

INDIVIDUAL FINANCIAL STATEMENTS  
(GERMAN COMMERCIAL CODE) 2022  
NEMETSCHKEK SE

**SHAPE  
THE  
WORLD**



SHAPE THE WORLD IN ALL DIMENSIONS





# Combined Management Report for the 2022 Financial Year

## About This Report

The management report of Nemetschek SE and the Group management report for the 2022 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, 2022 comply with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU) as of December 31, 2022, as well as with the requirements of the German Commercial Code in conjunction with the German Accounting Standards.

## 1 Group Principles

### 1.1 Group Business Model

#### Organization

The global Nemetschek Group comprises Nemetschek SE and its subsidiaries. The company's history dates back 60 years to its foundation in 1963 by Prof. Georg Nemetschek. Today, the Nemetschek Group is a global provider of software solutions in the AEC/O industry (architecture, engineering, construction, and operation) as well as in the Media segment.

The strategic holding company, Nemetschek SE, is headquartered in Munich, Germany. The company's operating activities are clustered in four segments with a total of 13 brands in 2022 (previous year: 13 brands). The brands are represented by subsidiaries or groups of subsidiaries that operate independently in the market under an overarching group strategy. This group structure reflects the company's philosophy of central management at holding company level and a high degree of entrepreneurial freedom at subsidiary level. The subsidiaries operate as largely independently managed brands in their respective end markets. This enables the individual brands to focus on their respective customers' needs and thus increase the benefits and added value for the customers. Nemetschek SE takes on Group responsibility for the central Group-functions including Corporate Finance & Tax, Controlling, Investor Relations & Communication, Corporate Development & Operations, Mergers & Acquisitions, Start-up & Venture Investments, Human Resources, IT & Business Solutions, Corporate Audit and Corporate Legal & Compliance so as to enable the brands to focus fully on tapping new customer potential.

The corporate structure of the Nemetschek Group, with its portfolio of solutions ensuring a comprehensive end-to-end workflow across the entire construction lifecycle and encompassing solutions for the world of media, is reflected in the reporting structure

with its four segments: Design, Build, Manage and Media. An Executive Board member or Segment Manager is assigned to each segment. The close interlocking of the Group holding company and segments also ensures close coordination with the subsidiaries as well as a high degree of management efficiency. To leverage synergies within the Nemetschek Group, the Executive Board members support the coordination of strategic projects between the brands in the respective segment but 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, as well as for all phases in the creation of 2D and 3D digital content in the Media segment.

In the AEC/O segment, 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. Our broad 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 the "experts" and "entrepreneurs" 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.

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 starting in 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. This ultimately enables more efficient and resource-conserving construction.

The Nemetschek Group has been following this integrated BIM approach for more than 30 years. Building Information Modeling enables efficient, sustainable and transparent collaboration, improving 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 about 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 also develops and promotes OPEN BIM solutions and workflows to enable seamless and open cooperation between the various disciplines in the construction industry – 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 standards for data and communication interfaces (e.g. IFC from buildingSMART). 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. Nemetschek is thus making a key contribution to further establishing this digital method of working as a standard in the AEC/O industry.

In view of sustainability, 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. Detailed documentation also enables efficient operation across the entire lifecycle – for example, a structure can thus be efficiently rebuilt and renovated years after completion.

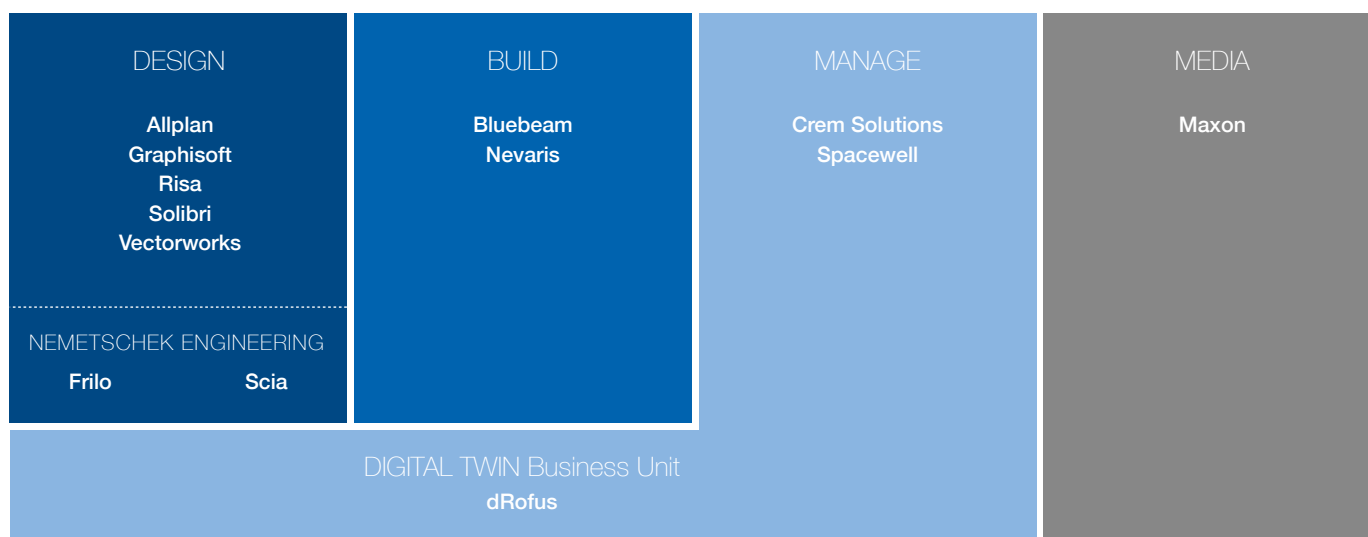
For creative and accurate planning and implementation along the building lifecycle, 3D visualizations are of great importance. Visual effects create a realistic presentation for the owner, property developer or building contractor. With the Nemetschek Group solutions, planners and architects can quickly, easily and precisely create 3D models from drawings and make more informed decisions based on the exact structural or dynamic visualizations. At the same time, the Nemetschek Group with its Media segment is also a provider in the field of 3D animation solutions. The Nemetschek Group thus supports artists in optimizing their crea-

tive workflows, e.g. through 3D modeling, simulation and animation, tools for editing, motion design, and film production as well as rendering solutions for high-end productions. Our professional solutions for producing 2D and 3D digital content are used to create and render visual effects in feature films, TV shows and commercials, as well as for applications in the gaming industry and for applications in the areas of medical illustration, architecture and industrial design. Since the end of 2021, the Nemetschek Group portfolio has also integrated the US-based company Pixologic, Inc. with its solution ZBrush, an Oscar-winning sculpting and painting software used by renowned film studios, game developers, designers, advertisers, and illustrators worldwide.

### Segments

The Nemetschek Group total of 13 brands are divided among the four segments of Design, Build, Manage and Media according to their respective focus on specific end markets and customer groups. In the 2022 financial year, there were changes in the segment structure aimed at further harmonizing the portfolio. For this purpose, the Frilo and Scia brands in the Design segment were merged into one competence center (Nemetschek Engineering). However, the product brands have been preserved as part of the new alliance. The aim of this alliance is to offer a comprehensive overall package of software solutions with static presentation and calculation options to further optimize interoperability and to serve customers from a single source. In addition, a new "Digital Twin" business unit was created to act as a horizontal binding element between the segments in the AEC/O industry. Our dRofus brand, which was still allocated to the Build segment in the year under review, is assigned to the Digital Twin business unit and consolidated in the Manage segment as of January 1, 2023. With its data management and BIM collaboration solutions for supporting workflows and providing building information throughout the entire building lifecycle, dRofus has the expertise to cover the complete AEC/O lifecycle and thus acts as a binding element linking the different segments.

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



### Design Segment

The individual brands within the Design segment target a broad range of different specialist areas within architecture, design and engineering disciplines. 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 owners 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. In particular, the portfolio 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.

The integration of the SDS/2 brand into Allplan initiated in 2021 as part of the ongoing process of consolidation within the segments was successfully completed. 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. In addition, the merger of the Graphisoft and Data Design Systems brands, which was instigated in the previous year, was completed during the year of review as planned. Combining technology and expertise from Graphisoft – a global provider of BIM software solutions for architecture and Data Design System – the planning software specialist for technical building installations – has expanded the offerings and expertise of both companies worldwide for their customers. Since mid-2022, the Frilo and Scia brands have been joining forces in the competence center Nemetschek Engineering.

### 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 as well as PDF-based and, in part, cloud-based workflow solutions for digital work processes, collaboration and documentation from the US-based subsidiary Bluebeam brand – which was once again the Nemetschek Group's strongest brand in terms of revenues in 2022.

The Build 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 rounds out the Nemetschek Group's range of solutions for all disciplines across the entire lifecycle of buildings and infrastructure projects. The Group's smallest business segment in terms of revenues bundles its competencies in the field of facility management and professional property management. Key customers include 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 Segment

With the Maxon brand, the Media 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 solutions across all phases of a creative project. Its product portfolio includes 3D modeling, painting, animation, sculpting 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 visualizations, graphics for computer games, medical illustrations, industrial design, visual effects, and much more.

Maxon's product portfolio helps artists and creative professionals optimize their workflows as part of content design. The Maxon ONE product suite, which unites all Maxon products, includes the Cinema 4D suite for 3D modeling, simulation and animation; the integrated Red Giant product range with tools for editing, motion design and film production; the sculpting and painting solution ZBrush; and the Redshift rendering solutions for high-end production. The Forger sculpting app for 3D modeling on mobile devices rounds off Maxon's comprehensive product range.

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 brands develop and market their solutions worldwide from a total of 82 locations (previous year: 81).

#### NEMETSCHKEK LOCATIONS WORLDWIDE



## Growth Drivers, Market and Competition

### Growth Drivers

The macroeconomic impacts of the current global crises and geopolitical tensions are also affecting the global construction industry, which may slow down the industry's growth pace – at least in the short term. Nevertheless, the long-term structural growth drivers of the global construction industry are still ticking over, which means there is potential for a new, lasting phase of growth in the future. As in the previous year it remains to be stated: The growing world population, increasing urbanization and the associated rising demand for housing are key growth drivers of the industry. 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.

On top of that, there is the ongoing and increasingly dynamic transformation towards a more sustainable world, which requires extensive investment in infrastructure and the energy-efficient refurbishment of buildings, among other things. 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.

Another key growth driver remains the digital transformation of the construction industry, which is far less advanced than just about all other key industries, such as the automotive industry. This means the construction industry has a significant need to catch up when it comes to 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. The impact of the global Covid-19 pandemic and the macroeconomic repercussions of Russia's war of aggression against Ukraine, as well as the sharp increase in remote working, supply chain disruptions, and significant increases in the price of energy and materials, have highlighted the need for and benefits of digital solutions and have accelerated digital transformation, including in the construction industry. Optimizing collaboration between everyone involved in a construction project through systematic digitalization will offer the industry great potential to increase efficiency moving forward by shortening construction times, improving quality and lowering costs.

The Nemetschek Group benefits from several, long-term, structural growth drivers in its three core segments of the AEC/O industry:

- » Digitalization in the construction industry is still at a low level compared with other industries. Two factors that are becoming increasingly important include catch-up effects and the increased investment in industry-specific software solutions that control processes more efficiently and therefore increase quality and reduce costs and time spent. The repercussions of the current crises have demonstrated that once again.

- » State regulations that require or make the use of BIM software mandatory for state-financed construction projects continue to pave 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 the introduction of BIM regulations and the use of BIM-enabled software solutions.
- » The increasing use of software over the entire building lifecycle is required by the BIM regulations so that a model-based and continuous workflow may be achieved. The Nemetschek Group brings its solutions to all phases of the construction lifecycle and meets the requirements of an integrated workflow, starting with the transition from 2D software solutions to model-based 3D BIM solutions – including on what are termed digital twins –, to the increased use of solutions for cost and time calculation and collaboration to products for the efficient use and management of buildings.
- » Furthermore, 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 global 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 key 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 essential foundation for this.

Overall, the digital transformation in the AEC/O market will – despite or rather because of the current macroeconomic situation – continue to lead to strong demand for solutions that enable a digital workflow in the various disciplines of the Design, Build and Manage segments. These market conditions provide the Nemetschek Group with a strong framework for its long-term growth ambition. 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 more strongly by software solutions. Here, the Nemetschek Group sees the transformation from 2D to 3D solutions as a key driver in the coming years. In the Build and Manage segments, digitalization is far less advanced than in the Design segment, which means that investments in software solutions are likely to drive the market more strongly.

Sources: 2022 Global Status Report For Buildings And Construction; McKinsey (October 2020) – Rise of the platform era; Oxford Economics (September 2021) – Future of Construction.



The media and entertainment industries are also characterized by high growth and steadily increasing demand for digital content. In addition, the change in usage behavior has again accelerated significantly, with an increasing shift to digital due in part to the global Covid-19 pandemic.

This is reflected in the continued positive development of digital application areas, for example in the field of Internet video, streaming models, video games, e-sports, and AR and VR. This trend is also reflected in the revenue figures for the German media industry: Although non-digital segments continued to generate the lion's share of the industry's total revenue, namely EUR 36.7 billion in 2020, the digital segment once again grew much more strongly and now accounts for EUR 18.7 billion.

The following trends and developments are also currently visible worldwide: The production of films, series and TV shows is becoming increasingly digital – and is relying to a greater extent on more sophisticated digital solutions to create special effects, animations and much more. The advertising industry is also shifting towards more personalized and digital advertising. This underscores the need for digital solutions that enable more efficient and targeted production of commercials – to better reach the relevant target groups as well as to enable adaptation to new, mobile formats. One of the strongest growth drivers, the video games industry, will become one of the largest markets by 2026 – in part due to the younger generation, which has grown up with digital tools and has been familiar with consuming digital content, such as video games, since childhood.

The next major technological paradigm shift – the metaverse – is taking on more and more concrete form. In the metaverse, users can access immersive virtual experiences using a VR headset or other connecting device. Initial applications for the metaverse are already available now. In the future, the metaverse could be an astonishingly realistic world. The implications of this open and virtual digital world are enormous for businesses, especially entertainment and media companies.

Sources: <https://www.pwc.de/de/technologie-medien-und-telekommunikation/gemo/2021/german-entertainment-media-outlook-2021-2025-summary.pdf>; <https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html>; <https://www.tagesschau.de/wirtschaft/unternehmen/facebook-umbenennung-meta-103.html>.

### Market and Competition

The Nemetschek Group is a global player in the AEC/O software market. In 2022, the global AEC/O software market amounted to almost EUR 19 billion. Based on external market data and internal analyses, the Nemetschek Group assumes that the market will grow annually by an average of almost 11% to a volume of around EUR 28 billion in 2026.

The Design market segment has a historically higher degree of maturity compared to Build and Manage, as digitalization in this area was promoted earlier than in the two other market segments. The Design market segment is expected to grow from around EUR 5.7 billion in 2022 to around EUR 8.4 billion in 2026. This leads to an average market growth rate of around 10% for

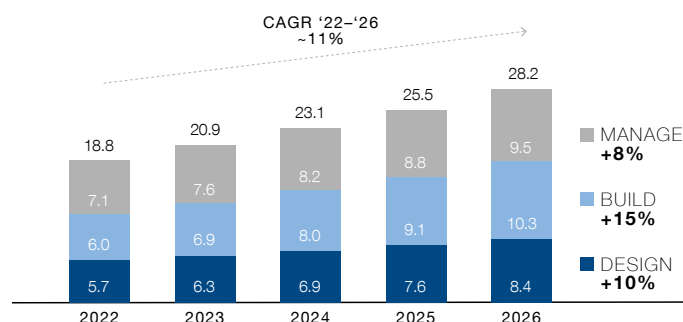
the period 2022-2026, with the Asia/Pacific and Americas regions offering the greatest growth potential in the coming years.

The Build segment's underlying market is expected to grow from around EUR 6 billion in 2022 to an anticipated EUR 10 billion in 2026, corresponding to an anticipated average annual growth rate of around 15%. In this market segment, too, above-average growth potential is seen for the Asia/Pacific and Americas regions.

In 2022, the market volume in the Manage segment amounted to around EUR 7 billion. By 2026, this market segment is expected to grow by around 8% per year to almost EUR 10 billion. The Americas is the largest regional market, but slightly above-average market growth is expected for the Asia/Pacific region.

### GLOBAL AEC/O SOFTWARE MARKET

End-user expenditure in EUR billion



\* Compound Annual Growth Rate.  
Sources: Cambashi Q3 2022; Verdantix; Nemetschek Research.

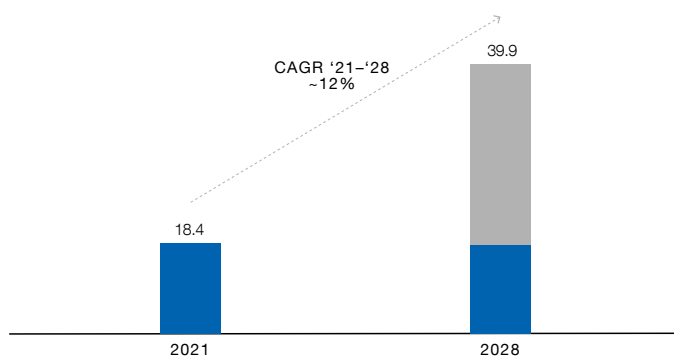
The AEC/O software industry can be described as a highly fragmented competitive environment. Therefore, depending on the segment and region, the Nemetschek Group faces competition from different companies. Despite the period of market consolidation that has been ongoing for years now, the market continues to be influenced by a large number of small, local companies. By contrast, the Nemetschek Group is one of the few global companies actively shaping the process of consolidation through acquisitions. The main competitors in the AEC/O segment are in particular US-based companies such as Autodesk, Trimble, Bentley, Procore, and Oracle.

In the Media segment, the Nemetschek Group addresses the global 3D animation market, which is characterized by structurally high growth rates and potential. The market volume is estimated at around USD 18 billion in 2021, with even higher growth momentum anticipated in the coming years compared to the AEC/O software industry. The market volume is expected to grow to around USD 40 billion by 2028. That equates to average growth of around 12% per annum and thus higher than the anticipated market growth rate for the AEC/O software industry. The current high and expected further increase in demand for high-

quality content and animations by creative professionals, as well as the increasing use of visual effects (VFX) in films, videos and the gaming industry, are some of the most important growth factors. Moreover, increasing integration of artificial intelligence (AI) in 3D animation is expected to give an added boost to market growth. In addition, the proliferation of VFX in the entertainment industry and the trend of using VFX in advertising and infomercials to showcase products with 3D elements is driving the growth of the 3D animation market. The main competitors in the Media market segment include Autodesk, The Foundry, Side FX, Adobe, MAGIX, and LumaFusion.

#### GLOBAL 3D-ANIMATION MARKET

in EUR billion



Source: <https://www.researchandmarkets.com/reports/4452097>.

## 1.2 Targets and Strategy

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 and operation/renovation phase to the demolition of buildings. 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 and greater efficiency to be achieved, particularly in the use of construction materials and in the management of building sites 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. Here,

too, the Nemetschek Group's solutions cover the entire content creation workflow and thus address the entire creative content production process.

**#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 brands in the best possible way in its customer-oriented segments of the AEC/O industry and in the Media area. This structure is intended to increase the benefits and added value for the customer. The focus here is on the further integration and stronger cooperation of several brands under the roof of the Nemetschek Group, which allows it to offer an integrated and more networked range of solutions. This has already been accomplished in the Media segment. Here, the Maxon brand, which has fully integrated all acquisitions made to date, offers a comprehensive range of solutions for the complete workflow of creative professionals. In the AEC/O segment, the aim is to further improve cooperation between the various professional groups in the construction industry and to make this cooperation more efficient. In addition, the bundled offerings are intended to address and win over the customer group of (multinational) key accounts in particular in an even more targeted manner. The brands are "experts" in their specific customer segment and have a high level of expertise and very close customer relationships in their respective market segment. This segment and brand approach ensures that market changes can be quickly identified, analyzed and evaluated and that customer requirements can be responded to promptly. At the same time, the Nemetschek Group benefits 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.

In areas where we consider integration or bundling effects to be very advantageous, we have also merged group brands in recent years. For instance, the aim of last year's merger of the Graphisoft and Data Design System brands is to further expand their range of integrated, multidisciplinary planning solutions. The step-by-step implementation of the merger of the Allplan brand with Precast Software Engineering (which was accomplished in 2021) and the SDS/2 brand (which was accomplished in 2022) brings together knowledge, expertise and technology to enable a seamless and 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 completing construction projects within their cost and budget framework. Since mid-2022, the Frilo and Scia brands have also pooled their forces in the competence center Nemetschek Engineering so as to offer a comprehensive overall package of software solutions with static presentation and calculation options from a single source.

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 us to address the needs of larger, often integrated and 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. As part of this strategy, for example, Graphisoft, acquired Abvent, its reseller for French-speaking markets in late 2022. A mix of licensing and rental models had proved successful in the past in ensuring the best possible benefits to customers. However, it has become increasingly clear in recent years, particularly in the wake of the Covid-19 pandemic, that there is a gradual shift in purchasing behavior toward more subscription and SaaS models due to their diverse benefits for customers and the software provider. Consequently, the company’s objective is to significantly increase the proportion of recurring revenues, particularly through subscriptions and SaaS. In addition, the sales concept was extended or greatly expanded to include digital sales channels such as e-commerce selling.

The **Build** segment’s strategy pursues the aim of advancing the digitalization of construction companies, 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 low degree of digitalization in Europe and Asia compared to the USA, there are opportunities for growth through further internationalization of Bluebeam’s collaboration solutions, which are already widespread in the USA. To enable it to meet customers’ requirements in an even more targeted way and further increase its attractiveness for new customers, Bluebeam has offered newly developed cloud features for the first time since September 2022 as part of the transition of its product and sales approach to a subscription-based and SaaS model. The subscription/SaaS model makes it possible to integrate

product innovations into an existing product at any time and thus speed up development cycles. As a result, a customer has automatic access to the current software version with the latest features.

The **Manage** segment’s aim is to digitalize the management of buildings through an innovative software portfolio. We see large 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, as well as operating buildings in a sustainable and environmentally friendly way while optimizing energy consumption. 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. In addition, there are solutions for increasing energy efficiency, for example Spacewell Energy, which are playing an increasingly important role given the current rise in energy costs.

Owing to the still 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 optimal fashion and accelerate its access to the market.

The **Media** segment has also been significantly strengthened by acquisitions in the past few years. Following the acquisition of Redshift (rendering solution) and Red Giant (solutions for motion design and visual effects), Maxon further expanded the product portfolio of the Maxon brand again at the end of 2021 with the acquisition of the Pixologic business operations (provider of the ZBrush sculpting and painting software). A particular focus in fiscal 2022 was therefore on fully integrating the acquired companies.

The Maxon One production suite, which is offered via a subscription model, combines all Maxon products in one complete package. Maxon has gained a good position in the large and dynamically 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. 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. The focus here is on

the subscription offering – with the objective, firstly, to target new customers, and, secondly, to bring innovations to customers even more quickly.

**#3: OPEN BIM.** Nemetschek's clear commitment to OPEN BIM and the associated open interfaces increase interoperability, collaboration and communication with its different disciplines along the entire construction lifecycle. In addition, integration of competitors' software programs is also possible, thus substantially extending the circle of potential users. At the same time, Nemetschek is focusing on future topics that will shape and change the construction industry in the coming years. These include topics such as the digital twin, machine learning, artificial intelligence, and the use of IoT devices and sensors. These topics are therefore also part of the Nemetschek Group's development activities.

To achieve the medium-term strategic alignment, focus topics have been defined and implemented programmatically. These topics were defined, concretized and selectively adapted in the course of the year under review, including by the new CEO:

#### **Subscription/Software as a Service (SaaS)**

The overarching goal of the Nemetschek Group is to further increase its recurring revenues, in particular by offering subscription as well as SaaS solutions. Some brands have already largely converted their offerings to subscription and SaaS, while other brands are in the process of doing so or preparing for it.

By offering subscription and SaaS models, Nemetschek can tap into new customer groups, as the customer can use the software flexibly and without a one-off license fee, which is sometimes high and must be paid in advance. In addition, Nemetschek has the opportunity to generate higher revenues through up-selling and cross-selling. At the same time, however, the visibility and predictability of revenues also increase. Moreover, the Nemetschek Group can accompany customers even more closely and increase their loyalty and provide them with the features they want even faster. Nemetschek will generate more value in the long term through the higher payments made over the entire customer lifecycle under rental models than through the traditional license including a service contract. The switch from a licensing model to subscription or software as a service represents a transformation to a new business model, which entails investments and conversion effects. The offer and implementation of rental models is at different stages of progress in the four segments. The segments' goal and strategies are shown in the chapter [<< 7 Outlook 2023 >>](#). As part of that, the Nemetschek Group addresses the different needs of customer groups, depending on discipline and region.

#### **Innovative Solutions (Cloud Infrastructure, Digital Twin)**

Around 23% (previous year: around 22%) of Group revenues flowed into research and development in the 2022 financial year and thus into new and further developments of the solution portfolio. In each segment, the Segment Managers, together with their brands, have drawn 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. The Nemetschek Group has also built up development expertise in other countries such as Slovakia and India.

In addition to the further development of the brands' individual solutions, the strategic focus is on cross-brand development projects in the segments and strategic initiatives that extend across the segments. That includes, for example, the SaaS-based solution Solibri Inside, which is integrated into the design brands Allplan, Graphisoft Archicad and Vectorworks in order to conduct quality checks directly in the design phase. 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 subsequent operation and management of buildings and infrastructure projects with continuous workflows. The focus of the solutions developed by Nemetschek is therefore on reducing information loss and data disruption. New fields of development activities include topics such as digital twins, cloud features, Artificial Intelligence (AI) or the Internet of Things (IoT).

The various disciplines along the construction lifecycle very often still work in information silos, 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. This can be achieved by eliminating redundancies and reducing costs and time for coordination and quality inspection.

The Nemetschek Group aims to actively shape and drive the digital transformation of the construction industry and to grow sustainably and profitably in the process. The use of innovative technologies, such as digital twins, and the efficient development of industry- or customer-specific solutions is vital in that. They also include cloud technology. Cloud technologies are better suited than traditional on-premise approaches for leveraging the cloud's advantages and solving the many challenges that customers face, such as mobile access capabilities. This topic is also of great strategic importance for Nemetschek. New developments are already being created and offered as cloud-native features – such as the Bluebeam Cloud, which was launched in September 2022. However, cloud technology is not only a focus at brand level. The Nemetschek Group sees the need to create a cross-AE-C/O cloud infrastructure in order to leverage synergies in the portfolio and create a basis for all brands. The initiative aims to deploy a common cloud infrastructure that all brands can access and use to build solutions for specific customers and use cases.

One of the initiatives relating to the topic of a common cloud infrastructure at the Nemetschek Group is the use and expansion of cross-brand digital twin technology. To enable that, the Digital Twin business unit was launched in 2022 in order to develop a horizontal, data-centric, open, and cloud-based platform that will deliver greater efficiency and sustainability in the construction lifecycle. A digital twin is basically a digital image of the physical building in which digitalized information is linked to its physical counterpart. A digital twin can be used to conduct simulations in different planning phases or lifecycles of a building or infrastructure process, the findings of which are then incorporated into the real project, thus significantly reducing the risk of errors, conflicts and redundancies beforehand and making processes far more efficient. The digital twin as a common solution platform for the Design, Build and Manage segments enables new customer groups and market segments to be tapped.

#### **Go-to-Market Approach and Internationalization**

Sales in the brands are handled directly by the brands' own sales organizations and indirectly via resellers and distribution partners. Both sales channels have proven their worth and are used flexibly depending on market conditions. A further objective is to make greater use of digital sales channels in the future, such as e-commerce selling.

In addition to the established brand-specific sales approach, the existing group structure is to be used to bundle the competencies of the 13 brand companies to an even greater extent in the future so as to be able to offer customers an integrated and more closely networked range of solutions.

By offering cross-brand solutions and establishing key account management, the aim is to increase customer benefit and address and win additional customer groups. The objective of key account management is to sell the solutions from the Nemetschek Group from a single source and thus also to address larger companies that need integrated solutions or a bundle of solutions for different disciplines.

Further internationalization is also key to the successful implementation of our growth strategy. The focus is on the three major economic regions of Europe, the Americas and Asia/Pacific. The Americas are the largest regional market, followed by Europe and Asia/Pacific. Sustainable market growth is expected in all three regions in the coming years, with the greatest market growth potential seen outside Europe. As a logical consequence, the Nemetschek Group is focusing in particular on the Americas and Asia/Pacific regions. In recent years, the Nemetschek Group has been able to continually expand its market position abroad, i.e. outside Germany, and strengthen its position in the international target sales markets. Revenue outside Germany increased further in the 2022 financial year in line with our internationalization strategy. Around 79% of Group revenues are now generated outside Germany (previous year: 76%). Europe (excluding Germany) contributes around 30% to revenues (previous year: 32%). The Americas are the world's largest single market for AEC/O software, and thus of great importance for the Nemetschek Group. Nemetschek has developed well in this highly competitive growth market in recent years and now generates 39% of its revenues (previous year: 34%) in the Americas region, with the USA as the largest single regional market. The share generated in Asia/Pacific was around 10% (previous year: 10%). The Group's brands mutually support each other in their expansion in the USA and Europe: The good market position of the US companies makes it easier for European Nemetschek brands to enter markets and expand abroad and vice versa.

The status of BIM regulations also plays a major role in the strategic focus on the regions mentioned above and the respective countries. In some countries, for example, 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 the Nemetschek Group excellent general conditions for future growth.

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

The Nemetschek Group aims to grow 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, as well as, by specialized 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 segment. Another goal is to gain market shares in international markets. Strong management, innovative and complementary software solutions, and an established and promising business model are vital factors in assessing potential acquisition targets. Regionally, the focus is currently on the European and North American market. In addition, the Nemetschek Group are more likely to invest in companies that already run their business on the basis of subscription and/or SaaS models. Following the acquisition and integration of acquired companies (mainly in the Media segment) in recent years, the focus is currently on all segments, with a particular emphasis on the Build segment, as the growth potential there is high and the degree of digitization of this industry sector is still relatively low.

