset is derecognized. The historic cost and accumulated depreciation of the asset are eliminated from the balance sheet.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each financial year at the latest and adjusted if necessary.

There is no capitalization of borrowing costs since the production of qualified assets is not financed externally.

Each unit or group of units to which the goodwill has been allocated represents the lowest level in the group at which goodwill can be monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Impairment losses relating to goodwill may not be reversed in future reporting periods.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under those circumstances is measured based on the relative values of the operation disposed of and the remaining part of the cash-generating unit.

## INTANGIBLE ASSETS

The useful lives of assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with an indefinite useful life and intangible assets not yet ready for use are tested for impairment at least once a year either individually or at the cash-generating unit level. Such intangible assets are not amortized systematically. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. Except for goodwill, as of December 31, 2016, there were no intangible assets with an indefinite life.

Intangible assets not acquired in a business combination are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. At each closing

## RESEARCH AND DEVELOPMENT EXPENSES

Research costs are expensed in the period in which they are incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can cumulatively demonstrate all of the following:

- I The technical feasibility of completing the intangible asset so that it will be available for use or sale
- I The intention to manufacture, use or sell the intangible asset
- I The ability to manufacture, use or sell the intangible asset
- I How the asset will generate future economic benefits

date, a review is conducted to check whether the reasons for impairment still exist. The maximum amount for reversals of impairment losses is represented by acquisition costs less accumulated scheduled amortization.

Intangible assets not resulting from a purchase price allocation are amortized using the straight-line method over their normal useful lives of between three and eight years.

The intangible assets from the purchase price allocation are amortized as follows:

### USEFUL LIFE OF INTANGIBLE ASSETS FROM THE PURCHASE PRICE ALLOCATION

	Useful life in years
Brand name	10 – 15
Software	3 – 12
Customer Relationship	10 – 17
Non-compete agreement	2

Gains or loss arising from derecognition of an intangible asset are measured as the difference between the net realizable value and the carrying amount of the asset and are recorded to profit or loss when the asset is derecognized.

- I The availability of resources to complete the asset
- I The ability to reliably measure the expenditure attributable to the intangible asset during its development

Following the initial recognition of the development expenditure, the cost model is applied. This requires that the asset be carried at production costs less any accumulated amortization. Amortization is charged upon completion of the development phase as soon as the asset can be used. It is amortized over the period in which future benefits are expected (estimated 3 – 8 years). During the development phase the assets are tested for impairment once a year.

### DEVELOPMENT SUBSIDIES

Development subsidies for basic research are recorded on the basis of hours worked. These are recognized as other operating income in the consolidated financial statements. Government grants are recognized at their fair value where there is reasonable

assurance that the grant will be received and all related conditions will be complied with. Special-purpose development subsidies are treated as deductions from acquisition costs.

### INVENTORIES

Inventories mainly comprise merchandise, which is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the esti-

mated costs necessary to make the sale. Estimated costs of completion are accounted for where appropriate. Inventory risks relating to reduced salability are accounted for using appropriate mark-downs.

### PREPAID EXPENSES

Prepaid expenses are expenses paid before the balance sheet date that relate to a certain period after that date.

### CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash in hand, bank balances and short-term deposits with a maturity of three months or less, or can be available short-

term (less than three months). Cash and cash equivalents are measured at cost. Cash not available from rental guarantee deposits are disclosed as other assets.

### COMPOSITION OF CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents in the consolidated cash flow statement also include cash equivalents with original maturities of three months or less.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

At each balance sheet date the Group assesses whether there are indications that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for each individual asset value, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount.

To the extent that no observable market value can be used as a basis, in order to determine value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations with regard to the interest effect and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by measurement multiples or other available fair value indicators.

### GOODWILL

The Group determines at each balance sheet date whether there is any indication that goodwill is impaired. Goodwill is tested for impairment at least once a year. Impairment tests are also conducted if events or circumstances indicate that the carrying amount may be impaired.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill has been allo-

For assets, excluding goodwill, an assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. The reversal of an impairment loss is recognized in profit or loss.

The following criteria are also applied in assessing impairment of specific assets:

cated. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded. Any impairment loss recognized on goodwill may not be reversed in a subsequent reporting period. The Group performs its impairment test of goodwill at least once a year, by December 31 at the latest.

## INTANGIBLE ASSETS

Intangible assets with indefinite useful lives and intangible assets not yet ready for use are tested for impairment at least once a year, by December 31 at the latest. Impairment testing is performed, depend-

ing on the individual case, at asset level or at cash-generating unit level. Testing is also carried out if circumstances indicate that a value may be impaired.

## ASSOCIATED COMPANIES

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the

investment in the associate is impaired. If this is the case, the amount of impairment is recorded in profit or loss as the difference between the fair value of the investment in the associate and the cost of the investment.

## FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

### INITIAL RECOGNITION

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. Nemetschek does not use the category financial instruments held to maturity.

Financial assets are recognized initially at fair value. In the case of financial investments, which are not classified at fair value through profit or loss, the directly attributable transaction costs are addition-

ally accounted for which are directly attributable to the purchase of the asset.

Purchases or sales of financial assets that require delivery of assets within a period established by regulation or convention in the corresponding marketplace (regular way purchases) are recognized at the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade receivables, receivables from loans granted and other receivables and derivative financial instruments.

### SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

#### FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Derivatives, including separately recognized embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value, whereby gains or losses

are recognized in income. The Group has not designated any financial assets as at fair value through profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized through profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise have resulted from the contract.

#### LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans

and receivables are derecognized or impaired, as well as through the amortization process. In addition to cash and cash equivalents, the Group currently carries financial assets consisting almost exclusively of loans and receivables.



#### AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value. Unrealized gains or losses are recognized directly in equity. If the fair value cannot be determined reliably, Nemetschek measures financial instruments available for sale at cost. This is the case for equity

#### FAIR VALUE

The fair value of financial investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial investments where there is no active market, fair value is determined

#### AMORTIZED COST

Loans and receivables are measured at amortized cost. This is calculated using the effective interest method net of any impairment losses, taking into account any discount or premium on acquisition,

#### IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence

#### AMOUNTS DUE FROM CUSTOMERS

For amounts due from customers carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred). The carrying amount of the

instruments where there is no quoted price on an active market and material parameters for determining the fair value with the help of valuation models cannot be determined with adequate certainty. If such an asset is derecognized, the cumulative gain or loss previously recorded directly in equity is recognized in profit or loss. If such an asset is impaired, the cumulative loss previously recorded in equity is recognized in profit or loss.

using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, or discounted cash flow analysis and other valuation models.

and includes transaction costs and fees that are an integral part of the effective interest rate.

of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

asset is reduced through an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent reporting period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced through profit or loss by adjusting the allowance account. If a receivable that has been written off is later deemed recoverable due to an event that occurred after it was written off, the relevant amount is recognized directly in profit or loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

#### ASSETS CARRIED AT AMORTIZED COST

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (with the exception of future credit defaults) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate determined upon initial recognition). The carrying amount of the asset is reduced through an allowance account. The impairment loss is rec-

#### AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

If an available-for-sale asset is impaired, an amount is transferred from equity to profit or loss representing the difference between its cost (net of any principal repayment and amortization) and current fair value (less any impairment loss on that asset previously recognized in profit or loss). Reversals in respect of equity instruments classified as available for sale are not recognized in profit or loss.

#### DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following three conditions is met:

- I The contractual rights to receive cash flows from the asset have expired.
- I The Group retains the right to receive cash flows from the financial asset, but has assumed a contractual obligation to pay them in full without material delay to a third party under a pass-through arrangement that meets the criteria of IAS 39.19 (pass-through arrangement).
- I The Group has transferred its contractual rights to receive cash flows from the financial asset and either

ognized in profit or loss. If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The new carrying amount of the asset may not exceed the amortized cost at the time the impairment loss is reversed. The impairment loss is reversed through profit or loss.

Reversals of impairment losses on debt instruments classified as available for sale are accounted for through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

- I (a) has substantially transferred all the risks and rewards of the asset, or
- I (b) has neither substantially transferred nor retained all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its contractual rights to receive cash flows from an asset, and has neither substantially transferred nor retained all the risks and rewards which are connected with ownership of this asset, and retains control of the asset, the transferred asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## FINANCIAL LIABILITIES

### INITIAL RECOGNITION

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans, less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft facilities, loans and borrowings, and derivative financial instruments.

### SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification as follows:

#### FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. This category

includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Gains or losses on financial liabilities held for trading are recognized in profit or loss. As of December 31, 2016 were exclusively financial debts for contingent purchase price payments are recognized at fair value through profit or loss.

#### LOANS

After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

#### DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability

are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized at value through profit or loss.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Where the Group holds a derivative as an economic hedge for a period beyond twelve months after the balance sheet date, the derivative is classified as non-current, or separated into current and non-current portions, consistent with the classification of the underlying item.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

## DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Group uses foreign currency denominated loans and forward exchange contracts to manage some of its transaction exposures. These forward exchange contracts are not designated as cash flow, fair value or net investment hedges and are entered into for periods

consistent with currency transaction exposures, generally 1 to 24 months. Such derivatives do not qualify for hedge accounting. At the closing date there were no open forward exchange contracts.

## OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recog-

nized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## LIABILITIES

Trade payables and other liabilities are recognized at amortized cost.

## DEFERRED REVENUE

Deferred revenue is income received before the balance sheet date that relates to a certain period after that date.

## PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions and accrued expenses which do not already lead to an outflow of resources in the subsequent year are measured at their discounted settlement amount at

the balance sheet date where the interest effect is material. Where the Group expects some or all of a provision to be reimbursed (e.g. under an insurance contract) the reimbursement is recognized as a separate asset provided the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

## CONTINGENT LIABILITIES

Obligations are not recognized in the consolidated financial statements until their utilization is more than 50% likely. Contingent liabilities are disclosed in the notes to the consolidated financial

statements when the probability of their utilization is between 5% and 50%.

## PENSIONS AND SIMILAR OBLIGATIONS

The company provides a company pension plan for certain employees. The provisions are measured every year by reputable independent appraisers. Provisions for pensions and similar obligations are determined using the projected unit credit method (IAS 19). The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures

each unit separately to build up the final obligation. The pension obligation less plan assets is recorded as the provision in the balance sheet. Actuarial gains and losses are recorded without an effect on results in other comprehensive income. Effects relevant to interest are disclosed accordingly in interest result.

## RESERVES

Reserves are set up in accordance with statutory requirements.

## SHARES WITHOUT CONTROLLING INTEREST

The share of fair values of the identifiable assets and liabilities attributable to shares without controlling interest is allocated at the time the subsidiary is acquired. The losses allocable to shares without

controlling interest in a consolidated subsidiary may exceed the interest in the equity of the subsidiary related to these shares.

## LEASING

The determination of whether an arrangement is, or contains, a lease is based on the economic substance of the arrangement at the inception date and requires an assessment of whether the fulfill-

ment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

### THE GROUP AS LESSEE

Finance leases, which substantially transfer to the Group all the risks and rewards incidental to ownership of the leased asset, are capitalized at the inception of the lease. The leased asset is recognized at fair value, or at the present value of the minimum lease payments if this value is lower. A liability item of the same value is recorded as a lease liability. The lease liability is reduced and carried forward in sub-

sequent years according to the effective interest method.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Operating leases comprise office buildings, motor vehicles and other technical equipment.

## TAXES

### CURRENT INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation is based on the tax rate and tax laws applicable as of the balance sheet date.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

### DEFERRED TAX

Deferred tax is recognized using the liability method on all temporary differences as of the balance sheet date between the carrying amounts of the assets and liabilities in the balance sheet and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences.

the transaction, affects neither the accounting profit nor taxable profit or loss, may not be recognized.

The following are exceptions to this:

(a) Where the deferred income tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, it may not be recognized.

(b) Deferred tax assets in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may only be recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized.

(b) The deferred tax liability in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may not be recognized if the entity controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow at least part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets are recognized for all deductible temporary differences, carryforwards of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforwards of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability settled, based on tax rate (and tax laws) that are applicable at the balance sheet date. Future changes in tax rates are taken into account at the balance sheet date to the extent that their material effectiveness conditions have been fulfilled in the course of the legislative process.

The following are exceptions to this:

Deferred tax relating to items recognized directly in equity is similarly recognized in equity and not in profit or loss.

(a) Deferred tax assets relating to the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax related to the same taxable entity and the same taxation authority.

## VALUE-ADDED TAX

Revenue, expenses and assets are generally recognized net of VAT.

The following are exceptions to this:

(a) Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable.

## REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company from the transaction and the revenue can be reliably measured. Revenue is recognized net of VAT and discounts when delivery has taken place and transfer of risks and rewards has been completed. Revenue from the provision

### BASIC INFORMATION ON REVENUE RECOGNITION

The Nemetschek Group generally distinguishes between the recognition of revenue from the sale of goods and merchandise, revenue from the provision of services and revenue from royalties.

Revenue from the sale of goods and merchandise must be recognized (at a point in time) when all the following conditions have been satisfied (IAS 18.14):

- l The significant risks and rewards incidental to ownership of the goods and merchandise sold have been transferred (transfer of title).
- l The entity does not retain control over the goods and merchandise sold.
- l The amount of revenue can be measured reliably.
- l The cash flow from the economic benefit of the sale is reasonably certain (receipt of receivable).
- l The costs incurred in respect of the sale can be measured reliably.

Revenue from the provision of services must be recognized when (IAS 18.20):

(b) Trade receivables and trade payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of assets or liabilities in the balance sheet.

of services is recognized by reference to the percentage of completion when it can be measured reliably. The percentage of completion is determined based on surveys of work performed and is generally based on the hours worked in proportion to the budgeted total number of hours.

- l The amount of revenue can be measured reliably.
- l It is sufficiently probable that the economic benefit associated with the transaction will flow to the entity (receipt of receivables).
- l The stage of completion of the transaction at the balance sheet date can be measured reliably.
- l The costs incurred for the transaction and the costs to fully complete the transaction can be measured reliably.

Customized construction contracts are concluded as contracts for work or services or fixed price contracts. In such cases, revenue and income are calculated using the percentage of completion method provided that the prerequisites set out in IAS 11.23 are met. This involves recognizing the individual revenue components in accordance with the percentage of completion, measured by reference to the percentage of contract costs incurred up to the closing date as a percentage of estimated total contract costs.

This has the following implications for the Nemetschek Group:

## 1 SOFTWARE AND LICENSES

### 1.1 Standard software

The aforementioned criteria for the sale of goods and merchandise are generally applied, i.e., revenue is recognized when the software is sold.

The transfer of licenses in return for fixed compensation (non-recurring licenses), which give the licensee unrestricted use, is a sales transaction from an economic perspective and can be fully recognized as income.

License fees and royalties resulting from the use of company assets (software) are recorded in accordance with the economic substance

of the agreement. Revenue is recorded on a straight-line basis over the term of the license agreement unless otherwise agreed.

### 1.2 Sales transactions via sales representatives/agents

From an economic perspective, revenue is generally recorded when ownership and the incidental risks and rewards are transferred. However, if the seller is acting as an agent/representative, revenue is not recognized until the software/hardware has been sold to the final customer.

## 2 MAINTENANCE/SOFTWARE SERVICE CONTRACTS

In general, the aforementioned criteria for the sale of services are applied, i.e., revenue from maintenance contracts or services is rec-

ognized straight-line over the period during which the service is rendered.

## 3 CONSULTING

### 3.1 Contract for services

The aforementioned criteria for the sale of services generally apply. Revenue is recognized using the percentage of completion method.

### 3.2 Servicing contract

For pure servicing contracts, revenue is recognized in the period in which the service is rendered (consulting agreements).

## 4 HARDWARE

The aforementioned criteria for the sale of goods and merchandise generally apply, i.e., revenue is recognized when the hardware is sold (when the goods are delivered).

## 5 TRAINING

In general, the aforementioned criteria for the sale of services are applied, i.e., revenue is recognized when the service is rendered.

## INTEREST INCOME

Interest income is recognized when interest accrues (using the effective interest method. i.e., the rate that exactly discounts esti-

mated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

## DIVIDENDS

Dividends are recognized when the right to receive the payment is established.

## SEGMENT REPORTING

The resource allocation and the measurement of profitability of the business segments are performed by the executive board as the main decision-maker. The allocation of segments and regions as well as the selection of key figures is in agreement with the internal controlling and reporting system ("management approach"). The same accounting provisions are applicable as described for the Group in the notes to the financial statements.

The operating business segments are organized and managed separately according to the nature of the products and services provided.

Each segment represents a strategic business unit whose product range and markets differ from those of the other segments.

For the purpose of managing the company, management has split the Group into business segments and has four reportable segments worldwide: Design, Build, Manage and Media & Entertainment. The business segments Design, Build, Manage and Media & Entertainment form the basis for the segment reporting.

Transfer prices between operating segments are fixed on an arm's length basis in a manner similar to transactions with third parties.

# PRECAST SOFTWARE engineering

## Solutions:

PLANBAR

TIM

The PLANBAR and TIM software systems make it possible to carry out all tasks involved in BIM precast parts design.

PLANBAR is the comprehensive solution for high-quality industrialized precast parts design – from precast parts of all kinds and various production types to series production and complex architectural elements as well as special parts.

TIM is a centralized hub that makes information and design functions available to all company divisions on the basis of 3D models. Serving as an integration platform, it combines CAD, ERP, production systems and mobile end devices.

# BUILDING THE FUTURE TOGETHER

STRONG BRANDS. GREAT PROJECTS.







## PRECAST | SOFTWARE engineering

Precast Software Engineering is a leading software company in the precast concrete parts industry.

**Segment:** Design, Build

**Company size:** 42 employees

**Locations:** Salzburg, Shanghai, Singapore

**Website:** [www.precast-software.com](http://www.precast-software.com)

Reference Project No. 9:

## Allianz Stadium Austria

**Precast elements:** Oberndorfer

The new construction of the SK Rapid Stadium on the site of the former Gerhard Hanappi Stadium in Vienna was completed using around 11,000 precast concrete parts.

## SUBSEQUENT EVENTS

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date (reportable events) have been taken into account in the financial state-

ments as required. Non-adjusting events after the balance sheet date are stated in the notes to the consolidated financial statements if they are material.

