



NEMETSCHKE  
GROUP

2021 FINANCIAL STATEMENTS  
(GERMAN COMMERCIAL CODE)  
NEMETSCHKE SE

SHAPE  
THE  
WORLD





# Combined Management Report for the 2021 Financial Year

## About This Report

The management report of Nemetschek SE and the Group management report for the 2021 financial year have been consolidated. The corporate governance declaration in accordance with Section 161 of the German Stock Corporation Act (AktG) is published on the website [ir.nemetschek.com/en/corporate-governance](https://ir.nemetschek.com/en/corporate-governance). The corporate governance declaration can also be found in the chapter [«< To our Shareholders >>»](#). The consolidated financial statements prepared by Nemetschek as of December 31, 2021 comply with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU) as of December 31, 2021, as well as with the requirements of the German Commercial Code in connection with German Accounting Standards.

## 1 Group Principles

### 1.1 Group Business Model

#### Organization

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

The strategic holding company, Nemetschek SE, is headquartered in Munich, Germany. The company's operating activities are carried out via four segments with a total of 13 brands (previous year: 15 brands), with the brand alignment taking effect as of January 1, 2022. The brands are represented by subsidiaries or groups of subsidiaries that operate independently in the market. This group structure reflects the company's balanced philosophy of central management at holding company level and a high degree of entrepreneurial freedom at subsidiary level. The subsidiaries operate as independently managed brands in their respective end markets. This enables the individual brands to focus on their respective customers' needs in an agile and targeted way to increase the benefits and added value for the customer. For its part, Nemetschek SE is responsible for the central functions of Corporate Finance & Tax, Controlling, Investor Relations & Communication, Corporate Development & Operations, Mergers & Acquisitions, Human Resources, IT & Business Solutions, Corporate Audit and Corporate Legal & Compliance. In 2021 the function Start-up & Venture Investments was added.

The corporate structure of the Nemetschek Group, with its portfolio of solutions ensuring a continuous workflow across the entire construction lifecycle and encompassing solutions for the world of media, is reflected in the reporting structure for the four segments: Design, Build, Manage and Media & Entertainment. An Executive Board member or Segment Manager is assigned to each segment. This structure ensures regular segment reporting to the holding company. The close interlocking of the holding company and segments also ensures close coordination between the holding company and its subsidiaries as well as a high degree of management efficiency. To leverage synergies within the Nemetschek Group, the Executive Board members, in their roles as Segment Managers, support the coordination of strategic projects between the brands in their respective segment but increasingly also cross-segment cooperation between individual brands. As a result, the subsidiaries benefit from synergies at segment and Group level with regard to internationalization, the exchange of best practices, and sales and development activities.

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

#### Business Activities

The Nemetschek Group offers digital solutions for all disciplines across the entire lifecycle of buildings and infrastructure projects. The aim of offering networked solutions is to further improve cooperation between the various professional groups in the construction industry and to make this cooperation more efficient. This diverse portfolio comprising graphical, analytical and commercial solutions therefore enables an end-to-end workflow in the lifecycle of construction and infrastructure projects.

The brands are "experts" in their specific customer segment, and have a high level of expertise in their respective market segment. Customers include architectural and design offices of all sizes, structural planners, engineers of all disciplines, planning and service providers, construction companies and their suppliers, process controllers and general administrators, as well as property, building and facility managers. Added to this is the Media & Entertainment segment, which focuses on customers in the film, television, advertising, video game and metaverse sectors. The segment also serves customers from the AEC/O industry (e.g. rendering software for visualizing buildings).



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

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

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

From a sustainability perspective, the Nemetschek Group's software solutions also contribute to more resource-efficient planning and construction and subsequently more efficient operation across the entire lifecycle of buildings and infrastructure projects. In addition, a structure can be efficiently rebuilt even years later because its details are precisely documented. This more energy- and resource-efficient way of working is therefore an indispensable basis for achieving the climate targets set by policy-makers at both national and international level.

For creative and accurate planning and implementation along the building life cycle, 3D visualisations are becoming increasingly relevant. Visual effects create a realistic environment for the building contractor, decision-maker or consumer. With the Nemetschek Group's solutions, planners and architects can quickly, easily and precisely create 3D models from drawings and make more informed decisions based on the exact structural or dynamic visualizations.

The Nemetschek Group's 3D animation solutions also support artists in optimising their creative workflows, e.g. through 3D modelling, simulation and animation, tools for editing, motion design and film production as well as rendering solutions for high-end production. The professional solutions for producing 2D and 3D digital content are used to create and render visual effects for feature films, TV shows, commercials and games, as well as for applications in the areas of medical illustration, architecture and industrial design. Since the beginning of 2022, the portfolio also includes ZBrush, an Oscar-winning sculpting and painting software used by renowned film studios, game developers, designers, in the advertising industry and by illustrators worldwide.

## Segments

The Nemetschek Group's total of 13 brands (previous year: 15) are divided among the four segments of Design, Build, Manage and Media & Entertainment according to their respective end markets and customer groups. The changes within the brand

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

<b>Design</b>	+	<b>Build</b>	+	<b>Manage</b>	+	<b>Media + Entertainment</b>
ALLPLAN		BLUEBEAM		CREM SOLUTIONS		MAXON
FRILO		DROFUS		SPACEWELL		
GRAPHISOFT		NEVARIS				
RISA						
SCIA						
SOLIBRI						
VECTORWORKS						

### Design Segment

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

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

As of January 1, 2022, the SDS/2 brand was integrated into Allplan as part of the ongoing process of harmonization within the segments. The merger with SDS/2, a provider of software solutions for detailed steel construction planning, further strengthened Allplan's position as an expert in platform-based BIM solutions for building lifecycles. The Graphisoft and Data Design System brands also combined forces. Combining technology and expertise from Graphisoft – the provider of BIM software solutions for architecture – and Data Design System – the planning software specialist for technical building installations – has expanded the expertise and worldwide availability for their customers.

### Build Segment

In the Build segment, the Nemetschek Group offers integrated complete 5D BIM solutions from the bidding and award phase to invoicing, budgeting, scheduling and cost calculation. This also includes commercial ERP (Enterprise Resource Planning) solutions for construction-related accounting from the Nevaris brand and PDF-based workflow solutions for digital work processes, collaboration and documentation from Bluebeam – now the Nemetschek Group's strongest brand in terms of revenues. Since the start of the 2022 financial year, the Build segment has been rounded off by the dRofus brand, which until the end of 2021 was still allocated to the Design segment. Its data management and BIM collaboration solutions for supporting workflows and providing building information throughout the entire building lifecycle help meet the requirements of the segment's customers.

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

### Manage Segment

The Manage segment bundles the competencies of the Nemetschek Group's smallest business segment in terms of revenues. Key customers come from all areas of professional property management, including property managers, facility managers, globally active property companies, banks, and insurance companies.

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

### Media & Entertainment Segment

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

Maxon is a provider of professional 3D modelling, painting, animation and rendering solutions for the creative industry. All over the world, creative professionals from a wide range of fields use

the solutions to create 3D motion graphics, architectural or product visualisations, graphics for computer games, illustrations, visual effects and much more.

Maxon's product portfolio helps artists and creative professionals optimise their workflows. The Maxon ONE product suite includes the Cinema 4D suite for 3D modelling, simulation and animation, the integrated Red Giant product range with tools for editing, motion design and film production, and the Redshift rendering solutions for high-end production. In 2021, Maxon acquired the 3D application forger, expanding its portfolio to include professional sculpting workflows on mobile devices. With the product release of the new version of Maxon ONE in autumn 2021, numerous new functionalities were released.

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

### Locations

Nemetschek SE is headquartered in Munich, Germany. The Nemetschek Group's 13 brands develop and market their solutions worldwide from a total of 81 locations.

### NEMETSCHKEK LOCATIONS WORLDWIDE



## Drivers, Market and Competition

### Growth Drivers

The global construction industry is at the beginning of a new, prolonged growth phase. The growing world population, increasing urbanization and the associated rising demand for housing are key drivers here. The construction industry already generates around 13% of global GDP. By 2030, the construction industry market is expected to grow by 42% to around EUR 13 trillion.

This comes in addition to the shift toward a more sustainable world, which requires extensive investment in, among others, infrastructure. At present, 36% of annual global energy consumption is attributable to the construction and operation of buildings. In view of this, there is growing demand for efficiency, quality and sustainability in the construction industry.

A further significant growth driver is the digital transformation of the construction industry, which is far less advanced than in other key industries such as the automotive industry. Studies show that the construction industry in Europe has a digitalization level of only 7%. This means the construction industry has a significant need to catch up with the use of digital technologies. This represents great market potential for Nemetschek. IT expenditure in the construction industry is expected to increase by around 13% annually in the next few years.

Optimizing the interaction of all processes through systematic digitalization will offer the industry a more than 20% increase in efficiency by shortening construction times, improving quality and lowering costs. Large parts of this transformation can already be implemented efficiently by using existing technologies, thanks to the world's leading BIM method.

The Nemetschek Group benefits from several drivers in its three core segments of the AEC/O industry:

- » Digitalization in the construction sector remains weak. Catch-up effects and increased investment in industry-specific software solutions that control processes more efficiently and therefore increase quality and reduce costs and time expenditure are becoming increasingly important.
- » State regulations that require or make the use of BIM software mandatory for state-financed construction projects are paving the way for further growth of the Nemetschek Group worldwide. Alongside the USA, the UK and the Scandinavian countries are particular pioneers in Europe when it comes to BIM regulations and the use of BIM-enabled software solutions.
- » The rising use of software over the entire building lifecycle is required by the BIM regulations to enable a model-based and continuous workflow. Starting with the transition from 2D software solutions to model-based 3D BIM solutions, through the increased use of solutions for cost and time calculation and collaboration to products for the efficient use and management

of buildings, the Nemetschek Group brings its solutions to all phases of the construction lifecycle and meets the requirements of an integrated workflow.

- » Furthermore, the topics of sustainability and environmental protection are becoming increasingly important in the planning, construction and operation of buildings. This is particularly true for the construction sector, as buildings and the construction industry are responsible for 40% of total CO<sub>2</sub> emissions. A more energy- and resource-efficient way of working throughout the entire construction process, including the subsequent use phase, is therefore a critical factor in achieving the climate targets set by policy-makers (e.g. European Green Deal). Intelligent BIM software solutions for more sustainable and resource-conserving construction, as well as more efficient building operation, form an indispensable basis for this.

Overall, the digital transformation in the AEC/O market will continue to lead to increased demand for solutions that ensure digital workflow in the various disciplines of the Design, Build and Manage segments. These market conditions provide the Nemetschek Group with a suitable framework for its further growth. It should be noted that the degree of digitalization and the above-mentioned drivers have different effects on the respective segments. In the Design segment, the markets are already being penetrated by software solutions. Here, the Nemetschek Group sees the transformation from 2D to 3D solutions as a key driver. But the situation is different in the Build and Manage segments where digitalization is still less developed, so that investments in software solutions are likely to play a strong role in driving the market.

Sources: UN Environment Programme (Dec. 2020) – 2020 Global Status Report For Buildings And Construction; McKinsey (Oct. 2020) – Rise of the platform era; Oxford Economics (Sept. 2021) – Future of Construction.

### Market and Competition

The Nemetschek Group is a globally leading company in the AEC/O software market. In 2021, the global AEC/O software market amounted to around EUR 14 billion. Estimates assume that the market will grow by an average of 11% per year until 2024.

The Design market segment has a historically higher degree of maturity, as digitalization in this area was promoted earlier than in the other market segments. An average market growth rate of around 11% is expected here for the period of 2021-2024.

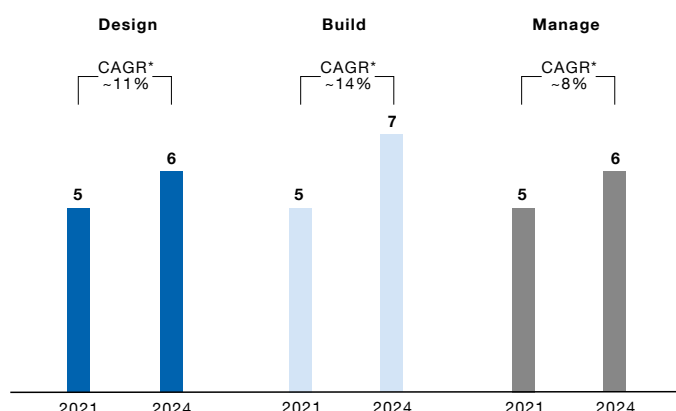
The Build segment's market is expected to grow from around EUR 5 billion in 2021 to an anticipated EUR 7 billion in 2024, corresponding to an average annual growth rate of around 14%.

In 2021, the market volume in the Manage segment amounted to around EUR 5 billion. By 2024, the segment is expected to grow by around 8% per year to around EUR 6 billion.



## GLOBAL AEC/O SOFTWARE MARKET

End-user expenditure in EUR billion



\* Compound Annual Growth Rate.

Sources: Cambashi BIM Design Observatory, Nemetschek Research.

The AEC/O software industry can be described as a fragmented competitive environment. Therefore, depending on the segment and region, the Nemetschek Group faces competition from different companies. Although the market has increasingly consolidated over recent decades, there are still a large number of small local companies. By contrast, the Nemetschek Group is one of the few global companies actively driving forward the process of consolidation through acquisitions.

In the Media & Entertainment segment the Nemetschek Group addresses the 3D animation market, which has great market potential and high rates of growth.

The global 3D animation market is estimated to be worth USD 18.3 billion in 2021 and will rise to around USD 40 billion by 2028. This corresponds to an average growth of around 12 % annually. Rising demand for high-quality content and animation by creatives and increasing use of visual effects (VFX) in films and videos are some of the key factors, along with integration of artificial intelligence (AI) in 3D animation, driving the market growth. In addition, the proliferation of VFX in the entertainment industry and the recent trend of using VFX in advertising and infomercials to showcase products with 3D elements is driving the growth of the 3D animation market.

## 1.2 Targets and Strategy

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

**#1:** With its software solutions, the Nemetschek Group supports **digitalization** along the entire construction lifecycle – from the planning and construction phase to the operating and

renovation phase. This strategically integrated approach makes it possible to bundle and focus investments and expertise on the customer-oriented segments and thus offer end-to-end support for customers in the building lifecycle. At the same time, the Nemetschek Group's solutions enable the workflow in the construction lifecycle to be improved thanks to their end-to-end approach. Added to this are digital solutions for visualizations, 3D modeling and animation, which, in particular, find a market in the media and entertainment industry as well as the construction industry.

**#2:** With four segments under the umbrella of a strategic holding company, the **group structure** enables the Nemetschek Group to bundle the competencies of its 13 brand companies in the best possible way in the customer-oriented segments of the AEC/O industry and in the Media & Entertainment area. This structure is intended to increase the benefits and added value for the customer. The focus here is on the integration and cooperation of several brands in order to offer an integrated and more networked range of solutions. The objective is to further improve cooperation between the various professional groups in the construction industry and to make this cooperation more efficient. The brands are "experts" in their specific customer segment, and therefore have a high level of expertise in their respective market segment. The segment and brand approach ensures that market changes can be quickly recorded, analyzed and evaluated and that customer requirements can be responded to promptly. At the same time, they benefit from synergies at segment and Group level with regard to internationalization and sales strategies, the exchange and sharing of best practices, and development activities.

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

The aim of the merger of the Graphisoft and Data Design System brands that took place in the year under review was to expand their range of integrated, multidisciplinary planning solutions. The step-by-step merger of the Allplan brand with Precast Software Engineering (in 2021) and the SDS/2 brand (in 2022) combined knowledge, expertise and technology to enable a seamless, integrated BIM workflow to be mapped from planning through to production and construction. In this process, the platform-based BIM solution takes "buildability" into account right from the start to ensure continuous BIM workflows, including during the transition from the planning phase to the construction phase. The smooth transfer of data, including all relevant information for the construction companies, is essential for keeping construction projects within their cost and budget framework.

These strategic measures enable the respective brands to benefit from complementary competencies in order to drive growth further. Thus it is not only “smaller” brands that benefit from the presence and sales strength of the internationally focused Graphisoft and Allplan brands. In particular, this integrated product portfolio now enables them to address the needs of integrated, multidisciplinary customer groups in an even more targeted way. To this end, the brands are also focusing increasingly on direct sales alongside the indirect sales model. A mix of licensing and rental models, which is also being extended to include digital sales methods such as e-commerce selling, has proved successful in ensuring the best possible benefits to customers.

The **Build** segment's strategy pursues the aim of advancing the digitalization of construction companies and thus making a material contribution to increasing efficiency in the construction process. Small and medium-sized enterprises (SMEs), whose digitalization strategies are often still in the early stages, represent a market that offers growth opportunities and has seen little penetration to date. The aim is to meet a construction project's cost, scheduling and quality requirements reliably through an intuitive product range that offers maximum customer benefits. Due to the still comparatively low degree of digitalization in Europe and Asia, there are opportunities for growth through internationalizing Bluebeam's collaboration solution, which is already widespread in the USA. Bluebeam's product and sales approach is due to change to a rental model to enable it to meet customers' requirements in an even more targeted way and further increase its attractiveness for new customers. The subscription-based business model makes it possible to integrate product innovations into an existing product at any time. With this model, a customer has automatic access to the current software version with the latest features. To derive even more benefit from existing customer synergies between the Bluebeam and dRofus brands, the dRofus brand has been allocated to the Build segment as of the 2022 financial year.

The **Manage** segment's aim is to digitalize the management of buildings through an innovative software portfolio. There is enormous potential here, not only with respect to increasing efficiency in the use of buildings, but also in terms of taking a more targeted approach to users' needs and operating buildings in a sustainable and environmentally friendly way. The Manage segment systematically uses the latest technologies such as the Cloud, the Internet of Things (IoT), artificial intelligence and machine learning for this, pursuing the strategy of a modular and integrated software platform that maps the relevant work processes in property, facility and workplace

management (IWMS, Integrated Workplace Management System). Furthermore, Nemetschek provides an intelligent smart building solution that uses IoT sensors and big data analysis to improve productivity and efficiency for building managers.

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

The **Media & Entertainment** segment has also been significantly strengthened by acquisitions in recent years. Following the acquisition of Redshift (rendering solution) and Red Giant (solutions for motion design and visual effects), Maxon expanded the Maxon family again at the end of 2021 with the acquisition of the Pixologic business operations (provider of ZBrush sculpting and painting software).

Maxon One, which is offered via a rental model, combines all Maxon products in one complete package. Maxon has positioned itself in the large and rapidly growing 3D animation and emerging metaverse market with an end-to-end software portfolio along the entire digital content creation value chain. In addition, close cooperations with hardware manufacturers such as Intel, AMD and Apple guarantee optimized software solutions that support current technologies. From a regional perspective, Maxon is already globally active and is pursuing the aims of continuing its international expansion and exploiting opportunities arising from the diversified customer demand that is typical of the market, while continuing to advance the switch to rental models. The objective here is, firstly, to target new customers, and, secondly, to bring innovations to customers even more quickly.

Across all the segments, there is a focus on reducing the complexity resulting from the diversity of brands. Internal processes are being streamlined and optimized. This includes harmonizing the internal back-end systems in the areas of Human Resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management).

**#3: OPEN BIM.** Nemetschek's clear commitment to OPEN BIM and the associated open interfaces increase interoperability, collaboration and communication with different disciplines along the construction lifecycle. In addition, the integration of competitors' software programs is also possible, substantially

extending the circle of users. At the same time, Nemetschek is focusing on future topics that will shape and change the construction industry. These include topics such as machine learning, artificial intelligence, and the use of IoT devices and sensors. These topics are part of the Nemetschek Group's development activities.

The key growth drivers for the Nemetschek Group are internationalization, which goes hand in hand with the corresponding sales strategy, and innovations taking place at brand and segment level. The growth strategy is aimed at growing organically faster than the market average and also strengthening this growth through acquisitions.

### Internationalization

As part of the implementation of its growth strategy, Nemetschek focuses on the three large regions of Europe, the Americas and Asia/Pacific. In recent years, the Nemetschek Group has continually expanded its market position outside Germany and at the same time strengthened its position in the target sales markets. In the 2021 financial year, the regional distribution of revenues remained virtually unchanged for against the previous year, with around 76% of Group revenues generated outside Germany (previous year: 76%). The Americas are the world's largest single market for AEC/O software, and thus represent a key sales market for the Nemetschek Group. Nemetschek has developed well in this highly competitive and expanding market in recent years and now generates 34% of its revenues (previous year: 34%) in the Americas region, with the USA as the most important single market. The brands in the USA and Europe mutually support each other in their expansion. The good market position of the US companies makes it easier for European Nemetschek brands to expand abroad and vice versa.

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

### Rental Models (Subscription/Software as a Service, SaaS) and Sales Approach

Sales in the brand companies are handled directly by the company's own sales teams and indirectly via resellers and distribution partners. Both sales channels have proven their worth and are used flexibly depending on market conditions.

The Nemetschek Group offers its customers a high degree of flexibility in obtaining the software. It operates a licensing model, which includes the option of a service contract or a rental model (subscription or software as a service). With rental models, Nemetschek can tap into new customer groups, as the customer can use the software flexibly and without a one-off license fee. At the same time, the visibility and predictability of revenues increase. Nemetschek will continue to offer its customers both options in the future. The offer and implementation of rental models is at different stages of progress in the four segments. The goals and strategies pursued by the Nemetschek Group in its segments are shown in its [6 Outlook 2022](#). In doing this, the Nemetschek Group addresses the different needs of customer groups, depending on discipline and region.

### Innovative Solutions

Around 22% (previous year: around 24%) of Group revenues flowed into research and development in the 2021 financial year and thus into new and further developments of the solution portfolio. In each segment, the Segment Managers, together with their brands, draw up a roadmap for the next three years as part of the annual budget process, in which the strategic product developments at brand level and across brands are recorded. The degree of implementation of the roadmap is presented and verified in regular review meetings between the brands and the respective Segment Managers.

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

In addition to the further development of the individual brands, the strategic focus is on cross-brand development projects in the segments and strategic initiatives that extend across the segments.

The digital transformation in the construction industry and the path toward a networked construction lifecycle go hand in hand with a continuous exchange of data and information as well as the management and provision of ever-increasing amounts of data (big data) for the planning, realization and management of buildings and infrastructure projects with continuous workflows. The focus of Nemetschek's solutions is therefore on reducing information loss and data disruption. New fields of development activities include topics such as Artificial Intelligence (AI) or the Internet of Things (IoT).

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

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

The Nemetschek Group pursues a strategy of profitable growth with the aim of growing inorganically through acquisitions in addition to organic growth. Suitable target companies in the respective segments are identified internally at holding company and segment level and by the brand companies themselves, and also by external partners and consultants.

The target companies should either extend or round off the technological expertise in the workflow of construction processes and strengthen the expertise in the Media & Entertainment segment. Another target is to gain complementary market shares in international markets. Strong management and an established business model are key parameters in the evaluation of potential acquisitions. Regionally, the focus is on the European and North American market. Now that the integration of the companies acquired in the Manage and Media & Entertainment segments in recent years has been completed or is in progress, the current focus is on strengthening the Build segment. It has also been possible to exploit opportunities arising in the Design segment. The objective is to offer the architect, engineer and construction company customer groups continuous workflows and therefore enable the associated efficiency increases via end-to-end process solutions. The Nemetschek Group thus intends to implement further additions to the solution portfolio and continue to expand its strong market position as a full-service provider.

After an acquisition, the holding company accompanies the brands during their integration into the segments and the group and integrates the new brands into processes and the reporting system established throughout the company. At the same time, they have become an important part of an internationally operating group and thus benefit from corresponding structures and possible synergies.

In addition to acquisitions at segment level, acquisitions at brand level are also possible and desirable. The brands can identify suitable target companies directly and purchase them with the support of the holding company. However, essential criteria such as technological expansion, regional expansion, distribution structure and financial solidity must be met.

In order to benefit even further from the technological advances in the growing AEC/O industry, the Nemetschek Group has defined a venture and start-up strategy in addition to the established M&A area. The focus for acquisitions or investments is therefore also on smaller, still young and innovative companies in addition to the

companies already established on the market. This provides Nemetschek with early access to new and innovative technologies with high growth potential and enables it to support these companies right from the start. Investments and interests in start-up companies are coordinated and supported at holding company level via the newly established Start-up & Venture Investments function.

In 2021, the Nemetschek Group has taken minority stakes in three young and innovative companies from Germany, the USA and Norway as part of financing rounds. These include the German start-up Sablono for digital lean technology in construction, the US start-up Reconstruct Inc. for remote quality control and remote progress monitoring, and the Norwegian company Imeraso AS with an innovative platform for automating construction quality monitoring, combining artificial intelligence, reality capture and BIM technologies.

For example, supporting the Venture Lab Built Environment at the Technical University of Munich is also part of the Nemetschek Group's venture strategy to advance innovation and thus help shape the construction industry of the future.

These start-up investments will also be continued in the future, because product excellence and innovative strength are the key to being able to offer customers real technological added value in the future.

Even though acquisitions represent an important growth option for the Nemetschek Group, it always has the alternative of opening up new business areas organically or expanding existing ones thanks to its now very broad expertise along the entire construction lifecycle and in the media environment. A "make or buy" consideration permanently takes place as part of the implementation of the growth strategy.

The strategic directions described, along with the relevant targets and milestones, are set out in a strategic plan and are regularly discussed within the Executive Board and with the Supervisory Board. Countermeasures are developed and implemented where deviations from the targets set out in the strategic plan are identified. Targets are also adjusted where required. There were no adjustments to the strategic objectives in the 2021 financial year.



## 1.3 Corporate Management and Governance

### General information

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

Strategic and operational corporate management is carried out by the Executive Board respectively the segment manager of Nemetschek SE. This includes the strategic positioning of the Nemetschek Group on the global sales markets and its short and medium-term revenues and earnings planning. This also orients the company toward the competitive and market environment.

The company is managed at the level of the four operating segments. In this process, the targets and annual objectives of the segments and respective brand companies are derived from the strategic targets. In the annual planning process, these are coordinated with the brand companies, specified by the brand companies and recorded with quantitative and qualitative sub-targets for marketing, sales and development. The annual planning, sub-targets and medium-term planning are coordinated between the managing directors of the respective brands and the member of the Executive Board or manager responsible for the segment. The Supervisory Board monitors and advises the Executive Board throughout all processes mentioned above.

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

### Financial Performance Indicators

The key financial performance indicators (core management ratios) of the Nemetschek Group have not changed from the previous year. At both the holding company and segment level, these are absolute sales revenues, year-on-year revenue growth and the operating result (EBITDA). EBITDA provides information on profitability and includes all items of the income statement relating to operating performance. Because of their importance for the financial success of the business, the key performance indicators of revenues and EBITDA are also essential components of the performance management system.

The achievement of corporate targets is also assessed based on the development of financial performance indicators that are set for the purposes of managing the company and also form part of the short and medium-term remuneration of the Executive Board.

Information on the remuneration of members of the Executive Board and Supervisory Board is provided in a separate remuneration report that is available on Nemetschek SE's website at [ir.Nemetschek.com/en/corporate-governance](http://ir.Nemetschek.com/en/corporate-governance).

Information on the detailed development of the Nemetschek Group and its segments in the 2021 financial year and in comparison to the previous year can be found under [<< 3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group >>](#). In addition, a comparison of current and forecast business development can be found under [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

## 1.4 Research and Development

Research and development are of high priority for Nemetschek. Around 22% of Group revenues flowed into research and development in the 2021 financial year (previous year: around 24%) and thus into new and further developments of the solution portfolio. The decrease in 2021 is mainly due to the fact that the recruitment of software developers and employees in research and development could not be implemented as planned due to a lack of IT specialists.