After an acquisition, the holding company generally accompanies the brands during their integration into the segments and the group, and integrates the new brands into the processes and the reporting system established throughout the company. The acquired companies have become an important part of an internationally operating group and thus benefit from established structures and possible synergies. In addition to acquisitions at segment level, acquisitions at brand level are also possible and desirable. However, essential criteria applicable at the Group, such as technological expansion, regional expansion, distribution structure and financial solidity, must be met. In the 2022 financial year, for example, Graphisoft SE, which is headquartered in Budapest, Hungary, and is part of the Design segment, acquired Abvent, a sales partner from the AV-Tech Group. The acquisition strengthens the Design segment's presence in the important markets of France and French-speaking Switzerland, enabling it to further expand its market and sales expertise. The Frilo Software GmbH, which is also assigned to the Design segment, was strengthened by the acquisition of DC-Software Doster & Christmann GmbH. The acquisition means Frilo expands its product portfolio in the field of foundation engineering and strengthens its position as a provider of structural analysis programs.

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 alongside the established M&A approach. The focus for acquisitions or investments is therefore also on smaller, still young and highly 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 from an early stage and bring them together with existing group brands in the portfolio. Investments and interests in startup companies are coordinated and supported at holding company level via the Start-up & Venture Investments function.

In the 2022 financial year, for example, the Nemetschek Group took a stake in the British start-up SymTerra, which is headquartered in London, UK, as part of a financing round. SymTerra is a digital platform for construction site communication, and its use is intended to boost efficiency in construction site management. The investment in SymTerra is the Nemetschek Group's first investment in a UK start-up and a continuation of our strategy to support young companies and thus shape the future AEC/O market and drive innovations.

The further support for the Venture Lab Built Environment at the Technical University of Munich is also part of the Nemetschek Group's venture strategy to foster innovation and thus help actively shape the construction industry of the future.

The Nemetschek Group will continue to invest more strongly in start-ups moving ahead, 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, the Nemetschek Group always has opportunities to open up new business areas organically as an alternative or expand existing ones thanks to its very broad expertise along the entire construction lifecycle and in the media environment. To "make or buy" is a consideration that is permanently taken into account as part of implementation of the growth strategy.

### Business Structures and Processes (Business Enablement)

Across all the segments, the focus is still on reducing the complexity resulting from the diversity of brands. Internal processes and IT structures are streamlined further and optimized. This includes, for example, harmonizing the internal back-end systems in the areas of Human Resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management). In this context, further expansion of cross-brand development centers is also planned in order to pool resources and leverage expertise for multiple brands. Countries such as India or selected Eastern European countries, where qualified software developers are available, are particularly suitable for this purpose.

This and subsequent further optimization of business structures will unlock synergies, with the ultimate aim of increasing operational excellence, i.e. improving the company's ability to continuously optimize the value chain in terms of efficiency and effectiveness. At the same time, further harmonization and partial centralization, particularly in support and enabling functions, is intended to enable the brands to generate further growth and, in future, to focus even more strongly on the development and go to market as well as on further deepening customer relationships.

Our strategic direction and focus topics, along with the 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 2022 financial year.

## 1.3 Corporate Management and Governance

### General information

A key success factor in the Nemetschek Group structure of a strategic 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.

Responsibility for the strategic alignment of the Nemetschek Group and operational corporate management lies with the Executive Board and, respectively, the Segment Managers of Nemetschek SE. This includes the strategic positioning of the Nemetschek Group on the relevant 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 related 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 managers of the individual brands and the member of the Executive Board responsible for the segment and, in a subsequent step, within the Nemetschek Group Executive Board. The Supervisory Board monitors and advises the Executive Board throughout all processes mentioned above.

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

### Financial Performance Indicators

The key financial performance indicators (core management ratios) of the Nemetschek Group have been expanded compared with the previous year and comprise the following both at Group holding company and segment level:

	FY 2022	FY 2021
Sales revenues (in absolute terms)	X	X
Sales growth (currency-adjusted)	X	X
ARR (annual recurring revenue)	X	
EBITDA	X	X
EBITDA margin	X	X

In order to plan and steer the profitable growth strategy, absolute revenues and revenues growth in absolute and currency-adjusted terms compared with the previous year are used both on a Group as well as Segment and brand level. To present the future growth dynamic and success of the ongoing transition of business to subscription-based and SaaS models, and thus also all the recurring revenues, more transparently, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator in the course of the 2022 financial year. This KPI reflects the average of all recurring revenues (Subscription, SaaS and maintenance contracts) over the last three months multiplied by 4. This new indicator is an important measure of the Group's future potential for revenue and also cash flow growth. The operating result (EBITDA) is used to control profitability. 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, EBITDA and (since the 2022 financial year) the ARR 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 that also form part of the short and long-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](https://ir.nemetschek.com/en/corporate-governance).

Information on the detailed development of the Nemetschek Group and its segments in the 2022 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 »](#).

In addition to the performance indicators described above, Nemetschek SE is also controlled with regard to the liquidity required in the company. This ensures that Nemetschek SE can meet its obligations at all times, in particular to pay the dividend and repay the loan.

The key financial performance indicators (core management ratios) of the Nemetschek SE are as follows:

	FY 2022	FY 2021
Net income	X	X
Net liquidity	X	X

Net liquidity comprises cash and cash equivalents at banks.

## 1.4 Research and Development

Research and development are of very high priority for Nemetschek. In the 2022 financial year, EUR 182.6 million (previous year: EUR 148.9 million) were invested in research and development.

Around 23% of Group revenues thus flowed into research and development in the 2022 financial year (previous year: around 22%) and thus into new and further developments of the solution portfolio. Moreover, around 40% (previous year: 39%) of employees work in research and development, again underlining the high importance of this area for the Nemetschek Group.

Through its research and development activities, the Nemetschek Group is pursuing the aim of further expanding its innovative

strength in the AEC/O and Media markets, 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 in close dialog 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 – including 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 existing 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. At the same time, all brands are working to constantly enlarge and expand their existing portfolio of solutions to reflect technological trends and changing customer requirements and thus secure their innovation leadership in their markets. Across all segments, development activities also focused in particular on subscription and SaaS offerings.

The product portfolios of all four segments were characterized by numerous innovations in 2022.



In the **Design** segment, the annual updates to the solutions of the individual brands focused primarily on innovations to improve coordination of BIM workflows so as to increase efficiency as well as to enable more sparing use of resources. These functions are steadily gaining in importance due to the continuing high level of prices for raw materials and the ever-increasing demands for sustainability and energy efficiency in buildings. In particular, the two design brands Allplan and Solibri deepened their collaboration in the year under review by developing a real-time workflow for problem management. Furthermore, Allplan qualified for the final of the German Innovation Award in 2022 with its solution for bridge construction. The Frilo brand was also able to significantly strengthen its portfolio even further by acquiring DC-Software in the field of foundation engineering.

The Nemetschek brand Solibri announced the launch of a new cloud-based service offering in 2022 called Solibri Inside. The SaaS (software as a service) solution offers users of Allplan, Graphisoft Archicad and Vectorworks the ability to check models directly in the design phase and thus significantly enhance the quality of digital building and collaboration.

In the **Build** segment, the company pressed ahead with cloud technology in particular: In the year under review, the Bluebeam brand released its “Bluebeam Cloud,” a software suite of mobile and browser-based solutions for working from anywhere using any device, which is available for the first time only as a SaaS offering. With Bluebeam Cloud, project teams at the building site have access to the flagship product Bluebeam Revu and can thus access all data and work from anywhere, even using their mobile devices. That makes workflows even more efficient and enables seamless connectivity as well as better collaboration and optimized data availability.

In the **Manage** segment, the Spacewell brand responded to the energy crisis by further developing Spacewell Energy. This is a software as a service (SaaS) solution that helps detect, monitor and reduce energy consumption in buildings by combining IoT sensors, real-time data and artificial intelligence. As a result, buildings can be operated and managed more sustainably, resource-efficiently and smartly. Furthermore, synergies were created by merging Axserion and Cobundu into “Spacewell Workplace” to provide customers with even more tailored support for building management and the implementation of hybrid workplace models.

In the **Media** segment, the integration of ZBrush, the solution from the acquired US company Pixologic, Inc. into the Maxon ONE suite, which bundles all the brand’s offerings, was completed. That gives all Maxon ONE users access to the ZBrush sculpting software. In the year under review, Maxon also became a founding member of the “Metaverse Standards Forum,” a body that has set itself the goal of promoting an open metaverse – i.e. the merging of virtual reality and actual reality – by establishing interoperability standards. Together with Adobe, Epic Games, Meta, Microsoft, and NVIDIA as well as other founding members,

Maxon thus wants to contribute to developing and building an open, inclusive Metaverse – and also to advancing the open standards in the virtual space that have been part of the Nemetschek Group’s DNA for 60 years.

Contact with research and teaching has also been an important concern of the Nemetschek Group since it was founded in 1963. Nemetschek has its roots in the university environment and has been present there for decades with its software solutions. The brand companies provide students and professors with free software licenses and online training materials as part of their campus programs. In addition to the core markets in Europe, this now also takes place in many other markets, above all the USA.

In addition, Nemetschek regularly supports university programs through its involvement in student contests to promote young architecture and engineering talents. For example, Nemetschek supports the Leonhard Obermeyer Center of the Technical University of Munich as a partner. At the same time, close cooperation with universities and colleges of technology also ensures the Nemetschek Group’s ability to innovate, as it is close to new innovations, topics and trends thanks to its strong ties with higher education institutions.

Across all segments, the topic of the “digital twin” was of great importance for the Nemetschek Group in 2022. To this end, a new executive was recruited in the middle of the year in the person of César Flores Rodríguez as Chief Division Officer for the Manage segment, who also heads the newly created Digital Twin business unit. The objective of this Business Unit is to act as a binding element that links the entire AEC/O portfolio. The focus of the development work is on a digital twin platform as an open and horizontal cloud solution that provides a common cloud infrastructure. The aim of that is to better leverage the synergies between the individual brands of the Nemetschek Group in order to create a shared platform with which workflows in the building life-cycle can be networked even better. The initial focus here is on customers from the field of building operation and management and helping them better manage and maintain their buildings. At the same time, customers have access to all relevant data for a building via an open cloud platform, from the design and construction phase to all processes in the buildings to real-time data by means of installed sensors. This platform thus represents an important/critical link between all brands and, in line with the company’s OPEN BIM philosophy, is also open to data based on third-party software solutions.

In the development of innovative 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. 90% of the expenses are attributable to internal R&D staff (including materials usage and amortization) and only 10% to external staff.

In addition to its own innovative strength, the Nemetschek Group intends to increasingly build on external innovative strength in the

future and therefore invest in smaller, still young and highly innovative companies, called start-up companies (see [<< 1.2 Targets and Strategy >>](#)). Further investments were thus made in several young and innovative companies in the 2022 financial year. The focus of these investments is on certain areas of innovation: artificial intelligence, reality capture, communication, and digitalization. Furthermore, cooperations and partnerships with colleges of technology and universities are part of the company's DNA and are thus being gradually developed further; see [<< 3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance >>](#).

## 2 Nonfinancial 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 a statutory audit. Auditing firm PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft (PwC), Munich, subjected the non-financial Group Statement of the Nemetschek Group to a limited-assurance audit. The Supervisory Board has also examined this statement and reached the conclusion that there are no grounds for reservations.

This section of the Group Management Commentary contains the Nemetschek Group's Group Nonfinancial Statement based on the German CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017. Based on the requirements set forth in section 315c in conjunction with sections 289c to 289e of the HGB, a company must transparently describe in detail its key non-financial activities within the Nemetschek Group, in relation to five aspects specified in the law: respect for human rights, combating corruption and bribery, employee concerns, environmental concerns, and social concerns. In accordance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of the European Union (EU Taxonomy Regulation) of June 18, 2020 on establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2020, the Nemetschek Group discloses in this non-financial statement whether and to what extent the Group's activities are associated with economic activities that qualify as environmentally sustainable. Information on this is included in section [<< 2.3 EU Taxonomy >>](#) of this Nonfinancial Statement.

The Nemetschek Group did not apply an external framework for the preparation of its Nonfinancial Statement for the 2022 fiscal year, for reasons including the major changes in the regulatory environment at present. Instead, the existing reporting structures were used like in previous years. Having said this, there is currently a general effort underway to align the Group's sustainability reporting with the standards of the Global Reporting Initiative (GRI Standards). For example, the materiality analysis carried out and also the implementation of the management approaches are based on the GRI standards. The Nemetschek Group will, in the future, use the European Sustainability Reporting Standards (ESRS) to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD). The company has launched corresponding initiatives for their implementation and intends to have them completed by the 2024 reporting period.

To improve readability, the masculine form is used for the majority of personal nouns in this non-financial Group statement. This does not imply any discrimination against the other gender but is intended to be understood as gender-neutral in the interests of linguistic simplification.

The Nemetschek Group's business model is described in section [<< Group Business Model >>](#) of this Group Management Commentary.

## 2.1 Sustainability at the Nemetschek Group

### Approach to Sustainability

The Nemetschek Group places considerable importance on good corporate governance and social and environmental responsibility. The Group aims to increase efficiency and productivity across the entire value chain of the construction industry through its software solutions. These solutions cover the complete workflow in the life cycle of a construction or infrastructure project, from the first sketch to the construction and operation of the property. Architects, engineers of various disciplines, building contractors, property developers, property managers, and building managers can use the Nemetschek Group's software solutions to design, build, and manage properties digitally and efficiently throughout the building life cycle.

We focus on acting sustainably not only in the development of our software solutions, but also in relation to how we treat our employees and approach our role in society. For this reason, the Nemetschek Group has defined standards in its Code of Conduct for the way in which it conducts day-to-day business. The Code of Conduct is regularly reviewed to ensure it is current and revised accordingly. It was last updated in late 2021 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."*

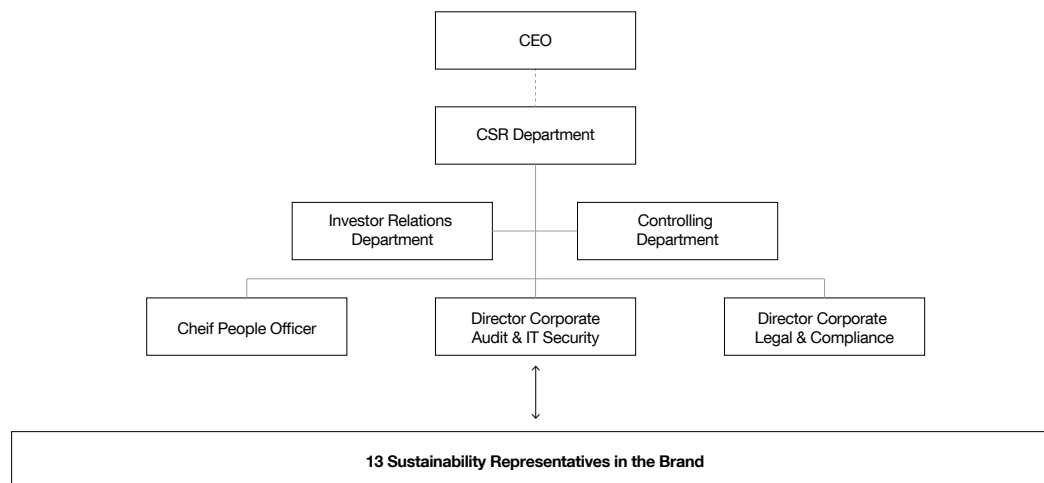
The Code of Conduct states that the Nemetschek Group does not tolerate any form of discrimination or harassment, nor corruption of any kind. Furthermore, each and every employee is required to use all resources sparingly and in an environmentally friendly manner in everyday working life. Employee responsibility also plays a significant role.

Beyond its own organization, the Nemetschek Group also has its suppliers commit to a "Supplier Code of Conduct" for suppliers and business partners, for example. This particular code of conduct provides guidelines that include the fundamental principles of the International Labour Organization (ILO), among other things. Further information on these two topics is provided in section [<< Integrity and Compliance >>](#).

### Sustainability Structures within the Company

There are standards applicable across the Group that provide the basis for sustainability-related activities. They cement sustainability as an integral part of all business practices of the Nemetschek Group. The Sustainability department and the cross-functional Core Sustainability Team identify sustainability-related topics and coordinate the implementation of the corresponding measures. The Sustainability department maintains close contact with the Executive Board in this regard. The Chief Executive Officer (CEO) has held responsibility for sustainability within the Executive Board since March 1, 2022, prior to this date, the Chief Financial & Operations Officer (CFFOO) was responsible. The CEO engages intensively with the Sustainability department about the progress on relevant activities within the company, usually once per quarter, and discusses the next steps to take. Furthermore, the Executive and Supervisory Boards are kept abreast of key developments within the Sustainability department with a written report every six months. The regular reporting to and dialog with Executive and Supervisory Board focuses in particular on the key topics identified through the Materiality Analysis, which is described below, and the development of these topics.

## SUSTAINABILITY STRUCTURES IN THE GROUP



Because the Nemetschek Group consists of 13 brands, many of the non-financial issues are also still managed by the brands independently. However, to coordinate the activities and align them across the company, the sustainability representatives at all brands have held discussions every six months on matters such as best practices, the ongoing development of the future sustainability strategy, and non-financial risk since 2021. The designated points of contact are the driving force for the relevant issues within their brand and are tasked with exchanging information with Nemetschek SE as well as with their colleagues at their brand and beyond.

### Material Risks

The Nemetschek Group examines not only the main risks for its business activities but also risks that could have a significant negative impact on the concerns defined for nonfinancial reporting (HGB section 315c in conjunction with Section 289c (3) Nos. 3 and 4). 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-mitigating measures.

Similarly, to the previous year, no material risks that would very likely have serious effects were identified for 2022 for the topics defined in the non-financial reporting. Consequently, there remained no risks for 2022 that, on a net basis, meet the materiality criteria under HGB Section 289c (3) Nos. 3 and 4. This risk assessment was coordinated with the sustainability representatives for the brands during the reporting period.

### Materiality Analysis

To align sustainability-related efforts with the interests of stakeholders, an extensive materiality analysis was carried out most recently in 2021. The Nemetschek Group has performed materiality analyses every other year since 2017. In the years between, including 2022, the detailed materiality analysis an assessment on major changes and validity of the defined material topics was made. The current assessment did not result in any adjustments to the defined material topics of the group. The materiality analysis is planned to be performed again for the 2023 fiscal year.

In the course of this materiality analysis, a variety of external frameworks such as the GRI Standards and various ESG and sustainability ratings were first used to assess how current and relevant selected topics were. Then, roughly 850 internal and external stakeholders were consulted to identify material topics and their relevance to the Group's business and to evaluate the impacts on the environment, employees, and society. Weighting the individual results ensured that the overall result was representative. The Core Sustainability Team concluded the process by discussing and validating the ranking of the issues at a final workshop. These results were presented to the Executive Board and subsequently reported to the Supervisory Board.

The following table shows the topics that were identified as material and their allocation to our overarching fields of action and concerns under the CSR-RUG.

**FIELDS OF ACTION AND MATERIAL TOPICS**

Field of Action ("concern" under CSR-RUG)	Material Topics at Nemetschek Group
<b>Employees &amp; 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 &amp; Climate</b> (Environment)	<ul style="list-style-type: none"> <li>» Environmental and social effects of products</li> </ul>
<b>Integrity &amp; Compliance</b> (Human Rights and Combating 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 employees. The Nemetschek Group believes that satisfied, 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 priorities and directions for HR work in the company. The most important goals remain the same, namely, to create the best possible environment, to attract the best talent to the company and retain it, to offer equal opportunities, and to treat everyone with the utmost respect and appreciation. However, this social responsibility is not limited to only the employees at the Group. It also applies to clients, partners, and society as a whole. The Nemetschek Group Code of Conduct states the importance of acting responsibly in relation to all our stakeholders.

**Management Approach – Employee Responsibility**

In addition to the Nemetschek Group Code of Conduct, the People Letter of Commitment defines basic standards and requirements for key issues affecting employees. They include core instruments for employee recruitment and development. Regular employee development conversations between employees and their manager as well as programs for supporting employee health are just two examples from these fields. The revision of the People Letter of Commitment in the 2021 fiscal year strengthens the focus on diversity and employee well-being.

To act quickly and agilely in the respective markets and regions, the individual brands manage their HR affairs independently. As a result, important areas such as gaining and retaining employees, education and training, employee health, and diversity and inclu-

sion are managed in a decentralized manner by the brands. Owing to in particular regional differences of the labor markets in which our brands are active, 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 govern additional topics.

The Human Resources department of Nemetschek SE supports and advises the HR departments of the individual brands in this respect. The Chief People Officer (CPO) is responsible for the Personnel department within Nemetschek SE and reports to the CEO. Furthermore, there is a reporting line between the CPO and the HR managers at the individual brands, ensuring regular and close communication on matters such as new projects and important Group-wide HR issues. Various expert and project committees are also convened as required to deal with specific topics. On top of that, the HR departments within the Nemetschek Group maintain close, cross-brand exchange on topics that are important for the present day and the future.

The Nemetschek Group's values are characterized by open and transparent communication. For instance, there are the Group-wide, virtual "NEMunplugged" employee events which were launched in the 2021 fiscal year. These quarterly events – now taking place in a hybrid format - introduced new members of the workforce's management and provided an overview of the current Group-wide activities and of the Group's strategic direction during the 2022 fiscal year, among other things. Moreover, the Executive Board sketches out the current development of the business and further data and facts on the Group and its segments on a regular basis.

**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. The shortage of skilled IT workers has been heightened by the Covid-19 pandemic and also affects enterprises like the Nemetschek Group. The AEC/O market and the media & entertainment industry are characterized by a high speed of innovation. When it comes to finding skilled and highly talented workers, the Nemetschek Group must compete with businesses of comparable structures and sizes as well as international corporations 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. An important goal of our human resources work is to develop our workforce size in such a way that the Group's targeted growth potential can be realized and is not limited by freight labor shortages. The Nemetschek Group uses the development of the number of its employees and staff turnover as an indicator of the success of its measures. It plans to also set targets for gaining and retaining employees in the medium term in connection with its ongoing development of sustainability-related activities. In particular, the methods used by the Nemetschek

Group's brands for actively finding employees include social-media platforms such as Xing and LinkedIn as well as recommendations from its own employees.

To retain skilled employees and managers in the long term, the Nemetschek Group keeps working on strengthening its appeal as an employer. Flexible working time models, which are laid down as a standard in the People Letter of Commitment, contribute to this, too. Some brands have also developed their own, additional rules in this area. On a general basis, all brands support remote working, for example, and equip their employees accordingly. The structure of the individual working time models depends on the business model of the respective brand.

In 2022, the number of employees in the Nemetschek Group increased by 268 or 8.4% compared with the previous year. As at December 31, 2022, the Nemetschek Group employed 3,448 people (previous year: 3,180). Employee turnover, which is defined as non-company-initiated employee departures in relation to the total headcount, was 9.09% in 2022 (2021: 9.42%; 2020: 7.46%; 2019: 7.79%).

### Education and Training

The Nemetschek Group relies on continuous training and further education. As a company that uses and drives forward digitalization, the Nemetschek Group also offers young people in particular good long-term prospects. Young talents can develop in the company and grow into management tasks. The overriding goal of our training and further education activities is to support our employees in technical and personality-building topics and thus to create the possibility that we develop experts and managers from the ranks of our junior staff. LinkedIn Learning was introduced at Group level in fiscal 2021, in which all brands can participate. In the reporting year, as in the previous year, almost 2,000 employees took advantage of the offer and selected their training individually. In addition to specialist training measures, topic-related Learning Challenges with different video content are also made available via the intranet every month. For example, in fiscal 2022, Learning Challenges on the topics of „Diversity, Equity, Inclusion & Belonging,“ „Managing one's own energy reserves in everyday working life,“ and „Environmental protection“ were offered and used by employees. In addition, leadership and expert training is also offered in the individual brand companies of the Nemetschek Group. This is intended to create the opportunity for employees to develop into managers on the one hand, but also to support and promote expert careers on the other.

Training needs and corresponding initiatives are analyzed and addressed within the respective brands. The People Letter of Commitment, which is mentioned above, describes the minimum requirements for professional development and further education. The individual requirements for professional development and further education are defined in annual development conversations between employees and their manager and then put into practice with targeted measures during the following year. Individual

development targets and possibilities as well as specific measures and goals are also discussed. These development conversations took place at all brands in 2022 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 safe work environment. This includes minimizing the risk of occupational accidents and work-related illnesses. The company continuously adapts the health-related measures and initiatives to the changing requirements of the working environment. Having a rapid, direct response to changing conditions is enormously important, especially in times shaped by the Covid-19 pandemic which challenged all businesses. Transparent and clear communication as well as a rapid response to fresh changes were also important for the protection of our employees during the pandemic in 2022, including in particularly impacted regions where employees had to be protected with mitigation measures.

In its "People Letter of Commitment", the Nemetschek Group defined minimum requirements for Group-wide workplace health initiatives for all brands. The implementation of the measures will continue to be managed in a decentralized manner. One aim of our health management is to give our employees the opportunity to participate in and promote health-related measures offered by the company. In the reporting year, 12 of the 13 brands (previous year: 9) offered to their employees health-related measures, such as preventive medical checkups and subsidies for fitness studios, particularly for prevention.

### Diversity and Inclusion,

Diversity is part of the corporate culture at the Nemetschek Group. The different cultures and distinct individuality are important drivers for the Group's innovation and should therefore be promoted in a targeted manner. The Diversity, Equity, Inclusion and Belonging (DEIB) working group devised guiding principles for the Group during the 2021 fiscal year and agreed it 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 provide our clients the best support for influencing the world by having a diverse culture. We aim to treat EVERYONE with respect and appreciation, regardless of their differences. Valuing diverse opinions and creating equal opportunities for all are of the utmost importance for us as an organization, and as individuals."*

The Supervisory Board decided to issue new targets in the 2021 fiscal year for the share of women on the Supervisory and Executive Boards. A 25% share of women was set for the Supervisory

Board and this target is intended to be reached by December 31, 2025. The share of women on the Supervisory Board was 33.3% on December 31, 2022 (December 31, 2021: 0%).

The Supervisory Board set a target 0% share of women for the Executive Board, which was intended to be reached by December 31, 2022. In setting a target for a period of only one year, the Supervisory Board wished to give the newly elected Supervisory Board in 2022 the possibility of freely deciding about a new share of women. As of December 31, 2022, the proportion of women on the Executive Board was 0% (December 31, 2021: 0%). As of January 1, 2023, the Supervisory Board appointed a female CFO to the four-member Executive Board. In fiscal year 2023, the Supervisory Board set a new target of 25% for the proportion of women on the Executive Board, to be achieved by December 31, 2025.

The Executive Board set a target during the 2021 fiscal year of a 28.6% share of women in the management tier directly beneath the Executive Board. This target is planned to be reached by December 31, 2025. The share of women was 28.6% on December 31, 2022 (December 31, 2021: 28.6%).

### Management Approach – Customers and Society

Every company bears social responsibility that extends beyond the mere purpose of its operating activities. Focusing purely on key financials can increase risk in the long term. We learned a lot from our response to the Covid-19 pandemic, amongst other things how important the importance of personal communication and contact with our customers is. Options for digital dialog had already been rolled out or expanded during the pandemic in the previous year and these communication channels remain valuable for day-to-day collaboration today.

To ensure that customers could continue to operate during the Covid-19 pandemic, the brands had already broadened their offering in 2020 and 2021 to include programs such as complimentary online training, free licenses, and other free-of-charge services.

Besides the various day-to-day challenges, the Nemetschek Group as a business partner attaches particular importance to long-term client relationships and deep cooperation in the higher-education sector. With this in mind, common goals and thematic focus points are coordinated at the level of Nemetschek SE. The individual brands take care of the implementation directly as they can act in a more targeted and flexible way locally.

### Customer Relationships

Satisfaction is an important factor for long-term customer relationships, which is why 12 of the 13 brands analyze information that provides insight into customer satisfaction. One overriding objective is to have a high level of transparency across all brands with regard to customer wishes and satisfaction and to continuously incorporate the findings into our go-to-market approach. At 9 (previous year: 6) of the brands, systematic targets are already

being set in this area. To be able to address specific customer needs in a targeted manner, the topic is currently managed on a decentralized basis. Most brands use defined key performance indicators to measure customer satisfaction. These include, for example, the „churn rate,“ the „Net Promoter Score,“ and the „Customer Satisfaction Score“ metric. For this purpose, the brands regularly conduct customer surveys, the results of which we incorporate into our go-to-market approach.

To achieve high client satisfaction right from the start, 12 of the 13 brands (previous year: 11) in the Nemetschek Group involve their clients in product development at an early stage. Measures designed to contribute to product quality and client satisfaction during the reporting period included joint development projects, client panels, user groups, and communities as well as product previews, beta testing, and workshops.

Consideration is being made about also carrying out client surveys at a Group level in the future due to the strong revenue growth in recent years and our efforts to further increase the benefits for clients from integration between the individual brands. Doing this should provide findings that further improve collaboration with clients.

### Partnerships with colleges of technology and universities

The Nemetschek Group has its roots in university contexts. Beyond that, the Nemetschek Group is also a pioneer of digitization in the construction industry. With this in mind, cooperation with educational institutions is particularly important to the Group. It aims to provide support with software solutions to all relevant institutions offering architecture and construction education in its core markets, such as Europe – focusing on German-speaking markets – and the US. In this context, talented young people are approached in a targeted manner at an early stage in order to plan, construct, and manage buildings and infrastructure projects sustainably. Almost all brands engage in networking activities for students and clients, e.g., through specially provided job platforms, various training formats, guest lectures, job fairs at universities, and cooperation with student associations and academic faculties.

### Environment and Climate

Sustainable business and healthy ecosystems are the basis of healthy living. The construction industry is one of the most resource-intensive sectors of the economy. The demand for housing is also continuously increasing. As a result, the construction industry is facing the challenge of using raw materials and energy more efficiently in order to plan, build, and manage buildings more sustainably.

As a partner of and provider of solutions to the AEC/O industry, the Nemetschek Group has a major responsibility toward the environment. Our greatest display of commitment to the environment is our offering of software solutions that improve efficient resource usage in the construction industry, help to use materials

more conservatively, and contribute to reducing the energy needed by buildings.

In addition, the low use of energy and the saving of emissions within the framework of our own value creation play an important role for the Nemetschek Group. We are currently working intensively on obtaining a precise overview of our own operational emissions in order to be able to set our own reduction targets based on this and thus make the Nemetschek Group even more environmentally friendly. In 2022, the Nemetschek Group recorded Scope 1 and Scope 2 emissions across the group for the first time for the reporting year and the year 2021. This data serves as the basis for setting a target, which is to take place in the fiscal year 2023. As part of the Sustainability Report for fiscal 2022, comprehensive reporting on this is provided in the [« Sustainability Report 2022 »](#). In the present non-financial Group statement, the Nemetschek Group focuses on the reporting of the significant topics which are reportable according to CSR-RUG.