## ACCOUNTING STANDARDS APPLIED FOR THE FIRST TIME IN THE FINANCIAL YEAR 2016

Compared to the consolidated financial statements for the year ending December 31, 2015, the following standards and interpretations have changed or were applied for the first time as a result of

being adopted by EU law or because they had become mandatory for the first time:

### AMENDMENT TO IAS 19: CONTRIBUTIONS FROM EMPLOYEES

The amendment to IAS 19 was published in November 2013 and is to be applied for the first time in the financial year beginning on or after February 1, 2015. The amendment governs the recording of contributions from employees or third parties to the pension plan as

a reduction of the service cost to the extent that this reflects the service provided in the reporting period. The amendment is to be applied retrospectively. No effects on the consolidated financial statements arose as a result of the first-time application.

### IMPROVEMENTS TO IFRS 2010 – 2012

The improvements to IFRS 2010 – 2012 relate to a common standard which was published in December 2013, the content of which consisted of amendments to various IFRS, which are applicable to financial years commencing on or after February 1, 2015: The Group accounted for the following amendments to the extent applicable in the financial year:

- IFRS 2: Clarification of the definition of exercise conditions with special definition of provisions of services;
- IFRS 3: Clarification of classification and measurement of a conditional consideration as part of business combinations. The classification of the obligation to pay a conditional consideration as a debt or as equity depends entirely on the conditions in IAS 32.11. The measurement of a conditional consideration shall be at fair value with the changes being charged to profit or loss;
- IFRS 8: Disclosures on the aggregation of business segments and reconciliation from the totals of the segment assets and liabilities to totals of the company's assets and liabilities;

- IFRS 13: Explanation to the amendment to IFRS 9 with regard to the evaluation of short-term receivables and payables as a result of the publication of IFRS 13;
- IAS 16: Changes in the treatment of cumulative depreciation on applying the revaluation method;
- IAS 24: Clarification that entities which provide significant planning, management and supervisory services to an entity (external management in key positions) are deemed related parties to the receiving entity as defined in IAS 24, and adoption of a simplification rule for disclosures of the remuneration paid by the external company to its employees for these management duties;
- IAS 38: Changes in the treatment of cumulative depreciation on applying the revaluation method.

No material effects on the consolidated financial statements arose as a result of the first-time application.

### AMENDMENT TO IFRS 11: JOINT ARRANGEMENTS – ACCOUNTING FOR THE PURCHASE OF SHARES

The amended IFRS 11 requires that the purchaser of a share in a joint operation in which the activity constitutes a business operation has to apply the appropriate principles for accounting for business combinations in accordance with IFRS 3. The amendments also clarify that a share in a joint operation held until now is not remeasured if a further share is acquired in the same joint operation maintaining the joint control. These amendments shall not be applied if the parties (including the reporting entity) which share joint control

are jointly controlled by the same ultimate controlling company. The amendments relate to both the first-time purchase of shares in a joint operation as well as to the acquisition of further shares in the same joint operation. These regulations are applicable prospectively for financial years beginning on or after January 1, 2016. No effects on the consolidated financial statements arose as a result of the first-time application.

#### AMENDMENT TO IAS 16 AND IAS 38: CLARIFICATION OF PERMITTED DEPRECIATION METHODS

The amendments clarify the principle included in IAS 16 and IAS 38 that the revenues reflect the operation of the business (to which an asset belongs) and not the consumption of the future economic benefits of an asset. Consequently, a revenue-based method cannot be used for the depreciation of fixed assets, but rather – and

only in very limited cases – for the depreciation of intangible assets. These amendments are applicable prospectively for financial years beginning on or after January 1, 2016. No effects on the consolidated financial statements arose as a result of the first-time application.

#### AMENDMENT TO IFRS 10 AND IAS 28: THE SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments relate to the inconsistencies between the requirements of IFRS 10 and IAS 28 in connection with the loss of control over a subsidiary which is sold or brought into an associate or joint venture. The amendments clarify that the gain or loss from the sale or contribution of assets in such cases shall be fully recognized to the extent that the assets represent a business operation as defined in IFRS 3. All gains and losses from the sale or contribution of assets

which do not represent a business operation shall only be recognized to the extent of the share of the non-affiliated other investors in the associated entity or joint venture. These amendments are applicable prospectively for financial years beginning on or after January 1, 2016. No material effects on the consolidated financial statements arose as a result of the first-time application.

#### AMENDMENTS TO IAS 12: RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALIZED LOSSES

These amendments are intended to produce clarity on accounting for deferred tax assets from unrealized losses which arise from the fair value measurement of assets whose treatment has not hitherto been uniform in practice. The amendments shall apply to financial

years beginning on or after January 1, 2016. No material effects on the consolidated financial statements arose as a result of the first-time application.

#### AMENDMENT TO IAS 27: EQUITY METHOD IN SINGLE ENTITY FINANCIAL STATEMENTS

The amendment permits entities to apply the equity method to investments in subsidiaries, joint ventures and associates in single entity financial statements. Entities that already apply IFRS accounting and decide to convert to the equity method in their single entity financial statements must apply this amendment retrospectively. Initial users of IFRS who decide to apply the equity method in their

single entity financial statements must apply this method from the time of conversion to IFRS. The interpretation shall apply to financial years beginning on or after January 1, 2016. No material effects on the consolidated financial statements arose as a result of the first-time application.

#### AMENDMENT TO IFRS 10, IFRS 12 AND IAS 28 FOR INVESTMENT COMPANIES: APPLICATION OF THE EXEMPTION FROM THE DUTY TO PREPARE CONSOLIDATED FINANCIAL STATEMENTS

The amendments should clarify questions which have arisen in the application of the exemption rule for investment companies under IFRS 10. The amendments of IFRS 10 state specifically that the exemption from preparing consolidated financial statements applies to parent companies which are the subsidiary of an investment company to the extent that this investment company measures all of its subsidiaries at fair value. Furthermore, the amendments in IFRS 10 clarify that only subsidiaries of investment companies, which are themselves not investment companies and provide services for the purpose of supporting the investment company, are

consolidated. All other subsidiaries of an investment company shall be measured at fair value. The amendments to IAS 28 specify that an investor may maintain the measurement at fair value of its shares in the subsidiary, which is applied by its associates or joint ventures classified as investment companies, if it uses the equity method. These amendments are applicable retrospectively for financial years beginning on or after January 1, 2016. No effects on the consolidated financial statements arose as a result of the first-time application.

#### AMENDMENT TO IAS 1: PUBLICATION INITIATIVE

The amendments to IAS 1 Presentation of financial statements represent clarification rather than a material amendment to the existing requirements of IAS 1. The amendments specify the following:

- The materiality requirements in IAS 1.
- Certain items in the statement of comprehensive income, statement of other comprehensive income and statement of financial position can be itemized.
- Entities can choose freely in which order they show disclosures in the notes to the financial statements.

The share of other comprehensive income of associated entities and joint ventures accounted for under the equity method shall be disclosed as one item, subdivided by whether this item can be reclassified or not in the statement of comprehensive income in subsequent periods. Furthermore, the amendments clarify which requirements apply to the presentation of additional subtotals in the statement of financial position, statement of comprehensive income and statement of other comprehensive income. These amendments are applicable for financial years beginning on or after January 1, 2016. No material effects on the consolidated financial statements arose as a result of the first-time application.

## IMPROVEMENTS TO IFRS (2012–2014)

The improvements from this project are applicable for the first time for financial years beginning on or after January 1, 2016. The improvements include in detail:

### I IFRS 5 Non-current assets held for sale and discontinued operations

The disposal of assets (or disposal groups) is generally by way of sale or distribution to owners. The amendment clarifies that the change from one of these disposal methods to another is not to be seen as a new disposal plan but as the continuation of the original plan. There is no interruption in the application of the requirements of IFRS 5. This amendment shall be applied prospectively.

### I IFRS 7 Financial instruments: Disclosures

#### (i) Servicing contracts

The amendment clarifies that a servicing contract, which includes a fee, can represent a continuing involvement in a

financial asset. Using the principles of IFRS 7 on continuing involvement, an entity shall assess the type of fee and agreement in order to evaluate whether the disclosures are required. The assessment of which servicing contracts represent a continuing involvement has to be made retrospectively. The required disclosures do not, however, have to be made for reporting periods which commence before the financial year in which the entity applies the amendment for the first time.

#### (ii) Application of amendments to IFRS 7 for condensed interim financial statements

The amendment clarifies that the disclosure requirements for offsetting are not applicable to condensed interim financial statements unless such disclosures represent material current developments compared to the information published in the last annual report. This amendment shall be applied retroactively. No material effects on the consolidated financial statements arose as a result of the first-time application.

## FUTURE CHANGES IN ACCOUNTING POLICIES

### PROSPECTS FOR FUTURE IFRS AMENDMENTS

The following IFRSs were issued at the balance sheet date by the IASB but are not mandatorily applicable until later reporting periods or have not yet been adopted into EU law. The Nemetschek Group

has decided not to exercise the possible option of early application of standards and interpretations which are not mandatorily applicable until later reporting periods.

### CLARIFICATIONS CONCERNING IFRS 15: REVENUE FROM

In the middle of April, 2016, the International Accounting Standards Board (IASB) published the final clarifications on its new standard for revenue realization, IFRS 15 Revenue from contracts with customers. The amendments clarify implementation issues expressed by the *Joint Transition Resource Group for Revenue Recognition (TRG)*.

### CONTRACTS WITH CUSTOMERS

These issues concern the identification of performance obligations, application guidelines for principal-agent relationships and licenses for intellectual property (IP) as well as transition provisions. In addition, the amendments are to ensure a more consistent procedure for the implementation of IFRS 15 and reduce the cost and complexity associated with this application. The amendments go into effect January 1, 2018. Entities must apply these amendments retrospectively.

### IFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

The new IFRS 15 standard replaces the rules that previously defined revenue. Under IFRS 15, entities must use a five-step method to determine at what time (or in which period) and to what amount they should record revenue. The model sets out that revenue is accounted for at the time (or over the period) of the transfer of control of the goods or services from the entity to its customers in an amount that reflects the consideration to which the entity expects to be entitled. Dependent on the fulfillment of certain criteria, revenue is recorded as follows:

I over a period such that the provision of services by the entity is reflected

or

I at the time at which the control over the goods or services is transferred to the customer.

Entities accounting in accordance with IFRS must use the new standard for the first time on or after January 1, 2018. Earlier application is permitted. The Nemetschek Group did not exercise this option.

In the financial year 2016, the Group undertook a detailed evaluation of the contracts with customers. As part of the analysis, the following areas of revenue recognition in particular were observed:

#### (a) Sale of software licenses

Contracts with customers under which the sale of software licenses represents the only performance obligation are not expected to be affected by any change in sales recognition. The Group expects revenue to be recognized at the point in time at which control over the asset is transferred to the customer. As in the past, this is generally the case for the delivery of software licenses.

**(b) Performance obligations as part of software service contracts**

The performance obligations as in the case of software service contracts can be subdivided into two material obligations. One performance obligation covers software support, which is made available to the customer for the entire term of the contract. Furthermore, the software versions of the software are made available to customers with software maintenance contracts. However, it is at the discretion of the Group at which intervals new versions of the software are provided and which functionalities are retained, modified, reduced or expanded. This entitlement to a software version, which is not specified further, is recognized for the term of the software service contract as per IFRS 15. Thus, on the basis of the current software service contracts, this results in no adaptations with regard to revenue recognition.

**IFRS 16: LEASING**

The IASB published the new standard on accounting for leases in January 2016. This requires that the lessee recognizes the right of use of the leasing asset and a corresponding leasing liability for most leasing arrangements. There are, on the other hand, slight changes for lessors compared to the classification of and accounting for leases under IAS 17. IFRS 16 requires extended note disclosures from both the lessee and the lessor. IFRS 16 shall initially apply to financial years which begin on or after January 1, 2019. Earlier application is permitted under the condition that IFRS 15 is already being applied or will be applied at the same time as IFRS 16 and together with IFRS 16. The Group intends to apply the new standard as of the date it becomes effective. Based on an initial analysis, the following effects listed below were determined. However, the analysis is not yet concluded and is updated on an ongoing basis by the Group in light of the development of interpreting IFRS 16.

To date, the Group mainly has operating leasing arrangements for real estate as well as for movable assets (office equipment and motor vehicles). Up to now, payment obligations for operating lease arrangements needed to be disclosed only in the notes. In future,

**IFRS 9: FINANCIAL INSTRUMENTS**

In July 2014, IASB issued the final version of IFRS 9 Financial instruments, which replaces IAS 39 as well as all previous versions of IFRS 9. IFRS 9 unites the three project phases of accounting for financial instruments: "Classification and measurement", "Impairment" and "Hedge accounting". IFRS 9 initially applies to financial years which begin on or after January 1, 2018. Earlier application is

**(c) Representation and disclosure requirements**

The representation and disclosure requirements of IFRS 15 go well beyond the provisions of the current standards. The new representation requirements are a material change vis-à-vis the current practice and will require considerably more information in the consolidated financial statements in future.

IFRS 15 requires quantitative and qualitative disclosures on the subdivision of revenue, on performance obligations and contract balances as well as significant discretionary decisions and capitalized contract costs; many of these disclosure provisions are completely new.

Currently the Group will develop suitable systems and guidelines for recording and reporting the required information.

however, the rights and obligations resulting from these leasing arrangements must be recognized in the statement of financial position as an asset (right to the use of the leasing asset) and as a debt (leasing liability). The Group expects this to result in an increase in the balance sheet total at the time of first use.

In view of the scope of the leasing arrangements to be recorded in the financial statements in future periods by the lessee, we draw attention further to the disclosures regarding financial obligations. To date, the expense arising from operating lease arrangements has been disclosed in the statement of comprehensive income under other operating expenses. In the future, depreciation of the right of use and interest expenses for leasing liabilities will be disclosed instead.

In the cash flow statement, payments for operating lease arrangements to date have been disclosed in cash flow from operating activities. In future, payments for operating leasing arrangements will be split into interest payments and principal payments. While interest payments will continue to be disclosed in cash flow from operating activities, principal payments will be allocated to cash flow from financing activities.

permitted. With the exception of hedge accounting, the standard is to be applied retrospectively, but disclosure of comparative information is not required. The rules for hedge accounting are to be applied prospectively except for a few exceptions. As things stand, Nemetschek Group does not expect any material effects on its consolidated financial statements.

#### AMENDMENT TO IAS 12: RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALIZED LOSSES

The amendment clarifies how a company must consider whether tax laws restrict the sources for income which is taxable in future, against which deductions from the divestment of the corresponding deductible temporary differences can be utilized. Furthermore, the amendment contains guidelines as to how a company is to determine future taxable income, and explains the circumstances in

which future taxable income can contain amounts from the recognition of assets which exceed their carrying amount. This amendment is to be applied to financial years that begin on or after January 1, 2017. The Nemetschek Group does not expect any material effects.

#### AMENDMENT TO IAS 7: PUBLICATION INITIATIVE

The amendment to IAS 7 Cash flow statements is part of the publication initiative of the IASB and obliges companies to make disclosures which enable users of financial statements to recognize cash and non-cash changes to debts resulting from financing activities. The first time the amendment is used, companies do not need to

disclose comparative information for previous reporting periods. This amendment is to be applied to financial years that begin on or after January 1, 2017. The Nemetschek Group does not expect any material effects.

#### AMENDMENT TO IFRS 2: CLASSIFICATION AND MEASUREMENT OF SHARE-BASED PAYMENT SYSTEMS

The IASB issued an amendment to IFRS 2 Share-based payment which addresses three main areas: The effects of exercise conditions on the measurement of share-based payment transactions with cash settlement; the classification of share-based payment transactions with net fulfillment provisions with a legal obligation to retain withholding tax; and the accounting of share-based payment transactions with cash settlement in the case of a modification of its

conditions, which results in classification as a share-based payment transaction with equity settlement. The amendment is to be applied to financial years that begin on or after January 1, 2018. Advance application is permitted. This amendment will have no effects on the consolidated financial statements of the Nemetschek Group.

#### AMENDMENT TO IFRS 4: USE OF IFRS 9 FINANCIAL INSTRUMENTS TOGETHER WITH IFRS 4 INSURANCE CONTRACTS

In September 2016, the IASB issued an amendment to IFRS 4: Use of IFRS 9 Financial instruments together with IFRS 4 Insurance contracts. The amendments are to address current concerns with regard to the different points in time that IFRS 9 Financial instru-

ments and the new standard for accounting insurance contracts come into effect. With the application of IFRS 9 Financial instruments these amendment provisions are also relevant.

### **SIGNIFICANT DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

In the process of preparing the consolidated financial statements, management has made discretionary decisions, estimates and assumptions that have an effect on the income, expenses, assets and liabilities recognized as at the closing date as well as on the disclosure of contingent liabilities. The uncertainty relating to these assumptions and estimates could lead to results that may require

material adjustment to the carrying amounts of the assets and liabilities concerned in the future. The most important assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are analyzed below:

### IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each balance sheet date whether there are any indications that a non-financial asset may be impaired. Goodwill and other intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment at least once a year or whenever there is evidence that they might be impaired. The determination of the recoverable amount of an asset or cash-generating unit, in connection with which the asset generates independent cash inflows, is associated with estimates by company management. These estimates are influenced by certain factors such as expected economic development or successful integration of acquired companies. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Nemetschek generally determines these amounts using discounted cash flow measurements. The discounted cash flows are based on a three-year forecast. The forecasts account for experiences of the past and current operative results and are based on market assump-

tions as well as management's best estimate of future developments. Cash flows outside the forecast period are extrapolated, with the application of individual growth rates. Important assumptions upon which the recoverable amount is based include growth rates and weighted average capital cost rates. The estimates and the method on which this is based can have a substantial influence on the relevant values and, ultimately, on the amount of a potential impairment loss on the asset to be tested. The estimates of growth rates account for inflation and market growth expectations. Other non-financial assets are tested for impairment when there is evidence that their carrying amount might exceed their recoverable amount. Estimating a value in use requires management to make an estimate of the expected future cash flow of the asset or cash-generating unit and also choose a suitable discount rate in order to calculate the present value of those cash flows.

