closing the transaction, Nemetschek holds approximately 84% and the former owners of Red Giant around 16% of the shares in Maxon. This was financed by its own cash and cash equivalents and by taking out a loan in the previous year. Red Giant offers a comprehensive product portfolio of motion design and innovative software solutions for visual effects and significantly complements Maxon's existing solution offering. The merger is expected to lead to growth and technology synergies through better market and customer access, as well as leveraging the global sales and reseller team. With the joint product portfolio, Maxon will also significantly strengthen its business with rental models.

In the **Design segment,** RISA Tech, Inc., Foothill Ranch, USA (RISA) acquired the business of ADAPT Corporation, Carmichael, USA (ADAPT) in an asset deal dated April 14, 2020. Control was obtained on May 1, 2020. The purchase price amounted to EUR 4.2 million. The Nemetschek Group thus strengthened its position in the market for structural analysis and structural design in the USA. RISA, which is the market leader in the design of steel structures in the USA, has expanded its market position through the acquisition of ADAPT, a leading provider for the design of concrete structures, and can now offer a complete solution for the design of different materials of structural frameworks.

Furthermore, DEXMA Sensors S.L., Barcelona, Spain (DEXMA) was acquired in the **Manage segment.** Under the purchase agreement dated December 11, 2020, 100% of the shares in DEXMA Sensors S.L. were acquired. The company will be integrated into the Spacewell brand. The company is a provider of innovative SaaS solutions with artificial intelligence and machine learning capabilities for energy data management. This will add energy management to the existing portfolio for facility management, real estate management and smart building. The purchase price amounted to around EUR 19.3 million in cash and cash equivalents and an earn-out component of around EUR 4 million.

### Divestments

There were no divestments in the portfolio in the 2020 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. Partnerships exist both within the Group among the brand companies and between brand and external companies.

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

### Results of operations

#### Revenue development

For the 2020 financial year, Group revenue increased by 7.2% to EUR 596.9 million (previous year: EUR 556.9 million). The Group revenue achieved was therefore in the range of the forecast adjusted in October 2020 and above the Executive Board's expectations communicated in March 2020 *<< 4. Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.*

The growth of 7.2% comprised organic growth of 4.5% (previous year: 15.8%) and the revenue contribution resulting from the recent Red Giant acquisition, which has been consolidated and integrated in the Media & Entertainment segment since January 2020. Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would have been 8.3%, or 5.6% on a purely organic basis. In the course of the second half of the financial year, the US dollar had a particularly negative impact.

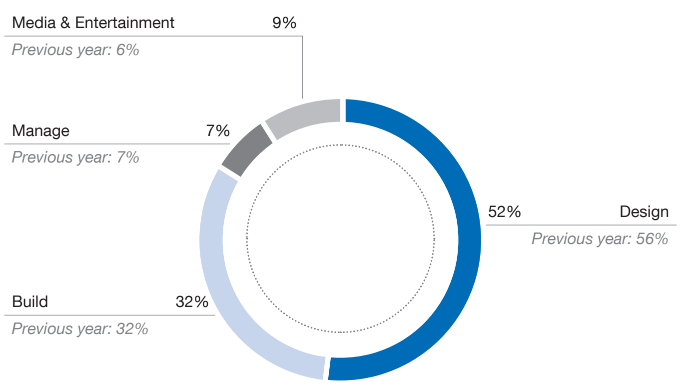
In a challenging financial year, the Nemetschek Group was able to grow across all four quarters and continue its sustainable growth path. However, compared with previous years, growth momentum was declining – also as a result of the Covid-19 pandemic. Revenue development in the financial year was without any significant impact from the Covid-19 pandemic until February 2020. In March 2020, however, the general conditions dampened as a result of the Covid-19 pandemic occurring worldwide, which also led to a decline in growth momentum. In the second quarter, the European business in particular, as well as the licensing business, was heavily impacted by the pandemic-related containment measures, and growth declined from 12.8% in the first quarter to 2.7%. Revenue growth recovered especially well in the third quarter, allowing the original growth forecast for the financial year to be revised upwards in October.

**DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE**

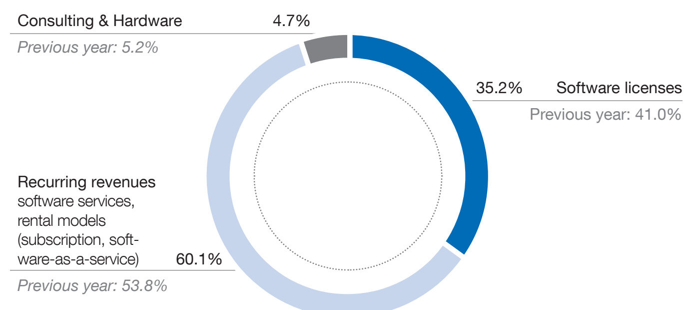
| In EUR million or percent | FY 2020 | FY 2019 | Δ nominal | Δ currency-adjusted | Δ organic | Δ comparable [1] |
|---|---|---|---|---|---|---|
| **Total year** | **596.9** | **556.9** | **7.2%** | **8.3%** | **4.5%** | **5.6%** |
| Q1 | 146.6 | 129.9 | 12.8% | 11.4% | 9.9% | 8.5% |
| Q2 | 141.6 | 137.8 | 2.7% | 2.0% | 0.0% | −0.7% |
| Q3 | 148.6 | 138.3 | 7.5% | 10.3% | 4.5% | 7.1% |
| Q4 | 160.1 | 150.8 | 6.1% | 9.7% | 4.2% | 7.5% |