### 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 during their activities and to consider environmental as well as economic aspects when selecting suppliers, advertising materials, and other external services.

An important 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 way that consumes less resources overall and improves sustainability. To this end, the management of the relevant aspects, such as research and development, is the responsibility of the individual brands. The market, our clients' requirements, and our competitors' range of products and services were studied as part of an extensive status quo analysis during the reporting period.

The Nemetschek Group published its new Group Environmental Guideline during the 2021 reporting period. It defines core obligations, including among other things requirements to adhere to all relevant laws and internal policies, integrate environmentally relevant processes into day-to-day operations, and encourage all employees to take responsibility for environmental protection and practice that actively in their workplace. Transparency and open communication with all stakeholders on environmentally relevant topics, for example, are just as much a part of this as a sense of responsibility in the selection of suppliers and the purchasing of products, materials and services. The guideline was drawn up by the sustainability department in consultation with the brands and relevant departments within the company and was agreed and approved by the entire Management Board. This Group Environmental Guideline was reviewed again in the reporting year.

### Environmental and Social Effects of Products

According to the Global Alliance for Building and Construction's Global Status Report 2022, in 2021, buildings were responsible

for 37% of energy-related CO<sub>2</sub> emissions. To achieve net zero emissions by 2050, emissions would have to fall by more than 98% compared to 2020 levels, according to the report. The environmental and social effects of the Nemetschek Group's solutions mainly relate to two areas: the specified benefits during the life cycle of a building and the incorporation of sustainability-related considerations into 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, reducing errors and the need for reconstruction.

The benefits during the life cycle of a building can be achieved using products and solutions offered in the three segments Design, Build, and Manage.

### Design Segment

Using the software developed by the Nemetschek Group, users can plan with greater foresight and precision and avoid reconstruction. What's more, buildings are optimized from as early as the planning stage. For example, using Vectorworks' solutions, the position of the sun and its angle of incidence can be simulated with digital solutions, making it possible to plan windows optimally. In addition, the improved planning offered by Allplan-brand software optimizes steel connections and reduces the consumption of connecting materials by 25%. Vectorworks' Embodied Carbon Calculator is a software solution that provides an integrated modeling and carbon assessment workflow that allows designers and architects to quickly measure the impact of their material and product choices on their project's carbon footprint. Vectorworks' Energos also allows architects to control their project's energy consumption during the design phase, meaning they can perform an initial energy analysis during the design phase without much extra work. Graphisoft's EcoDesigner STAR enables architects to design energy-efficient buildings by combining 3D models with climate data and operational profiles. This allows the energy performance of buildings to be evaluated under a wide range of conditions.

### Build Segment

Solutions from the Build segment enable savings to be made during the construction stage. For example, the Planbar planning tool from Allplan can help minimize material use in production and reduce scrap during the prefabrication of concrete construction. 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 plug-in for this purpose as well as solutions in cooperation with Built-Heat.

### Manage Segment

Around 80% of the costs of a building are incurred during the utilization phase. A large part of this expenditure is incurred through energy consumption. Spacewell Energy from the subsid-



ary Dexma provides data-driven „energy intelligence“ via a software-as-a-service (SaaS) solution. The solution reports energy consumption analyzes usage patterns as well as inefficiencies and detects anomalies in real time. With Spacewell Energy, organizations can automate energy data management to minimize energy consumption in their facilities. Integrated workplace management systems from Spacewell also enable optimal control of heating, ventilation, and lighting. They can also be used to efficiently plan and utilize existing office space by showing how much space is needed. In this way, resources can also be saved.

Furthermore, seamless virtual documentation enables simple and targeted modifications to the buildings, even years after their construction. At the moment, it is not generally known which materials were used when buildings are 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.

The Nemetschek Group's Sustainability Report presents further specific product solutions as well as concrete examples of implementation in our clients' projects, see [<< Sustainability Report 2022 >>](#).

### **Integrity and Compliance**

We firmly believe that corruption and bribery by market participants have negative impacts on the relevant markets and, ultimately, can result in negative developments in society. The Nemetschek Group is fully committed to fair competition and firmly rejects corruption and bribery. This is based on its conviction that long-term business success can be achieved only by acting in a legally compliant and responsible manner, and that these efforts will also have a positive payoff for our stakeholders' satisfaction. An open corporate culture and an established compliance management system (CMS) 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 compliance incidents comprehensively and systematically. 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.

### **Management Approach**

Compliance-related activities, which are based on a Group-wide risk analysis completed in 2022, are closely integrated with risk management and the internal control system. Corporate Legal &

Compliance controls compliance activities across the Group. The focus of these activities is on creating suitable structures and processes as well as on supporting the efficient realization of targeted, risk-based compliance measures (including the implementation of Group policies and processes, awareness-raising and communication initiatives, and training). Corporate Legal & Compliance 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 Nemetschek Group's Chief Financial and Operations Officer, who will be known as the Chief Financial Officer as of January 1, 2023.

The Corporate Audit department regularly performs internal audits to assess compliance with internal guidelines and legal requirements.

As an international organization, the Nemetschek Group has a corporate responsibility toward society and the environment. The commitment and key objective of the Nemetschek Group in Compliance 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.

Our employees are expected to treat each other and third parties fairly and respectfully. To this end, our existing Group-wide Code of Conduct was revised and expanded during the 2021 fiscal year, with the covered topics further refined. The areas addressed include human rights and the environment and climate, for example. 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 in the company. The Nemetschek Group is also active outside its own companies and is committed to combating modern slavery and human trafficking in its supply chains. Our statement for the UK Modern Slavery Act, most recently released for the 2022 fiscal year, discloses our initiatives on these topics and is available on the Group's website.

The Nemetschek Group's public 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 transparent and lawful execution of all transactions. The Nemetschek Group expects its suppliers and business partners to do the same. The Supplier Code of Conduct, which was rolled out Group-wide for this purpose in 2021, can also be viewed on the Group's website and is mandatory for our suppliers and business partners. The Nemetschek Group employs a risk-based approach for this. It provides for case-by-case integration of the Supplier Code of Conduct based on the potential risk exposure by applying special contractual and communicative measures (e.g., explanations and information by referring to the website and by using targeted, risk-based compliance clauses, etc.). 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 (ILO).

The compliance management system (CMS) forms the basis of the preventive compliance approach. The practical implementation of this system in the subsidiaries is carried out by the local executive bodies and the compliance representatives of the individual brands of the Nemetschek Group and by the Group-wide compliance network. Videoconferences were held in March, July, and October 2022 in this area, and provided the opportunity for participants to discuss and receive training on key compliance issues, in some cases related to current facts. Reports on potential compliance incidents are also prepared four times a year. The results in 2022 were consolidated for the Group and reviewed by Corporate Legal & Compliance before being reported directly to the CFOO of the Nemetschek Group. Ad hoc compliance reports are also prepared as required as part of an applied due diligence process. The Executive Board, Audit Committee, and Supervisory Board are updated about compliance-related issues at least four times per calendar year.

The basis of the preventive compliance approach also includes Group-wide regulations in the form of policies on various topics. For example, a Group policy on the topics of antitrust and anti-corruption law was developed, approved by the Executive Board, and published across the Group during the reporting period. There are also already Group policies on the topics of money laundering and the financing of terrorism, data protection, risk management, and internal control.

Corporate Legal & Compliance regularly develops dedicated compliance guidelines for further specific topics and communicates them Group-wide. An important goal is to provide our employees with up-to-date and comprehensible regulations and information on matters relevant to the company and also to offer appropriate training. In the last reporting period, such guidelines addressed, for example, the handling of potential conflicts of interest, export control and sanctions monitoring (sanction list checks), business partner compliance, local policy implementation, and the usage of tip-off systems. On a day-to-day basis, these policies and guidelines are complemented with additional, current Compliance Communication Papers which are distributed through the compliance network. They provide information about a variety of matters such as anticorruption, antitrust law, combating money laundering and the financing of terrorism, conflicts of interest, export control and sanction monitoring, whistleblowing, dawn raids and search warrants, and data protection.

To keep employees aware of the current compliance rules, regular employee information is required. Training courses and regular, individual refresher courses on compliance topics ensure that the relevant rules are an integral part of everyday working life. Furthermore, every new recruit is trained on compliance-related matters through an e-learning program on compliance and data protection during their onboarding. They are also taught about and made aware of the Nemetschek Group's stance on topics such as antitrust law, data protection, and anticorruption measures.

The Nemetschek Group is aware of its overall responsibility in the way its brands work together. 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 demands and promotes an open "speak-up" culture. It encourages its employees to report behavior that may violate its Code of Conduct and they can do this by contacting their superiors, the relevant HR manager, or Compliance directly.

Moreover, there is a digital, Group-wide tip-off system that can also be used anonymously if desired. The new digital system was launched across the Group in late 2021 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, tip-offs can be submitted digitally in German or English to the provider "LegalTegrity" using the whistleblowing tool or via telephone.

No substantial compliance violations were reported during the reporting period or the previous reporting period.

### **Fair Business Practices and Anti-corruption**

The Group-wide Code of Conduct incorporates considerations relating to fair business practices and anti-corruption extensively. 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 laws. 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 does 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. There were no incidents that would have necessitated steps of a disciplinary or legal nature during the 2022 fiscal year, as was the case the year before.

### Human Rights

Section 54 of the UK Modern Slavery Act 2015 requires certain global companies to disclose their efforts to combat modern slavery and human trafficking in their supply chains. The Nemetschek Group has again published a statement for 2022 which is intended to provide transparency about its supply chain. The same applies for the relevant business partners. This statement has been made in relation to the supply chains of the brands active in the UK: ALLPLAN GmbH, Bluebeam Inc., Graphisoft SE, Maxon Computer GmbH, and Vectorworks Inc.

The statement outlines the steps that were taken in 2022 to prevent modern slavery and human trafficking in business and supply chains. The Code of Conduct also lays out clear specifications for the upholding of all human rights and for compliance at business partners so that responsibility is taken consciously when choosing suppliers and business partners right from the initiation stage of a business relationship.

### Data Protection and Information Security

The Nemetschek Group is at the vanguard of the digital transformation of the AEC/O industry and covers the entire life cycles of construction and infrastructure projects. The software products are mainly installed in clients' IT systems; the risks in terms of data protection and information security are therefore considered to be limited. Nevertheless, the Nemetschek Group takes responsibility and is committed to handling the data of employees, clients, and partners with care across the Group. These employees, clients, and partners can rely on their data being secure at the Nemetschek Group and being processed in compliance with relevant regulations.

The Group follows a largely decentralized approach for this in accordance with its organizational structure. It allows for central guidelines, monitoring processes, and assistance but primarily allocates responsibility to the companies behind the brands. Maintaining data protection and information security is a task shared by all employees at the Nemetschek Group. To this end, all brands have committed to the Code of Conduct.

### Data Protection

A comprehensive, Group-wide set of regulations provides the basis for effective data protection. These regulations comprise the adoption of a comprehensive Group Data Protection Guideline in 2018, as well as further extensive tools which are available in German and English on the Group intranet and are updated as and when required. These regulations must be observed and adhered to by all brands in the Group. Regional obligations and regulations such as the European Union's General Data Protection Regulation (GDPR) must be complied with.

Adherence to the data protection requirements and processes is regularly checked by various parties, including Corporate Audit 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 are encouraged reporting any violations of data protection regulations or internal company policies. Any indication of possible violations of data protection regulations is taken seriously and followed up on as quickly as possible.

In addition, employees receive training and communication measures are carried out. 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. Furthermore, all employees – and not just those in Europe – are required to participate in data protection training at regular intervals of at least every two to three years and to provide documented evidence of this training. An e-learning course set up specifically to deal with the issue of data protection is offered across the Group in both German and English.

## Information Security

Data security is ensured in the Nemetschek Group by means of appropriate organizational and technical measures at the Group level and at the level of the 13 brands. The overarching security standards and measures are specified and monitored by Corporate Information Security. They are based on an information security management system that meets the recognized information security standards under ISO 27001.

These requirements are described in the Group-wide information security policy, which was newly introduced in 2022. It comprises guidelines for the organization of information security, for the integration of management, and for the necessary technical and organizational measures that serve the implementation and monitoring of information security. The scope of this information security policy, which is binding for all Group units, covers the protection of all IT systems, the data stored in them, and the security of our products. The measures related to this policy were adapted according to ISO 27001 to the current prevailing conditions and needs in 2022 as part of a “plan-do-check-act” cycle.

The outlined measures aim to prevent security incidents, detect them in their root stages, and ensure an appropriate response if they do occur. The measures are also reviewed at regular intervals by independent bodies as well as by Corporate Audit and Information Security.

The measures that are implemented in a decentralized manner by the brands are also complemented by regular information security measures that are controlled centrally by Corporate Information Security. They include, for example, awareness campaigns with phishing simulations and other technical and organizational security projects. Four campaigns were carried out during the reporting period. The Nemetschek Group additionally holds Group-wide cybersecurity insurance covering all companies in the Group for further protection against cyber risk.

## 2.3 EU Taxonomy

As of fiscal year 2021, companies required to prepare non-financial consolidated financial statements in accordance with Section 315b of the German Commercial Code (HGB) must comply with the requirements of the EU taxonomy, more specifically Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. The EU Taxonomy provides a single classification system for the environmental sustainability of economic activities. On the one hand, this is intended to make the sustainability activities of companies more comparable and, on the other, to achieve the implementation of the European Green Deal, i.e., climate neutrality by 2050.

### ENVIRONMENTAL GOALS OF THE EU

<b>1. Climate change mitigation</b>	<b>4. Transition to a circular economy</b>
<b>1. Climate change adaption</b>	<b>5. Pollution prevention and control</b>
<b>3. Sustainable use and protection of water and marine resources</b>	<b>6. Protection and restoration of biodiversity and ecosystems</b>

According to Article 8 of the EU Taxonomy Regulation, for the reporting year 2022, the share of revenues, capital expenditures, and operating expenditures related to taxonomy-eligible and taxonomy-compliant economic activities related to the first two environmental objectives of climate change mitigation and adaptation must be published.

### Process for surveying the taxonomy-eligible and taxonomy-compliant activities of the Nemetschek Group

In order to survey the taxonomy-eligible\* and taxonomy-compliant activities, a working group consisting of specialists and managers from the areas of finance, controlling, investor relations and the sustainability department was put together in the previous year. In addition, benchmarking was carried out with various market competitors.

To determine the taxonomy eligibility of the revenue, the individual revenue streams were first identified by segment, brand and product. Then, the relevant economic activities were identified based on Annex I and II of the delegated act on the two climate targets. These were first validated at the level of Nemetschek SE and then with the controlling of the operating units. Subsequently, the taxonomy eligibility of the capital and operating expenditures was analyzed. The analysis carried out in the previous year was checked for validity in the fiscal year 2022 and did not provide any new findings. To avoid double counting in the analysis, the allocation was always made to only one relevant economic activity.

The following key figures were determined on the basis of the process described and with reference to the basic figures in connection with the International Financial Reporting Standards (IFRS) applicable to the consolidated financial statements.

### In-depth analysis of revenues

The business model of the Nemetschek Group is to develop and sell software for the construction and media industries. Activities 8.2 (Data-based solutions to reduce greenhouse gas emissions) and 9.3 (Freelance services related to the energy performance of buildings) were identified as taxonomy-eligible with regard to the environmental goal of climate protection. The in-depth investigation revealed that these activities are considered immaterial (< 1%) due to the low volume of sales. There are no revenues that potentially have a material contribution to climate change adaptation.

Revenue in accordance with the EU taxonomy comprises the revenue reported in the consolidated statement of comprehensive income. In fiscal year 2022, these amounted to EUR 801.8 million and can be reconciled to our consolidated financial statements [« Consolidated financial statements \(IFRS\) - Statement of comprehensive income »](#). In order to determine the taxonomy-eligible or taxonomy-compliant portion of revenue, the revenue assessed as taxonomy-eligible is set in relation to the revenue of the Nemetschek Group.

As the Nemetschek Group does not have any taxonomy-compliant revenues, the following reporting focuses on the proportion of sustainable investments (CapEx) and operating expenses (OpEx) within the meaning of the EU taxonomy that can be allocated to the first environmental objective. There are no capital or operating expenditures that potentially have a significant contribution to cli-

mate change adaptation. Eligible capital and operating expenditures relate exclusively to purchased goods and services.

### In-depth examination of capital expenditures (CapEx).

In fiscal 2022, total capital expenditures were determined from additions to property, plant and equipment of EUR 14.0 million ([« Note 15 Property, plant and equipment »](#) in the notes to the consolidated financial statements), intangible assets of EUR 33.1 million ([« Note 16 Intangible assets and goodwill »](#) in the notes to the consolidated financial statements), and additions to rights of use of EUR 27.4 million ([« Note 17 Leasing »](#) in the notes to the consolidated financial statements). In total, the aforementioned investments amounted to EUR 74.5 million in the financial year 2022. To determine the taxonomy-eligible or taxonomy-compliant portion, the investments assessed as taxonomy-eligible or taxonomy-compliant are set in relation to the total investments determined.

The capital expenditure of the Nemetschek Group is of minor importance overall due to the business model. On the basis of the analysis carried out, no significant taxonomy-compliant investments were identified. Thus, the taxonomy-eligible capital expenditures in the fiscal year 2022 were EUR 0 million.

### In-depth analysis Operating expenses (OpEx).

Total OpEx consists of direct non-capitalized costs related to research and development, building renovations, short-term leases, maintenance, and repair. These include:

- » Research and development expenses recognized as an expense in the consolidated statement of income in the reporting period. In accordance with the consolidated financial statements (IAS 38.126), this includes all non-capitalized expenses directly attributable to research or development activities.
- » Maintenance and repair costs were determined on the basis of the maintenance and repair costs allocated to internal cost centers. The corresponding cost items can be found in the divisional costs of the income statement.

Based on the analysis performed, no significant taxonomy-eligible operating expenses were identified.

\* 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).

## Summary presentation of the taxonomy-eligible economic activities.

### SUMMARY PRESENTATION OF THE TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES.

	Revenue		CapEx		OpEx	
	In EUR million	in %	In EUR million	in %	In EUR million	in %
Nemetschek Group	801.8	100%	74.5	100%	183.6	100%
Of which taxonomy eligible business activities	0.0	0%	0.0	0%	0.0	0%

The current focus of the EU taxonomy is on carbon-intensive industries. The Nemetschek Group with its core business is therefore currently not affected by the EU taxonomy regulation.

Due to the upcoming expansion with the four further environmental targets, as well as possible expansion of the existing environmental targets with further activities, it cannot be ruled out that the business activities of the Nemetschek Group will be affected by the EU taxonomy regulation in the future.

### REPORTING SHEET: PROPORTION OF REVENUES FROM GOODS OR SERVICES RELATED TO TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022

Business activities	Code(s)	Revenues (absolute) (EUR million)	Share (of total revenues) (%)	Criteria for a substantial contribution					
				Climate change mitigation (%)	Climate change adaption (%)	The sustainable use and protection of water and marine resources (%)	The transition to a circular economy (%)	Pollution prevention and control (%)	The protection and restoration of biodiversity and ecosystems (%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Taxonomy-compliant activities (taxonomy-compliant)</b>									
		-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)</b>									
		-	-						
<b>Revenues of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-compliant activities)</b>									
		-	-						
<b>Total (A.1 + A.2)</b>									
		-	-						
<b>B. NON-TAXONOMY ACTIVITIES</b>									
<b>Revenues of non-taxonomy activities (B)</b>									
		801.8	100%						
<b>Total (A + B)</b>									
		801.8	100%						



**REPORTING SHEET: PROPORTION OF CAPEX FROM GOODS OR SERVICES  
RELATED TO TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022**

Business activities	Code(s)	CapEx (absolute) (EUR million)	Share (of total CapEx) (%)	Criteria for a substantial contribution					
				Climate change mitigation (%)	Climate change adaption (%)	The sustaina- ble use and protection of water and ma- rine resources (%)	The transition to a circular economy (%)	Pollution prevention and control (%)	The pro- tection and restoration of biodiversity and ecosys- tems (%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Taxonomy-compliant activities (taxonomy-compliant)</b>		-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>Total (A.1 + A.2)</b>		-	-						
<b>B. NON-TAXONOMY ACTIVITIES</b>									
<b>CapEx of non-taxonomy activities (B)</b>		74.5	100%						
<b>Total (A + B)</b>		74.5	100%						





**REPORTING SHEET: PROPORTION OF OPEX FROM GOODS OR SERVICES  
RELATED TO TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022**

Business activities	Code(s)	OpEx (absolute) (EUR million)	Share (of total OpEx) (%)	Criteria for a substantial contribution					
				Climate change mitigation (%)	Climate change adaption (%)	The sustaina- ble use and protection of water and ma- rine resources (%)	The transition to a circular economy (%)	Pollution prevention and control (%)	The pro- tection and restoration of biodiversity and ecosys- tems (%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Taxonomy-compliant activities (taxonomy-compliant)</b>		-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>OpEx of taxonomy-eligible but not environmentally sustainable activities (non taxonomy-com- pliant activities)</b>		-	-						
<b>Total (A.1 + A.2)</b>		-	-						
<b>B. NON-TAXONOMY ACTIVITIES</b>									
<b>OpEx of non-taxonomy activities (B)</b>		<b>183.6</b>	<b>100%</b>						
<b>Total (A + B)</b>		<b>183.6</b>	<b>100%</b>						



## 3 Economic Report

### 3.1 Macroeconomic and Industry-Specific Conditions

#### General Economic Conditions

##### Global economy

Since the beginning of 2022, the global economy has cooled off significantly and growth momentum has slowed considerably, compared to 2021. In addition to the sharp rise in worldwide central bank rates due to inflation, this development can be attributed to two main crises. To a lesser extent, to the ongoing Covid-19 pandemic and, more specifically, to the Russian war of aggression against Ukraine.

The Covid-19 pandemic and, in particular, the varied and sometimes very restrictive handling of the pandemic by individual governments led to regional production outages, most noticeably in spring 2022, which put a strain on international supply chains and, collectively, led to a dampening of the economy. In addition, the Russian war of aggression had an impact on global economic development that led to major economic uncertainties – in particular, in Europe and Germany. The sanctions imposed on Russia, combined with the restriction and/or suspension of promised energy and raw material supplies, led to a significant increase in the price of energy and raw materials and a sharp rise in inflation overall. As a result of high inflation rates, many central banks raised their base rates. These mechanisms led to buying resistance and a plunge in capital expenditure on the part of both private households and companies alike, thereby damping down demand. This is also a result of the slight easing of supply bottlenecks in some affected industries.

Based on its Annual Report 22/23 published on November 9, 2022, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 2.8% in 2022 and thus develop significantly less dynamically than forecast in the Annual Report 21/22. In November 2021, the German Council of Economic Experts announced an increase of 4.4% for 2022. The International Monetary Fund (IMF) forecast growth of 3.4% for 2022 in its World Economic Outlook Update published on January 31, 2023. In January 2022, the IMF also assumed an increase of 4.4% in 2022 in its World Economic Outlook Update.

The German Council of Economic Experts (Annual Report 22/23) and the IMF (World Economic Outlook) also assume that growth momentum will decline in almost all major economies in 2022. This trend is expected to apply to both the emerging markets and the advanced economies.

##### Eurozone

The economic outlook for the Eurozone deteriorated significantly over the course of the year. In the first half of 2022, the economic growth trend was still pointing upwards in many Member States. However, in the summer the economic outlook then turned considerably gloomier. The previously described effects of the Russian war of aggression on Ukraine, the loss of purchasing power as a result of the sharp rise in inflation rates and the significantly higher base rates as a countermeasure had a severe impact on Eurozone countries. In this context, rising energy prices, caused by the grave reduction in Russia's promised supply volumes, play a significant role. The consequences of the ongoing Covid-19 pandemic also had an impact on the Eurozone economy. Following the lifting of social restrictions in many European countries, there were catch-up effects in private consumption in some sectors, such as tourism. Meanwhile, manufacturing, in particular, continued to struggle with supply bottlenecks and disrupted supply chains. However, these areas eased during the second half of the year.

The labor market in the Eurozone continues to be robust. At 6.1%, the seasonally-adjusted January 2023 unemployment rate in the Eurozone was slightly below that of the previous month at 6.3%. It was also significantly below the Covid-19 pre-crisis level of 7.4% in February 2020. The figures for each member state vary greatly, from 3.0% in Malta to 13.0% in Spain. The sharply increasing and long-term shortage of skilled labor in some sectors, including the software industry, is becoming increasingly important and may have a restrictive effect on growth in some sectors of the economy.

Overall, in its Annual Report 22/23, published on November 9, 2022, the German Council of Economic Experts assumed economic growth of 3.3% for 2022. In its World Economic Outlook Update published on January 31, 2023, the IMF forecast growth of 3.5% for 2022. For Germany, the German Council of Economic Experts promised growth of 1.8% for 2022; and in January 2023, the IMF forecast growth of 1.9%.

##### USA

Following the economic recovery in 2021, the US economy cooled off again in the first half of 2022. The considerable reduction of inventories and low capital investments by companies had a particularly negative impact on economic output. On the other hand, exports and services had a supportive effect on economic growth, specifically in the second quarter of 2022. The US economy was additionally characterized by high inflation and corresponding monetary policy reactions in 2022.

Overall, in its Annual Report 22/23, the German Council of Economic Experts assumed economic growth of 1.9% for 2022. In its World Economic Outlook Update published on January 31, 2023, the IMF forecast growth of 2.0% for the same period.

### Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. Here, the effects of the Covid-19 pandemic were still being felt more strongly in 2022 than in many other advanced economies. In 2022, the containment measures put in place to counteract the two waves of rising coronavirus infections had a negative impact on economic output. Japan is also affected by relatively strong consumer price inflation. In August 2022, according to the German Council of Economic Experts, it reached its highest level in 30 years, with an increase of 3.0% compared to the same month of the previous year. The weak global economy is also burdening Japan's export-oriented economy and is expected to slow the recovery.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 3.4% in 2022, and Japan's gross domestic product to grow by 1.5%. The IMF anticipated growth of 1.4% for Japan in 2022.

### Emerging Markets

In its Annual Report 22/23, the German Council of Economic Experts assumes economic growth of 3.3% in the group of emerging markets for 2022. The IMF forecasts growth of 3.9% in its World Economic Outlook Update for 2022.

Growth among the group of developing economies shows regional differences. The IMF expects the group of Asian emerging markets to grow by 4.3% in 2022. Growth stood at 7.4% in 2021. The decline is also due, among other things, to the ongoing Covid-19 pandemic, the real-estate crisis in China and the slowdown in export growth as a result of the global economic trend. According to the IMF, the group of European emerging markets is expected to grow by only 0.7% in 2022. This development is strongly influenced by the decline in Russian economic output, which, according to the IMF, is expected to shrink by 2.2% in 2022. According to the IMF, Latin American emerging markets are expected to grow by 3.9% in 2022. Here, the high prices of raw materials are currently having a stabilizing effect. Due to high export prices for regional oil exporters, economic output in the Middle East and Central Asia is expected to increase by 5.3%. In the African developing countries, the IMF expects economic growth of 3.8% for 2022.

Sources: German Council of Economic Experts, Annual Report 22/23 dated November 9, 2022 and the International Monetary Fund's World Economic Outlook Update, dated January 31, 2023.

## Development of the Construction Industry

### Europe

With around 50% of revenue, the European construction industry continues to be the most important sales market for the Nemetschek Group. After the construction industry recorded record growth in investment in 2021 (+6%, inflation-adjusted), driven by catch-up effects caused by the global Covid-19 pandemic and historically low interest rates, inflation-adjusted growth in 2022 was halved to 3%, according to current estimates (as of November 2022). The causes of this development were, in particular, the sharp rise in interest rates due to high inflation and the effects of Russia's war of aggression against Ukraine.

When we look at the causes of inflation-adjusted growth, it is clear that the slowdown will continue across all market segments, i.e. residential construction (+4.6% vs. 7.6% in 2021), commercial construction (3.4% vs. 1.9% in 2021) and civil engineering (+5.8% vs. 0.6% in 2021). In terms of building construction as a whole, the renovation market (+4.5%) is currently more resilient than the new construction market (+2.6%).

Development among the individual European markets differed considerably in 2022. Italy (+12.1%), Ireland (+9.0%) and Belgium (+4.5%) recorded the strongest growth in 2022. In contrast, Portugal (-2.5%), Switzerland (-1.8%) and the German market, which is important for the Nemetschek Group (-0.5%), recorded the weakest development.

Due to the ongoing problems of the war in Ukraine, rising interest rates and the dampened economic outlook, only stable development is expected for 2023 (+0.2%).

### North America

The US market is one of the most important sales markets for the Nemetschek Group. The construction industry in the **US** was significantly more resilient than the European construction market and was able to continue its growth momentum in 2022 (as of October 2022), with an increase of 8%, compared with the same increase (8%) in 2021. The residential sector was a key driver (+13%), particularly apartment buildings (+25%) and renovations (+14%). Compared with the previous year (-6%), growth accelerated at +3% in the non-residential building sector. However, the various areas of this market segment developed very differently. While the construction of production facilities (+18%) and commercial construction (+11%) increased sharply, construction of lodgings declined by -7%. The USD 550 billion infrastructure package adopted in November 2021 is still expected to boost infrastructure construction in the US in the coming years.

While the construction industry in **Canada** continued to record very strong growth of 16% in 2021, development weakened to

+4%, according to preliminary estimates. Residential construction was the main reason for a slowdown in growth, at only +2% compared to 28% in the previous year. Within residential construction, both houses (-2%) and apartments (-4%) recorded declining developments while renovations rose by +7%.

### Asia/Pacific

Development of the different construction industries in the Asia/Pacific region varied greatly. While, according to recent estimates, the markets in Singapore (+13%) and China (+8%) recorded strong growth, the construction sectors in Japan (+0.3%) and Australia (+0.2%) grew only marginally.

Sources: 94th EUROCONSTRUCT Summary Report, Winter 2022 (November 2022); 2022 North American Engineering and Construction Outlook, Fourth Quarter Edition (September 2022), Building, Real Estate, Construction and Housing, Department of Statistics Singapore, Construction Work Done, Australia (Preliminary), Australian Bureau of Statistics.

### Development of the Media and Entertainment Industry

In contrast to the construction industry, the end markets of the Media segment showed higher and more resilient growth momentum in 2022. This was also reflected in the segment's growth, which is significantly above the Group average.

