

Consolidated financial statements (IFRS)

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

Consolidated statement of comprehensive income

for the period from January 1 to December 31, 2023 and 2022

STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	2023	2022	[Notes]
Revenues	851,563	801,813	[1]
Other income	8,915	12,566	[2]
Operating income	860,478	814,379	
Cost of goods and services	-33,864	-31,785	[3]
Personnel expenses	-360,872	-337,219	[4]
Depreciation of property, plant and equipment and amortization of intangible assets	-58,216	-58,842	[5]
<i>thereof amortization of intangible assets due to purchase price allocation</i>	-29,403	-31,807	
Other expenses	-208,028	-188,396	[6]
Operating expenses	-660,980	-616,242	
Operating result (EBIT)	199,498	198,137	
Interest income	3,421	490	[7]
Interest expenses	-3,277	-2,624	[7]
Other financial expenses	-6,396	-11,416	[8]
Other financial income	11,057	14,862	[8]
Net finance income / costs	4,805	1,312	
Share of net profit of associates	239	82	[9], [18]
Earnings before taxes (EBT)	204,542	199,530	
Income taxes	-40,562	-34,426	[10]
Net income for the year	163,980	165,104	
Other comprehensive income:			
Difference from currency translation	-14,543	10,396	
Items of other comprehensive income that are reclassified subsequently to profit or loss	-14,543	10,396	
Losses/gains from the revaluation of defined benefit pension plans	-548	1,098	[22]
Tax effect	95	-315	[10]
Items of other comprehensive income that will not be reclassified to profit or loss	-453	783	
Subtotal other comprehensive income	-14,997	11,179	
Total comprehensive income for the year	148,983	176,283	
Net profit or loss for the period attributable to:			
Equity holders of the parent	161,256	161,899	
Non-controlling interests	2,724	3,206	
Net income for the year	163,980	165,104	
Total comprehensive income for the year attributable to:			
Equity holders of the parent	147,177	171,530	
Non-controlling interests	1,807	4,753	
Total comprehensive income for the year	148,983	176,283	
Earnings per share (undiluted) in euros	1.40	1.40	[11]
Earnings per share (diluted) in euros	1.40	1.40	[11]
Average number of shares outstanding (undiluted)	115,500,000	115,500,000	[24]
Average number of shares outstanding (diluted)	115,500,000	115,500,000	[24]

Consolidated statement of financial position

as at December 31, 2023 and December 31, 2022

STATEMENT OF FINANCIAL POSITION

Assets	Thousands of €	December 31, 2023	December 31, 2022	[Notes]
Current assets				
Cash and cash equivalents		268,041	196,821	[12]
Trade receivables		99,640	84,520	[13], [23]
Inventories		978	890	[14]
Income tax receivables		18,998	11,289	[10]
Other financial assets		1,359	2,492	[14], [23]
Other non-financial assets		29,197	31,120	[14]
Current assets, total		418,213	327,132	
Non-current assets				
Property, plant and equipment		23,735	26,568	[15]
Intangible assets		135,106	171,703	[16]
Goodwill		552,037	557,047	[16]
Right-of-use assets		60,922	69,795	[17]
Investments in associates		17,121	4,010	[18]
Deferred tax assets		33,850	21,465	[10]
Other financial assets		29,583	18,377	[14], [23]
Other non-financial assets		3,765	2,031	[14]
Non-current assets, total		856,119	870,996	
Total assets		1,274,332	1,198,128	

Equity and liabilities	Thousands of €	December 31, 2023	December 31, 2022	[Notes]
Current liabilities				
Short-term borrowings and current portion of long-term loans		6,802	65,072	[19], [23]
Trade payables		15,325	15,712	[19], [23]
Provisions		34,835	40,219	[20]
Accrued liabilities		30,832	30,032	[20]
Deferred revenue		265,097	206,939	[1]
Income tax liabilities		11,993	10,660	[10]
Other financial liabilities		55	1,494	[19], [23]
Lease liabilities		16,691	14,854	[19], [23]
Other non-financial liabilities		18,986	18,858	[21]
Current liabilities, total		400,616	403,841	
Non-current liabilities				
Long-term borrowings without current portion		71	6,873	[19], [23]
Deferred tax liabilities		16,746	19,802	[10]
Pensions and related obligations		3,580	2,455	[22]
Provisions		1,128	1,582	[20]
Deferred revenue		6,150	2,631	[1]
Income tax liabilities		9,161	6,035	[10]
Other financial liabilities		8	390	[19], [23]
Lease liabilities		52,774	62,443	[19], [23]
Other non-financial liabilities		2,200	2,853	[21]
Non-current liabilities, total		91,819	105,065	
Equity				[24], [25]
Subscribed capital		115,500	115,500	
Capital reserve		12,485	12,485	
Retained earnings		640,800	533,871	
Other comprehensive income		-22,210	-8,586	
Equity (group shares)		746,575	653,270	
Non-controlling interests		35,323	35,953	
Equity, total		781,898	689,223	
Total equity and liabilities		1,274,332	1,198,128	

Consolidated cash flow statement

for the period from January 1 to December 31, 2023 and 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2023	2022	[Notes]
Profit (before tax)	204,542	199,530	
Depreciation and amortization of fixed assets	58,216	58,842	
Net finance costs	-4,805	-1,312	
Share of net profit of associates	-239	-82	
EBITDA	257,713	256,979	[27]
Other non-cash transactions	1,181	1,508	
Cash flow for the period	258,894	258,487	[27]
Change in trade working capital	49,431	26,681	
Change in other working capital	-1,384	-12,356	
Dividends received from associates	168	134	
Interests received	3,335	486	
Income taxes received	2,385	2,942	
Income taxes paid	-59,950	-62,590	
Cash flow from operating activities	252,879	213,784	[27]
Capital expenditure	-12,677	-19,028	
Changes in liabilities from acquisitions	-1,510	-7,668	
Cash received from disposal of fixed assets	424	74	
Cash paid for acquisition of subsidiaries, net of cash acquired	0	-20,990	
Cash paid for acquisition of equity instruments of other entities	-15,328	-4,793	
Cash paid for acquisition of interests in associates	-8,755	0	
Cash flow from investing activities	-37,846	-52,405	[27]
Dividend payments	-51,975	-45,045	
Dividend payments to non-controlling interests	-2,437	-2,631	
Cash received from loans	18,510	40,800	
Repayment of borrowings	-83,582	-98,679	
Principal elements of lease payments	-16,535	-16,015	
Interests paid	-3,352	-2,412	
Cash flow from financing activities	-139,371	-123,982	[27]
Changes in cash and cash equivalents	75,663	37,397	
Effect of exchange rate differences on cash and cash equivalents	-4,443	2,329	
Cash and cash equivalents at the beginning of the period	196,821	157,095	
Cash and cash equivalents at the end of the period	268,041	196,821	[12]