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

## Revenues by segment




## Revenue development by type




The distribution of revenue by segment changed slightly in the 2020 financial year compared with the previous year. The Media & Entertainment segment grew most strongly at 63%, mainly as a result of the acquisition of Red Giant, and thus increased its share of total revenue to 9% in the 2020 financial year (previous year: 6%). The Design segment, which has the highest revenue and whose business focus is in Europe, was still able to achieve revenue at the level of the previous year following a decline in the first half of the year. This reduced the share of revenue from 56% in the 2019 financial year to 52% in 2020. The revenue shares of the Build and Manage segments in total revenue remained unchanged from the previous year.

The *<< Segment Developments >>* section provides a detailed explanation of the revenue and earnings development of the segments.

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.

The pure “software revenue” is 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. Whereas with 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.

Revenue from software rental models is recognized over the agreed term of the contract in accordance with the IFRS 15 accounting standard. Similarly, revenue from software service contracts is recognized evenly over the entire term of the contract.

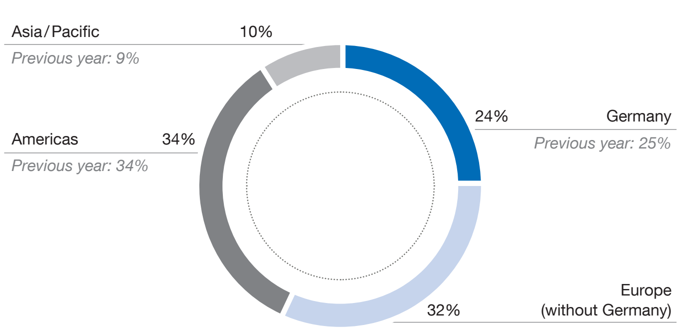
In contrast to software rental models, the entire revenue from software licenses is recognized at the time of sale (i.e., when ownership is transferred to the customer). Our strategic goal is to successively increase the proportion of recurring revenues This goal is to be achieved by offering more software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

In the 2020 financial year, the Nemetschek Group increased **recurring revenues from service contracts and rental models** by 19.9% (adjusted for currency effects: 21.1%) to EUR 359.0 million (previous year: EUR 299.5 million) and thus significantly increased the share of total revenue to 60.1% (previous year: 53.8%). This renewed above-average increase reflects the sustained implementation of the strategic change in the business model to increasingly offer rental models in addition to the classic license model. With the higher proportion of plannable and recurring revenues, the Nemetschek Group has increased its robustness even in times of crisis.

Revenue from rental models (subscription and SaaS) rose by 79.6% (adjusted for currency effects: 82.2%) to EUR 90.4 million (previous year: EUR 50.3 million), significantly outpacing Group growth. The renewed high growth is attributable to the Media & Entertainment segment, which has been strongly converting its business model to rental models since the third quarter of 2019. In addition, there is the inorganic effect from the Red Giant acquisition in this segment. In the other segments, there was also significantly higher demand for rental models, as they allow customers to act more flexibly, particularly in times of crisis. As a result, purely organic growth in subscription revenue was also high at 58.9% (adjusted for currency effects: 61.0%). The share of total revenue attributable to rental models increased from 9.0% in the previous year to 15.1% at the end of the 2020 financial year. The rise in revenue from rental models increases visibility and predictability and will therefore continue to be driven forward in the future. Revenue from service contracts increased by 7.8% (adjusted for currency effects: 8.7%), from EUR 249.2 million to EUR 268.6 million.

Revenue from **software licenses** decreased by 8.0% (adjusted for currency effects: 6.9%) to EUR 210.0 million (previous year: EUR 228.2 million). The share of software licenses in total revenue fell accordingly to 35.2% (previous year: 41.0%).

**Revenue by region**




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

Overall, foreign revenues in the 2020 financial year increased more sharply than sales in Germany, where the Nemetschek Group already has a very strong market position. Revenue generated in Germany rose by around 4% in 2020, while foreign revenue climbed by a good 8%. The share of revenue generated abroad thus expanded slightly from 75% in the previous year to 76%.

In the 2020 financial year, which was impacted by the Covid-19 pandemic, all focus regions – Europe, the Americas and Asia – achieved revenue growth.