One reason for the greater resilience of this business area is the broad base of different sub-markets and customer groups that the Group brand Maxon addresses with its innovative solution portfolio. For example, Maxon's professional solutions for the production of 2D and 3D digital content are used for the creation and rendering of visual effects in movies, TV shows and commercials, as well as for applications in the gaming industry and in the fields of medical illustration, virtual reality (VR), augmented reality (AR) and architectural and industrial design.

The majority of these markets benefit from strong structural growth drivers. This allows them to continue to grow, strongly in some cases, even in the event of a weakening of the global economy, as seen in the second half of 2022. For example, revenues from the virtual reality market rose by 36.6% to approx. USD 2.6 billion in 2022. An average annual growth rate of 24.1% is also expected for the years up to 2026. The broader 3D animation market, which stood at USD 18.4 billion in 2021, is expected to increase further to USD 40.0 billion by 2028, an average annual growth rate of almost 12%.

Sources: Research & Markets: Global 3D Animation Market (June 2021), PwC Global AR and VR market (2022).

## 3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance

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

2022 was characterized by geopolitical crises, high inflation, rising interest rates and the resulting macroeconomic challenges. The consequences of the Russian war of aggression on Ukraine and the ongoing Covid-19 pandemic had an impact on global economic development, most notably in the second half of 2022. Nevertheless, the Nemetschek Group was able to develop well in this very demanding environment.

Revenue generated in the 2022 financial year increased by 17.7% (adjusted for foreign currencies: 12.1%) to EUR 801.8 million (previous year: EUR 681.5 million). In the previous year, revenue growth was 14.2% (adjusted for foreign currencies: 15.6%). EBITDA increased to EUR 257.0 million (previous year: EUR 222.0 million), so that the EBITDA margin remained high at 32.0% (previous year: 32.6%).

In 2022, the Nemetschek Group implemented an Annual Recurring Revenue (ARR) indicator in order to present the future growth momentum and success of the ongoing business transitions to subscription-based and SaaS models, and thus also all the recurring revenues, more transparently. ARR increased to €581.7 million (previous year: €456.5 million). ARR growth stood at 27.4% (currency-adjusted: 22.0%) – significantly above the revenue growth for the Group as a whole (currency-adjusted: 12.1%). This represents a strong indication for continued high growth potential over the next 12 months.

The revenue growth in the 2022 financial year was almost exclusively based on organic growth. The acquisition-related revenue stream due to the takeover of the business operations of Pixologic Inc. and its consolidation as at January 1, 2022 was not significant in the 2022 financial year.

The M&A activities implemented in the 2022 financial year [<< Acquisitions/Divestments >>](#) had only a very small impact on the growth momentum of the Group.

The Group's goals for currency-adjusted sales growth and EBITDA margin, communicated in March 2022, which included the Covid-19 uncertainties and the start of the switch to the subscription and SaaS models of the subsidiary Bluebeam, could be fully achieved despite the slowdown of the macro-economic framework in the second half of the year. As a result, the Nemetschek Group continued on its profitable growth path despite the challenging environment [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

The Russian war of aggression on Ukraine shocked and concerned the management and employees of the Nemetschek Group. Immediately after the outbreak of the war, measures were taken to protect and care for the affected employees and also to support aid operations for the Ukrainian people. Furthermore, the Nemetschek Group sees the economic sanctions against Russia as an important instrument for restoring peace and has therefore decided to suspend new business in Russia and all business with sanctioned persons, organizations or regions until further notice. The revenue share from Russia is marginal. In the previous year, the share of business in Russia amounted to around 0.5% of Group revenues and was significantly reduced in 2022, after new business in Russia was discontinued immediately after the start of the war in March. The war in Ukraine also affects the development work of Group companies that use research and development facilities in the country, the work of which is impaired as a result. Overall, however, these immediate effects on the business performance of the Nemetschek Group in the 2022 financial year were not significant.

In addition to the immediate effects on the Nemetschek Group, the Russian war of aggression also influenced the global economy << [3.1 Macroeconomic and Industry-Specific Conditions](#) >>.

In financial year 2022, the Covid-19 pandemic had only a small impact on business operations and development. The general business operation has largely normalized over the course of the year, so physical trade fairs were held again, and the Nemetschek Group was present.

Overall, the business model, which features a broad solution portfolio, strong regional diversification in multiple customer segments and a rising proportion of recurring revenues, proved to be very resistant during the current crises. In addition to actively dealing with the two prevailing global crises, the Nemetschek Group continued to drive forward the strategic initiatives launched in the 2022 financial year to reach key milestones. The focus of the work was on increased internationalization, the expansion of subscription and SaaS, the continuous development of solutions and the acquisition of new customers. The new “Start-ups and Venture Investments” strategic initiative, introduced in the previous year at holding company level, strengthens the growth focus of the Nemetschek Group on new technologies and investments in young companies << [1.2 Targets and Strategy](#) >>.

## Acquisitions/Divestments

### Holding Company Level

The strategic objective of increasing participation in start-up companies and thereby speeding up our own innovative capabilities was successfully continued in the financial year 2022. The Nemetschek Group took a share in a company from the British start-up scene for the first time in the course of the past financial year. The investment in SymTerra, a digital platform for construction site communication, supports the strategic thrust of digitalization and efficiency in the construction industry.

### Segment Level

With the purchase agreement concluded on December 20, 2022 with AV-Tech Group, Graphisoft SE, a Nemetschek Group subsidiary headquartered in Budapest (Hungary), acquired its distributor, Abvent. Abvent has been an important distributor of Graphisoft in France and French-speaking Switzerland for many years. The acquisition will strengthen the Design segment's presence in two of the most important markets in the AEC/O sector in Europe, thus further expanding its market and sales expertise. The subsidiary Frilo Software GmbH, which also belongs to the Design segment, was strengthened in the 2022 financial year by the acquisition of DC-Software Doster & Christmann GmbH. With the acquisition, which was successfully completed on April 1, 2022, Frilo expands its product portfolio in the field of foundation engineering and further strengthens its position as a provider of structural design programs.

Both of these acquisitions in the Design segment had no material impact on revenue and income development in 2022.

Details of these 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 2022 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 AEC/O industry or with scientific institutions. These cooperations and partnerships exist both within the Group among the brand companies and between brand companies and external parties. In the 2022 financial year, the partnership with the Technical University of Munich (TUM), which was formed in the previous year in connection with the funding of the TUM Venture Labs Built Environment, was further extended, as were activities in the Madastar Kennedy Network, which also began in the previous year.

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

#### Results of Operations

##### Revenue Development

In the 2022 financial year, Group revenues increased significantly by 17.7% (previous year: 14.2%) to EUR 801.8 million (previous year: EUR 681.5 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would have been as high as 12.1% (previous year: 15.6%). The 2022 financial year was therefore influenced by positive currency effects, in particular the US dollar. The ARR (annual recurring revenue) key indicator introduced in the course of the 2022 financial year [« 1.3 Corporate Management »](#) also developed very positively. In the 2022 financial year, ARR rose by 27.4% (currency-adjusted: 22.0%) to €581.7 million (previous year: €456.5 million) and thus showed significantly higher growth momentum than total revenues.

The currency-adjusted revenue growth achieved was therefore slightly above the forecast range communicated in March 2022. [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

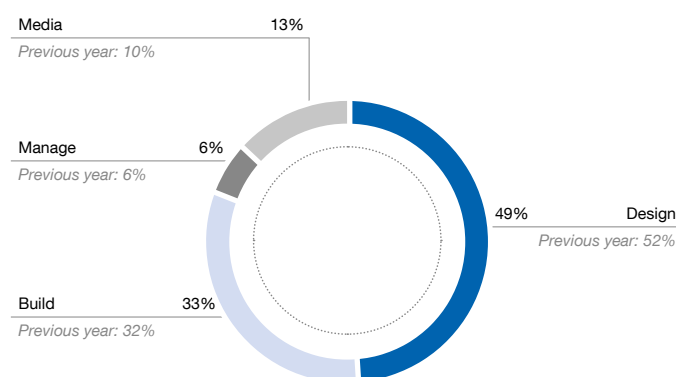
In an economically uncertain environment, the Nemetschek Group saw year-on-year growth during all four quarters and therefore continues its sustainable growth path. Particularly in the first half of the year, revenue developed above average with nominal growth of over 20%, which was partially supported by positive currency effects relating to the declining effects of the Covid-19 pandemic. In the second half of the year, growth slowed at Group level, in particular due to the switch to subscription and SaaS models initiated by the US subsidiary Bluebeam, as well as a slowdown in the economy as a whole, especially in the markets in Germany and Europe, which are significant for the American subsidiary Bluebeam.

#### DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
<b>Total year</b>	<b>801.8</b>	<b>681.5</b>	<b>17.7%</b>	<b>12.1%</b>
Q1	192.2	158.4	21.3%	17.5%
Q2	203.8	165.9	22.9%	16.4%
Q3	202.8	169.3	19.8%	11.8%
Q4	203.0	187.9	8.0%	3.9%

The growth of the Nemetschek Group was primarily driven by the Media and Build segments, which grew disproportionately to Group revenues. From a regional perspective, the Americas region contributed significantly to this disproportionate growth, while growth momentum in Germany and parts of Europe was slowed primarily by the macroeconomic effects of the Russian war of aggression on Ukraine. The favorable development of recurring revenues in the 2022 financial year was very positive. The transformation of the business model away from the classic license business and towards a model with high recurring revenues, in particular through the introduction of rental models, was successfully pursued in 2022. This transformation will enable us to generate significantly higher revenues over the customer's lifetime in the future. At the same time, these revenue streams are more resilient and more predictable. In the short term, however, the switch to rental models has a temporary dampening effect on revenue growth due to accounting effects.

#### Revenues by Segment





The distribution of revenues by segment changed only slightly in the 2022 financial year, compared with the previous year.

The Design segment, of which the business focus is on Europe, still has the highest revenues. However, the share of total revenues fell to 49% (previous year: 52%) in the 2022 financial year.

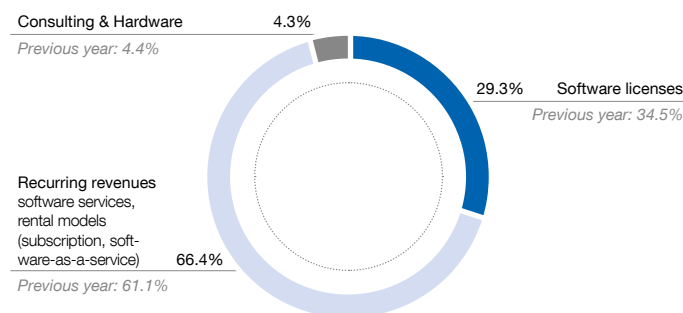
The Build segment achieved a 33% revenue share in the 2022 financial year, which is a slight increase in the 32% share of the previous year.

At just under 6% of total revenues, the revenue share of the Manage segment remained at the level of the previous year (6%).

The Media segment also achieved the highest growth rates throughout the Group in the 2022 financial year, thus expanding its revenue share to 13% (previous year: 10%).

The [« Segment Developments »](#) section provides a detailed explanation of the revenue and earnings development of each 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, such as subscription and SaaS; 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 2022 financial year, the Nemetschek Group’s **recurring revenues from service contracts and rental models** rose by 27.8% (currency-adjusted: 21.7%) to EUR 532.6 million (previous year: EUR 416.7 million). As a result, the growth momentum of recurring revenues increased significantly compared to the previous year 16.1% or 17.5% adjusted for currency effects).

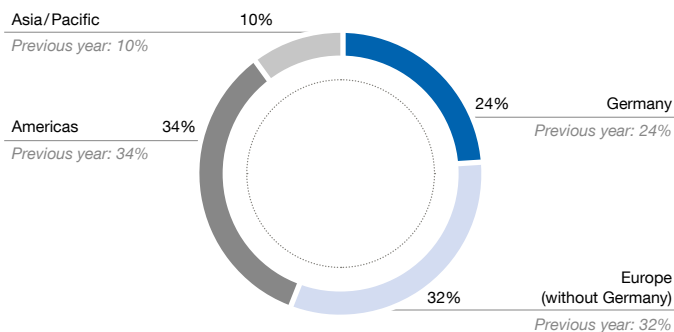
The growth rate of recurring revenues was also significantly above the growth of Nemetschek Group at 17.7% (currency-adjusted: 12.1%), which increased the share of total revenues to 66.4% (previous year: 61.1%). In the financial year 2022, around two thirds of Group revenues were therefore based on recurring revenues. The ARR (annual recurring revenue) indicator, which was introduced in the third quarter of the 2022 financial year, increased in the financial year 2022 by 27.4% (currency-adjusted: 22.0%) to EUR 581.7 million (previous year: €456.5 million) and reflects the sustainable implementation of the strategic transformation of the business model to rental models. A higher proportion of plannable and recurring revenues increases the Nemetschek Group’s resilience, including in times of crisis.

Revenues from **rental models (subscription and SaaS)**, which is attributed to recurring revenues, also increased by 54.7% (currency-adjusted: 46.8%) to EUR 204.2 million (previous year: EUR 132.0 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 Media and Build segments made the most significant contribution to the positive development.

The rental models’ share of total revenues rose substantially again from 19.4% to 25.5% in the 2022 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 15.3% (currency-adjusted: 10.1%) from EUR 284.8 million to EUR 328.4 million in the 2022 financial year.

At EUR 235.0 million, revenues from **software licenses** remained at the level of the previous year EUR 234.8 million). Growth therefore stood at 0.1% (currency-adjusted: -5.3%). The share of total revenues attributable to software licenses fell accordingly and in line with strategy from 34.5% in the previous year to 29.3% in the 2022 financial year. This trend is in line with management expectations on account of consistent implementation of the long-term strategy of increasing the share of recurring revenues. In the previous year, revenues generated through software licenses increased by a further 11.8% (currency-adjusted: 13.4%).

## 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. Internationalization has also progressed in financial year 2022.

Overall, **foreign revenues** increased significantly more strongly in the financial year 2022 than revenues in Germany. Revenues generated in Germany rose by around 4,0% in 2022, while foreign revenues climbed by almost 21,9%. As a result, the proportion of revenues generated abroad increased to 79% (previous year: 76%).

In the 2022 financial year, the focus regions of North America and Asia/Pacific, but also Europe (excluding Germany) made a double-digit contribution to the Nemetschek Group's revenue growth. In Europe, and in Germany in particular, the current geopolitical challenges and their impact on the macroeconomic framework led to a slowdown in growth momentum, which particularly influenced development in the second half of the year.

**Europe** has been severely affected by the effects of the Covid-19 pandemic in recent years and was also most influenced in the

2022 financial year by the macroeconomic consequences of the current geopolitical challenges. After growing by around 15% in the previous year, growth slowed to around 12% in the 2022 financial year. As a result of the slightly below-average growth, Europe's share (excluding Germany) in total revenues fell to around 31% (previous year: 32%).

In contrast, the **Americas region** was able to significantly increase its growth momentum again in the 2022 financial year and grew at around 32% year-on-year, where revenue growth stood at around 16%. This disproportionate increase in revenue led to a further increase in the revenue share to almost 39% in the 2022 financial year (previous year: 34%). This means that the Americas region continues to be the Group's strongest individual region in terms of sales.

The **Asia/Pacific** region continued its growth trend and generated an increase in revenues of around 17% (previous year: 15%) in the 2022 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. 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. In the 2022 financial year, due to the strategic reorganization, there were shifts in the brands between the Design and Build segments [<< 1.1 Group Business Model >>](#). In order to present the development of the segments transparently, the previous year's figures for the two affected segments were adjusted and thus made comparable.

### Design Segment

In EUR million	FY 2022	FY 2021 <sup>1)</sup>	Δ nominal	Δ currency-adjusted
Revenue	391.6	357.4	9.6%	6.0%
EBITDA	126.9	120.5	5.3%	1.9%
EBITDA margin	32.4%	33.7%	-1,3pp	-1,3pp

<sup>1)</sup> Due to the strategic reorganization of the brands between the Design and Build segments, the prior-year figures have been adjusted and made comparable to the current segment structure. Prior-year figures before adjustment: sales: EUR 351.8 million, EBITDA: EUR 118.9 million, EBITDA margin: 33.8%.

In the **Design segment**, of which the regional focus is on Europe, revenues of EUR 391.6 million (previous year: EUR 357.4 million) were achieved in the 2022 financial year. This allowed the segment to grow at 9.6% (currency-adjusted: 6.0%). However, the pace of growth slowed compared to the previous year, when the growth rate was 11.7% (currency-adjusted: 12.7%). While revenue development in the previous year was also characterized by catch-up effects from the reluctance to invest caused by the Covid-19 pandemic, growth slowed in the 2022 financial year. This is also due to the macroeconomic impact of the Russian war of aggression on Ukraine, which are particularly noticeable in the Europe region. In addition, the sharp rise in interest rates in the Eurozone had a dampening effect on new construction activity in the private and commercial construction sectors. In the Americas region, the Design segment recorded significantly disproportion-

ate growth compared to the Europe region. Growth in the Asia/Pacific region matched that of the segment.

EBITDA for the segment increased from EUR 120.5 million in the previous year to EUR 126.9 million, which corresponds to a nominal increase in earnings of 5.3%. When adjusted for currency effects and thus comparable to the previous year, the increase would have been 1.9%. The below-average growth in EBITDA compared to revenue growth led to a slight decrease in the EBITDA margin from 33.7% in the 2021 financial year to 32.4% in the 2022 financial year. This decline is mainly based on the significant increase in subscription revenues and the associated margin effect at the time of the changeover. In addition, personnel costs also increased due to new hires and wage inflation.

## Build Segment

In EUR million	FY 2022	FY 2021 <sup>1)</sup>	Δ nominal	Δ currency-adjusted
Revenue	268.3	216.2	24.1%	14.6%
EBITDA	103.2	89.3	15.6%	6.1%
EBITDA margin	38.5%	41.3%	-2,8pp	-3,1pp

<sup>1)</sup> Due to the strategic reorganization of the brands between the Design and Build segments, the prior-year figures have been adjusted and made comparable to the current segment structure. Prior-year figures before adjustment: sales: EUR 221.8 million, EBITDA: EUR 91.8 million, EBITDA margin: 41.4%.

The **Build segment**, which primarily addresses construction companies in the US and in German-speaking countries, was able to continue its encouraging levels of organic growth in 2022, thereby significantly increasing its growth momentum once again. In the 2022 financial year, revenues rose to EUR 268.3 million (previous year: EUR 216.2 million). Growth was 24.1%. When adjusted for currency effects arising in the financial year, growth would have been 14.6%. The significant currency influence is mainly due to the segment's strong presence in the US and the development of the US dollar in the past financial year.

In principle, the Nemetschek Group benefits in the Build segment from a continued low level of digitalization in the construction sector and a correspondingly good demand, especially in the Americas region. In terms of growth, the segment benefited from digitalization in the construction sector, which gained considerable momentum in the 2021 and 2022 financial years, also due to the Covid-19 pandemic. The US brand Bluebeam – which is still the brand with the highest sales within the Nemetschek Group – was also an important driver of revenue growth in the Build segment in

the 2022 financial year with its innovative technology solutions for the construction industry. In addition to very encouraging and above-average growth in the USA, the Europe and Asia/Pacific regions also continued on their growth path in the 2022 financial year. However, this very high growth momentum slowed slightly in the second half of 2022 due to the start of the switch to Bluebeam subscription and SaaS models and the associated short-term accounting effects.

EBITDA rose at a slightly lower rate than revenues this year. With an upturn of 15.6% (adjusted for currency effects: 6.1%), EBITDA rose to EUR 103.2 million (previous year: EUR 89.3 million), corresponding to an EBITDA margin of 38.5% (previous year: 41.3%). The decline in margin is particularly influenced by the scheduled push for the switch to subscriptions and SaaS and the associated changeover effect. In addition, higher expenses in the Build segment as part of personnel increases and in connection with the implementation of the go-to-market approach (e-commerce, for example) also had an impact on the margin.

## Manage Segment

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
Revenue	46.7	43.7	6.8%	7.1%
EBITDA	3.8	4.1	-5.6%	6.3%
EBITDA margin	8.2%	9.3%	-1,1pp	-0,1pp

The **Manage Segment**, comprising activities relating to facility management, generated revenues of EUR 46.7 million in the past financial year (previous year: EUR 43.7 million). Growth thus amounted to 6.8% (previous year: 6.2%) or 7.1% adjusted for currency effects (previous year: 6.9%).

In the Manage segment, the effects of the overall uncertain macro-economic situation coupled with the experiences from the Covid-19 pandemic are noticeable, and the client group of building managers, which is important for the segment, particularly in commercial construction, was reluctant to invest in the 2022 financial year. However, the market situation is increasingly stabilizing. As the degree of digitalization is particularly low in this segment and the importance of energy efficiency and savings in

existing and operated buildings is also steadily increasing, there may be catch-up effects once the reluctance to invest has ended. In order to be able to use the potential in the best possible way, the segment-wide solution portfolio was further harmonized and standardized in the past financial year, and the acquisition-related integration processes were driven forward. In addition, a new segment manager was appointed for the division.

Segment EBITDA fell by 5.6% from EUR 4.1 million in the previous year to EUR 3.8 million. This led to a decline in the EBITDA margin from 9.3% in the previous year to 8.2% in the 2022 financial year. The aforementioned integration and harmonization activities also contributed to the development.

## Media Segment

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
Revenue	104.7	70.5	48.5%	41.2%
EBITDA	45.9	25.5	79.9%	72.0%
EBITDA margin	43.8%	36,2%	+7,6pp	+7,9pp

The **Media Segment** was further strengthened by the acquisition of the business operations of Pixologic Inc. at the end of 2021. Revenues in the 2022 financial year increased from EUR 70.5 million to EUR 104.7 million. The significant growth of 48.5% (currency-adjusted: 41.2%) is based on strong organic growth, driven by the already well advanced switch to subscription models and the acquisition-related growth effects caused by the acquisition of Pixologic Inc.'s business operations at the end of the 2021 financial year.

The segment's EBITDA grew considerably faster than revenues to EUR 45.9 million (previous year: EUR 25.5 million). The EBITDA margin climbed significantly from 36.2% to 43.8%. In the 2022 financial year, the profitability of the segment also benefited from the more advanced integration of the company acquisitions completed in recent years. Successful transactions can now be marketed via the globally

## Earnings Performance

### OVERVIEW OF GROUP KEY FIGURES

In EUR million	FY 2022	FY 2021	Δ nominal in %
<b>Revenue</b>	<b>801.8</b>	<b>681.5</b>	<b>17.7%</b>
<b>EBITDA</b>	<b>257.0</b>	<b>222.0</b>	<b>15.8%</b>
EBITDA margin	32.0%	32,6%	-0,6pp
<b>EBIT</b>	<b>198.1</b>	<b>172.0</b>	<b>15.2%</b>
EBIT margin	24.7%	25,2%	-0,5pp
<b>Net income for the year (equity holders of the parent company)</b>	<b>161.9</b>	<b>134.6</b>	<b>20.3%</b>
Earnings per share in EUR	1.40	1.17	20.3%
<b>Net income before PPA depreciation</b>	<b>188.9</b>	<b>153.9</b>	<b>22.7%</b>
Earnings per share before PPA depreciation in EUR	1.64	1.33	22.7%

**EBITDA** (Group earnings before interest, taxes, depreciation and amortization) rose by 15.8% (currency-adjusted: 9.3%) to EUR 257.0 million (previous year: EUR 222.0 million). The EBITDA margin fell slightly by 0.6 percentage points to 32.0% (previous year: 32.6%) and was thus at the lower limit of the March 2022 forecast range of 32.0% to 33.0% [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#). The Media and Build segments especially continued to contribute to this stable EBITDA development in the 2022 financial year, both of which were above the level of the Nemetschek Group in terms of both growth and the EBITDA margin. Further information on EBITDA development in the segments can be found under [« Segment Developments »](#).

The past financial year 2022 has shown that even in turbulent and challenging times, the Nemetschek Group can continue on its profitable growth course with continued high momentum. At Group level, EBITDA growth was slightly below revenue growth.

The slight decline in margins is based in particular on the switch in the business model from license models to rental models such as subscriptions and Software as a Service, which at the time of conversion have a margin-diluting effect. Added to this was the economic headwind in the second half of 2022, which was particularly noticeable in some of our markets, such as Europe.

Operating expenses increased by a total of 18.7% to EUR 616.2 million (previous year: EUR 519.3 million). The increase in operating expenses was therefore slightly higher than the revenue growth of 17.7%. Staff costs contribute the most to operating expenses. In the 2022 financial year, they rose at a slightly lower rate of 15.5% compared to revenue at EUR 337.2 million (previous year: EUR 292.0 million). This reflects the increase in the workforce as well as higher wages and salaries [« Nemetschek Group Employees »](#). Other operating expenses increased significantly, also due to inflation, by 24.0% to EUR 188.4 million (previous year: EUR 152.0 million). This item reflects investments in IT systems, expenses for external personnel as well as legal

and consulting costs. At EUR 58.8 million, depreciation of fixed assets was at the previous year's level (EUR 50.0 million). This increase also reflects the Group's growth and investment behavior. Depreciation from the purchase price allocation included in depreciation increased from EUR 25.4 million to EUR 31.8 million as a result of acquisitions. Depreciation of leased assets in accordance with IFRS 16 fell slightly by EUR -1.4 million to EUR 16.3 million. Excluding depreciation and amortization, operating expenses increased 18.8% to EUR 557.4 million (previous year: EUR 469.3 million).

Overall, the net finance cost in the 2022 financial year amounted to EUR 1.3 million (previous year: EUR -1.7 million). Interest expenses for acquisition loans and leasing liabilities in accordance with IFRS 16, which affect the financial result, fell slightly overall in the 2022 financial year, from EUR 2.7 million in the previous year to EUR 2.6 million. Interest expenses in the 2022 financial year were countered by interest revenue of EUR 0.5 million (previous year: EUR 0.1 million). In addition, there was other financial income of EUR 3.4 million in the financial year (previous year: EUR 0.9 million), resulting primarily from foreign currency valuations.

EBIT rose by 15.2% to EUR 198.1 million, significantly above the previous year's figure of EUR 172.0 million.

Income taxes increased from EUR 33.7 million in the 2021 financial year to EUR 34.4 million in the financial year 2022. At 17.3%, the Group tax rate was below the level of the previous year (19.8%). This was due to loss carryforwards recognized in 2022, which were classified as not recoverable in the previous year.

Net income (Group earnings after taxes) increased sharply by 20.6% from EUR 136.9 million to EUR 165.1 million in the 2022 financial year. Net income (shareholders of the parent company) climbed from EUR 134.6 million to EUR 161.9 million, a growth of 20.3%.

Earnings per share amounted to EUR 1.40, up 20.3% on the previous year's figure of EUR 1.17. EPS adjusted for the effects of PPA depreciation increased by 22.7% from EUR 1.33 in the 2021 financial year to EUR 1.64 in 2022.

## 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. As of December 31, 2022, the Group's balance sheet structure showed an equity ratio of 57.5% (previous year: 52.2%). The renewed increase compared to the previous year is mainly attributable to the Group's good result for the 2022 financial year and the reduction of financial debt. Liabilities to banks fell significantly compared to the previous year. They were reduced by repayments as of December 31, 2022 by EUR 56.8 million to EUR 71.9 million.

Due to the positive business expectations and the very solid financing structure, the Nemetschek Group is able to obtain liquidity on the debt capital markets in the short term and to a considerable extent in excess of the existing lines, and, if necessary, to finance investments on a significant scale with the use of equity instruments.

### Liquidity analysis

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

	<b>December 31, 2022</b>	December 31, 2021
Current liabilities and current maturities of non-current liabilities	65.1	93.8
+ non-current liabilities	6.9	34.9
<b>Total liabilities</b>	<b>71.9</b>	<b>128.7</b>
Cash and cash equivalents	196.8	157.1
<b>Total liquidity</b>	<b>196.8</b>	<b>157.1</b>
<b>Net liquidity/net liabilities (-)</b>	<b>124.9</b>	<b>28.4</b>

As of December 31, 2022, the Group held cash and cash equivalents of EUR 196.8 million (previous year: EUR 157.1 million). The increase of EUR 39.7 million or 25.3% compared to the previous year is based on the continued high cash flow generation 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, financial debts (bank loans) stood at EUR 71.9 million, well below the level of the previous year (previous year: EUR 128.7 million). These financial debts serve almost exclusively to finance company acquisitions carried out in the past. The interest rates on the loans range between 0.49% p.a. and 2.87% p.a.

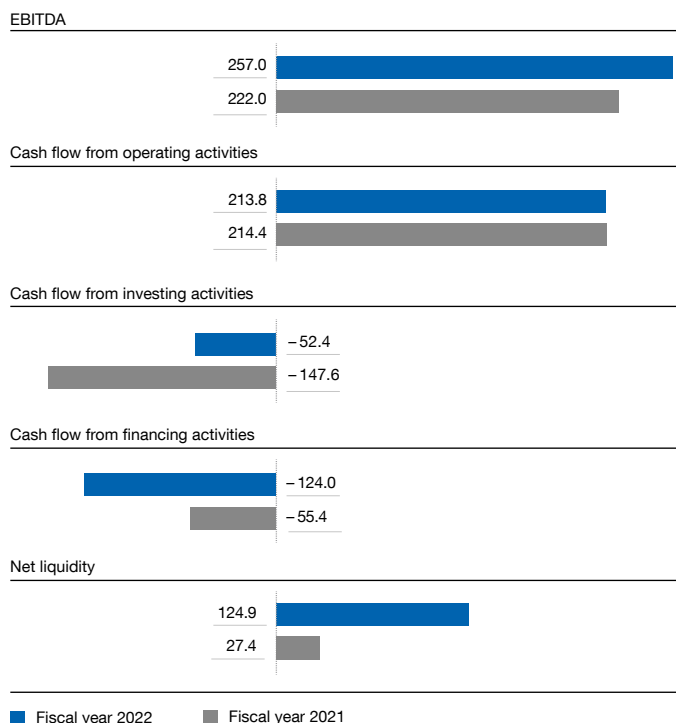
The decrease in non-current financial debt by EUR 28.1 million over the course of the 2022 financial year is due to reclassifications to current financial debt. In the area of current financial debt, acquisition loans and other short-term current portions of financial debt totaling EUR 98.7 million were repaid in the 2022 financial year and bank loans in the amount of EUR 40.8 million were taken out.

From the existing credit lines totaling EUR 284.5 million (previous year: EUR 207 million), EUR 17.0 million had been utilized as of December 31, 2022. A further EUR 267.5 million (previous year: EUR 197.0 million) is therefore readily available and can be used in addition to internal financing to continue the profitable growth strategy.