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

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

All brands focusing on the AEC/O markets contribute to the OPEN BIM approach with their solutions and support open interfaces to promote the exchange of information and data along the construction process value chain. Together with partners in the global buildingSMART initiative promoting the further development and standardization of open exchange standards – also software solutions from external companies – in BIM projects Nemetschek is involved in the further development and implementation of corresponding standards, in particular the Industry Foundation Classes (IFC). IFC is a manufacturer-independent, freely available and particularly powerful format for the exchange

of 3D component-oriented design data in the construction industry. The brand companies are continuously working to improve and certify their interfaces for seamless exchange with other OPEN BIM solutions. In addition, the brand companies are working on the development of collaborative additional functions, such as tracing which project participant has received, read, possibly changed or already released which detailed information, and when.

### **Innovation Focus**

All brands are continually developing their solutions. In their respective segments, the brands have focused on issues such as improving the user-friendliness of their solutions, process optimizations and integrated interfaces and connections for a smooth OPEN BIM workflow. The focus in the year under review was also on improvements aimed at minimizing the time required, increasing efficiency and productivity in the planning and construction process, and optimizing workflows.

In addition, cross-brand developments were brought to market maturity in 2020 and developed further in the year under review. These include the integrated workflow solutions Integrated and Federated Design. Integrated Design enables architects, structural engineers and engineers for mechanical, electrical and plumbing systems (company technicians) to collaborate agilely in a central model for the first time and exchange all essential project information in real time. Federated Design, on the other hand, enables engineers and structural designers to be part of the BIM workflow right at the start of a project. For example, the structural model automatically generates structural analysis models, which leads to considerable time savings while also increasing quality.

In the development of new solutions and the further development of proven ones, internal resources were mainly used, while the services of third parties were used only to a small extent. 89% of the expenses are attributable to internal R&D staff (including materials usage and amortization) and 11% to external staff.

In addition to its own innovative strength, the Nemetschek Group intends increasingly to build on external innovative strength in the future, investing in smaller, still young companies, called start-up companies (see [<< 1.2 Targets and Strategy >>](#)). In the 2021 financial year, investments were made in three companies; the innovative focus here was in the areas of artificial intelligence, reality capture and digitalization. Furthermore, cooperations and partnerships with colleges of technology and universities are part of the company's DNA and are being gradually developed further; see [<< 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance >>](#).

The fact that around 22% of Group revenues are invested in product and process innovations underlines the high importance of this area for the Nemetschek Group, as does the fact that around 39% (previous year: 38%) of employees work in this area.

In the 2021 financial year, EUR 148.9 million (previous year: EUR 142.0 million) were invested in research and development. This corresponds to a continued high R&D intensity (share of Group revenues) of 21.8% (previous year: 23.8%).

## 2 Non-Financial Statement

### General Information

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

This section contains the Nemetschek Group's non-financial Group statement based on the CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017. The requirements set forth by Section 315c in conjunction with 289c to 289e of the HGB prescribe that the company transparently describes in detail its key non-financial activities within the Nemetschek Group, at least in the five areas specified by the directive: respect for human rights, anti-corruption and bribery, employee concerns, environmental concerns and social concerns.

The Nemetschek Group does not use an external framework for the preparation of the non-financial Group statement and instead, as in previous years, uses existing structures for its reporting. The business model of the Nemetschek Group is described in section 1.1.

### EU Taxonomy

As of the 2021 financial year, companies with a reporting obligation under the CSR-RUG, like the Nemetschek Group, are required for the first time to comply with the requirements of the EU taxonomy, specifically Regulation (EU) 2020/852. The EU taxonomy is a classification system for economic activities. The purpose of this system is to make companies' sustainability activities easier to compare and to implement the European Green Deal, i.e. the aim of achieving climate neutrality by 2050. The classification is based, among other things, on technical evaluation criteria (Technical Screening Criteria), which are published via delegated acts for six environmental targets. These criteria have already been published for the first two environmental targets (climate protection and adaptation to climate change), for which reports must be submitted this year. For these the focus is on CO<sub>2</sub>-intensive sectors in particular. Accordingly, the share of taxonomy-eligible<sup>1</sup> sales revenues, capital expenditure (CapEx) and operating expenditure (OpEx) must be reported in the non-financial report.

To analyze the taxonomy-eligible activities at the holding company level, the Nemetschek Group has formed a working group consisting of specialists and managers from the Group Controlling, Finance, Investor Relations and CSR departments. This working group was supported by an external consulting firm. Tax-

onomy-eligible activities have been identified in activities 8.2. (Data-Driven Solutions for GHG Emissions Reductions) and 9.3. (Professional Services Related to Energy Performance of Buildings) by this working group. Detailed analysis showed that, due to the low sales volume, these taxonomy-eligible activities must be classed as insignificant – the same applies to CapEx and OpEx. Shares of less than 1% have been defined as insignificant in this context.

The Nemetschek Group's business model involves the development and distribution of software for the construction and media industries. These areas are not currently covered by the economic activities included in the taxonomy. In light of the upcoming expansion to include the four other environmental objectives, as well as the potential expansion of the existing environmental objectives to include other activities, it is possible that the Nemetschek Group's business activities may be affected by the EU taxonomy in the future.

## 2.1 CSR: Corporate Social Responsibility at the Nemetschek Group

### CSR Approach

The Nemetschek Group places considerable importance on good corporate governance and social and environmental responsibility. The Group sets itself the goal of increasing efficiency and productivity along the entire value chain of the construction industry through its software solutions. These solutions map the complete workflow in the lifecycle of a construction or infrastructure project – from the first sketch to construction to the operation of the property. Architects, engineers of various disciplines, building contractors, property developers, real estate administrators and building managers can use the Nemetschek Group's software solutions to design, build and manage the property digitally and thus conserve resources over the entire lifecycle.

In order to promote sustainable development beyond software solutions, the Nemetschek Group has defined standards for the way in which it conducts day-to-day business in its Code of Conduct (CoC). The CoC was updated during the year under review and specifically states:

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

The CoC states that the Nemetschek Group does not tolerate any form of discrimination or harassment, nor corruption of any kind. Furthermore, each and every employee is required to use all resources sparingly and in an environmentally friendly manner in

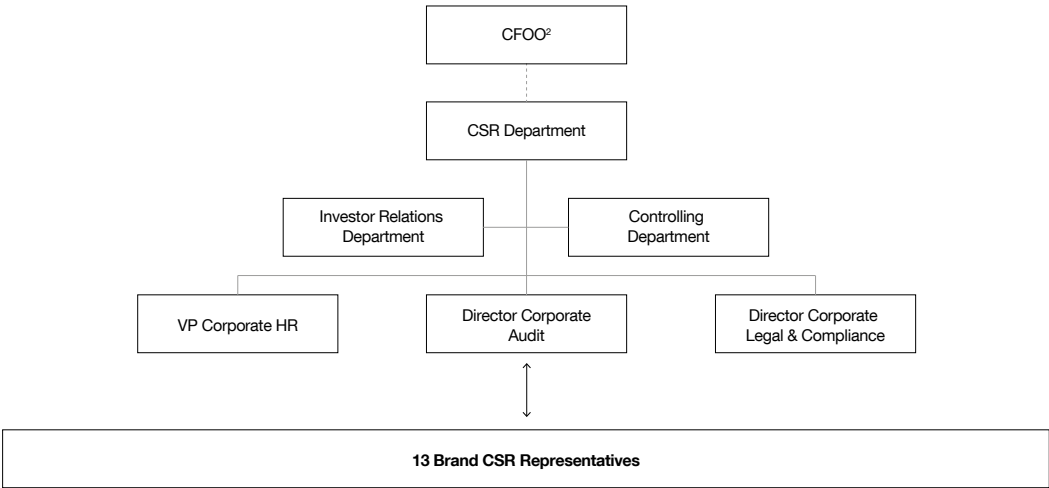
<sup>1</sup> Taxonomy-eligible means that the economic activities fall within the scope of the EU taxonomy. This does not necessarily mean that these economic activities also make a substantial contribution to the achievement of an environmental objective (taxonomy-compliant).

everyday working life. Employee responsibility also plays a significant role. In addition, a Supplier Code of Conduct (SCoC) created and published in the year under review sets out the guidelines that the Nemetschek Group requires its suppliers and business partners to follow. Further information on these two topics is provided in section 2.2. under “Integrity and Compliance.”

**CSR Structure**

The CSR activities for non-financial issues are based on standards that apply across the Group. Sustainability is thus cemented as an integral part of all business practices of the Nemetschek Group. The CSR department and the cross-departmental CSR core team identify sustainable topics and coordinate the implementation of the corresponding measures. The CSR department is in close contact with the Executive Board in this regard. Once a quarter, the department met with the CFOO<sup>2</sup> to coordinate CSR measures. The full Executive Board and Supervisory Board are also informed every six months in a written report by the CSR department.

**THE CSR STRUCTURE IN THE GROUP**



Because the Nemetschek Group consists of 13 individual brands, many of the non-financial issues are still managed by the brands themselves. Since the year under review, the CSR representatives from all the brands hold a meeting twice a year to discuss matters such as best practices, the further development of the CSR strategy and non-financial risk management. The CSR representatives’ task within their own brand involves both promoting all topics in connection with corporate social responsibility and assuming responsibility for the exchange of information with the holding company and the employees within their brand.

**Material Risks**

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

<sup>2</sup> The CFOO was substituted by the CEO as the person responsible for CSR as of 1 March 2022.



As in the previous year, no material risks that would very likely have serious effects were identified for 2021 for the topics defined in the non-financial reporting. Consequently, there were no risks for 2021 which, on a net basis, meet the materiality criteria in accordance with Section 289c (3) Nos. 3 and 4 of the HGB. This risk assessment was coordinated with the CSR representatives for the brands in the year under review.

### Materiality Analysis

An important basis for sustainable action in the Nemetschek Group is the materiality analysis, which was carried out again in the year under review. Using various external frameworks and in consultation with the managing directors, CSR representatives of the brands and other stakeholders (brand employees), topics were identified and their business relevance and impact on the environment, employees and society were assessed. The following table shows the topics that were identified as material and their assignment to the three overarching fields of action and the relevant area in accordance with the CSR-RUG:

#### FIELDS OF ACTION AND MATERIAL TOPICS

Field of action (relevance in accordance with CSR-RUG)	Material topics at Nemetschek Group
<b>Employees and society</b> (social issues and employees)	<ul style="list-style-type: none"> <li>» Attracting and retaining employees</li> <li>» Training and education</li> <li>» Employee health</li> <li>» Diversity and inclusion</li> <li>» Customer relationships</li> <li>» Partnerships with colleges of technology and universities</li> </ul>
<b>Environment and climate</b> (environment)	<ul style="list-style-type: none"> <li>» Environmental and social effects of products</li> </ul>
<b>Integrity and compliance</b> (human rights and anti-corruption)	<ul style="list-style-type: none"> <li>» Fair business practices and anti-corruption</li> <li>» Anti-discrimination</li> <li>» Data protection and information security</li> </ul>

## 2.2 Key Non-Financial Issues

### Employees and Society

At the Nemetschek Group, the focus is on the employees. Content, successful and healthy employees are crucial to sustainable business development. The Group's management maintains an open dialog with all employees at all levels and has set clear focus areas and objectives. The goal is to create the best possible environment, to attract and retain the best talent, to offer equal opportunities and to treat everyone with the utmost respect. However, this social responsibility is not limited to employees at the Group: It also applies to customers, partners and society as a whole. The Nemetschek Group Code of Conduct states the importance of acting responsibly in relation to all our stakeholders.

### Overarching Management Approach – Employee Responsibility

In the Nemetschek Group, the “People Letter of Commitment” defines basic standards and minimum requirements in relation to important employee issues, such as central personnel recruitment tools, appraisal interviews and approaches to promoting health. This document was updated in the year under review and now has an even greater focus on diversity and employee well-being.

In order to act quickly and agilely in the respective markets and regions, the individual brands manage their HR affairs individually. As a result, important areas such as gaining and retaining employees, employee health, education and training, and diversity and inclusion are managed decentrally by the brands. Owing to market-specific differences, the brands are also free to define brand-specific standards and to develop their own HR guidelines that go beyond the minimum requirements stated in the “People Letter of Commitment” or regulate other topics.

The Human Resources department of Nemetschek Holding supports and advises the HR departments of the individual brands in this respect. The VP Corporate HR is responsible for the Human Resources department within the holding company and reported to the CFOO. The VP Corporate HR is also the point of contact for HR managers in the Nemetschek Group and is in regular, close contact with them. In addition, various expert and project committees are convened as required to deal with specific topics. The HR departments across the Group are also in close contact with one another: A HR Community Call is held once a fortnight and gives participants the opportunity to discuss current and future issues. Every participant has the opportunity to suggest or introduce topics.

In addition, in 2021, the first Group-wide, global, virtual “NEM-unplugged” employee event was held. The entire Executive Board shared facts, figures and data from the Group and its divisions. All employees had the opportunity to submit questions prior to the event via an online tool, and these questions were then answered live at the event. A short survey was sent out at the end of “NEM-unplugged.” Since there was so much interest in the event, it has

been conducted on a quarterly basis since the third quarter of 2021. The event was attended by around 1,000 employees on average. “NEMunplugged” was managed and hosted by the VP Corporate HR.

A task force named “Diversity, Equity, Inclusion and Belonging” was also set up during the year under review. This task force meets every six weeks and comprises representatives from the operational business, HR and corporate communications.

### **Gaining and Retaining Employees**

Attracting and retaining highly qualified and highly motivated employees is one of the keys to success for the entire software industry. A shortage of skilled personnel was and remains the order of the day, including during the Covid-19 pandemic. This also applies to companies such as the Nemetschek Group. The AEC/O market and the Media & Entertainment market are characterised by a high speed of innovation. Additionally, the Nemetschek Group is in competition with large employers in the software industry such as Microsoft, Apple and Google.

Attractive working conditions and a positive working environment help attract the best talent to the Nemetschek Group and retain them in the Group. The Nemetschek Group uses the development of the number of its employees and staff turnover as an indicator of the success of its measures. As part of measures taken to tackle the Covid-19 pandemic, short employee surveys were conducted regularly in order to gauge the mood among employees. Almost all brands reward successful referrals with a bonus.

In order to retain skilled employees and managers in the long term, the Nemetschek Group keeps working on strengthening its attractiveness as an employer. Flexible working time models, which are laid down as a standard in the “People Letter of Commitment,” contribute to this. Some brands have also developed their own, additional rules in this area. On a general basis, all brands support mobile working, for example, and equip their employees appropriately – especially in the pandemic years of 2020 and 2021. The structure of the individual working time models depends on the business model of the respective brand.

Measures to be attractive as an employer include individual training and particular support of talented people as well as sports programs and team events. The Covid-19 pandemic had much less of an impact on measures of this type offered by the brands compared to last year. In particular, the Covid-19 pandemic affected sports programs and team events far less, with only four of the 13 brands citing the pandemic as a major influencing factor in relation to these measures.

In 2021, the number of employees in the Nemetschek Group increased by 106 or 3.4% compared with the previous year. As at December 31, 2021, the Nemetschek Group employed 3,180 people (previous year: 3,074).

### **Education and Training**

The Nemetschek Group is committed to ongoing education and training. As a company that uses and promotes digitalization, the Nemetschek Group also offers young people in particular good long-term prospects. At Group level, LinkedIn Learning has been introduced, with all brands able to participate. More than 2,000 employees took advantage of this offer in the year under review and selected the training sessions individually. Themed Learning Challenges are also conducted each month via the intranet with various video content. In December, for example, a Learning Challenge was held on the topic of diversity, equity, inclusion and belonging.

The need for training and corresponding measures is analyzed and addressed within the respective brands. The basis for this at all brands are regular employee development meetings in which employees receive feedback. The minimum requirements for education and training are the subject of the above-mentioned “People Letter of Commitment.” The education and training requirements are defined in the annual development meetings. Individual prospects and specific goals are also discussed in these meetings. These development meetings took place at all brands in 2021, and were even held several times over the year at some subsidiaries.

### **Employee health**

For the Nemetschek Group, it is of the utmost importance that employees are offered a healthy and secure work environment. This includes minimizing the risk of work accidents and work-related illnesses. The company regularly adapts all health-related measures and initiatives to the changing requirements of the working environment. This applies particularly in times of the Covid-19 pandemic. Transparent communication and a rapid reaction to current changes shaped the way employees were treated in 2021 as well. This was especially true in regions that were particularly impacted and where employees had to be protected quickly by closing offices.

In the “People Letter of Commitment,” the Nemetschek Group defined minimum requirements for health management for all brands. The implementation of the measures will continue to be managed decentrally. In the year under review, 9 of the 13 brands offered health-related measures for their employees. Alongside wellness programs, these measures included sports and fitness activities within the company and financial support for programs offered by different external providers, which was available to employees at five brands. Various brands in the Nemetschek Group also offer employees the option of leasing bikes.

In terms of preventive health care, employees benefited to varying degrees – depending on the brand – from telemedicine services, specific examinations (e.g. of eye health) or subsidized insurance policies. In some cases, special office equipment, such as ergonomic office furniture, was provided. Flu vaccinations and

Covid-19 vaccinations, as well as self-tests and Covid-19 antibody tests, were also offered in 2021. In addition, employees were provided with appropriate protective equipment, such as an unlimited number of masks. The relevant hygiene and protection concepts were continued and updated as required.

### Diversity and Inclusion

Diversity is part of the corporate culture at the Nemetschek Group. The various cultures and marked individuality are important drivers for the Group's innovative strength and should therefore be promoted in a targeted manner. The newly formed working group DEIB (Diversity, Equity, Inclusion and Belonging) has devised a guiding principle for the Group, which has been agreed with the CFOO. This statement can be found on the Nemetschek Group website and has also been communicated via internal channels:

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

*We can best support our customers in shaping the world through a diverse culture. We aim to treat EVERYONE with respect and appreciation, regardless of differences. Valuing diverse opinions and creating equal opportunities for all is of the utmost importance for us as an organization, and as individuals."*

The subsidiaries completed a survey on this subject once again in 2021. The results showed that almost 40% of the brands already use a policy or company statement on diversity and inclusion. The American brands are leading the way with specific activities. The Nemetschek Group is very culturally diverse, which is reflected in the survey results: There are 60 different nations represented in the Group.

New quotas for women on the Supervisory Board and in the first reporting line below the Executive Board in the holding company were also set in the year under review, and are expected to be achieved by the end of 2025: On the Supervisory Board, the aim is for one quarter of members to be women. In the first management level below the Executive Board, a target quota of 28.6% was set. This target quota was met during the year under review and should now be maintained. For the Executive Board it was decided to maintain the target quota of 0% until the end of 2022. The Supervisory Board will be re-elected at the Annual General Meeting on May 12, 2022 and will subsequently re-discuss the topic of the women's quota on the Executive Board.

### Overarching Management Approach – Customers and Society

Every company bears social responsibility beyond the purpose of its operating activities. Focusing purely on economic key figures can increase risks in the long term. This was shown to be particularly relevant in 2021, which was a year shaped by the Covid-19 pandemic. Customer contact was adjusted in line with local regulations and recommendations with most of it taking place on a digital basis. To ensure that customers could continue to operate, the brands offered a wide range of tools, including free online training, licenses at no charge and other complimentary services.

Besides the various day-to-day challenges, as a business partner, the Nemetschek Group attaches particular importance to long-term customer relationships and far-reaching cooperation in the university sector. With this in mind, common goals and thematic focal points are coordinated at the holding level. The individual brands are responsible for the implementation, as they can act in a more targeted and flexible way locally.

### Customer relationships

Satisfaction is an important factor for long-term customer relationships. That is why 2/3 of the brands collect data on customer satisfaction and six brands have even set objectives in this area. In order to be able to respond to specific customer needs in a targeted manner, this topic is managed decentrally. Most brands use defined indicators to measure customer satisfaction, such as the churn rate, the Net Promoter Score and the Customer Satisfaction Score. Customer surveys are used to obtain the data. In those surveys, customers evaluate both the functionality of the product and the services provided by the brand. Customer opinions are obtained via online questionnaires, by e-mail, via direct customer contact or by telephone. To achieve high customer satisfaction right from the start, 11 of the 13 brands in the Nemetschek Group involve their customers in product development at an early stage. Measures designed to contribute to product quality and customer satisfaction include joint development projects, customer panels, user groups and communities, as well as product previews, beta testing, and workshops. Some brands regularly have one-on-one interviews with customers and work closely with the customer engineering and product teams. "Wish lists" and broad-based customer surveys are also used.

### Partnerships with colleges of technology and universities

The Nemetschek Group has its roots in the university environment. With this in mind, cooperation with educational institutions is particularly important to the Group. The aim is to support all relevant institutions in the core markets that offer architectural and construction training with software solutions. In this context,

talented young people are approached at an early stage in order to be able to plan, construct and manage buildings and infrastructure projects sustainably. Almost all brands engage in networking activities for students and customers, e.g. through specially provided job platforms, various training formats, guest lectures, job fairs at colleges of technology and universities or through cooperation with student associations and academic faculties. Furthermore, the majority of the brands provided licenses for those at school or university – with the total figure close to 30,000 in the year under review. The Covid-19 pandemic impacted the activities planned at more than half of the brands. Competitions, hackathons, work placements, campus visits and on-site presentations did not take place as scheduled. Instead they were either postponed or took place on a virtual basis.

## Environment

Sustainable business and intact ecosystems are the basis for healthy living. The construction industry is one of the most resource-intensive sectors of the economy. In addition, the demand for housing is constantly increasing. As a result, the construction industry is facing the challenge of handling raw materials and energy more efficiently in order to plan, build and manage buildings more sustainably in this way. As a partner for the AEC/O industry, the Nemetschek Group is aware of its ecological responsibility and takes it seriously. With software solutions that improve resource efficiency in the construction industry and reduce the energy requirements of buildings, the Group is contributing to climate and environmental protection.

## Overarching Management Approach

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

The objective of the Nemetschek Group is to help the construction industry to plan, build and manage more efficiently and thus to do business in a more sustainable way. To this end, the management of relevant aspects, such as research and development, is the responsibility of the individual brands. The majority of the brands have already engaged in activities to protect the environment. The Nemetschek Group and the brands in the Design segment consulted on this issue during the year under review and developed an initial collection of sustainable ideas for solutions.

## Environmental and Social Effects of Products

According to the Global Status Report 2019 published by the Global Alliance for Building and Construction, buildings are

responsible for 36% of global energy consumption and 39% of energy-related CO<sub>2</sub> emissions. With Nemetschek Group solutions, architects, engineers in all disciplines, building contractors as well as building and real estate managers can plan more proactively, share information more efficiently and collaborate more productively. Working in this way, energy and resource consumption can be reduced throughout the entire construction process as well as in the subsequent use phase.

The environmental and social effects of products in the Nemetschek Group relate to two areas: the specified use during the lifecycle of a building and the consideration of sustainability aspects in software development. For the latter area, the BIM (Building Information Modeling) digital working method and open standards known as Open BIM form the basis of software development. BIM enables buildings to be planned and built more precisely and efficiently, significantly reducing errors and the need for reconstruction. The use during the lifecycle of a building can be demonstrated below using product examples from the Nemetschek Group based on the three segments **Design, Build and Manage**.

Using software developed by the Nemetschek Group, buildings are optimized as early as in the planning stage. For example, the position of the sun and its angle of incidence can be simulated with the digital solutions, making it possible to plan windows in an optimum fashion. In addition, up to 25% of connecting materials can be saved through better planning and optimized steel connections. Another example from the **Design segment** is Energus from Vectorworks: Using graphics, planners can calculate the energy demand of a project, optimise the design accordingly and thus make important decisions already during the design phase.

Products from the **Build segment** enable savings to be made in the construction phase. For example, the "Planbar" planning tool from Allplan Precast can help minimize material use in production during the prefabrication of concrete construction. In addition, the waste of delivered building materials can be reduced by 30%. On construction sites, the use of Bluebeam Revu can reduce paper consumption by up to 90%. It is also possible to efficiently calculate the carbon footprint during the construction phase. Allplan Precast offers a plugin for this purpose, as well as solutions in cooperation with Built-Heat.

Around 80% of the costs of a building occur during the use phase, with a large share relating to energy consumption. Following the acquisition of DEXMA in 2020, Spacewell in the **Manage segment** now also offers energy management systems supported by artificial intelligence. In addition, integrated workplace management systems enable optimum management of heating, ventilation and lighting. They can also be used to plan and use the



available office space efficiently because they show how much space is actually required, enabling resources to be conserved.

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

### Integrity and Compliance

The Nemetschek Group is fully committed to fair competition and firmly rejects corruption and bribery. This is based on the conviction that long-term business success can be achieved only by acting in a legally compliant and responsible manner. An open corporate culture and an established and effective compliance management system are key in the fight against corruption and bribery.

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

### Overarching Management Approach

The compliance activities are closely linked to risk management and the internal control system. The Corporate Legal & Compliance department manages compliance activities across the Group, focusing in particular on establishing suitable structures and processes and supporting the efficient implementation of compliance measures. The Corporate Legal & Compliance department is also the point of contact for any individual questions that may arise from within the organization. There is a direct reporting line to the CFOO of the Nemetschek Group.

The Corporate Audit department regularly performs internal audits to assess compliance with internal guidelines and legal requirements. The Executive Board and Supervisory Board are regularly updated on compliance-related issues and the expansion of compliance structures, as well as planned compliance measures.

As an international organization, the Nemetschek Group has a corporate responsibility toward society and the environment. The objective of the Nemetschek Group is to comply with the applicable laws everywhere and at all times, to respect fundamental ethical values and to act in a sustainable manner. This applies not just to employees, but also to suppliers and business partners. No substantial compliance violations were reported during the reporting period.

In light of the above, employees are expected to treat each other within the company and third parties fairly and respectfully. To this end, the existing Group-wide Code of Conduct was revised and expanded in 2021, with the topics covered further refined. The topics addressed include human rights and the environment and climate. The Code of Conduct is available to view at any time, in both German and English, on the intranet and the [Group website](#). It has been publicized throughout the Group and is binding for all employees – regardless of their position. The Nemetschek Group is also active beyond its own corporate boundaries and is committed to combating modern slavery and human trafficking in its supply chains. Among other things, measures relating to this are disclosed in the statement on the [UK Modern Slavery Act](#).

The Nemetschek Group's image is also shaped by its suppliers and business partners. In order to promote trusting and long-term business relationships, the Nemetschek Group focuses on the transparent and lawful processing of all transactions. The Nemetschek Group expects its suppliers and business partners to do the same. To this end, the [Supplier Code of Conduct](#) advocating a risk-based approach was implemented and communicated across the Group in 2021. This Code of Conduct requires suppliers and business partners to take corporate responsibility in relation to issues such as human rights, anti-discrimination and the environment and climate. It also addresses topics such as ensuring transparent business relationships, fair market behavior and data and information protection. Furthermore, suppliers and business partners are expected to comply with the principles of the UN Global Compact and the fundamental principles of the International Labour Organization.

In 2021, the Covid-19 pandemic continued to have an impact on the implementation of planned projects in the area of compliance. This applies, for example, to the implementation of the Group-wide compliance risk analysis. In particular, the relevant site visits and training measures were possible only to a limited extent. Despite restrictions, all key internal processes and requirements were adhered to during the pandemic.

The compliance management system forms the basis of the preventive compliance approach. The practical implementation of this system in the subsidiaries is carried out by the local compli-

ance officers of the individual brands of the Nemetschek Group and by the Group-wide compliance network. Regular video conferences were held in 2021 in this area, and provided the opportunity for participants to discuss and receive training on key compliance issues – in some cases on an ad-hoc basis. Reports on any compliance incidents are also prepared four times a year. The results are consolidated by the Corporate Legal & Compliance department for the Group, reviewed and reported directly to the CFOO of the Nemetschek Group. Ad-hoc compliance reports are also prepared as part of an applied due diligence process as required. The Supervisory Board and the Executive Board are regularly informed about issues relevant to compliance.

The basis of the preventive compliance approach also includes Group-wide regulations in the form of policies on various topics. A Group policy on the subject of information security was developed and rolled out across the Group in 2021. A Group policy on antitrust law was also developed and subsequently approved by the Executive Board in the year under review, and officially published on a Group-wide basis at the start of 2022. There are also Group policies on anti-money laundering and terrorist financing, data protection, risk management and internal control. These Group policies are supplemented on a day-to-day basis by the communication of up-to-date compliance communication papers via the compliance network on various issues such as anti-corruption, antitrust law, cybercrime, anti-money laundering and terrorist financing, whistleblowing, dawn raids and data protection.