The greatest impact of the pandemic was felt in Europe. In particular, the second quarter of the financial year was characterized by a decline in demand and cautious investment behavior. Nevertheless, a recovery in the second half of the year enabled growth of around 8% to be achieved for the year as a whole. As in the previous year, the share of total revenue was around 32%.

The Americas region was also affected by the pandemic in the past year. The effects here were most apparent in the third quarter of 2020. Over the year as a whole, revenue nevertheless rose by around 7% (previous year: 25%), which corresponds to the growth level of the Nemetschek Group. With an unchanged revenue share of around 34% compared with the previous year, the Americas region remains the Group's strongest individual region in terms of revenue.

The Asia/Pacific region continued its growth trend and was the Group's strongest growing region in the 2020 financial year, with an increase in revenue of around 14% (previous year: 16%). The above-average growth meant that the region slightly expanded its share of total revenue from around 9% to around 10% in 2020. In this region, the effects of the Covid-19 pandemic were felt only briefly at the beginning of the crisis, in March and early in the second quarter of 2020. A significant recovery set in after this.

**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 << 1.1 Group Business Model >>. The segments are particularly managed based on the financial performance indicators of revenue, year-on-year revenue growth, and EBITDA as the measure of operating profit.

### Design segment

| In EUR million or percent | FY 2020 | FY 2019 | Δ nominal in % | Δ currency-adjusted | Δ organic | Δ comparable [1] |
|---|---|---|---|---|---|---|
| Revenue | 314.9 | 314.7 | 0.1% | 0.9% | – | 0.9% |
| EBITDA | 95.9 | 98.0 | –2.2% | –3.0% | – | –3.0% |
| EBITDA margin | 30.4% | 31.1% | –0.7pp | –1.2pp | – | – |

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

In the **Design segment**, revenue of EUR 314.9 million (previous year: EUR 314.6 million) was achieved in the 2020 financial year. Growth was therefore 0.1%. Adjusted for negative currency effects, the growth rate would have been 0.9%. There were no portfolio effects from acquisitions or divestments in the 2020 financial year. The regional focus of the segment is on Europe, and the effects of the Covid-19 pandemic were therefore already perceptible at an early stage in the financial year. The decline in demand from our customers, which was mainly due to the pandemic, thus led to a drop in revenue in the first half of the year, which was, however, offset in the second half of the year. The main drivers here included the continuing good demand situation for 3D solutions in the architecture and civil engineering sectors.

Segment EBITDA fell from EUR 98.0 million in the previous year to EUR 95.9 million. The nominal decline in earnings was 2.2%. Adjusted for currency effects and thus comparable to the previous year, the decline would have been 3.0%. In the past financial year, the Covid-19 pandemic impacted the profitability of the segment. Investments already made in growth, for example by increasing the number of employees, were offset by declining revenue in the first half of the financial year. However, this negative EBITDA effect was largely offset by the stringent cost management initiated at the beginning of the crisis and the savings generated by the absence of travel and marketing costs. Despite the crisis caused by the Covid-19 pandemic, investments were also made in the future development of the segment in the past financial year.

### Build segment

| In EUR million or percent | FY 2020 | FY 2019 | Δ nominal | Δ currency-adjusted | Δ organic | Δ comparable [1] |
|---|---|---|---|---|---|---|
| Revenue | 193.0 | 177.7 | 8.7% | 10.3% | – | 10.3% |
| EBITDA | 70.1 | 61.6 | 13.7% | 16.5% | – | 16.5% |
| EBITDA margin | 36.3% | 34.7% | 1.6pp | 1.6pp | – | – |

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

The **Build segment** continued its good organic growth. In the 2020 financial year, revenue rose to EUR 193.0 million (previous year: EUR 177.7 million). Growth was 8.7%. Adjusted for negative currency effects arising in the financial year, growth would have been 10.3%. There were no portfolio effects from acquisitions or divestments in the 2020 financial year. In the Build segment, the Nemetschek Group benefited from the still low level of digitalization in the construction sector. The US company Bluebeam – currently the strongest brand in terms of revenue within the Nemetschek Group – with its innovative technology solutions for the design and construction industry, was once again the main driver of revenue growth in the Build segment this year. Due to the segment's regional focus on the United States, the negative effects of the Covid-19 pandemic were, as expected, felt with a time delay in the second half of the year, resulting in a slowdown in growth momentum.

EBITDA again rose at an above-average rate compared with revenue growth this year. With an upturn of 13.7% (adjusted for currency effects: 16.5%), EBITDA rose to EUR 70.1 million (previous year: EUR 61.6 million), corresponding to an EBITDA margin of 36.3% (previous year: 34.7%). On the one hand, the above-average margin development is attributable to the continued good operating performance. On the other hand, stringent cost management due to the Covid-19 pandemic and partly also restricted business operations led to savings effects, particularly in the area of travel and marketing costs. In the 2020 financial year, the Build segment continued to invest in future growth and the further development of the portfolio, albeit more cautiously than in previous years.