The Group's net liquidity as of the reporting date of December 31, 2022, increased to EUR 124.9 million (previous year's reporting date: net liquidity of EUR 28.4 million).

Based on the high earnings power of the Group and the excess of 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 2022, dividends in the total amount of EUR 45.0 million (previous year: EUR 34.7 million) were paid.

**DEVELOPMENT OF CASH FLOW**

The Group's cash flow for the period increased by 16.4% to EUR 258.5 million in 2022 (previous year: EUR 222.1 million), mainly due to the significantly increased EBITDA and thus in line with the Group's economic development in the 2022 financial year.

**Cash flow from operating activities** in 2022 was almost at the level of the previous year at EUR 213.8 million (previous year: EUR 214.4 million). Besides the positive impact from the increased EBITDA (EUR 35.0 million in comparison to the previous year) the trade working capital contributed positively. The cash flow contribution from trade working capital amounts to EUR 26.7 million (previous year: EUR 18.6 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 development of other working capital, which was characterized by higher payments compared to the previous year, had the opposite effect.

The cash outflows from taxes paid (net) increased from EUR 37.1 million in 2021 by EUR 22.6 million to EUR 59.6 million in 2022, or 60.8%. The reason for this significant increase is the introduction of taxation of development expenses in the USA and back-payments for taxes from previous years.

**Cash flow from investing activities** amounted to EUR -52.4 million in the 2022 financial year (previous year: EUR -147.6 million).

In the previous year, payments for business acquisitions amounted to approx. EUR 127.1 million. In the 2022 financial year, these payments were significantly lower at EUR 21.0 million. Below is an overview of payments relating to business operations acquisitions:

**BUSINESS ACQUISITIONS (IN EUR MILLION)**

company	segment	2022	2021
Abvent	Design	16.4	
DC Software	Design	4.6	
Pixologic	Media		121.6
Vectorworks (Australia)	Design		3.3
Maxon (Japan and Spain)	Media		2.2
<b>Total</b>		<b>21.0</b>	<b>127.1</b>

In addition, payments of EUR 4.8 million (previous year: EUR 9.2 million) were made for the investments in start-up companies acquired during the financial year, such as Synterra, [« 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance »](#).

Cash flow from investing activities also includes expansion and replacement investments in fixed assets of EUR 19.0 million (previous year: EUR 9.9 million). The increase is mainly due to expansion-related investments in IT server equipment and investments in modernizing office space.

**Cash flow from financing activities** was EUR -124.0 million (previous year: EUR -55.4 million). The significant increase in payments is mainly attributable to significantly lower borrowing compared to loan repayment. Cash and cash equivalents of EUR 40.8 million were recorded in 2022 (previous year: EUR 75.6 million).

This was offset by the repayment of bank loans drawn down in previous years amounting to EUR 98.7 million (thereof EUR 35.7 million for long-term acquisition loans). In the previous year, repayments in the amount of EUR 77.5 million (EUR 59.5 million thereof being for long-term acquisition loans) were made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for the 2021 financial year in the amount of EUR 45.0 million (previous year: EUR 34.7 million) as well as by interest and redemption payments for lease liabilities, with the major portion of EUR 16.0 million (previous year: EUR 15.1 million) relating to redemption in the 2022 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 (for example, through internal bank ratings) of the Nemetschek Group allows sufficient liquid funds to be procured. As of December 31, 2022, there were also unutilized credit lines of EUR 267.5 million (previous year: EUR 197.0 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyzes 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. Further information on the management of financial risks is also contained in the opportunity and risk report [« 5 Opportunities and Risk Report – Financial Risks »](#).

### Investment analysis

In order to continue to secure the market position in the AEC/O and Media markets and to continuously tap into new areas of application, investments in research and development and capacity expansion as well as replacement and rationalization measures are required. Company acquisitions play an important role for the Nemetschek Group. Such company acquisitions are largely financed by bank loans, with own funds also being utilized. The acquisitions in 2022 were financed by the Group's own funds. Additional investments were financed from operating cash flows.

In total, the Nemetschek Group invested EUR 81.1 million in the 2022 financial year (previous year: EUR 138.4 million), of which EUR 14.3 million in property, plant and equipment (previous year: EUR 6.5 million) and EUR 39.4 million in intangible assets (previous year: EUR 131.9 million). The main investments here were acquisitions of businesses.

### Off-balance-sheet obligations

Information on off-balance-sheet financial obligations can be found in the explanatory notes to the consolidated financial statement under [« Note 27 Financial obligations »](#).

### Net Assets

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Δ nominal in %
<b>ASSETS</b>			
Current assets	327.1	263.1	24.3%
Non-current assets	871.0	809.1	7.7%
<b>Total assets</b>	<b>1,198.1</b>	<b>1,072.2</b>	<b>11.7%</b>
<b>EQUITY AND LIABILITIES</b>			
Current liabilities	403.8	384.5	5.0%
Non-current liabilities	105.1	128.0	-17.9%
<b>Equity, total</b>	<b>689.3</b>	<b>559.7</b>	<b>23.1%</b>
<b>Total equity and liabilities</b>	<b>1,198.1</b>	<b>1,072.2</b>	<b>11.7%</b>

The consolidated balance sheet total as of December 31, 2022 increased by EUR 125.9 million (11.7%) to EUR 1,198.1 million (previous year: EUR 1,072.2 million).



### Current assets

On the debit side of the consolidated balance sheet, current assets increased from EUR 263.1 million by EUR 64.0 million (24.3%) to EUR 327.1 million in the 2022 financial year. This was mainly due to the EUR 39.7 million increase in cash and cash equivalents and the increase in trade receivables by EUR 14.4 million or 20.6%. The percentage increase in the receivables portfolio is slightly higher than the revenue growth of 17.7% and is also due to the increasing proportion of rental models. As of December 31, 2022, tax receivables increased significantly from EUR 4.8 million to EUR 11.3 million.

### Non-current assets

Non-current assets rose by EUR 61.9 million or 7.7% to EUR 871.0 million (previous year: EUR 809.1 million).

The increase in non-current assets was primarily due to deferred tax assets and the rights of use resulting from leases. Deferred tax assets increased by EUR 13.3 million to EUR 21.5 million as at the 2022 balance sheet date (previous year: EUR 8.2 million). This was mainly due to changes to the way development expenses are taxed in the USA – these will become tax deductible in future years. In 2022, however, it led to a significant increase in taxable income. Usage rights increased by EUR 10.6 million or 17.8% to EUR 69.8 million (previous year: EUR 59.2 million). The changes are explained in detail in the notes to the consolidated financial statements under [«Note 10 Taxes»](#) and [«Note 17 Leases»](#). In addition, goodwill increased by EUR 15.0 million or 2.8% from EUR 542.0 million to EUR 557.0 million as of December 31, 2022. As significant parts of the goodwill are not held in euros, foreign currency effects in the amount of EUR 17.5 million were incurred, which contributed to the increase. The acquisition of DC-Software Doster & Christmann GmbH, which was completed in the 2022 financial year also contributed to the increase. The effects of the reclassification of goodwill items to intangible assets had a counteracting effect on goodwill. The change in the accounting method for the acquisition of RedGiant assets, in which the minority interests in goodwill are now also recognized, increased goodwill by EUR 18.8 million. Equity attributable to non-controlling shareholders increased to the same extent. The previous year was adjusted accordingly at EUR 18.0 million. The change in the 2022 financial year exclusively includes foreign currency effects attributable to minority interests.

The increase in property, plant and equipment by EUR –5.8 million or 28.1% to EUR 26.6 million resulted primarily from expansion-related investments in IT server equipment and renewal investments in office space. Forward-looking investments in the 2022 financial year were significantly higher than the scheduled depreciations.

### Current liabilities

On the liabilities side, current liabilities increased by EUR 19.3 million (5.0%) to EUR 403.8 million (previous year: EUR 384.5 million). The greatest increase was seen in deferred revenue, primarily due to the expansion of business volume, particularly in recurring revenues. Deferred revenue increased from EUR 158.0 million in the 2021 financial year by EUR 49.0 million to EUR 206.9 million in the 2022 financial year. This expansion in business volume also led to a similarly large increase in trade payables. As at 31 December 2022, these were EUR 15.7 million above the level of the previous year (previous year: EUR 11.3 million). The aforementioned increases were counteracted mainly by the changes in current financial debt and the current portions of non-current financial debt. This portion of non-current financial debt due in the next twelve months fell by EUR 28.7 million to EUR 65.1 million (previous year: EUR 93.8 million) [«Liquidity Analysis»](#). Other current liabilities also declined, falling from EUR 7.4 million by EUR 5.9 million to EUR 1.5 million as at the 2022 balance sheet date. The decline is based on lower short-term obligations from acquisitions made compared to the previous year.

### Non-current liabilities

Non-current liabilities decreased from EUR 128.0 million by EUR 22.9 million (17.9%) to EUR 105.1 million as of December 31, 2022. Deferred tax liabilities were virtually unchanged compared to the same period in the previous year. Lease liabilities increased significantly from EUR 52.0 million by EUR 10.5 million to EUR 62.5 million as of December 31, 2022. The changes are explained in detail in the notes to the consolidated financial statements under [«Note 10 Taxes»](#) and [«Note 17 Leases»](#). This was counteracted by the reduction in long-term borrowings with no current portion. These decreased from EUR 34.9 million by EUR 28.1 million to EUR 6.9 million as of December 31, 2022. The decline is based on reclassifications from long-term to short-term borrowings.

## Equity

Equity, as of December 31, 2022, increased from EUR 559.7 million (balance sheet date 2021) by EUR 129.5 million to EUR 689.2 million. The significant increase was primarily driven by the net income for the 2022 financial year of EUR 165.1 million and the other comprehensive income (OCI) of EUR 11.2 million, in which positive exchange rate effects played a major role. This was offset in 2022 by the distribution of dividends for the financial year 2021 in the amount of EUR 45.0 million.

The equity ratio increased to 57.5% at the end of the 2022 financial year (previous year: 52.2%). The current liability ratio was 33.7% of the balance sheet total (previous year: 35.9%) and the non-current liability ratio was 8.8% (previous year: 11.9%).

### KEY BALANCE SHEET FIGURES

In EUR million	FY 2022	FY 2021	Change in %
Cash and cash equivalents	196.8	157.1	+25.3%
Goodwill	557.0	542.0	+2.8%
Equity	689.2	559.7	+23.1%
Balance sheet total	1,198.1	1,072.2	+11.7%
Equity ratio in %	57.5%	52.2%	5.3pp

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

A market risk premium of 7.25% (previous year: 7.5%) was applied. This results in capital cost rates before taxes ranging from 12.0% to 19.5% (previous year: 9.8% to 10.9%). In 2022, the significantly higher interest rates, implemented in response to the sharp rise in inflation, particularly impacted the parameters that are derived from the capital market. Based on the market capitalization as of December 31, 2022 and the planning expectations, the internal rate of return before taxes is around 7.5% (previous year: 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, working closely with the Human Resources department of Nemetschek SE. This department is responsible for the strategic development of human resources management and supports and advises the local HR departments of the individual brands.

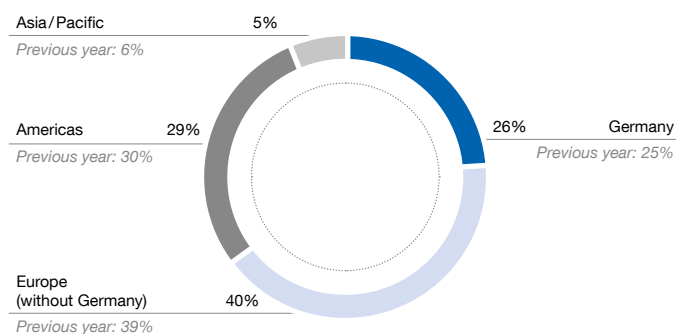
Further information on human resources work can be found in the non-financial statement under [« 2.2 Key non-financial issues – Employee and Society »»](#).

As of December 31, 2022, the Nemetschek Group had 3,448 employees worldwide (previous year: 3,180). This corresponds to an increase of 268 employees or 8.4%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

At 74% (previous year: 75%), the majority of the Nemetschek Group's employees were employed outside Germany at the end of 2022, as in the previous year.

### Employees by Region

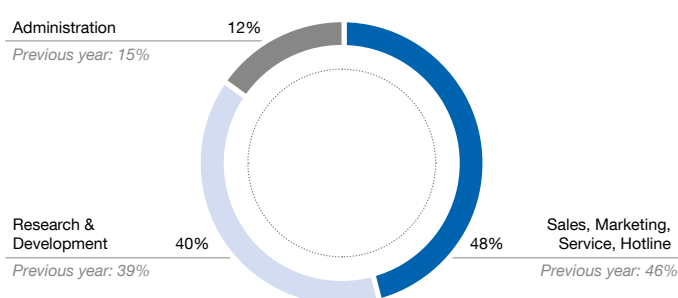
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.



### Employees by Function

On average, the Nemetschek Group employed 3,291 people worldwide in 2022, an increase of 4.7% compared with the previous year (3,143). The average number of employees in research and development was 1,316 (previous year: 1,232), or 40.0% of the total workforce (previous year: 39.2%).

The number of employees in sales, marketing and hotline averaged 1,572 (previous year: 1,458). In addition, 404 employees (previous year: 453) worked in administration (including 12 trainees after 9 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 15.5% to EUR 337.2 million in 2022 (previous year: EUR 292.0 million), resulting in a personnel expense ratio (personnel expenses/revenues) of 42.1% (previous year: 42.9%).

## 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 8.7 million in the 2022 financial year (previous year: EUR 7.6 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company".

Other operating income increased to EUR 13.2 million (previous year: EUR 6.0 million). In the past financial year, it included, among other things, income from currency conversion in the amount of EUR 7.0 million (previous year: EUR 0.3 million) and income from charging out to subsidiaries amounting to EUR 5.2 million (previous year: EUR 5.6 million). The operating expenses of EUR 23.6 million (previous year: EUR 16.1 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 12.2 million to EUR 15.2 million. Other operating expenses increased in line with other operating income, mainly due to expenses from exchange rate differences (EUR 6.5 million compared to EUR 1.6 million in the previous year).

Depreciation on financial assets amounting to EUR 34.8 million was recognized for an impairment loss on associated companies.

Income from interests of EUR 53.0 million (previous year: EUR 67.4 million) includes EUR 52.9 million in dividends from subsidiaries (previous year: EUR 67.3 million). Income from profit transfer agreements in the amount of EUR 32.4 million (previous year: EUR 34.7 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 29.8 million (previous year: EUR 81.0 million).

### Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 569.9 million (previous year: EUR 609.3 million). Affiliates accounted for by far the largest share at EUR 531.5 million (previous year: EUR 568.3 million). The decrease is mainly due to the extraordinary write-down of associated companies in the amount of EUR 34.7 million. Owing to

repayments amounting to EUR 4.8 million, loans to affiliates fell to EUR 34.3 million (previous year: EUR 39.1 million). With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 183.3 million as of the balance sheet date (previous year: EUR 160.8 million). At the end of the 2022 financial year, receivables from the tax office amounting to EUR 7.1 million (previous year: EUR 1.4 million) were reported under other assets.

At the end of 2022, cash and cash equivalents amounted to EUR 3.6 million (previous year's reporting date: EUR 1.6 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 71.3 million (previous year: EUR 118.2 million). Equity decreased by EUR 15.3 million to EUR 462.0 million. Net income for 2022 of EUR 29.8 million was offset by the dividend payment for the 2021 financial year (EUR 45.0 million). The equity ratio of Nemetschek SE was 60.0% as of the balance sheet date (previous year: 61.3%).

Provisions increased by EUR 1.3 million to EUR 9.9 million, mainly resulting from the suspension of an obligation following the termination of an employment relationship.

Liabilities to affiliates resulted mainly from cash pooling (EUR 91.3 million; previous year: EUR 81.5 million) and short-term intercompany loans of EUR 127.3 million (previous year: EUR 89.0 million).

In the 2022 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 87.7 million (previous year: EUR 77.5 million), new loans in the amount of EUR 40.8 million and the dividend payment of EUR 45.0 million (previous year: EUR 34.7 million).

In 2022, Nemetschek SE extended its existing bilateral credit lines and increased them to a total of EUR 284.5 million (previous year: EUR 207 million). These lines of credit were granted with a term of up to one year. At the end of 2022, Nemetschek SE drew on these lines of credit for EUR 17 million and disclosed this accordingly as liabilities to banks in the statement of financial position.

In the 2022 financial year, interest payments of EUR 0.8 million (previous year: EUR 1.0 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 Opportunity and Risk Reporting**

The Group's opportunities and risks are a significant influencing factor for Nemetschek SE. Nemetschek SE is exposed to a higher foreign currency risk than the Group, arising from intra-Group financing in foreign currencies. These foreign currency risks are mainly offset by a natural hedge. Remaining significant risk peaks are limited in individual cases by hedging transactions. There were no open hedging transactions as of the balance sheet date.

### **Nemetschek SE Employees**

On average, Nemetschek SE had 62 employees in 2022 (previous year: 57).

### **Outlook for Nemetschek SE and comparison of actual and forecast business performance**

The future development of Nemetschek SE with its significant opportunities and risks is significantly influenced by the forecasts of the Nemetschek Group set out in the Opportunity and Risk report. Based on the group's planning Nemetschek SE expects a slight increase in the investment result in the fiscal year 2023. In the past fiscal year this was not above that of the previous year, because the financing requirements were lower than those of the year 2021 and an extraordinary write-down on financial assets in the amount of EUR 34.8 million. The reason for the higher financing requirement in 2021 was the acquisition of the Pixologic business operations. The net income for the year was also not above the 2021 result as forecast in the previous year, mainly due to lower income from investments and the write-down of financial assets amounting to EUR 34.8 million. For fiscal 2022, according to the dividend proposal, 24.3% of cash flow from operating activities will be distributed (forecast previous year: 25 %).

Nemetschek SE assumes a positive development of earnings and for 2023 an annual result above the past fiscal year. Furthermore, it is expected to report a positive gross liquidity in 2023 at the level of the previous year. The company plans to continue to distribute around 25 % of the operating cash flow to its shareholders in the future. The dividend policy is always taking into account the overall economic development as well as 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 2022 financial year took into account the uncertain macroeconomic conditions prevailing at the beginning of 2022, partly due to the start of Russia's invasion of Ukraine. The forecast was also based on the expectation that the global economy would grow by around 4%, as forecast by the German Council of Economic Experts and IMF at the time, and that the negative impacts of the Covid-19 pandemic would probably continue to decrease over the course of 2022. Factoring in these assumptions, the Executive Board approached the 2022 financial year with realistic and overall positive expectations and anticipated currency-adjusted revenue growth in a range of 12% to 14%, with recurring revenues expected to grow at a disproportionately high rate, and an EBITDA margin of 32% to 33%.

With the worsening of the economic environment due to the significantly higher interest rates, implemented in response to very high levels of inflation, particularly in the Americas and Europe, plus the effects of Russia's invasion of Ukraine and the diminishing but continuing Covid-19 pandemic, as explained in [3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance](#), the growth prospects for the global economy promised by the IMF and the German Economic Council of Experts at the time of the forecast could not be achieved. According to current expert opinion, growth for 2022 is expected to be around 3% instead of around 4%. The construction industry, which is of vital importance for the Nemetschek Group, developed as described in [3.1 Macroeconomic and Industry-Specific Conditions](#) in 2022, with the sector in Germany and other parts of Europe having been particularly affected by the macroeconomic developments.

The Nemetschek Group was nevertheless able to deliver a pleasing performance in this environment. Business performed very well in the first half of the year in particular, driven by high customer demand and especially by the strong development of recurring revenues from subscriptions and Software as a Service (SaaS) and by a strong Media segment. However, in the second half of the year, both the switch by Bluebeam to subscription and SaaS models, which started as scheduled, and the macroeconomic effects also impacted the business of the Nemetschek Group, and the growth momentum noticeably slowed.

In total, revenues of EUR 801.8 million were generated in the 2022 financial year, corresponding to nominal growth of 17.7% and growth adjusted for currency effects of 12.1%. The revenue growth achieved in the 2022 financial year is therefore within the forecast range of 12% to 14%. The Americas and Asia/Pacific regions in particular, along with the Build and Media segments, contributed to the pleasing development in revenue. The reasons for this stable growth in a challenging macroeconomic environment included the further significant increase in the proportion of recurring revenues, which acted as the basis for the targeted sustainable growth, consistent work on the strategic key topics and the further internationalization of the business. The impact of the uncertain macroeconomic environment, particularly in Europe, was felt in both the Manage and Design segments, as reflected in customer reluctance to invest and in the lengthening of sales cycles.

Based on the pleasing revenue development, profitability also developed positively in the 2022 financial year and EBITDA of EUR 257.0 million was generated, corresponding to an EBITDA margin of 32.0% and therefore also lying within the forecast range of 32% to 33%.

### COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE - OVERVIEW

	Financial year 2021 Actual	Financial year 2022 Forecast March 2022	Financial year 2022 Actual	Δ nominal in %	Δ currency-adjusted
Revenue	EUR 681.5 million	Currency-adjusted growth: 12% – 14%	EUR 801.8 million	17.7%	12.1%
Recurring revenues	EUR 416.7 million	Overproportionate growth (compared to revenue growth)	EUR 532.6 million	27.8%	21.7%
EBITDA margin	32.6%	32% – 33%	32.0%		

## 5 Opportunity and Risk Report

### Opportunity and Risk Management

The entrepreneurial activities of the Nemetschek Group involve opportunities as well as risks which primarily reflect the diversity and international nature of its business activities. The Group's risk appetite is aligned with its business policies, which aim for sustainable and profitable growth. 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. This system for managing opportunities and risks is a key element for detecting developments that are critical or advantageous for the company at an early stage. It also has a role alongside the strategic company planning, systematic planning processes, and internal reporting processes. The Nemetschek Group pursues an aim of making the best possible use of opportunities and identifying risks at an early stage in order to initiate suitable measures and thus ensure the future success of the Nemetschek Group. The Nemetschek Group takes a combined top-down and bottom-up approach to opportunity and risk management. Within this approach, responsibility for the early identification of overarching Group-wide opportunities and risks along with suitable measures generally lies at Group level. Responsibility for operational risk, and for capturing and managing it, lies with the brands on a decentralized basis. The Operational Risk Managers are responsible for summarizing, assessing, evaluating, and reporting risks and the associated countermeasures. Another important component of the opportunity and risk management system is the internal audit, which continually monitors the functionality, efficacy and effectiveness of the processes.

The recognition and management of opportunities are embedded as integral parts of the strategic, corporate planning, and forecasting processes. This ensures that both a medium- and short-term perspective are taken with regard to 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. Opportunities identified are assessed in terms of quantity and quality using business models.

Integrating opportunity and risk management into the organization of corporate controlling ensures that the opportunity and risk management system is aligned with the planning and reporting processes and their criteria. To improve comparability, steps are taken to ensure that both opportunities and risks arising from business operations are additionally evaluated across the Group, based on uniform quantitative and qualitative criteria and categories.

The current risk situation of the Nemetschek Group is updated, documented, and analyzed quarterly, as part of a separate opportunity and risk inventory. This applies to both opportunities and

risks that are strategic and relevant to the Group as a whole and to operational, decentralized opportunities and risks. Risk owners are designated for all opportunities and risks that are identified and classified as relevant.

Material, relevant risks are passed on, limited, or mitigated through appropriate measures, or they may be accepted. Risks are mainly passed on through the use of insurance policies. Risks are also limited or mitigated by adjusting business models or processes.

The Supervisory Board is regularly informed in the form of reports about the material identified risks faced by the Nemetschek Group and the efficiency of its risk management system.

### Evaluation of and Reporting on Opportunities and Risk

The Nemetschek Group systematically analyzes and evaluates opportunities and risks. The identified opportunities and risks are quantified, classified, and assigned one of four categories:

- » Financial Opportunities and Risks
- » Operational Opportunities and Risks
- » Legal, Tax, and Compliance Risks and Cybersecurity Risks, and
- » Financial Risks

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 likelihood of occurrence and the extent to which they are expected to affect the earnings, assets, and finances, the share price, or the reputation of the Nemetschek Group. Opportunities are also quantified.

A revision and adjustment of opportunity and risk potential took place during the 2022 fiscal year. The following is a presentation of the adjusted bandwidths used for gauging the potential severity from a risk (after mitigation measures). In particular, these bandwidths take into account the sustainable and profitable growth of the Nemetschek Group and its finances.

**RISK POTENTIAL PROBABILITY OF MATERIALIZATION**

Level	Probability of materialization	Potential severity	Potential severity
Very low	≤ 10%	EUR 0.0 ≤ 0.25 million	EUR 0,0 ≤ 5.0 million
Low	>10% ≤ 25%	> EUR 0.25 ≤ 0.75 million	> EUR 5.0 ≤ 10.0 million
Medium	> 25% ≤ 50%	> EUR 0.75 ≤ 2.0 million	> EUR 10.0 ≤ 20.0 million
High	> 50% ≤ 75%	> EUR 2.0 ≤ 4.5 million	> EUR 20.0 ≤ 50.0 million
Very high	> 75% ≤100%	> EUR 4.5 million	> EUR 50.0 million

The following is a report on the opportunities and risks that are material for the Group. It explains the measures that are taken to mitigate the risks and their severity and at the same time support the creation and seizing of opportunities. Generally, the four segments of the Nemetschek Group share a similar opportunity and risk profile and are exposed to comparable opportunities and risks.

The most significant risks at the Nemetschek Group during the 2022 fiscal year, across all risk categories, were again:

- » Foreign-exchange risk
- » Macroeconomic and industry-specific market risks, and
- » Parts of operational risks (corporate strategy, sales, and products)

Overall, we can conclude, based on the likelihood of materialization and severity, that none of the individual business-specific risks identified from the brands' operating businesses present a risk that we believe to be material to the Nemetschek Group. Significant risks are those of the "High" and "Very high" level. In addition, no risks to the continued existence of the Nemetschek Group were identified.

### Economic Opportunities and Risks

#### Macroeconomic and General Conditions

Opportunities/risks from general economic, political, and regulatory conditions (including social conflict, instability, and pandemic)

#### Opportunities

The Nemetschek Group sees possibilities for the current economic and political conditions to ameliorate more quickly than forecast. A brightening of the presently gloomy economic environment could improve our clients' investment behaviors, causing the demand for the Nemetschek Group's products and solutions to rise above the planned level. Moreover, government initiatives and subsidies may result in higher government expenditure, including for investment in infrastructure or digital transformation. The Nemetschek Group has the capacity to profit from this, too. It is intensively monitoring the development of government initiatives in its regional target markets so that it can respond to initiatives and programs promptly.

The increasing importance of sustainability and political efforts to achieve it may offer positive stimulus for the Nemetschek Group's business. Nemetschek welcomes the Green Deal initiative of the European Union and its member states to mitigate climate change more rapidly, including the opportunities it offers. In offering its products and services, the Nemetschek Group is actively involved in the development of an economy that is oriented toward sustainability and believes there are possibilities to profit from the potential opportunities. However, the current assessments are subject to change and opportunities may therefore only be realized to a partial or small extent.

The challenges that were overcome during the Covid-19 pandemic may also produce opportunities. For instance, further digital channels for communication and sales to our clients were implemented, collaboration intensified, and relationships strengthened. The Covid-19 pandemic also impacted the way our employees work and led to greater job flexibility for our workforce. The flexibility that was achieved may have positive impacts for the Nemetschek Group in the future. On top of that, the Covid-19 pandemic resulted in an acceleration of digitalization and digital transformation across all industries. If this trend should accelerate further, the Nemetschek Group could profit from it through its product portfolio.

#### Risks

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 the occurrence of natural disasters and pandemics. Because of the current geopolitical situation, the general conditions deteriorated over the last year and this led to an increase in macroeconomic risk.

Overall, the global economic outlook is currently subject to major uncertainty. The latest forecasts from the IMF and German Council of Economic Experts based on their assessment of macroeconomic development say that the global economy's growth will drop further in 2023, coming in at 2.9% (IMF) and 1.9% (German Council of Economic Experts) [<< 7 Outlook 2023 >>](#).

Russia's invasion of Ukraine does not have any direct, material impacts on the Nemetschek Group's business. The transactions

that the Nemetschek Group was able to conduct in Ukraine and Russia prior to the outbreak of war accounted for less than 1% of the Group's sales. However, some of the Group's companies do make use of a small amount of research and development services from Ukraine. There could be negative consequences for the relevant development activities if the war persists for any longer. The indirect consequences of the war may have negative impacts of Russia's invasion of Ukraine on the Nemetschek Group. The Nemetschek Group rates the impacts on the energy supply in parts of Europe's economy and the increased cost of materials, along with the associated rise of inflation and the fallout from that, as the greatest macroeconomic risk currently. Any exacerbation or broadening of the war, or a significant increase of the imposed sanctions and the potential backlash from them, could lead to a significant deterioration of macroeconomic conditions.

The emergence of new political conflicts or the exacerbation of existing ones could have negative impacts on the global economy. For example, an escalation of the Taiwan–China conflict would have major consequences. A further intensification of the trade dispute between the US and China or a generalized increase in protectionist measures in individual countries would also have negative impacts on global economic growth and thereby influence the investments that businesses make accordingly.

Another worsening of the Covid-19 pandemic or a reinforcement of restrictions in individual countries to combat the pandemic may lead to a deterioration of the forecast economic growth. Moreover, the Covid-19 pandemic has shown how vulnerable the deeply interconnected global economy is to natural catastrophes and pandemics. However, based on the experience gained in the recent years of the pandemic and the measures that were introduced, the Nemetschek Group currently judges this risk to be smaller than it was in previous years.

The various crises that exist at present may result in a slowdown of globalization and in parts of global supply chains shifting back to where they previously were. This development may also negatively impact the development of future economic growth.

The emergence of one, or a combination, of the above risks could result in a significant deterioration of the forecast macroeconomic conditions. The construction industry could slow down as a consequence of poorer economic development or higher inflation, with the associated increase in interest rates, and this could also lead to our clients changing their intent to buy, with the result that planned purchases become postponed or abandoned. One or more clients defaulting would also be a possible scenario if there were strong economic upheaval. This could negatively impact the Nemetschek Group's earnings, finances, and assets.

The Design segment – which produces roughly 50% of the Nemetschek Group's sales revenues – is positioned at the beginning of the building life cycle and would feel any general economic malaise first. The Build segment would only be affected downstream. The Manage and Media segments target end clients, 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.