Consolidated statement of changes in equity

for the period from January 1, 2022 to December 31, 2023

EQUITY

Thousands of €	Equity attributable to the parent company's shareholders				Total	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income			
As of January 1, 2022	115,500	12,485	415,410	-17,533	525,862	33,830	559,693
Other comprehensive income for the year	-	-	684	8,947	9,631	1,548	11,179
Net income for the year	-	-	161,899	-	161,899	3,206	165,104
Total comprehensive income for the year	0	0	162,583	8,947	171,530	4,753	176,283
Dividend payments to non-controlling interests	-	-	-	-	0	-2,631	-2,631
Share-based payments	-	-	922	-	922	-	922
Dividend payment	-	-	-45,045	-	-45,045	-	-45,045
As of December 31, 2022	115,500	12,485	533,871	-8,586	653,270	35,953	689,223
As of January 1, 2023	115,500	12,485	533,871	-8,586	653,270	35,953	689,223
Other comprehensive income for the year	-	-	-456	-13,624	-14,080	-917	-14,997
Net income for the year	-	-	161,256	-	161,256	2,724	163,980
Total comprehensive income for the year	0	0	160,800	-13,624	147,177	1,807	148,983
Adjustment related to IFRS 15	-	-	-3,426	-	-3,426	-	-3,426
Dividend payments to non-controlling interests	-	-	-	-	0	-2,437	-2,437
Share-based payments	-	-	1,530	-	1,530	-	1,530
Dividend payment	-	-	-51,975	-	-51,975	-	-51,975
As of December 31, 2023	115,500	12,485	640,800	-22,210	746,575	35,323	781,898

For more information, reference is made to the notes [\[24\]](#) Equity and [\[25\]](#) Share-based payments.

Notes to the consolidated financial statements for the fiscal year 2023

General information

Nemetschek SE is the ultimate parent company of Nemetschek Group. Its headquarters are located at Konrad-Zuse-Platz 1, 81829 Munich, Germany, and it is entered into the commercial register at the Local Court of Munich (HRB 224638). Nemetschek SE and its subsidiaries (collectively “Nemetschek Group”, “Nemetschek”) provide software for the AEC/O (Architecture, Engineering, Construction and Operation) and the 3D Media industry.

Nemetschek SE, as the ultimate parent has been quoted on the German stock exchange in Frankfurt am Main since March 10, 1999. Nemetschek is listed on the TecDAX and MDAX.

The consolidated financial statements of Nemetschek SE as of December 31, 2023 comprise Nemetschek SE and its subsidiaries and are prepared in compliance with International Financial Reporting Standards and the relevant interpretations (IFRS) as to be applied in the European Union (EU) as at December 31, 2023, and the additional requirements pursuant to § 315e German Commercial Code (HGB). The consolidated financial statements of the smallest and the largest consolidated group are prepared by Nemetschek SE. The consolidated financial statements are required to be submitted electronically to the agency that maintains the Company Register and may be obtained via the Company Register website.

Nemetschek SE prepares and publishes the consolidated financial statements in euros. Information is shown in the consolidated financial statements in EURk (€ k) unless otherwise specified. The presentation of certain prior-year information has been changed to conform to the current year’s presentation.

Accounting standards applied for the first time in 2023

The following new standards or amendments, that are effective from January 1, 2023, do not have a material effect on the Group’s financial statements.

- » IFRS 17: Insurance Contracts, including Amendments to IFRS 17
- » IAS 1: Disclosure of Accounting Policies
- » IAS 8: Definition of Accounting Estimates
- » IAS 12: Income Taxes – International Tax Law Reform – Global Minimum Taxation Regulations. See accounting policies for deferred taxes and note [10]
- » IFRS 17: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

Accounting standards that are not yet effective

The following IFRS were issued on the balance sheet date by the IASB but are not mandatorily applicable until later reporting periods or have not yet been adopted into EU law. The Nemetschek Group has decided not to exercise the possible option of early application of standards and interpretations, which are not mandatorily applicable until later reporting periods.

PUBLISHED FINANCIAL REPORTING STANDARDS THAT HAVE NOT YET BEEN APPLIED

Amendments to standards/interpretations	Mandatory application	Anticipated effects	
IAS 1	Classification of Liabilities as Current or Non-current	Jan. 1, 2024	No material effects expected
IFRS 16	Lease Liability in a Sale and Leaseback	Jan. 1, 2024	No effects expected
IAS 1	Non-current Liabilities with Covenants	Jan. 1, 2024	No material effects expected
IAS7/IFRS 7	Supplier Finance Arrangements	Jan. 1, 2024	No material effects expected
IAS 21	Lack of Exchangeability	Jan. 1, 2025	No material effects expected

Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with the consolidation accounting and valuation principles described below.

Consolidation principles

The consolidated financial statements include subsidiaries and associates. The financial statements of the individual consolidated companies are prepared as of the closing date of the Group financial statements.

A schedule of the shareholdings of Nemetschek SE is shown in sections [18] and [32] of the consolidated financial statements.

Subsidiaries

Subsidiaries are companies over which Nemetschek is currently able to exercise power by virtue of existing rights. Power means the ability to direct the relevant activities that significantly affect a company's profitability. Control is therefore only deemed to exist if Nemetschek is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns. The inclusion of an entity's accounts in the consolidated financial statements begins when the Nemetschek Group is able to exercise control over the entity and ceases when it is no longer able to do so.

Acquired businesses are accounted for using the acquisition method, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date Nemetschek obtains control. For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The related valuations are based on the information available at the acquisition date. Ancillary acquisition costs are recognized as expenses in the periods in which they occur. The initial value recognized includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On the acquisition date, the fair value of the contingent consideration is recognized as part of the consideration transferred in exchange for the acquiree.

According to IFRS 3, for each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method).

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized immediately in the consolidated statement of comprehensive income.

Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders' equity of subsidiaries are reported separately from the equity of the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates

Associates are companies over which Nemetschek SE has significant influence, generally through an ownership interest between 20% and 50%. They are accounted for using the equity method. The carrying amounts of companies accounted for using the equity method are adjusted annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates attributable to the investments of Nemetschek.

Unless stated otherwise, the financial statements of the associates are prepared as of the same balance sheet date as Nemetschek SE. Where necessary, adjustments are made to comply with the Group's accounting policies.