In order to keep employees aware of the respective current compliance rules, regular employee information is required. Training courses and individual refresher courses on compliance topics ensure that the relevant rules are an integral part of everyday working life. Electronic refresher courses continued to be held in 2021, as well as initial training for new employees at almost all brands. Any in-person training held was always conducted in accordance with the Covid-19 regulations. During the year under review, the training plan was defined and the training measures concerning the new Code of Conduct were planned for the following year.

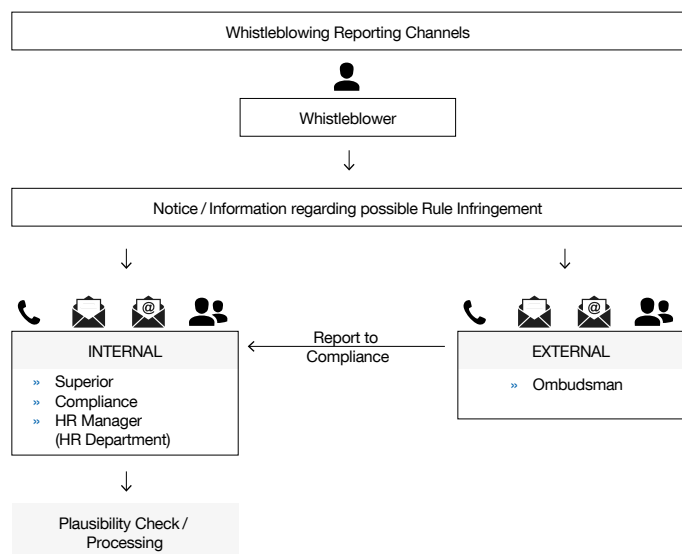
The Nemetschek Group is aware of its overall responsibility in relation to the brands. Due to the heterogeneous nature of the individual brands, they are required to take responsibility for individually rolling out Group policies and conducting in-house training on compliance topics. This individual,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

The Nemetschek Group requires and promotes an open “speak-up” culture. It encourages its employees to report behavior that may violate the CoC. To do so, they can contact their superiors,

the responsible HR manager, or the Compliance department directly via a dedicated e-mail account specifically set up for that purpose, either in German or English.

In addition, up to the end of 2021, violations could be anonymously reported to an international law firm acting as an ombudsman. All reports were first checked for plausibility internally with the utmost confidentiality. Where necessary, further investigations and steps were initiated. If necessary, in individual cases, other divisions or external consultants were called in. The Corporate Legal & Compliance department regularly reviewed the whistleblowing process in terms of its effectiveness and amended it as necessary.

#### WHISTLEBLOWING PROCESS



At the end of December 2021, the ombudsman system was replaced by a Group-wide, digital, anonymous whistleblowing system. The new digital system is used across all Group companies and focuses primarily on the key issues of whistleblower protection, anonymity and data security. The implementation of this new system marks a significant development and a higher level of professionalism in the area of whistleblowing. In this system, whistleblowing reports can be made digitally via the whistleblowing tool or via telephone in German or English to the provider “Legaltegrity.”

### Fair Business Practices and Anti-Corruption

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

### Anti-discrimination

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

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

Any employees who are subjected to or observe any form of discrimination or inappropriate behavior are encouraged to report this through the reporting channels described. All incidents of possible discrimination that were reported or otherwise became known were reviewed accordingly during the reporting period. As a result, there were no incidents that would have necessitated steps of a disciplinary or legal nature. Further information on this subject is provided in the section “Employees and Society,” and in particular under “Diversity and Inclusion” in that section.

### Data Protection and Information Security

The Nemetschek Group is at the vanguard of the digital transformation of the AEC/O industry (architecture, engineering, construction and operations) and covers the entire lifecycles of construction and infrastructure projects. The software products offered by the Nemetschek Group are mainly installed in customers’ IT systems; the risks in terms of data protection are therefore considered to be moderate.

Maintaining data protection and information security is an objective shared by all employees at the Nemetschek Group. To that end, all departments have made sure that their teams are familiar with the Code of Conduct. A largely decentralized approach is followed. This allows for central guidelines, monitoring processes and assistance but primarily allocates responsibility to the Group companies. A comprehensive, Group-wide set of regulations forms the basis of this approach. These regulations comprise the adoption of a comprehensive Group Data Protection Guideline, as well as the provision of numerous templates, which are available in German and English on the Group intranet and are updated as and when required.

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

In addition, employees are trained, and communication measures are implemented. New employees are notified of confidentiality requirements relating to the handling of sensitive and personal data and are required by their contracts to maintain secrecy. In addition, all employees – not just those in Europe – are required to take part in data protection training and to provide documented proof of this. An e-learning course set up specifically to deal with the issue of data protection is offered in both German and English.

Data security is ensured in the Nemetschek Group by means of appropriate organizational and technical measures at Group level and at the level of the 13 brands. The overarching security standards and measures are specified and monitored by the Corporate Information Security Officer – in line with an information security management system that meets the internationally recognized information security standards of ISO 27001. These requirements are described in the Group-wide information protection policy. Centrally managed awareness campaigns such as e-mail phishing simulations are also implemented, as well as other security projects, in order to increase the level of security in the Nemetschek Group. To further safeguard against risks, the Nemetschek Group has a Group-wide cybersecurity insurance policy that covers all Group companies.

## 3 Economic Report

### 3.1 Macroeconomic and Industry-Specific Conditions

#### General Economic Conditions

##### Global Economy and the Covid-19 Pandemic

Overall, the year 2021 and economic developments continued to be shaped significantly by the Covid-19 pandemic and its impacts. The recovery of the global economy remained hampered by the Covid-19 pandemic in the first half of 2021, while growth weakened compared with the strong growth in the second half of 2020. However, a recovery set in as of the second quarter in the wake of a decline in new infections and progress with vaccination, particularly in the advanced economies. Nevertheless, the recovery was negatively affected by increasing supply and capacity bottlenecks, leading to disruption in the global value chains in many countries and different industries and also resulting in considerable price rises, particularly in the energy sector.

Based on its Annual Report 2021/2022 published on November 10, 2021, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 5.7% in 2021. The International Monetary Fund (IMF) forecast growth of 5.9% for 2021 in its latest World Economic Outlook Update published on January 25, 2022. The global economy was in recession in 2020, shrinking by 3.3% due primarily to the Covid-19 pandemic (German Council of Economic Experts, November 10, 2021) or 3.1% (IMF, January 25, 2022).

Both the German Council of Economic Experts (Annual Report 2021/2022) and the IMF (World Economic Outlook Update) assumed that all key economic areas would return to growth in 2021. The growth of the emerging markets is expected to exceed the growth of the advanced economies.

##### Eurozone

At the beginning and end of 2021, many member states of the eurozone were affected by a new rise in the Covid-19 infection rate. This made restrictions necessary, although these did not affect all public and economic domains as in spring 2020 and primarily had a negative impact on parts of the services sector. The situation with the pandemic eased in the second and third quarters and the associated lifting of restrictions led to an upswing in the eurozone.

All in all, economic developments in the eurozone were very heterogeneous over the course of 2021 and depended on the course of the pandemic in the individual member states of the eurozone.

2021 was also shaped by increasing bottlenecks in the supply of raw materials and intermediate products, which was also reflected in steep rises in energy and raw material prices as well as increasing logistics costs over the course of the year, leading to an overall rise in inflation in the eurozone. Up to now, European monetary policy has responded cautiously to the rise in consumer price inflation and it can be assumed that the broad orientation of monetary policy will continue to be expansive, at least in 2021 and 2022, with interest rates at a low level.

Despite – in some cases – significant slumps in added value due to the pandemic, employment and unemployment remained stable in the eurozone. This can be attributed, in particular, to the stabilizing influence of short-time working and short-time working allowances. Therefore, according to the Annual Report of the German Council of Economic Experts, the unemployment rate in August 2021 was only slightly above the pre-crisis level of 7.4% in February 2020, namely at 7.5%.

Overall, in its Annual Report 2021/2022 published on November 10, 2021, the German Council of Economic Experts assumed economic growth of 5.2% for 2021. In its World Economic Outlook Update published in January 2022, the IMF also forecast growth of 5.2% for 2021.

##### USA

The economic recovery in the USA continued in the first half of 2021. The recovery was led by private consumer spending, particularly in the services sector. A high level of consumer price inflation was also recorded in the USA in 2021. Here, too, high prices for energy and transport services were among the factors contributing to the price increases. Consumer sentiment fell appreciably in the summer. This was attributable, in particular, to the renewed spread of the Covid-19 virus and the discontinuation of unemployment benefit top-ups in all US states.

The US labor market also continued to recover. Unemployment and employment rates improved steadily, but are not yet back to pre-crisis levels. Individual sectors are also performing very differently.

Overall, in its Annual Report 2021/2022, the German Council of Economic Experts assumed economic growth of 5.5% for 2021. In its World Economic Outlook Update published in January 2022, the IMF forecast growth of 5.6% for the same period.

##### Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. The Covid-19 pandemic also dampened economic development there once again in the first half of 2021. Even the summer Olympics held in Tokyo

in July and August 2021 failed to provide any notable impetus, as they took place with virtually no audience. The economy was expected to recover in the fourth quarter of 2021 following a decline in the infection rate.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 6.1% in 2021, and Japan's gross domestic product to grow by 2.0%. In the previous year, Asia's economy contracted by 0.9% and Japan's contracted by 4.6%. The IMF anticipated growth of 1.6% for Japan in 2021. In the previous year, the IMF put the contraction at 4.5%.

### Emerging Markets

The emerging markets also continue to be affected by the Covid-19 pandemic. The number of registered infections and deaths rose sharply in spring and summer 2021, particularly in India and other South-East Asian and Latin American emerging markets where the number of registered infections had previously been comparatively low. While, on the one hand, severe Covid-19 outbreaks are likely to be less frequent in the emerging markets due to the tendency of their populations to be younger, on the other hand, the vaccination rate in most emerging markets is considerably lower than in the advanced economies and their health systems are also less resilient.

Economic development was also limited in the emerging markets owing to global raw material supplies and regional energy shortages.

Overall, in its Annual Report 2021/2022, the German Council of Economic Experts assumed economic growth of 7.2% in the emerging markets for 2021.

Sources: German Council of Economic Experts, Annual Report 2021/2022 dated November 10, 2021 and International Monetary Fund, World Economic Outlook Update dated January 25, 2022.

## Development of the Construction Industry

### Europe

Almost two years after the outbreak of the Covid-19 pandemic, it can be said that the construction industry was not affected severely by the crisis and has contributed to stabilizing the overall economic situation. While the construction industry ended 2020 with a smaller decline than initially feared, there was record growth in investments in 2021. Drivers behind these developments include state infrastructure investments, incentives for renovating buildings and growth in the residential sector due to low interest rates. According to current estimates (as of November 2021), the European construction industry recorded growth of 5.6% in 2021 and was thus able to return to the level of revenues achieved in 2019.

The individual European markets recovered at very different rates. Italy (+15.1%), the UK (+13.4%) and Belgium (+10.3%) recorded the strongest growth in 2021. However, Sweden (+8.3%), France (+6.7%) and Spain (+6.5%) also reported above-average growth. Construction output stagnated in Germany (-0.7%), the Netherlands (+0.8%) and Portugal (+0.4%) in 2021.

Residential construction was the segment with the highest growth rates in 2021 at 7.1%, followed by infrastructure construction at 5.1%. Non-residential construction (commercial and public buildings) grew by 3.7% in 2021.

### North America

The construction industry in the **USA** closed 2021 with an upturn of 3% (as of October 2021), compared with 6% in 2020. The residential sector was a key driver (+12%), particularly single-family homes (+14%) and renovations (+13%). Some segments of the non-residential construction sector (-5%), including accommodation (-23%), recorded significant declines, while office buildings (-6%) and educational institutions (-6%) also recorded moderate declines. The USD 550 billion infrastructure package adopted in November 2021 will boost infrastructure construction in the USA in the coming years.

Although the construction industry in **Canada** stagnated in 2020, it realized record growth of +5% in 2021. Residential construction (+7%) was also key to the growth seen here. However, at +4%, civil engineering also performed significantly more positively than in the previous year (-5%).

### Emerging Markets

There was a catch-up effect in the **Chinese** construction sector in 2021: in the first half of the year, production value climbed +19% against the comparative period of the previous year.

The **Russian** construction industry also recovered in 2021 thanks to state investments in the construction of housing and transport infrastructure. Construction output in Russia climbed 7% from January to August 2021.

Sources: ifo (Nov. 2021) – 92nd Euroconstruct Summary Report; FMI (Oct. 2021) – 2021 North American Engineering and Construction Outlook Fourth Quarter Edition; GTAI (Nov. 13, 2021) – Tiefbau erfüllt in den USA die Erwartungen; GTAI (July 1, 2021) – In China wird 2021 kräftig weitergebaut; GTAI (Sept. 27, 2021) – Indien stockt Investitionen im Infrastruktursektor auf; GTAI (Sept. 28, 2021) – Indiens Baubranche erwartet weitere Erholung für 2022; GTAI (Oct. 29, 2021) – Russlands Bauwirtschaft bleibt auf Wachstumskurs; GTAI (Oct. 18, 2021) – China will Infrastruktur weiter kräftig ausbauen; GTAI (July 30, 2021) – Japans Bauwirtschaft hofft auf neue konjunkturelle Impulse, um die Auftragsbücher füllen zu können; GTAI (Sept. 14, 2021) – Smart Cities sind langfristige Investitionsprojekte; RICE (Dec. 2021) – Quarterly Outlook of Construction and Macro Economy; IBEF (Dec. 2021) – Indian Infrastructure Industry Analysis.

### Digitalization in Construction

In addition to the general development of the construction industry, the advancing digital transformation of the construction sector is an important structural growth driver for the Nemetschek Group. The construction industry has a below-average level of



digitalization compared with other industries and therefore offers further growth potential for the Nemetschek Group. Even if the Covid-19 pandemic represents a challenge for the economic development of the construction industry, it is considered an accelerator for the digital transformation. In a study from spring 2021, over 70% of the construction industry companies surveyed stated that the digital transformation represented the greatest opportunity for growth for their company in the coming years.

Building Information Modeling (BIM) is considered one of the fastest growing disruptive technology trends within the construction industry. BIM describes a networked working method in which all relevant building data is digitally captured using software as part of the planning, execution and management process. The use of the BIM methodology has progressed to varying degrees in different countries. The pioneers here are the USA and Singapore and, in Europe, the Scandinavian countries, the Netherlands and Great Britain.

In 2016, the UK took a decisive step toward the nationwide establishment of BIM with the entry into effect of the BIM Level 2 mandate, which makes the use of BIM Level 2 mandatory for public construction projects. In 2021, the share of companies using the BIM method was over 70%. Due to the proven benefits of using BIM software, the UK government plans to make further investments in the coming years to further advance the use of BIM Level 3.

Since 2014, there has also been a new directive for the EU that recommends the use of computer-based methods such as BIM in the awarding of public works contracts and tenders. In the meantime, many European countries have implemented the EU recommendations on a national level.

In Germany, BIM is being boosted by the “Digital Planning, Building and Operation” step-by-step plan. Since 2015, experience has been gathered and skills have been pooled in pilot projects funded by the Federal Ministry of Transport and Digital Infrastructure (BMVI) in order to define the necessary quality standards. Since 2017, BIM has been used in an extended pilot phase in numerous transport infrastructure projects. As of December 31, 2020, the use of BIM is mandatory in all new public sector infrastructure projects that are in the planning stage. It is evident from surveys of civil engineering companies that the new regulations have led many companies to introduce BIM.

Sources: BIM World (Oct. 13, 2020) – Der BIM-Stufenplan – wie Deutschland sich vernetzt; BMVI (Dec. 2015) – Stufenplan Digitales Bauen; IFS (Oct. 2020) – Understanding construction and engineering spending on digital transformation; McKinsey (Oct. 2020) – Rise of the platform era; McKinsey (Feb. 17, 2017) – Reinventing construction through a productivity revolution; NBS (Oct. 2021) – Digital Construction Report 2021; USP Marketing Consultancy (Mar. 2020) – Digitalisierung im Bau.

## 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance

### Covid-19 Pandemic

In 2020, the Covid-19 pandemic threw the world into turmoil and ultimately led to a global recession, although this had very different impacts on different industries. The 2021 financial year was also affected by the continuation of the pandemic and its impact; see [<< 3.1 Macroeconomic and Industry-Specific Conditions >>](#). For the Nemetschek Group, the health and safety of our workforce and business partners is the utmost priority. Therefore, in the 2021 financial year the crisis management team, installed in 2020 under the leadership of the Spokesman and Chief Financial & Operations Officer (CFOO), continued to work on protecting the health and safety of our own employees and business partners, maintaining business operations and ensuring a healthy financial situation. The processes and solutions established in 2020, such as hygiene concepts, virtual support and training activities, and the possibility to work outside the business premises, were retained but regularly reviewed and adapted in line with the course of the pandemic. The experience gained in the 2020 financial year, namely that the pandemic is, in particular, also driving digitalization, led to the decision to soften the cautious investment and hiring policy pursued in the 2020 financial year and to continue the well-established and profitable growth strategy as well as increase investment in the required resources again, even during the ongoing Covid-19 pandemic.

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

In an ongoing uncertain macroeconomic environment, which continued to be characterized by the Covid-19 pandemic during the past financial year, the Nemetschek Group continued to develop very well, achieving revenue growth of 14.2% (currency-adjusted: 15.6%) and an EBITDA margin of 32.6% (previous year: 28.9%). In the previous year, revenue growth was 7.2% (adjusted for foreign currencies: 8.3%).

Revenues increased to EUR 681.5 million in the 2021 financial year (previous year: EUR 596.9 million), while EBITDA rose to EUR 222.0 million (previous year: EUR 172.3 million). The path of profitable growth thus also continued in the 2021 financial year.

Revenue growth was based exclusively on organic growth (before synergy effects) in this year. Acquisitions did not have any impact on revenues in the 2021 financial year.

The Group's growth and EBITDA margin targets, which were communicated in March 2021 and already took into account the continuing uncertainties surrounding Covid-19, were exceeded. The forecasts that had been raised in July due to good business performance were also exceeded. Nemetschek was thus able to

continue the profitable growth course it has sustained over many years, including in a second year characterized by the Covid-19 pandemic; see [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

The Covid-19 pandemic continued to have a direct influence on business performance in the 2021 financial year, albeit to a far lesser degree than in the previous year. As a result of the ongoing uncertainties caused by the undulating course of the pandemic, the management of the Nemetschek Group retained its focus on cost management. However, the investment and hiring restraint that prevailed during the first year of the Covid-19 pandemic was eased. This was firstly because the trend toward digitalization was strengthened due to the effects of the pandemic and secondly because the long-term growth prospects of the sectors in which the Nemetschek Group assumes a leading role are intact. Due to ongoing partially restricted business operations, costs such as travel and marketing expenses were also saved. The development of business operations and the measures and effects described made it possible to safeguard the existing financial position during the continued course of the crisis without jeopardizing the growth path we aspire to over the long term. The positive revenue development of the Nemetschek Group was supported by the existing stable customer base and also by the measures put in place in the 2020 financial year to manage the changed situation. For example, virtual sales and support as well as online tutorials enabled close customer contact to be maintained even during the crisis.

Overall, the business model, which is characterized by a broad portfolio of solutions, strong diversification in target industries and regions, and an increasing proportion of recurring revenues, proved resilient during the ongoing crisis. In addition to actively dealing with the crisis, Nemetschek continued to drive forward the strategic initiatives launched in the 2021 financial year and reached key milestones. The focus of the work was on further internationalization, the expansion of software rental models, the continuous development of solutions, and the acquisition of new customers. For example, the newly established Start-up & Venture Investments function at holding company level aims to strengthen the Nemetschek Group's growth focus on new technologies and advance investments in young companies; see [<< 1.2 Targets and Strategy >>](#).

## Acquisitions/Divestments

### Holding Company Level

The strategic aim to increase investments in start-up companies in the future and thereby also accelerate the company's own innovative strength was pursued during the financial year. Nemetschek invested in three young companies over the course of the last financial year.

The investment in German company Sablono GmbH, which the Nemetschek Group has supported right from its foundation, was expanded in the second quarter as part of a series A financing round. Sablono is a digital lean technology company for construction.

In the third quarter of 2021, the Nemetschek Group invested in US start-up Reconstruct Inc. as part of a series B financing round. Reconstruct is a technology provider for remote quality control and remote progress monitoring on the US market.

Furthermore, in the fourth quarter the Nemetschek Group invested in the Norwegian company Imeraso AS as part of a financing round. The young technology company offers a platform for automating construction quality monitoring while combining artificial intelligence, reality capture and BIM technologies.

### Segment Level

Maxon Computer GmbH (Maxon), Friedrichsdorf, Germany, acquired, as part of an asset deal, assets and business operations of Pixologic Inc. (Pixologic), Los Angeles, USA, in a purchase agreement dated November 23, 2021. The purchase price amounted to EUR 121.6 million. The acquisition of the Pixologic business operations, provider of the ZBrush software for digital sculpting and 3D modeling, will further strengthen and expand the Media & Entertainment segment. The company's global customer base includes film studios, games developers, designers, advertising specialists, illustrators and artists. The business operations were transferred on December 29, 2021.

Details of this and other smaller transactions are explained in the notes to the consolidated financial statements under [<< Acquisition of subsidiaries >>](#).

### Divestments

There were no divestments in the portfolio in the 2021 financial year.

### Cooperation and Partnerships

In order to expand its market position and meet the diverse customer requirements, the Nemetschek Group also relies on cooperation and collaboration with partners from the industry or with scientific institutions. These cooperations and partnerships exist both within the Group among the brand companies and between brand and external companies. For example, in the 2021 financial year, the Nemetschek Group signed a contract to support the TUM Venture Lab Built Environment. The aim of this collaboration with the Technical University of Munich is to advance the pathway from research findings to marketable innovations and shorten it significantly. In addition, the Nemetschek Group joined Madaster's Kennedy network in the 2021 financial year to help make the lifecycle of buildings more sustainable.

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

#### Results of Operations

##### Revenue Development

For the 2021 financial year, Group revenues increased significantly by 14.2% (previous year: 7.2%) to EUR 681.5 million (previous year: EUR 596.9 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would even have been as high as 15.6% (previous year: 8.3%). The 2021 financial year was also impacted by slightly negative currency effects, particularly from the US dollar. These decreased considerably in the second half of the year, when there were even positive currency effects. The growth is due to a significant recovery in demand in the AEC/O as well as the media industry after the Covid-19 pandemic and catch-up effects from 2020.

The revenue growth achieved was thus higher than both the original forecast communicated in March 2021 and the increased expectations communicated in July 2021 [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

As there were no changes in revenues due to acquisitions or divestments, pure organic growth (before synergy effects) also amounted to 15.6% in the 2021 financial year. In the previous year, which was affected by the revenue contribution from the consolidation of Red Giant (Media & Entertainment segment) as of January 2020, pure organic growth amounted to 5.6%.

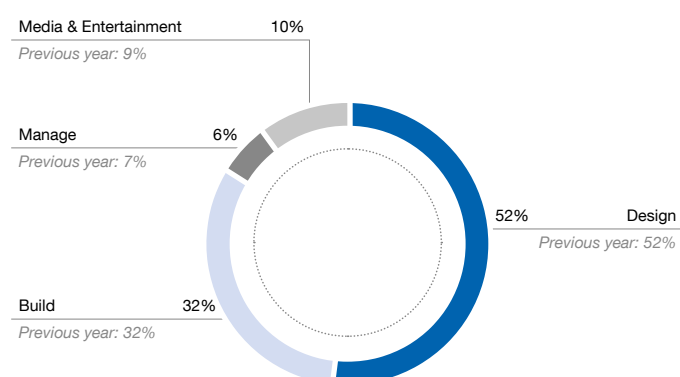
In what continued to be an uncertain economic environment, the Nemetschek Group was able to grow across all four quarters and continued to make progress on its sustainable growth path, even during the Covid-19 pandemic. Growth momentum also increased considerably again compared to the previous year, reaching the long-term double-digit growth corridor once again.

#### DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison <sup>1)</sup>
<b>Total year</b>	<b>681.5</b>	<b>596.9</b>	<b>14.2%</b>	<b>15.6%</b>	<b>15.6%</b>
Q1	158.4	146.6	8.1%	12.1%	12.1%
Q2	165.9	141.6	17.2%	21.5%	21.5%
Q3	169.3	148.6	13.9%	13.8%	13.8%
Q4	187.9	160.1	17.4%	15.2%	15.2%

<sup>1)</sup> Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

#### Revenues by Segment



The distribution of revenues by segment changed only slightly in the 2021 financial year compared with the previous year.

The Design segment, whose business focus is on Europe, still has the highest revenues. Its share of total revenues remained at 52% (previous year: 52%).

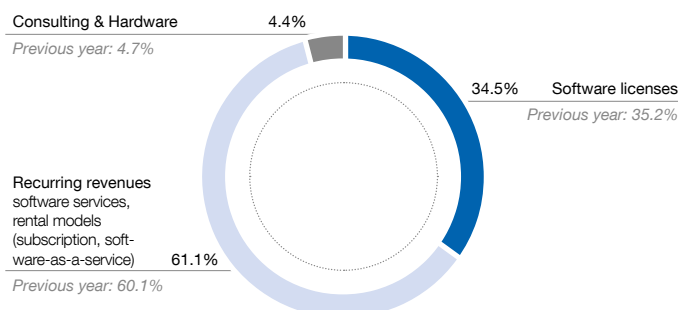
In the 2021 financial year, the Build segment achieved a 32% share of revenues, which thus also corresponded to the previous year's level.

The Manage segment's share of revenues declined slightly to 6% of total revenues (previous year: 7%). This segment felt the effects of the Covid-19 pandemic and its revenue growth of 7.0% was lower than the Group's growth of 14.2%.

The Media & Entertainment segment achieved the highest growth rates again in the 2021 financial year, thus expanding its share of revenues to just over 10% (previous year: 9%).

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

## REVENUE DEVELOPMENT BY TYPE



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

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

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

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

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

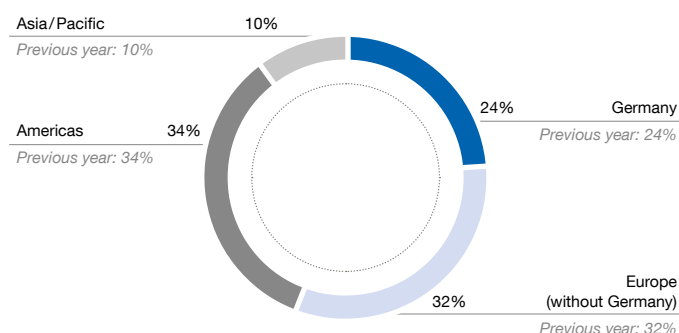
In the 2021 financial year, the Nemetschek Group’s **recurring revenues from service contracts and rental models** rose by 16.1% (currency-adjusted: 17.5%) to EUR 416.7 million (previous year: EUR 359.0 million). The growth momentum of recurring revenues thus decreased slightly compared with the previous year (19.9%; currency-adjusted: 21.1%), but continued to exceed the Nemetschek Group’s growth of 14.2% (currency-adjusted: 15.6%), thus increasing their share of total revenues slightly to 61.1% (previous year: 60.1%). The substantially increased share in the previous year was partly due to the positive effect from the Covid-19 pandemic. The new rise in the share attributable to recurring revenues reflects the sustained implementation of the strategic shift in the business model toward increasingly also

offering rental models in addition to the traditional licensing model. A higher proportion of plannable and recurring revenues increases the Nemetschek Group’s robustness, including in times of crisis.