### Manage segment

| In EUR million or percent | FY 2020 | FY 2019 | Δ nominal | Δ currency-adjusted | Δ organic | Δ comparable [1] |
|---|---|---|---|---|---|---|
| Revenue | 40.9 | 38.5 | 6.2% | 6.3% | – | 6.3% |
| EBITDA | 3.7 | 7.9 | −53.4% | −51.8% | – | −51.8% |
| EBITDA margin | 9.0% | 20.5% | −11.5pp | −11.2pp | – | – |

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

The **Manage segment**, comprising activities relating to facility management, generated revenue of EUR 40.9 million in the past financial year (previous year: EUR 38.5 million). Growth amounted to 6.2% (adjusted for currency effects: 6.3%) and did not include any portfolio effects from acquisitions or divestments in the 2020 financial year. In the course of the financial year, the effects of the Covid-19 pandemic also became known in this segment and are expected to continue due to the restrained investments of the key building managers in commercial construction customer group. At the same time, the level of digitalization in this segment remains low, so there may be catch-up effects.

Segment EBITDA fell by 53.4% from EUR 7.9 million in the previous year to EUR 3.7 million. As a result, the EBITDA margin dropped to 9.0% in the financial year (previous year: 20.5%). The segment centered around the new umbrella brand Spacewell, which was acquired in the 2018 financial year, again particularly invested in new solutions and further internationalization in the past financial year.

### Media & Entertainment segment

| In EUR million or percent | FY 2020 | FY 2019 | Δ nominal | Δ currency-adjusted | Δ organic | Δ comparable [1] |
|---|---|---|---|---|---|---|
| Revenue | 55.2 | 33.9 | 62.8% | 65.0% | 19.4% | 20.6% |
| EBITDA | 15.5 | 9.4 | 65.0% | 72.0% | 37.1% | 43.6% |
| EBITDA margin | 28.1% | 27.8% | 0.3pp | −1.2pp | – | – |

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

The **Media & Entertainment segment** was significantly strengthened by the acquisition of Red Giant. The integration of the company, which has been consolidated since January 2020, is progressing according to plan. Revenue in the 2020 financial year increased from EUR 33.9 million to EUR 55.2 million. On the one hand, the growth of 62.8% (adjusted for currency effects: 65.0%) was positively influenced by the acquisition described above. On the other, strong organic growth of 19.4% also contributed to the growth momentum. At the same time, the segment increasingly migrated to rental models. The expected pressure on revenue growth was avoided, as Maxon was able to target many new customers and expand its expertise and market presence through its bundled solution offering.

The segment's EBITDA grew slightly faster than revenue to EUR 15.5 million (previous year: EUR 9.4 million). Despite costs from integration and switching to subscription models, the EBITDA margin rose slightly from 27.8% to 28.1%.

## Earnings performance

**OVERVIEW OF GROUP KEY FIGURES**

| In EUR million | FY 2020 | FY 2019 | Δ nominal in % |
|---|---|---|---|
| **Revenue** | **596.9** | **556.9** | **+7,2%** |
| **EBITDA** | **172.3** | **165.7** | **+4,0%** |
| EBITDA margin | 28.9% | 29,7% | – |
| **EBIT** | **122.5** | **123.6** | **–0.9%** |
| EBIT margin | 20.5% | 22,2% | – |
| **Net income for the year (equity holders of the parent company)** | **96.9** | **127.2** | **–23.8%** |
| Earnings per share in EUR | 0.84 | 1.10 | –23.8% |
| **Net income (shares of the parent company) adjusted for DocuWare effect** | **96.9** | **97.7** | **–0.7%** |
| Earnings per share in EUR adjusted for DocuWare effect | 0.84 | 0.85 | –0.7% |
| **Net income before PPA depreciation** | **115.2** | **140.3** | **–17.8%** |
| Earnings per share before PPA depreciation in EUR | 1.00 | 1.21 | –17.8% |
| **Net income before PPA depreciation and adjusted for DocuWare effect** | **115.2** | **110.8** | **4.0%** |
| Earnings per share before PPA depreciation and adjusted for DocuWare effect in EUR | 1.00 | 0.96 | 4.0% |

**EBITDA** increased by 4.0% (adjusted for currency effects: 4.9%) to EUR 172.3 million (previous year: EUR 165.7 million), slightly less than the revenue development. As a result, the EBITDA margin fell slightly to 28.9% (previous year: 29.7), but was still above the forecast published in March 2020 and at the upper end of the forecast corridor of 28% to 29% raised in October 2020 << 4. Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>. The Build and Media & Entertainment segments especially contributed to the stable EBITDA development in an exceptional financial year << Segment Developments >>.

The stable profit and return situation in the 2020 financial year, which was dominated by the Covid-19 pandemic, was primarily due to a sustainable and solid customer base and the stringent crisis management that was quickly implemented << Business Performance in 2020 and Key Events Influencing the Company's Business Performance – Covid-19 Pandemic >>. Costs were also in focus. As a result, planned hiring from mid-March 2020 was initially avoided as much as possible. As confidence grew, staffing levels were built up further as the financial year progressed. Thanks to the Nemetschek Group's strong financial position, it was able to invest 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 a return to double-digit percentage growth.