Valuation methods

The following table shows the most important subsequent valuation principles:

SUBSEQUENT VALUATION METHODS

Item	Valuation methods
Assets	
Cash and cash equivalents	Nominal amount
Trade receivables	Amortized costs
Inventories	Lower of cost and net realizable value
Other financial assets	See separate table
Other non-financial assets	Amortized costs
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell
Property, plant and equipment	Amortized costs
Intangible assets	
<i>With definite useful life</i>	<i>Amortized costs</i>
<i>With indefinite useful life</i>	<i>Impairment-only approach</i>
Goodwill	Impairment-only approach
Right-of-use assets	Amortized costs
Equity and liabilities	
Borrowings	Amortized costs
Trade payables	Amortized costs
Provisions	Present value of future settlement amount
Deferred revenue	Expected settlement amount
Other financial liabilities	Amortized costs or fair value through profit or loss
Other non-financial liabilities	Amortized costs
Pensions and related obligations	Projected unit credit method
Accrued liabilities	Amortized costs

Financial assets are classified and measured according to IFRS 9. The purchase and sale of financial assets are recognized on the trade date and are initially measured at fair value. Subsequently, a financial asset is measured at 1) amortized cost, 2) at fair value through other comprehensive income or 3) at fair value through profit or loss. The classification and measurement of financial assets which are not equity instruments depend on two factors that are to be checked at the time of acquisition: the business model under which the financial asset is held, as well as the cash flow conditions of the instrument.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss: a 'financial asset which is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments do not fulfill the cash flow conditions. The instruments are measured at fair value through profit or loss.

Reclassification of a financial asset between measurement categories of IFRS 9 requires a change to the business model for the corresponding group of instruments, in which case all affected financial assets are reclassified.

The subsequent measurement of financial assets is as follows:

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS ACCORDING TO IFRS 9

IFRS 9 category	Subsequent measurement principle
Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by loss allowances. Interest income, foreign exchange gains and losses and loss allowances are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Judgments and estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. When available, management uses external resources like market studies to support the assumptions. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties on December 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year, is included in the following notes:

- » Note [16] – Impairment of goodwill: key assumptions underlying recoverable amounts.
- » Note **business combinations**: fair value of the consideration transferred (including contingent consideration), fair value of intangible assets acquired as well as their useful lives.
- » Note [10] – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- » Notes [13] and [23] – measurement of loss allowances for trade receivables: The determination of loss allowances is based on historical values which are adjusted to account for information relating to the future. Material (special) items from the past may distort risk provisioning, which may make correction necessary.
- » Note [1]: Revenue recognition for rental models using the adjusted market assessment approach includes assumptions regarding standalone selling prices and judgments about technology lifetime cycles.

Fair value estimation

IFRS 7 requires for financial instruments that are measured in the statement of financial position at fair value in accordance with IFRS 13 a disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- » Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- » Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- » Level 3: Inputs for asset or liability that are not based on observable market data (i.e. unobservable inputs).

On December 31, 2023 and 2022, the Group's financial instruments carried in the statement of financial position at fair value are categorized within Level 3 of the fair value hierarchy. They are reported in the statement of financial position as other financial assets and other financial liabilities. In accordance with IFRS 13, the following overview shows the valuation methods as well as the unobservable inputs used:

DETERMINATION OF FAIR VALUES

Type	Valuation method	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Other financial assets			
	Valuation based on the price of last financing round. The fair value adjustments are recognized under other financial expenses / income.	Nature and price of the last financing round	The fair value would increase if: <ul style="list-style-type: none"> - the price of the last financing round increases - the held asset class would have higher liquidity preference/ special rights as a result of the last financing round.
	A market based approach is used, evaluating a variety of quantitative and qualitative factors such as actual and forecasted results, milestone achievements, cash position, recent or planned transactions, and market comparable companies (venture capital method). The fair value adjustments are recognized under other financial expenses / income.	<ul style="list-style-type: none"> - Discounts for lack of marketability - Weighting of financing rounds - Expected holding period until exit or conversion - Immanent value upon exit, respectively conversion 	The fair value would increase if: <ul style="list-style-type: none"> - the weighting of the financing rounds changes - the discount for lack of marketability is lower - the expected holding period increases - the immanent exit, respectively conversion, value is higher.
Unlisted equity and debt securities	Valuation based on the Net Asset Value (NAV) as reported by the respective funds. The fair value adjustments are recognized under other financial expenses / income.	NAV calculations of the respective funds	An increase in the reported NAV would result in an increase in the fair value.
Other financial liabilities			
Contingent consideration	The discounted cash flow method is applied, which considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value adjustments are recognized under other financial expenses / income.	Probability adjusted revenues and profits	An increase in the probability adjusted revenues and profits used in isolation would result in an increase in the fair value.

The fair value of financial assets and financial liabilities that are not measured at fair value but for which fair value disclosures are required are included in Level 3 categories. The fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared in EUR, which is the Group's presentation currency.

Group companies

In the consolidated financial statements, the assets and liabilities of companies that do not use the euro as their functional currency are translated as follows:

- » Assets and liabilities are translated at the closing rate on the date of that consolidated statement of financial position. Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Equity components are translated at the historical exchange rates prevailing at

the respective dates of their first-time recognition in the Group equity.

- » Income and expenses are translated at average exchange rates; and
- » All resulting exchange differences are recognized in other comprehensive income.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. There is an exception for monetary items that are designated as part of the Group's net investment in a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents represent cash at banks, cash on hand, and short-term deposits with maturities of three months or less from the date of acquisition. Cash equivalents are highly liquid short-term financial investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash not available from rental guarantee deposits is disclosed as other financial assets.

Trade receivables

Trade receivables are recognized at the transaction price, which represents the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Inventories

Inventories are mainly comprised of hardware, third party licenses, as well as marketing materials.

Other financial assets

Other financial assets mainly relate to security deposits carried at amortized cost as well as equity and convertible loan instruments recognized at fair value through profit or loss.

Impairment of financial assets

For trade receivables and contract assets as per IFRS 15, Nemetschek consistently applies the simplified approach and recognizes lifetime expected credit losses. In order to calculate the collective loss allowance, the Nemetschek Group determines a default rate on the basis of historical defaults and then adjusts these with forward looking information if appropriate. The rates are reviewed on a regular basis to ensure that they reflect the latest data on credit risk. For contract assets as per IFRS 15 no impairments were recognized due to materiality. In case objective evidence of credit impairment is observed for trade receivables from a specific customer, a detailed analysis of the credit risk is performed, and an appropriate individual loss allowance is recognized for this customer. Trade receivables are considered to be in default when it is expected that the debtor will not fulfill its credit obligations toward Nemetschek. Loss allowances on trade receivables are presented as other expenses in the consolidated statement of comprehensive income.