Revenues from rental models (subscription and SaaS), which is attributed to recurring revenues, also increased by 46.0% (currency-adjusted: 47.7%) to EUR 132.0 million (previous year: EUR 90.4 million) in the last financial year, significantly outstripping the growth of the Group. It is encouraging that all segments were able to contribute to this growth. The Design and Media & Entertainment segments made the largest contribution to this positive development. In particular, rental models’ sharp rise of 79.6% (currency-adjusted: 82.2%) in the previous year was based on increased customer demand as a result of the Covid-19 pandemic as well as the inorganic growth effect of the Red Giant acquisition, which was fully reflected in the Nemetschek Group’s revenues for the first time in the 2020 financial year. The rental models’ share of total revenues rose substantially again from 15.1% to 19.4% in the 2021 financial year. This is an encouraging development, as it further increases the company’s resilience and ability to plan reliably. Revenues from service contracts rose by 6.0% (currency-adjusted: 7.3%) from EUR 268.6 million to EUR 284.8 million in the 2021 financial year.

Revenues generated through **software licenses** climbed by 11.8% (currency-adjusted: 13.4%) to EUR 234.8 million (previous year: EUR 210.0 million), well below the rate of overall revenue growth. Accordingly, the share of total revenues attributable to software licenses fell from 35.2% in the previous year to 34.5% in the 2021 financial year. This trend is in line with expectations on account of sustained implementation of the long-term strategy of increasing the share of recurring revenues. In the previous year, revenues generated through software licenses decreased by a further 8.0% (currency-adjusted: 6.9%). This development was also attributable to the reluctance of customers to invest and the substantial shift toward rental models owing to the high degree of uncertainty regarding the impact of the Covid-19 pandemic at the time.

## REVENUES BY REGION



A strategic goal of the Nemetschek Group is the further internationalization of the business alongside the development of markets with a high growth potential. Progress was made in internationalization again in the past financial year.

Overall, foreign revenues in the 2021 financial year increased more sharply than revenues in Germany, where the Nemetschek Group already has a very strong market position. Revenues generated in Germany rose by around 10% in 2021, while foreign revenues climbed by a good 15%. The share of revenues generated abroad was thus maintained at a high level of 76% (the previous year: 76%).

In the 2021 financial year, all focus regions – Europe, the Americas and Asia/Pacific – contributed to the growth of the Nemetschek Group with double-digit revenue growth.

In the previous year, the greatest impact of the Covid-19 pandemic was felt in the Europe region. After a brief dip in the winter of 2020/2021, the recovery that began in the second quarter of the previous year continued in financial year 2021 and the region increased its revenues by around 15% year on year (previous year: around 8%). At around 32%, the share of total revenues was slightly higher than in the previous year (32%).

Growth momentum also increased considerably in the Americas region again in the 2021 financial year. It experienced growth of around 16% compared to the previous year, when revenue growth amounted to around 7%, partly due to the pandemic. With a virtually unchanged revenue share of around 34% compared with the previous year, the Americas region remains the Group's strongest individual region in terms of revenues.

The Asia/Pacific region continued its growth trend and generated an increase in revenues of around 15% (previous year: 14%) in the 2021 financial year. Its share of revenues remained almost unchanged against the previous year at around 10%.

## Segment Developments

The strategic and operational management of the Nemetschek Group is carried out via the four segments: Design, Build, Manage and Media & Entertainment. The individual brands and their companies are allocated to the respective segments; see [1.1 Group Business Model](#). The segments are particularly managed based on the financial performance indicators of revenues, year-on-year revenue growth, and EBITDA as the measure of operating profit.

## Design Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison <sup>1)</sup>
Revenue	351.8	314.9	11,7%	12,7%	12.7%
EBITDA	118.9	95.9	24,1%	24.6%	24.6%
EBITDA margin	33.8%	30.4%	3,4 PP	3,2 PP	–

<sup>1)</sup> Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

In the **Design segment**, whose regional focus is on Europe, revenues of EUR 351.8 million (previous year: EUR 314.9 million) were achieved in the 2021 financial year. The segment thus experienced significant growth of 11.7% (currency-adjusted: 12.7%) again, following growth of only 0.1% (currency-adjusted: 0.9%) in the previous year. After the European business, in particular, had been impacted by the Covid-19 pandemic in the previous financial year, the recovery that started as of the second half of 2021 continued and revenues rose considerably, partly as a result of catch-up effects following the investment restraint of the previous year. The Americas region also posted significant growth, while growth in the Asia/Pacific region remained below that of the segment.

Segment EBITDA rose considerably from EUR 95.9 million in the previous year to EUR 118.9 million. The nominal rise in earnings was 24.1% (previous year: -2.2%). Adjusted for currency effects and thus comparable to the previous year, the rise would have been 24.6% (previous year: -3.0%). The above-average rise in EBITDA is attributable to the strong increase in revenues and the resulting volume effects and efficiency gains. In addition, fewer personnel were hired due to the tightness of the job market.



## Build Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison <sup>1)</sup>
Revenue	221.8	193.0	14,9%	17.1%	17.1%
EBITDA	91.8	70.1	31.0%	32.9%	32.9%
EBITDA margin	41.4%	36.3%	5,1 PP	4,9 PP	–

<sup>1)</sup> Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

The **Build segment**, which primarily targets construction companies in the USA and the German-speaking countries, was able to continue its good organic growth, thereby significantly increasing its growth momentum once again. In the 2021 financial year, revenues rose to EUR 221.8 million (previous year: EUR 193.0 million). Growth was 14.9%. Adjusted for negative currency effects arising in the financial year, growth would have been 17.1%. There were no portfolio effects from acquisitions or divestments in the 2021 financial year.

In the Build segment, the Nemetschek Group benefits from a favorable environment and the still low level of digitalization in the construction sector. In terms of growth, the segment benefited from digitalization in the construction sector, which gained considerable momentum in the past financial year, also due to the Covid-19 pandemic. The US company Bluebeam – currently the

strongest brand in terms of revenues within the Nemetschek Group – with its innovative technology solutions for the construction industry, was once again a key driver of revenue growth in the Build segment in the 2021 financial year. In addition to the encouraging growth in the USA, the regions of Europe and Asia/Pacific, in particular, experienced very high growth and made an above-average contribution to the growth of the segment in the 2021 financial year.

EBITDA again rose at an above-average rate compared with revenue growth this year. With an upturn of 31.0% (adjusted for currency effects: 32.9%), EBITDA rose to EUR 91.8 million (previous year: EUR 70.1 million), corresponding to an EBITDA margin of 41.4% (previous year: 36.3%). The significantly improved margin is due to the high level of growth and increased efficiency in the operational business.

## Manage Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison <sup>1)</sup>
Revenue	43.7	40.9	7.0%	6.9%	6.9%
EBITDA	4.1	3.7	10.1%	4.8%	4.8%
EBITDA margin	9.3%	9.0%	0,3 PP	-0,2 PP	–

<sup>1)</sup> Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

The **Manage Segment**, comprising activities relating to facility management, generated revenues of EUR 43.7 million in the past financial year (previous year: EUR 40.9 million). Growth thus amounted to 7.0% (previous year: 6.2%) or 6.9% adjusted for currency effects (previous year: 6.3%).

The impact of the Covid-19 pandemic was also felt in the Manage segment in the 2021 financial year. Building managers, a key customer group of the segment, particularly in commercial construction, remained cautious on account of the uncertain situation

regarding investments. However, as there is a low level of digitalization in this segment, there may be catch-up effects when the investment restraint comes to an end.

Segment EBITDA rose by 10.1% from EUR 3.7 million in the previous year to EUR 4.1 million. The EBITDA margin thus improved from 9.0% in the previous year to 9.3% in the 2021 financial year.

## Media & Entertainment Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison <sup>1)</sup>
Revenue	70.5	55.2	27.7%	29.8%	29.8%
EBITDA	25.5	15.5	64.3%	64.8%	64.8%
EBITDA margin	36.2%	28.1%	8,1 PP	7,6 PP	–

<sup>1)</sup> Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

The **Media & Entertainment Segment** was further strengthened by the acquisition of the Pixologic business operations at the end of the financial year. As control of the company was obtained as late as December 29, 2021, the acquisition did not have any effect on the financial performance of the segment in the 2021 financial year. The segment was able to continue its profitable growth course in the 2021 financial year, even without the acquisition. Revenues in the 2021 financial year increased from EUR 55.2 million to EUR 70.5 million. The substantial growth of 27.7% (currency-adjusted: 29.8%) was based exclusively on organic growth, which was considerably higher than in the previ-

ous year, when the acquisition of Red Giant made a significant contribution to overall growth. The strong increase is mainly due to volume effects, as the acquisition of Red Giant enabled us to address a significantly larger customer base.

The segment's EBITDA grew considerably faster than revenues to EUR 25.5 million (previous year: EUR 15.5 million). The EBITDA margin climbed significantly from 28.1% to 36.2%. The integration of Red Giant contributed to the improved result for the first time. Furthermore, the previous year was affected by integration costs and the costs of switching to subscription models.

## Earnings Performance

### OVERVIEW OF GROUP KEY FIGURES

In EUR million	FY 2021	FY 2020	Δ nominal in %
<b>Revenue</b>	<b>681.5</b>	<b>596.9</b>	<b>14.2%</b>
<b>EBITDA</b>	<b>222.0</b>	<b>172.3</b>	<b>28.8%</b>
EBITDA margin	32.6%	28.9%	+3,7 PP
<b>EBIT</b>	<b>172.0</b>	<b>122.5</b>	<b>40,4%</b>
EBIT margin	25.2%	20,5 %	+4,7 PP
<b>Net income for the year (equity holders of the parent company)</b>	<b>134.6</b>	<b>96.9</b>	<b>38.9%</b>
Earnings per share in EUR	1.17	0.84	38.9%
<b>Net income before PPA depreciation</b>	<b>153.9</b>	<b>115.2</b>	<b>33.6%</b>
Earnings per share before PPA depreciation in EUR	1.33	1.00	33.6%

**EBITDA** (Group earnings before interest, taxes, depreciation and amortization) rose by 28.8% (currency-adjusted: 30.4%) to EUR 222.0 million (previous year: EUR 172.3 million), outstripping revenue development. The EBITDA margin increased considerably by 3.7 percentage points to 32.6% (previous year: 28.9%), thus exceeding both the forecast published in March 2021 and the forecast corridor of 30.0% to 32.0% that was raised in July; see [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#). The Build and Media & Entertainment segments especially continued to contribute to this good EBITDA development in the 2021 financial year. Both the growth and the EBITDA margins of these segments were above those of the Nemetschek Group; see [<< Segment Developments >>](#).

The 2021 financial year showed that the Nemetschek Group is managing well through the Covid-19 pandemic and continued its profitable growth course with great momentum. The above-average rise in EBITDA compared to revenue growth is based not only on the strong revenue growth associated with the sales success, but also in particular on efficiency gains as well as from a leaner cost base, which is attributable to lower travel and trade fair expenses, for example. However, fewer new employees were hired in the past financial year than planned, which, in particular, resulted in personnel expenses developing at a below average rate compared to revenues. Investments were made in strategic growth projects such as further internationalization, the development of the solutions portfolio and cross-brand strategic initiatives despite the challenges of the pandemic and even during the

course of the crisis to date. These investments should ensure the sustainable growth path of the Nemetschek Group and enable double-digit percentage growth above the market average.

Operating expenses increased by a total of 7.2% to EUR 519.3 million (previous year: EUR 484.6 million). The rise in operating expenses was thus significantly below revenue growth at 14.2% and was a key driver for the above-average rise in EBITDA amounting to 28.8%. At 9.3%, personnel expenses were the largest item under operating expenses and rose at a slower rate than revenues to EUR 292.0 million in the 2021 financial year (previous year: EUR 267.1 million). This reflects the increase in the number of employees as well as higher variable salary components. Other operating expenses increased by 5.5% to EUR 152.0 million (previous year: EUR 144.0 million), also well below the rate of revenue growth. This item reflects investments in IT systems, expenses for external personnel as well as legal and consulting costs. At EUR 50.0 million, depreciation of fixed assets was at the previous year's level (EUR 49.8 million). PPA amortization increased slightly from EUR 24.5 million to EUR 25.4 million. Depreciation of leased assets in accordance with IFRS 16 fell slightly by EUR 0.5 million to EUR 14.9 million. Excluding depreciation and amortization, operating expenses increased by 7.9% to EUR 469.3 million (previous year: EUR 434.8 million).

The net finance cost in the 2021 financial year was characterized by interest expenses for acquisition loans and lease liabilities in accordance with IFRS 16. Overall, the net finance cost amounted to EUR -1.7 million (previous year: EUR -2.8 million). Interest expenses affecting the financial result decreased slightly in the 2021 financial year, from EUR 3.0 million in the previous year to EUR 2.7 million. This was mainly due to continued loan repayments in 2021. This was offset by commitment interest for the new loan lines concluded in the previous year.

EBIT rose to EUR 172.0 million, significantly above the previous year's figure of EUR 122.5 million.

Income taxes increased from EUR 22.3 million in the 2020 financial year to EUR 33.7 million in 2021. At 19.8%, the Group tax rate was slightly above the level of the previous year (18.6%). A change in the determination of state tax for the US state of California resulted in a positive impact in the previous year. Adjusted for this effect, the tax rate would have been 20.4% in the previous year.

Net income (Group earnings after taxes) increased sharply by 40.2% from EUR 97.7 million to EUR 136.9 million in the 2021 financial year. Net income (shareholders of the parent company) climbed from EUR 96.9 million to EUR 134.6 million.

Earnings per share amounted to EUR 1.17, up 38.9% on the previous year's figure of EUR 0.84. EPS adjusted for the effects of PPA depreciation increased by 33.6% from EUR 1.00 in the 2020 financial year to EUR 1.33 in 2021.

## Financial position

### Main features and objectives of financial management

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

Financial stability of the Group is represented by a balanced ratio between debt and equity. The Group's balance sheet structure showed an equity ratio of 51.4% (previous year: 46.9%). The significant increase to the previous year is due to the consolidated result for financial year 2021. Bank liabilities remained almost flat. Repayments and drawings reduced the balance of bank liabilities by EUR 1.6 million to EUR 128.7 million.

The Nemetschek group is based on the expectations on the business development and the financing structure able to raise liquidity beyond the existing lines from the debt markets. Combined with a possible issue of equity instruments significant investments can be financed.

### Liquidity analysis

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

	December 31, 2021	December 31, 2020
Current liabilities and current maturities of non-current liabilities	93.8	59.6
+ non-current liabilities	34.9	70.7
<b>Total liabilities</b>	<b>128.7</b>	<b>130.3</b>
Cash and cash equivalents	157.1	139.3
<b>Total liquidity</b>	<b>157.1</b>	<b>139.3</b>
<b>Net liquidity/net liabilities (-)</b>	<b>28.4</b>	<b>9.0</b>

As of December 31, 2021, the Group held cash and cash equivalents of EUR 157.1 million (previous year: EUR 139.3 million). The increase of EUR 17.8 million or 12.8% is based on the high quality of cash flows of the Nemetschek group. When investing the surplus liquidity, short-term, risk-free availability is generally more important than maximizing earnings in order to be able to fall back quickly on available funds in the event of possible acquisitions and to keep the risk profile of the Group low.

As of the balance sheet date, there were financial debts (bank loans) of EUR 128.7 million outstanding, almost exclusively due to financing company acquisitions (previous year: EUR 130.3 million). The interest rates on the loans range between 0.25% p.a. and 0.58% p.a.

Within financial debt, there were reclassifications with regard to the maturity categories. The decrease in non-current financial debt with EUR 35.7 million is attributable to the reclassification of liabilities due in 2022. In the area of current financial debt, acquisition loans in the amount of EUR 59.5 million and other short-term current portions of financial debt in the amount of EUR 18.0 million were repaid and EUR 75.6 million were newly raised.

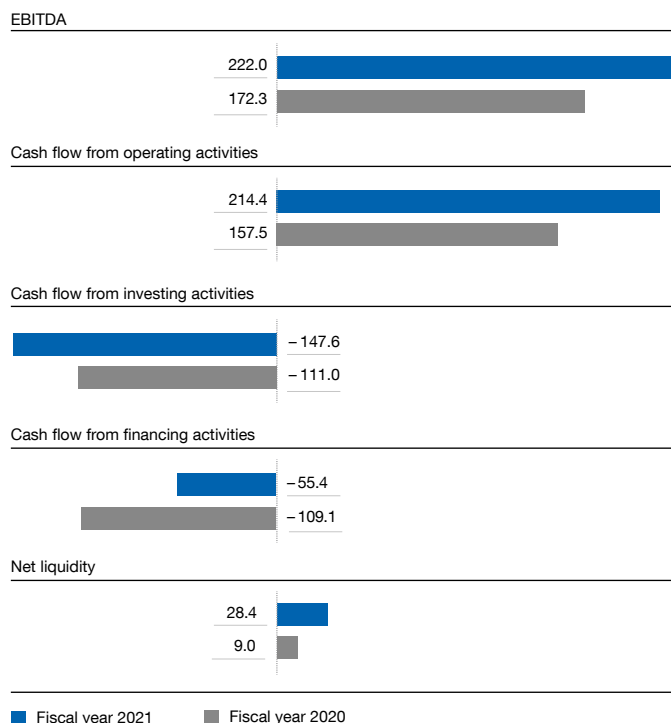
From the existing credit lines in the amount of EUR 207 million a portion of EUR 10 million was utilized as of December 31, 2021. So, a remaining portion of EUR 197.0 million is readily available and can be, in addition to the cash on hand, utilized to fund the profitable growth strategy.

The Group's net liquidity as of the reporting date of December 31, 2021, increased to EUR 28.4 million (previous year: net liquidity of EUR 9.0 million).

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

With regard to dividend payments, the Executive Board pursues a sustainable dividend policy that provides for a distribution of around 25% of the operating cash flow. The dividend payout always takes into account the overall economic development and the economic and financial situation of the company. During the financial year dividends in the total amount of EUR 34.7 million (previous year: EUR 32.3 million were paid).

## DEVELOPMENT OF CASH FLOW



The Group's cash flow for the period increased by 25.1% to EUR 222.1 million in 2021 (previous year: EUR 177.5 million), mainly due to the significantly increased EBITDA and thus in line with the Group's economic development in the 2021 financial year.

**Cash flow from operating activities** increased significantly by EUR 56.9 million, 36.1% to EUR 214.4 million in 2021 (previous year: EUR 157.5 million). Besides the positive impact from the increased EBITDA (EUR 49.7 million in addition to the level of 2020) the trade working capital contributed positively. The cash flow contribution from trade working capital amounts to EUR 18.6 million (previous year: EUR 6.8 million). The development was driven by prepayment business models from software service and the software subscription contracts with the corresponding recurring revenues. Compared to the previous year the cash flow impact was significant and driven by the very positive business development.

The cash outflows from taxes paid (net) increased from EUR 36.3 million in 2020 by EUR 0.8 million to EUR 37.1 million in 2021.

**Cash flow from investing activities** amounted to EUR –147.6 million in the 2021 financial year (previous year: EUR –111.0 million). Main drivers are payments for the acquisition of businesses about EUR 127.1 million.

#### OVERVIEW: ACQUISITIONS OF BUSINESS OPERATIONS

Company	Segment	2021	2020
Pixologic	Multimedia & Entertainment	121.6	
Vectorworks (Australia)	Design	3.3	
Maxon (Japan and Spain)	Multimedia & Entertainment	2.2	
Red Giant	Multimedia & Entertainment		132.2 <sup>1)</sup>
ADAPT	Design		4.2
DEXMA	Manage		19.2 <sup>2)</sup>
<b>Total</b>		<b>127.1</b>	<b>155.6</b>

<sup>1)</sup> Thereof EUR 79.0 million paid out.

<sup>2)</sup> Thereof EUR 18.5 million paid out.

In addition, payments of EUR 9.2 million (previous year: EUR 0.0 million) for the acquired start-up investments Reconstruct, Sablonno and Imeroso << [3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance](#) >> were made.

Cash flow from investing activities also includes expansion and replacement investments in fixed assets of EUR 9.9 million (previous year: EUR 9.1 million).

**Cash flow from financing activities** was EUR –55.4 million (previous year: EUR –109.1 million). The significant decrease in payments is mainly due to borrowing from existing credit lines in the amount of EUR 75.6 million (thereof EUR 49.0 million for acquisition loans). In the previous year, loans of EUR 6.9 million were taken out.

This was offset by the repayment of bank loans taken up in previous years amounting to EUR 77.5 million (thereof EUR 59.5 million for acquisition loans). In the previous year, repayments in the amount of EUR 65.4 million (thereof EUR 56.3 million for acquisition loans) were made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for the 2020 financial year in the amount of EUR 34.7 million (previous year: EUR 32.3 million) as well as by interest and redemption payments for lease liabilities, with the major portion of EUR 15.1 million (previous year: EUR 13.2 million) relating to redemption in the 2021 financial year.

#### Management of liquidity risks

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

The high creditworthiness of the Nemetschek Group allows sufficient liquid funds to be procured. As of December 31, 2021, there were also unutilized credit lines of EUR 197.0 million (previous year: EUR 224.5 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyses and planning. Maturities of financial assets (receivables, fixed-term deposits, etc.) and expected cash flows from operating activities are taken into account. The objective is to continuously cover the ongoing need for financial resources while maintaining flexibility in financing.

#### Investment analysis

In order to secure a leading position in the AEC/O market and continue tapping new areas of application, investments in capacity expansions as well as replacement and rationalization measures are necessary. In this respect, acquisitions are a key driver for the Nemetschek Group. Such company acquisitions are largely financed by bank loans, with own funds also being utilized. So, company acquisitions in 2021 were financed by the Group's own funds as well as debt. Additional investments were financed from operating cash flows.

In total, the Nemetschek Group invested EUR 138.4 million in the 2021 financial year (previous year: EUR 162.6 million), of which EUR 6.5 million in property, plant and equipment (previous year: EUR 6.2 million) and EUR 131.9 million in intangible assets (previous year: EUR 156.4 million). The main investments here were acquisitions of businesses.



## Net Assets

In EUR million	Dec. 31, 2021	Dec. 31, 2020	Δ nominal in %
<b>ASSETS</b>			
Current assets	263.1	236.4	11.3%
Non-current assets	791.1	653.3	21.1%
<b>Total assets</b>	<b>1,054.2</b>	<b>889.7</b>	<b>18.5%</b>
In EUR million	Dec. 31, 2021	Dec. 31, 2020	Δ nominal in %
<b>EQUITY AND LIABILITIES</b>			
Current liabilities	384.5	295.8	30.0%
Non-current liabilities	128.0	176.6	-27.5%
<b>Equity, total</b>	<b>541.7</b>	<b>417.3</b>	<b>30.2%</b>
<b>Total equity and liabilities</b>	<b>1,054.2</b>	<b>889.7</b>	<b>18.5%</b>

The consolidated balance sheet total as of December 31, 2021 increased by EUR 164.5 million (18.5%) to EUR 1,054.2 million (previous year: EUR 889.7 million). For the first time in companies' history the balance sheet total hit the EUR 1 billion mark.

### Short-term assets

On the debit side of the consolidated balance sheet, current assets increased from EUR 236.4 million by EUR 26.8 million (11.3%) to EUR 263.1 million in the 2021 financial year. This was mainly due to the EUR 17.8 million increase in cash and cash equivalents and the increase in trade receivables by EUR 5.5 million or 8.6%. The increase in trade receivables is below the revenue growth of 14.2%. The under-proportionate increase is due to the expansion of the prepayment business. Tax receivables decreased slightly from EUR 6.0 million to EUR 4.8 million.

### Non-current assets

Non-current assets rose by EUR 137.8 million or 21.1% to EUR 791.1 million (previous year: EUR 653.3 million). Goodwill increased from EUR 416.7 million by EUR 107.3 million or 25.7% to EUR 524.0 million. In the 2021 financial year, this development was mainly driven by the Pixologic purchase. As significant parts of the goodwill are not held in euros, there were foreign currency effects of EUR 18.0 million. Intangible assets also increased by EUR 20.7 million to EUR 158.9 million (previous year: EUR 138.2 million), mainly due to acquisitions. Other financial assets increased from EUR 4.8 million by EUR 9.0 million to EUR 13.8 million and investments in associated companies from EUR 1.3 million to EUR 4.1 million. The increase is based on the investments in start-up and ventures businesses. The slight decrease in property, plant and equipment by EUR 0.9 million to EUR 20.7 million resulted from scheduled depreciation, which was almost entirely offset by expansion and replacement investments.

## Current liabilities

On the liabilities side, current liabilities increased by EUR 88.7 million (30.0%) to EUR 384.5 million (previous year: EUR 295.8 million). This item includes trade payables as well as provisions and accruals due within one year. The item "current loans" includes EUR 93.8 million (prior-year reporting date: EUR 59.6 million) of the repayment amount of the non-current acquisition loans due in the next 12 months. See << [Liquidity analysis](#) >>. Trade payables remained flat compared with the previous year's reporting date at EUR 11.3 million (previous year: EUR 11.2 million), which resulted from higher variable salary components and the increase in the number of employees. The increase in other provisions by EUR 15.5 million to EUR 71.7 million (previous year: EUR 56.3 million) is due in particular to the year-on-year increase in personnel costs (increase of EUR 12.1 million). Furthermore, primarily due to the expansion of business volume, deferred revenue increased from EUR 129.5 million in the 2020 financial year end by EUR 28.5 million to EUR 158.0 million in the 2021 financial year end. The change in short term financial liabilities from EUR 1.6 million by EUR 5.8 million to EUR 7.4 million as of end of 2021 is based on reclasses from long to short term liabilities for prior year business acquisitions.

### Non-current liabilities

Non-current liabilities decreased from EUR 176.6 million by EUR 48.6 million (27.5%) to EUR 128.0 million, mainly due to the reclassification of non-current to current loans. Deferred tax liabilities decreased from EUR 25.2 million by EUR 4.6 million to EUR 20.6 million. The main driver for this development was the amortization of intangibles acquired in business combinations. The acquisition of the Pixologic assets was structured as an asset deal and therefore no deferred taxes in the 2021 financial year were recognized. The main reason for the increase in the previous year was the acquisition of Red Giant amounting to EUR 8.3 million.

Other non-current financial liabilities decreased from EUR 8.7 million by EUR 7.5 million to EUR 1.2 million as of end of 2021. This item mainly includes the subsequent purchase price obligations from business acquisitions. The development is based on reclassifications to short term financial liabilities and payments made in an amount of EUR 1.7 million. In addition, non-current lease liabilities decreased by EUR 2.3 million from EUR 54.3 million to EUR 52.0 million.

## Equity

Equity, as of December 31, 2021, increased from EUR 417.3 million by EUR 124.4 million to EUR 541.7 million. The significant increase is driven by the net income of EUR 136.9 million and positive foreign exchange effects of EUR 23.3 million. This was offset by the distribution of dividends in the amount of EUR 34.7 million.

The equity ratio increased to 51.4% at the end of the 2021 financial year (previous year: 46.9%). The current liability ratio was 36.5% of the balance sheet total (previous year: 33.3%) and the non-current liability ratio was 12.1% (previous year: 19.8%).

### KEY BALANCE SHEET FIGURES

In EUR million	FY 2021	FY 2020	Change in %
Cash and cash equivalents	157.1	139.3	12,8%
Goodwill	524.0	416.7	25,7%
Equity	541.7	417.3	29,8%
Balance sheet total	1,054.2	889.7	18,5%
Equity ratio in %	51.4%	46.9%	+4.5 PP

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

A market risk premium of 7.5% (previous year: 7.5%) was applied. This results in capital cost rates before taxes ranging from 9.8% to 10.9% (previous year: 8.3% to 10.2%). Compared to 2020 the parameters derived from capital markets are not that significantly impacted by the Covid-19 pandemic and turned in the direction of the level of 2019. Based on the market capitalization as of December 31, 2021 and the planning expectations, the internal rate of return before taxes is around 4.5%.