### DETERMINATION OF FAIR VALUES AS PART OF THE PURCHASE PRICE ALLOCATION

As part of the purchase price allocation, the purchased assets and liabilities adopted are firstly identified. The fair value of the material intangible assets is determined using the relief from royalty method and the residual value method. The relief from royalty method accounts for the discounted payments of usage fees which are expected to be saved since the patents or brand names are owned by the company itself. The residual value method accounts for the

expected net cash flows generated by customer relationships, with the exception of all cash flows which are connected to supporting assets. If, within one year from the time of acquisition, new information on facts and circumstances becomes known, which existed at the time of acquisition and would have led to adjustments to the fair values recognized as part of the purchase price allocation, the accounting value of the business acquisition is adjusted.

### DEFERRED TAX ASSETS

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available in the future so that the loss carryforwards can actually be utilized. A significant degree of judgement must be exercised by management to

determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### TRADE RECEIVABLES

The provision for doubtful trade receivables uses estimates and judgements of individual receivables that are based on the credit-

worthiness of the relevant customer, current economic development and analysis of the aging structure of receivables.

### PENSIONS

The cost of defined benefit plans is determined using actuarial valuations. The actuarial calculation is based on assumptions concerning discount rates, expected future increases in salaries and

pensions and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions are reviewed at each balance sheet date.

### DEVELOPMENT COSTS

Development costs are capitalized in accordance with the accounting policies in these notes. In the financial year 2016 none of the

development projects fulfilled the capitalization criteria of IAS 38 and consequently nothing was capitalized.

## CURRENCY TRANSLATION

The Group's consolidated financial statements are prepared in EUR, which is the Group's presentation currency. Each entity in the Group determines its own functional currency. That is the currency of the primarily economic environment in which the company operates. Items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange spot rate as at the balance sheet date. Foreign exchange differences are recorded to profit or loss.

Non-monetary items that are measured at historical acquisition or production cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates applicable at the date when the fair value is determined.

Currency translation differences on foreign currency borrowings represent the exception to this where these are accounted for as hedges to a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in profit or loss. Deferred taxes attributable to exchange differences on those foreign currency borrowings are also taken directly to equity. The assets and liabilities of the foreign company are translated into EUR at the closing date (including any hidden reserves realized as part of a purchase price allocation, as well as goodwill). Income and expenses are translated at the average exchange rate. Any resulting exchange differences are recognized separately in equity.

Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period are recognized as other operating income or other operating expenses in the period in which they arose.

The following exchange rates are used for translation of currencies in countries outside the European Currency Union:

## EXCHANGE RATES

Currency	Average exchange rate in 2016	Exchange rate as of December 31, 2016	Average exchange rate in 2015	Exchange rate as of December 31, 2015
EUR / USD	1.11	1.05	1.11	1.09
EUR / CHF	1.09	1.07	1.07	1.08
EUR / CZK	27.03	27.02	27.28	27.02
EUR / RUB	74.14	64.30	68.07	80.67
EUR / JPY	120.20	123.40	134.31	131.07
EUR / HUF	311.44	309.83	310.00	315.98
EUR / GBP	0.82	0.86	0.73	0.73
EUR / BRL	3.86	3.43	3.70	4.31
EUR / MXN	20.67	21.77	17.62	18.91
EUR / NOK	9.29	9.09	8.95	9.60
EUR / SGD	1.53	1.52	1.53	1.54
EUR / CNY	7.35	7.32	6.97	7.06
EUR / CAD	1.47	1.42	1.42	1.51
EUR / SEK	9.47	9.55	9.35	9.19



## COMPANY PURCHASES IN FINANCIAL YEAR 2016

The group of companies consolidated is the same as at December 31, 2015, except for the following changes:

### COMPANY ACQUISITIONS

#### DESIGN DATA CORPORATION, LINCOLN, USA

Under the purchase agreement of July 27, 2016, Nemetschek SE purchased 100% of the shares in Design Data Corporation, Lincoln, USA. The transfer of benefits and encumbrances was completed as of the end of August 1, 2016. For this acquisition of shares, there were payments amounting to EUR 42,436k (USD 47,375k) in the 2016 financial year. In addition to this fixed purchase price component, a further variable purchase price payment was agreed. The variable purchase price payment is determined based on the revenues invoiced and on EBITDA in the financial year 2018. In accordance with the preliminary budgets for the financial year 2018, the company is expecting subsequent purchase price payments of EUR 1,903k (discounted: EUR 1,835k). The assessment is based on the expected value of the target "sales invoiced" in 2018 of USD 16,180k. Depending on the target, there will be an additional purchase price of EUR 2,239k (USD 2,500k). If the target amount of "sales invoiced" is not reached, subsequent purchase price payments will not be paid. Design Data is allocated to the Build segment due to the strong customer link to construction companies.

As part of the preliminary purchase price allocation, mainly intangible assets of EUR 15,962k were recorded for technology, customer relationships and brand names. The allocation to individual intangible assets is shown under Note 12. Goodwill of EUR 29,110k includes intangible assets that are not separable such as technical knowledge of the employees and expected synergy effects. For tax purposes, it was possible to recognize goodwill in the amount of EUR 25,083k. Tax-relevant goodwill is amortized over 15 years.

Design Data is a leading provider of software solutions for steel detailing that uses the digital work method Building Information Modeling (BIM) in the building process. The BIM platform from Design Data is an innovative complete solution that covers the entire workflow in steel construction, from structural engineering calculations and detailing all the way to production and execution of the building work. Design Data's premium solution – SDS/2 Detailing – offers the highest level of automation and intelligence in 3D detailing for steel constructions.

Customers include engineering offices, steel construction companies, building companies and detailers. With around 6,000 users, Design Data holds a market share of about 45% in North America. As an advocate of open standards, Design Data is a fit for the philosophy of the Nemetschek Group, which promotes and advances the linking of various software solutions throughout the design and building process ("Open BIM"). At the same time, the Nemetschek Group's image in the US as an Open BIM provider will be greatly reinforced. If the company had belonged to the Nemetschek Group for the entire financial year 2016, the company would have had a revenue in the amount of EUR 11.8 million and an EBITDA\* of EUR 2.0 million to consolidated earnings respectively. Since the Group's membership on August 1, 2016, revenues were generated of EUR 4.9 million and an EBITA of EUR 0.7 million.

#### DESIGN DATA

Thousands of €	2016
<b>Goodwill</b>	<b>29,110</b>
Other intangible assets	15,962
Property, plant and equipment	120
Other non-current assets	46
Trade accounts receivable	3,065
Other current assets	113
Cash and cash equivalents	2,016
<b>Total assets acquired</b>	<b>50,433</b>
Deferred tax liabilities	169
Other current provisions	1,909
Trade accounts payable	116
Other current liabilities	3,967
<b>Total liabilities assumed</b>	<b>6,161</b>
<b>Net assets acquired</b>	<b>44,271</b>
<b>Purchase price</b>	<b>44,271</b>

\* EBITDA = EBIT + Depreciation/Amortization

## COMPANY PURCHASES AND DISPOSALS IN THE FINANCIAL YEAR 2015

### COMPANY ACQUISITIONS

#### SOLIBRI OY, HELSINKI, FINLAND

Under the purchase agreement of December 18, 2015, Nemetschek SE purchased 100% of the shares of Solibri Oy, Helsinki, Finland. The transfer of benefits and encumbrances was completed as of the end of December 30, 2015. In the 2015 financial year, Solibri achieved revenues in the amount of EUR 4.7 million and an EBITA of EUR 1.1 million. As a result of the time of acquisition on December 30, 2015, no profit or loss was adopted in the consolidated financial statements for the financial year 2015.

Solibri is a globally leading and internationally positioned producer of software solutions for the quality assurance and quality control of Building Information Modeling (BIM), the digital work method for designing, constructing and operating buildings. The “Solibri Model Checker” checks that BIM models in particular are compliant in terms of integrity, quality and country-specific standards throughout the entire design and building process. The review of entire projects in accordance with logical analysis rules that detect errors is globally unique. Solibri – like all the brands of the Nemetschek Group – is a proponent of open standards (Open BIM) so that building-relevant information can be transferred via open interfaces across all stages in the building process. For this acquisition of shares, there were payments amounting to EUR 32,000k as at December 30, 2015. In addition to this fixed purchase price component, a further variable purchase price payment was agreed. The variable purchase price payment is determined based on the invoiced revenues and on EBITDA in the financial year 2017.

According to the current plans for the fiscal year 2017, the company expects an additional purchase price of EUR 7,697k (discounted: EUR 7,604k) (formerly: EUR 13,000k, discounted: EUR 12,838k). This assessment is based on the expected value of the target “invoiced revenues” in 2017 which are in the range of EUR 8,000k to EUR 9,500k. This expected value is based on a probability estimate for the different scenarios of the target “invoiced revenues”. According to this assessment the additional purchase price will be between EUR 0k and EUR 8,125k. As part of the final purchase price allocation, the original estimate of invoiced revenues for the 2017 financial year of EUR 15,200k was reduced to EUR 9,000k. The reason for this was essentially that the non-resilient growth measures available at the date of the acquisition planning stage, especially in the detailed planning period. Furthermore, for the final purchase price allocation, intangible assets in the amount of EUR 18,686k were recorded for technology (EUR 12,300k), customer relationships (EUR 5,113k) and brand names (EUR 1,128k) as well as deferred tax liabilities in the amount of EUR 3,820k. Goodwill of EUR 24,484k includes intangible assets that are not separable such as technical knowledge of the employees and expected synergy effects.

Adjustments to the preliminary purchase price allocation (PPA) are shown in the following table. In these consolidated financial statements, the comparative figures were adjusted accordingly as of December 30, 2015.

#### SOLIBRI GROUP

Thousands of €	Preliminary PPA as of December 30, 2015	Adjustments	Final PPA as of December 30, 2015
<b>Goodwill</b>	<b>15,662</b>	<b>8,822</b>	<b>24,484</b>
Other intangible assets	36,266	-17,571	18,695
Property, plant and equipment	121	0	121
Deferred tax assets	201	0	201
Other non-current assets	21	0	21
Trade accounts receivable	797	0	797
Other current assets	180	0	180
Cash and cash equivalents	909	0	909
<b>Total assets acquired</b>	<b>54,157</b>	<b>-8,749</b>	<b>45,408</b>
Deferred tax liabilities	7,337	-3,517	3,820
Other current provisions	402	0	402
Trade accounts payable	340	0	340
Other current liabilities	781	0	781
Other non-current financial liabilities	0	0	0
Other non-current liabilities	459	0	459
<b>Total liabilities assumed</b>	<b>9,319</b>	<b>-3,517</b>	<b>5,802</b>
<b>Net assets acquired</b>	<b>44,838</b>	<b>-5,232</b>	<b>39,606</b>
<b>Purchase price</b>	<b>44,838</b>	<b>-5,232</b>	<b>39,606</b>

**BITE DESIGN LTD., LONDON, UK**

The Graphisoft subsidiary in the UK purchased 100% of the shares in Bite Design Ltd., London, UK as at July 1, 2015. The purchase price amounted to EUR 1,196k. This includes variable purchase price payments of EUR 443k. This amount is in connection with the support of software service customers and the processing of support cases received. Bite Design Ltd. is a service provider for Graphisoft customers in the areas of "Hotline" and "Professional Services". The acquisition was made mainly in order to maintain the service function for Graphisoft customers in future. The sellers decided to sell their business operations in the medium term due to their age. As a result of the close business relationship between Bite Design Ltd. and Graphisoft UK that was already established at the

time of acquisition, no silent reserves could be identified as part of the purchase price allocation. Directly after the purchase, the operating business activities were integrated into Graphisoft UK. The corporate legal shell of Bite Design Ltd. will be merged with Graphisoft UK if the legal requirements are met. Goodwill of EUR 908k arose from the consolidation. This goodwill includes intangible assets that are not separable such as technical knowledge of the employees and expected synergy effects.

If the company had been included in the consolidated financial statements since January 1, 2015, the effect on Group revenues as at December 31, 2015, would have been EUR 379k, and on EBITDA EUR 52k.

**BITE DESIGN LTD.**

Thousands of €	2015
<b>Goodwill</b>	<b>908</b>
Property, plant and equipment	3
Trade accounts receivable	47
Cash and cash equivalents	333
<b>Total assets acquired</b>	<b>1,291</b>
Other current provisions	43
Trade accounts payable	8
Other current liabilities	43
<b>Total liabilities assumed</b>	<b>94</b>
<b>Net assets acquired</b>	<b>1,196</b>
<b>Purchase price</b>	<b>1,196</b>

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# MAXON

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## Solutions:

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Cinema 4D

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BodyPaint 3D

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When it comes to architectural visualization in particular, Cinema 4D is the perfect choice for anyone on the lookout for an extremely powerful product that is also easy to learn.

For beginners and pros alike, Cinema 4D offers just the right amount of detail for any level of expertise and application area, making it possible to deliver impressive visualizations within a short timespan. Cinema 4D's reliability makes it the perfect partner for demanding day-to-day production work. That's why Allplan, ARCHICAD and Vectorworks depend on the high-performance rendering technology of Cinema 4D for image rendering and visualization.

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THE FUTURE  
TOGETHER**

STRONG BRANDS. GREAT PROJECTS.





# MAXON

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MAXON Computer is a worldwide leading developer of professional solutions for 3D modeling, painting, animation and rendering.

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**Segment:** Media & Entertainment

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**Company size:** 118 employees

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**Locations:** Friedrichsdorf, Bedford,  
Montreal, Newbury Park,  
Paris, Singapore, Tokyo

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**Website:** [www.maxon.net](http://www.maxon.net)

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Reference Project No. 10:

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## Waldkante Germany

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**Visualization:** Sven Johanson

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“Waldkante” is a free project based on a similar building. The aim was to integrate harmoniously into the surrounding landscape and realistically depict the vegetation and wood as the natural building material.

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## BLUEBEAM AB, STOCKHOLM, SWEDEN

Under the purchase agreement dated July 10, 2015, Bluebeam Software, Inc., USA, purchased its distributor in Sweden. The sales price for 100% of the shares amounted to EUR 534k. The integration of the distributor boosted growth of the Bluebeam Group further in Europe. Goodwill of EUR 216k arose as part of the purchase price allocation. No other silent reserves were identified. The goodwill includes intangible assets that are not separable such as technical knowledge of the employees and expected synergy effects.

If the company purchased had been included in the consolidated financial statements from January 1, 2015, the effect on Group revenues as at December 31, 2015, would have been EUR 728k, and on EBIT EUR 33k. Since the acquisition, the company has been able to generate revenues of EUR 161k as well as an EBIT of EUR –148k (after consolidation affects).

### BLUEBEAM AB

	Thousands of €	2015
<b>Goodwill</b>		<b>216</b>
Other non-current assets		15
Trade accounts receivable		98
Other current assets		54
Cash and cash equivalents		433
<b>Total assets acquired</b>		<b>816</b>
Other current provisions		20
Trade accounts payable		158
Other current liabilities		104
<b>Total liabilities assumed</b>		<b>282</b>
<b>Net assets acquired</b>		<b>534</b>
<b>Purchase price</b>		<b>534</b>

Furthermore, two “asset deals” were performed in the financial year 2015 which fulfill the conditions for a business combination according to IFRS 3:

I On January 15, 2015, Graphisoft took over the sales of its Italian distributor and integrated them into Graphisoft SE. Graphisoft SE is thus extending its own distribution channels in Europe. The purchase price amounted to EUR 1,789k. As part of the purchase price allocation, a customer base amounting to EUR 1,667k was recognized. Furthermore, liabilities were incurred largely from a bonus program for customers at an amount of EUR 628k. Goodwill of EUR 750k arose from initial consolidation. Goodwill includes intangible assets that are not separable such as technical knowledge of the employees and expected synergy effects. The business unit purchased was integrated into Graphisoft SE.

I On October 20, 2015, Vectorworks, Inc. purchased the technology “ESP Vision” for EUR 1,718k. First, an initial payment of EUR 1,091k was made. Depending on achievement of the revenue targets agreed for the product, subsequent purchase price payments of EUR 627k could arise over the next two years. With “ESP Vision” it is possible to present light simulations which are much more professional and which can be used, for example, in large stage shows or building projects. The technology will in future be integrated in the software of Vectorworks, Inc. With the acquisition of this technology, Vectorworks is in a position to increase the functional scope of its own software and thus increase the benefit to users. Technology amounting to EUR 655k, a customer base amounting to EUR 209k and goodwill amounting to EUR 854k were determined as part of the purchase price allocation. The goodwill includes intangible assets that are not separable such as expected synergy effects.

### COMPANY SALES

Under the purchase agreement dated December 14, 2015, the 70% shares in Glaser -isb cad- Programmsysteme GmbH were sold for EUR 2,000k. The company was deconsolidated on December 31, 2015. A deconsolidation profit of EUR 498k arose from the disposal of assets and liabilities.

Total liabilities of EUR 772k and non-controlling interests of managing partners of EUR 435k were disposed of on the liabilities side of the balance sheet.

As at December 31, 2015, current assets amounting to EUR 1,967k (of which EUR 834k cash and cash equivalents) and non-current assets of EUR 742k (of which EUR 697k goodwill) were disposed of.

## NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### [1] REVENUES

	Thousands of €	2016	2015
Software and licenses		175,814	150,393
Recurring revenues		146,512	122,444
Services (consulting and training)		14,730	12,210
Hardware		230	222
		<b>337,286</b>	<b>285,269</b>

Revenues for the financial year 2016 include EUR 97k (previous year: EUR 69k) relating to the application of the percentage of completion method. These revenues are matched by expenses amounting to EUR 39k (previous year: EUR 24k). In the financial year 2016, profits from projects based on application of the percentage of completion method amounted to EUR 58k (previous year: EUR 45k). Contract costs include the costs that are directly and indirectly attributable to the contract, as well as costs specifically chargeable to the customer under the terms of the contract. The progress of the project is determined by the costs incurred to date compared to

planned costs. The stage of completion of the project is determined by the current project controlling. Revenue recognition is based on this. A security deposit appropriate for the market is accounted for. As at the closing date, customer contracts with an asset balance amounted to EUR 97k (previous year: EUR 69k) as well as customer contracts with a liability balance of EUR 8k (previous year: EUR 134k).

The breakdown of revenues by segment, as well as regional allocation, can be seen under segment reporting (Note 26).