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 business orientation, the company has broad risk diversification. There is currently no single client with a significant share of sales, so there is no “cluster risk.” The Nemetschek Group's clients are also characterized by a high level of loyalty. The Group is therefore highly diversified, both in terms of regional distribution and client mix. The high proportion of recurring sales revenues, at over 65% of total revenues, is also a risk-minimizing factor. The Nemetschek Group's strategy sets out the integral aims of further expansion of recurring revenues and further internationalization as key areas of focus, and these aims are implemented for the long term.

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 picture. If necessary, Group or segment strategies are adjusted.

### **Industry Opportunities and Risks**

There are significant opportunities and risks in the market and industry environment that could cause a noticeable change in the financial situation of the Nemetschek Group. The order situation and the financial strength of the construction and media industry have an influence on the investments of this industry in software solutions and thus on a significant portion of the business development of the Group.

### **Opportunities**

The current risks in the construction industry can also offer opportunities for software companies such as the Nemetschek Group. The Covid-19 pandemic, for example, has accelerated digital transformation in working environments as well as the construction industry. Compared to other industries, digital transformation has little presence in the construction industry, yet it has a key role



especially when it comes to efficient material usage, efficient construction site management, and building operation and management with low resource consumption. In this current market period where market participants are particularly conscious of cost-effectiveness and efficient resource usage, expenditure on digital transformation can be the key to reshaping value chains for lasting efficiency. If enterprises such as the Nemetschek Group could increase their clients' awareness accordingly, this would potentially cause digital transformation in the construction industry to come about more quickly than expected and hence allow potential revenue also to be harnessed faster than expected.

Furthermore, the construction industry is continuing to benefit from the public investment in infrastructure and public-sector construction and infrastructure that was initiated by numerous governments during the Covid-19 pandemic. This consequently provides an opportunity to participate in the investment, particularly for the Design and Build segments.

Further opportunities may arise in the Media segment as the creation of digital content and worlds as well as 3D animations is increasingly growing in importance, particularly for the young generation. One example of this is the metaverse, which merges the virtual with the real world. The metaverse offers numerous opportunities for global networking as well as new possibilities in the working world and education. In addition, there is a growing need for digital content and rising demand for gaming. These trends could have a further positive impact on demand for solutions in the Media segment.

### Risks

Long-term positive growth opportunities are forecast for the construction and infrastructure industry thanks to global trends such as urbanization and population growth. In the short term, however, growth may also recede in the construction industry because of the current macroeconomic environment. In particular, high inflation and the interest rate hikes by many central banks to counter it are negatively impacting the development of the construction industry. What's more, the current supply chain issues, uncertain supply of some raw materials, and skilled-labor shortages may lead to the industry's growth potential not materializing as previously assumed. The overall effect of these factors may be to reduce earnings in the business world, which would negatively impact business investment – including in the Nemetschek Group's products and solutions. There furthermore remains uncertainty about how Brexit will impact the countries concerned in the medium and long term, despite trade and cooperation agreements having been signed between the European Union and United Kingdom. It also remains to be seen how these developments will influence British industry. Covid-19 accelerated transformation within the world of work as well. This transformation may also result in major uncertainty continuing to influence the development of investment in commercial construction in certain industries. This development could influence the segment's growth momentum in the medium and long term.

The Nemetschek Group continuously monitors the industry-specific developments in its regional submarkets so that it can respond to change rapidly. The strategic direction of increasing the share of recurring revenues, for example by rolling out subscription models, can counter the risk of clients forgoing investment. With models like these, clients do not make a single investment in a license but instead use the relevant software in return for paying a regular usage fee.

### Opportunities and Risks Arising from Competitors

The software market is a highly competitive one and is marked by the rapid pace of technology and its heavy fragmentation. However, for businesses that operate sustainably, this market also offers opportunities.

#### Opportunities

Thanks to its strong earnings and sound finances, the Nemetschek Group is capable of making sustainable investments in research and development. This means it can enhance the technology of its existing solution portfolio in line with its clients' needs while generating innovation that adds value for clients. The Nemetschek Group could consequently gain a market position that lets it harness further potential revenues.

The AEC/O software industry in particular is also an environment with strongly fragmented competition. Despite a period of market consolidation that has been ongoing for years now, the market continues to be influenced by a large number of small and local companies. The Nemetschek Group is one of the few global enterprises in the industry and sees opportunities to exploit further fields of innovation and potential growth through M&A and targeted support for start-ups. To take advantage of this potential and these opportunities, the Nemetschek Group has created and expanded internal structures that are aimed at M&A and start-ups.

#### Competitive Risks

Market risks could arise from faster-than-expected technological change, innovation by competitors, or the emergence of new market participants such as cloud providers. To counter these risks, the Nemetschek Group systematically analyzes the market and market participants and views innovative competitors as potential targets for acquisition. The Group also invests heavily in its research and development on a continuous basis so that it can actively respond to competition-related risks with innovative new products and solutions and, moreover, seize the separately described opportunities.

With its Design, Build, and Manage segments, the Nemetschek Group covers the entire life cycle of building structures and infrastructure projects. On the other hand, the Media segment largely targets the media industry through a wide range of products and has developed continuously and positively in recent years. Due to this strategic positioning, Nemetschek considers itself well placed and thus less vulnerable to risks than other market participants who operate only in individual market segments.

In summary, the opportunities and risks for the “Economic Opportunities and Risks” risk category can be quantified as follows:

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

<b>Opportunity category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Economic opportunity	low	low
Industry sector opportunity	medium	medium
Opportunity from the competitive environment	medium	low

## Operational Opportunities and Risks

### Corporate Strategy

Opportunities and risks can also result from strategic corporate decisions and change the company’s opportunity and risk profile in the short, medium, and long term. The Nemetschek Group generally pursues a growth strategy that is focused on earnings [<< 1.2 Targets and Strategy >>](#). Broadly speaking, the strategic direction is oriented toward identifying and realizing opportunities for the company. However, risks can also arise in connection with the corporate strategy and its implementation, and these risks may negatively impact the company’s earnings, finances, and assets.

At various levels of the company’s leadership, there is reporting on the development of individual strategic initiatives, programs, and projects for driving and realizing the implementation of the strategy. Progress, opportunities, and potential challenges are regularly discussed by the Executive Board and Supervisory Board ensuring that potential deviations are identified rapidly so that corresponding measures can be taken.

### Opportunities

The new structures for the company leadership, which have been successfully established since the 2019 fiscal year, unlock new possibilities and potential for leveraging synergies between the brands and, simultaneously, approaching clients in an even more focused way. What’s more, the integration of certain brands that has taken place offers opportunities to utilize synergies in research and development, product design, and fresh possibilities for market entry.

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 provisions are also driving the BIM standards in other countries and leading to greater acceptance of this working method.

The strategic direction provides for an ongoing transition to new sales and business models (subscription and Software as a Service). It offers accelerated growth opportunities and also ensures greater stability and visibility for revenue development.

The Nemetschek Group has its roots in the Design segment and has successively focused on further high-growth markets across the construction life cycle. Following Nemetschek’s significant expansion of its Build segment in recent years, the company is now focusing more strongly on the building management market. It appeals to this market through its Manage segment and new Digital Twins business unit. The Build and Manage segments in particular continue to enjoy great growth opportunities due to the potential in the market and the still-low level of digitalization in the industry. On top of that, there is also the media sector, a second business cornerstone that Nemetschek addresses alongside the AEC/O industry. The Media segment, which Nemetschek has boosted considerably in recent years, is growing at an above-average pace for the Group and also offers a high level of future growth potential. The comprehensive range of solutions now covers all five key areas of application, from modeling, animation, and rendering, to painting and sculpting. As a result, Nemetschek has significantly expanded its client base. With the expanded portfolio, Nemetschek has already established a good position in the huge 3D animation as well as emerging Metaverse market.

What will be essential for realizing the above opportunities is constant market analysis, allowing new, innovative solutions as well as business models to be developed with many benefits for our clients and USPs.

### Risks

Risk could arise in connection with the company’s strategic direction or the implementation of that direction if the expected market demand for BIM solutions turns out to be lower than expected or if other methods of working become rapidly popular instead. This might result in investments not producing the returns that were expected. There might also be less demand for subscription or SaaS solutions than expected, which would also result in the investments for transforming and expanding the business model amortizing either not at all or only at a time later than expected.

The Nemetschek Group's growth strategy is based on organic growth initiatives as well as growth stimulus from M&A activities. If we cannot acquire businesses at reasonable prices, this might negatively impact the realization of our long-term growth strategy.

The implementation of the growth strategy also comes with challenges arising from the increasing rate of internationalization. This element of the strategy also requires overcoming the barriers to entry in new regional submarkets, while also developing successful and efficient sales structures in them and deploying USPs in the regional submarkets in a way that drives value. Any delays in the implementation process may have a negative impact. Such delays may arise, for example, if sufficiently qualified regional employees or distribution partners cannot be recruited or the regulatory framework conditions are more complex to implement. The Nemetschek Group has well-founded experience in planning and building up regional sales structures. For specific challenges, it also engages, where necessary, external specialists to avoid or limit risks and the consequences arising from them.

The Nemetschek Group continuously evaluates existing as well as new technologies, monitors the market on an ongoing basis, and revises its market assessments based on these findings. Thanks to its close relationships with its clients, a broad range of attractive client solutions, and its role as a leading innovator, the Nemetschek Group can continuously work on creating attractive and innovative solutions with many benefits for clients. This minimizes the risks associated with its chosen strategic direction and allows the chosen strategic approaches to be adapted where necessary.

### **Sales and Marketing**

Different business models, the special characteristics of regional submarkets, and the software solutions themselves demand a great deal from the marketing process. There are both risks and opportunities associated with successfully implementing this process.

### **Opportunities**

The further internationalization of Nemetschek's business is a strategic focus designed to expand regional market shares 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 selected Asian markets. This focus also applies for the Media segment.

Moreover, opportunities may arise as the various brands within the Nemetschek Group mutually support each other in different regions. European brands, for example, can benefit from the

experience and sales structures of the U.S. brands and vice versa. Along with this, there is an opportunity for stepping up efforts to address previously peripheral markets, e.g. in Asia Pacific, and to generate additional growth.

In addition to further internationalization, the Nemetschek Group also works toward realizing further sales and marketing opportunities. New forms of market cultivation arising from mergers of individual brands provide an opportunity to offer existing and potential new clients more comprehensive solution packages. This is particularly the case for large, international clients that combine various disciplines under one roof. A further aspect is cross-selling, in which brands jointly address customers. Opportunities may also arise from new sales channels, such as e-commerce, in which customers can subscribe to a solution directly online via the website. Furthermore, the increasing acceptance of and demand for new sales models such as subscriptions or SaaS may lead to higher, resilient, and more predictable revenue. Expansion of the existing product portfolio may also lead to higher revenue in the future, especially in the Media and Manage segments.

### **Risks**

The sales models that the Nemetschek Group offers are based on the use of expert sales partners, resellers, and qualified employees with specialist knowledge. In addition to the classic sales channels, the Nemetschek Group is increasingly relying on e-commerce offers in order to address its client base even better.

The loss of important sales partners or sales employees could have a negative impact on the revenue and earnings of the Nemetschek Group. The brands 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 training offers, sales employees are paid a competitive amount of fixed remuneration as well as variable, performance-based bonuses or commissions.

Sales risks also exist in cases where the brands 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 such a changeover, this could lead to discrepancies with the previous sales partner or to negative client reactions. However, such scenarios are analyzed carefully before implementation and discussed both internally and with external market experts.

Further risks may arise when changing the product portfolio as well as when switching to new forms of distribution, such as leasing models, if the appropriate solutions do not yet have the degree

of market maturity that clients expect when launched on the market. Nemetschek handles this risk through careful preparations for market launch, supported by pilot projects with selected customers and, if necessary, rapid adaptation and intensification of development activities. Risks can also arise when introducing new channels for distribution and sales, like when developing e-commerce offerings for instance (including the Group's own online stores). The Nemetschek Group counters these risks through precise planning, comprehensive communication, and the careful testing of corresponding changes.

### **Products and Technology**

A market environment shaped by rapid technological progress places heavy demands on both the products and the technologies used, and on how they are improved.

### **Opportunities**

The development of new solutions and technologies that are focused on the clients' benefits, such as cloud-based solutions or digital twins for example, can enable the exploitation of new growth potential. New business models such as subscriptions and SaaS also provide opportunities for more positive development in the Group's earnings. The Nemetschek Group makes use of its close customer relationships and mobilizes its knowledge, experience, and research and development resources in a targeted manner in order to make use of the opportunities available. Approximately one-fourth of the Group's revenue regularly goes toward research and development for this purpose. M&A as well as targeted equity investments in and support for start-ups provides an opportunity to expand the existing product portfolio in a targeted way, too. The Nemetschek Group has expanded its internal structures in order to fully take advantage of this type of opportunity.

### **Risks**

There is a risk that competitors will gain an innovative edge and thus win clients previously loyal to the Nemetschek Group. Future business success therefore depends above all on the ability to offer innovative products that are tailored to clients' needs. Thanks to its organizational structure of 13 entrepreneurially managed brands within four segments, the Nemetschek Group is positioned close to its clients and markets. This enables changes and trends to be identified, evaluated, and implemented at an early stage. Flat hierarchies, strong connections with decision makers in the company, and cross-functional teams make it possible to avoid potential risks arising from the development of software products that are insufficient for client needs or internal quality standards. The Nemetschek Group also uses close client relationships to analyze the needs of clients. Based on this analy-

sis, it aligns future products and solutions with these client needs and guides the products and solutions to market maturity with appropriate timing.

The software products of the brands 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 brands take this risk into account by carefully selecting suppliers and ensuring adequate quality assurance.

The Nemetschek Group continuously invests around one fifth of the Group's revenue in research and development, and the reasons for this include preventing product- and technology-based risks as far as possible or reducing them to a level tailored to the strategy.

### **Products**

The Nemetschek Group's core processes of software development, marketing, and organization are subject to constant review – with a goal of continuous improvement – by the management of the respective segments. The performance and target orientation of these processes are reviewed and optimized as part of strategic and operational planning.

### **Opportunities**

Changes to existing business processes and models are continuously implemented in order to achieve targeted improvements and thus to realize opportunities. Changes can have a positive impact both directly on customer benefits – and therefore also on customer relationships – and indirectly by further optimizing internal company structures and processes, thereby improving the Group's cost structure and its ability to generate value.

### **Risks**

There may exist risks that the required and planned process results may not meet client requirements in terms of time and quality as a result of insufficient availability of resources or changes in general conditions, such as a 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 clients, even if the migration were only to take place to another Nemetschek product. In such cases, the Nemetschek Group ensures that communication between the brands remains strong and that the advantages of the migration are explained to clients through comprehensive communication.

Completed or even planned conversions of business processes or models may require new and complex changes in internal systems and processes. The corresponding effort and expense to implement these changes might be greater than expected, which would negatively impact earnings.

There also exists a risk that established processes could be disrupted by internal restructuring or optimization, which would lead to negative consequences.

The Nemetschek Group counters these risks, which are based on changes in processes, using a structured process and targeted communication. Changes are tested at defined milestones and revised if necessary. Internal and external experts are also called on when required.

### Human Resources

The software industry is experiencing a shortage of skilled labor, particularly in the areas of software development as well as marketing and sales. This situation creates challenges that the Nemetschek Group must deal with effectively.

### Opportunities

The Nemetschek Group has grown strongly in recent years. With size-based adjustments in the organization of structures and workflows, changes can be made that provide relief for the current organizational structure and offer appealing development opportunities for Nemetschek Group employees or entry opportunities for external candidates. In addition, the fact that Nemetschek has a more coordinated brand presence as a globally active group of companies offers the opportunity to further increase the attractiveness of the company for existing talent and potential employees. The preexisting, close cooperation with a broad network of universities, particularly in Europe and the US, also offers an opportunity to further grow the reputation and appeal of the Nemetschek Group among university graduates. Financially potent companies such as the Nemetschek Group offer greater appeal as employers particularly in uncertain economic times, and thus gain an opportunity of retaining employees and hiring new ones.

### Risks

The prevailing shortage of skilled labor is an issue that has already existed for a longer time now. If qualified skilled or management 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, which continues to grow, is also an ever increasing challenge. The respective brands are in competition with large software players worldwide, so it has become increasingly chal-

lenging to recruit qualified personnel in recent years. To gain and retain employees, the Group – as well as the brands – offer flexible working models and attractive salaries. The Nemetschek Group also works very closely with universities, provides scholarships, and awards doctoral positions to attract young specialists. Moreover, the company aims to offer its employees an attractive workplace, appealing development opportunities, and consequently to create a bond between the employees and the company.

### Acquisitions, venture investments and integration

Realizing growth potential through M&A and investments in start-ups is a core element of the corporate strategy.

### Opportunities

The Nemetschek Group uses acquisitions to expand its product and solution portfolio, gain access to new technologies and/or regional markets, and thus close gaps in the value chain. New client groups can also be reached and market shares that are considered relevant and promising for the future can be gained. The Group also increasingly focuses on investments in start-ups in order to gain access to innovative technologies and business models and support their implementation in the market.

In order to make the best possible use of acquisition opportunities, employees of the M&A department continually screen the markets for suitable candidates. At the same time, Nemetschek works together with M&A consultants. Furthermore, the brands themselves contribute their expert knowledge and market observations to a professional M&A process. Acquisitions are carefully and systematically reviewed and planned before a contract is signed. There is an established standardized process for M&A, with a special focus on due diligence, valuation and post-merger integration. In addition, opportunities that arise from investments and interest in start-up companies are intended to be developed in a more targeted way. To this end, the Startup & Venture Investments function has been established at holding company to coordinate and support such interests in young companies. With these investments, the Nemetschek Group is very close to young, innovative companies and the technologies of the future. By bringing start-ups and its established brands together, Nemetschek can benefit from new impetus from the start-up scene.

### Risks

There exists a risk that mergees or acquirees do not develop in line with expectations, resulting in the set earnings targets not being achieved. This could negatively impact the Nemetschek Group's earnings, finances, and assets. Goodwill, which arises in the context of company acquisitions, is subject to annual impairment testing. It might be the case that the value of an acquiree proves to be impaired due to commercial developments, in which

case the complete purchase price, or part of it, may need to be written off. This would negatively impact the Nemetschek Group's earnings, finances, or assets. No write-downs were needed in the 2022 fiscal year in this regard.

To counter risks during M&A, potential targets are assessed, evaluated, and planned carefully and systematically before a contract is signed. There is an established, standardized process for M&A activities, and it has a special focus on performing due diligence.

The following table provides a quantification of the above operational opportunities and risks:

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

## Legal, Tax, and Compliance Risks and Cybersecurity Risks

### Legal Risks

In an international 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 statement of financial position in accordance with the accounting regulations. The Nemetschek Group limits such issues through legal audits by the Legal department and external legal advisers.

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 assets, finances, earnings, the share price, or the reputation of the company.

In sales, the Nemetschek Group works not only with its own sales force, but also with external retailers and cooperation partners.

The same applies to external marketing agencies. Sales and marketing partners might either not fulfill their contracts with Nemetschek at all or might fulfill them on unacceptable terms, or might renew them. Sales or marketing agreements might also be terminated, which could lead to legal disputes and thus have a negative impact on the business activities, finances, or earnings.

Legal risks can also arise in the areas of employment and tenancy law, for example if employees are dismissed or tenancy agreements are terminated, extended, or renewed.

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, legally required submissions and regular reviews.

### Tax Risks

By having global subsidiaries, the Nemetschek Group is subject to the local tax laws and regulations that apply to each one. Changes to these regulations may lead to higher tax expenses and higher cash outflows. Furthermore, changes could affect the deferred tax assets and liabilities recognized. However, it is also possible for changes in tax regulations to have a positive effect on the Nemetschek Group's earnings. In the USA, for example, Nemetschek benefits from a lower tax rate resulting from the tax reform introduced in 2017.

The Nemetschek Group's future tax situation is influenced by uncertainty about tax reform in the US, as a not-insignificant part of its profits are generated in that country. In addition, as a result of its ongoing growth momentum, including its exceeding the EUR 750 million revenue threshold in 2022, the Group will be subject to the impending regulations of the OECD BEPS (Base Erosion and Profit Shifting) Initiative 2.0 and its local implementations. They range from increased transparency, such as country-based reporting, to requirements for minimum taxation. The highly probable implementation of the EU Minimum Tax Directive is expected to have an impact on the taxes that the Group pays.

### 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 assets, finances, earnings, the share price, or the company's reputation.

To a small extent, clients of the Nemetschek Group include governments or public-sector companies. Business activity in the construction industry is partly characterized by orders of a larger volume. Cases of corruption or even allegations of corruption could make it more difficult, or even impossible, to participate in public tenders and could have negative effects on further econo-

mic activity, assets, finances, earnings, the share price, or the company's reputation. Against this backdrop, Nemetschek has adopted a Group-wide Code of Conduct as well as a Group anti-corruption policy, both of which are binding on all employees. Compliance and corporate responsibility have always been important components of the Nemetschek Group's corporate culture. An e-learning tool as well as personal training are used to communicate with employees about this issue on a sustained and Group-wide basis. This helps to raise Group-wide awareness, allowing employees to detect potentially critical situations and to make the appropriate response.

With our relevant Group policies and other regulations, such as our Code of Conduct, our Supplier Code of Conduct and targeted compliance communication measures, we raise our employees' awareness of compliance and train them on the topic, too. These measures, combined with our "zero-tolerance" philosophy in relation to compliance, are intended to help to prevent potential violations and reduce risk.

The requirements for compliance, data retention, data security, and the protection of personal data are continually increasing. On one hand, there are new and extensive regulations and legal provisions planned in the current regulatory environment, while on the other hand the requirements that individual clients have are also rising. The European Commission is planning to implement regulations that demand high security standards for software products (the EU Cyber Resilience Act). The relevant provisions are planned to take effect no earlier than 2025. The result of these developments may be that product development costs rise or that revenue growth slows down if the provisions are not complied with in a timely manner. The Nemetschek Group is working intensively on the implementation of the future requirements. Projects have been initiated at Group level and among the brands to ensure consistently legally compliant implementation in the Nemetschek Group's products and solutions. There is regular exchange between the holding company and the brands regarding the provisions and impacts of the General Data Protection Regulation (GDPR). Violations of the General Data Protection Regulation (GDPR) may result in fines of up to €20 million or, in the case of a company, up to 4% of its total annual worldwide revenues in the preceding fiscal year, whichever is higher, depending on the type of violation of GDPR provisions pursuant to Article 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

Like any other modern company, the Nemetschek Group is exposed to the various threats from cyberspace. In order to actively avert such risks, it has adopted various measures over the last few years to maintain and permanently improve the level of protection. These measures were stepped up or initiated in 2022:

- » A Group-wide information security management system in accordance with ISO 2700x, which includes the management of cyber risks among other things.
- » Information security organizations in the Group and the brands with established lines of reporting to the Executive Board.
- » Close cooperation between the information security officer and experts within the Nemetschek Group.
- » Dedicated information security technologies, processes and organizational measures that are integrated into IT and operational processes.
- » Regular information security training and awareness-raising campaigns for all employees.

The information security measures are constantly monitored to verify their effectiveness. New threats are analyzed and the entire security system is constantly enhanced. Because the Nemetschek Group has a decentralized organizational structure largely comprising brands that operate independently, the IT systems and infrastructure are mostly operated independently of one another within the brands. This leads to a natural diversification of risk. Group-wide cybersecurity insurance provides further protection. It covers all Group companies and is intended to mitigate the financial impacts of a potential cyberattack. New developments in legal and regulatory requirements for the security of software products and services are under observation. Appropriate measures are taken to implement any relevant new requirements.

The following table provides a quantification of the above opportunities and risks in this category:

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

## Financial Risks

As an international group of companies, 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 Objectives and Methods »](#).

### Liquidity Risk

With the current high amount of financial liabilities, there is a general liquidity risk if earnings deteriorate. At the end of 2022, the Nemetschek Group had liabilities to banks of around EUR 72 million (previous year: around EUR 129 million). The Group continued to generate positive cash flow from operating activities in the 2022 fiscal year, which allows it to continue investing in organic growth and acquisitions. Nemetschek SE ensures the availability of decentralized financial resources partly via central cash pooling and via intra-Group distribution and financing options. As a matter of principle, the Group pursues conservative and risk-averse financing strategies. The Treasury function at the holding company has been significantly strengthened over the previous years and areas such as banks, liquidity, and risk management continuously improved through measures that include further developing governance structures and revising processes and systems.

### Currency Risks

As an international company, the Nemetschek Group is exposed to exchange rate fluctuation, especially in the United States, Japan, the United Kingdom, Norway, Sweden, Hungary, and Switzerland. The further internationalization of the Group's activities will further increase the significance of exchange rate fluctuation for the Group's business activities. At Group level, currency fluctuation only has an effect on the margins generated in foreign currencies, as the operating subsidiaries outside the eurozone generate most of their revenues, costs, and expenses in their local currencies (natural hedging). Nonetheless, currency fluctuation may impact pricing and therefore revenue, which may influence the earnings of certain brands. The development of the US dollar against the euro in 2022 led to overall positive foreign-exchange effects for revenue and EBITDA. Given the currently heavy uncertainty in relation to the further development of inflation and its impact on the monetary policy of individual central banks, currencies may continue to develop in a volatile manner and – if translated into the euro, the presentation currency – significantly impact the Group's and Nemetschek SE's earnings, finances, and assets. At SE, this additionally applies to currency risks arising from financing transactions in foreign currencies with subsidiaries.

## Default Risk and Risk Management

Default risks are managed by managing credit approvals, defining upper limits and control procedures, and by maintaining 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 client or groups of clients. From today's perspective, the maximum risk of default is determined by the amounts shown in the statement of financial position.

The Nemetschek Group only concludes business with credit-worthy third parties. Clients who wish to conclude material transactions with the company on credit terms are subjected to a credit assessment if materiality thresholds are exceeded. In addition, receivables are continually monitored and reviewed so that the company is not exposed to any significant default risk. If default risks are identified, appropriate provisions are made in the statement of financial position. In the context of the current economic environment and the impacts from it, it cannot be ruled out that the creditworthiness of some clients may change and the risk of default therefore may rise. In the past three years, the markets have been heavily impacted by increased bankruptcies, issues with clients refinancing, and projects being delayed because of supply chain delays. The Nemetschek Group and its clients have proved highly resilient in their reactions, preventing any greater systemic risk from materializing. The Group continually monitors this situation and, if necessary, will take appropriate measures and recognize provisions. 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 Rate Risk

In 2022, the world's central banks raised interest rates – some of them strongly – because of rising inflation, particularly in Europe and America, and this resulted in an increase in the general interest rate risk. However, due to the Nemetschek Group's current financing structure, the management does not currently see any significant interest rate risk for the company. Long-term financing arrangements are hedged with fixed interest rates. Potential M&A activity on a larger scale may have a material influence on future interest payments. However, in view of the company's pleasing earnings and finances, this interest rate risk would be limited.

In summary, the quantification of the financial risks is as follows:

<b>Risk category</b>	<b>Probability of materialization</b>	<b>Severity</b>
Liquidity risk	very low	very low
Currency risks	high	medium
Default risk and risk management	medium	very low
Interest risk	very high	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. The adjustments of the risk profile are mainly based on the macroeconomic environment and outlook, which have deteriorated since the previous year, and on the increased geopolitical uncertainty and the potential fallout from it. This can particularly be seen in the higher severity ratings in the "Financial Risks" category, in which macroeconomic and industry-specific risks are also presented. The consequences of the Covid-19 pandemic and the risks based on them have shrunk further since the previous year.

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 asset structure, the liquidity resources, and the financing structure.

The Nemetschek Group plans to benefit more strongly from the opportunities described above as well as to take advantage of market opportunities so that it may further expand its market position in the coming years. At the same time, we are continuously improving the opportunity and risk management structures we have in place.

## 6 Key Features of the Internal Control and Risk Management System

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

The overriding objective of the Nemetschek Group's accounting-related internal control and risk management system is to ensure the correctness of financial reporting in the sense of ensuring that the consolidated financial statements comply with all relevant regulations. In addition, there is the reliability of the financial reporting.

In general, the risk management system and the internal control system also include the accounting-related organizational structure and process organization as well as all risks and controls with regard to accounting. The aim of the risk management system with regard to the accounting processes is to identify and assess risks that could conflict with the conformity of the consolidated financial statements vis-a-vis the applicable regulations. Identified risks are assessed with regard to their impact on the consolidated financial statements and risk-minimizing activities are implemented accordingly. The aim of the internal control system is to establish sufficient security through controls in accounting-relevant processes so that the consolidated financial statements comply with the applicable regulations despite the identified risks.

Both the risk management system and the internal control system relate to Nemetschek SE and all subsidiaries relevant to the consolidated financial statements.

The assessment of the materiality of misstatements is based on the probability of occurrence and the effect on revenue, net income and comprehensive income as well as total assets. A misstatement is considered material if it would bring about a change in the above parameters to such an extent that would lead an investor to make a different investment decision if they were aware of it.

Key elements of risk management and control in financial reporting include the allocation and distribution of responsibilities, preventative and downstream controls in the accounting and preparation of financial statements, Group-wide policies for accounting policies 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 for the Nemetschek Group. Reducing manual process steps and focusing on automated interfaces and controls further increases process reliability. Every quarter, all reporting units declare their compliance with the centralized requirements, including accounting policies and controls defined at global level.

### General Risk Management and Internal Control System\*

For the executive board and supervisory board of the Nemetschek Group, the internal control system and risk management are a fundamental element of corporate management. Dealing with risks arising from both business activities is of fundamental importance for entrepreneurial success and sustainable corporate development and management.

As with the risk management system, the internal control system also consists of centralized and decentralized components. Some areas are subject to Group-wide requirements regarding controls, which are to be implemented on a decentralized basis. Group-wide controls are also in place, particularly within the financial reporting control system.

The internal control system is process-oriented and consists of the identification of risks, the definition of upstream and downstream controls, their implementation within the process organization, and the monitoring of the system to ensure appropriateness and effectiveness.

Based on the system monitoring, the internal control system is continuously improved. In addition to adjusting processes, including through the use of system-supported automation, this also involves revising how controls are designed and implemented.

The assessment of the effectiveness and efficiency of internal controls is regularly reviewed by Internal Audit. The results of audits performed by Internal Audit, as well as the regular risk inventory, in turn serve as input to Internal Audit's audit planning.

The executive board has no indication that the internal control and risk management system was not adequate or effective as of December 31, 2022. The elements of the existing internal control system are also continuously developed to adapt them to the changing legal and economic conditions of the business.

\* This information is not part of the management report and therefore unaudited.