Operating expenses increased by a total of 10.3% to EUR 484.6 million (previous year: EUR 439.5 million). The main drivers included higher personnel expenses (increase: EUR 27.6 million) and higher depreciation and amortization (increase: EUR 7.7 million). Compared with revenue, personnel expenses rose at a slightly above average rate by 11.5% to EUR 267.1 million (previous year: EUR 239.4 million), mainly due to the 8.7% higher average number of employees over the year. Other operating expenses increased by 4.6% to EUR 144.0 million (previous year: EUR 137.8 million), 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, which were primarily related to M&A activities.

Depreciation of fixed assets increased from EUR 42.1 million to EUR 49.8 million in the reporting year, mainly due to higher PPA depreciation. PPA depreciation increased from EUR 17.1 million to EUR 24.5 million, primarily as a result of acquisitions completed in the 2020 financial year. Depreciation of leased assets in accordance with IFRS 16 rose slightly by EUR 0.7 million to EUR 15.5 million. Excluding depreciation and amortization, operating expenses increased by 9.4% to EUR 434.8 million (previous year: EUR 397.4 million).

The net finance cost in the 2020 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 -2.8 million (previous year: EUR -0,4 million). The net finance cost in the previous year included reversals of contingent purchase price payments of EUR 1.9 million. Interest expenses affecting the financial result decreased slightly in the 2020 financial year, from EUR 3.2 million in the previous year to EUR 3.0 million. This was mainly due to continued loan repayments in 2020. This was offset by commitment interest for the new loan lines of more than EUR 200 million concluded in the financial year.

In the previous year, the gain on disposal of shares in associates was particularly impacted by the non-recurring income of EUR 29.9 million from the disposal of the non-strategic investment in DocuWare.

EBIT fell to EUR 122.5 million, slightly below the previous year's figure of EUR 123.6 million.

Income taxes dropped from EUR 26.4 million in the 2019 financial year to EUR 22.3 million in 2020. At 18.6%, the Group tax rate was above the level of the previous year (17.2%). Both the 2019 and the 2020 financial years were characterized by significant effects. A change in the determination of state tax for the US state of California resulted in a material impact in the 2020 financial year. The interpretation of the law means that it was possible to exempt a portion of the profits previously taxable in California. This relates to EUR 2.2 million in taxes from previous years. Corrected for this effect, the adjusted tax rate would be 20.4%. The previous year's tax rate was significantly influenced by the almost tax-free disposal of DocuWare. Other non-recurring effects had an impact of EUR 2.7 million in the previous year. The tax rate adjusted for the aforementioned effects would have been 23.1%.

Net income (Group earnings after taxes) decreased by 23.2% from EUR 127.3 million to EUR 97.7 million in the 2020 financial year. This is due to the positive non-recurring effect in the previous year from the disposal of DocuWare. Adjusted for this effect, net income was on par with the previous year. The slight increase in operating performance was offset by EUR 7.4 million higher PPA depreciation. Net income (shareholders of the parent company) decreased from EUR 127.2 million to EUR 96.9 million. Adjusted for the effects of the disposal of DocuWare, net income (shareholders of the parent company) amounted to EUR 97.7 million in the previous year.

Earnings per share amounted to EUR 0.84, down 23.8% on the previous year's figure of EUR 1.10. Adjusted for the previously mentioned non-recurring income from the disposal of DocuWare in the previous year, the decline was 1.3%. Earnings per share adjusted for the disposal of DocuWare amounted to EUR 0.85 in the 2019 financial year. EPS adjusted for the effects of PPA depreciation and the disposal of DocuWare increased by 4.0% from EUR 0.96 in the 2019 financial year to EUR 1.00 in 2020.

## Financial position

### Main features and objectives of financial management

The primary objective of financial management is to sustainably ensure the financial stability and flexibility as well as the liquidity of the Nemetschek Group. This is achieved through a balanced ratio of equity to debt capital. The financing policy and financial management were strengthened in the 2020 financial year, as the Nemetschek Group secured credit lines of EUR 200 million. These financing lines provide further flexibility for the continuation of the growth course. Liabilities to banks were reduced by EUR 57.8 million, dropping to EUR 130.3 million due to repayments in the Group as of December 31, 2020. The Group's balance sheet structure showed an equity ratio of 46.9% as of December 31, 2020 (previous year: 40.7%).