For other financial assets not measured at fair value through profit or loss, Nemetschek Group applies the general impairment approach according to IFRS 9. As it is the policy of Nemetschek Group to invest only in high-quality assets of issuers with a minimum internal or external rating of at least investment grade, the low credit risk exception is used. Thus, these assets are always

allocated to stage 1 of the three-stage credit loss model and, if material, a loss allowance for an amount equal to 12-month expected credit losses will be recorded. Impairment losses on other financial assets are shown in the line item "Other financial expenses". The credit risk of cash and cash equivalents measured at amortized cost is insignificant due to their short-term maturity, counterparties' investment grade credit ratings and established exposure limits. Therefore, Nemetschek Group did not recognize any credit impairment losses of those financial assets.

Other non-financial assets

Other non-financial assets mainly relate to accrued items and contract assets. A contract asset is a right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

The capitalized assets for the incremental costs of obtaining a customer contract primarily include sales commissions earned by the sales partners of the Group and are classified as other non-financial assets. They are amortized on a straight-line basis over the contract duration, which represents the Group's expectation for the amortization period of the capitalized cost of obtaining a contract. The amortization is presented as commissions within other expenses. The Group does not capitalize the incremental cost of obtaining a contract if the amortization period of the asset is one year or less.

Property, plant and equipment

Property, plant and equipment are measured at amortized cost. This comprises any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management less any accumulated depreciation and accumulated impairment losses. Depreciation is recognized for those assets, with the exception of land and construction in progress, over the estimated useful life utilizing the "straight-line method" and taking into account any potential residual value. Parts of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item are depreciated separately.

The estimated useful lives of property, plant and equipment are as follows:

TABLE OF USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Useful life in years
Vehicles	5
Office equipment	3 – 10
Leasehold improvements	5 – 10

Expenditure for repairs and maintenance is expensed as incurred. Renewals and improvements are capitalized and depreciated separately if the recognition criteria are met.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income/expenses.

Intangible assets and goodwill

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. For purposes of internal and external reporting, the activities of Nemetschek Group are broken down into the Design, Build, Media and Manage segments. The budget for 2024 and the medium-term planning for the subsequent years were drawn up on the basis of this reporting structure.

Intangible assets (except goodwill)

Separately acquired intangible assets are shown at historical cost less accumulated amortization. Intangible assets acquired in a business combination are recognized at fair value on the acquisition date. Intangible assets which have a finite useful life will be amortized over their estimated useful lives. Amortization is calculated using the straight-line method. Intangible assets not yet available for use are not amortized, but instead tested for impairment at least annually.

The Group's intangibles are not qualifying assets in accordance with IAS 23. Therefore, no borrowing costs are capitalized.

The useful lives of intangible assets acquired in a business combination are estimates based on the economics of each specific asset which were determined in the process of the purchase price allocation. The useful lives are reviewed at each reporting date by taking into account, amongst others, technological change and adjusted if appropriate. The major part of these assets is brand names, technology and customer relationships. Intangibles

acquired in a business combination as well as other intangibles are amortized as follows:

USEFUL LIFE OF INTANGIBLE ASSETS

	Useful life in years
Brand name	10 – 15
Technology	5 – 12
Customer relationship	10 – 25

Development costs

Costs of research are expensed in the period in which they are incurred. Costs for development activities, whereby research findings are applied to a plan or design for the development of new or substantially improved intangible assets, are capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible and future economic benefits are probable. Furthermore, Nemetschek Group intends and has sufficient resources to complete development and use or sell the intangible asset.

In the fiscal year 2023, as well as in the previous year, none of the development projects fulfilled the capitalization criteria. Development costs in the amount of EUR 201,632k (previous year: EUR 182,568k) and amortization of software acquired in business combinations in the amount of EUR 19,393k (previous year: EUR 23,296k) are carried as expenses.

Impairment of non-financial assets

Assets with a finite useful life

For assets with a finite useful life, an impairment test is needed if there are indications that those assets may be impaired. If such indications exist, the amortized carrying value of the asset is compared to the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of future cash flows expected to arise from the continuing use of the asset. In the case of an impairment, the difference between the amortized carrying amount and the lower recoverable amount is recognized as an expense in profit or loss. If evidence exists that the reasons for the impairment no longer exist, the impairment loss is reversed. The reversal cannot result in an amount exceeding amortized cost.

Goodwill and intangible assets not yet ready for use

Intangible assets not yet ready for use or advance payments on such assets as well as goodwill must be tested for impairment annually. A test is also performed whenever there is any indication that an asset might be impaired. Where the reasons for an impairment no longer exist, the impairment loss is reversed, except in the case of goodwill.

The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or other groups of assets or cash-generating units. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Nemetschek determines the recoverable amount of the relevant unit to which the goodwill is allocated based on the value in use. The value in use is calculated using a discount rate from the present value of the future cash flows from the use of this unit.

The determination of the future cash flows and their underlying parameters such as revenue growth and EBITDA margin is performed on the basis of the knowledge gained in the past, the current economic results and the budgets approved over a period of three to five years, which contains the expected future macroeconomic developments. The budgeting for the fiscal year 2024 is prepared applying certain uniform Group assumptions “from the bottom to the top” (bottom-up method). The cash flows for the further budget years follow similar premises, however they are not at the same level of detail as the first budget year. Estimates for periods beyond the budgeting horizon are made using the perpetuity method. The growth rates applied do not account for capacity expanding investments for which cash flows have not yet been incurred. These are derived from available market studies by market research institutes and do not exceed the long-term average historical growth rates of the relevant cash-generating units. In the fiscal year 2023 a growth rate of up to 2.0% (previous year: 2.0%) was assumed.

The budgets are driven by a strongly growing business during the planning period of three to five years. In the terminal value a growth rate between 1.5% and 2.0% (previous year: 1.5% and 2.0%) is estimated leading to a gap between the last year of the detail plan and the terminal value. To derive a more realistic recoverable amount, a three year convergence period is applied. Within that period the growth rate at the end of the detail planning period converges to the growth rate applied in the terminal value.

The discount rate required for discounting future cash flows is calculated from the weighted average cost of capital (WACC) of the related cash-generating unit or group of cash-generating units after tax. The relevant pre-tax WACC in accordance with IAS 36 is derived from future cash flows after tax and the after-tax WACC applying typical tax rates for each cash-generating unit.

Then, the risk-free interest rate according to the Svensson method, taking into account risk premiums (with an applied floor of 0%), and the beta as well as the gearing ratio are derived from a group of comparable entities. The discount rate thus estimated reflects the current market returns as well as the specific risk of the respective cash-generating unit or group of cash-generating units. The discount rate applied to derive the present value of the cash flow forecasted ranges between 13.1% and 18.6% (previous year: 12.0% and 19.5%) before tax.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of vehicles and office equipment, the Group has elected not to separate non-lease components and instead account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group recognizes leasehold improvements as an item of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted by using the incremental borrowing rate, as the interest rate implicit in the lease cannot be readily determined. The interest rate is derived in relation to the currency areas.