## 7 Outlook 2023

### Overall Economic Development

As a globally active company, the Nemetschek Group is influenced by worldwide economic developments and industry-specific trends. These developments may also have an impact on the Group's results of operations, financial position and net assets.

The development of the global economy is currently being influenced by various factors, the potential impact of which is surrounded by great uncertainty. The main factors impacting economic development are currently the high levels of inflation and the associated interest rate hikes, the impact of the Russian war of aggression against Ukraine and the ongoing COVID-19 pandemic. The economic effects of these two crises are similar and – apart from causing suffering for those affected – are leading to supply shortages, restrictions in global logistics chains and price increases, particularly in the energy and raw materials sector. In order to counteract the price increases caused in part by these developments, central banks in Europe and America have put in place monetary policy measures, including a significant increase in interest rates. The rise in prices and interest rates is leading to a reluctance to buy and invest on the part of consumers and companies alike, which has in turn led to a slowdown in global economic growth. In addition to the negative effects and risks, the current situation also offers opportunities. The shortage of energy resources and the rising prices for them, along with price hikes across the board – including in the construction industry – are contributing to the acceleration of digitalization in general, and in the construction industry in particular. Software solutions are helping to plan, build and later manage and operate building and infrastructure projects more efficiently, and with the use of fewer resources.

Beyond these individual influencing factors, 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 and, depending on the industry, have a positive impact on economic development. Similarly, changes in trade relations, such as the trade conflict between the US and China, are holding increasing importance for the development of the global economy.

Overall, both the International Monetary Fund (IMF) in its World Economic Outlook – Update published on January 31, 2023 and the German Council of Economic Experts in its Annual Report 22/23 published on November 9, 2022 for the year 2023, assume a further slowdown of the global economy. While the IMF still forecasts an increase in gross domestic product (GDP) of 2.9%, the German Council of Economic Experts only expects an increase of 1.9%.

The following developments are forecast for the regions of significance in which the Nemetschek Group is operationally active:

GDP in the **Eurozone** is only expected to grow by 0.3% (German Council of Economic Experts) or 0.7% (IMF) in 2023. Development in Germany is particularly affected and GDP growth is expected to stagnate at 0.0% in 2023, according to the German Council of Economic Experts. The IMF expects Germany's economic output to grow slightly by 0.1%. For the **US**, the German Council of Economic Experts expects slight growth of 1.4% in 2023, while the IMF expects growth of 1.0%. For **Asia** – for which both institutions predict the highest global growth for 2022 – the German Council of Economic Experts forecasts an increase in GDP of 4.7%. It anticipates growth of 5.8% for China. In its latest forecast, published in January 2023, the IMF foresees economic growth for China at 5.2%.

Overall, the uncertainties associated with the above forecasts are great and depend above all on the 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 resolution of the war in Ukraine, a faster end to the pandemic or an improvement in the general conditions may also have a positive impact on the global economy, which is also important for the relevant industries and regions of the Nemetschek Group.

Sources: German Council of Economic Experts, Annual Report 22/23 dated November 9, 2022 and International Monetary Fund, World Economic Outlook Update dated January 31, 2023.

### Sector-Specific Development

#### Construction Industry

2022 was marked by soaring interest rates in the regions with the most important construction markets for Nemetschek. The slowdown in the global economy and sharp increases in material and energy costs, particularly as a result of Russia's war of aggression against Ukraine, had an additional negative impact on new construction activity in particular. As a result of these developments, as in 2022, the following years 2023 (+0.2%) and 2024 (0.0%) will see a further inflation-adjusted sequential decline in growth momentum in the construction industry in **Europe**, according to the experts at Euroconstruct (as of October 2022).

In contrast to the previous year, the **German** construction industry, which is particularly important for the Nemetschek Group, is expected to see slight overall growth in 2023 (+0.4%) once again and therefore stands just above the average for the Euroconstruct countries (+0.2%). The growth is mainly due to the resilient development of the renovation market in building construction (+1%), while a slight decline is expected for new building construction (-0.2%). Across Europe, the highest growth rates are expected in Slovakia (+3.4%), Spain (+2.7%) and Ireland (+2.5%). In contrast, the sharpest decline in construction output is expected in Sweden (-6.6%), after strong growth in the previous year, and in Hungary (-6.6%) and Finland (-3.5%).

In the **US**, construction is expected to develop modestly in 2023 (-1%) and 2024 (-3%), mirroring development in the European construction industry. While a sharp decline is expected in residential building construction at -7% (-9%) in 2023 (2024), the development of the non-residential building sector is estimated to be significantly more robust in the next two years at +4% and 0%.

Sources: 94th Euroconstruct Summary Report Winter 2022; North American Engineering and Construction Outlook Fourth Quarter Edition (September 2022).

### Digitalization in Construction

Digitalization in the construction industry is less advanced than in other industries. The reasons for this are the high degree of fragmentation, non-serial production processes and low profitability in the construction industry. Nevertheless, a large number of players in the construction industry view digital transformation as a key competitive advantage and strategic priority. The expanding regulations (including for sustainable construction), high material costs, the ongoing shortage of skilled labor and the Covid-19 pandemic are driving and accelerating 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 ongoing geopolitical crises and the associated uncertainties, the Nemetschek Group aims to successfully continue its corporate strategy geared towards sustainable and profitable growth and to invest in internationalization and the development of new and innovative solutions. It will also continue to drive forward its key strategic areas 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.

## Key Strategic Areas

### Subscription/Software as a Service (SaaS)

The overriding goal of the Nemetschek Group is to further increase its recurring revenues, in particular by offering subscription as well as SaaS solutions. Some brands have already largely converted their offerings to subscription and SaaS, while other brands are in the process of doing so or are planning to do so.

Rental models are particularly helpful in that they allow Nemetschek to tap into new customer groups, as many customers would like to use the software flexibly and without a one-off, sometimes very high, license fee. Within the four segments, the offer and implementation of rental models are at different stages of progress. With this move, the Nemetschek Group is addressing the different needs of customer groups, in accordance with their area of application and region. Furthermore, the revenues from the rental models also offer more predictable and resilient revenue streams for the Nemetschek Group. In order to present the future growth momentum and success of the ongoing business transition to subscription-based and SaaS models, and thus also the recurring revenues, more transparently, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator at Group level in the course of the 2022 financial year. [<< 1.3 Corporate Management and Governance >>](#)

In the Design segment, brands such as RISA already generate a large proportion of their revenues from subscriptions. However, the majority of revenues for the Design 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, Bluebeam, the brand with the highest revenue, still generates the majority of its revenues in the US, but has also grown significantly outside the US over the past two years. It began transitioning to subscription and SaaS during the third quarter of 2022. In order to make the range of rental models as attractive as possible, Bluebeam has expanded its offering with cloud features for the first time in order to offer customers added value. Bluebeam Cloud is only available as a SaaS, which also provides an incentive for existing customers to switch. Nemetschek firmly believes that this will increase customer benefit and accelerate growth in the medium and long term.

In the Manage segment, the Spacewell brand already offers subscription and SaaS solutions. This approach will continue in the future.

In the Media segment, the Maxon brand began the migration to subscription in the third quarter of 2019, which is now almost complete. The Maxon ONE product suite bundles all features into one attractive offer for its creative users. In the meantime, Maxon has almost completed its transition to subscription, and the acquired and previously integrated brands have also contributed to its success. The success of the transition is additionally reflect-

ed in its strong growth and high profitability and in the significant expansion of the Maxon brand's customer base.

The strategic objective is to increase visibility and predictability as well as customer lifespan with the successive increase in recurring revenues from rental models while still maintaining close customer contact and increasing customer satisfaction through faster innovation.

### **Innovative Solutions (Cloud Infrastructure, Digital Twin)**

The Nemetschek Group 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 and the use of Internet-of-Things sensors will further change the AEC/O markets in the future and at the same time increase market potential. The Nemetschek Group has recognized these areas and addressed 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 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 client base. With the expanded portfolio, Maxon has already established a good position in the large 3D animation market, as well as the emerging metaverse market. Another crucial factor is the strategy described in [<< 1.2 Targets and Strategy >>](#) to develop an AEC/O-wide cloud infrastructure in order to leverage synergies in the portfolio and create a basis for all of the brands. In the medium term, all relevant Group brands are to be integrated into the cloud platform so that the benefits can be scaled accordingly. The creation of the newly established Digital Twin business unit represents a first initiative of the cloud infrastructure, which can be accessed by all brands. In 2023, the developed horizontal, data-centered, open and cloud-based platform will be introduced on the market with the aim of adding more efficiency and sustainability to the construction life cycle. The digital twin as a common solution platform for the Design, Build and Manage segments also enables new customer groups and market segments to be tapped.

Furthermore, the Nemetschek Group will continue to invest around one fifth of its revenues in the form of research and development expenses in the designing and improvement of innovative solutions.

### **Go-to-market Approach and Internationalization**

With its innovative solutions, the Nemetschek Group continues to make construction workflow processes more efficient and to address new customer segments. To this end, it promotes and continuously expands the cooperation and mutual support between the brand companies, in particular with regard to their international growth strategies and the sharing of best practices within the Group. In the Design segment, for example, it is not only the "smaller" brands that benefit from the mergers that have taken place within the Group, enabling them to take advantage of the presence and sales strength of the internationally-oriented brands Graphisoft and Allplan. In particular, this integrated product portfolio now enables them to address the needs of integrated, multidisciplinary customers in an even more targeted way. Cross-segment key account management is being further expanded in order to promote this development and thus tap further growth potential. On the one hand, existing customers receive a more comprehensive service offering and, on the other hand, this should enable the Group to better respond to the customer group of integrated, multinational and multidisciplinary companies in particular.

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 construction.

The overarching goal of the Nemetschek Group is to achieve further internationalization and to realize disproportionately strong growth in the regions outside of Germany. Since the Group brands mutually benefit from each other in their expansion – especially in the US and Europe – further internationalization represents a significant and promising growth driver. In addition, the Nemetschek Group would like to significantly expand its presence in the Asia/Pacific markets. 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 the markets in Europe, the Nemetschek Group would like to focus in future even more strongly on Asia/Pacific regions, including Japan and Australia, and on the US, in order to leverage the growth potential available there. The US 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 has so far 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 sector in which the Media segment is active. Europe, Asia and the US are key regions here too.

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

The sustainable and organic revenue growth of the Nemetschek Group will be supplemented by future value-enhancing acquisitions. One of the goals here is to fill gaps in the Group portfolio and to expand or round off the Group's technological competence in the construction process workflow. Another is also to increase the market share of the Nemetschek Group on the international markets through the successful implementation of acquisitions. We will also continue our strategy of investing in start-up companies and ventures in the future, because product excellence and innovative strength are key to being able to offer architects, engineers and facility managers, as well as creatives in the media industry, real, technological added-value in the future. Our investments in, and support for, young companies and ventures have a catalytic effect on our own innovative power.

Thanks to its high operating cash flow and very solid balance sheet structure, the Nemetschek Group has access to financial resources that enable it to implement the planned future growth through acquisitions, cooperations and partnerships. As previously, the financing of acquisitions can be seen in the ongoing cash flow, the available liquidity reserves, the taking on of debt capital and the possibility of issuing new shares.

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 2022 financial year are described in detail under [<< 3.2 Business Performance in 2022 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 >>](#).

### **Business Structures and Processes (Business Enablement)**

One of the strengths of the Nemetschek Group is the entrepreneurial freedom of its 13 Group companies, which allow the brands to position themselves particularly closely to their respective end markets and customer groups. The complexity resulting from the variety within the brands has already been greatly reduced in previous years by, among other things, grouping the individual brands into segments. This and subsequent optimization of business structures will unlock synergies, with the ultimate aim of increasing operational excellence, i.e. improving the company's ability to continuously optimize the value chain in terms of efficiency and effectiveness. At the same time, further harmonization, optimization of internal processes and partial centralization, especially in the support functions, should enable the brands to focus even more strongly on the development and distribution of solutions and to further deepen customer relationships in the future. This also includes, for example, the harmonization of the internal back-end systems in the areas of Human Resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management).

We will continue to review the strengths and potential for improvement of our corporate structure and processes in the future and will adjust our structures accordingly if necessary. The focus is on customer value and the reduction of complexity across all segments.

### **Investments and Liquidity**

In addition to investments in start-ups and acquisitions, the Nemetschek Group will continue to invest in its organic growth. As in previous years, operating cash flow in 2023 should help increase Group liquidity and furthermore provide sufficient scope for planned investments in development, as well as sales and marketing within the segments.

Significant cost items for the Nemetschek Group include personnel expenses and other operating expenses. In order to continue pursuing its growth strategy, the Nemetschek Group plans to recruit additional experts worldwide in a targeted manner in the 2023 financial year, in accordance with future macroeconomic developments, and to retain existing employees. The Company therefore expects personnel expenses to increase moderately in the 2023 financial year. Other operating expenses, including selling expenses, will also increase in 2023 in respect of planned and ongoing international expansion. In individual cases, key elements of the investment planning for the 2023 financial year are to be re-examined and re-assessed in the context of the ongoing, extremely unsettled, macroeconomic 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

Nemetschek SE's shareholder-friendly dividend policy, which is geared towards continuity and sustainability, shall be continued in its existing form over the next few 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

In recent years, the Nemetschek Group has demonstrated that it has a crisis-resistant and resilient business model. The profitable growth course was successfully continued in both the difficult conditions of the Covid-19 pandemic and the significantly worsening macroeconomic framework – influenced above all by higher interest rates and the Russian war of aggression against Ukraine. The main pillars of this development are the broad risk diversification provided by the varied nature of the Group's segments and a broad regional positioning, along with the fact that around two-thirds of Group revenues are now generated from recurring revenues. In addition, the Company has an equity ratio of around 57.5%, which ensures a high degree of flexibility when financing investment projects and acquisitions.

These strengths give the Company confidence in its ability to continue on its profitable growth path, even in these challenging times, and to continue to grow. In view of the significantly reduced growth forecasts for the global economy, which also affect parts of the construction industry, we currently also see risks that could impair this course in the short term. However, we continue to see that the opportunities in our industry – even in difficult times – outweigh them. Our assessment is supported by the general trend towards digitalization and the key to efficiency increases and more sustainability in the construction sector, which are generated by our solutions. In the medium and long term, the structural and positive global trends, such as population growth and urbanization, remain intact and promise long-term growth potential for the sector, in which the Nemetschek Group would like to secure disproportionately large participation. There is also potential in the Media segment, where we see high demand for content creation solutions, even in economically challenging times. The expansion of the segment in recent years through targeted acquisitions has significantly strengthened our customer base and expertise, giving us reason to be positive.

The forecast for the 2023 financial year is based on the expectations and assumptions regarding the overall economic development described above.

As described, in our forecast for 2023 we assume that the development of the construction industry will be positive overall but slower than in previous years. We continue to view the increasing 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.

The media and entertainment industry, in turn, continues to benefit from an ever-increasing demand for high-quality content and animation from artists and creatives, as well as the increasing use of visual effects (VFX) in films, videos and the gaming industry. In addition, Nemetschek continues to see great market potential in the metaverse and the creation of an artificial environment in the form of augmented reality (AR) and virtual reality (VR). With its Media segment and the Maxon brand, the Nemetschek Group is very well positioned on the market to benefit from the future growth of the underlying market.

Despite the outlined macroeconomic and industry-specific conditions, the Executive Board is positive about the 2023 financial year. In the short term, the switch to subscription and SaaS models will have a temporary dampening effect on revenue growth and profitability due to accounting-related effects. At the same time, the shift to subscription and SaaS will lead to a higher customer lifetime value, more predictable revenues and our business is becoming more resilient - even across economic cycles. In the medium and long term, the significant structural growth drivers such as digitalization, decarbonization, and urbanization remain fully intact and have even tended to strengthen as a result of the crises of recent years. On a like-for-like basis and despite the simultaneous conversion of the Bluebeam brand to subscription and SaaS, we expect an attractive revenue growth in 2023. As a result, constant currency revenue growth is expected to be in a range of 4% - 6%. Growth in recurring revenues, represented by the key figure ARR (Annual Recurring Revenue), is expected to grow at a significantly over proportional rate of around 25%. The share of recurring revenues in total revenues is therefore expected to increase further to over 75% by the end of the current financial year. The EBITDA margin is expected to be in a corridor of 28% to 30%.

In general, in addition to a change in the general economic conditions, the forecast must take into account the fact that exchange rate fluctuations and potential portfolio changes due to M&A activities could also have an impact on the development of revenues and earnings of the Group and ultimately also on the achievement of the forecast. For this reason, as in previous years,

the forecast for the 2023 financial year is based on a comparable basis with constant exchange rates and a portfolio that is unaffected by M&A activities. For the SE, positive net income in the mid double-digit million range and positive gross liquidity in the low single-digit million range are expected in 2023.

#### **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.



## 8 Other Disclosures

### 8.1 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 2022 Annual Report in the chapter [«< To our Shareholders >>](#).

### 8.2 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, 315a 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, 2022, 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 in 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 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 (4) sentences 1 and 2 of the AktG).

Article 59 of the SE Regulation, Section 51 of the German SE Implementation Act (SEAG) and 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 these provisions, 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 occasions, 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 or 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, 2023



Yves Padrines



Louise Övferström



Viktor Várkonyi



Jon Elliott

**Related Entities Report**

The Executive Board of Nemetschek SE has prepared a report on the company's relationships with related entities in accordance with Section 312 AktG (Related Entities Report) and has declared the following at the end of the report:

Our company, Nemetschek SE, has received appropriate consideration for the legal transactions listed in the report on relationships with related entities for the reporting period from May 17, 2022 to December 31, 2022, according to the circumstances known to us at the time at which the legal transactions were carried out. Nemetschek SE has not taken or omitted any measures.

## Statement of financial position Nemetschek SE

as of December 31, 2022 (individual financial statements HGB)

<b>ASSETS</b>	in €	<b>December 31, 2022</b>	December 31, 2021
<b>A. Fixed Assets</b>			
<b>I. Intangible assets</b>			
Purchased franchises, industrial rights and similar rights and			
1. assets and licenses in such rights and assets		65,624.06	88,503.93
2. Prepayments made on intangible assets		250,000.00	0.00
		<b>315,624.06</b>	<b>88,503.93</b>
<b>II. Property, plant and equipment</b>			
1. Fixtures, fittings and equipment		253,080.45	292,003.65
		<b>253,080.45</b>	<b>292,003.65</b>
<b>III. Financial assets</b>			
1. Shares in affiliated companies		531,542,964.86	568,267,260.82
2. Loans due from affiliated companies		34,250,000.00	39,055,984.74
3. Investments		1,962,222.33	1,962,222.33
4. Other financial assets		2,194,706.04	50,000.00
		<b>569,949,893.23</b>	<b>609,335,467.89</b>
<b>TOTAL FIXED ASSETS</b>		<b>570,518,597.74</b>	<b>609,715,975.47</b>
<b>B. CURRENT ASSETS</b>			
<b>I. Accounts receivable and other assets</b>			
1. Trade receivables		7,735.50	0.00
Accounts due from affiliated companies			
2. – thereof Accounts receivable from trading EUR 120,671.27 (previous year: EUR 1,635,488.81)		183,342,866.65	160,790,134.32
3. Other assets		7,287,577.16	1,622,865.73
		<b>190,638,179.31</b>	<b>162,413,000.05</b>
<b>II. Cash and cash equivalents</b>		<b>3,568,565.23</b>	<b>1,614,961.85</b>
<b>TOTAL CURRENT ASSETS</b>		<b>194,206,744.54</b>	<b>164,027,961.90</b>
<b>C. DEFERRED AND PREPAID EXPENSES</b>		<b>4,279,799.14</b>	<b>2,964,439.80</b>
<b>D. DEFERRED TAX ASSETS</b>		<b>1,114,282.63</b>	<b>1,433,731.76</b>
		<b>770,119,424.05</b>	<b>778,142,108.93</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 the percentage disclosures do not reflect the absolute values from which they are derived.

Equity and liabilities	in €	<b>December 31, 2022</b>	December 31, 2021
<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>297,400,872.05</b>	<b>312,660,214.06</b>
<b>TOTAL EQUITY</b>		<b>462,016,450.34</b>	<b>477,275,792.35</b>
<b>B. PROVISIONS AND ACCRUED LIABILITIES</b>			
1. Accrued tax liabilities		58,814.61	381,773.00
2. Other provisions and accrued liabilities		9,849,910.64	8,217,060.33
<b>TOTAL PROVISIONS AND ACCRUED LIABILITIES</b>		<b>9,908,725.25</b>	<b>8,598,833.33</b>
<b>C. LIABILITIES</b>			
1. Liabilities due to banks		71,300,000.00	118,200,016.00
2. Trade accounts payable		1,854,748.86	1,703,087.59
3. Accounts due to affiliated companies		220,849,637.99	167,597,635.30
Other liabilities			
– thereof taxes: EUR 1,099,860,58 (previous year: EUR 1,607,620.16)			
4. – thereof social security EUR 0 (previous year: EUR 5,330.61)		1,245,781.04	1,662,172.90
<b>TOTAL LIABILITIES</b>		<b>295,250,167.89</b>	<b>289,162,911.79</b>
<b>E. Deferred revenue</b>		<b>2,818,008.66</b>	<b>2,076,861.72</b>
<b>E. Deferred tax liability</b>		<b>126,071.91</b>	<b>1,027,709.74</b>
		<b>770,119,424.05</b>	<b>778,142,108.93</b>

## Statement of comprehensive income Nemetschek SE

for the period from January 1 to December 31, 2022 (individual financial statements HGB)

in €	2022	2021
1. Revenues	8,734,798.80	7,559,917.46
Other operating income		
2. – thereof for income from currency revaluation EUR 7,015,990.74 (previous year: EUR 272,554.04)	13,204,964.63	6,015,471.68
3. Personnel expenses		
a) Wages and salaries	–14,067,767.11	–11,274,489.82
Social security, pension and other benefit costs		
b) – thereof for pension: EUR 134,595.75 (previous year: EUR 126,433.84)	–1,122,797.87	–954,344.53
Depreciation and amortization of intangible assets, property, plants and equipment	–186,733.63	–498,832.92
Other operating expense		
5. – thereof for expense from currency revaluation EUR 6,499,378.86 (previous year: EUR 1,568,475.34)	–23,549,648.28	–16,132,174.05
Income from investments		
6. – thereof from affiliated companies: EUR 52,890,412.74 (previous year: EUR 67,281,327.65)	53,024,815.88	67,378,708.90
7. Income from profit and loss transfer agreements	32,379,100.34	34,748,878.05
Income from loans due to affiliated companies		
– thereof from affiliates companies: EUR 1,548,658.59 (previous year: EUR 1,733,719.85)	1,548,658.59	1,733,719.85
Other interest and similar income		
9. – thereof from affiliated companies: EUR 6,111,009.75 (Vorjahr EUR 293,276.41)	6,111,009.75	332,741.16
Expenses from loss absorption		
10. – thereof from affiliates companies: EUR 456,696.86 (previous year: EUR 0,00)	–456,696.86	0.00
11. Depreciation of financial assets	–34,787,240.00	0.00
Interest and similar expenses		
12. – thereof from affiliated companies: EUR 4,823,520.34 (previous year: EUR 98,069.13)	–5,961,580.77	–1,086,636.98
Taxes on income		
– thereof expenses from changes in deferred taxes recognized in the balance sheet: EUR 582,188.70 13. (previous year: EUR 1,426,620.99)	–5,083,893.48	–6,781,578.86
<b>14. Earnings after tax</b>	<b>29,786,989.99</b>	<b>81,041,379.94</b>
15. Other Taxes	–1,332.00	–1,443.00
<b>16. Net Income</b>	<b>29,785,657.99</b>	<b>81,039,936.94</b>
17. Profit carried forward from previous year	267,615,214.06	231,620,277.12
<b>17. Unappropriated profit</b>	<b>297,400,872.05</b>	<b>312,660,214.06</b>

# Notes Nemetschek SE

## Accounting principles

The annual financial statements as of December 31, 2022 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. The consolidated IFRS financial statements of Nemetschek SE (greatest and smallest consolidation scope) is available at Nemetschek SE in Munich.

### Principles

The accounting principles of the annual financial statements as of December 31, 2022 are based on the provisions of the German Commercial Code (HGB) and the special provisions of the German Stock Corporation Act (AktG). Accounting and valuation are carried out as of the balance sheet date.

**Intangible assets** are capitalized at cost or measured using the lower fair value on the balance sheet date. They are amortized using the straight-line method over a period of 2 to 5 years.

**Prepayments made on intangible assets** are valued at acquisition cost.

**Fixed assets** are to be measured at cost, accounting for scheduled amortization, or at the lower fair value on the balance sheet date. They are amortized as follows using the straight-line method over their normal useful lives: office equipment 3 to 5 years, leasehold improvements 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** and **other 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 on the balance sheet date.

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

**Deferred taxes** are recognized for temporary differences within the tax group 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 tax assets and deferred tax liabilities are not netted.

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

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

#### **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. Unrealized gains from foreign currency valuation are only recognized if they relate to assets or liabilities with a remaining term of less than one year. The "of these" notes disclosed in the statement of comprehensive income regarding currency translation contain realized as well as unrealized foreign exchange rate differences. Pursuant to § 277 (5) Sentence 2 HGB, income/expenses from currency translation are to be respectively reported separately under the items "Other operating income" or "Other operating expenses". In the 2021 annual statements, the proportion of currency exchange effects relating to USD financing transactions were disclosed in the items "Other interest and similar income" or "Interest and similar expenses". For comparability purposes, the respective previous year's disclosure was adjusted.

#### **Income from marketable securities and loans**

Pursuant to § 275 (2) No. 10 HGB, income from marketable securities and loans are to be disclosed separately as separate items. In the 2021 annual statements, the proportion of income from marketable securities and loans are disclosed in the items "Other interest and similar income". For comparability purposes, the previous year's disclosure was adjusted.

#### **Amortization arising from financial assets**

Amortization arising from financial assets is on the basis of expected ongoing impairment (moderate lower of cost or market principle). Impairment losses are reversed if the reason for the write-down have at least partially ceased to apply. Write-ups occur up to the level of amortized cost.

## 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**

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, 2022	Net Income 2022
<b>Design segment</b>			
Abvent SA, Paris, France (consolidated since December 20, 2022)	100.00	5,837	304
Abvent SA, Estavayer-le-Lac, Switzerland (consolidated since December 20, 2022)	100.00	1,369	34
Allplan Česko s.r.o., Prague, Czech Republic	100.00	1,107	182
Allplan Deutschland GmbH, Munich, Germany*	100.00	3,329	18,893
Allplan France S.A.R.L., Puteaux, France	100.00	2,386	1,806
Allplan GmbH, Munich, Germany*	100.00	39,695	11,729
Allplan Italia S.r.l., Trient, Italy	100.00	1,086	408
Allplan Österreich GmbH, Wals-Siezenheim, Austria	100.00	996	762
Allplan Schweiz AG, Wallisellen, Switzerland	93.33	2,286	1,602
Allplan Software Engineering GmbH, Puch bei Hallein, Austria	100.00	1,878	363
Allplan Software Singapore Pte. Ltd., Singapore	100.00	-528	260
Allplan Slovensko s.r.o., Bratislava, Slovakia	100.00	1,431	402
Allplan Systems España S.A., Madrid, Spain	100.00	-656	-100
Allplan UK Ltd., Salford, Great Britain	100.00	-353	23
Data Design System UK Ltd., Wiltshire, Great Britain	100.00	-125	0
DC-Software Doster & Christmann GmbH, Munich, Germany (consolidated since April 1, 2022)	100.00	559	0
Design Data Corporation, Lincoln, Nebraska, United States**	100.00	2,554	3,265
Friilo Software GmbH, Stuttgart, Germany*	100.00	2	1,667
Graphisoft Asia Ltd., Hong Kong, China	100.00	1,804	264
Graphisoft Brasil Serviços de Tecnologia da Informação Ltda, São Paulo, Brazil	100.00	-1,709	-712
Graphisoft Building Systems GmbH, Ascheberg, Germany***	100.00	12,238	1,091
Graphisoft Deutschland GmbH, Munich, Germany*	100.00	7,654	2,726
Graphisoft Italia S.R.L., Spinea, Italy	100.00	1,083	130
Graphisoft Japan Co., Tokyo, Japan	100.00	2,036	274
Graphisoft México S.A. de C.V., Mexico D.F., Mexico	100.00	258	9
Graphisoft North America, Inc., Waltham, Massachusetts, United States	100.00	-1,372	295
Graphisoft Scandinavia AS, Klepp Stasjon, Norway***	100.00	8,398	1,793
Graphisoft SE, Budapest, Hungary	100.00	100,892	37,176
Graphisoft UK Ltd., Uxbridge, Great Britain	100.00	1,673	593
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00	12,768	-26
RISA Tech, Inc., Foothill Ranch, California, United States	100.00	23,597	2,829
Scia CZ s.r.o., Prague, Czech Republic	100.00	779	267
Scia France S.A.R.L., Lille, France	100.00	143	90
Scia Group International nv, Hasselt, Belgium	100.00	1,974	-9
Scia Nederland B.V., Arnhem, Netherlands	100.00	1,051	138
Scia nv, Hasselt, Belgium	100.00	2,915	319
Scia SK s.r.o., Zilina, Slovakia	100.00	82	35
Scia GmbH, Dortmund, Germany	100.00	69	51
Solibri DACH GmbH, Hamburg, Germany	100.00	226	83
Solibri LLC, Scottsdale, Arizona, United States	100.00	-306	-108
Solibri Oy, Helsinki, Finland	100.00	236	-424
Solibri UK Ltd., Leeds, Great Britain	100.00	-891	-411
Solibri Benelux B.V., Hoofddorp, Netherlands	100.00	4	41
Vectorworks Canada, Inc., Vancouver, British-Columbia, Canada	100.00	486	56
Vectorworks UK, Ltd., Newbury, Great Britain	100.00	3,770	1,495

**Continuation:**

**AFFILIATED ENTITIES**

Name, registered office of the entity	Shareholding in %	Equity Dec. 31, 2022	Net Income 2022
Vectorworks, Inc., Columbia, Maryland, United States	100.00	40,057	21,792
Vectorworks Australia Pty Ltd., Rosebery, New South Wales, Australia	100.00	688	633
<b>Build segment</b>			
123erfasst.de GmbH, Lohne, Germany	100.00	5,838	1,439
Bluebeam AB, Kista, Sweden	100.00	3,027	378
Bluebeam Holding, Inc., Wilmington, Delaware, United States	100.00	98,648	14,288
Bluebeam GmbH, Munich, Germany*	100.00	-2,626	-1,253
Bluebeam, Inc., Pasadena, California, United States	100.00	74,955	64,656
Bluebeam Limited UK, Ltd., London, Great Britain	100.00	9,020	4,456
Bluebeam Australia PTY, Ltd., Sydney, Australia	100.00	9,075	4,739
dRofus AB, Stockholm, Sweden	100.00	192	77
dRofus AS, Oslo, Norway	100.00	1,785	540
dRofus Inc., Lincoln, Nebraska, United States	100.00	380	-89
dRofus Pty Ltd, North Sydney, Australia	100.00	337	-121
NEVARIS Bausoftware GmbH, Bremen, Germany*	100.00	17,723	-339
NEVARIS Bausoftware GmbH, Elixhausen, Austria	100.00	6,006	1,431
<b>Manage segment</b>			
Crem Solutions GmbH & Co. KG, Ratingen, Germany*	100.00	10,116	2,636
Crem Solutions Verwaltungs GmbH, Munich, Germany	100.00	80	6
Dexma Sensors S.L.U., Barcelona, Spain	100.00	490	-1,078
FASEAS NV, Antwerp, Belgium	100.00	81,187	1,180
MCS Americas Single Member LLC, New York City, New York, United States	100.00	-3,960	-856
MCS NV, Antwerp, Belgium	100.00	-526	-2,325
myMCS AB, Knivsta, Sweden	100.00	238	215
Nemetschek India Private Limited, Hyderabad, India***	100.00	2,226	587
Spacewell International NV, Antwerp, Belgium	100.00	-4,906	-3,016
Spacewell Netherlands Holding B.V., Arnhem, Netherlands***	100.00	-13,591	-2,128
Spacewell Netherlands B.V., Arnhem, Netherlands****	100.00	10,705	3,296
<b>Media segment</b>			
Maxon Computer Canada, Inc., Montreal, Québec, Canada	83.55	862	54
Maxon Computer GmbH, Bad Homburg v.d.H., Germany	83.55	138,265	17,091
Maxon Computer, Inc., Thousand Oaks, California, United States	83.55	4,133	15,312
Maxon Computer Ltd., Cranfield, Bedfordshire, Great Britain	83.55	1,354	1,006
Maxon Computer Japan KK, Tokyo, Japan	83.55	1,220	-150
<b>Other</b>			
Nemetschek, Inc., Foothill Ranch, California, United States	100.00	21,096	-9,282

\* In the fiscal year 2022, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:

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

\*\*\* In the fiscal year 2022 the following company name changes have been made:

- Axserion Group B.V. was renamed into Spacewell Netherlands Holding B.V.,
- Axserion B.V. was renamed into Spacewell Netherlands B.V.,
- Data Design System GmbH was renamed into Graphisoft Building Systems GmbH,
- Data Design System AS was renamed into Graphisoft Scandinavia AS,
- MCS Solutions Private Ltd. was renamed into Nemetschek India Private Limited.