## Nemetschek Group Employees

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

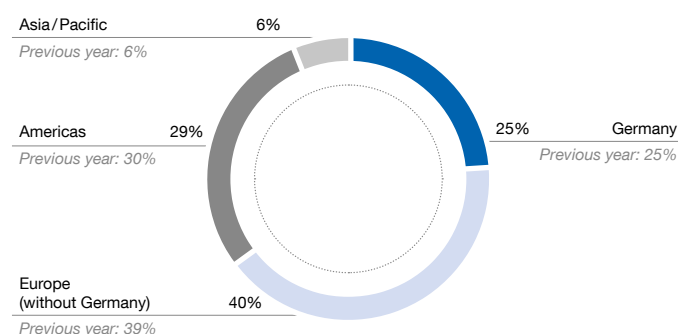
Further information on human resources work can be found in the non-financial statement under [<< 2.2 Key non-financial issues – Employee and Society >>](#).

As of December 31, 2021, the Nemetschek Group had 3,180 employees worldwide (previous year: 3,074), representing an increase of 106 people, or 3.4%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

At 75% (previous year: 75%), the majority of the Nemetschek Group's employees were employed outside Germany at the end of 2021, as in the previous year.

### Employees by Region

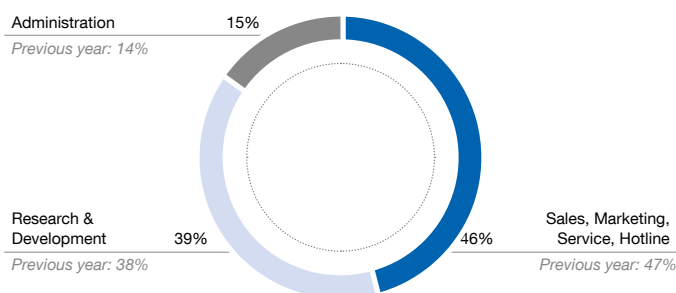
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.



## Employees by Function

On average, the Nemetschek Group employed 3,143 people worldwide in 2021, an increase of 4.5% compared with the previous year (3,008). The average number of employees in research and development was 1,232 (previous year: 1,158), or 39.2% of the total workforce (previous year: 38.5%).

The number of employees in sales, marketing and hotline averaged 1,457 (previous year: 1,403). In addition, 453 employees (previous year: 446) worked in administration (including 9 trainees after 12 in the previous year). Trainees are primarily employed in the commercial departments as well as in the IT and development departments.



## Personnel Expenses

Personnel expenses increased by 9.3% to EUR 292.0 million in 2021 (previous year: EUR 267.1 million), resulting in a personnel expense ratio (personnel expenses/revenues) of 42.9% (previous year: 44.7%). The below average development of personnel expenses compared to revenues is partly attributable to the tight situation in the market for skilled workers in the IT environment.

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

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

## Revenue Development and Earnings Situation

Nemetschek SE's revenues of EUR 7.6 million in the 2021 financial year (previous year: EUR 7.2 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company."

Other operating income increased to EUR 5.9 million (previous year: EUR 2.5 million). In the past financial year, it included among other things, income from recharges to subsidiaries amounting to EUR 5.6 million (previous year: EUR 1.2 million) as a result of more centralized license purchasing and a back-charge for the financial years 2016 to 2021. The operating expenses of EUR 27.2 million (previous year: EUR 17.7 million) include personnel expenses, consulting costs and other operating expenses. Personnel expenses increased due to the expansion of the central functions of Nemetschek SE and due to an increase in performance-related variable components from EUR 7.3 million to EUR 12.2 million.

Income from interests of EUR 67.4 million (previous year: EUR 60.3 million) includes EUR 67.3 million in dividends from subsidiaries (previous year: EUR 60.3 million). Income from profit transfer agreements in the amount of EUR 34.8 million (previous year: EUR 29.4 million) came as a result of profit transfers from Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. Net income for the year amounted to EUR 81.0 million (previous year: EUR 74.0 million).

## Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 609.3 million (previous year: EUR 612.6 million). Affiliates accounted for by far the largest share at EUR 568.3 million (previous year: EUR 568.1 million). Owing to repayments amounting to EUR 5.3 million, loans to affiliates fell to EUR 39.1 million (previous year: EUR 44.4 million). With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 160.8 million as of the balance sheet date (previous year: EUR 47.1 million).

The increase in receivables from and payables to affiliated companies results from the financing of the acquisition of the Pixologic business. Intra-group loans of USD 71 million were taken out or extended and passed on as a loan to the acquiring Maxon Group in the amount of USD 117 million. In addition, liquidity was raised through new debt financing. The open foreign currency position was partially hedged. The entire financing is short-term in nature.

At the end of 2021, cash and cash equivalents amounted to EUR 1.6 million (previous year's reporting date: EUR 8.5 million). The liabilities side of the company's balance sheet is dominated by liabilities to banks and Group companies. As a result of scheduled repayments and new loans, bank liabilities fell to EUR 118.2 million (previous year: EUR 129.5 million). Equity increased by EUR 46.4 million to EUR 477.3 million. Net income for 2021 of EUR 81.0 million was offset by the dividend payment for the 2020 financial year (EUR 34.7 million). The equity ratio of Nemetschek SE was 61.3% as of the balance sheet date (previous year: 64.2%).

Provisions rose by EUR 3.6 million to EUR 8.6 million. The main reason for this was the increase in provisions for employee remuneration associated with the good business performance (EUR 5.7 million; previous year's reporting date: EUR 2.1 million).

Liabilities to affiliates resulted mainly from cash pooling (EUR 81.5 million; previous year: EUR 70.1 million) and short-term intercompany loans of EUR 89.0 million (previous year: EUR 32.0 million).

In the 2021 financial year, control agreements and profit and loss transfer agreements existed with the following subsidiaries: Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. There were also profit and loss transfer agreements and control agreements between Allplan GmbH and Allplan Deutschland GmbH.

### Financial Position

Nemetschek SE's financing activities mainly comprised redemption payments of EUR 77.5 million (previous year: EUR 56.3 million), new loans in the amount of EUR 66.2 million and the dividend payment of EUR 34.7 million (previous year: EUR 32.3 million). In July 2020 and September 2021, Nemetschek SE increased its financial scope through additional bilateral credit lines in the amount of EUR 207 million. These credit lines were granted with a term of up to two years. At the end of 2021, Nemetschek SE drew down EUR 10 million from these credit lines and accordingly disclosed them as liabilities to banks in its balance sheet.

In the 2021 financial year, interest payments of EUR 1.0 million (previous year: EUR 1.1 million) were made on loans taken out and credit lines.

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

### Nemetschek SE Employees

On average, Nemetschek SE had 57 employees in 2021 (previous year: 51).

### Outlook for Nemetschek SE

The future development of Nemetschek SE with its significant opportunities and risks is strongly influenced by the forecasts of the Nemetschek Group set out in the Opportunity and Risk Report. Based on the Group's planning, Nemetschek SE also expects a slight increase in net investment income in the 2022 financial year. Accordingly, Nemetschek SE is assuming that earnings will continue to develop positively and that the annual result for the 2022 financial year will exceed that of the past financial year. The company plans to continue to distribute around 25% of the operating cash flow to its shareholders in the future. The dividend policy always takes into account the overall economic development and the economic and financial situation of the company.

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

The original forecast for the 2021 financial year took account of the uncertain macroeconomic conditions at the beginning of 2021. Firstly, the forecast was based on global economic growth in the mid-single-digit percentage range, as forecast by the German Council of Economic Experts and the IMF at that time, as well as the lessening of the adverse effects of the Covid-19 pandemic over the course of 2021. Taking these assumptions into account, the Executive Board started the 2021 financial year with cautiously optimistic expectations, envisaging revenue growth adjusted for currency effects in at least the high single-digit percentage range and an EBITDA margin of 27%-29%.

Despite the Covid-19 pandemic's continued impact in many parts of the world, as described in [3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance](#), the global economy was able to return to growth mode and global economic growth is expected to be within the range of expectations outlined above in 2021. The construction industry, which is very important to the Nemetschek Group, also recovered significantly in 2021; see [3.1 Macroeconomic and Industry-Specific Conditions](#).

Given this environment, the Nemetschek Group's development was very positive and better than expected. The business, which was driven, in particular, by increased licensing business and the strong development of recurring revenues from subscription and software as a service (SaaS), performed better than originally expected from as early as the first half of the year; the Executive Board adjusted the forecast in July 2021, anticipating revenue growth adjusted for currency effects in the 12%-14% range and an EBITDA margin of between 30% and 32% for the 2021 financial year.

Revenues of EUR 681.5 million were generated in the 2021 financial year, corresponding to nominal growth of 14.2% and growth adjusted for currency effects of 15.6% and thus also slightly exceeding the adjusted forecast. All regions and, with the exception of the Manage segment, all segments exceeded their expectations and thus contributed to the encouraging development of revenues. The main reasons for the better-than-expected growth were catch-up effects from the previous crisis year, the faster-than-expected recovery in the construction industry, and the positive impact of economic stimulus programs. The Covid-19 pandemic had an appreciable effect on the Manage segment and building managers' reluctance to invest was stronger than anticipated.

Based on the good development of revenues, which exceeded expectations, profitability also developed very positively in the 2021 financial year and EBITDA of EUR 222.0 million was generated. This corresponded to an EBITDA margin of 32.6% and was also slightly above the adjusted forecast from July 2021.

	Financial year 2020 Actual	Financial year 2021 Forecast March 2021	Financial year 2021 Forecast July 2021	Financial year 2021 Actual	Δ nominal in %	Δ currency- adjusted	Δ comparison <sup>1)</sup>
		Growth in the at least in the high single-digit percentage range					
Revenue	EUR 596.9 million		12% to 14%	EUR 681.5 million	14.2%	15.6%	15.6%
EBITDA margin	28.9%	27% to 29%	30% to 32%	32.6%			

<sup>1)</sup> Growth comparable to previous year, i.e. adjusted for currency and portfolio effects



## 5 Opportunity and Risk Report

### Opportunity and Risk Management

The entrepreneurial activities of the Nemetschek Group involve opportunities as well as risks, which reflect the diversity of its business activities. A management and control system is used to identify and assess these opportunities and risks at an early stage and to decide on how to treat them. The aim is to make the best possible use of opportunities and to identify risks at an early stage in order to be able to initiate suitable countermeasures and thus ensure the future success of the Nemetschek Group.

The general responsibility for the early identification of opportunities and risks and possible countermeasures lies with the Executive Board and the Segment Managers. They are supported in this by the management of the subsidiaries and the specified Risk Managers of the subsidiaries and Nemetschek SE. The Risk Managers are responsible for summarizing, assessing, evaluating and reporting risks and the associated countermeasures. Another important component of the risk management system is the internal audit, which continually monitors the functionality and effectiveness of the processes.

To improve comparability, operating risks are evaluated across the Group based on uniform quantitative and qualitative criteria and categories. The current risk situation of the Nemetschek Group is updated and documented quarterly as part of a risk inventory. An annual risk inventory is carried out for strategic risks. During the year, strategic risks are discussed between the risk manager and the Executive Board.

At the same time, the Executive Board and the Segment Managers are responsible for identifying and managing opportunities that could offer additional growth potential for the Nemetschek Group. Accordingly, opportunity management evaluates relevant and feasible opportunities that are in line with the Group's strategic goals and offer a competitive advantage. The management in the subsidiaries supports the Executive Board and the Segment Managers in identifying, analyzing and evaluating existing opportunities and proposing alternative courses of action. Opportunities are assessed in terms of quantity and quality using business models.

### Accounting-Related Risk Management and Internal Control Systems

Generally, risk management and the internal control system comprise the accounting-related processes and all risks and controls with regard to financial reporting. This refers to all parts of the risk management system and the internal control system that could have a material impact on the consolidated financial statements. The aim of the risk management system with regard to accounting processes is to identify and assess risks that could conflict with the conformity of the consolidated financial statements under the applicable regulations. Identified risks are to be assessed in terms of their impact on the consolidated financial statements. The aim of the internal control system is to use controls to create sufficient certainty that the consolidated financial statements are in compliance with the regulations, despite the identified risks.

Both the risk management system and the internal control system apply to Nemetschek SE and to all subsidiaries relevant to the consolidated financial statements, as well as to all processes relevant to the preparation of the financial statements.

The assessment of the materiality of misstatements is based on the probability of occurrence and the effect on revenue, EBITDA and total assets. Furthermore, the capital market and the influence on the share price play a significant role.

Key elements of risk management and control in financial reporting include the allocation of responsibilities and controls in the preparation of financial statements, Group-wide guidelines on accounting and the preparation of financial statements, and appropriate rules for access to IT systems. The principle of dual control and the separation of functions are also key principles in the financial reporting process.

The assessment of the effectiveness of internal controls with regard to financial reporting is an integral part of the audits carried out by Internal Audit in the 2021 financial year. The Supervisory Board is informed four times a year about the main risks identified for the Nemetschek Group, and the efficiency of the risk management system and the accounting-related internal control system.

## Opportunity and Risk Assessment and Reporting

The Nemetschek Group systematically analyzes and evaluates opportunities and risks. The opportunities and risks are quantified and classified to this end. In order to take suitable measures to deal with risks that could threaten the continued existence of the Nemetschek Group, any risks identified are evaluated and then classified based on their estimated probability of occurrence and the extent to which they are expected to affect the earnings, assets and financial position, the share price and the reputation of the Nemetschek Group. The same applies to opportunities.

### RISK POTENTIAL PROBABILITY OF MATERIALIZATION

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

## Economic Opportunities and Risks

### Economic Opportunities/Risks (Political and Regulatory Risks, Social Conflict, Instabilities, and Pandemics)

The order situation of customers can be influenced by positive or negative developments in the construction industry and the general economic situation.

The Nemetschek Group is active in various markets and regions. Business activities are influenced by market factors such as geographical and cyclical economic trends and political and financial changes, but also by natural disasters and pandemics. In particular, the global economic environment has become more volatile in recent years, and the economic risks have therefore increased.

Overall, the global economic outlook is currently subject to major uncertainty. Following the economy's recovery in 2021 from the historic decline in global economic output in 2020, the global economy is expected to grow moderately in 2022. However, this growth is also associated with various, and in some cases increasing, risks. Any further continuation of the Covid-19 pandemic as well as an expansion of the Ukraine conflict would depress growth prospects once again.

A repeated escalation of the customs dispute between the USA and China, as well as the general increase in protectionist measures of individual countries could also have a negative effect on the business development of the Nemetschek Group, as such measures generally have negative effects on global economic growth and can also have a negative effect on investment activity. New or escalating political conflicts such as the Ukraine conflict

could also have negative consequences that would also significantly affect the economic situation. The conflict between Russia and Ukraine, which resulted in an attack by Russia against Ukraine at the end of February 2022, as well as the associated economic sanctions against Russia will influence the development of the global economy. Business (revenues) in Ukraine and Russia is not material for Nemetschek with less than 0.5% of the Group's total revenues. Management is monitoring the development in Ukraine, and its possible effects on the earnings, financial and asset situation of the Group and will take measures if necessary.

Furthermore, negative effects may be a result from the UK's withdrawal from the customs union, which was contractually implemented on January 31, 2021. Despite the trade and cooperation agreement between the UK and the EU that formally came into force on May 1, 2021, there are continuing uncertainties as to how the withdrawal will affect trade relations between the UK and the member states of the EU and how the economic strength of the UK will develop in the new framework. Although the Nemetschek Group's revenue share in the UK is less than 5%, the market is of increasing importance, particularly in terms of the BIM standard.

Nemetschek continually monitors developments in key economies and their construction industries by means of widely available early warning indicators such as the market indicator of the Euroconstruct market institute, or the Construction Confidence Indicator (CCI), as well as by analyzing its own marketing situation. The highly targeted markets in Europe, North America and Asia are continuously analyzed. Thanks to its international sales orientation, the company has the possibility of broad risk diversification. There is no single customer with a significant share of sales, so there is no "cluster risk." The Nemetschek Group's customers are also characterized by a high level of loyalty. The Group is therefore highly diversified, both in terms of regional distribution and customer structure. The high proportion of recurring sales revenues, at over 60% of total revenues, is also a risk-minimizing factor.

In the event of an overall economic downturn, the Design segment – which has more than 50% of the Nemetschek Group's sales revenues – positioned at the beginning of the lifecycle of buildings would feel the economic weakness first. The Build segment would only be affected downstream. The Manage and Media & Entertainment segments target end customers, which increases risk diversification. In addition, the Manage segment is not directly dependent on the building process, as the focus in this segment is rather on increasing efficiency in the management of properties.

The Nemetschek Group plans its investments and corporate decisions in the medium to long term, so short-term deviations should not have a decisive influence on the overall long-term pic-

ture. If necessary, Group or segment strategies are adjusted. In principle, the broad diversification of the portfolio to different end customers and sectors already counteracts cyclical developments.

### Industry Opportunities and Risks

There are significant opportunities and risks that could cause a noticeable change in the economic situation of the Nemetschek Group in the market and industry environment.

The order situation and the financial strength of the construction industry have an influence on the investments of this industry in software solutions and thus on the business development of the Group. On the market side, the company is benefiting from a construction industry that is once again positive geared toward growth again, despite a decline in some regions and segments at the beginning of the Covid-19 pandemic in 2020, and investments in construction and infrastructure projects. In particular, state investments in infrastructure launched by numerous governments offer further growth potential for the Design and Build segments. The use of software solutions for increasing efficiency in the management of properties, the area targeted by the Manage segment, remains weak. The Covid-19 pandemic is still causing uncertainty in commercial construction at present, which could continue to be reflected in cautious investment behavior in the Manage segment. There is currently also an increasing risk that the present shortage of raw materials and the global logistics situation could prevent the construction industry from fully realizing its growth potential, with ensuing negative effects on companies' willingness to invest.

The rising importance of digitalization, which received additional impetus from the physical working restrictions during the pandemic, is therefore steadily increasing throughout the entire lifecycle of construction projects, providing the Nemetschek Group with a stable environment in all segments. As a result, the potential industry risks associated with customers' reluctance to invest in software have so far not had a significant impact on the earnings position of the SE and the Group. As a major company in the AEC/O industry, Nemetschek's size and competence provide good opportunities to further expand its existing market share and to benefit from technological trends and ongoing digitalization.

### Opportunities and Risks from the Competitive Environment

The Nemetschek Group operates in a highly competitive and technologically fast-moving market that is also highly fragmented. Risks could arise from rapid technological change, innovations by competitors or the appearance of new market participants such as cloud providers. To counter this risk, the Nemetschek Group observes the market very closely and also sees innovative companies as potential M&A targets, which in turn can complement

and expand the Nemetschek Group's portfolio. To be able to benefit even further from new technological advances in the AEC/O industry, the Nemetschek Group has defined a venture and start-up strategy in addition to the established M&A area. In this context, the Nemetschek Group is investing in young companies in a targeted manner to secure early access to promising resources and technologies.

Nemetschek therefore continues to consider risks from the competitive environment to be low in terms of probability of occurrence and extent. The company invests heavily in research and development in order to further develop its solution portfolio and to generate innovations aimed at providing customers with added value while retaining their loyalty. With its Design, Build and Manage segments, the Nemetschek Group covers the entire lifecycle of structures. On the other hand, the Media & Entertainment segment largely targets the media industry and has developed continuously and positively in recent years. Due to this strategic positioning, Nemetschek is exposed to fewer risks than other market participants. The Group's opportunities for expanding its market position as a leading provider of software solutions for a continuous workflow for the entire lifecycle of buildings as well as in the media industry lie in further internationalization and in systematically exploiting the potential of existing markets – supported by the consistent use of new technologies.

In summary, this means:

Risk category	Probability of materialization	Severity
Economic risks	medium	medium
Industry sector risks	medium	medium
Risks from the competitive environment	low	low
Opportunity category	Probability of materialization	Severity
Economic opportunity	medium	medium
Industry sector opportunity	medium	high
Opportunity from the competitive environment	medium	medium

### Operating Opportunities and Risks

Over the last two years, the ongoing Covid-19 pandemic has demonstrated the impact of a pandemic on operating activities and its influence on the opportunity and risk profile. It is not possible to rule out the emergence of pandemics that would also affect business operations in the future. Immediately following the start of the pandemic in spring 2020, the management of the Nemetschek Group established a crisis management team under the leadership of the Spokesman and CFOO, which continually

monitors and evaluates the effects of the crisis on the company across all corporate functions and defines and implements appropriate measures. The Covid-19 pandemic has shown that the business model, structure and processes of the Nemetschek Group and the organization's capabilities are robust. Furthermore, the crisis management experience acquired during the crisis will help us manage any future crises competently. [<< 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance >>](#).

### **Corporate strategy**

Opportunities and risks can also result from corporate decisions that change the opportunity and risk profile in the short, medium and long term.

The Nemetschek Group has its roots in the Design Segment and has successively focused on further high-growth markets along the construction lifecycle. Having significantly expanded the Build segment in recent years, Nemetschek has also positioned itself in the building management market, which it targets with the Manage segment. The Build and Manage segments have a high growth potential due to the existing market potential and the still low level of digitalization. In the Media & Entertainment segment, the Nemetschek Group benefits from rising demand for all types of digital content.

Stronger cooperation between the brands and segments opens up new opportunities and potential to leverage synergies between the brands while also targeting the customer in an even more focused manner. The Nemetschek Group made further progress here in the last financial year and is unleashing further potential for offering a product portfolio aimed at addressing the all-round needs of integrated, multidisciplinary customer groups by merging brands in the Design segment.

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

Another key growth driver is the digital transformation of the construction industry, which is far less advanced than in other key industries such as the automotive industry. Overall, the digital transformation in the AEC/O market, with an expected market volume of around 20 billion euros in 2024, will lead to significantly higher demand for solutions.

New technologies such as artificial intelligence (AI), digital twins, robotics or virtual reality will further increase the market potential. The Nemetschek Group will also be a pioneer and pacesetter in these developments and benefit from the market potential.

Should the expected market demand for BIM solutions and new technological advancements be weaker than expected, or should completely different technologies and working methods prevail, the investments made could still not lead to the expected revenues. Nemetschek takes this risk into account by continually evaluating technology, updating market assessments and by aligning the respective segment strategies to current market conditions. Nemetschek is convinced that new business opportunities will arise as a result of the trend toward BIM and ongoing digitalization.

### **Sales and Marketing**

The further internationalization of Nemetschek's business is a strategic focus designed to expand existing market shares in various regions or to enter new markets. The focus lies on those sales markets that offer the greatest market potential and growth. Alongside Europe, a major focus is on the US market, the largest regional AEC/O software market in the world, and the Asian markets, especially Japan and increasingly also Australia.

The Group's various sales models are based on the use of expert sales partners, resellers and qualified employees with specialist knowledge. They contribute to the optimal processing of customer segments, ensure high customer satisfaction and guarantee the sustainability of the earnings position. In addition to the classic sales channels, the Nemetschek Group is increasingly relying on e-commerce offers in order to address its customer base even better.

The loss of sales partners or sales employees could have a negative impact on the revenue and earnings position of the Nemetschek Group. The brand companies take this risk into account by carefully selecting, training and managing sales partners and employees and with the help of incentive and performance systems. In addition to a fixed salary, sales employees are paid variable performance-related bonuses or commissions.

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

Ongoing integration enables solution-selling to be carried out in a more targeted way. The merger of the Graphisoft and Data Design System brands on one hand and the Precast Software Engineering, SDS/2 and Allplan brands on the other make it possible to offer the respective multidisciplinary customer segments a BIM product portfolio that addresses their all-round needs. This not only opens up new opportunities to acquire new customers, but also enables us to work even more intensively with existing customers.

In the construction industry, there are signs of increasing acceptance of rental models via Software as a Service (SaaS) or subscription. The Nemetschek Group takes this additional marketing model into account by offering customers the option of leasing software with or without a maintenance contract in addition to the classic license model. Nemetschek deliberately increasingly offers rental models in order to provide customers with the greatest possible flexibility. This business model opens up new customers and markets and therefore offers long-term growth opportunities. The stronger orientation toward subscriptions also offers the opportunity to generate more revenues per user.

Risks may arise when switching the product portfolio to new forms of distribution, such as rental models, if the appropriate solutions do not yet have the degree of market maturity that customers expect when launched on the market. Nemetschek counters this risk by quickly adapting and intensifying its development activities. In particular, Nemetschek evaluates its subscription offers very carefully in each of the four segments. Financial models are used to explore “what-if scenarios,” which simulate the decision-making process taking into account a wide range of influencing factors.

### Products and Technology

There is a risk that competitors will gain an innovative edge and thus win existing customers of the Nemetschek Group. Future business success therefore depends above all on the ability to offer innovative products that are tailored to customers' needs. Thanks to its organizational structure of 13 entrepreneurially managed brands within four segments, the Nemetschek Group is positioned close to its customers and markets. This enables changes and trends to be identified, evaluated and implemented at an early stage. Flat hierarchies, a strong network of decision makers in the company and cross-functional teams make it easier to assess opportunities promptly and accurately. Last but not least, in order to further advance digitalization, about a quarter of

Group revenues is regularly invested in research and development. In the design segment, for example, Allplan for the first time represents a seamless and integrated BIM workflow from planning to production and construction. The platform-based BIM solution takes the so-called “buildability” into account right from the start in order to ensure continuous BIM workflows even during the transition from the planning phase to the construction phase.

In the Build segment, Bluebeam's Project Rover was launched. Powered by Bluebeam Cloud, the intuitive, easy-to-use project and site management solution enables all parties involved in the construction process to manage defect surveys, information requests and bid submissions on the go.

With Spacewell's workplace app in the Manage segment, a personal assistant has been developed that uses real-time sensor data to facilitate the daily work of office employees and handle reservations, workplace bookings or service requests.

Maxon in the Media & Entertainment segment has again significantly expanded its Maxon ONE product bundle in 2021, integrating the mobile app Forger for sculpting workflows in addition to the competencies from the acquisitions Redshift and Red Giant. With the portfolio again expanded by the painting and sculpting tool ZBrush, acquired at the end of 2021, Maxon also intends to play an important role in the emerging metaverse market.

Potential risks exist in the development of software products that do not sufficiently meet the needs of customers or internal quality standards. The Nemetschek Group's strategy aims to use its close customer contact and focus on customer needs to present innovations in a timely manner.

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

### Process Risks

The Nemetschek Group's core processes of software development, marketing and organization are subject to constant review and improvement by the management of the respective segments. The performance and target orientation of these process-



es are reviewed and optimized as part of strategic and operational planning. Nevertheless, there could be fundamental risks that the required and planned process results may not meet customer requirements in terms of time and quality due to insufficient resources or changes in general conditions, such as the ongoing Covid-19 pandemic and its impact on business processes.

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

### Human Resources

If management employees or other qualified employees were to leave the Nemetschek Group and no suitable replacement could be found, this could have a negative effect on business development. This is particularly significant if it also results in a loss of expertise. In addition, the general shortage of skilled workers worldwide, which continues to grow, is also an ever increasing challenge for the Nemetschek Group. The respective brands are in competition with large software players worldwide, so it has become increasingly challenging to recruit qualified personnel in recent years. To gain and retain employees, the brands offer flexible working models as well as attractive salaries. The Nemetschek Group also works very closely with universities, provides scholarships and awards doctoral positions to attract young specialists.

### Acquisition and Integration

Acquisitions are a significant and integral part of the corporate strategy. The Nemetschek Group uses acquisitions to expand its solution portfolio, gain access to new technologies and/or regional markets and thus close gaps in the value chain. New customer groups can also be reached, and market shares can be gained that are considered relevant and promising for the future. The Group also increasingly focuses on investments in startups in order to gain access to innovative technologies and support their implementation in the market.

In order to make the best possible use of acquisition opportunities, employees of the M&A and Corporate Development & Operations departments continually screen the markets for suitable candidates. At the same time, Nemetschek works together with M&A consultants. Furthermore, the brands themselves contribute their knowledge and market observations to a professional M&A process. Acquisitions are carefully and systematically reviewed

and planned before signing a contract. There is an established standardized process for M&A with a special focus on due diligence and post-merger integration. In addition, opportunities that arise from investments and interests in startup companies are to be developed in a more targeted way. To this end, the Startup & Venture Investments function has been established at holding company level to coordinate and support such interests in young companies.