### [2] OTHER OPERATING INCOME

	Thousands of €	2016	2015
Foreign exchange rate gains		2,092	2,956
Income from compensation claims		1,900	220
Offsetting other services		1,690	594
Development subsidies		729	585
Income from disposal of fixed assets		311	460
Other		235	1,069
		<b>6,957</b>	<b>5,884</b>

The item "Other" consists of various individual items, all of which are less than EUR 100k each.

### [3] COST OF MATERIALS

	Thousands of €	2016	2015
Cost of purchased materials		9,268	8,190
Cost of purchased services		1,678	1,559
		<b>10,946</b>	<b>9,749</b>

Cost of merchandise mainly includes purchased software licenses.

#### [4] PERSONNEL EXPENSES

	Thousands of €	2016	2015
Wages and salaries		125,886	105,930
Social security, other pension costs and welfare		25,302	21,154
		<b>151,188</b>	<b>127,084</b>

The headcount developed as follows:

#### HEADCOUNT

	Number of employees	2016	2015
Sales/marketing/hotline		789	732
Development		781	722
Administration		259	211
<b>Average headcount for the year</b>		<b>1,829</b>	<b>1,664</b>
<b>Headcount as of December 31</b>		<b>1,925</b>	<b>1,754</b>

#### [5] AMORTIZATION AND DEPRECIATION

	Thousands of €	2016	2015
Amortization of intangible assets excluding intangible assets, which were disclosed as part of purchase price allocation		2,433	2,650
Depreciation of property, plant and equipment		4,825	4,000
<b>Depreciation/amortization of tangible, intangible and long-term available-for-sale assets</b>		<b>7,258</b>	<b>6,650</b>
Amortization due to purchase price allocated intangible assets		11,056	10,131
<b>Total amortization and depreciation</b>		<b>18,314</b>	<b>16,781</b>

#### [6] OTHER OPERATING EXPENSES

	Thousands of €	2016	2015
Marketing expenses		18,460	16,585
Commissions		13,250	12,409
Expenses for third-party services		12,998	11,508
Rents		11,052	9,921
Legal and consulting expenses		8,724	8,326
Travel expenses and hospitality		7,811	6,562
EDP equipment		4,477	4,251
Vehicle expenses		2,789	2,752
Retraining expenses and recruiting expenses		2,486	1,745
Currency translation expenses		2,377	2,287
Communication expenses		2,086	1,592
Other		7,619	6,934
		<b>94,129</b>	<b>84,872</b>

The item "Other" consists of various individual items, all of which are less than EUR 1,000k each.



[7] The income/expenses from associates amounting to EUR 380k (previous year: EUR 970k) include income from DocuWare GmbH amounting to EUR 677k, for Sablono GmbH losses/value adjust-

ments on loans in the amount of EUR 297k (previous year: EUR 155k).

#### [8] INTEREST INCOME/EXPENSES

	Thousands of €	2016	2015
Other interest and similar income		183	178
Interest and similar expenses		-1,046	-705
		<b>-863</b>	<b>-527</b>

[9] The other financial expenses/income were EUR -23k in the financial year 2016 (previous year: EUR 1,035k). The previous year includes an adjustment from the subsequent purchase price pay-

ment for the acquisition of shares in NEVARIS BIM Software GmbH (formerly: hartmann technology Gesellschaft mbH).

[10] The major components of the income tax expense are as follows:

#### INCOME TAXES

	Thousands of €	2016	2015
Current tax expenses		-22,114	-18,748
Deferred tax income		1,789	2,347
<b>Total income taxes</b>		<b>-20,325</b>	<b>-16,401</b>

The tax expenses for the financial year 2016 include tax expenses from previous years amounting to EUR 326k (previous year: tax expenses EUR 89k). Furthermore, in the financial year 2016, EUR 30k (previous year: EUR 16k) deferred taxes from the revaluation of pension obligations were recorded in equity without impacting profit or loss. The deferred tax income of EUR 1,789k (previous year:

EUR 2,347k) is in connection with the provision and release of temporary differences.

The income tax rates of the individual entities range from 10.00% to 42.84% (previous year: from 10.00% to 42.84%). The income tax rate of Nemetschek SE is calculated as follows:

#### INCOME TAX RATE

	in %	2016		2015	
Earnings before taxes		100.0		100.0	
Trade tax (weighted)		16.7	16.7	16.7	16.7
		<b>83.3</b>		<b>83.3</b>	
Corporate income tax		15.0	15.0	15.0	15.0
Solidarity surcharge		0.8	0.8	0.8	0.8
		<b>67.5</b>	<b>32.5</b>	<b>67.5</b>	<b>32.5</b>

Deferred taxes are measured on the basis of the nominal tax rate of Nemetschek SE or the tax rate applying to the respective subsidiary.

The tax rate for the financial year 2016 applied by Nemetschek SE is 32.5% (financial year 2015: 32.5%).

Deferred tax assets and deferred tax liabilities are offset for each tax-paying entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the income tax of the same taxable entity and the same taxation authority.

Deferred income taxes at the balance sheet date comprise the following:

**DEFERRED TAXES**

	Thousands of €	Consolidated balance sheet	
		2016	2015
<b>Assets</b>			
Intangible assets		836	8
Property, plant and equipment		371	840
Receivables		550	30
Pensions and related obligations		312	331
Provisions		1,893	904
Liabilities		803	1,688
Tax loss carryforward		1,056	1,903
Foreign tax credit		2,078	2,473**
Other		7	91
Offsetting		-5,672	-6,896
		<b>2,234</b>	<b>1,372</b>
<b>Liabilities</b>			
Intangible assets		21,970	24,135*
Property, plant and equipment		747	596
Receivables		126	99
Provisions		48	25
Liabilities		2,936	2,451
Other		445	388
Offsetting		-5,672	-6,896
		<b>20,600</b>	<b>20,798</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

\*\* For better comparability the previous year figures were reclassified.

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2016) for the financial years ending December 31, 2016 and 2015 is as follows:

**INCOME TAX RECONCILIATION**

Thousands of €	2016	2015
<b>Earnings before taxes</b>	<b>69,167</b>	<b>54,183</b>
Theoretical tax rate 32.5 % (previous year: 32.5 %)	22,452	17,599
Differences to German and foreign tax rates	-1,879	-1,791
<b>Tax effects on:</b>		
At equity consolidation of non-controlling interests	-220	-311
Change in the recoverability of deferred tax assets and tax credits	-545	806
Change of deferred taxes on permanent differences	522	-272
Effect of taxes, previous years	326	-89
Non-deductible expenses	745	1,228
Effect of functional currency	1,151	1,561
Tax-free income	-2,079	-2,785
Tax rate changes and adaptation	14	-135
Other	-162	590
Effective tax expense	20,325	16,401
<b>Effective tax rate</b>	<b>29.4%</b>	<b>30.3%</b>

The deferred tax assets on losses carried forward are determined as follows:

#### DEFERRED TAX ON LOSSES CARRIED FORWARD

Thousands of €	2016	2015
Losses according to entities	58,189	59,028
Deferred tax assets, gross	9,726	9,825
Allowances on tax losses carried forward	-8,670	-7,922
<b>Deferred tax assets on unused tax losses, net</b>	<b>1,056</b>	<b>1,903</b>

The items contain deferred taxes on unused tax losses which are likely to be realized in the future. The deferred tax assets on tax losses carried forward were recognized on the basis of the income and expense budgets of Nemetschek SE subsidiaries for the financial years 2017–2019. The companies' detailed budgeting relates to a one-year period. The deferred tax assets on losses brought forward in the sub-consolidation Graphisoft are now equivalent to, in terms of their amounts, the deferred tax liabilities recognized in

connection with the purchase price allocation as of the closing date December 31, 2016.

The temporary differences in connection with the shares in subsidiaries amounting to EUR 2,794k, for which no deferred tax liabilities were provided, would lead to a tax charge of EUR 725k in future.

There were no tax consequences attached to the payment of dividends in 2016 by Nemetschek SE to its shareholders.

#### [11] EARNINGS PER SHARE

Basic undiluted earnings per share do not take into account any options, and are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period.

At the closing date, as in the previous year, there were no matters requiring a dilution of the earnings per share result.

#### EARNINGS PER SHARE

	2016	2015
Net income attributable to the parent (in thousands of EUR)	46,925	35,896
Weighted average number of ordinary shares outstanding as of December 31	38,500,000	38,500,000
Weighted average number of ordinary shares to be included in the calculation of diluted earnings per share as of December 31	38,500,000	38,500,000
<b>Earnings per share in EUR, undiluted</b>	<b>1.22</b>	<b>0.93</b>
<b>Earnings per share in EUR, diluted</b>	<b>1.22</b>	<b>0.93</b>

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[12] A statement of fixed assets is presented on the last page of these notes to the consolidated financial statements. The carrying value of internally generated software amounts to EUR 2,659k (previous year: EUR 3,754k).

Pursuant to IAS 38, development costs must be capitalized unless they are incurred for basic research or are not related to projects, provided that the prerequisites of IAS 38.57 are fulfilled (see also accounting policies). The Group was involved in non-project related

product development in the financial year 2016. These included direct personnel costs plus directly allocable overheads. The research and development costs of projects that did not satisfy the criteria of IAS 38.57 are recorded as an expense amounting to EUR 80,796k (previous year: EUR 67,901k).

The development of the fair values of intangible assets from the purchase price allocations of major acquisitions were as follows:

### INTANGIBLE ASSETS FROM THE MATERIAL PURCHASE PRICE ALLOCATION OF GROUP

Thousands of €	Fair value at time of acquisition	Useful life in years	Amortization 2016	Net book value as of Dec. 31, 2016	Net book value as of Dec. 31, 2015*
Brand Name	13,764	10 - 15	933	6,930	6,329
Software	66,387	7 - 12	3,240	35,301	30,238
Customer Relationship	67,736	12 - 17	6,473	39,031	37,864
Non-compete agreements	145	2	73	73	145
<b>Intangible assets</b>	<b>148,032</b>		<b>10,718</b>	<b>81,335</b>	<b>74,577</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

## GOODWILL

Goodwill developed as follows:

### GOODWILL DEVELOPMENT

Thousands of €	2016	2015
Amount carried forward as of January 1	143,771	111,285
Additions	29,354	27,483*
Disposals	0	-697
Currency differences	4,053	5,700
<b>Balance as of December 31</b>	<b>177,178</b>	<b>143,771</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

The goodwill acquired from business combinations was allocated to the cash-generating unit for impairment testing. The cash-generating unit represents either the relevant Group company or the relevant Group entity as the case may be.

Carrying amounts of the goodwill were allocated to the respective cash-generating units as follows:

#### GOODWILL ALLOCATION

	Thousands of €	2016	2015
Bluebeam Software, Inc., Pasadena, USA		58,243	56,407
Design Data Corporation, Lincoln, USA		30,825	0
Solibri Oy, Helsinki, Finland		24,195	24,484*
Graphisoft SE European Company Limited by Shares, Budapest, Hungary		22,215	21,938
NEVARIS Group		14,145	14,145
Data Design System AS, Klepp Stasjon, Norway		10,374	9,817
Vectorworks, Inc., Columbia, Maryland, USA		6,365	6,163
MAXON Computer GmbH, Friedrichsdorf		3,007	3,007
SCIA Group NV, Herk-de-Stad, Belgium		2,785	2,785
CREM Solutions GmbH & Co. KG, Ratingen		2,028	2,028
Frilo Software GmbH, Stuttgart		1,293	1,293
Allplan GmbH, Munich		1,703	1,703
<b>Total goodwill</b>		<b>177,178</b>	<b>143,771</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

#### FUNDAMENTAL ASSUMPTIONS FOR SIGNIFICANT CASH-GENERATING UNITS

The fundamental assumptions for the significant cash-generating units are explained below, on the basis of which management prepared its cash flow projections to test the goodwill for impairment. Nemetschek determines the recoverable amount of the relevant

unit to which the goodwill is allocated based on the value in use. The value in use is calculated using a discount rate from the present value of the future cash flows from the use of this unit.

#### PLANNED REVENUE DEVELOPMENT/GROSS PROFIT MARGIN

The determination of the future cash flows and their underlying parameters such as revenue growth and EBITDA margin is performed on the basis of the knowledge gained in the past, the current economic results and the budgets approved over a period of three to four years. The budgeting for the financial year 2017 is prepared applying certain uniform Group assumptions "from the bottom to the top" (bottom-up method). The cash flows for the two further budget years follow similar premises, however they are not at the same level of detail as the first budget year. Estimates for

periods beyond the budgeting horizon are made using the perpetuity method. The growth rates applied here do not account for capacity expanding investments for which cash flows have not yet been made, they are derived from available market studies by market research institutes and do not exceed the long-term average historical growth rates of the relevant cash-generating units. In the financial year 2016 a growth rate of up to 1.9% (previous year: 1.0%) was assumed.

### DISCOUNT RATES

The discount rate required for discounting future cash flows is calculated from the weighted average cost of capital (WACC) of the related cash-generating unit after tax. The relevant pre-tax WACC in accordance with IAS 36 is derived from future cash flows after tax and the after-tax WACC applying typical tax rates for each cash-generating unit. Then, the risk-free interest rate according to the Svensson method with accounting for risk premiums, and the

beta as well as the gearing are derived from a group of comparable entities. The discount rate thus estimated reflects the current market returns as well as the special risks of the respective cash-generating unit. The discount rate underlying the cash flow forecasts ranges between 10.90% and 13.83% before tax (previous year: between 10.22% and 14.20%).

### ASSUMPTIONS PERTAINING TO MARKET SHARE

These assumptions are important to the extent that they help management – as with the definition of assumptions for growth rates – to assess how the position of the cash-generating unit might

change compared to its competitors during the budget period. Management expects the market share held by the Group to increase during the budget period.

### INCREASE IN PERSONNEL EXPENSES

Employee remuneration includes cost developments typical for the sector.

### SENSITIVITY OF ASSUMPTIONS MADE

As a result of the goodwill impairment test, there was no impairment necessary for any cash-generating unit since the recoverable amount was higher than the carrying amount in all cases. With the exception of the Solibri Group, acquired on December 30, 2015, and Design Data Corporation, acquired on August 1, 2016, the recoverable amount is more than 10% higher than the carrying amount. In the case of Solibri, the recoverable amount is 7% higher than the carrying amount of the cash-generating unit. In the case of Design Data, the recoverable amount exceeds the carrying amount by 1%. The slight difference between the recoverable amount and the carrying amount of the two cash-generating units Solibri and

Design Data is mainly attributable to the fact that the acquisitions were made during the past year. The carrying amounts of the goodwill allocable to Bluebeam Software, Inc., Pasadena, USA; Design Data Corporation, Lincoln, USA; Solibri Oy, Helsinki, Finland; Graphisoft SE European Company Limited by Shares, Budapest, Hungary, the NEVARIS Group and Data Design System AS, Klepp Stasjon, Norway, are materially compared to the total carrying amount of goodwill. The total goodwill of the Nemetschek Group amounts to EUR 177,178k as at December 31, 2016 (previous year: EUR 143,771k). In total, 90% of this goodwill is allocable to the cash-generating units represented in the following table:



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## Solution:

SCIA Engineer

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SCIA Engineer, the core solution, is an integrated, multi-material structural analysis and design software for a wide variety of projects: office and residential buildings, industrial plants or infrastructural projects.

The state-of-the-art software enables modeling, analysis, design and reporting – all done in one intuitive and easy-to-use environment.

SCIA Engineer is continuously being further developed – and adapted to suit customer requirements. SCIA Engineer supports Open BIM and is IFC certified for import and export.

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Scia is one of the world's leading software developers for structural engineering that supports the Open BIM process.

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**Segment:** Design

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**Company size:** 83 employees

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**Locations:** Herk-de-Stad, Arnhem, Brno, Columbia, Gurmels, Prague, Roubaix, Žilina

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**Website:** [www.scia.net](http://www.scia.net)

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Reference Project No. 11:

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## **Airport Brussels Belgium**

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**Engineering office:** MOSS

The connector is an open, low-energy building, creatively designed to let in natural light, stay cool and prevent the reflection of radar beams and signals.

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## MATERIAL GOODWILL

2016	Carrying value of the goodwill allocable to the CGU in thousand €	Share in total goodwill %	Discount rate (before taxes) in %	Discount rate (after taxes) in %	Growth rate in %	Description of the basic assumptions for corporate plan	Presentation of approach for determination of values for the basic assumptions
Bluebeam Software, Inc., Pasadena, USA	58,243	33	12.13	8.49	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> <li>• Exchange rate development USD/SEK</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Design Data Corporation, Lincoln, USA	30,825	17	11.05	8.49	1.90	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> <li>• Exchange rate development USD/EUR</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions, forecasts of exchange rate developments as well as sector-related market studies are also included.
Solibri Oy, Helsinki, Finland	24,195	14	10.90	9.18	1.50	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	22,215	13	13.80	12.30	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> <li>• Exchange rate development HUF/USD</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions, forecast of exchange rate developments as well as sector-related market studies are also included.
NEVARIS Group	14,145	8	11.24	8.49	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Data Design System AS, Klepp Stasjon, Norway	10,374	6	11.17	8.49	0.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners, and accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.

**MATERIAL GOODWILL**

2015	Carrying value of the goodwill allocable to the CGU in thousand €	Share in total goodwill %	Discount rate (before taxes) in %	Discount rate (after taxes) in %	Growth rate in %	Description of the basic assumptions for corporate plan	Presentation of approach for determination of values for the basic assumptions
Bluebeam Software, Inc., Pasadena, USA	56,407	39	13.10	8.46	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> <li>• Exchange rate development USD/SEK</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Solibri Oy, Helsinki, Finland	24,484*	17	10.22	8.46	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	21,938	15	13.38	12.18	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> <li>• Exchange rate development HUF/USD</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and accounting for investments in personnel structures. General economic framework conditions, forecast of exchange rate developments as well as sector-related market studies are also included.
NEVARIS Group	14,145	11	11.65	8.46	1.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Data Design System AS, Klepp Stasjon, Norway	9,817	7	11.15	8.46	0.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners, and accounting for investments in personnel structures. General economic framework conditions as well as sector-related market studies are also included.
Vectorworks, Inc., Columbia, Maryland, USA	6,163	4	13.28	8.46	0.00	<ul style="list-style-type: none"> <li>• Sales prices and sales volumes</li> <li>• Personnel costs</li> <li>• Market development</li> <li>• Exchange rate development USD/EUR and USD/YEN</li> </ul>	Intra-group estimation of the relevant sales departments including distribution partners and, accounting for investments in personnel structures. General economic framework conditions, forecasts of exchange rate developments as well as sector-related market studies are also included.