### Liquidity analysis

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

| | **December 31, 2020** | Dezember 31, 2019 |
|---|---|---|
| Current liabilities and current maturities of non-current liabilities | 59.6 | 58.6 |
| + non-current liabilities | 70.7 | 129.5 |
| **Total liabilities** | **130.3** | **188.1** |
| Cash and cash equivalents | 139.3 | 209.1 |
| **Total liquidity** | **139.3** | **209.1** |
| **Net liquidity/net liabilities (-)** | **9.0** | **21.0** |

As of December 31, 2020, the Group had cash and cash equivalents of EUR 139.3 million (previous year: EUR 209.1 million). The decrease of EUR 69.8 million (33.4%) compared with the previous year was characterized by repayments of acquisition loans of EUR 56.3 million, the dividend payout of EUR 32.3 million made in 2020 and, in particular, payments of internally financed company acquisitions of EUR 101.7 million, which were not offset by any new loans taken out. The Group thus continues to have substantial liquidity reserves to enable further organic and inorganic growth. These reserves were significantly expanded by credit lines of EUR 200 million concluded in the 2020 financial year.

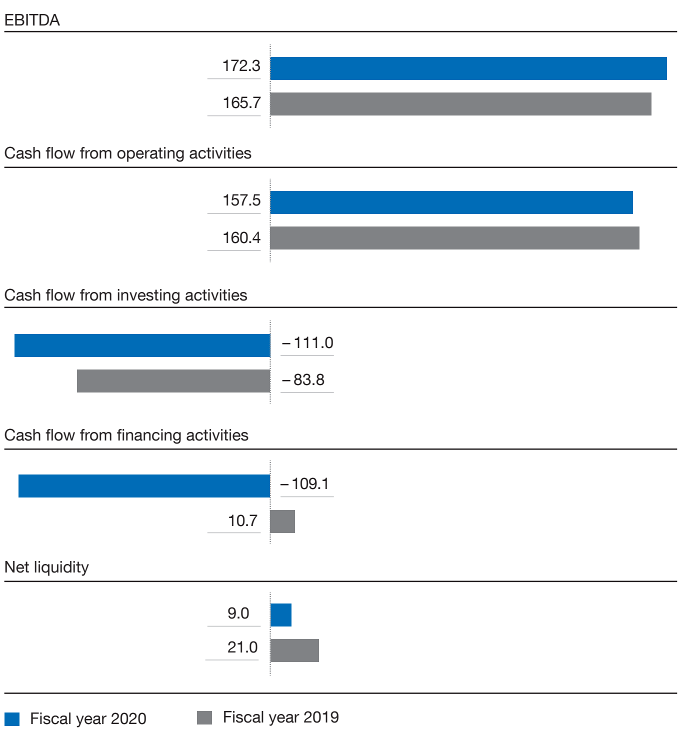
With regard to dividend payments, the Executive Board pursues a sustainable dividend policy that provides for a distribution of around 25% of the operating cash flow. The dividend payout always takes into account the overall economic development and the economic and financial situation of the company.

When investing the surplus liquidity, short-term, risk-free availability is generally more important than the objective of 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 of December 31, 2020, there were loans of EUR 130.3 million, almost exclusively due to financing company acquisitions. The interest rates on the loans range between 0.42% p. a. and 0.77% p. a. The Group's net liquidity as of the reporting date of December 31, 2020 decreased to EUR 9.0 million (previous year: net liquidity of EUR 21.0 million).

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 (intercompany loans).

**Development of cash flow**




The Group's cash flow for the period increased by 7.5% to EUR 177.5 million in 2020 (previous year: EUR 165.1 million), mainly due to the higher EBITDA and thus in line with the Group's economic development in the 2020 financial year.

Cash flow from operating activities decreased by 1.8% to EUR 157.5 million in 2020 (previous year: EUR 160.4 million). In trade working capital the software service and the software subscription contracts with the corresponding recurring revenues had a significant impact on cash flow. These are advance payment models. Compared with the previous year, the effect of the positive cash contribution from this flattened out. This is particularly due to the strong growth in software service contracts in the previous year. In the 2020 financial year, income tax payments (net) increased by EUR 9.8 million from EUR 26.5 million in 2019 to EUR 36.3 million. The considerable upturn was partly shaped by withholding tax of EUR 4.3 million paid in 2020, but not reimbursed in the 2020 financial year. In addition, in comparison to the previous year, in 2020, there were higher advance income tax payments of EUR 3.3 million. These payments also included effects of payments made in previous periods.

Cash flow from investing activities amounted to EUR – 111.0 million in the 2020 financial year (previous year: EUR – 83.8 million). In the 2020 financial year, the payments for the acquisitions of Red Giant for EUR 79.0 million, ADAPT for EUR 4.2 million and DEXMA for EUR 18.5 million had a significant effect, in each case less acquired cash and cash equivalents. In the previous year, the sale of the investment in DocuWare GmbH resulted in a cash inflow of EUR 33.3 million. This item also includes expansion and replacement investments in fixed assets of EUR 9.1 million (previous year: EUR 19.3 million). The previous year was particularly influenced by an extraordinary infrastructure expansion in the amount of EUR 8.5 million.