The structure of the Nemetschek Group with its independent brands is a major advantage in winning the bidding process. Experience has shown that company founders prefer to belong to an international group while maintaining their identity and a high degree of operational independence. This group structure offers excellent opportunities to acquire attractive companies. At the same time, there is the entrepreneurial risk that the acquired company will not develop economically as expected and will not achieve the revenue and earnings targets pursued upon its acquisition. After an acquisition, companies will therefore be integrated quickly into the Nemetschek Group's reporting, controlling and risk management system.

Goodwill, which can arise in the context of company acquisitions, is subject to an annual impairment test. There was no need for write-downs in the 2021 financial year. However, due to changes in the economic environment, future write-downs cannot be ruled out.

In summary, this means:

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

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

## Legal, Tax and Compliance Risks and Cybersecurity Risks

### Legal Risks

In an internationally active company such as the Nemetschek Group, risks may arise from contractual, competitive, trademark and patent laws. With this in mind, provisions are made in the balance sheet in accordance with the accounting regulations. The Nemetschek Group limits such risks via legal audits by the legal department and external legal advisors.

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

In sales, the Nemetschek Group works not only with its own sales force, but also with external dealers and cooperation partners. The same applies to external marketing agencies. Sales and marketing partners could either not fulfill their contracts with Nemetschek at all or could fulfill them on unacceptable terms, or could renew them. Sales or marketing agreements could also be terminated, which could lead to legal disputes and thus have a negative impact on the business activities, financial position and results of operations.

Legal risks can also arise in the areas of employment and tenancy law, for example if employees are dismissed or brands terminate, extend or renew tenancy agreements.

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

### Tax Risks

With its subsidiaries worldwide, the Nemetschek Group is subject to local tax laws and regulations. Changes to these regulations could lead to higher tax expenses and higher cash outflows. Furthermore, changes would affect the deferred tax assets and liabilities recognized. However, it is also possible that changes in tax regulations could have a positive effect on the Nemetschek Group's earnings situation. In the USA, for example, Nemetschek benefits from a lower tax rate resulting from the tax reform introduced in 2017 and from a changed method of determining tax payments in the US state of California implemented in the 2020 financial year. Current uncertainties in connection with the further development of the US tax reform as well as growing US business and transnational regulations increase the risk that the company's tax burden could rise in future.

### Compliance and Governance Risks

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

To a small extent, customers of the Nemetschek Group include governments or publicly owned companies. Business activity in the construction industry is partly characterized by orders with larger volumes. Cases of corruption or even allegations of corruption could make it more difficult to participate in public tenders and could have negative effects on further economic activity, the assets, financial and earnings position, the share price and reputation of the Group. With its Code of Conduct, Nemetschek has therefore set up a binding anti-corruption program for all employees. Compliance and corporate responsibility have always been important components of the Nemetschek Group's corporate culture. In order to communicate the subject sustainably and across the Group, a training tool is used so that employees can recognize potentially critical situations and react to them correctly.

Continuous measures such as updating the Code of Conduct, the first edition of a voluntary Supplier Code of Conduct, Group-wide antitrust guidelines and tailored compliance communication measures serve to raise awareness on a continuous basis, thus helping to prevent potential risks.

Compliance, data retention and security requirements and the protection of personal data are becoming increasingly stringent, which is associated with rising product development costs and, if not met in a timely manner, could also slow down revenue growth. The Nemetschek Group is addressing this issue and, on the holding level, is continuously advising the respective brand companies. Violations of the General Data Protection Regulation (GDPR) may result in fines of up to 20 million euros or, in the case of a company, up to 4% of its total annual worldwide revenues in the preceding financial year, whichever is higher, depending on the type of violation of GDPR provisions pursuant to Art. 83 of the GDPR. In addition, local data protection authorities can also impose other sanctions on the data controller in accordance with Article 83 of the GDPR. The Nemetschek Group has designed its processes to be fundamentally data protection compliant and an external data protection officer also supports compliance with the data protection regulations.

## Cybersecurity Risks

Due to the increasing risk from cyberattacks or cyber attacks, this risk is explained separately.

The Nemetschek Group is at the vanguard of the digital transformation of the AEC/O industry and covers the entire lifecycles of construction and infrastructure projects.

Providing information and development services, safeguarding the company's own software products and offering and operating IT systems are the Nemetschek Group's critical key assets in this area.

The risk of cyberattacks is constantly rising around the world due to increasing digitalization, the progressive spread of decentralized, location-independent work processes (working from home), as well as increasing professionalization of cybercriminal gangs. For example, the German Federal Office for Information Security (BSI) noted around 400,000 new malware variants from June 2020 to May 2021 alone<sup>1</sup>.

Like many other technology companies worldwide, the Nemetschek Group finds itself confronted with a growing threat from cyber risks.

The Nemetschek Group actively counters these risks and has implemented appropriate measures to maintain and improve its level of protection. These are aimed at ensuring information and IT systems are suitably protected against various threats. In our view, a suitable level of protection is ensured through continuous professionalization and improvements in information security as well as appropriate organizational and technical measures at both Group and brand level.

The overarching security standards and security measures are defined and monitored by the Corporate Information Security Officer in line with an information security management system (ISMS) that is described in the Group Information Security Guideline and based on the internationally recognized information security standards of ISO 27001.

This is in addition to measures to raise awareness among employees, regular centrally managed awareness campaigns and training on the topic of cybersecurity.

Due to the Nemetschek Group's decentralized organization largely comprising brands that operate independently, the IT systems and infrastructures are mostly operated independently of one another within the brands. This leads to a natural distribution of risks.

A cybersecurity insurance policy covering all Group companies was taken out in 2017 as a further safeguarding measure.

In summary, this means:

Risk category	Probability of materialization	Severity
Legal risks	medium	low
Tax risks	medium	medium
Compliance and governance risks	low	medium
Cyber-Security risks	medium	low

<sup>1</sup> Die Lage der IT-Sicherheit in Deutschland 2021, German Federal Office for Information Security (BSI) <https://www.bsi.bund.de/SharedDocs/Downloads/DE/BSI/Publikationen/Lageberichte/Lagebericht2021.pdf>, page 11).

## Financial Risks

As an internationally active group, the Nemetschek Group is exposed to the financial risks described below. The aim is to actively manage these risks and thereby reduce them. The objectives and methods for dealing with financial risks are also described in detail in the notes to the consolidated financial statements under [<< Financial Risk Management >>](#).

## Liquidity Risk

With high financial liabilities, there is always a liquidity risk in the event of a deterioration in the earnings situation. At the end of 2021, the Nemetschek Group had liabilities to banks of around EUR 129 million (previous year: around EUR 130 million). The Group continued to generate positive cash flow from operating activities in the 2021 financial year. Business activities, which allows it to continue investing in organic growth and acquisitions. Nemetschek SE ensures the availability of decentralized financial resources via central cash pooling. As a matter of principle, the Group pursues conservative and risk-avoiding financing strategies. The Treasury function at holding company level has been significantly strengthened and areas such as core banks, liquidity and risk management professionalized through measures that include establishing governance structures and revising processes and systems.

## Currency Risks

As an internationally active company, the Nemetschek Group is exposed to exchange rate fluctuations, especially in the United States, Japan, the United Kingdom, Norway, Sweden, Hungary and Switzerland. The further targeted internationalization of the Group's activities will increase the significance of exchange rate fluctuations for the Group's business activities. Currency fluctuations only have a limited effect at Group level, as the operating subsidiaries outside the eurozone generate most of their revenues, costs and expenses in their local currencies (natural hedging). Nevertheless, currency fluctuations in one of the countries can

have consequences, particularly in terms of sales and pricing, which can affect the revenue and earnings situation of individual brands. Overall, the development of the US dollar in relation to the euro led to negative currency effects on revenues and EBITDA in 2021, although this trend was reversed in the second half of the year resulting in positive currency effects from the US dollar. In view of the uncertainties as regards the further development of inflation and interest rates, currencies may continue to be volatile and impact the company accordingly.

### Default Risk and Risk Management

Default risks are managed by handling credit approvals, setting upper limits and control procedures, as well as regular debt reminder cycles.

The company does not expect any bad debts from business partners who have been granted a high credit rating. The Nemetschek Group has no significant concentration of credit risks with any single customer or group of customers. From today's perspective, the maximum risk of default is determined by the amounts shown in the balance sheet.

The Nemetschek Group only concludes business with credit-worthy third parties. Customers who wish to conclude material transactions with the company on credit terms are subjected to a credit assessment if materiality limits are exceeded. In addition, receivables are continually monitored so that the company is not exposed to any significant default risk. If default risks are identified, appropriate provisions are made in the balance sheet. In connection with the consequences of the Covid-19 pandemic, it cannot be ruled out that the creditworthiness of individual customers may change, thus increasing the risk of default. The Group continually monitors this situation and, if necessary, will take appropriate measures and recognize provisions.

Current developments as regards raw material supplies and supply chain disruptions may also result in project delays and refinancing difficulties. The Nemetschek Group recognizes and continuously monitors this increased systemic risk and takes appropriate countermeasures as required.

Apart from the systemic risk mentioned above, from today's perspective there is no significant concentration of default risks in the Nemetschek Group. In the case of Nemetschek's other financial assets such as cash and cash equivalents, the maximum credit risk in the event of counterparty default corresponds to the carrying amount of these assets.

### Interest Risk

Due to the Nemetschek Group's current financing structure, the management does not see any significant interest rate risk.

In summary, this means:

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

### Summary Assessment of the Group's Opportunity and Risk Situation

Compared to the previous year, the company's overall risk profile has changed slightly, as have some of the individual risks and opportunities described. In addition, cyber risk and liquidity risk were added compared with the previous year. The slightly amended risk profile is largely based on the increased geopolitical uncertainties and their possible impact. We continue to monitor the development of the Covid-19 pandemic closely. However, a decreasing risk can be observed here overall compared to the previous year. Owing to its increasing significance for the company, the risk that cyberattacks could arise is disclosed and described as a separate risk (cybersecurity risk). Overall, Nemetschek is satisfied that the risks identified do not pose a threat to the continued existence of the Group, neither individually nor as a whole. This assessment is supported by the balance sheet structure, liquidity resources and financing structure.

The Nemetschek Group plans to participate more strongly in the opportunities described above, to take advantage of market opportunities and to further expand its market position in the coming years.

## 6 Outlook 2022

### Overall Economic Development

As a globally active company, the Nemetschek Group is influenced by worldwide economic developments and industry-specific trends. These developments also have an influence on the future earnings, financial and asset situation of the Group.

The development of the global economy is currently influenced by many factors whose effects are associated with uncertainties. In many parts of the world, the Covid-19 pandemic has led to new and extensive restrictions due to the spread of the Omicron variant. These firstly comprise the containment measures determined by individual governments, but the high number of people infected and quarantining may secondly also lead to restrictions in public and business life and their associated impacts. Furthermore, the rises in energy, raw material and logistics costs over the course of the pandemic, combined with continuing supply bottlenecks, are dampening economic developments in different industries.

Beyond the pandemic, there are still high uncertainties regarding political conflicts and their potential impact on future economic development. Relations between Russia and Ukraine and trade relations between the USA and China are worthy of mention here. As long as the war remains isolated between Russia and Ukraine, the Nemetschek Group currently sees general economic and inflationary developments in particular as the main risks. In addition, shifts in economic investments (from infrastructure/sustainability to defense) can also have a negative effect on the business. The current business (revenues) in Ukraine and Russia is not material for Nemetschek. In the event of an expansion of the armed conflict, further risks could be added.

Moreover, continuing uncertainties as regards implementation of the United Kingdom's exit from the European Union (EU) are also having an impact on the global economy. The growing efforts and activities of individual economic areas to transition to a more sustainable economy (e.g. the European Green Deal in the European Union) may also bring about significant changes in the economic environment.

At bottom, however, in its Annual Report 2021/2022 published on November 10, 2021, the German Council of Economic Experts anticipates global gross domestic product (GDP) will rise by 4.4% in 2022. The World Economic Outlook Update published by the International Monetary Fund (IMF) on January 25, 2022 also forecasts global economic growth of 4.4% for 2022. In October 2021, the IMF still envisaged growth of 4.9%. The forecast the IMF published in January 2022 takes account of more up-to-date insights, particularly those pertaining the development of the Covid-19 pandemic and geopolitical events.

The following developments are forecast for the regions of significance for the Nemetschek Group. GDP in the **eurozone** is expected to grow by 4.3% (German Council of Economic Experts) and 3.9% (IMF) in 2022. According to the German Council of Economic Experts, GDP in Germany is expected to grow by 4.6% in 2022, while the IMF sees growth in Germany at 3.8%. For the **USA**, the German Council of Economic Experts expects growth of 4.4% in 2022, while the IMF expects growth of 4.0%. For **Asia**, the German Council of Economic Experts forecasts GDP growth of 4.8%. It anticipates growth of 5.0% for China. In its latest forecast, published in January 2022, the IMF estimates 4.8% economic growth for China, citing, in particular, the impact of the "zero tolerance" policy for tackling the Covid-19 pandemic and the economic consequences of property developers' financial problems as reasons for this.

Overall, the uncertainties associated with the above forecasts are great and depend above all on the further course of the pandemic and further development of political and economic conflicts, crises and conditions. Any occurring or increasing risks or deterioration in conditions may have a negative effect on the development of the global economy. Equally, a faster end to the pandemic, resolution of conflicts or improvement in conditions may also provide positive impetus for the global economy that also has significance for the industries and regions of relevance to the Nemetschek Group.

Sources: German Council of Economic Experts, Annual Report 2021/2022 dated November 10, 2021 and International Monetary Fund, World Economic Outlook Update dated January 25, 2022.



## Sector-Specific Development

### Construction Industry

The Covid-19 pandemic has shown that the construction industry is highly resilient overall. The European construction industry recovered as early as 2021 and reached the level of revenues achieved in 2019, contrary to expectations. The experts at Euroconstruct also expect growth of +3.6% for 2022. The forecasts for 2023 and 2024 are somewhat more cautious, with experts anticipating growth of 1.5% at the most. The positive outlook is clouded by uncertainties as regards supply chains, raw material prices and the shortage of skilled workers.

Although, unlike in the previous year, the **German** construction industry is expected to grow in 2022, this remains below the average for the Euroconstruct countries at +1.1%. The same applies to other smaller markets in **Europe**, including Switzerland (+0.7%), Norway (+2.5%) and Austria (+2.6%). The highest growth rates in **Europe** for 2022 are expected in Ireland (+8.4%), Spain (+8.0%), Hungary (+7.2%), Great Britain (+5.9%) and Italy (+5.6%).

In the **USA**, construction output is forecast to grow by +3% in both 2022 and 2023. Growth is expected to climb to +6% in the subsequent years, driven especially by infrastructure construction. The reason for this is the USD 1.2 trillion infrastructure package adopted in 2021 which is making civil engineering a growth driver in the US construction industry in the medium term.

Sources: ifo (Nov. 2021) – 92nd Euroconstruct Summary Report; FMI (Oct. 2021) – 2021 North American Engineering and Construction Outlook Fourth Quarter Edition; GTAI (Nov. 13, 2021) – Tiefbau erfüllt in den USA die Erwartungen; GTAI (July 1, 2021) – In China wird 2021 kräftig weitergebaut; GTAI (Sept. 27, 2021) – Indien stockt Investitionen im Infrastruktursektor auf; GTAI (Sept. 28, 2021) – Indiens Baubranche erwartet weitere Erholung für 2022; GTAI (Oct. 18, 2021) – China will Infrastruktur weiter kräftig ausbauen; GTAI (July 30, 2021) – Japans Bauwirtschaft hofft auf neue konjunkturelle Impulse, um die Auftragsbücher füllen zu können; GTAI (Sept. 14, 2021) – Smart Cities sind langfristige Investitionsprojekte; RICE (Dec. 2021) – Quarterly Outlook of Construction and Macro Economy; IBEF (Dec. 2021) – Indian Infrastructure Industry Analysis

### Digitalization in Construction

Digitalization in the construction industry is less advanced than in other industries. The reasons for this include the high degree of fragmentation and low margins in the construction sector. Nevertheless, a large number of players in the construction industry view the digital transformation as a key competitive advantage and strategic priority. The Covid-19 pandemic may further accelerate existing trends such as digitalization in the medium to long term. Accordingly, the Nemetschek Group is operating in a market that remains dynamic and offers great growth potential in the coming years. The increasing establishment of an open standard for data exchange, which creates compatibility between different software solutions and thus promotes the increasing establishment of BIM, will have a particularly positive effect. The driver behind this development is the international non-profit organization buildingSMART, which promotes digitalization in the construction industry.

Sources: www.buildingsmart.org; IFS (Oct. 2020) – Understanding construction and engineering spending on digital transformation; InEight (July 2021) – Global Capital Projects Outlook – Optimism and Digitization; McKinsey (June 2020) – The next normal in construction; McKinsey (Feb. 17, 2017) – Reinventing construction through a productivity revolution; Verdantix (Dec. 2020) – Market Overview: AEC Software

## Company Expectations

Despite the uncertainties associated with the continuing Covid-19 pandemic and current geopolitical conflicts, the Nemetschek Group aims to continue its business policy geared toward sustainable and profitable growth and will invest in further internationalization and the development of new-generation solutions. It will also continue to drive forward its strategic initiatives within the four segments. The Executive Board is carefully monitoring the further development of the current uncertain general economic situation in order to be able to make adequate decisions within the framework of the growth strategy.

### Internationalization

As a company that is globally active in the AEC/O industry, the Nemetschek Group is focusing on those markets that currently offer the greatest potential and which have already made BIM mandatory or are in the process of establishing BIM standards. In addition to markets in Europe, the Nemetschek Group focuses on regions in Asia/Pacific, including Japan and Australia, as well as on the USA. The USA is the world's largest single market for AEC/O software and for the Nemetschek Group a significant but competitive sales market in which the company experienced an above-average development. The US market will therefore continue to play an important role in the implementation of the growth strategy.

The same applies to the Media & Entertainment segment. Europe, Asia and the USA are key regions here too.

Further internationalization is also a significant growth driver for the Nemetschek Group because the existing brands in the USA and Europe mutually enrich each other in their expansion.

### Networking, Sales Approach and New-Generation Solutions

The group structure consists of a strategic holding company and the operational business. The company's operating activities are carried out via four segments with a total of 13 brands. An Executive Board member or Segment Manager has been assigned to each of the four segments and works closely with the brands within the segment. They also strengthen brand cooperation and networking so as to reduce the complexity resulting from the diversity of brands. The merger of the Graphisoft and DDS brands on one hand and the Precast Software Engineering, SDS/2 and Allplan brands on the other make it possible to offer the respective multidisciplinary customer segments a BIM product portfolio that addresses their all-round needs. The platform-based BIM solution from Allplan takes the so-called "buildability" into account right from the start in order to ensure continuous BIM workflows even during the transition from the planning phase to the construction phase.

As part of the merger of DDS and Graphisoft, the competence of DDS for technical building equipment was bundled with the technology platform and global market position of Graphisoft. In this

way, the – complementary – competences and strengths of both brands can be used and growth can be further advanced.

Thus it is not only “smaller” brands that benefit from the presence and sales strength of the internationally focused Graphisoft and Allplan brands. In particular, this integrated product portfolio now enables them to address the needs of integrated, multidisciplinary customer groups in an even more targeted way.

The Nemetschek Group continues to use innovative solutions to make the workflow in the construction process more efficient, to target new customer segments, to support the cooperation of the brand companies in their international growth strategies and to share best practices within the Group.

Even before the Covid-19 pandemic, it was evident that there was increasing investment in the public sector and especially in infrastructure measures. This development has been reinforced by the pandemic, which is also partly due to the different aid and economic stimulus programs of individual governments. The Nemetschek Group would like to further expand its activities in this segment focusing in particular on technically complex solutions such as bridge and tunnel construction.

At the same time, Nemetschek is focusing on future topics that will shape and change the construction and media industries. New technologies such as artificial intelligence (AI), digital twins, robotics, automation or the use of Internet-of-Things sensors will further change the AEC/O markets in the future and at the same time increase the market potential. The Nemetschek Group recognised these topics and has occupied them both with its own developments and with investments in start-ups. Augmented and virtual reality will also change not only the AEC/O industry, but also the media and entertainment market. The Nemetschek Group has become significantly stronger in the Media & Entertainment segment over recent years, due in part to the acquisitions of Redshift, Red Giant and the acquisition of the Pixologic business operations. The comprehensive range of solutions now covers all five key areas of application from modeling, animation, rendering and painting to sculpting. As a result, Nemetschek has significantly expanded its customer base. With the expanded portfolio, Maxon has already established a good position in the huge 3D animation as well as emerging Metaverse market.

### **Subscription/Software as a Service (SaaS) and Sales Approach**

The brands of the Nemetschek Group will continue to offer their customers a certain degree of flexibility when purchasing software. Customers can choose between the classic license model, including the service contract option, and flexible rental models

(subscription or software as a service). Rental models in particular make it possible to tap into new customer groups, as many customers would like to use the software flexibly and without a one-off license fee. In the four segments, the offer and implementation of rental models are at different stages of progress. In doing this, the Nemetschek Group addresses the different needs of customer groups, depending on area of application and region.

In the Design segment, brands such as RISA already generate a large part of their revenues with rental models. The major portion of revenues for the brands still comes from license models and software service contracts. In the future, it is planned to continue expanding the range of rental models in the Design segment, which is partly to target new customers and to provide them with a high degree of flexibility.

In the Build segment, the top-selling brand Bluebeam, which continues to generate the majority of its revenues in the USA but has also grown significantly outside the US during 2021, will increasingly migrate to rental models in the second half of 2022. To make the range of rental models as attractive as possible, the brand will offer customers added value with new features. Based on the strong growth in new users in 2021, Bluebeam will start the subscription transition from a significantly higher user base in 2022. At the same time, Bluebeam 2021 has already started testing the new subscription solutions with selected customers to gain sound feedback and insights. Nemetschek is convinced that this will maximise customer benefits, accelerate growth, and successfully launch the conversion from an even higher user base in 2022.

In the Manage segment, the Spacewell brand already offers rental models. This approach will continue in the future.

In the Media & Entertainment segment, the Maxon brand started the migration to subscription in the third quarter of 2019. The Maxon ONE product suite bundles all features into one attractive offer for creative users. Maxon now generates around 70% of revenues with subscription, with contributions from the recently acquired and already integrated brands Redshift and Red Giant. The successful migration is reflected in the strong growth of the brand and the significant broadening of the customer base.

The strategic objective is to increase visibility and predictability with the successive increase in recurring revenues from rental models while still maintaining close customer contact and increasing customer satisfaction by a faster pace of innovation.

## Growth – Organic and Inorganic as well as Investments in Start-ups

The sustainable organic development of the Nemetschek Group will continue to be supplemented by value-adding acquisitions with the objective of closing gaps in the Group portfolio and thus extending and rounding out the technological expertise in the workflow of construction processes. A further goal of acquisitions is to further increase the Nemetschek Group's market shares in the international markets.

Thanks to high cash flows and the solid balance sheet structure, the Nemetschek Group has the financial resources to finance its planned future growth through acquisitions, cooperations and partnerships. As in the past, the preferred form of financing for acquisitions is possible via current cash flow, the liquidity portfolio and borrowing capital.

In the 2021 financial year, Nemetschek further expanded its Media & Entertainment segment and significantly strengthened its positioning in the fast-growing metaverse market with the acquisition of the business operations of the Los Angeles-based US company Pixologic, a specialist in digital 3D sculpting and painting.

In addition, Nemetschek has invested in start-up companies in order to further increase its innovative strength. Last year, for example, Nemetschek took minority stakes in three young and innovative companies from Germany, the USA and Norway as part of financing rounds. We will continue these start-up investments in the future, because product excellence and innovative strength are the key to ensuring that we can continue to offer architects, engineers and facility managers real technological added value in the future.

Focal points and objectives of the Nemetschek Group's acquisition activities are described in detail under [<< 1.2 Targets and Strategy – Acquisitions >>](#). In addition, the activities carried out in connection with acquisitions and divestments in the 2021 financial year are described in detail under [<< 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance – Acquisitions/Divestments >>](#) as well as in the notes to the consolidated financial statements under [<< Acquisition of Subsidiaries >>](#).

## Investments and Liquidity

As in previous years, operating cash flow in 2022 should help increase Group liquidity and provide sufficient scope for planned investments in development, as well as sales and marketing by the individual segments.

Important cost items for the Nemetschek Group include personnel expenses and other operating expenses. The Nemetschek Group will continue to recruit additional experts and retain existing employees worldwide in a targeted manner in 2022 and therefore expects a moderate increase in personnel expenses. Other operating expenses, including selling expenses, will also tend to rise in 2022 regarding the further planned international expansion. In individual cases, key elements of the investment planning for 2022 are to be re-examined and assessed in the context of the ongoing uncertain business environment, taking account of the potentially changing conditions. The Nemetschek Group is continuing its investment policy in order to implement its corporate strategy aimed at profitable growth.

## Dividends

The shareholder-friendly dividend policy of Nemetschek SE based on continuity is to be continued in the coming years. Taking into account the respective overall economic development as well as the economic and financial situation of the company, the Executive Board plans to continue to distribute around 25% of the operating cash flow as a dividend to the shareholders and thus allow them to participate appropriately in the economic success of the Group.

## General Statement on Expected Development

### Outlook for the Nemetschek Group

Over the more than two-year duration of the Covid-19 pandemic, the Nemetschek Group has demonstrated it has a crisis-resistant business model. Furthermore, it continued to pursue its strategic objective of profitable growth with great momentum in the 2021 financial year. Thanks to recurring revenues from service contracts subscription, which now account for a share of around 61%, the Nemetschek Group has a high degree of planning security. In addition, the international positioning of the Group and the targeting of different customer groups across the four segments offer a broad risk diversification. Added to this is the financial structure of the Nemetschek Group with an equity ratio of around 51% and high cash generation.

In our forecast for business performance, we assume that the global economy and that the global economy – as forecast, for example, by the German Council of Economic Experts and the IMF – will grow by around 4% in 2022.

As long as the war remains isolated between Russia and Ukraine, the Nemetschek Group currently sees general economic and inflationary developments in particular as the main risks. In addition, shifts in economic investments (from infrastructure/sustain-

ability to defense) can also have a negative effect on the business. The current business (sales) in Ukraine and Russia is not material for Nemetschek. In the event of an expansion of the armed conflict, further risks could be added.

Furthermore, we have assumed positive development in the construction industry overall in our forecast for 2022. We view the requirement for digitalization in the construction industry as an additional and key growth driver for our business. This comes in addition to ever higher sustainability standards in the planning, construction and management of buildings. Despite a short-term dip in growth, the development of the construction industry has demonstrated its high level of resilience in the face of the Covid-19 pandemic. Construction output thus reached the pre-crisis level of 2019 in many key markets as early as 2021.

The media and entertainment industry, in turn, benefits from a continuously increasing demand for high-quality content and animation by creatives and the increasing use of visual effects (VFX) in films and videos. In addition, there is the trend around metaverse and the creation of an artificial environment. Nemetschek expects a huge market potential and, through its Maxon brand, is well positioned to benefit from the future growth of the market.

In general, it should be noted in the forecast that the development of the exchange rates that are relevant to the Nemetschek Group influences the revenue and earnings development of the Group and could therefore also have an impact on the achievement of the forecasted growth. Key foreign currencies that are important for the Group are in particular the US dollar and the Hungarian forint. Analogously to previous years, the forecast for 2022 was prepared on the basis of constant exchange rates.

Taking account of general economic and industry-specific conditions, the Executive Board has a positive outlook for the 2022 financial year. On the basis of constant exchange rates and the current brand portfolio, it is anticipating revenue growth to be in the 12%–14% range. Recurring revenues are expected to grow at an above-average rate, thus further expanding their share of total revenues. The EBITDA margin is expected to be in a range of 32%–33%.