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

### [13] TRADE RECEIVABLES

	Thousands of €	2016	2015
Trade receivables (before bad debt allowances)		41,219	32,345
Specific bad debt allowance		-2,425	-2,734
<b>Trade receivables</b>		<b>38,794</b>	<b>29,611</b>

Provision was made for the bad debt risk by setting up appropriate specific bad debt allowances. Trade receivables are non-interest bearing and are generally due within 30 to 90 days, terms customary for the industry. Pursuant to the Group guidelines, receivables

that are >360 days are 100% specifically provided for. The carrying amount of trade receivables corresponds to their fair value.

Bad debt allowances developed as follows:

#### DEVELOPMENT OF BAD DEBT ALLOWANCE

	Thousands of €	January 1	Utilization	Release	Additions	December 31
Bad debt allowances 2016		-2,734	1,216	642	-1,549	-2,425
Bad debt allowances 2015		-3,057	788	530	-995	-2,734

The ageing structure of trade receivables is as follows:

#### AGEING STRUCTURE OF TRADE RECEIVABLES

2016	Thousands of €	Not past due	Past due (by <30 days)	Past due (by 30-60 days)	Past due (by 60-90 days)	Past due (by 90-180 days)	Past due (by 180-360 days)	Past due (by >360 days)	December 31, 2016
Gross Trade receivables 2016		23,585	8,048	3,907	598	2,211	460	2,410	41,219
Reduced specific allowance for bad debts		-50	-13	-42	-15	-90	-78	-2,137	-2,425
Net Trade receivables 2016		23,535	8,035	3,865	583	2,121	382	273	38,794

#### AGEING STRUCTURE OF TRADE RECEIVABLES

2015	Thousands of €	Not past due	Past due (by <30 days)	Past due (by 30-60 days)	Past due (by 60-90 days)	Past due (by 90-180 days)	Past due (by 180-360 days)	Past due (by >360 days)	December 31, 2015
Gross Trade receivables 2015		18,950	5,736	1,698	966	1,498	1,037	2,460	32,345
Reduced specific allowance for bad debts		-68	-67	-32	-26	-106	-241	-2,194	-2,734
Net Trade receivables 2015		18,882	5,669	1,666	940	1,392	796	266	29,611

### [14] ASSETS

	Thousands of €	2016	2015
Inventories		597	530
Tax refunded claims		3,477	2,467
Other current financial assets		10	78
Other current assets		12,546	9,297
Non-current financial assets		43	51
Other non-current assets		929	793
		<b>17,602</b>	<b>13,216</b>

Inventories mainly consist of hardware amounting to EUR 589k (previous year: EUR 522k) and finished goods amounting to EUR 8k (previous year: EUR 8k). As in the previous year no allowances were recorded as an expense.

Tax refunded claims for income taxes will lead to cash inflows in the

### SHAREHOLDERS' EQUITY

The development of subscribed capital, the capital reserve, the revenue reserve, foreign currency translation and the retained earnings/

[15] Nemetschek SE's share capital of as of December 31, 2016 amounted to EUR 38,500,000.00 and is divided into 38,500,000

[16] The **capital reserve** mainly comprises the share premium from the IPO. In the financial year 2015, EUR 28,875,000.00 was converted from company funds into share capital.

### DIVIDENDS

In the financial year 2016, a dividend of EUR 19,250,000.00 was distributed to the shareholders. This represents EUR 0.50 per share. The Management Board proposes to the Supervisory Board to pay

### [17] PROVISIONS AND ACCRUED LIABILITIES

Provisions and accrued liabilities contain the following items and are mainly due within one year:

#### PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	2016	2015
Personnel provisions	17,647	12,852
Outstanding invoices	7,695	5,714
Vacation accrued by employees	4,428	3,674
Legal and consulting fees	553	646
Guarantees and liability risks	135	148
Other accrued liabilities	2,320	2,585
	<b>32,778</b>	<b>25,619</b>

Provisions for personnel mainly comprise employee remuneration and commissions. In the financial year 2016, EUR 6,534k (previous year: EUR 5,891k) were utilized, EUR 971k (previous year: EUR 1,851k) were released and EUR 11,969k (previous year: EUR 8,393k) were added. From changes in the scope of consolidation, effects resulted in the amount of EUR 0k (previous year: EUR -185k); furthermore, currency changes in the amount of EUR 331k (previous year: EUR 525k) caused an increase in personnel provisions. The increase in provisions for personnel results also from a higher level of commissions as a result of the positive business development in the financial year 2016.

Outstanding invoices mainly relate to subsequent commission calculations for distribution partners due to achievement of targets.

The guarantee and liability provisions were set up based on an indi-

### OTHER OBLIGATIONS IN ACCORDANCE WITH IAS 19

Other obligations in accordance with IAS 19 include provisions for terminating employment in the amount of EUR 640k, which had to be accounted for as a result of legal requirements.

next six months. Current financial assets mainly consist of prepaid expenses of EUR 8,793k (previous year: EUR 6,862k), which will be reclassified in the next twelve months.

Other non-current assets mainly include rental security deposits.

accumulated losses of the Group as well as shares without controlling interest are presented in the statement of changes in Group equity.

no-par value bearer shares. Each share is attributed with EUR 1.00 of share capital. The capital is fully paid up.

The **foreign currency translation reserve** within the shareholders' equity item records exchange differences arising from the translation of the financial statements of foreign subsidiaries.

out in 2017 a dividend of EUR 23,100,000.00. This corresponds to EUR 0.60 per Share.

vidual assessment per company. In the financial year 2016, EUR 0k (previous year: EUR 0k) were utilized, EUR 45k (previous year: EUR 54k) were released and EUR 31k (previous year: EUR 65k) were added. Other provisions and accrued liabilities contain other individual items under EUR 100k.

As a company with international operations working in various business fields, the Group is exposed to a whole range of legal risks. This is especially true of risks for warranties and other legal disputes. The outcome of currently pending, or rather future litigation, cannot be predicted with certainty and thus expenses may be incurred from decisions that are not fully covered by insurance and that may have significant effects on the business and its results. Management is of the opinion that litigation currently pending is not likely to result in decisions that will significantly and negatively influence the net asset position and earnings situation of the Group.

## PENSION PROVISIONS

### DOMESTIC

The obligation resulting from pension plans to a subsidiary's general managers is determined using the projected unit credit method. On first-time application of IAS 19 (2011), from January 1, 2013, actuarial gains and losses are recorded without impacting profit or loss. In the year ending December 31, 2016, there were no curtailments to the plan. The plans were continued beyond this period. The pension plans provide a benefit after reaching the age of 65

amounting to 60% of the last net salary, albeit up to a maximum amount of EUR 3,834.69 (DEM 7,500.00) per month. All claims are vested. The term of the pension obligation is 23 years. Plan assets from these benefit plans have been invested in life insurances. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary entitled to these.

### FOREIGN COUNTRIES

Pension obligations existing as of December 31, 2015, were terminated in the financial year 2016 as a result of regulatory require-

ments as well as the voluntary decision of the insurance holders.

The tables below show the development of the pension obligations and of plan assets:

#### PROVISIONS FOR PENSIONS

	Thousands of €	January 1	Changes	December 31
Defined benefit obligation 2016		3,120	-1,100	2,020
Reduced plan asset 2016		1,609	-1,093	516
<b>Status of coverage (= pension provisions) 2016</b>		<b>1,511</b>	<b>-7</b>	<b>1,504</b>
Defined benefit obligation 2015		3,051	69	3,120
Reduced plan asset 2015		1,532	77	1,609
<b>Status of coverage (= pension provisions) 2015</b>		<b>1,519</b>	<b>-8</b>	<b>1,511</b>

	Thousands of €	2016	2015
<b>Change in defined benefit obligations (DBO):</b>			
<b>DBO at beginning of fiscal year</b>		<b>3,120</b>	<b>3,051</b>
Service cost		124	124
Interest cost		77	72
Actuarial (gains)/losses		170	-3
Benefit payments		-59	-44
Settlements		-1,485	0
Effect from currency translation		73	-80
<b>DBO at end of fiscal year</b>		<b>2,020</b>	<b>3,120</b>
<b>Change in plan assets:</b>			
<b>Fair value of plan assets at beginning of fiscal year</b>		<b>1,609</b>	<b>1,532</b>
Expected return on plan assets		33	28
Actuarial gains/(losses)		4	-23
Employer contributions		163	178
Benefit payments		-59	-44
Settlements		-1,297	0
Effect from currency translation		63	-62
<b>Fair value of plan assets at end of fiscal year</b>		<b>516</b>	<b>1,609</b>

**SENSITIVITY**

Changes in actuarial assumptions	Thousands of €	2016	2015
		Present value of pension obligation for the reporting date	
Discount rate	increase by 0.5 percent points	1,812	2,850
	decrease by 0.5 percent points	2,258	3,429
Pension cost	increase by 0.5 percent points	2,165	3,278
	decrease by 0.5 percent points	1,889	3,003

The “mortality tables 2005 G” from Dr. Klaus Heubeck, as well as discounted interest rates derived from observable market data at the balance sheet date, were applied to the domestic pension com-

mitments in the same way as in the previous year. The principal actuarial assumptions used to determine pension obligations were as follows as of December 31:

**DISCOUNT RATE**

	in %	2016		2015	
		Domestic	Foreign Countries	Domestic	Foreign Countries
Discount rate		2.05	0.00	2.30	2.50
Future pension increases		1.00	0.00	1.00	0.00
Compensation increases		0.00	0.00	0.00	2.50

The Group expects pension expenses of EUR 99k for the financial year 2017 as well as capital income of EUR 11k; the contributions to plan assets amount to EUR 25k.

In the next ten financial years, the following payments are expected from the pension plans:

**FUTURE PENSION PAYMENTS**

	Thousands of €	Domestic
(for fiscal year)		
2017		1
2018		3
2019		5
2020		8
2021		12
2022-2026		187
<b>Total</b>		<b>216</b>

[18] The liabilities, classified by due date, comprise the following:

**LIABILITIES**

2016	Thousands of €	Total amount			
			Less than 1 year	1 to 5 years	More than 5 years
Loans		96,231	26,000	70,231	0
Trade payables		7,922	7,922	0	0
Income tax liabilities		7,353	7,353	0	0
Other current liabilities		15,539	15,539	0	0
<i>thereof taxes</i>		5,620	5,620	0	0
<i>thereof relating to social security</i>		1,326	1,326	0	0
<b>December 31, 2016</b>		<b>127,045</b>	<b>56,814</b>	<b>70,231</b>	<b>0</b>

## LIABILITIES

2015	Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
Loans		80,636	18,577	62,059	0
Trade payables		6,590	6,590	0	0
Income tax liabilities		3,707	3,707	0	0
Other current liabilities		7,086	7,086	0	0
<i>thereof taxes</i>		3,724	3,724	0	0
<i>thereof relating to social security</i>		1,178	1,178	0	0
<b>December 31, 2015</b>		<b>98,019</b>	<b>35,960</b>	<b>62,059</b>	<b>0</b>

Trade payables are subject to the customary retention of title relating to the supply of movable fixed assets and inventories. Debts from trade are non-interest bearing and are normally settled on 60-day terms. Carrying amounts correspond to fair value.

Other liabilities primarily comprise liabilities to the tax authorities on account of obligations to pay wage tax and VAT as well as to pay social security contributions to the social security authorities. Other liabilities are non-interest bearing and have an average term of 60 days. Carrying amounts correspond to fair value.

### LIABILITIES TO BANKS

The current and non-current loans include liabilities to banks amounting to EUR 95,800k in connection with the acquisition of

companies undertaken. The most important conditions of this financing can be seen from the following table:

#### LIABILITIES TO BANKS

Thousands of €	Nominal value	Term of loan until	Repayment	Effective interest rate	Due <1 year	Due >1 year
	60,000	Dec. 30, 2019	quarter-year rates of EUR 3m starting from March 31, 2015	1.03%	12,000	24,000
	32,000	Dec. 30, 2020	quarter-year rates of EUR 1.6m starting from March 31, 2016	0.94%	6,400	19,200
	38,000	Jun. 30, 2021	quarter-year rates of EUR 1.9m starting from September 30, 2016	0.77%	7,600	26,600

The interest relating to the bank loan is due quarterly. The interest payments will amount to EUR 788k in the financial year 2017. Interest payments of EUR 1,746k are due for the years 2017 to 2021. Net debt as

of 31st December 2016 in the Group amounted to EUR -2.2 million. The degree of debt amounted to 0. The external and internal characteristics are therefore fulfilled.

### [19] DEFERRED REVENUE

Deferred revenue amounts to EUR 55,293k (previous year: EUR 41,996k). The total amount will lead to revenue predominantly in the first half of 2017.

### [20] OTHER CURRENT FINANCIAL OBLIGATIONS

Other current financial obligations include subsequent purchase price obligations from the acquisitions undertaken in 2015 amounting to EUR 860k.

### [21] OTHER NON-CURRENT FINANCIAL LIABILITIES

The other non-current liabilities comprise exclusively subsequent purchase price obligations in connection with the company acquisitions. As of December 31, 2016, these mainly consist of EUR 7,639k resulting from the purchase of Solibri Oy on December 31, 2015, as

well as EUR 1,945k resulting from the purchase of Design Data Corporation on August 1, 2016. Additional purchase price commitments were valued at their fair values as of December 31, 2016.



## [22] OTHER NON-CURRENT LIABILITIES

The other non-current liabilities comprise mainly non-current accrued rent amounting to EUR 2,994k as well as liabilities from non-current profit-related remuneration amounting to EUR 1,307k.

## [23] FINANCIAL COMMITMENTS

Thousands of €	<b>Total</b>	Less than 1 year	1 to 5 years	More than 5 years
Rental agreements	32,449	10,825	19,143	2,481
Leases	3,219	1,481	1,687	51
<b>Total financial commitments as of December 31, 2016</b>	<b>35,668</b>	<b>12,306</b>	<b>20,830</b>	<b>2,532</b>
Rental agreements	31,100	8,817	20,778	1,505
Leases	3,256	1,393	1,749	114
<b>Total financial commitments as of December 31, 2015</b>	<b>34,356</b>	<b>10,210</b>	<b>22,527</b>	<b>1,619</b>

The rental agreements relate almost exclusively to office space with limited terms. The leases are subject to the customary escalation clauses and renewal options. The lease obligations mainly consist

of leases for vehicles, and office and telecommunications equipment. Furthermore, there are guarantee obligations amounting to EUR 779k in total. These are mainly rental guarantees.

## CONTINGENT LIABILITIES

As at the closing date, there are no contingent liabilities.

## [24] NOTES TO THE CASH FLOW STATEMENT AND COMPOSITION OF THE CASH AND CASH EQUIVALENTS

The **cash flow statement** is split into cash flows from operating, investing and financing activities. Whereas the cash flow from operating activities is derived using the indirect method, the cash flows from investing and financing activities are based on direct cash inflows and outflows.

Cash flow from **operating activities** amounts to EUR 79,678k (previous year: EUR 65,122k).

The cash flow from **investing activities** amounts to EUR –47,528k (previous year: EUR –41,403k). In the current financial year, this primarily includes payments for the purchase of Design Data Corporation, Lincoln, USA, as well as investments in intangible assets and office and business equipment amounting to EUR 7,370k.

The cash flow from **financing activities** amounting to EUR –5,516k (previous year: EUR 50k) results from the taking out of a bank loan for financing the Design Data acquisition (EUR 38,000k). The payment of dividends to the shareholders of Nemetschek SE amounting to EUR –19,250k (previous year: EUR –15,400k) is one of the most significant cash outflows as are the repayment of loans amounting to EUR 22,200k and profit shares of non-controlling interests amounting to EUR –1,162k (previous year: EUR –2,044k). Further cash outflows were recorded from interest payments amounting to EUR –904k (previous year: EUR 629k).

The Group's **cash and cash equivalents** comprise cash and cash equivalents and break down as follows:

## CASH AND CASH EQUIVALENTS

Thousands of €	<b>2016</b>	2015
Bank balances	110,976	81,200
Fixed term deposits (contract period up to 3 months)	1,506	2,766
<b>Cash and cash equivalents</b>	<b>112,482</b>	<b>83,966</b>

Bank balances earn interest at the floating rate for on-call deposits. Fixed-term deposits are made for terms of between one day and three months depending on the immediate cash requirements of

the Group. These could be subject to slight fluctuations in value. Fixed-term deposits bear interest at the respectively applicable rates. Carrying amounts generally correspond with fair value.

## [25] FINANCIAL INSTRUMENTS

The financial assets and liabilities are presented in the following table according to their measurement categories and classes:

### FINANCIAL INSTRUMENTS

2016	Thousands of €	Carrying value per balance sheet Dec. 31, 2016	Measurement in accordance with IAS 39		Fair value Dec. 31, 2016
			(Amortized) cost	Fair value impacting profit/loss	
Trade receivables (excluding finance leases)		38,794	38,794		38,794
<i>Loans and receivables</i>		38,794	38,794		38,794
Other financial assets		138	138		138
<i>Loans and receivables</i>		71	71		71
<i>Available-for-sale financial assets*</i>		67	67		67
Cash and cash equivalents		112,482	112,482		112,482
<b>Total financial assets</b>		<b>151,414</b>			
thereof in accordance with measurement categories of IAS 39:					
<i>Loans and receivables</i>		151,347	151,347		151,347
<i>Available for sale financial assets*</i>		67	67		67
Financial liabilities (excluding finance leases)					
<i>Financial liabilities measured     at amortized cost</i>					
Trade payables		7,922	7,922		7,922
Other financial liabilities		107,086	96,231	10,855	107,086
<i>Financial liabilities measured     at amortized cost</i>		96,231	96,231		
<i>Conditional purchase price obligation</i>		10,855		10,855	10,855
<b>Total financial liabilities</b>		<b>115,008</b>			
thereof in accordance with valuation categories of IAS 39:					
<i>Financial liabilities measured at     amortized cost</i>		104,153	104,153		104,153
<i>Conditional purchase price obligation</i>		10,855		10,855	10,855

\* Contained Equity Instruments for which no quoted market price was available, and were therefore amortized at cost.