Cash flow from financing activities was EUR – 109.1 million (previous year: EUR 10.7 million). These payments mainly result from the repayment of acquisition loans of EUR 56.3 million and the dividend payout for the 2019 financial year of EUR 32.3 million. Compared with the previous year, no acquisition loans were used. These increased cash flow from financing activities by EUR 130.0 million in the previous year. In addition, interest and redemption payments for lease liabilities are included, with the major portion of EUR 13.2 million relating to redemption in the 2020 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, 2020, there were also unutilized credit lines of EUR 224.5 million (previous year: EUR 24.5 million). Nemetschek continually monitors the risk of a liquidity bottleneck 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 used. Company acquisitions in 2020 were financed by the Group's own funds. Further investments will be financed from operating cash flow.

The dividend payout also comes from operating cash flow.

In total, the Nemetschek Group invested EUR 162.6 million in the 2020 financial year (previous year: EUR 140.6 million), of which EUR 6.2 million in property, plant and equipment (previous year: EUR 17.5 million) and EUR 156.4 million in intangible assets (previous year: EUR 123.1 million). The main investments here were company acquisitions, the purchase prices of which were as follows:

| Company | Segment | 2020 | 2019 |
|---|---|---|---|
| Red Giant | Multimedia & Entertainment | 132.2[1)] | |
| ADAPT | Design | 4.2 | |
| DEXMA | Manage | 19.2 | |
| Axxerion | Manage | | 76.8 |
| Redshift | Multimedia & Entertainment | | 33.1 |
| **Total** | | **155.6** | **109.9** |

1) Of which EUR 79.0 million payment.

In addition, investments were mainly made in expansion and maintenance.

## Net assets

| In EUR million | Dec. 31, 2020 | Dec. 31, 2019 | Δ nominal in % |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets | 236.4 | 295.5 | −20.0% |
| Non-current assets | 653.3 | 561.7 | 16.3% |
| **Total assets** | **889.7** | **857.2** | **3.8%** |

| In EUR million | Dec. 31, 2020 | Dec. 31, 2019 | Δ nominal in % |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Current liabilities | 295.8 | 271.6 | 8.9% |
| Non-current liabilities | 176.6 | 236.9 | −25.5% |
| **Equity, total** | **417.3** | **348.6** | **19.7%** |
| **Total equity and liabilities** | **889.7** | **857.2** | **3.8%** |

The consolidated balance sheet total as of December 31, 2020 increased by EUR 32.5 million (3.8%) to EUR 889.7 million (previous year: EUR 857.2 million).

On the assets side of the consolidated balance sheet, current assets decreased by EUR 59.1 million, from EUR 295.5 million to EUR 236.4 million in the 2020 financial year, a drop of 20.0%. This was mainly due to the EUR 69.8 million decrease in cash and cash equivalents.

Tax assets of EUR 6.0 million at the reporting date of December 31, 2020, changed only a little compared with the previous year's figure of EUR 3.9 million.

Non-current assets rose by EUR 91.6 million or 16.3% to EUR 653.3 million. Goodwill increased from EUR 325.0 million to EUR 416.7 million, corresponding to an increase of 28.2%. In the 2020 financial year, this development was mainly due to the acquisitions of Red Giant in the amount of EUR 91.0 million and DEXMA in the provisional amount of EUR 20.6 million. As significant parts of the goodwill are not held in euros, there were foreign currency effects of EUR -22.8 million. Intangible assets also increased by EUR 10.5 million to EUR 138.2 million (previous year: EUR 127.7 million), mainly due to acquisitions. The decrease in property, plant and equipment by EUR 6.0 million to EUR 21.6 million resulted from scheduled depreciation, which was offset by expansion and replacement investments.

On the liabilities side, current liabilities increased by EUR 24.2 million (8.9%) to EUR 295.8 million (previous year: EUR 271.6 million). This item includes trade payables as well as provisions and accruals due within one year. The item “current loans” includes EUR 59.6 million of the repayment amount of the non-current acquisition loans due in the next 12 months.

Trade payables fell slightly compared with the previous year’s reporting date to EUR 11.2 million (previous year: EUR 12.4 million). The increase in other provisions to EUR 56.3 million (previous year: EUR 44.0 million) is characterized by higher personnel costs and non-recurring effects. Furthermore, primarily due to the expansion of business volume, provisions and deferred revenue increased from EUR 118.5 million in the 2019 financial year to EUR 129.5 million in the 2020 financial year. Foreign currency effects of EUR 10.4 million have the opposite effect on working capital held in foreign currencies.

Non-current liabilities decreased by EUR 60.4 million (25.5%) to EUR 176.6 million, mainly due to the reclassification of non-current to current loans (EUR 58.8 million). Deferred tax liabilities increased by EUR 1.9 million to EUR 25.2 million, also largely as a result of acquisitions. The main reason for this increase was the effect of the acquisition of Red Giant amounting to EUR 8.3 million, which were offset by effects from the reversal of deferred taxes. Other non-current financial liabilities increased by EUR 1.6 million to EUR 8.7 million. This item mainly includes the subsequent purchase price obligations from the acquisitions of Redshift in the amount of EUR 6.6 million and DEXMA in the amount of EUR 2.9 million.