These forecasts are subject to the express proviso that the global economic and industry-specific conditions do not deteriorate significantly compared with the assumptions underlying the planning, particularly with regard to the further course of the Covid-19 pandemic and an expansion of the Ukraine conflict.

### Notes on the Outlook

This Management Report contains forward-looking statements and information – i.e. statements about future events. These forward-looking statements can be identified by formulations such as “expect,” “intend,” “plan,” “estimate” or the like. Such forward-looking statements are based on current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. Various factors, many of which are outside the control of the Nemetschek Group, could influence the business activities, success, business strategy and results of the Nemetschek Group. This may cause the actual results, successes and performance of the Nemetschek Group to differ substantially from the results, successes or performance expressly or implicitly contained in the forward-looking statements.

## 7 Other Disclosures

### 7.1 Corporate Governance Declaration

The corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code (HGB) is part of the combined management report and is published on the Nemetschek SE website at [ir.nemetschek.com/en/corporate-governance](https://ir.nemetschek.com/en/corporate-governance). In accordance with Section 317 (2) sentence 6 of the HGB, the auditor's review of the disclosures pursuant to Section 289f and Section 315d of the HGB is limited to whether or not the disclosures have been made. The corporate governance declaration can also be found in the 2021 Annual Report in the chapter [<< To our Shareholders >>](#).

### 7.2 Explanatory Report of the Executive Board on Disclosures Pursuant to Sections 289a and 315a of the HGB

This section contains the disclosures pursuant to Sections 289a (1), 315a (1) of the German Commercial Code (HGB) together with the Explanatory Report of the Executive Board pursuant to Section 176 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) letter C (ii) of the SE Regulation.

#### (1) Composition of subscribed capital

As of December 31, 2021, the share capital of Nemetschek SE amounts to EUR 115,500,000.00 and is divided into 115,500,000 no-par bearer shares.

Different classes of shares do not exist. All shares entail the same rights and obligations. One vote is granted per share and is decisive for the shareholders' share in profits.

#### (2) Restrictions affecting voting rights or the transfer of shares

There are no restrictions in the Articles of Incorporation relating to voting rights or the transfer of shares. Restrictions on voting rights may exist based on the provisions of the German Stock Corporation Act (AktG), for example in accordance with Section 136 AktG and based on the provisions of capital market legislation, in particular in accordance with Sections 33 et seq. WpHG.

#### (3) Interests in capital exceeding 10% of voting rights

The direct and indirect interests in the subscribed capital (shareholder structure), that exceed 10% of the voting rights, are shown of the notes to the annual financial statements and the notes of the consolidated financial statements of Nemetschek SE.

#### (4) Shares with special rights granting control

There were no shares with special rights granting control.

#### (5) Type of control of voting rights if employees hold an interest in the capital and do not directly exercise their control rights

There were no controls on voting rights for employees holding an interest in the capital.

#### (6) Statutory provisions and regulations in the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and amendments to the Articles of Incorporation

Article 9 (1), Article 39 (2) and Article 46 Sections 84 and 85 of the SE Regulation, Sections 84 and 85 of the AktG in conjunction with Section 8 of the Articles of Incorporation of Nemetschek SE regulate the appointment and dismissal of Executive Board members. Under the provisions of these sections, Executive Board members are appointed by the Supervisory Board for a term not exceeding five years. The appointment may be renewed or the term of office may be extended, provided that the term of each such renewal or extension shall not exceed five years. Section 8, Paragraph 1 of the Articles of Incorporation states that the Executive Board must consist of one or more persons. The number of persons is determined by the Supervisory Board. The Executive Board of Nemetschek SE currently consists of four persons.

If there is a good cause, the Supervisory Board can revoke the appointment of the Executive Board member (Article 9 (1), Article 39 (2) of the SE Regulation and Section 84 (3) sentences 1 and 2 of the AktG).

Section 179 of the AktG in conjunction with Sections 14 and 19 of the Articles of Incorporation of Nemetschek SE applies to amendments to the Articles of Incorporation. According to this provision, amendments to the Articles of Incorporation are generally decided by the Annual General Meeting with a two-thirds majority of the votes. If at least half of the share capital is represented, a simple majority of the votes cast is sufficient. If the law also requires a majority of the share capital represented at the Annual General Meeting to pass resolutions, a simple majority of the share capital represented at the time of the resolution is sufficient, to the extent permitted by law. In accordance with Section 14 of Nemetschek SE's Articles of Incorporation, the Supervisory Board is authorized to decide on amendments to the Articles of Incorporation that affect only its wording.

#### (7) Powers of the Executive Board to issue or redeem shares

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of EUR 11,550,000 through the issue of up to 11,550,000 new no-par bearer shares against cash and/or non-cash contributions on one or more occasions until May 11, 2026 (inclusive) (Authorized Capital 2021). Shareholders are to be granted their statutory subscription right to the new shares. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply, in full or in part, on one or more occa-



sions, the shareholders' subscription right in accordance with the details of the resolution on agenda item 8 by the Annual General Meeting of May 12, 2021.

The company's share capital is contingently increased by up to EUR 11,550,000.00 through the issue of up to 11,550,000 new no-par bearer shares (Contingent Capital 2021). The Contingent Capital 2021 serves the purpose of issuing shares to the creditors of convertible bonds and/or bonds with warrants with conversion or option rights and/or conversion or option obligations (or a combination of these instruments) that are issued in accordance with the authorization of the Annual General Meeting of the company of May 12, 2021 under agenda item 9 by Nemetschek SE or domestic or foreign companies in which Nemetschek SE holds a direct or indirect interest with the majority of voting rights and capital, until May 11, 2026. In each case, the new shares will be issued at the conversion or option price to be determined in accordance with the authorization of the Annual General Meeting of the company of May 12, 2021 under agenda item 9. The contingent capital increase may only be carried out to the extent that the holders of conversion or option rights under the specified bonds exercise their conversion or option rights or conversion or option obligations under such bonds are fulfilled and provided that such conversion or option rights or conversion or option obligations are not served through treasury shares, through shares from authorized capital or through other benefits. The new shares will confer a share in profits from the beginning of the financial year in which they are created through the exercising of conversion/option rights or fulfillment of conversion/option obligations. As far as legally permissible, the Executive Board may, with the approval of the Supervisory Board, also specify that new shares will also confer a share in profits for a past financial year in derogation of Section 60 (2) of the German Stock Corporation Act (AktG). The Executive Board is authorized to stipulate further details regarding the implementation of the contingent capital increase.

In accordance with Section 71 (1) No. 8 of the AktG, the company requires a special authorization from the Annual General Meeting to acquire and use its treasury shares, unless expressly permitted by law. At the Annual General Meeting on May 28, 2019, an authorizing resolution was accordingly proposed and approved by the shareholders.

In accordance with the resolution adopted under agenda item 7 by the Annual General Meeting of May 28, 2019, the authorization is valid as follows:

"7.1 The company is authorized to acquire up to 11,550,000 treasury shares, i.e. 10% of the company's share capital, in full or in part, on one or more occasions until May 28, 2024 in accordance with the following provisions. At no time may the shares acquired on the basis of this authorization, together with other shares of the company that the company has already acquired

and still holds or which are attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act, exceed 10% of the company's share capital. The authorization may not be used for the purposes of trading in treasury shares.

This authorization replaces the authorization to acquire treasury shares adopted by the Annual General Meeting of Nemetschek Aktiengesellschaft on May 20, 2015 under agenda item 7, which is hereby canceled to the extent that it was not exercised.

7.2 The Executive Board is free to choose whether to purchase the shares on the stock exchange, by means of a public purchase offer extended to all of the company's shareholders.

a) If purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price of the share by more than 10% on an electronic trading system (Xetra – or a functionally comparable successor system replacing the Xetra system) over the last five trading days prior to the obligation to acquire.

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

7.3 The Executive Board is authorized to use the treasury shares acquired pursuant to this authorization for any legally permitted purpose, in particular also for the following purposes:

a) With authorization by the Supervisory Board, the shares may be offered to third parties as consideration for the acquisition of companies, investments in companies or parts of companies.

b) With authorization by the Supervisory Board, the shares may be redeemed without the redemption or the implementation of the redemption requiring a further resolution of the Annual General Meeting. The redemption leads to a reduction in capital. The Executive Board may alternatively decide that the share capital shall remain unchanged upon redemption and instead the proportion of the remaining shares in the share capital shall be increased by the redemption in accordance with Section 8 (3) AktG. In this case, the Executive Board is authorized to adjust the number of shares stated in the Articles of Incorporation.

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

7.5 This resolution is subject to the condition precedent that the entry of the implementation of the capital increase pursuant to item 6 of the agenda be entered in the commercial register of the company.”

The condition precedent specified in the resolution under item 7.5 was fulfilled on June 5, 2019 and the resolution of the General Meeting of May 28, 2019 on agenda item 7 therefore took effect.

**(8) Significant agreements of the company subject to a change of control following a takeover offer**

There are no significant agreements of the company subject to a change of control following a takeover offer.

**(9) Compensation agreements concluded by the company with members of the Executive Board or employees in the event of a takeover offer**

There were no compensation agreements concluded by the company with members of the Executive Board or employees in the event of a takeover offer.

Munich, March 17, 2022



Yves Padrines



Dr. Axel Kaufmann



Viktor Várkonyi



Jon Elliott

## Statement of financial position Nemetschek SE

as of December 31, 2021 and as of December 31, 2020 (individual financial statements HGB)

ASSETS	in €	December 31, 2021	December 31, 2020
<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		88,503.93	475,917.92
		<b>88,503.93</b>	<b>475,917.92</b>
<b>II. Property, plant and equipment</b>			
1. Leasehold improvements		32,767.62	40,631.94
2. Fixtures, fittings and equipment		259,236.03	302,131.52
		<b>292,003.65</b>	<b>342,763.46</b>
<b>III. Financial assets</b>			
1. Shares in affiliated companies		568,267,260.82	568,127,260.82
2. Loans due from affiliated companies		39,055,984.74	44,361,969.47
3. Investments		2,012,222.33	60,225.84
		<b>609,335,467.89</b>	<b>612,549,456.13</b>
<b>TOTAL FIXED ASSETS</b>		<b>609,715,975.47</b>	<b>613,368,137.51</b>
<b>B. CURRENT ASSETS</b>			
<b>I. Accounts receivable and other assets</b>			
1. Trade receivables		0.00	2,309.03
2. Accounts due from affiliated companies – thereof Accounts receivable from trading EUR 1,635,488.81 (previous year: EUR 592,276.30)		160,790,134.32	47,140,034.37
3. Other assets		1,622,865.73	295,380.85
		<b>162,413,000.05</b>	<b>47,437,724.25</b>
<b>II. Cash and cash equivalents</b>		<b>1,614,961.85</b>	<b>8,490,679.20</b>
<b>TOTAL CURRENT ASSETS</b>		<b>164,027,961.90</b>	<b>55,928,403.45</b>
<b>C. DEFERRED AND PREPAID EXPENSES</b>		<b>2,964,439.80</b>	<b>2,136,472.38</b>
<b>D. DEFERRED TAX ASSETS</b>		<b>1,433,731.76</b>	<b>77,782.04</b>
		<b>778,142,108.93</b>	<b>671,510,795.38</b>

As the result of rounding, it is possible that the individual figures in these individual financial statements do not exactly add up to the totals given and that percentage disclosures do not reflect the absolute values from which they are derived.

Equity and liabilities	in €	December 31, 2021	December 31, 2020
<b>A. EQUITY</b>			
<b>I. Subscribed capital</b>		<b>115,500,000.00</b>	<b>115,500,000.00</b>
<b>II. Capital reserve</b>		<b>20,529,856.90</b>	<b>20,529,856.90</b>
<b>III. Retained earnings</b>		<b>28,585,721.39</b>	<b>28,585,721.39</b>
<b>IV. Unappropriated profit</b>		<b>312,660,214.06</b>	<b>266,270,277.12</b>
<b>TOTAL EQUITY</b>		<b>477,275,792.35</b>	<b>430,885,855.41</b>
<b>B. PROVISIONS AND ACCRUED LIABILITIES</b>			
1. Accrued tax liabilities		381,773.00	684,497.71
2. Other provisions and accrued liabilities		8,217,060.33	4,358,932.65
<b>TOTAL PROVISIONS AND ACCRUED LIABILITIES</b>		<b>8,598,833.33</b>	<b>5,043,430.36</b>
<b>C. LIABILITIES</b>			
1. Liabilities due to banks		118,200,016.00	129,500,000.00
2. Trade accounts payable		1,703,087.59	1,064,788.69
3. Accounts due to affiliated companies		167,597,635.30	101,055,106.06
4. Other liabilities – thereof taxes: EUR 1,607,620.16 (previous year: EUR 1,175,284.19) – thereof social security EUR 5,330.61 (previous year: EUR 3,408.33)		1,662,172.90	1,222,925.42
<b>TOTAL LIABILITIES</b>		<b>289,162,911.79</b>	<b>232,842,820.17</b>
<b>E. Deferred revenue</b>		<b>2,076,861.72</b>	<b>1,640,308.43</b>
<b>E. Deferred tax liability</b>		<b>1,027,709.74</b>	<b>1,098,381.01</b>
		<b>778,142,108.93</b>	<b>671,510,795.38</b>

## Statement of comprehensive income Nemetschek SE

for the period from January 1 to December 31, 2021 and 2020 (individual financial statements HGB)

	in €	December 31, 2021	December 31, 2020
1. Revenues		7,559,917.46	7,229,019.49
2. Other operating income - thereof from income from currency revaluation EUR 124,587.37 (previous year: EUR 480,953.25)		5,867,505.01	2,492,966.73
<b>Operating income</b>		<b>13,427,422.47</b>	<b>9,721,986.22</b>
3. Personnel expenses			
a) Wages and salaries		-11,274,489.82	-6,532,745.74
b) Social security, pension and other benefit costs - thereof for pension: EUR 126,533.84 (previous year: EUR 119,467.52)		-954,344.53	-840,113.37
4. Depreciation and amortization of intangible assets, property, plants and equipment		-498,832.92	-501,418.86
5. Other operating expense - thereof from expense from currency revaluation EUR 61,990.30 (previous year: EUR 327,952.57)		-14,625,689.01	-9,817,180.60
<b>Operating expenses</b>		<b>-27,353,356.28</b>	<b>-17,691,458.57</b>
<b>Operating result</b>		<b>-13,925,933.81</b>	<b>-7,969,472.35</b>
6. Income from investments - thereof from affiliated companies: EUR 67,281,327.65 (previous year: EUR 60,255,066.04)		67,378,708.90	60,286,131.74
7. Income from profit and loss transfer agreements		34,748,878.05	29,385,547.20
8. Other interest and similar income - thereof from affiliated companies: EUR 2,026,996.26 (previous year: EUR 1,258,230.59)		2,066,461.01	1,256,593.83
9. Interest and similar expenses - thereof from affiliated companies: EUR 98,069.13 (previous year: EUR 6,059.49)		-2,445,155.35	-1,119,792.75
<b>Result from ordinary operations</b>		<b>87,822,958.80</b>	<b>81,839,007.67</b>
10. Taxes on income - thereof expenses from changes in deferred taxes recognized in the balance sheet: EUR 1,426,620.99 (previous year: EUR -397,478.85)		-6,781,578.86	-7,855,461.41
<b>11. Earnings after tax</b>		<b>81,041,379.94</b>	<b>73,983,546.26</b>
12. Other Taxes		-1,443.00	-856.00
<b>13. Net Income</b>		<b>81,039,936.94</b>	<b>73,982,690.26</b>
14. Profit carried forward from previous year		231,620,277.12	192,287,586.86
<b>15. Unappropriated profit</b>		<b>312,660,214.06</b>	<b>266,270,277.12</b>



# Notes Nemetschek SE

## Accounting principles

The annual financial statements as of December 31, 2021 of Nemetschek SE, Munich, are prepared in accordance with § 264 d of the German Commercial Code (HGB) in conjunction with § 267 (3) HGB on the basis of the provisions of the German Commercial Code concerning the accounting of large corporations and the German Stock Corporation Act (AktG). The company is listed with the District Court of Munich under Commercial registry number HRB 224638.

### Principles

The accounting principles of the annual financial statements as of December 31, 2021 are based on the provisions of the German Commercial Code (HGB) and the special provisions of the German Stock Corporation Act (AktG).

**Intangible assets** are capitalized at cost or measured using the lower fair value. They are amortized over a period of 3 to 5 years.

**Fixed assets** are to be measured at cost, accounting for scheduled amortization, or at the lower fair value. They are amortized as follows using the straight-line method over their normal useful lives (pro rata temporis): Office equipment from 3 to 10 years, Leasehold improvements from 5 to 10 years.

**Additions** to movable fixed assets are amortized using the straight-line method (pro rata temporis). Movable assets belonging to fixed assets with cost values not exceeding EUR 800.00 are amortized in full the year they are acquired.

In the case of **financial assets**, the share rights were generally accounted using acquisition costs and loans were generally accounted using the nominal value or the lower fair value.

**Non-current loans** to affiliated companies with an original term of more than one year are disclosed under loans due from affiliated companies.

**Receivables and other assets** are accounted at nominal value. Recognizable risks are taken into account by means of bad debt allowances. Interest-free receivables or other assets are recorded at present value.

**Cash and cash equivalents** are recognized using nominal values.

**Prepaid expenses** are expenses disclosed before the balance sheet date to the extent that they represent expenditure for a specific period after this date.

**Subscribed capital** is recognized at nominal value.

In the case of **provisions**, all recognizable risks and uncertain liabilities are taken into account. The provisions are recognized at the amount which is deemed necessary according to reasonable business judgement.

**Liabilities** are recognized with the settlement amounts.

**Deferred taxes** are recognized for temporary differences between the accounting values of assets, liabilities and expenses and their tax-relevant values to the extent that they decrease in subsequent financial years. Existing tax losses carried forward are recognized if loss offsetting is anticipated within the next five years.

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

The nature-of-expense method is applied in the **profit and loss account**.

### Currency translation

To the extent that the annual financial statements contain assets and liabilities in foreign currency, translation into euros is on the basis of the exchange rate at the time of the transaction. As of the balance sheet date, the assets and liabilities in foreign currency are measured using the mean exchange rate. The "of these" notes disclosed in the statement of comprehensive income regarding currency translation contain realized as well as unrealized foreign exchange rate differences.

**Revenues** are disclosed for umbrella brand licenses as well as apportionments to subsidiaries for services rendered. The umbrella brand licenses constitute a service contract for the use of the umbrella brand "A NEMETSCHEK COMPANY".

## Notes to the Balance Sheet

### Fixed assets

The development of fixed assets is represented in a statement of changes in noncurrent assets, which also shows the amortization of the financial year, on the last page of these notes.

### Investments held by Nemetschek SE

At the present time, impacts of the Covid-19 pandemic on the investments of Nemetschek SE are not evident. The continued positive business development of the subsidiaries underscores the value of shareholdings.

Nemetschek SE has a minimum direct or indirect interest of 20% in the following companies. The information on the companies corresponds to local IFRS financial statements at the time the annual financial statements of Nemetschek SE were prepared, shown in EUR k.

### AFFILIATED ENTITIES

Name, registered office of the entity	Shareholding in %	Equity Dec. 31, 2021	Net Income 2021
<b>Design segment</b>			
Allplan Česko s.r.o., Prague, Czech Republic	100.00	893	84
Allplan Deutschland GmbH, Munich*/**, Germany	100.00	3,221	20,023
Allplan France S.A.R.L., Paris, France	100.00	1,390	986
Allplan GmbH, Munich*/**, Germany	100.00	8,620	11,649
Allplan Inc., West Chester, Pennsylvania, United States	100.00	-622	-1,448
Allplan Italia S.r.l., Trient, Italy	100.00	678	267
Allplan Österreich GmbH, Wals-Siezenheim, Austria	100.00	793	697
Allplan Schweiz AG, Wallisellen, Switzerland	93.33	2,218	1,405
Allplan Software Engineering GmbH, Graz, Austria	100.00	3,353	2,867
Allplan Software Singapore Pte. Ltd., Singapore	100.00	-788	-270
Allplan Slovensko s.r.o., Bratislava, Slovakia	100.00	1,028	374
Allplan Systems España S.A., Madrid, Spain	100.00	-556	-146
Allplan UK Ltd., Salford, Great Britain	100.00	-396	-18
Dacoda GmbH, Rottenburg, Germany	100.00	748	345
Data Design System AS, Klepp Stasjon, Norway	100.00	6,725	1,642
Data Design System GmbH, Ascheberg, Germany	100.00	11,147	1,561
Data Design System UK Ltd., Wiltshire, Great Britain	100.00	-132	0
DDS Building Innovation AS, Klepp Stasjon, Norway	100.00	718	53
dRofus AB, Stockholm, Sweden	100.00	469	100
dRofus AS, Oslo, Norway	100.00	1,332	-66
dRofus Inc., Lincoln, Nebraska, United States	100.00	441	189
dRofus Pty Ltd, North Sydney, Australia	100.00	456	190
Frilo Software GmbH, Stuttgart*/**, Germany	100.00	196	2,540
Graphisoft Asia Ltd., Hong Kong, China	100.00	1,454	14
Graphisoft Brasil Serviços de Tecnologia da Informação Ltda, São Paulo, Brazil	100.00	-914	-474
Graphisoft Deutschland GmbH, Munich*, Germany	100.00	4,929	1,752
Graphisoft Italia S.R.L., Spinea, Italy	100.00	1,077	60
Graphisoft Japan Co., Tokyo, Japan	100.00	1,907	469
Graphisoft México S.A. de C.V., Mexico D.F., Mexico	100.00	224	4
Graphisoft North America, Inc., Waltham, Massachusetts, United States	100.00	-1,566	293
Graphisoft SE, Budapest, Hungary	100.00	80,029	31,821
Graphisoft UK Ltd., Uxbridge, Great Britain	100.00	1,521	269
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00	12,794	-37
Precast Software Engineering Co. Ltd., Shanghai, China	100.00	7	851
RISA Tech, Inc., Foothill Ranch, California, United States	100.00	19,592	1,996
Scia CZ s.r.o., Prague, Czech Republic	100.00	704	282

**Continuation:**

Scia France S.A.R.L., Lille, France	100.00	54	-19
Scia Group International nv, Hasselt, Belgium	100.00	1,983	-3
Scia Nederland B.V., Arnhem, Netherlands	100.00	913	780
Scia nv, Hasselt, Belgium	100.00	2,596	1,680
Scia SK s.r.o., Zilina, Slovakia	100.00	141	75
Scia GmbH, Dortmund, Germany (consolidated since November 1, 2021)	100.00	17	-8
Solibri DACH GmbH, Hamburg, Germany	100.00	143	47
Solibri LLC, Scottsdale, Arizona, United States	100.00	-188	-100
Solibri Oy, Helsinki, Finland	100.00	660	-364
Solibri UK Ltd., Leeds, Great Britain	100.00	-524	-13
Solibri Benelux B.V., Hoofddorp, Netherlands (consolidated since November 1, 2021)	100.00	-37	-37
Vectorworks Canada, Inc., Vancouver, British-Columbia, Canada	100.00	434	85
Vectorworks UK, Ltd., Newbury, Great Britain	100.00	2,462	1,490
Vectorworks, Inc., Columbia, Maryland, United States	100.00	30,706	16,497
Vectorworks Australia Pty Ltd., Rosebery, New South Wales, Australia (consolidated since July 14, 2021)	100.00	76	133
<b>Build segment</b>			
123erfasst.de GmbH, Lohne, Germany	100.00	4,399	1,821
Bluebeam AB, Kista, Sweden	100.00	2,893	150
Bluebeam Holding, Inc., Wilmington, Delaware, United States	100.00	92,860	40,546
Bluebeam GmbH, Munich, Germany	100.00	-1,373	-885
Bluebeam, Inc., Pasadena, California, United States	100.00	23,719	54,884
Bluebeam Limited UK, Ltd., London, Great Britain	100.00	4,998	3,083
Bluebeam Australia PTY, Ltd., Sydney, Australia	100.00	4,518	3,593
Design Data Corporation, Lincoln, Nebraska, United States	100.00	-8	1,958
NEVARIS Bausoftware GmbH, Bremen**/, Germany	100.00	17,605	746
NEVARIS Bausoftware GmbH, Elixhausen, Austria	100.00	4,546	1,022
<b>Manage segment</b>			
Crem Solutions GmbH & Co. KG, Ratingen*, Germany	100.00	7,480	2,316
Crem Solutions Verwaltungs GmbH, Munich, Germany	100.00	74	1
Spacewell International NV, Antwerp, Belgium	100.00	80,007	-641
FASEAS NV, Antwerp, Belgium	100.00	-1,890	-923
MCS Americas Single Member LLC, New York City, New York, United States	100.00	-2,933	-537
MCS NV, Antwerp, Belgium	100.00	1,799	-1,780
MCS Solutions Private Ltd., Hyderabad, India	100.00	1,754	620
myMCS AB, Knivsta, Sweden	100.00	-221	-374
Axxerion Group B.V., Heteren, Netherlands	100.00	-11,463	1,403
Axxerion B.V., Heteren, Netherlands	100.00	1,970	893
Plandatis B.V., Apeldoorn, Netherlands	100.00	5,439	1,610
Dexma Sensors S.L., Barcelona, Spain	100.00	1,568	-1,080
<b>Media &amp; Entertainment segment</b>			
Maxon Computer Canada, Inc., Montreal, Québec, Canada	83.55	814	11
Maxon Computer GmbH, Friedrichsdorf, Germany	83.55	135,913	10,413
Maxon Computer, Inc., Thousand Oaks, California, United States	83.55	3,857	8,332
Maxon Computer Ltd., Bedford, Great Britain	83.55	1,009	824
Maxon Computer Japan KK, Tokyo, Japan (consolidated since January 19, 2021)	83.55	454	411
<b>Other</b>			
Nemetschek, Inc., Washington, District of Columbia, United States	100.00	64,070	4,090

\* In the fiscal year 2021, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:

- Option not to prepare notes to the financial statements (Frilo Software GmbH, Allplan Deutschland GmbH, Graphisoft Deutschland GmbH und NEVARIS Bausoftware GmbH).
- Option not to prepare a management report (Allplan GmbH, Allplan Deutschland GmbH, Graphisoft Deutschland GmbH, NEVARIS Bausoftware GmbH and Crem Solutions GmbH & Co. KG).
- Option not to publish the annual financial statements (Frilo Software GmbH, Allplan GmbH, Allplan Deutschland GmbH, und NEVARIS Bausoftware GmbH).
- Option not to audit the annual financial statements (Allplan GmbH, Allplan Deutschland GmbH, NEVARIS Bausoftware GmbH and Crem Solutions GmbH & Co. KG).

\*\* The net income for the year recorded by Allplan GmbH, Frilo Software GmbH and, Nevaris Bausoftware GmbH is shown prior to the profit and loss transfer agreement with Nemetschek SE in each case. The net income for the year recorded by Allplan Deutschland GmbH is shown prior to the profit and loss transfer agreement with Allplan GmbH.

As of the balance sheet date, Nemetschek SE has indirect minority holdings in Nemetschek OOD, Sofia, Bulgaria, amounting to 20% (equity as of December 31, 2021: EUR 8,152k; net income for the year 2021: EUR 1,927k), in Planen Bauen 4.0 GmbH, Berlin, amounting to 6.29% (equity as of December 31, 2020: EUR

1.300k; net income for the year 2020: EUR 740k) and in Imerso AS amounting to 18.03%. Nemetschek SE has a direct minority holding through Allplan GmbH of 24.14% of the shares of Sablon GmbH, Berlin (equity as of December 31, 2021: EUR 2,180k; net income for the year 2021: EUR –588k).