**FINANCIAL INSTRUMENTS**

2015	Thousands of €	Carrying value per balance sheet Dec. 31, 2015	Measurement in accordance with IAS 39			Fair value Dec. 31, 2015
			Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables (excluding finance leases)		29,611	29,611			29,611
<i>Loans and receivables</i>			29,611			29,611
Other financial assets		208	158	50		208
<i>Loans and receivables</i>		191	141	50		191
<i>Available-for-sale financial assets**</i>		17	17			17
Cash and cash equivalents		83,966	83,966			83,966
<b>Total financial assets</b>		<b>113,785</b>				
thereof in accordance with measurement categories of IAS 39:						
<i>Loans and receivables</i>			113,718			113,768
Financial liabilities (excluding finance leases)						
<i>Financial liabilities measured at amortized cost</i>						
Trade payables		6,590	6,590			6,590
Other financial liabilities*		89,707	80,725	8,982		89,707
<i>Financial liabilities measured at amortized cost</i>		80,725	80,725			
<i>Conditional purchase price obligation*</i>		8,982		8,982		8,982
<b>Total financial liabilities</b>		<b>96,297</b>				
thereof in accordance with valuation categories of IAS 39:						
<i>Financial liabilities measured at amortized cost</i>		87,315	87,315			87,315
<i>Conditional purchase price obligation*</i>		8,982		8,982		8,982

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

\*\* Contained Equity Instruments for which no quoted market price was available, and were therefore amortized at cost.

# SOLIBRI

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## Solutions:

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Solibri Model Checker

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Solibri Model Viewer

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Solibri IFC Optimizer

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Today there is more data than ever in BIM models, resulting in a very real requirement to manage, verify and validate the data, in addition to the model itself. This is where Solibri Model Checker (SMC) comes into its own.

SMC is like a 'Swiss Army Knife', with each blade addressing a different BIM use case. SMC defines and supports the Quality Assurance and Quality Control (QA/QC) processes in their clients' businesses.

SMC finds faults before a single brick is laid. It manages QA/QC in the workflow for all team members – designers, construction companies and building owners.

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## BUILDING THE FUTURE TOGETHER

STRONG BRANDS. GREAT PROJECTS.





# SOLIBRI

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Solibri offers a universal applicable software solution for quality check and BIM model analysis for an efficient construction process.

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**Segment:** Design

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**Company size:** 39 employees

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**Locations:** Helsinki, Hamburg, Leeds  
Madrid, Scottsdale

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**Website:** [www.solibri.com](http://www.solibri.com)

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Reference Project No. 12:

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## Tripla Quarter Finland

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**Contractor:** YIT Construction

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Tripla is the biggest construction project in Finland. Located in Central Helsinki, it is a three-phase construction of 350,000 m<sup>2</sup>, and will be completed in 2021.

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For trade receivables and other current receivables as well as cash and cash equivalents, the carrying value is equal to the fair value.

For trade payables, the carrying value is equal to the fair value.

Financial liabilities (there are no financial assets) measured at fair value can be classified in the following three-tier measurement hierarchy:

#### MEASUREMENT HIERARCHY

2016	Thousands of €	Year-end Dec. 31, 2016	Level 1	Level 2	Level 3
<b>Financial liabilities at fair value</b>					
<b>Fair value impacting profit/loss</b>					
Contingent consideration		10,855			10,855
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)					
Derivatives with balance sheet hedging relationship (hedge accounting)					
<b>Fair value not impacting profit/loss</b>					
Derivatives with balance sheet hedging relationship (hedge accounting)					
<b>Total</b>		<b>10,855</b>	<b>0</b>	<b>0</b>	<b>10,855</b>

The measurement hierarchy reflects the significance of the factors included in the determination of the fair values. At Level 1, financial instruments are recorded, the fair value of which is calculated based on quoted market prices on active markets. Fair values at Level 2 are determined based on observable market data. At Level 3, financial instruments are recorded, the fair value of which is calculated using non-observable market data. In the reporting year 2016, subsequent purchase price payments of EUR 10,855k were measured at fair value. In the financial year 2016, the conditional purchase price obligations increased in total by EUR 1,873k. Of the increase,

EUR 1,945k are primarily from the acquisition of Design Data. The measurement of the subsequent purchase price obligations was performed using the parameters stipulated by the contract. Primarily these include future revenue and EBITA developments of the companies. The measurement model accounts for the present value of the expected payment discounted at a risk-adjusted discount rate.

The expected payment is determined accounting for potential scenarios for the forecast revenues and the forecast EBITA margin and the probability of each of these scenarios.

#### MEASUREMENT HIERARCHY

2015	Thousands of €	Year-end Dec. 31, 2015	Level 1	Level 2	Level 3
<b>Financial liabilities at fair value</b>					
<b>Fair value impacting profit/loss</b>					
Contingent consideration*		8,982			8,982
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		50	50		
Derivatives with balance sheet hedging relationship (hedge accounting)					
<b>Fair value not impacting profit/loss</b>					
Derivatives with balance sheet hedging relationship (hedge accounting)					
<b>Total</b>		<b>9,032</b>	<b>50</b>	<b>0</b>	<b>8,982</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

## DERIVATIVE FINANCIAL INSTRUMENTS

Depending on their maturity, the derivatives used as hedging instruments with positive (or negative) fair values are either classified as other current financial assets (or other current financial liabilities) or as other non-current financial assets (or other non-current financial liabilities). Derivative financial instruments not used as hedging

instruments are classified as financial assets held for trading and measured at fair value; changes in fair value are included in the result for the period. There were no hedging transactions as of December 31, 2016.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation. Depending on the situation, fair values are obtained

from quoted market prices, discounted cash flow analyses or option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

## FINANCIAL ASSETS AND FINANCIAL LIABILITIES

There are no significant differences in the Group between the fair value and the carrying amount of financial instruments. The carrying amount of cash and cash equivalents, other current financial assets and current financial liabilities closely approximates fair value due to the relatively short-term maturity of these financial instruments. The fair value of non-current liabilities to banks and other non-current financial liabilities is determined by the discounting of expected cash flows. The fair value approximated the carrying value of the aforementioned obligations due to the use of market interest rates.

Where no quoted market prices are available, the fair value of publicly traded financial instruments is estimated based on quoted market prices for the same or similar investments. For all other instruments for which there are no market prices, a reasonable estimate of fair value was calculated based on the expected cash flow or the underlying net asset base for each investment. All carrying amounts approximate the fair value of the corresponding items.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of the Group with regard to financial risk management is to mitigate the risks presented below by the methods described. The Group generally pursues a conservative, risk-averse strategy.

ties, trade payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its business activities.

The main financial liabilities used by the Group – except for derivative financial instruments – include bank loans and overdraft facili-

## CREDIT RISK RELATED TO FINANCIAL INSTRUMENTS AND CASH DEPOSITS AT BANKS

The credit risk from balances with banks and financial institutions of Group companies is managed in accordance with the Group's policy and in agreement with Group headquarters. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential default of a business partner. The main risks arising

from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The company's management reviews and agrees policies for managing each of these risks which are summarized below. The Group generally pursues a conservative, risk-averse strategy.

## FOREIGN EXCHANGE RISK AND FOREIGN EXCHANGE RISK MANAGEMENT

In the course of ordinary operations, the Nemetschek Group is exposed to exchange rate fluctuations in particular. The Group's policy is to eliminate or contain these risks by entering into hedging transactions. The currency risks of the Group occur due to the fact that the Group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are centrally agreed and coordinated with Group Accounting.

Supervisory Agency (BaFin). Only first-class national banks whose credit rating is checked regularly by rating agencies may act as partners for hedging transactions.

As required, the Group companies enter into various types of foreign exchange business to manage their foreign exchange risk resulting from cash flows from (anticipated) business activities and financing arrangements denominated in foreign currencies.

Due to its international business operations, the Nemetschek Group is exposed to exchange rate fluctuations on the international money and capital markets. Group-wide foreign currency policy is governed by instructions which are guided by the minimum requirements for bank trading issued by the German Federal Financial

The exchange rate fluctuation only has a limited effect at top Group level because the operating subsidiaries outside the Euro area record revenue as well as cost of materials, personnel expenses and other expenses in their local currency.

## SENSITIVITY ANALYSIS OF SELECTED FOREIGN CURRENCIES

The table below shows the sensitivity of Group revenue and Group EBIT to a reasonably possible fluctuation in the US dollar and the Hungarian forint exchange rates. All other variables remain constant.

### SENSITIVITY OF USD / EUR

	Thousands of €	Change of exchange rate USD	Sensitivity effect on Revenues	Sensitivity effect on EBIT
<b>Fiscal year 2016</b>				
(average USD/EUR exchange rate = 1.11)		+ 5%	-6,008	-1,234
		-5%	6,640	1,364
<b>Fiscal year 2015</b>				
(average USD/EUR exchange rate = 1.11)		+ 5%	-4,801	-1,019
		-5%	5,306	1,126

### SENSITIVITY OF HUF / EUR

	Thousands of €	Change of exchange rate HUF	Sensitivity effect on Revenues	Sensitivity effect on EBIT
<b>Fiscal year 2016</b>				
(average HUF/EUR exchange rate = 311.44)		+ 5%	-1,161	-79
		-5%	1,284	87
<b>Fiscal year 2015</b>				
(average HUF/EUR exchange rate = 310.00)		+ 5%	-1,010	-74
		-5%	1,116	82

Foreign currency financial assets mainly exist in a subsidiary in Hungary. The following table shows the foreign currency receiv-

ables existing as at December 31, 2016, and changes in the closing date rate:

### TRADE RECEIVABLES

2016	Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
<b>Trade receivables</b>			
HUF/EUR		+ 5%	-174
<b>Total in kEUR: 3,646</b>		-5%	<b>192</b>
HUF/USD		+ 5%	-8
<b>Total in kEUR: 177</b>		-5%	<b>9</b>

### TRADE RECEIVABLES

2015	Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
<b>Trade receivables</b>			
HUF/EUR		+ 5%	-123
<b>Total in kEUR: 2,588</b>		-5%	<b>136</b>
HUF/USD		+ 5%	-10
<b>Total in kEUR: 218</b>		-5%	<b>11</b>



## LIQUIDITY RISKS AND LIQUIDITY MANAGEMENT

The Group needs sufficient cash and cash equivalents to meet its financial obligations. Liquidity risks arise from the possibility that customers may not be able to settle obligations to the Nemetschek Group under normal trading conditions. The credit rating of the Group allows sufficient cash and cash equivalents to be procured. As at the balance sheet closing date of December 31, 2016, the Group holds cash and cash equivalents amounting to EUR 112,482k (previous year: EUR 83,966k). This amount comprises bank deposits and petty cash balances amounting to EUR 110,977k (previous year: EUR 81,200k) as well as fixed-term deposits with a term of up to three months in the amount of EUR 1,506k (previous year:

EUR 2,766k). In addition, the Group had unused lines of credit totaling EUR 19,500k as of December 31, 2016.

To manage this risk, the company periodically assesses the credit rating of its customers. The Group monitors its risk of a shortage of funds using monthly liquidity planning.

This considers the maturity of both its financial assets (accounts receivable, fixed-term deposits, etc.) and projected cash flows from operating activities. The Group's objective is to maintain a balance between providing continuity of funding and ensuring flexibility.

## DEFAULT RISK AND DEFAULT RISK MANAGEMENT

Default risks, i.e., the risk of contractual parties not meeting their payment obligations, are managed by means of credit approvals, the setting of upper limits and monitoring procedures. Where appropriate, the company obtains additional collateral in the form of rights to securities.

The company does not expect that any of its business partners deemed highly creditworthy will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risks with any single customer or specific customer group. The maximum credit risk can be calculated from the amounts shown in the balance sheet. The terms of payment fall within the customary 30 to 90 days for the industry.

## CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business operations and maximize shareholder value.

shareholders or return capital payments to shareholders. No changes were made to the objectives, policies or processes as of December 31, 2016, or as of December 31, 2015. The Group meets externally imposed minimum capital requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to

The Group monitors its capital based on the key indicators of gearing and equity ratios.

## GEARING RATIO

The gearing ratio represents the relationship between net debt and EBITDA. Net debt is essentially defined as current and non-current loans plus interest bearing liabilities (less pension provisions) less any cash and cash equivalents. Group net debt as of December 31,

2016, amounted to EUR –2.2 million. The gearing ratio amounted to 0 accordingly. Thus, external and internal key indicators have been met.

## EQUITY RATIO

The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 44.4% (previous

year: 45.0%). Thus, external and internal key indicators have been met.

## CREDIT RISK AND CREDIT RISK MANAGEMENT

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that customers who wish to trade materially on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant

operating unit, the Group does not offer credit terms without prior approval. There is no significant concentration of default risks within the Group.

With respect to the other financial assets of the Group, which comprise cash and cash equivalents, the Group's maximum credit risk arising from default of the counterparty is equal to the carrying amount of these instruments.

## INTEREST RISK AND INTEREST RISK MANAGEMENT

As a result of the current Group financing structure, there are no material interest risks.

[26] The company divides its activities into the segments Design, Build, Manage and Media & Entertainment. The Design segment contains the architecture and engineering division and is mainly characterized by the development and marketing of CAD, static engineering and tender software. The Build segment involves the creation and marketing of commercial software for construction

companies. The Manage segment covers facility and property management, which involves the extensive administration and management of property development projects. Furthermore, the Group's Media & Entertainment segment is involved in the field of multimedia software, visualization and animation.

The following tables present segment revenue and results and certain assets and liabilities of the Group's business segments.

## STATEMENT OF COMPREHENSIVE INCOME DISCLOSURES

### SEGMENT REPORTING

2016	Thousands of €	Total	Elimination/ Reconciliation	Design	Build	Manage	Media & Entertainment
<b>Revenue, external</b>		<b>337,286</b>	<b>0</b>	<b>220,899</b>	<b>87,472</b>	<b>7,082</b>	<b>21,833</b>
Intersegment revenue			-2,601	0	1,075	5	1,521
<b>Total revenue</b>		<b>337,286</b>	<b>-2,601</b>	<b>220,899</b>	<b>88,547</b>	<b>7,087</b>	<b>23,354</b>
<b>EBITDA</b>		<b>87,987</b>	<b>1,900</b>	<b>63,235</b>	<b>12,816</b>	<b>1,609</b>	<b>8,427</b>
Amortization / depreciation		-18,314		-7,087	-10,771	-54	-402
<b>Segment operating result (EBIT)</b>		<b>69,673</b>	<b>1,900</b>	<b>56,149</b>	<b>2,044</b>	<b>1,554</b>	<b>8,026</b>
Interest income		183					
Interest expenses		-1,046					
Share of results of associated companies		380					
Other financial result		-23					
Income tax		-20,325					
<b>Profit for the period</b>		<b>48,842</b>					

### SEGMENT REPORTING

2015	Thousands of €	Total	Elimination	Design	Build	Manage	Media & Entertainment
<b>Revenue, external</b>		<b>285,269</b>	<b>0</b>	<b>198,778</b>	<b>60,074</b>	<b>6,323</b>	<b>20,094</b>
Intersegment revenue			-1,990	1	564	7	1,418
<b>Total revenue</b>		<b>285,269</b>	<b>-1,990</b>	<b>198,779</b>	<b>60,638</b>	<b>6,330</b>	<b>21,512</b>
<b>EBITDA</b>		<b>69,486</b>		<b>49,452</b>	<b>10,444</b>	<b>1,348</b>	<b>8,242</b>
Amortization / depreciation		-16,781		-7,452	-8,954	-45	-330
<b>Segment operating result (EBIT)</b>		<b>52,705</b>		<b>42,000</b>	<b>1,490</b>	<b>1,303</b>	<b>7,912</b>
Interest income		178					
Interest expenses		-705					
Share of results of associated companies		970					
Other financial result		1,035					
Income tax		-16,401					
<b>Profit for the period</b>		<b>37,782</b>					

The item of depreciation/amortization of the Design segment includes amortization of purchase price allocation amounting to

EUR 3,836k (previous year: EUR 4,046k) and of the Build segment amounting to EUR 7,220k (previous year: EUR 6,085k).

The secondary segment reporting format for financial reporting relating to the balance sheet that is used for the Group's internal organizational and management purposes does not show a geographical breakdown between Germany and other countries. It is therefore not presented in greater detail.

Segment reporting by geographical region is as follows:

#### SEGMENT REPORTING – GEGRAPHICAL REGION

Thousands of €	Revenues 2016	Fixed assets 2016	Additions to fixed assets 2016	Revenues 2015	Fixed assets 2015	Additions to fixed assets 2015
Germany	106,746	22,244	2,063	95,782	24,611	1,766
Abroad	230,540	258,918	5,307	189,487	216,142*	5,898
<b>Total</b>	<b>337,286</b>	<b>281,162</b>	<b>7,370</b>	<b>285,269</b>	<b>240,753</b>	<b>7,664</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

The Group's geographical segment assets are based on the location of the assets. Correspondingly, the German segment held total assets of EUR 70,235k (previous year: EUR 64,597k) and the non-German segment counted total assets of EUR 384,513k (previous year: EUR 306,184k\*).

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and the segment result also include transfers between business segments. These transfers are eliminated in consolidation.

Sales to external customers disclosed in the geographical segments are allocated to the various territories on the basis of the customer's location.

#### BALANCE SHEET DISCLOSURES

##### SEGMENT REPORTING

2016	Thousands of €	Total	Design	Build	Manage	Media & Entertainment
Trade receivables		38,794	22,384	13,868	1,257	1,285
Inventories		597	530	6	0	61
Other assets		9,775	7,719	1,768	40	248
Fixed assets		281,161	65,209	209,373	2,125	4,454
<i>thereof additions to fixed assets</i>		7,370	4,513	1,735	70	1,052
<i>thereof additions due to business combinations</i>		46,707	0	46,707	0	0
<b>Segment assets</b>		<b>330,328</b>	<b>95,842</b>	<b>225,015</b>	<b>3,422</b>	<b>6,048</b>
Cash and cash equivalents		112,482				
Investments in associates and long-term available-for-sale assets		2,474				
Non-allocated assets*		9,464				
<b>Total assets</b>		<b>454,748</b>				
Liabilities		38,716	13,464	23,653	307	1,292
Provisions and accrued liabilities		32,778	18,279	11,810	508	2,181
Pensions and related obligations		1,660	155	0	0	1,505
Deferred revenue		55,293	34,621	16,658	243	3,771
<b>Segment liabilities</b>		<b>128,446</b>	<b>66,519</b>	<b>52,121</b>	<b>1,058</b>	<b>8,749</b>
Non-allocated liabilities**		124,184				
<b>Total liabilities</b>		<b>252,630</b>				

\* Not allocated: Income tax assets (EUR 3,477k), Other current assets (EUR 3,753k) and Deferred tax assets (EUR 2,234k).