Lease payments included in the measurement of the lease liability comprise the following:

- » fixed payments, including in-substance fixed payments;
- » variable lease payments that depend on an index or a rate;
- » amounts expected to be payable under a residual value guarantee; and
- » the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, when the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial liabilities

Upon initial recognition, financial liabilities are measured at fair value. In the case of all financial liabilities which are subsequently not classified at fair value through profit or loss, the transaction costs which are directly attributable to the purchase will be recognized. Financial liabilities are derecognized when the contractual obligation is discharged, canceled or has expired.

Financial liabilities measured at amortized cost

Trade payables, borrowings and other financial liabilities are classified in this category.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss primarily include contingent consideration.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a present obligation (legal or factual) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions which do not already lead to an outflow of resources in the subsequent year are measured at their discounted settlement amount at the balance sheet date where the interest effect is material. Where the Group expects some or all of a provision to be reimbursed (e.g. under an insurance contract) the reimbursement is recognized as a separate asset if the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Deferred revenue

Deferred revenue relates to the consideration received in advance from customers for which revenue is recognized over time.

Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, social security contributions, vacation and sickness pay. They are recognized with the undiscounted amount to be paid in exchange for the service rendered by the employee.

Share-based payments

Share-based payments are comprised of Long Term Incentive Plans and Stock Appreciation Rights. The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as personnel expense, with a corresponding increase in equity, over the vesting period.

Pensions

The Group provides company pension plans for certain employees only. The provisions are measured every year by reputable independent appraisers. Provisions for pensions are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The pension obligation less plan assets is recorded as the provision in the balance sheet. Actuarial gains and losses are recorded in other comprehensive income. Effects resulting from interests are disclosed accordingly in interest result.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognized as a liability and expense on the earlier date of:

- » when the entity can no longer withdraw the offer of those benefits; or
- » when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Provisions for other long-term employee benefits

Other long-term employee benefits such as anniversary allowances are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. Gains and losses from the remeasurement are recognized in profit or loss in the period in which they are incurred.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized in the consolidated financial statement of financial position but are disclosed and explained in the Notes.

Taxes

Current income taxes

Current income taxes are calculated within the Nemetschek Group on the basis of tax legislation applicable in the relevant countries. To the extent that judgment was necessary to determine the treatment and amount of tax items presented in the financial statements, there is in principle a possibility that local tax authorities may take a different position.

Deferred taxes

Deferred taxes are recognized on all temporary differences between the tax and accounting bases of assets and liabilities and on consolidation procedures. No deferred tax is recognized for non-tax-deductible goodwill. The deferred taxes are measured at the applicable tax rates related to the period when the temporary differences are expected to reverse. Changes in tax rates are recognized once the rate has been substantially enacted. Deferred tax assets are not recognized if it is not probable that they will be realized in the future. The Nemetschek Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Nemetschek Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Revenues

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

Software

Software licenses

Software licenses only include the software performance obligation. Revenue from software licenses is recognized when control of the software passes on to the customer. Control of the software passes on to the customer after the hardware is shipped to the customer or a link for downloading the software is sent to the customer.

Rental models

In the case of rental models, a distinction is made between subscription and software-as-a-service (SaaS) offerings. The Nemetschek Group's rental models usually include the performance obligations "Software" and "User support" or "Upgrade". The performance obligation "User support" / "Upgrade" is a "stand-ready obligation" which is recognized straight-line over the period during which the service is rendered. For recognition of the performance obligation "Software", the Nemetschek Group distinguishes between two different models:

- » For software rental model offerings that include access to the most recent version of the corresponding application via servers provided by Nemetschek Group companies, revenue is recognized straight-line over the term of the contract.
- » In case the customer runs the application directly on the customer's own system, revenue is recognized at the point in time the customer has control over the software. The allocation of revenue to "Software" and other performance obligations is based on the residual value method or on the adjusted market assessment approach. The latter includes assumptions regarding stand-alone selling prices and judgments about technology lifetime cycles.

Advance payments received from customers for rental models are carried as deferred revenue (contract liability) and normally lead to revenue within the next twelve months.

Software service contracts

The performance obligations in the case of software service contracts can be subdivided into two material obligations. On the one hand, user support, which is available to the customer for the entire term of the contract. On the other hand, with software service contracts, customers receive the most recent version of the corresponding Nemetschek software by getting software updates. However, it is at the discretion of the Group to decide the intervals at which new versions of the software will be provided and what functionalities and/or modules of the corresponding software will be changed, modified, reduced or extended. In the case of demand for software versions and user support which are not further defined, these are stand-ready obligations according to IFRS 15, for which revenue is recognized straight-line over the term of the contract. Advance payments received from customers for software maintenance contracts are carried as deferred revenue (contract liability) and normally lead to revenue within the next twelve months.

Consulting & Hardware

Consulting services constitute in general separate performance obligations for which revenue is recognized in the period in which they were rendered. In the case that they do not constitute separate performance obligations, consulting services are combined with other contract components to a bundle and recognized in accordance with the provisions of IFRS 15.

Revenue from hardware sales is usually recognized at the point in time of the transfer of control to the customer. Hardware revenue is of minor significance to the Nemetschek Group.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the contract term is one year or less.

Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all related conditions will be complied with.

Segment reporting

The resource allocation and the measurement of profitability of the business segments are performed by the executive board as the main decision-maker. The allocation of segments and regions as well as the selection of key figures is in accordance with the internal controlling and reporting system (“management approach”).

The operating business segments are organized and managed separately according to the nature of the products and services provided. Each segment represents a strategic business unit whose product range and markets differ from those of the other segments.

For the purpose of managing the company, management has organized the Group into four operational business segments: Design, Build, Media and Manage, which constitute four reportable segments.

Post balance sheet events

Events after the balance sheet date that provide additional information about the Group’s position at the balance sheet date (reportable events) have been taken into account in the financial statements as required. Non-adjusting events after the balance sheet date are stated in the notes to the consolidated financial statements if they are material.

Business combinations

The purchase price allocations for the following subsidiaries already acquired in 2022 were adjusted in the present annual financial statements to the final outcome of the valuation procedure without any major impact on the consolidated statement of financial position.

DC-Software Doster & Christmann GmbH, Munich, Germany

On the basis of the purchase price allocation, customer relationships in the amount of EUR 1,838k, technology in the amount of EUR 306k as well as deferred tax liabilities in the amount of EUR 708k were recognized. The provisional goodwill was adjusted by EUR –1,436k from EUR 6,260k to EUR 4,823k.

