

## **Supervisory board's report on the 2017 financial year of Nemetschek SE**

The supervisory board of Nemetschek SE involved itself extensively in the situation and development of the Group during the 2017 financial year. Over the course of the financial 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 characterized by open and trustful discussions. The executive board instructed the supervisory board regularly, promptly and comprehensively, orally as well as 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, the segments and the individual brands, as well as on risk management and compliance.

The supervisory board regularly and critically discussed the developments in the respective reporting quarters, the short-term and medium-term prospects and the long-term growth and earnings strategy internally with the executive board. The supervisory board was very involved in decisions of fundamental importance for the company. Outside the regularly scheduled sessions as well, 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. Based on the extensive information provided by the executive board as well as independent audits, the supervisory board was able to completely fulfill its monitoring and advisory role at all times.

### **MEETINGS AND TOPICS OF FOCUS**

In the financial year 2017, a total of four regular supervisory board meetings were held, namely in the months of March (balance sheet meeting for the 2016 annual financial statements), July, November 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, potential acquisition targets, strategic projects at holding and brand levels 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, there was debate in particular on the following topics:

- Annual financial statements and consolidated financial statements for the 2016 financial year
- Proposal on the appropriation of profits for the 2016 financial year
- Invitation and agenda items for the regular 2017 annual general meeting with proposed resolutions to the annual general meeting as well as the supervisory board's report for the 2016 financial year
- Executive board and general managers' specification of targets reached in 2016 and release of payment of variable remuneration shares as well as the definition of target agreements for the 2017 financial year; nominations for participation in the "Long-Term Incentive Plan" (LTIP)
- Declaration of Conformity in accordance with the "German Corporate Governance Code"
- Group planning, revenue planning, result planning and investment planning for 2017 as well as ongoing discussion on the current situation

- Strategic projects at Group and brand levels and alignment of the Nemetschek Group and its Internationalization as well as target achievement during implementation
- Development of market conditions and competitive situation
- Acquisition strategy and strategic partnerships
- Integration of dRofus AS, headquartered in Oslo, Norway, and acquisition and integration of RISA Tech, Inc., headquartered in Foothill Ranch, California, USA
- Internal control and early stage risk detection systems, audit and compliance report
- Capital market and share price development
- Group planning and investment projects for 2018

## **COMPOSITION OF EXECUTIVE BOARD AND SUPERVISORY BOARD**

There were no changes in personnel on the three-man executive board of Nemetschek SE. For details concerning executive board remuneration, please refer to the remuneration report contained in the Consolidated management report of the annual report.

As in the previous year, the supervisory board was made up of three members. At the 2017 annual general meeting all three members were confirmed in their offices for a further four years. The formation of supervisory board committees is not necessary in view of the fact that the supervisory board comprises three members.

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

On June 1, 2017, 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 2017 as well as the corresponding consolidated 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 of Nemetschek SE for the 2017 financial year prepared by the executive board according to the German Commercial Code (HGB), as well as the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315e (1) of the German Commercial Code (HGB), and the consolidated management report for Nemetschek SE and the Group for the 2017 financial year were 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 prior to the balance sheet meeting on March 22, 2018. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained the audit report and provided detailed answers to all of the supervisory board members' questions.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the consolidated financial statements and the consolidated management report for Nemetschek SE and the Group 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 that there are no reservations to be raised. The supervisory board approved the 2017 financial statements and consolidated financial statements of Nemetschek SE at the balance sheet meeting of March 22, 2018. The 2017 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 2017 financial year. The supervisory board defined a competence profile for the members of the supervisory board and the committee as a whole. In March 2018, 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 April 2017 with the exception of the justified deviations specified in the Declaration of Conformity. For 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 2017 financial year, the Nemetschek Group again achieved double-digit revenue growth as well as an increase in operating result which was faster than revenue growth, and consequently continued 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. 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 22, 2018

Kurt Dobitsch

Chairman of the Supervisory Board