\*\* Not allocated: Loans (EUR 96,231k), Deferred tax liabilities (EUR 20,600k), Income tax provisions (5,281k) and Income tax liabilities (EUR 2,072k).

## SEGMENT REPORTING

2015	Thousands of €	Total	Design	Build	Manage	Media & Entertainment
Trade receivables		29,611	20,178	6,963	1,057	1,413
Inventories		530	469	7	0	54
Other assets		7,734	6,398	1,175	12	149
Fixed assets		240,753***	66,844	167,975***	2,111	3,823
<i>thereof additions to fixed assets</i>		7,664	4,145	3,077	49	393
<i>thereof additions due to business combinations</i>		48,948***	4,881	44,067***	0	0
<b>Segment assets</b>		<b>278,629</b>	<b>93,889</b>	<b>176,120</b>	<b>3,180</b>	<b>5,439</b>
Cash and cash equivalents		83,966				
Investments in associates and long-term available-for-sale assets		1,863				
Non-allocated assets*		6,324				
<b>Total assets</b>		<b>370,781</b>				
Liabilities		29,363***	11,918	16,504***	335	606
Provisions and accrued liabilities		25,619	17,417	6,383	426	1,393
Pensions and related obligations		1,744	414	0	0	1,330
Deferred revenue		41,996	31,502	7,326	41	3,127
<b>Segment liabilities</b>		<b>98,722</b>	<b>61,251</b>	<b>30,213</b>	<b>802</b>	<b>6,456</b>
Non-allocated liabilities**		105,142***				
<b>Total liabilities</b>		<b>203,864</b>				

\* Not allocated: Income tax assets (EUR 2,467k), Other current assets (EUR 2,485k) and Deferred tax assets (EUR 1,372k).

\*\* Not allocated: Loans (EUR 80,636k), Deferred tax liabilities (EUR 20,798k), Income tax provisions (3,337k) and Income tax liabilities (EUR 370k).

\*\*\* Previous year values adjusted to final purchase price allocation of Solibri Group.

[27] On December 20, 2016, Nemetschek SE agreed to acquire 100% of the shares of the Norwegian software company dRofus AS. dRofus is a leading provider of BIM-based design and collaboration tools. The company is active internationally with a focus on Europe, the USA and Australia. The acquisition becomes legally effective as of January 3, 2017. As of January 1, 2017 the dRofus Group will be integrated in the Nemetschek Group. The purchase price for the shares amounted to EUR 25,786k. Financing was pro-

[28] The Group enters into transactions with its associates and related parties. These transactions are part of ordinary activities and are treated at arm's length. Related parties are defined as parties who can at least be significantly influenced by the company or over whom the company can at least exercise significant influence. In addition to the executive and supervisory boards, these also include family members and partners of the relevant people.

Transactions of the Group companies include the following:

(1) Rental of space as well as repairs from Concentra GmbH & Co. KG, Munich, amounting to a total of EUR 1,539k (previous year: EUR 1,540k).

vided through the company's own capital resources as well as through the use of lines of credit. As part of the preliminary purchase price allocation, intangible assets of EUR 9,950k and goodwill in an amount of EUR 16,473k were identified. These materially comprise of customer base, brand name and technology. The acquired net assets have a preliminary value of EUR 1,824k. Additional information is not available due to the short term nature of the acquisition.

(2) Use of services from Singhammer IT Consulting AG, Munich, amounting to a total of EUR 249k (previous year: EUR 644k).

(3) Use of services from DocuWare GmbH, Germering, amounting to a total of EUR 526k (previous year: EUR 520k).

There was a trade payable of EUR 29k due to Concentra GmbH & Co. KG, Munich, as of the balance sheet date. There are no further material open items in the balance sheet which originate from significant transactions with associated entities and related parties.

DISCLOSURES ON TRANSACTION PURSUANT TO § 15A WPHG [WERTPAPIEREHANDELSGESETZ: GERMAN SECURITIES TRADING ACT]

The executive and supervisory boards informed us that there were no purchases or sales of shares in the company pursuant to § 15a

WpHG (so-called directors' dealings) by themselves or by related parties in the financial year 2016.

DISCLOSURE REQUIREMENTS UNDER § 21 (1) WPHG

The direct and indirect voting rights of the following persons/institutions in Nemetschek SE as of December 31, 2016, were as follows:

- Professor Georg Nemetschek, Munich: 53.57% (previous year: 53.57%)
- Nemetschek Vermögensverwaltungs GmbH & Co. KG, Grünwald: 53.57% (previous year: 53.57%)
- Nemetschek Verwaltungs GmbH, Grünwald: 53.57% (previous year: 53.57%)

- Allianz SE, Munich: 5.08% (previous year: 5.08%)
- Capital Research and Management Company, Los Angeles, USA: 2.97% (initial reporting of June 4, 2015: 3.12%)
- Union Investment Privatfonds GmbH, Frankfurt am Main: 3.05% (shortfall reported on January 10, 2017: 2.85%)

The disclosures are based on the information reported to Nemetschek SE under §§ 21ff. WpHG. The actual number of shareholder voting rights can deviate from the number disclosed due to interim, non-reportable or unreported trading.

SUPERVISORY BOARD

The members of the supervisory board of Nemetschek SE receive annual remuneration which contains both fixed and variable com-

ponents. Remuneration of the supervisory board breaks down as follows:

**REMUNERATION OF THE SUPERVISORY BOARD**

2016	Thousands of €	Fixed components	Variable components	2016
Kurt Dobitsch		30.0	199.0	229.0
Prof. Georg Nemetschek		22.5	199.0	221.5
Rüdiger Herzog		15.0	199.0	214.0
<b>Total</b>		<b>67.5</b>	<b>597.0</b>	<b>664.5</b>

2015	Thousands of €	Fixed components	Variable components	2015
Kurt Dobitsch		30.0	141.5	171.5
Prof. Georg Nemetschek		22.5	141.5	164.0
Rüdiger Herzog		15.0	141.5	156.5
<b>Total</b>		<b>67.5</b>	<b>424.5</b>	<b>492.0</b>

EXECUTIVE BOARD

The remuneration of the members of the executive board consists of fixed compensation and the usual additional components such as health and long-term care insurance as well as a company car, and a variable, performance-based compensation. The variable compensation has a current and non-current component.

The current, performance-based (variable) compensation mainly depends on corporate targets achieved (revenue, EBITA and earnings per share) which are agreed between the supervisory board and executive board at the beginning of each financial year.

The non-current performance-based (variable) executive board compensation – also known as the Long-Term Incentive Plan (LTIP) –

depends on the achievement of fixed corporate targets with regard to the development of revenue and operative result (EBITA), as well as predefined strategic project goals. The period observed is always three financial years. Participation of the executive board in the LTIP requires an appropriate nomination by the supervisory board at the annual balance sheet meeting of the supervisory board. The three executive board members Patrik Heider, Viktor Várkonyi and Sean Flaherty were nominated for LTIP in 2014–2016 2015–2017 as well as in 2016–2018. In the financial year 2016, no non-current variable component was paid out but earned.

In the following tables, the remuneration, payments, benefits and additional provisions are individually presented for each member of the executive board of Nemetschek SE in accordance with the recommendations of section 4.2.5 (3) of the German Corporate Governance Code:

#### EXECUTIVE BOARD REMUNERATION – VALUE OF THE AMOUNTS GRANTED

	Patrik Heider				Sean Flaherty				
	Thousands of €	2015 Initial Value	2016 Initial Value	2016 Minimum	2016 Maximum	2015 Initial Value	2016 Initial Value	2016 Minimum	2016 Maximum
Fixed compensation		200	242	242	242	96	115	115	115
Fringe benefits		20	18	18	18	0	0	0	0
<b>Total</b>		<b>220</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>96</b>	<b>115</b>	<b>115</b>	<b>115</b>
One-year variable compensation		360	415	0	500	0	137	0	200
Multi-year variable compensation	LTIP 2014 – 2016	161	88	0	88	161	88	0	88
	LTIP 2015 – 2017	183	109	0	206	183	109	0	206
	LTIP 2016 – 2018	–	143	0	258	–	143	0	258
<b>Total</b>		<b>924</b>	<b>1,015</b>	<b>260</b>	<b>1,312</b>	<b>440</b>	<b>592</b>	<b>115</b>	<b>867</b>

	Viktor Várkonyi				
	Thousands of €	2015 Initial Value	2016 Initial Value	2016 Minimum	2016 Maximum
Fixed compensation		96	96	96	96
Fringe benefits		0	0	0	0
<b>Total</b>		<b>96</b>	<b>96</b>	<b>96</b>	<b>96</b>
One-year variable compensation		0	0	0	0
Multi-year variable compensation	LTIP 2014 – 2016	161	88	0	88
	LTIP 2015 – 2017	183	109	0	206
	LTIP 2016 – 2018	–	143	0	258
<b>Total</b>		<b>440</b>	<b>436</b>	<b>96</b>	<b>648</b>

**EXECUTIVE BOARD REMUNERATION – CASH FLOW VIEW**

	<b>Patrik Heider</b>		<b>Sean Flaherty</b>	
	<b>2016 Initial Value</b>	2015 Initial Value	<b>2016 Initial Value</b>	2015 Initial Value
Thousands of €				
Fixed compensation	242	200	115	96
Fringe benefits	18	20	0	0
<b>Total</b>	<b>260</b>	<b>220</b>	<b>115</b>	<b>96</b>
One-year variable compensation	415	360	137	0
Multi-year variable compensation				
LTIP 2014 – 2016	0	0	0	0
LTIP 2015 – 2017	0	0	0	0
LTIP 2016 – 2018	0	0	0	0
<b>Total</b>	<b>675</b>	<b>580</b>	<b>252</b>	<b>96</b>

	<b>Viktor Várkonyi</b>	
	<b>2016 Initial Value</b>	2015 Initial Value
Thousands of €		
Fixed compensation	96	96
Fringe benefits	0	0
<b>Total</b>	<b>96</b>	<b>96</b>
One-year variable compensation	0	0
Multi-year variable compensation		
LTIP 2014 – 2016	0	0
LTIP 2015 – 2017	0	0
LTIP 2016 – 2018	0	0
<b>Total</b>	<b>96</b>	<b>96</b>

Total remuneration granted to the executive board by Nemetschek SE for the financial year 2016 amounts to EUR 2,047k (previous year: EUR 1,804k).

In addition to the remuneration paid by Nemetschek SE, Viktor Várkonyi from Graphisoft SE received fixed remuneration of EUR 198k (previous year: EUR 198k) gross and a performance-related current

remuneration of EUR 108k (previous year: EUR 96k) gross. Sean Flaherty received a fixed amount from Vectorworks, Inc. respectively from May 1 from Nemetschek Inc. of EUR 144k (previous year: EUR 203k) gross and a performance-related current remuneration of EUR 267k (previous year: EUR 156k) gross. Total remuneration from subsidiaries for Mr. Várkonyi and Mr. Flaherty amounted to EUR 717k (previous year: EUR 653k).

[29] The following fees of the auditor of the consolidated financial statements were expensed in the financial year 2016:

**AUDITORS' FEES**

	Thousands of €	2016	2015
Financial statements audit services		250	279
Tax advisory services		24	93
Other services		15	0
<b>Total</b>		<b>289</b>	<b>372</b>

[30] The executive board approved the consolidated financial statements on March 10, 2017, to be passed on to the supervisory board.

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## [31] SUPERVISORY BOARD

### **Mr. Kurt Dobitsch**

(independent businessman)

Chairman

Member of the following supervisory boards:

- I United Internet AG, Montabaur (Chairman)  
Companies related to the Group:
  - United Internet Ventures AG, Montabaur
  - 1 & 1 Internet SE, Montabaur
  - 1 & 1 Telecommunication SE, Montabaur
  - 1 & 1 Mail & Media Applications SE, Montabaur
- I Nemetschek SE, Munich (Chairman)  
Companies related to the Group:
  - Graphisoft SE, Budapest, Hungary
  - Vectorworks, Inc., Columbia, USA
- I Bechtle AG, Gaildorf
- I Singhammer IT Consulting AG, Munich

### **Prof. Georg Nemetschek**

(Dipl.-Ing. [Engineering degree], independent businessman)

Deputy Chairman

### **Mr. Rüdiger Herzog**

(Lawyer)

Member of the following supervisory boards:

- I DF Deutsche Finance Holding AG (Chairman)
- I DF Deutsche Finance Investment GmbH (Chairman from September 30, 2016)
- I Kaufhaus Ahrens AG (Chairman)



## EXECUTIVE BOARD

### Mr. Patrik Heider

(Dipl.-Kfm. [FH] [Business degree])  
Spokesman of the Executive Board and CFOO

Member of the following supervisory boards:

- Bluebeam Software, Inc., USA
- SCIA Group International nv, Belgium
- Solibri Oy, Finland
- Data Design System AS, Norway

### Mr. Viktor Várkonyi

(Master of Computer Science, MBA)  
Member of the Executive Board  
CEO Graphisoft SE

Member of the following supervisory boards:

- Graphisoft SE, Hungary
- Data Design System AS, Norway
- Solibri Oy, Finland
- dRofus AS, Norway (since January 3, 2017)

Munich, March 10, 2017

Nemetschek SE

Patrik Heider

Sean Flaherty

Viktor Várkonyi

### Mr. Sean Flaherty

(Bachelor of Computer Science)  
Member of the Executive Board (until April 30, 2016)  
CSO (since May 1, 2016)  
CEO Vectorworks (until April 30, 2016)

Member of the following supervisory boards:

- Vectorworks, Inc., USA
- Bluebeam Software, Inc., USA
- Design Data Corporation, USA (since August 1, 2016)

## STATEMENT OF FIXED ASSETS OF THE GROUP

as of December 31, 2016 and as of December 31, 2015

2016	Thousands of €	Development of historic costs				As of Dec. 31, 2016	
		As of Jan. 1, 2016	Currency translation	Additions from business combinations	Additions		Disposal
<b>I. Intangible assets</b>							
Software, industrial and similar rights		147,508	4,129	16,099	2,068	470	169,334
Internally generated software		7,489	0	0	0	0	7,489
Goodwill		143,771	4,053	29,354	0	0	177,178
		<b>298,768</b>	<b>8,182</b>	<b>45,453</b>	<b>2,068</b>	<b>470</b>	<b>354,001</b>
<b>II. Property, plant and equipment</b>							
Other equipment, furniture and fixtures		32,480	680	1,254	5,302	2,059	37,657
		<b>32,480</b>	<b>680</b>	<b>1,254</b>	<b>5,302</b>	<b>2,059</b>	<b>37,657</b>
<b>Total fixed assets of the Group</b>		<b>331,248</b>	<b>8,862</b>	<b>46,707</b>	<b>7,370</b>	<b>2,529</b>	<b>391,658</b>

2015	Thousands of €	Development of historic costs				As of Dec. 31, 2015	
		As of Jan. 1, 2015	Currency translation	Additions from business combinations	Additions		Disposal
<b>I. Intangible assets</b>							
Software, industrial and similar rights		121,860	5,586	21,379*	975	2,292	147,508
Internally generated software		7,489	0	0	0	0	7,489
Goodwill		111,285	5,700	27,449*	34	697	143,771
		<b>240,634</b>	<b>11,286</b>	<b>48,828</b>	<b>1,009</b>	<b>2,989</b>	<b>298,768</b>
<b>II. Property, plant and equipment</b>							
Other equipment, furniture and fixtures		26,749	1,336	120	6,655	2,380	32,480
		<b>26,749</b>	<b>1,336</b>	<b>120</b>	<b>6,655</b>	<b>2,380</b>	<b>32,480</b>
<b>Total fixed assets of the Group</b>		<b>267,383</b>	<b>12,622</b>	<b>48,948</b>	<b>7,664</b>	<b>5,369</b>	<b>331,248</b>

\* Previous year values adjusted to final purchase price allocation of Solibri Group.

Development of accumulated depreciation/amortization						Carrying amount	
As of Jan. 1, 2016	Currency translation	Additions from business combinations	Additions	Disposal	As of Dec. 31, 2016	As of Dec. 31, 2015	As of Dec. 31, 2015
68,072	2,216	0	12,394	418	82,264	87,070	79,436
3,735	0	0	1,095	0	4,830	2,659	3,754
0	0	0	0	0	0	177,178	143,771
<b>71,807</b>	<b>2,216</b>	<b>0</b>	<b>13,489</b>	<b>418</b>	<b>87,094</b>	<b>266,907</b>	<b>226,961</b>
18,688	427	1,086	4,825	1,624	23,402	14,255	13,792
<b>18,688</b>	<b>427</b>	<b>1,086</b>	<b>4,825</b>	<b>1,624</b>	<b>23,402</b>	<b>14,255</b>	<b>13,792</b>
<b>90,495</b>	<b>2,643</b>	<b>1,086</b>	<b>18,314</b>	<b>2,042</b>	<b>110,496</b>	<b>281,162</b>	<b>240,753</b>

Development of accumulated depreciation/amortization						Carrying amount	
As of Jan. 1, 2015	Currency translation	Additions from business combinations	Additions	Disposal	As of Dec. 31, 2015	As of Dec. 31, 2015	As of Dec. 31, 2014
58,035	636	4	11,589	2,192	68,072	79,436*	63,825
2,543	0	0	1,192	0	3,735	3,754	4,946
0	0	0	0	0	0	143,771*	111,285
<b>60,578</b>	<b>636</b>	<b>4</b>	<b>12,781</b>	<b>2,192</b>	<b>71,807</b>	<b>226,961</b>	<b>180,056</b>
15,949	557	0	4,000	1,818	18,688	13,792	10,800
<b>15,949</b>	<b>557</b>	<b>0</b>	<b>4,000</b>	<b>1,818</b>	<b>18,688</b>	<b>13,792</b>	<b>10,800</b>
<b>76,527</b>	<b>1,193</b>	<b>4</b>	<b>16,781</b>	<b>4,010</b>	<b>90,495</b>	<b>240,753</b>	<b>190,856</b>

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## DECLARATION OF THE LEGAL REPRESENTATIVES

"I hereby confirm that, to the best of my knowledge, in accordance with the applicable financial reporting framework, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the

Group management report gives a true and fair view of business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group."