Abvent SA, Paris, France; Abvent SA, Estavayer-le-Lac, Switzerland

On the basis of the purchase price allocation, customer relationships in the amount of EUR 19,200k (adjustment EUR –9,284k), deferred tax liabilities in the amount of EUR 4,074k (adjustment EUR –512k) and goodwill in the amount of EUR 8,914k (adjustment EUR +8,914k) were recognized. Further, current assets in the amount of EUR 14,604k (adjustment EUR –1,357k), non-current assets in the amount of EUR 1,581k (adjustment EUR +482k), current liabilities in the amount of EUR 9,698k (adjustment EUR –1,028k) and non-current liabilities in the amount of EUR 50k (adjustment EUR +50k) were recognized. Due to a subsequent adjustment, the purchase price increased in the amount of EUR 238k to EUR 30.470k.

Notes to the consolidated statement of comprehensive income

[1] Revenue

Revenue recognized in the period related to the following:

REVENUES

Thousands of €	2023	2022
Software and licenses	161,116	233,056
Recurring revenues (software service contracts and rental models)	652,677	532,583
Consulting & Hardware	37,770	36,174
	851,563	801,813

Recurring revenue includes revenue from software rental models in the amount of EUR 301,809k (previous year: EUR 204,157k).

Categorized by geographic sector, the following allocation of revenues results:

REVENUES BY REGION

Thousands of €	2023	2022
Germany	177,980	167,800
Europe without Germany	269,476	245,076
Americas	324,917	309,210
Asia/Pacific	75,717	76,730
Rest of World	3,473	2,997
	851,563	801,813

The contract balances at December 31 are as follows:

CONTRACT BALANCES

Thousands of €	December 31, 2023	December 31, 2022
Contract assets	1,091	1,569
Deferred revenue	271,247	209,570
thereof short-term	265,097	206,939
thereof long-term	6,150	2,631

During the reporting period there have been no significant changes with regard to contract assets.

Advance consideration received from customers is reported as deferred revenue. As soon as the contractual services are rendered, these are recorded as revenue.

Of the amount totaling EUR 209,570k (previous year: EUR 160,941k) reported at the beginning of the period in deferred revenue, EUR 206,939k (previous year: EUR 157,975k) were recognized as revenue in 2023.

No revenue from performance obligations fulfilled in previous years was recognized in the fiscal years 2023 and 2022. Most of the contracts have a term of one year.

The breakdown of revenues by segment can be seen under segment reporting [26].

[2] OTHER INCOME

Thousands of €	2023	2022
Income from foreign currency transactions	5,615	9,145
Subsidies	1,148	1,092
Income from sale of property, plant and equipment	424	74
Income from trade fairs	193	354
Damage	157	369
Other	1,378	1,533
	8,915	12,566

[3] COST OF GOODS AND SERVICES

Thousands of €	2023	2022
Cost of purchased software licenses and hardware	29,730	27,706
Cost of purchased services	4,134	4,078
	33,864	31,785

[4] PERSONNEL EXPENSES

Thousands of €	2023	2022
Wages and salaries	304,052	285,833
Social security, other pension costs and welfare	56,821	51,386
	360,872	337,219

Personnel expenses include social security in the amount of EUR 45,666k (previous year: EUR 41,065k) as well as expenses on pension schemes in the amount of EUR 3,924k (previous year: EUR 3,600k).

[5] AMORTIZATION AND DEPRECIATION

Thousands of €	2023	2022
Amortization of intangible assets other than those acquired in a business combination	3,322	2,665
Depreciation of property, plant and equipment	8,762	8,049
Depreciation of right-of-use assets	16,728	16,321
Depreciation / amortization of tangible and intangible assets	28,812	27,035
Amortization of intangible assets due to purchase price allocation	29,403	31,807
Total amortization and depreciation	58,216	58,842

[6] OTHER EXPENSES

Thousands of €	2023	2022
Commissions	41,671	33,391
Consulting and services	39,304	37,215
Marketing expenses	30,614	31,190
EDP equipment	28,701	25,073
External staff	18,369	16,295
Travel expenses and hospitality	9,284	9,400
Expenses from foreign currency transactions	9,069	9,239
Ancillary rent costs	6,092	5,616
Training and recruiting expenses	4,382	6,038
Vehicle expenses	3,099	2,760
Other	17,442	12,180
	208,028	188,396

During the reporting period the Group changed the presentation of certain items of other expenses. To enhance comparability, the prior-year information for consulting and services, EDP equipment and external staff has been changed.

[7] INTEREST INCOME / EXPENSES

Thousands of €	2023	2022
Other interest and similar income	3,421	490
Interest and similar expenses	-3,277	-2,624
	144	-2,134

[8] Other financial income and expenses

Other financial expenses/income amount to EUR 4,661k in the reporting year (previous year: EUR 3,446k) and relate to the revaluation of unlisted equity instruments, revaluation of contingent consideration liabilities and foreign currency effects of intercompany loans. For more details, reference is made to the note for business combinations and financial instruments [23].

[9] Share of profit of associates

The expenses/income from associates of EUR 239k (previous year: EUR 82k) relate to Nemetschek OOD in the amount of EUR 585k (previous year: EUR 482k), to Sablono GmbH in the amount of EUR -157k (previous year: EUR -250k), to Imeraso AS in the amount of EUR -96k (previous year: EUR -150k) and to Tech Company Inc. in the amount of EUR -93k (previous year EUR 0k). For more information, see [18].

[10] Taxes

The major components of the income tax expense are as follows:

INCOME TAXES

Thousands of €	2023	2022
Current tax expenses	-56,047	-53,990
Deferred tax income	15,485	19,564
<i>thereof from addition / release of temporary differences</i>	15,136	10,221
	-40,562	-34,426

The tax expenses for the fiscal year 2023 include tax expense from previous years amounting to EUR 1,043k (previous year: tax income EUR 1,234k). Furthermore, in the fiscal year 2023 EUR 95k (previous year: EUR -315k) deferred taxes from the revaluation of pension obligations were recorded in other comprehensive income.

The income tax rates of the individual legal entities range from 11.1% to 34.0% (previous year: from 11.1% to 34.0%).

The tax rate for the fiscal year 2023 applied by Nemetschek SE is 32.3% (fiscal year 2022: 32.2%). It is calculated as follows:

INCOME TAX RATE

in %	2023		2022	
Earnings before taxes	100.0		100.0	
Trade tax (weighted)	16.5	16.5	16.4	16.4
		83.5		83.6
Corporate income tax	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8
		67.7	32.3	67.8
			32.2	

Deferred taxes are measured on the basis of the nominal tax rate of Nemetschek SE or the tax rate applying to the respective subsidiary.