Equity increased by EUR 68.7 million (19.7%) as a result of the net income of EUR 97.7 million and transactions with non-controlling interests. This was offset by the distribution of dividends (EUR 32.2 million) and foreign currency losses of EUR 30.9 million. As part of the acquisition of Red Giant, the sellers were granted a 16% stake in Maxon Computer GmbH. This shares grant resulted in disclosing hidden reserves of EUR 19.9 million which were recognized as an increase in capital reserves. Furthermore, the sellers received 16% of the carrying amount of the Maxon Group of EUR 13.3 million.

The equity ratio increased to 46.9% at the end of the 2020 financial year (previous year: 40.7%). The current liability ratio was 33.3% of the balance sheet total (previous year: 31.6%) and the non-current liability ratio was 19.8% (previous year: 27.6%).

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 8.29% to 10.24% (previous year: 12.92% to 13.50%). A key driver for the reduction in WACC is the lower beta factor. This reflects the effects of Covid-19 on the capital market performance of the Group and its peer companies. Based on the market capitalization as of December 31, 2020 and the planning expectations, the internal rate of return before taxes is around 4.5%.

**KEY BALANCE SHEET FIGURES**

| In EUR million | **FY 2020** | FY 2019 | Change in % |
|---|---|---|---|
| Cash and cash equivalents | 139.3 | 209.1 | -33,4 % |
| Goodwill | 416.7 | 325.0 | +28,2 % |
| Equity | 417.3 | 348.6 | +19,7 % |
| Balance sheet total | 889.7 | 857.2 | +3,8 % |
| Equity ratio in % | 46,9 % | 40,7 % | |

Balance sheet figures for the individual segments can be found in the notes.

### Nemetschek Group employees

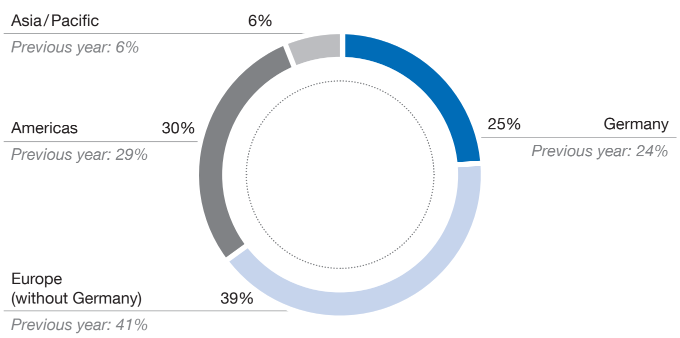
In order to act quickly and agilely in the respective markets and regions, the individual brands manage HR topics themselves. The Human Resources department of Nemetschek SE supports and advises the individual HR departments in this respect.

Further information on employee responsibility and Human Resources can be found in the non-financial statement << 2.5 The Key CSR Topics of the Nemetschek Group – Employee Responsibility >>.

As of December 31, 2020, the Nemetschek Group had 3,074 employees worldwide (previous year: 2,875), representing an increase of 199 people, or 6.9%. This does not include employees on parental leave, freelancers and those on long-term sick leave. The figure at the end of 2020 includes 37 employees who were added at the beginning of the year resulting from the acquisition of Red Giant. Adjusted for this effect, the number of employees increased by 162 persons or 5.6% compared with the same period last year.

At 75% (previous year: 76%), the majority of the Nemetschek Group’s employees were employed outside Germany at the end of 2020, as in the previous year.

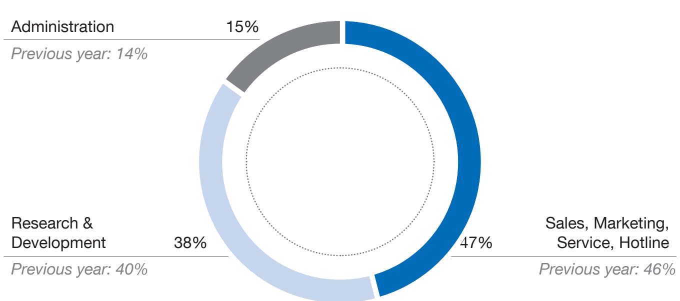
## Employees by region




On average, the Nemetschek Group employed 3,008 people worldwide in 2020, an increase of 8.7% compared with the previous year (2,767). The average number of employees in research and development was 1,158 (previous year: 1,103), or 38.5% of the total workforce (previous year: 39.9%)

The average number of employees in sales, marketing and hotline came to 1,403 (previous year: 1,280). In addition, 446 employees (previous year: 383) worked in administration (including 12 trainees after 15 in the previous year). Trainees are primarily employed in the commercial departments as well as in the IT and development departments.

## Employees by function




Personnel expenses increased by 11.5% to EUR 267.1 million in 2020 (previous year: EUR 239.4 million), resulting in a personnel expense ratio (personnel expenses/revenue) of 44.7% (previous year: 43.0%).