## Loans due from affiliated companies

Brand	Issue year	Amount in Thousands of €	Balance as of Dec. 31, 2021 in Thousands of €	Repayment in 2022 in Thousands of €	Balance as of Dec. 31, 2022 in Thousands of €	Due date
Spacewell International NV	2019	18,250	18,250		18,250	12/31/2028
Maxon Computer GmbH	2020	8,418	2,806	-2,806	0	12/28/2022
Spacewell International NV	2020	20,000	18,000	-2,000	16,000	12/31/2030
		<b>46,668</b>	<b>39,056</b>	<b>-4,806</b>	<b>34,250</b>	

## Investments

As of the balance sheet date, Nemetschek SE has the following indirect minority holdings. Nemetschek SE has a direct minority holding through Allplan GmbH of Sablono GmbH. Compared to the previous year, Planen Bauen 4.0 GmbH is disclosed as an Other financial asset. This results in a reduction of EUR 50k for this item.

## INVESTMENTS

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity Dec. 31, 2022	Annual result 2022
Nemetschek OOD, Bulgaria		20.00%	9,883	2,414
Sablono GmbH, Berlin		22.14%	1,048	-1,216
Imerso AS, Norway		16.82%	2,328	-809

## Accounts receivable and other assets

Included in other assets, in the amount of EUR 7,287k (previous year: EUR 1,623k) are mainly payments for corporate income tax refunds and trade tax refunds for the 2020 and 2021 as well as 2022 financial years with a remaining term of less than one year in the amount of EUR 7,066k (previous year: EUR 1,417k), payments in the amount of EUR 137k (previous year: EUR 69k) and pre-tax in the subsequent month deductible in the amount of EUR 14k (previous year: EUR 84k).

As in the previous year, accounts receivable and other assets have a remaining term of no more than one year.

## Accounts due from affiliated companies

Accounts due from affiliated companies mainly constitute a claim in respect of a short-term loan in the amount of EUR 109,591/USD 116,890k (previous year: EUR 103,205k/USD 116,890k), receivables from profit and loss transfer agreements in the amount of EUR 32,379k (previous year: EUR 37,749k) and receivables from cash pooling in the amount of EUR 37,693 (previous year: EUR 23,986) 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 and payables vis-à-vis affiliated companies in the commercial balance sheet and the tax balance sheet as of December 31, 2022 in the amount of EUR 1,114k (previous year: EUR 1,434k). The tax rate used as a basis is 32.23% (previous year: 32.35%). The main reason for the decrease compared to the previous year is that in the previous year, a difference of EUR 5,753k instead of EUR 332 was incorrectly included in the valuation of the investment in a partnership. The valuation was based on a tax rate of 15.825%. The resulting tax effect of EUR 858k was corrected in the current account in the financial year 2022. Due to the correction of deferred tax liabilities of EUR 923k, there is a net effect on income taxes of EUR 65k. For the first time, deferred tax assets were formed on the basis of differences in the measurement of a compensation provision in the amount of EUR 709k, which were measured at a tax rate of 32.23%.

## 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. The 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, 2021	312,660,214.06
- Dividend	45,045,000.00
+ Net income 2022	29,785,657.99
<b>As of December 31, 2022</b>	<b>297,400,872.05</b>

The deferred tax assets exceed deferred tax liabilities by EUR 988k. Profits can only be paid out if readily available reserves remaining after the payout, plus profits carried forward and minus losses carried forward, correspond at least to the total amounts distributed.

### Proposal on the appropriation of profits

The executive board proposes to the supervisory board that a dividend in the amount of EUR 51.975.000.00 be paid out for the 2022 financial year. This represents EUR 0.45 per share, the remaining amount is carried forward to new account.

### Provisions

The tax provisions contain provisions for previous years in the amount of EUR 59k (previous year: EUR 382k). 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, 2022	Utilization	Resolution	Supply	As of Dec. 31, 2022
Outstanding invoices	1,982	1,339	417	2,109	2,335
Commission/bonuses for employees	5,721	3,895	482	5,614	6,958
Year end audit	340	250	0	328	418
Legal and consulting fees	70	30	40	0	0
Other	103	86	0	122	139
<b>Total</b>	<b>8,216</b>	<b>5,600</b>	<b>939</b>	<b>8,173</b>	<b>9,850</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>71,300</b>	<b>64,700</b>	<b>6,600</b>
Dec. 31, 2021	118,200	83,900	34,300
<b>Trade accounts payable</b>	<b>1,855</b>	<b>1,855</b>	<b>0</b>
Dec. 31, 2021	1,703	1,703	0
<b>Accounts payable to affiliated companies</b>	<b>220,850</b>	<b>220,850</b>	<b>0</b>
Dec. 31, 2021	167,598	167,598	0
<b>Tax liabilities</b>	<b>1,100</b>	<b>1,100</b>	<b>0</b>
Dec. 31, 2021	1,608	1,608	0
<b>Other liabilities</b>	<b>146</b>	<b>146</b>	<b>0</b>
Dec. 31, 2021	54	54	0
<b>Dec. 31, 2022</b>	<b>295,251</b>	<b>288,651</b>	<b>6,600</b>
Dec. 31, 2021	289,163	254,863	34,300

Disclosed liabilities to banks are the result of loans for acquisitions and drawing on lines of credit. Interest amounts to between 0.49% and 2.87%. The financial key figures "Debt covenants" to be met, which were agreed upon with the lenders, were met as of December 31, 2022. Liabilities vis-à-vis affiliated companies mainly comprise loan liabilities and liabilities arising from cash pooling in the amount of EUR 91,329k (previous year: EUR 83,098). The liabilities arising from loans vis-à-vis other affiliated companies in the amount of EUR 127.275k (previous year: EUR 88.988k) are predominantly due in USD (EUR 94,236k, USD 107,700k, previous year EUR 62,688k, USD 71.000k). In contrast to this, there are claims arising from loans, which are likewise due in USD (EUR 109,591k, USD 116,890k). 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.

Liabilities due within one year exceed cash and cash equivalents, current receivables and other assets by EUR 102.8 million. The liabilities of EUR 295.3 million included in the debts are mainly characterized by the liabilities to affiliated companies of EUR 220.9 million. Nemetschek SE can exercise control over these companies to extend the liabilities beyond the currently existing maturity date. Furthermore, Nemetschek SE can request dividends from the affiliated companies in order to further increase short-term liquidity. In addition, Nemetschek SE has committed but undrawn credit lines amounting to EUR 267.5 million. To this extent, Nemetschek SE can more than compensate for the short-fall described above through internal as well as external financing measures

### Summary deferred taxes

#### DEFERRED TAXES

	Thousands of €	As of Jan. 1, 2022	Change	As off Dec. 31, 2022
Deferred tax assets		1,434	-320	1,114
Deferred tax liability		1,028	-902	126

## Notes to the Profit and Loss account

The revenues in the amount of EUR 8,735k (previous year: EUR 7,560k) mainly comprise umbrella brand licence remuneration with affiliated companies, EUR 8,426k (previous year: EUR 7,079k). Of these, EUR 2,814k (previous year: EUR 2,174k) were generated with affiliated domestic companies.

In the 2022 financial year, other operating income amounts to EUR 13,205k (previous year: EUR 6,015k). This also includes income from unrealized currency gains in the amount of EUR 6,291k (previous year: EUR 5k), income from charging out to affiliated companies amounting to EUR 5,208k (previous year: EUR 5,567k) as well as income from divesting provisions unrela-

### 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 2022 financial year, deferred tax liabilities in the amount of EUR 126k (previous year: EUR 1,028k) were disclosed. The main cause of the decline is that as of December 31, 2021, the difference in the valuation of financial assets of EUR 7,824k (previous year: 6,494k) were only applied in the amount of EUR 6,9494k with the nominal corporate income tax rate of Nemetschek SE. According to the regulations of Section 8b corporate income tax (KStG), this would only have been applied to 5% of the difference. In addition, the combined tax rate from corporate income tax and trade tax would also have had to be used. The resulting amount of EUR 923k to be corrected was recognized in the current account in fiscal year 2022. Due to the correction of deferred tax assets of EUR 858k, there is a net effect on income taxes of EUR 65k. The measurement was made using a tax rate of 32.23%.

ted to the accounting period in the amount of EUR 939k (previous year: EUR 176k).

The rise in personnel expenses in the 2022 financial year is as a result of expansion of the business units of Nemetschek SE and the subsequent increase in salary costs, EUR 6,201k (previous year: EUR 4,976k) as well as the hiring of a severance payment EUR 1,372k (previous year: EUR 0).

The strong rise in other operating expenses is, among other things, as a result of IT software costs of EUR 4,105k (previous year: EUR 3,057k), marketing costs of EUR 1,212k (previous year: EUR 480k) and travel costs of EUR 469k (previous year: EUR 71k). 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. Expenses from unrealized currency losses contains in the amount of EUR 6,176k (previous year: EUR 1,323k).

Financial assets were amortized as a result of a permanent impairment of an investment. This was due to the delay in the business development of a subsidiary.

## Other disclosures

### Contingencies

	thousands of €	Dec. 31, 2022	Dec. 31, 2021
Bank guarantees		188	171

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 2022 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, 2023), so that the simplifications of § 264 (3) of the German Commercial Code (HGB) can be applied for this company. 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, 2022) 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.

### Other financial obligations

	Thousands of €	Total	Less than 1 year	1 to 5 years	More than 5 years
Rental agreements		5,216	652	2,608	1,956
Leases		137	76	61	0
<b>Total financial commitments as of December 31, 2022</b>		<b>5,353</b>	<b>728</b>	<b>2,669</b>	<b>1,956</b>
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>

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 the year 2022, Nemetschek SE extended existing bilateral lines of credit and increased these in total to EUR 284,500k (previous year: EUR 207,000k). These lines of credit were granted with a term of up to 1 year. At the end of 2022, Nemetschek SE drew on these lines of credit for EUR 17,000k and disclosed this accordingly as liabilities to banks in the statement of financial position.

### Personnel

Nemetschek SE employed a staff of 62 on average for the year (previous year: 57), who work in the administration department. Of these, 6 serve as executives (previous year: 6), 41 as employees (previous year: 37) and 15 as part-time staff (previous year: 14).

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

The Declaration of Conformity was submitted on May 12, 2022. The relevant current version is available to the shareholders on the website of Nemetschek SE ([www.nemetschek.com](http://www.nemetschek.com)).

### Long Term Incentive Plan

Executive Board members of Nemetschek SE participate in Long Term Incentive Plans (“LTIP”). The LTIP depends primarily on the achievement of defined corporate targets for the development of the adjusted EBITDA, EBITA or EBT. The performance period is three years. For LTIPs starting 2022, the Supervisory Board may decide at its reasonable discretion to transfer Nemetschek shares instead of cash.

The LTIP consists of two LTIP pools: one fixed and one dynamic. The scope of the fixed and dynamic pools is first calculated based on the relevant financial criterion. To do this, the actual figure for the reference year (last year before the start of the LTIP period) is deducted from the actual figure for the last year of the LTIP period. The difference is multiplied by the relevant pool percentage defined by the Supervisory Board at the start of the LTIP period. The fixed pool share for each member of the Executive Board is defined by the Supervisory Board at the start of the LTIP period. For regular members of the Executive Board, the dynamic pool share is distributed based on their division's share of the total revenues in the last year of the LTIP period. For other Executive Board members the dynamic share depends on the EPS (earnings per share) development or the Group revenue development. Payment is limited to EUR 2,000k, gross, for regular members and EUR 3,000k, gross, for the Executive Board Chairperson.

The total expenses recognized in the 2022 financial year amount to EUR 519k.

The grant date fair value at 100 % best estimate amounts EUR 2.749k.

### Share-based payments

Executive Board members of Nemetschek SE and key employees of Nemetschek Group may participate in a share-based payment in the form of Stock Appreciation Rights (“SAR”). SARs are intended to allow the Executive Board members and key employees to share the company's future success on a medium- and long-term basis. The SARs are virtual subscription rights that can be granted as “Performance SARs” or as “New Hire SARs”. The proceeds are determined by multiplying the exercised number of SARs with the difference between an issue price (the “issue price”) and the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day when the exercise notification is received. The payment amount per exercised SAR is limited to 100% of the issue price per SAR, i.e. the increase in value per SAR to be paid out corresponds at the most to the defined issue price per SAR. The issue price for the Performance SARs corresponds to the average (arithmetic mean) of the

closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day of the Supervisory Board's resolution on the grant of Performance SARs. For the New Hire SARs, the issue price corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek share on the last 200 trading days before the day of the Supervisory Board's resolution on the grant of New Hire SARs. The granted SARs can be exercised as follows: 25% of the granted SARs can be exercised one year after the grant date, another 25% two years after the grant date, another 25% three years after the grant date and the remaining 25% four years after the grant date (together the “vesting period” and each the “vesting date”). All SARs must be exercised before five years have passed since the respective vesting date, otherwise they expire without compensation (the “exercise period”).

On June 30, 2022, the Chief Executive Officer of Nemetschek SE was granted 200,000 Performance SARs and 200,000 New Hire SARs. The proceedings from the SARs are limited in total to € 6.5 million. The SARs shall be settled in Nemetschek shares. Expenses for equity-settled share-based payments are measured at fair value at the grant date using a Monte-Carlo-Simulation. The fair value at grant is € 898 thousand for the Performance SARs and € 636 thousand for the New Hire SARs.

### Executive board

Total remuneration attributable to the Executive Board amounted to EUR 10,943k (previous year: EUR 4,900k). Thereof EUR 6,930k (previous year: EUR 3,454k) relate to short-term employee benefits, EUR 4,013k (previous year: EUR 1,446k) relate to other long-term benefits and EUR 1,715k (previous year: 0) relate to termination benefits.

Executive Board members of Nemetschek SE participate in Long Term Incentive Plans. Further, an Executive Board member of Nemetschek SE participates in a share-based payment in the form of Stock Appreciation Rights.

As a result of the termination of the employment of one Executive Board member by mutual agreement at the end of December 31, 2022, the executive will receive a severance payment. Accordingly, the Group has recognized an expense of EUR 1,715 (2021: 0).

### Supervisory board

A fixed remuneration was paid to the members of the supervisory board of Nemetschek SE as of May 12 for the 2022 financial year. From May 12, 2022 on, this was supplemented by a performance-related remuneration. As a total amount of EUR 1,077k (previous year: EUR 875k) was remunerated. Supervisory board remuneration is disclosed in detail in the Nemetschek SE remuneration report. Since May 12, 2022, the supervisory board has comprised 6 members (previous year: 4).

## Auditors' remuneration

### AUDITORS' FEES

Thousands of €	2022	2021
Financial statements audit services	677	322
Other confirmation services	10	40
Other audit services	67	0
<b>Total</b>	<b>754</b>	<b>362</b>

Other confirmation services include costs for assurance of the financial key figures "Debt covenants" to be met, which were agreed upon with the lenders, and the dependency report, and other audit services is for the audit of the implementation of the Treasury Management System.

### Treasury shares

The annual general meeting on May 28, 2019 authorized the company to purchase up to 11,550,000 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 or acquisitions in this regard in the year 2022.

### 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 11,550,000, whereby it is possible to exclude the shareholders' right of subscription (Authorized Capital 2021/1). This has not been exercised to date.

## Supplementary report

Effective as of January 1, 2023, the supervisory board of Nemetschek SE appointed Louise Öfverström to the executive boards as Chief Financial Officer (CFO). The new executive board structure consists of Yves Padrines (CEO), Viktor Várkonyi (CDO Planning & Design Division), Jon Elliott (CDO Build & Construct Division) and Louise Öfverström (CFO).

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

The direct and indirect voting rights of the following persons/institutions in Nemetschek SE as of December 31, 2022, are as follows:

- » Prof. Georg Nemetschek, Munich, Germany: 2.7% (previous year: 46.13%)  
N-Integral GmbH, Grünwald, Germany: 45.65% (previous year: 46.13%)  
Nemetschek Stiftung, Grünwald, Germany: 45.65% (previous year: 46.13%)
- » Dr. Ralf Nemetschek, München, Germany: 45.65% (previous year: 2.72%)
- » Allianz Global Investors GmbH, Frankfurt, Germany: 4.99% (previous year: 4.99%)
- » EuroPacific Growth Fund, United States of America: 2.94% (previous year: 3.03%)
- » BlackRock, Inc., Wilmington, United States of America: 3.26% (previous year: 3.26%)

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 of Nemetschek SE:

### VOTING RIGHT DECLARATION

Shareholder	Stock declaration as at	Missed (-) or exceeded (+) 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	6/22/2022	3 (-)	2.70	3,118,500	2.70	0.00
Dr. Ralf Nemetschek, Germany	11/25/2022	30, 25, 20, 15, 10, 5, 3 (+)	45.65	52,727,634	2.72	42,93*
BlackRock, Inc., United States of America	5/6/2022	3 (+)	3.26	3,766,019	3.26	0.00
EuroPacific Growth Fund	9/7/2022	3 (-)	2.94	3,398,356	2.94	0.00
The Capital Group Companies, Inc., United States of America	9/7/2022	3 (-)	2.83	3,273,731	2.83	0.00
Allianz Global Investors GmbH, Germany	5/13/2020	3 (+)	4.99	5,758,550	4.99	0.00

\* The voting rights of Dr. Ralf Nemetschek are attributed via the Nemetschek-Stiftung and N-Integral GmbH.

## Supervisory Board

### **Kurt Dobitsch**, Businessman

Chairman

Year of birth 1954, Nationality: Austrian

First appointed 1998, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany, Chairman
  - » Bechtle AG (publicly listed), Gaildorf, Germany
  - » Singhammer IT Consulting AG (not listed), Munich, Germany
  - » 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

### **Patricia Geibel-Conrad**, Auditor/Tax Consultant

in own practice

Deputy Chairwoman

Year of birth 1962, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany, Chairwoman of the Audit Committee
- » DEUTZ AG (publicly listed), Cologne, Germany, Chairwoman of the Audit Committee
- » CEWE Stiftung & Co. KGaA (publicly listed), Oldenburg, Germany, Chairwoman of the Audit Committee
- » HOCHTIEF Aktiengesellschaft (publicly listed), Essen, Germany, Member of the Supervisory Board and the Audit Committee (until October 19, 2022)

### **Bill Krouch**, Consultant

Year of birth 1959, Nationality: US American

First appointed 2018, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany
- » INVESTCORP (not listed), New York, USA

### **Christine Schöneweis**, Senior Vice President and COO

Intelligent Enterprise Solutions, SAP SE

Year of birth 1976, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

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

### **Prof. Dr. Andreas Söffing**, Tax Consultant and Partner

Flick, Gocke, Schaumburg

Year of birth 1962, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany
- » United Internet AG (publicly listed), Montabaur, Germany

Membership of comparable domestic and foreign supervisory bodies of commercial enterprises:

- » Advisory board of Deutsche Oppenheim Family Office AG, Cologne, Germany, Deputy Chairman

### **Dr. Gernot Strube**, Businessman

Year of birth 1965, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

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

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

Deputy Chairman until May 12, 2022

Honorary Chairman as of May 12, 2022

Year of birth 1934, Nationality: German

First appointed 2001

### **Rüdiger Herzog**, Lawyer

Year of birth 1950, Nationality: German

First appointed 2003, resigned May 12, 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

## Committees of the Supervisory Board

Audit Committee (as of January 1, 2022)

**Patricia Geibel-Conrad**, Chairwoman (as of May 12, 2022)

**Kurt Dobitsch**

**Dr. Gernot Strube** (as of May 12, 2022)

**Rüdiger Herzog** (Chairman, until May 12, 2022)

**Prof. Georg Nemetschek** (until May 12, 2022)

## Executive Board

### Yves Padrines

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

Member of Supervisory Boards of affiliated companies:  
» Maxon Computer GmbH, Germany (as of April 22, 2022)

### Dr. Axel Kaufmann

(Dipl.-Kfm.)  
Chief Financial & Operations Officer (until December 31, 2022)  
Born in 1969, Nationality: German

Further group-internal mandate:  
» Managing Director Nemetschek Austria Beteiligungen GmbH  
(until December 31, 2022)

Member of Supervisory Boards of affiliated companies:  
» Bluebeam Holding, Inc., USA (until December 31, 2022)  
» Bluebeam Inc., USA (until December 31, 2022)  
» Maxon Computer GmbH, Germany (until April 22, 2022)  
» Nemetschek Inc., USA (until December 31, 2022)  
» Spacewell International NV, Belgium (as of January 12, 2022,  
until October 10, 2022)

### Louise Öfverström

(Master of Science in Business Administration)  
Chief Financial Officer (as of January 1, 2023)  
Born in 1975, Nationality: Swedish

Further group-internal mandate:  
» Managing Director Nemetschek Austria Beteiligungen GmbH

Member of Supervisory Boards of affiliated companies:  
» Bluebeam Holding, Inc., USA  
» Bluebeam Inc., USA  
» Nemetschek Inc., USA

Further external mandate:  
» Rheinmetall AG, Germany

### Viktor Várkonyi

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

Member of Supervisory Boards of affiliated companies:  
» Data Design System AS, Norway (until March 22, 2022)  
» dRofus AS, Norway (until September 29, 2022)  
» Graphisoft SE, Hungary  
» RISA Tech. Inc., USA  
» SCIA Group International NV, Belgium  
» SCIA NV, Belgium  
» Solibri Oy, Finland  
» Vectorworks, Inc., USA

### Jon Elliott

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

Further group-internal mandate:  
» CEO Bluebeam Holding, Inc., USA  
» CEO Bluebeam, Inc., USA  
» Director Bluebeam Ltd., UK  
» CEO Nemetschek Inc., USA

Member of Supervisory Boards of affiliated companies:  
» Nemetschek Inc., USA

Munich, March 17, 2023

Nemetschek SE



Yves Padrines



Louise Öfverström



Viktor Várkonyi



Jon Elliott

## Statement of fixed assets of Nemetschek SE

From December 31, 2021 to December 31, 2022

2022	in €	Development of historic costs			As of Dec. 31, 2022	
		As of Jan. 1, 2022	Additions	Reclassification		Disposal
<b>I. Intangible assets</b>						
1.	Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets	1,970,341.25	37,185.50	0.00	0.00	2,007,526.75
2.	Prepayments made on intangible assets	0.00	250,000.00	0.00	0.00	250,000.00
		<b>1,970,341.25</b>	<b>287,185.50</b>	<b>0.00</b>	<b>0.00</b>	<b>2,257,526.75</b>
<b>II. Property, plant and equipment</b>						
1.	Fixtures, fittings and equipment	1,971,885.84	87,745.06	0.00	0.00	2,059,630.90
		<b>1,971,885.84</b>	<b>87,745.06</b>	<b>0.00</b>	<b>0.00</b>	<b>2,059,630.90</b>
<b>III. Financial assets</b>						
1.	Shares in affiliated companies	568,267,260.82	-1,937,055.96	0.00	0.00	566,330,204.86
2.	Loans due from affiliated companies	39,055,984.74	-4,805,984.74	0.00	0.00	34,250,000.00
3.	Investments	1,962,222.33	0.00	0.00	0.00	1,962,222.33
4.	Other financial assets	50,000.00	2,144,706.04	0.00	0.00	2,194,706.04
		<b>609,335,467.89</b>	<b>-4,598,334.66</b>	<b>0.00</b>	<b>0.00</b>	<b>604,737,133.23</b>
	<b>Total fixed assets</b>	<b>613,277,694.98</b>	<b>-4,223,404.10</b>	<b>0.00</b>	<b>0.00</b>	<b>609,054,290.88</b>

Development of accumulated depreciation/amortization					Carrying amount	
As of Jan. 1, 2022	Additions	Attributions	Disposal	As of Dec. 31, 2022	As of Dec. 31, 2022	As of Dec. 31, 2021
1,881,837.32	60,065.37	0.00	0.00	1,941,902.69	65,624.06	88,503.93
0.00	0.00	0.00	0.00	0.00	250,000.00	0.00
<b>1,881,837.32</b>	<b>60,065.37</b>	<b>0.00</b>	<b>0.00</b>	<b>1,941,902.69</b>	<b>315,624.06</b>	<b>88,503.93</b>
1,679,882.19	126,668.26	0.00	0.00	1,806,550.45	253,080.45	292,003.65
<b>1,679,882.19</b>	<b>126,668.26</b>	<b>0.00</b>	<b>0.00</b>	<b>1,806,550.45</b>	<b>253,080.45</b>	<b>292,003.65</b>
0.00	34,787,240.00	0.00	0.00	34,787,240.00	531,542,964.86	568,267,260.82
0.00	0.00	0.00	0.00	0.00	34,250,000.00	39,055,984.74
0.00	0.00	0.00	0.00	0.00	1,962,222.33	1,962,222.33
0.00	0.00	0.00	0.00	0.00	2,194,706.04	50,000.00
<b>0.00</b>	<b>34,787,240.00</b>	<b>0.00</b>	<b>0.00</b>	<b>34,787,240.00</b>	<b>569,949,893.23</b>	<b>609,335,467.89</b>
<b>3,561,719.51</b>	<b>34,973,973.63</b>	<b>0.00</b>	<b>0.00</b>	<b>38,535,693.14</b>	<b>570,518,597.74</b>	<b>609,715,975.47</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, 2023



Yves Padrines



Louise Öfverström



Viktor Várkonyi



Jon Elliott

*Translation of the auditor's report issued in German language on the annual financial statements and management report prepared in German language by the management of Nemetschek SE*

## Independent auditor's report

To Nemetschek SE, München

### Report on the audit of the Annual Financial Statements and of the Management Report

#### Audit Opinions

We have audited the annual financial statements of Nemetschek SE, München, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss for the financial year from 1 January to 31 December 2022 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Nemetschek SE, which is combined with the group management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the „Other Information“ section of our auditor's 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 and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 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 audit opinion on the management report does not cover the content of those parts of the management report listed in the „Other Information“ section of our auditor's report.

Pursuant to § 322 Abs. [paragraph] 3 Satz [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 Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) 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 Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation, with the exception of a tax advisory engagement in connection with the fulfilment of payroll tax obligations of a German subsidiary due to nine employees seconded to Germany from abroad. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

##### » I. Measurement of shares in affiliated companies

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

##### I. Measurement of shares in affiliated companies

1. In the annual financial statements of the Company shares in affiliated companies amounting to € 531.5 Mio. (69.0 % of total assets) are reported under the „Financial assets“ balance sheet item. Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market

developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant financial investment. On the basis of the values determined and supplementary documentation, write-downs amounting in total to € 34.8 Mio. were required for the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of the valuation, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate and rates of growth applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate as well as rates of growth applied, and assessed the calculation model.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies.

3. The Company's disclosures relating to the financial investment are contained in sections "Accounting principles" and "Notes to the profit and loss account" of the notes to the financial statements.

## Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- » the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in subsection "Corporate Governance Declaration" in section "8 Other Disclosures" of the management report
- » the non-financial group statement to comply with §§ 315b to 315c HGB included in section "2 Nonfinancial Statement" of the management report
- » the subsection "General Risk Management and Internal Control" in section "6 Key Features of the Internal Control and Risk Management System", of the management report

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

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

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

## 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, 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » 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 audit 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 controls.

- » 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 audit 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 audit 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 audit 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, actions taken to eliminate threats or safeguards applied.

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 § 317 Abs. 3a HGB**

##### **Assurance Opinion**

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file Nemetschek\_JA+LB\_ESEF\_2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 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 electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Annual Financial Statements and on 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 electronic file identified above.

#### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). 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 renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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 non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- » Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, 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 work 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 electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- » Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

#### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the annual general meeting on 12 May 2022. We were engaged by the supervisory board on 1 December 2022. We have been the auditor of the Nemetschek SE, München, without interruption since the financial year 2022.

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

#### **Reference to an 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 filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" 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 Katharina Deni.

München, March 17, 2023

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Katharina Deni	ppa. Vera Daners
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

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