### Loans due from affiliated companies

Brand	Issue year	Amount in Thousands of €	Balance as of 2020/12/31 in Thousands of €	Repayment in 2020 in Thousands of €	Balance as of 2021/12/31 in Thousands of €	Due date
MCS NV	2018	500	500	–500	0	12/31/2021
Spacewell International NV	2019	18,250	18,250		18,250	12/31/2028
Maxon Computer GmbH	2020	8,418	5,612	–2,806	2,806	12/28/2022
Spacewell International NV	2020	20,000	20,000	–2,000	18,000	12/31/2030
		<b>47,168</b>	<b>44,362</b>	<b>–5,306</b>	<b>39,056</b>	

### Accounts receivable and other assets

Included in other assets, in the amount of EUR 1,623k (previous year: EUR 295k) are mainly receivables for corporate income tax refunds for the 2020 and 2021 financial years with a remaining term of less than one year in the amount of EUR 1,417k (previous year: EUR 114k), pre-tax in the subsequent month deductible in the amount of EUR 84k (previous year: EUR 79k) and payments in the amount of EUR 69k (previous year: EUR 85k).

### Accounts due from affiliated companies

Accounts due from affiliated companies mainly constitute a claim in respect of a loan, receivables from profit and loss transfer agreements and receivables from cash pooling which are due within one year.

### Prepaid expenses

The prepaid expenses result mainly from the consolidation of purchasing within the Nemetschek Group. Accordingly, offsetting items are recorded in the area of deferred expenses to be passed on to the subsidiaries.

### Deferred tax assets

Deferred tax assets exist as a result of the different measurement of financial assets, provisions and receivables vis-à-vis affiliated companies in the commercial balance sheet and the tax balance sheet as of December 31, 2021 in the amount of EUR 1,434k (previous year: EUR 78k). The tax rate used as a basis is 32.35% (previous year: 32.37%). The main reason for the rise compared to the previous year is the different measurement in the case of the stake valuation in a partnership amounting to EUR 5,753k (previous year: EUR 0k), which are recognized with a tax rate of 15.825%, and the unrealized foreign exchange rate differences

amounting to EUR 1,317k (previous year: EUR 0k), which are recognized with a tax rate of 32.35%.

### Subscribed capital

Subscribed capital of Nemetschek SE remains unchanged at EUR 115,500k. It is divided into 115,500,000 no-par value bearer shares.

Each share is attributed with EUR 1.00 of share capital. The capital is fully paid up.

### Capital reserve

The capital reserve remains unchanged vis-à-vis the previous year and amounts to EUR 20,530k. These revenue reserves affect other revenue reserves as per § 266 (3A) III No. 4 HGB.

### Unappropriated profit

The balance sheet profit developed as follows:

	in €
As of December 31, 2020	266,270,277.12
- Dividend	34,650,000.00
+ Net income 2021	81,039,936.94
<b>As of December 31, 2021</b>	<b>312,660,214.06</b>

The deferred tax assets exceed the deferred tax liabilities by EUR 406k. Profits may only be distributed if the freely available reserves plus a profit carried forward and less a loss carried forward at least correspond to the total amounts recognized after the distribution.

### Proposal on the appropriation of profits

The executive board proposes to the supervisory board that a dividend be paid for the financial year 2021 amounting to EUR 45,045,000.00. This represents EUR 0.39 per share.

### Provisions

The income tax provisions contain provisions for the financial years 2016 to 2019. These provisions affect expected back taxes resulting from tax returns which have been adjusted and already submitted for the years 2016 to 2019 on the basis of the audit findings for the years 2012 to 2015. The audit for the years 2016 to 2019 began at the end of the year 2021. To date, this has not resulted in any findings.

Other provisions include the following amounts:

Thousands of €	As of Jan. 1, 2021	Utilization	Resolution	Supply	Reclassification	As of Dec. 31, 2021
Outstanding invoices	1,758	1,419	137	1,786	-6	1,982
Commission/bonuses for employees	2,088	1,272	8	4,913		5,721
Legal and consulting fees	395	339	24	373	6	411
Other	119	95	7	86		103
<b>Total</b>	<b>4,360</b>	<b>3,125</b>	<b>176</b>	<b>7,158</b>	<b>0</b>	<b>8,217</b>

### Liabilities

The liabilities, classified by due date, comprise the following:

Thousands of €	Total	Less than 1 year	1 to 5 years
<b>Liabilities to banks</b>	<b>118,200</b>	<b>83,900</b>	<b>34,300</b>
Dec. 31, 2020	129,500	59,500	70,000
<b>Trade accounts payable</b>	<b>1,703</b>	<b>1,703</b>	<b>0</b>
Dec. 31, 2020	1,065	1,065	0
<b>Accounts payable to affiliated companies</b>	<b>167,598</b>	<b>167,598</b>	<b>0</b>
Dec. 31, 2020	101,055	101,055	0
<b>Tax liabilities</b>	<b>1,608</b>	<b>1,608</b>	<b>0</b>
Dec. 31, 2020	1,175	1,175	0
<b>Other liabilities</b>	<b>54</b>	<b>54</b>	<b>0</b>
Dec. 31, 2020	48	48	0
<b>Dec. 31, 2021</b>	<b>289,163</b>	<b>254,863</b>	<b>34,300</b>
Dec. 31, 2020	232,843	162,843	70,000

Disclosed liabilities to banks are the result of loans for acquisitions. Interest amounts to between 0.23% and 0.58%. The financial key figures "Debt covenants" to be met, which were agreed upon with the lenders, were met as of December 31, 2021. Liabilities vis-à-vis affiliated companies mainly comprise loan liabilities and liabilities arising from cash pooling. The liabilities arising from loans vis-à-vis other affiliated companies (EUR 89,000k) are predominantly due in USD (EUR 63,000k, USD 71,000k). In contrast to this, there are claims arising from loans, which are likewise due in USD (EUR 103,000k, USD 117,000k) as well as a hedge using forward exchange dealings amounting to USD 36,700k, which corresponds to a hedge of 80% of the remaining

USD currency risk. The term of all agreements in question is less than one year. There are no liabilities with a remaining term of more than five years.

### Forward exchange dealings

In order to hedge the USD currency risk, forward exchange dealings in the amount of USD 36,700k were concluded. These were concluded on December 29, 2021, with a valuta in mid-July 2022. The forward exchange dealings were classified at fair value through profit or loss, whereby the USD/EUR price development is the main valuation parameter.



### Deferred expenses

The deferred expenses arise from the passing on of costs as a result of the consolidation of purchasing within the Nemetschek Group. Accordingly, offsetting items are recorded in the area of prepaid expenses for the incoming invoices.

### Deferred tax liabilities

In the 2021 financial year, deferred tax liabilities in the amount of EUR 1,028k (previous year: EUR 1,098k) were disclosed. The main reason for these are differences between commercial and tax-based valuation in the case of financial assets in the amount of EUR 6,494k (previous year: EUR 6,494k), which were recognized with a tax rate of 15.825%.

## Notes to the Profit and loss account

The revenues in the amount of EUR 7,560k (previous year: EUR 7,229k) mainly comprise umbrella brand license remuneration with affiliated companies, EUR 7,079k (previous year: EUR 6,188k). Of these, EUR 2,174k (previous year: EUR 1,804k) were generated with affiliated domestic companies.

In the 2021 financial year, other operating income amounts to EUR 5,868k (previous year: EUR 2,493k). This also includes income from charging out to affiliated companies amounting to EUR 5,567k (previous year: EUR 1,247k) and income from divesting provisions unrelated to the accounting period in the amount of EUR 176k (previous year: EUR 406k). The causes for the strong rise in income from charging out to affiliated companies include consolidation of purchasing and subsequent billing for the financial years 2016 to 2021.

The rise in personnel expenses in the 2021 financial year is as a result of expansion of the business units of Nemetschek SE and the subsequent increase in the number of employees as well as the favorable performance of the enterprise, which leads to correspondingly high costs in the area of variable salaries, EUR 4,613k (previous year: EUR 1,048k).

The strong rise in other operating expenses is, among other things, as a result of consulting costs of EUR 4,319k (previous year: EUR 2,431k) as well as IT software costs of EUR 3,057k (previous year: EUR 805k). The causes are an increase in costs as a result of expansion of the business units of Nemetschek SE as well as consolidating purchasing within the Nemetschek Group. There are correspondingly offsetting items for individual costs in other operating income as a result of amounts charged out to affiliated companies.

## Other disclosures

### Contingencies

thousands of €	Dec. 31, 2021	Dec. 31, 2020
Bank guarantees	171	356

Contingent liabilities mainly affect guarantees for leases. At present, there is no indication of any utilization since Nemetschek SE has sufficient cash and cash equivalents at its disposal and, in addition, no incidents are anticipated which would lead to utilization.

In the 2021 financial year as well, Nemetschek SE submitted a letter of moral intent for Graphisoft Deutschland GmbH valid until the next balance sheet date (December 31, 2022). The obligation of Nemetschek SE to assume liabilities covers all liabilities relevant for the financial statements existing as of the balance sheet date (December 31, 2021) as well as all obligations arising from pending transactions not accounted for on the balance sheet date. Utilization is unlikely at present due to the positive earnings of Graphisoft Deutschland GmbH.

In the 2017 financial year, Nemetschek SE provided an unlimited rental guarantee for RISA Tech, Inc. Utilization continues to be improbable.

## Other financial obligations

Thousands of €	Total	Less than 1 year	1 to 5 years	More than 5 years
Rental agreements	4,230	470	1,880	1,880
Leases	123	60	63	0
<b>Total financial commitments as of December 31, 2021</b>	<b>4,353</b>	<b>530</b>	<b>1,943</b>	<b>1,880</b>
Rental agreements	4,701	470	1,880	2,351
Leases	50	33	17	0
<b>Total financial commitments as of December 31, 2020</b>	<b>4,751</b>	<b>503</b>	<b>1,897</b>	<b>2,351</b>

Profit and loss transfer agreements and domination agreements exist between Nemetschek SE and the following companies:

- » Frilo Software GmbH, Stuttgart
- » Allplan GmbH, Munich
- » NEVARIS Bausoftware GmbH, Bremen

A profit and loss transfer agreement and a domination agreement also exist between Allplan GmbH, Munich, and its subsidiary Allplan Deutschland GmbH, Munich.

### Off-balance-sheet business

In July 2020 and September 2021, Nemetschek SE extended its financial scope by means of additional bilateral lines of credit in the amount of EUR 207,000k. These lines of credit were granted with a term of up to two years. At the end of 2021, Nemetschek SE drew on these lines of credit for EUR 10,000k and disclosed this accordingly as liabilities to banks in the statement of financial position.

### Personnel

Nemetschek SE employed a staff of 57 on average for the year (previous year: 51), who work in the administration department. Of these, 6 serve as executives (previous year: 6), 37 as employees (previous year: 30) and 14 as part-time staff (previous year: 12).

### Information on the German “Corporate Governance Code”

The Declaration of Conformity was submitted on December 17, 2021. The relevant current version is available to the shareholders on the website of Nemetschek SE ([www.nemetschek.com](http://www.nemetschek.com)).

### Executive board

Total remuneration granted to the executive board by Nemetschek SE for the financial year 2021 amounts to EUR 4,900k (previous year: EUR 2,075k). Total remuneration from subsidiaries for Mr. Várkonyi and Mr. Elliot amounted to EUR 1,014k (previous year: EUR 940k). Executive board remuneration is disclosed and explained in detail in the Nemetschek SE remuneration report.

### Supervisory board

The members of the supervisory board of Nemetschek SE received fixed remuneration of EUR 875k in total for the 2021 financial year (previous year: EUR 875k). Supervisory board remuneration is disclosed in detail in the Nemetschek SE remuneration report.

### Auditors' remuneration

#### AUDITORS' FEES

Thousands of €	2021	2020
Financial statements audit services	322	353
Other audit services	40	35
Other services	0	0
<b>Total</b>	<b>362</b>	<b>388</b>

### Treasury shares

The annual general meeting on May 28, 2019 authorized the company to purchase up to 11,500,000 treasury shares by May 28, 2024, either once or several times. The executive board was empowered to use the treasury shares purchased for any legally permitted purpose. There were no changes in this regard in the year 2021.

### Authorized capital

On May 12, 2021, the annual general meeting authorized the executive board to increase share capital, with the consent of the supervisory board, up to May 26, 2026 in return for cash contributions and/or contributions in kind once or repeatedly up to a total of 11,500,000, whereby it is possible to exclude the shareholders' right of subscription (Authorized Capital 2021/1).

### Supplementary report

In December 2021, the supervisory board resolved to set up an audit committee with effect of January 1, 2022. Mr. Rüdiger Herzog is the chairman. Mr. Kurt Dobitsch and Prof. Georg Nemetschek are further members.

On February 24, 2022, the political conflict escalated between Russia and Ukraine escalated and Russia launched an invasion on the neighboring country. The war and also the associated

economic sanctions against Russia will influence the development of the global economy. The Nemetschek management is monitoring the development in Ukraine and its possible effects on the results of operations, financial position and net assets of the Group and will take measures if necessary.

With effect from March 1, 2022, the supervisory board of Nemetschek SE has unanimously appointed Yves Padrines as CEO. The new executive board structure consists of Yves Padrines (CEO) and the three existing members Viktor Várkonyi (CDO Planning & Design Division), Jon Elliot (CDO Build & Construct Division) and Dr. Axel Kaufmann (CFOO).

### Disclosure requirements under § 33 (1) WpHG

The direct and indirect voting rights of the following persons/institutions in Nemetschek SE as of December 31, 2021, are as follows:

» Prof. Georg Nemetschek, Munich, Germany: 46.13%  
(previous year: 51.58%)

N-Integral GmbH, Grünwald, Germany: 46,13 %  
(previous year: 0%)

Nemetschek Stiftung, Grünwald, Germany: 46,13 %  
(previous year: 0%)

Nemetschek Vermögensverwaltungs GmbH & Co. KG,  
Grünwald, Germany: 0 % (previous year: 51.58%)

» Nemetschek Verwaltungs GmbH, Grünwald, Germany: 0%  
(previous year: 51.58%)

» Allianz Global Investors GmbH, Frankfurt, Germany: 4.99%  
(previous year: 4.99%)

» The Capital Group Companies, Inc., United States of America: 3.14% (previous year: 0%)

» EuroPacific Growth Fund, United States of America: 3.03%  
(previous year: 0%)

» BlackRock, Inc., Wilmington, United States of America:  
3.26% (previous year: 3.32%)

The disclosures are based on the information reported to Nemetschek SE under §§ 33 ff. WpHG (German Securities Trading Act). The actual number of shareholder voting rights can deviate from the number disclosed due to interim, non-reportable or unreported trading.

## Voting rights declaration by Nemetschek SE:

### VOTING RIGHT DECLARATION

Shareholder	Stock declaration as at	Missed (-) or exceed- ed (+) thresholds	New voting right share	Number of voting rights	Of which held as treasury shares	Of which to be assigned
		in %	in %		in %	in %
Prof. Georg Nemetschek, Germany	12/28/2021	30, 25, 20, 15, 10, 5, 3 (+)	46.13	53,280,784	3.20	42.93
Dr. Ralf Nemetschek, Germany	12/28/2021	3 (-)	2.72	3,146,850	0.00	2.72
Alexander Nemetschek, Germany	12/28/2021	3 (-)	2.72	3,146,850	0.00	2.72
BlackRock, Inc., United States of America	12/16/2021	3 (+)	3.26	3,765,696	0.00	3.26
EuroPacific Growth Fund	10/11/2021	3 (+)	3.03	3,502,034	3.03	0.00
The Capital Group Companies, Inc., United States of America	10/7/2021	3 (+)	3.14	3,627,055	0.00	3.14
Allianz Global Investors GmbH, Germany	5/13/2020	3 (+)	4.99	5,758,550	0.00	4.99

## Supervisory Board

### **Kurt Dobitsch**, Businessman

Chairman

Year of birth 1954, Nationality: Austrian

First appointed 1998, Term expires 2022

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany, Chairman

Mandates affiliated with the Group:

- Graphisoft SE, Budapest, Hungary (until May 31, 2021)
- Vectorworks, Inc., Columbia, USA (until May 31, 2021)

- » Bechtle AG (publicly listed), Gaildorf, Germany
- » Singhammer IT Consulting AG (not listed), Munich, Germany
- » United Internet AG (publicly listed), Montabaur, Germany Chairman, (until May 27, 2021)
- » 1 & 1 AG (publicly listed), Maintal, Germany, Chairman

Mandates affiliated to the Group:

- 1 & 1 Mail & Media Applications SE, Montabaur, Germany, Chairman
- IONOS Holding SE, Montabaur, Germany

### **Prof. Georg Nemetschek**, Businessman

Deputy Chairman

Year of birth 1934, Nationality: German

First appointed 2001, Term expires 2022

### **Rüdiger Herzog**, Lawyer

Year of birth 1950, Nationality: German

First appointed 2003,

Term expires 2022

Member of the following supervisory boards:

- » DF Deutsche Finance Holding AG (not listed), Munich, Germany, Chairman
- » DF Deutsche Finance Investment GmbH, Munich, Germany, Chairman
- » DBC Finance GmbH, Munich, Germany, Chairman

### **Bill Krouch**, Businessman

Year of birth 1959, Nationality: US American

First appointed 2018,

Term expires 2022

Member of the following supervisory board:

- » INVESTCORP (not listed), New York, USA

## Committees of the Supervisory Board

### **Audit Committee (as of January 1, 2022)**

Rüdiger Herzog, Chairman

Kurt Dobitsch

Prof. Georg Nemetschek



## Executive board

### Yves Padrines

(Master of Business Administration, MBA)  
Chief Executive Officer (as of March 1, 2022)  
Born in 1976, Nationality: French

### Dr. Axel Kaufmann

(Dipl.-Kfm.)  
Chief Financial & Operations Officer  
Born in 1969, Nationality: German

Further group-internal mandate:

» Managing Director Nemetschek Austria Beteiligungen GmbH

Member of Supervisory Boards of affiliated companies:

- » Bluebeam Holding, Inc., USA
- » Bluebeam Inc., USA
- » Maxon Computer GmbH, Germany
- » Nemetschek Inc., USA
- » Spacewell International NV, Belgium (as of January 12, 2022)

### Viktor Várkonyi

(Master of Computer Science, MBA)  
Chief Division Officer, Planning & Design Division  
Born in 1967, Nationality: Hungarian

Member of Supervisory Boards of affiliated companies:

- » Data Design System AS, Norway
- » dRofus AS, Norway
- » Graphisoft SE, Hungary
- » RISA Tech. Inc., USA
- » SCIA Group International NV, Belgium
- » SCIA NV, Belgium
- » Solibri Oy, Finland
- » Vectorworks, Inc., USA

### Jon Elliott

(Master of Business Administration, MBA)  
Chief Division Officer, Build & Construct Division  
Born in 1976, Nationality: US American

Further group-internal mandates:

- » CEO Bluebeam Holding, Inc., USA
- » CEO Bluebeam, Inc., USA
- » Director Bluebeam Ltd., UK
- » CEO Nemetschek Inc., USA

Member of the Supervisory Board of affiliated companies:

- » Design Data Corp., USA (until December 31, 2021)
- » Nemetschek Inc., USA (as of March 1, 2021)

Munich, March 17, 2022

Nemetschek SE



Yves Padrines



Dr. Axel Kaufmann



Viktor Várkonyi



Jon Elliott

## Statement of fixed assets of Nemetschek SE

From December 31, 2020 to December 31, 2021

		Development of historic costs				
2021	in €	Stand 01.01.2021	Additions	Reclassification	Disposal	Stand 31.12.2021
<b>I. Intangible assets</b>						
1.	Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets	1,965,521.25	4,820.00	0.00	0.00	1,970,341.25
		<b>1,965,521.25</b>	<b>4,820.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,970,341.25</b>
<b>II. Property, plant and equipment</b>						
1.	Leasehold improvements	495,561.53	0.00	0.00	0.00	495,561.53
2.	Fixtures, fittings and equipment	1,447,679.52	55,839.12	0.00	27,194.33	1,476,324.31
		<b>1,943,241.05</b>	<b>55,839.12</b>	<b>0.00</b>	<b>27,194.33</b>	<b>1,971,885.84</b>
<b>III. Financial assets</b>						
1.	Shares in affiliated companies	568,127,260.82	140,000.00	0.00	0.00	568,267,260.82
2.	Loans due from affiliated companies	44,361,969.47	0.00	0.00	5,305,984.73	39,055,984.74
3.	Investments	60,225.84	1,951,996.49	0.00	0.00	2,012,222.33
		<b>612,549,456.13</b>	<b>2,091,996.49</b>	<b>0.00</b>	<b>5,305,984.73</b>	<b>609,335,467.89</b>
<b>Total fixed assets</b>		<b>616,458,218.43</b>	<b>2,152,655.61</b>	<b>0.00</b>	<b>5,333,179.06</b>	<b>613,277,694.98</b>

Development of accumulated depreciation/amortization				
Stand 01.01.2021	Additions	Attributions	Disposal	Stand 31.12.21
1,489,603.33	392,233.99	0.00	0.00	1,881,837.32
<b>1,489,603.33</b>	<b>392,233.99</b>	<b>0.00</b>	<b>0.00</b>	<b>1,881,837.32</b>
454,929.59	7,864.32	0.00	0.00	462,793.91
1,145,548.00	98,734.61	0.00	27,194.33	1,217,088.28
<b>1,600,477.59</b>	<b>106,598.93</b>	<b>0.00</b>	<b>27,194.33</b>	<b>1,679,882.19</b>
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>3,090,080.92</b>	<b>498,832.92</b>	<b>0.00</b>	<b>27,194.33</b>	<b>3,561,719.51</b>

Carrying amount	
Stand 31.12.21	Stand 31.12.2020
88,503.93	475,917.92
<b>88,503.93</b>	<b>475,917.92</b>
32,767.62	40,631.94
259,236.03	302,131.52
<b>292,003.65</b>	<b>342,763.46</b>
568,267,260.82	568,127,260.82
39,055,984.74	44,361,969.47
2,012,222.33	60,225.84
<b>609,335,467.89</b>	<b>612,549,456.13</b>
<b>609,715,975.47</b>	<b>613,368,137.51</b>

## **Declaration of Confirmation of the members of the authorized body**

"I hereby confirm that, to the best of my knowledge, in accordance with the applicable financial reporting framework, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company and the management report gives a true and fair view of business performance, including the results of operations and the situation of the company, and describes the main opportunities and risks and anticipated development of the company."

Munich, March 17, 2022



Yves Padrines



Dr. Axel Kaufmann



Viktor Várkonyi



Jon Elliott

*Translation of the German independent auditor's report concerning the audit of the annual financial statements combined management report prepared in German*

## Independent auditor's report

To Nemetschek SE

### Report on the audit of the annual financial statements and of the management report

#### Opinions

We have audited the annual financial statements of Nemetschek SE, Munich, which comprise the balance sheet as of 31 December 2021, and the income statement for the fiscal year from 1 January 2021 to 31 December 2021 and notes to the financial statements, including the accounting policies presented therein. In addition, we have audited the management report of Nemetschek SE, which is combined with the group management report, for the fiscal year from 1 January 2021 to 31 December 2021. We have not audited the contents of the Company's information outside the annual report to which the cross-references in section 1.3 of the combined management report refer. In accordance with the German legal requirements, we have not audited the content of the non-financial declaration included in section 2 of the combined management report or the corporate governance declaration, which is published on the website cited in the combined management report and is a component of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- » the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2021 and of its financial performance for the fiscal year from 1 January 2021 to 31 December 2021 in compliance with German legally required accounting principles, and
- » the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the group non-financial declaration or the content of the corporate governance declaration referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

#### Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matter:

#### Recoverability of shares in affiliates

*Reasons why the matter was determined to be a key audit matter:*

The impairment testing of shares in affiliates was a key audit matter as we deem it to constitute a particularly significant risk of material misstatement due to the materiality of these shares as well as the judgment involved in assessing whether there is objective evidence to indicate a lower net realizable value and permanent impairment. Furthermore, the valuation of shares in affiliates is highly dependent on the estimate of future cash inflows – particularly against the background of the effects of the Covid-19 pandemic – and the discount rate used.

#### *Auditor's response:*

In respect of the impairment testing of shares in affiliates by the executive directors, we examined the underlying processes for the identification of shares in affiliates with possible impairments, the determination of the fair values and the assessment of an impairment as being expected to be permanent. In this regard, we focused on the planning process for future cash flows.

With the assistance of internal valuation specialists, we obtained an understanding of the valuation models used for determining fair values in terms of methodology and reperformed the calculations. We further obtained explanations from management regarding material value drivers of the planning, including any implications from the Covid-19 pandemic, and examined whether the budget planning reflects general and industry-specific market expectations. We performed a budget-to-actual comparison of the historically forecast data and the actual results on a sample basis to assess forecast accuracy. The parameters used to estimate net realizable value such as the estimated growth rates and the weighted average cost of capital were assessed by comparing them to publicly available market data and in light of future changes in significant assumptions, including future market conditions. To be able to assess a possible impairment risk in the event of a potential change in one of the main assumptions, we also carried out our own sensitivity analyses.

Our audit procedures did not lead to any reservations with regard to the impairment testing of shares in affiliates.

#### *Reference to related disclosures:*

For information on the recognition and measurement policies used with respect to shares in affiliates, we refer to the disclosures in the notes to the financial statements in the following sections: Accounting policies, Notes to the balance sheet, List of shareholdings of Nemetschek SE.

#### **Other information**

The supervisory board is responsible for the supervisory board's report on the 2021 financial year of Nemetschek SE in the annual report 2021.

The executive directors and the supervisory board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is published on the website cited in the group management report and is part of the corporate governance declaration. In all other respects, the executive directors are responsible for the other information.

The other information comprises the corporate governance declaration as well as the non-financial declaration referred to above. In addition, the other information comprises the prescribed elements of the annual report, which were provided to us prior to us issuing this auditor's report:

- » "Shape the world"
- » The section "To our Shareholders":
  - "Key Figures"
  - "Letter to Shareholders"
  - "The Executive Board"
  - "Report of the Supervisory"
  - "Corporate Governance Declaration"
  - "Nemetschek on the Capital Market"
- » Declaration of the members of the authorized body pursuant to Sec. 264 (2) Sentence 3 HGB and Sec. 289 (1) Sentence 5 HGB
- » Reference projects and
- » "Other Information" (financial calendar 2022, imprint)

but not the annual financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- » is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- » otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of the executive directors and the supervisory board for the annual financial statements and the management report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of



annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

### **Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

- » Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management

report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- » Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- » Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- » Evaluate the consistency of the management report with the annual financial statements, its conformity with [\[German\]](#) law, and the view of the Company's position it provides.
- » Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### **Other legal and regulatory requirements**

Report on the assurance on the electronic rendering of the annual financial statements and the management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

#### **Assurance conclusion**

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file "Nemetschek\_JA+LB\_ESEF-2020-12-31.zip" (SHA-256-checksum: [9012953e44870164ec62860764b236bf51d49b6268ec9eebbf56ac40ae97172]) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the fiscal year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the annual financial statements and of the management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

#### **Basis for the assurance conclusion**

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (10.2021). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

#### **Responsibilities of the executive directors and the supervisory board for the ESEF documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

#### **Auditor's responsibilities for the assurance work on the ESEF documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- » Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- » Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- » Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- » Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

#### **Further information pursuant to Art. 10 of the EU Audit Regulation**

We were elected as auditor by the annual general meeting on 12 May 2021. We were engaged by the supervisory board on 26 November 2021. We have been the auditor of Nemetschek SE without interruption since fiscal year 2013.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the combined management report:

In addition to the statutory audit of the annual financial statements and consolidated financial statements of Nemetschek SE, we also performed audits of the financial statements of subsidiaries.

Audit-related services included assurance services in respect of the non-financial declaration and the remuneration report in accordance with the AktG. We also performed review procedures with regard to determining adherence to the covenants from the loan agreements in place with banks.

#### **Other matter – use of the auditor's report**

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

#### **German Public Auditor responsible for the engagement**

The German Public Auditor responsible for the engagement is Sonja Bauer.

Munich, 21 March 2022

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Bauer  
Wirtschaftsprüferin  
(German Public Auditor)

Hinderer  
Wirtschaftsprüfer  
(German Public Auditor)

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