Munich, March 10, 2017



Patrik Heider



Sean Flaherty



Viktor Várkonyi

## AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the group management report:

“We have audited the consolidated financial statements prepared by Nemetschek SE, Munich, Germany, comprising the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statement, together with the group management report for the fiscal year from January 1, 2016, to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management

report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with legal requirements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.”

Munich, March 10, 2017

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Bostedt  
Wirtschaftsprüfer  
[German Public Auditor]

Turba  
Wirtschaftsprüferin  
[German Public Auditor]



## DATA DESIGN SYSTEM

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### Solutions:

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DDS-CAD MEP

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DDS-CAD Architect & Construction

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DDS-CAD Viewer

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DDS has two main product lines:

DDS-CAD MEP is a BIM tool for MEP (Mechanical, Electrical and Plumbing) with integrated calculations and interdisciplinary coordination. This also includes the building envelope, which is necessary for energy calculations.

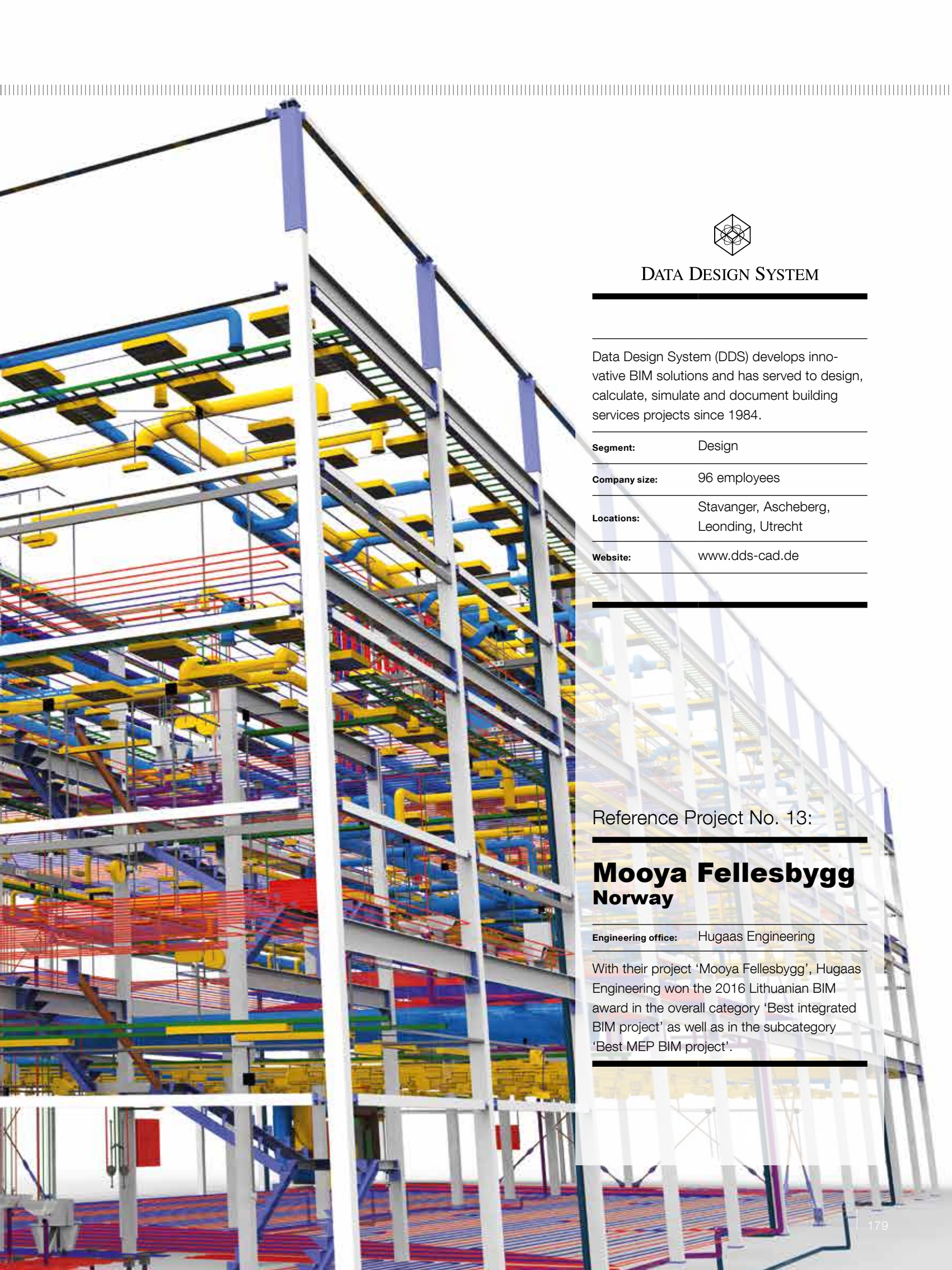
The other product line is DDS-CAD Architect & Construction, which is a highly specialized solution for handling typical Scandinavian style residential units. It provides tailored features for timber frame, pre-cut, prefab elements and other industrialized production methods.

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**BUILDING  
THE FUTURE  
TOGETHER**

STRONG BRANDS. GREAT PROJECTS.





## DATA DESIGN SYSTEM

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Data Design System (DDS) develops innovative BIM solutions and has served to design, calculate, simulate and document building services projects since 1984.

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<b>Segment:</b>	Design
<b>Company size:</b>	96 employees
<b>Locations:</b>	Stavanger, Ascheberg, Leonding, Utrecht
<b>Website:</b>	<a href="http://www.dds-cad.de">www.dds-cad.de</a>

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Reference Project No. 13:

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## Mooya Fellesbygg Norway

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**Engineering office:** Hugaas Engineering

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With their project 'Mooya Fellesbygg', Hugaas Engineering won the 2016 Lithuanian BIM award in the overall category 'Best integrated BIM project' as well as in the subcategory 'Best MEP BIM project'.

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# **FINANCIAL STATEMENTS**

(HGB)



182	Balance Sheet
184	Profit and Loss Account

# FINANCIAL STATEMENTS

## OF NEMETSCHEK SE (GERMAN COMMERCIAL CODE)

### BALANCE SHEET

as of December 31, 2016 and as of December 31, 2015

<b>ASSETS</b>	Thousands of €	<b>December 31, 2016</b>	December 31, 2015
<b>A. FIXED ASSETS</b>			
<b>I. Intangible Assets</b>			
1. Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets		74	20
2. Prepayments made on intangible assets		53	0
		<b>126</b>	<b>20</b>
<b>II. Property, plant and equipment</b>			
1. Leasehold improvements		58	14
2. Fixtures, fittings and equipment		61	51
		<b>119</b>	<b>65</b>
<b>III. Financial assets</b>			
1. Shares in affiliated companies		284,948	237,300
2. Loans due from affiliated companies		36,823	36,762
3. Investments		2,075	2,025
		<b>323,846</b>	<b>276,087</b>
<b>TOTAL FIXED ASSETS</b>		<b>324,091</b>	<b>276,172</b>
<b>B. CURRENT ASSETS</b>			
<b>I. Accounts receivable and other assets</b>			
1. Accounts receivable from trading		0	20
2. Accounts due from affiliated companies – thereof Accounts receivable from trading EUR 401k (previous year: EUR 322k)		15,855	14,231
3. Other assets		826	1,283
		<b>16,681</b>	<b>15,535</b>
<b>II. Cash and cash equivalents</b>		<b>15,270</b>	<b>14,719</b>
<b>TOTAL CURRENT ASSETS</b>		<b>31,951</b>	<b>30,254</b>
<b>C. DEFERRED AND PREPAID EXPENSES</b>		<b>140</b>	<b>97</b>
<b>D. DEFERRED TAX ASSETS</b>		<b>59</b>	<b>67</b>
		<b>356,242</b>	<b>306,589</b>

<b>EQUITY &amp; LIABILITIES</b>	Thousands of €	<b>December 31, 2016</b>	December 31, 2015
<b>A. EQUITY</b>			
<b>I. Subscribed capital</b>		<b>38,500</b>	<b>38,500</b>
<b>II. Capital reserve</b>		<b>20,530</b>	<b>20,530</b>
<b>III. Revenue reserve</b>		<b>28,586</b>	<b>28,586</b>
<b>IV. Retained earnings</b>		<b>127,160</b>	<b>102,701</b>
<b>TOTAL EQUITY</b>		<b>214,776</b>	<b>190,317</b>
<b>B. PROVISIONS AND ACCRUED LIABILITIES</b>			
1. Accrued tax liabilities		2,661	1,405
2. Other provisions and accrued liabilities		4,480	3,202
<b>TOTAL PROVISIONS AND ACCRUED LIABILITIES</b>		<b>7,141</b>	<b>4,607</b>
<b>C. LIABILITIES</b>			
1. Liabilities due to banks		95,800	80,000
2. Trade accounts payable		207	496
3. Accounts due to affiliated companies		36,494	29,264
4. Other liabilities			
– thereof taxes: EUR 923k (previous year: EUR 981k)		943	1,003
– thereof social security EUR 6k (previous year: EUR 4k)			
<b>TOTAL LIABILITIES</b>		<b>133,443</b>	<b>110,764</b>
<b>D. DEFERRED TAX LIABILITY</b>		<b>881</b>	<b>901</b>
		<b>356,242</b>	<b>306,589</b>

# PROFIT AND LOSS ACCOUNT OF NEMETSCHKE SE (GERMAN COMMERCIAL CODE)

for the period January 1 to December 31, 2016 and 2015

Thousands of €	December 31, 2016	December 31, 2015
1. Revenues	2,722	595
2. Other operating income	5,558	774
<b>Operating Income</b>	<b>8,280</b>	<b>1,370</b>
3. Personnel expenses		
a) Wages and salaries	-4,258	-3,575
b) Social security, pension and other benefit costs – thereof for pension: EUR 2k (previous year: EUR 4k)	-382	-315
4. Depreciation and amortization of intangible assets, property, plants and equipment	-72	-37
5. Other operating expenses	-5,223	-5,559
<b>Operating expenses</b>	<b>-9,934</b>	<b>-9,486</b>
<b>Operating result</b>	<b>-1,654</b>	<b>-8,116</b>
6. Income from investments – thereof from affiliated companies: EUR 29,564k (previous year: EUR 27,741k)	29,564	27,741
7. Income from profit and loss transfer agreements	21,213	16,542
8. Other interest and similar income – thereof from affiliates companies: EUR 1,191k (previous year: EUR 1,171k)	1,194	1,198
9. Interest and similar expenses – thereof from affiliated companies: EUR 0k (previous year: EUR 0k)	-860	-619
<b>Result from ordinary operations</b>	<b>49,457</b>	<b>36,746</b>
10. Taxes on income – thereof expenses of recognized from the change in deferred taxes: EUR 12k (previous year: EUR 5k)	-5,747	-3,737
<b>11. Earnings after tax</b>	<b>43,710</b>	<b>33,009</b>
12. Other Taxes	-1	0
<b>13. Net Income</b>	<b>43,709</b>	<b>33,009</b>
14. Profit carried forward from previous year	83,451	69,692
<b>15. Retained earnings</b>	<b>127,160</b>	<b>102,701</b>



# FRILO Software

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## Solutions:

GEO	The FRILO Building Model with the engineering approach
PLT	Plates by Finite Elements
SCN	Panels by Finite Elements
BTII	Lateral Torsional Buckling Analysis
DLT	Continuous Beam for all Materials

and about 80 further programs in the building sectors wood, steel, reinforced concrete, masonry

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Analysis programs are constantly subject to change. The engineers at FRILO analyze all the regulations down to the last detail and promptly integrate these in the programs.

FRILO sits on the standards committees and is therefore familiar with all the latest developments.

Support is provided by engineers who have hands-on experience and precise knowledge of the issues users face. With a service agreement, FRILO offers unlimited support, and the user-friendly license structure is appropriate for individual offices and large corporations alike. Distributed work and work across multiple sites in a network as well as cloud solutions are possible for FRILO Software at any time.

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## **BUILDING THE FUTURE TOGETHER**

STRONG BRANDS. GREAT PROJECTS.



## FRILO Software

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FRILO Software is one of the leading providers of calculation programs for structural engineering tasks.

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**Segment:** Design

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**Company size:** 42 employees

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**Locations:** Stuttgart, Dresden

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**Website:** [www.friilo.eu](http://www.friilo.eu)

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Reference Project No. 14:

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### **Meséskert Kindergarten Hungary**

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**Engineering office:** bfb Takacs

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The kindergarten was designed as a passive building that resembles a toy sorting cube with large openings in the shape of a circle, triangle and square.

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# Highlights 2016

January

Nemetschek Group successfully concludes acquisition of Solibri



February

Bluebeam presents the latest version of its software Revu 2016

Potsdamer Platz Management GmbH opts for software solution iX-Haus from Crem Solutions



May

GRAPHISOFT announces new software version ARCHICAD 20

Dividend increased by 25%:  
Nemetschek SE pays out € 0.50 per share

June

Vectorworks Architect 2016 awarded as "BEST of SHOW" winner at the AIA Convention 2016

September

MAXON Cinema 4D Release 18 available now

October

Data Design System releases DDS-CAD 12 version

AEC sector survey names Nemetschek as leading software provider in German-speaking countries







## March

MAXON offers short-term licenses for Cinema 4D for the first time ever

Nemetschek completes its conversion into a Societas Europaea (SE)

## April

Sean Flaherty is appointed Chief Strategy Officer of the Nemetschek Group

GRAPHISOFT's BIMx wins the "Architizer A+ Award" in the "Mobile Apps" category

## July

Software version Allplan 2017 sets standards in cross-discipline communication with project stakeholders

NEVARIS wins major contract in Build segment

Award from the Bavarian State Ministry for Economic Affairs and Media, Energy and Technology: Nemetschek named one of "BAYERN'S BEST 50" (Bavaria's Best 50)

## August

Nemetschek Group acquires Design Data

New version Solibri Model Checker v9.7 available

GRAPHISOFT offers full access to BIM data across the board with BIMx



## November

ARCHICAD awarded "BIM product of the year" for the sixth time in a row

Allplan wins the "Architect's Darling Award" for the third time after 2012 and 2014

Best ranking for iX-Haus from Crem in Bell Management Consultants' Real Estate Software Report

## December

Four Nemetschek Group brands win the "Digital Building Transition Award" in France

Nemetschek acquires Norwegian software provider dRofus



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## Financial calendar 2017

March 31, 2017  Publication Annual Report 2016	April 28, 2017  Publication Quarterly Statement 1st Quarter 2017	June 1, 2017  Annual General Meeting, Munich
July 28, 2017  Publication Quarterly Statement 2nd Quarter 2017	October 27, 2017  Publication Quarterly Statement 3rd Quarter 2017	November 27–29, 2017  German Equity Forum, Frankfurt am Main

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## Publication details

Copyright 2017  
Nemetschek SE, Munich

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Concept and Editorial Office  
Nemetschek Group (Investor Relations)

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All photos Executive Board  
Gunnar Menzel

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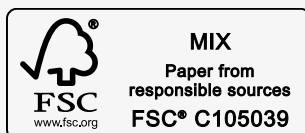
Design and Realization  
SPARKS ADVERTISING Werbeagentur GmbH, Munich

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Print  
Schleunungsdruck, Marktheidenfeld

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Certification



## Picture credits

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### COVER

Barco One Campus, Kortrijk, Belgium; Architects: Jaspers-Eyers Architects; Engineering Office: Establis;  
Image: Marc Detiffe

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### COVER INSIDE

La Spezia Trade Fair, Italy; Architects: Studio Manfroni Associati; Image: Roberto Buratta

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### PAGES 8–9, 10 AND 11

Hasselt City Hall, Belgium; Architects: Jaspers-Eyers Architects

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### PAGES 12, 14–15 AND 189

Len Lye Center, New Plymouth, New Zealand; Architects: Patterson Associates Architects;  
Image: Patrick Reynolds

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### PAGES 12, 24–25 AND 188

S2, King's Cross, London, Great Britain; Engineering Office: Hilson Moran

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### PAGES 13, 36–37 AND 188

Mareel Cinema and Music Venue, Lerwick, Great Britain; Architects: Gareth Hoskins Architects;  
Image: Phatsheep Photography

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### PAGES 13, 52–53 AND 188

Gotthard Base Tunnel, Switzerland; General Planner: Gähler & Partner

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### PAGES 13, 68–69 AND 189

Art Museum Ravensburg, Germany; Contractor: Georg Reisch; Image: Roland Halbe

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### PAGES 12 AND 80–81

FRIB (Facility for Rare Isotope Beams), East Lansing, USA;  
Steel Constructor: Douglas Steel Fabricating Corporation

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### PAGES 12 AND 92–93

Airport Oslo Gardermoen, Terminal 2, Norway; Administration: Avinor

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### PAGES 13 AND 102–103

St Martin Tower, Frankfurt, Germany; Building Management: THA Immo Verwaltungs GmbH  
Image: HG Esch Photography

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### PAGES 13 AND 124–125

Allianz Stadium, Vienna, Austria; Precast Elements: Oberndorfer

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### PAGES 13, 136–137 AND 189

Waldkante, Germany; Visualization: Sven Johanson, Scaramedia

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### PAGES 12 AND 148–149

Airport Zaventem, Brussels, Belgium; Engineering Office: Moss

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### PAGES 12 AND 160–161

Tripla Quarter, Helsinki, Finland; Contractor: YIT Construction

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### PAGES 13 AND 178–179

Mooya Fellesbygg, Norway; Engineering Office: Hugaas Engineering

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### PAGES 13 AND 186–187

Meséskert Kindergarten, Budapest, Hungary; Engineering Office: bfb Takacs; Image: Tamás Bujnovszky

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**NEMETSCHek**  
GROUP

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