Deferred tax assets and deferred tax liabilities are offset for each tax-paying entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the income tax of the same taxable entity and the same taxation authority.

Deferred taxes at the balance sheet date comprise the following:

DEFERRED TAXES

Thousands of €	Consolidated balance sheet	
	2023	2022
Deferred tax assets resulting from		
Intangible assets	29,748	16,092
Property, plant and equipment	255	570
Financial assets	1,892	557
Receivables	352	499
Deferred revenue	4,420	2,736
Pensions and related obligations	317	292
Provisions	2,227	3,542
Liabilities	704	1,333
Tax loss carryforward	7,735	7,026
Tax credit	5,845	6,205
Other	883	396
Lease liabilities	17,498	20,374
Offsetting	-38,026	-38,156
	33,850	21,465
Deferred tax liabilities resulting from		
Intangible assets	34,163	33,674
Property, plant and equipment	911	961
Receivables	0	67
Deferred revenue	2,019	1,080
Provisions	98	47
Liabilities	151	445
Other	1,522	2,910
Right-of-use assets	15,908	18,774
Offsetting	-38,026	-38,156
	16,746	19,802

The increase of deferred tax assets in fiscal year 2023 is mainly due to the capitalization of R&D costs as required by the current US tax law.

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2023) for the fiscal years ending December 31, 2023 and 2022 is as follows:

INCOME TAX RECONCILIATION

Thousands of €	2023	2022
Earnings before taxes	204,542	199,530
Expected tax 32.3% (previous year: 32.2%)	66,149	64,309
Differences to German and foreign tax rates	-20,611	-20,995
Tax effects on:		
Change in the recoverability of deferred tax assets and tax credits	-1,626	-2,224
Change of deferred taxes on permanent differences	929	533
Current and deferred taxes previous years	2,535	1,234
Non-deductible expenses	4,629	1,991
Tax-free income and tax credits	-12,140	-11,307
Tax rate changes and adaptation	65	232
Other	632	645
Effective tax expense	40,562	34,426
Effective tax rate	19.8%	17.3%

In December 2021, the OECD released a guideline for a global minimum taxation framework. EU member states agreed on an EU directive in December 2022 for further implementation into the local legislation. Germany published Council Directive (EU) 2022/2523 on global minimum taxation together with other accompanying measures from December 21, 2023 in the Federal Law Gazette on December 27, 2023 which is applicable for financial years starting after December 30, 2023. Calculations based on the financial data for the fiscal years 2022 and 2023 indicate 19 out of 24 jurisdictions to satisfy the CbCR safe harbour tests. The temporary safe harbour sets out three routes to a nil top-up tax position in a specific jurisdiction for the three years period of its application. For those jurisdictions that wouldn't have satisfied the CbCR safe harbour tests, the group has prepared a simplified calculation for the financial year 2023 based on the OECD Model Rules and expect an increase in current taxes position by a low single-digit million-euro amount in the subsequent years.

The deferred tax assets on losses carried forward are determined as follows:

DEFERRED TAX ON LOSSES CARRIED FORWARD

Thousands of €	2023	2022
Deferred tax assets, gross	16,480	15,463
Allowances on tax losses carried forward	-8,745	-8,438
Deferred tax assets on unused tax losses, net	7,735	7,026

The items contain deferred taxes on unused tax losses which are likely to be realized in the future. The deferred tax assets on tax losses carried forward were recognized on the basis of the income and expense budgets of Nemetschek SE subsidiaries for the next 3 to 5 fiscal years.

In 2023, subsidiaries that have suffered a loss in either the current or preceding period had net deferred tax assets from net operating losses in the amount of EUR 3,983k (previous year: EUR 6,325k). These deferred tax assets were deemed to be recoverable as the subsidiaries will generate future tax profits.

LOSSES CARRIED FORWARD WITH LIMITED LIFE OF USAGE

Thousands of €	2023	2022
Unused tax loss carried forward		
Never expire	45,225	35,714
Expire by end of 2027	568	809
Expire from 2028	2,324	6,338
Sum of unused tax loss carried forward	48,117	42,861

TAX CREDITS WITH LIMITED LIFE OF USAGE

Thousands of €	2023	2022
Unused tax credits		
Never expire	14,971	13,928
Expire	0	0
Sum of unused tax credits	14,971	13,928

The temporary differences associated with investments in the Group's subsidiaries for which no deferred tax liabilities were recognized amount to EUR 4,484k (previous year: EUR 4,045k).

There are no income tax consequences attached to the payment of dividends by Nemetschek SE to its shareholders neither in 2023 nor in 2022.

[11] Earnings per share

Basic undiluted earnings per share are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period. No diluting effects existed as of the reporting date.

EARNINGS PER SHARE

	2023	2022
Net income attributable to the parent (in thousands of EUR)	161,256	161,899
Weighted average number of ordinary shares outstanding as of December 31	115,500,000	115,500,000
Weighted average number of ordinary shares to be included in the calculation of diluted earnings per share as of December 31	115,500,000	115,500,000
Earnings per share in EUR, undiluted	1.40	1.40
Earnings per share in EUR, diluted	1.40	1.40

The Stock Appreciation Rights granted in 2023 and 2022 as well as the Long Term Incentive Plans of the Executive Board members are not included in the calculation of diluted earnings per share as no new shares can be issued according to the resolutions of the general meetings. If the general meeting resolves differently on that matter in future, this could potentially dilute basic earnings per share in the future.

For more details reference is made to note [24] and note [25].

Notes to the consolidated statement of financial position

[12] CASH AND CASH EQUIVALENTS

Thousands of €	December 31, 2023	December 31, 2022
Bank balances	263,956	195,225
Fixed term deposits (contract period up to 3 months)	4,085	1,596
	268,041	196,821

[13] TRADE RECEIVABLES

Thousands of €	December 31, 2023	December 31, 2022
Trade receivables (before allowances)	103,587	87,702
Lifetime expected credit loss allowance	-3,947	-3,182
	99,640	84,520

Trade receivables are non-interest bearing and are generally due within 30- to 90-day terms customary for the industry. Bad debt allowances developed as follows:

DEVELOPMENT OF EXPECTED CREDIT LOSS ALLOWANCES

Thousands of €	January 1	Net remeasurement	Amounts written off	December 31
Lifetime expected credit loss allowance 2023	-3,182	-1,050	285	-3,947
Lifetime expected credit loss allowance 2022	-5,345	1,974	189	-3,182

The aging structure of trade receivables together with the respective loss allowances recognized is as follows:

AGING STRUCTURE OF TRADE RECEIVABLES

2023	Thousands of €	Not past due	Past due (by < 90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by > 360 days)	December 31, 2023
Gross trade receivables		72,992	21,775	3,005	2,465	3,350	103,587
Expected credit loss allowance		-469	-10	-236	-866	-2,366	-3,947
Net trade receivables		72,523	21,766	2,769	1,599	984	99,640
Expected credit loss rate (weighted average)		0.64%	0.04%	7.87%	35.14%	70.63%	

AGING STRUCTURE OF TRADE RECEIVABLES

2022	Thousands of €	Not past due	Past due (by < 90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by > 360 days)	December 31, 2022
Gross trade receivables		66,028	14,551	2,408	2,194	2,520	87,702
Expected credit loss allowance		-259	-231	-178	-466	-2,047	-3,182
Net trade receivables		65,769	14,320	2,230	1,728	473	84,520
Expected credit loss rate (weighted average)		0.39%	1.59%	7.40%	21.25%	81.22%	

[14] ASSETS

Thousands of €	December 31, 2023	December 31, 2022
Inventories	978	890
Other financial assets	30,943	20,869
Other non-financial assets	32,961	33,151
	64,882	54,910

Inventories consist of third party licenses amounting to EUR 161k (previous year: EUR 192k) as well as hardware amounting to EUR 580k (previous year: EUR 212k). As in the previous year, no write-downs or reversals of write-downs were recognized. On December 31, 2023 and 2022, the inventories were not pledged.

Other financial assets mainly include investments in start-ups amounting to EUR 25,983k (previous year: 12,295k). The remain-

ing other financial assets in the amount of EUR 4,960k (previous year: EUR 8,574k) relate primarily to security deposits from office rental agreements, which are mainly held until the end of the rental term.

Other non-financial assets mainly consist of prepaid expenses in the amount of EUR 24,206k (previous year: EUR 26,921k), cost to obtain a contract in the amount of EUR 2,158k (previous year: EUR 538k), insurance proceeds in the amount of EUR 1,170k (previous year: EUR 0k) as well as contract assets according to IFRS 15 in the amount of EUR 1,091k (previous year: EUR 1,569k).

[15] Property, plant and equipment

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment developed as follows:

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

Thousands of €	2023		2022	
	Furniture, fixtures and other equipment	Vehicles	Furniture, fixtures and other equipment	Vehicles
Cost				
As of January 1	69,861	3,524	58,144	3,046
Additions	5,856	483	13,299	763
Additions from business combinations	–	–	180	15
Disposal	–1,764	–564	–2,537	–52
Reclassification	142	138	10	–
Foreign currency translation difference	–658	162	765	–248
As of December 31	73,435	3,743	69,861	3,524
Depreciation and impairment				
As of January 1	45,517	1,299	39,378	1,075
Additions	8,304	457	7,712	337
Disposal	–1,353	–388	–2,021	–29
Reclassification	–	–	–1	–
Foreign currency translation difference	–451	58	449	–84
As of December 31	52,017	1,426	45,517	1,299
Carrying amount December 31	21,418	2,317	24,343	2,225

No material impairment and no material write-ups were recognized on property, plant and equipment in 2023 and 2022. On December 31, 2023 and 2022, property, plant and equipment were not pledged.

[16] Intangible assets and goodwill

The acquisition costs as well as accumulated amortization and impairment of intangible assets consist of the following:

DEVELOPMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

In EUR million	2023				2022			
	Goodwill	Software and similar rights	Customer relationship	Brand name	Goodwill	Software and similar rights	Customer relationship	Brand name
Cost								
As of January 1	557,047	202,034	161,506	29,535	541,998	193,754	125,579	23,188
Additions	–	5,988	–	–	–	4,638	–	–
Additions from business combinations	–	–	–	–	6,260	–0	28,484	0
Disposal	–	–202	–	–	–	–327	–	–
Reclassification	7,522	26	–7,341	–	–8,750	112	4,054	5,699
Foreign currency translation difference	–12,531	–3,349	–2,324	–747	17,539	3,857	3,390	649
As of December 31	552,037	204,496	151,842	28,787	557,047	202,034	161,506	29,535
Amortization and impairment								
As of January 1	0	134,377	73,026	13,969	–	107,113	64,776	11,747
Additions	–	22,716	8,085	1,925	–	25,961	6,531	1,981
Disposal	–	–2	–	–	–	–15	–	0
Reclassification	–	–	–	–	–	–0	–	0
Foreign currency translation difference	–	–2,277	–1,459	–339	–	1,319	1,720	241
As of December 31	–	154,813	79,651	15,555	0	134,377	73,026	13,969
Carrying amount December 31	552,037	49,683	72,190	13,232	557,047	67,657	88,480	15,566

On December 31, 2023 and 2022, the intangibles were not pledged.

Goodwill

Nemetschek is organized into divisions, which is also the organization level where goodwill is monitored. The divisions represent the operating segments Design, Build, Manage and Media.

Please refer to note [26] for more information regarding the segment disclosures.

Goodwill is allocated as follows:

GOODWILL

Thousands of €	Carrying amount per balance sheet Dec. 31, 2023	Discount rate after tax	Discount rate before tax	Terminal value growth rate
Division				
Design	123,455	11.25%	14.05%	1.50%
Build	84,920	11.22%	14.82%	1.50%
Media	223,920	13.13%	18.57%	2.00%
Manage	119,742	10.82%	13.12%	2.00%
Total group	552,037			

GOODWILL

Thousands of €	Carrying amount per balance sheet Dec. 31, 2022	Discount rate after tax	Discount rate before tax	Terminal value growth rate
Division				
Design	101,183	11.44%	14.31%	1.50%
Build	117,554	11.39%	14.56%	1.50%
Media	231,824	13.93%	19.49%	2.00%
Manage	106,486	9.80%	11.99%	2.00%
Total group	557,047			

The main assumptions for the business plan, also used for impairment test purposes, are revenue and personnel cost. The development of sales volumes and prices is based on the expectations of market developments considering general economic factors as well as AEC/O and Media & Entertainment sector specific factors. The development of personnel cost is a key driver to revenue because employees enable the development of successful products as well as addressing markets. Both parameters combined are the significant drivers of the EBITDA.

As in the previous years, the impairment test carried out as at the valuation date, December 31, 2023, shows no need for impairment in 2023.

The impairment tests were complemented by sensitivity analyses, for which key assumptions, that also represent the main value drivers, deviating from original forecasts are made for WACC as well as growth rates and EBITDA in perpetuity. These scenarios are deemed by management as improbable but possible for the segment Manage.

The Group accounts for uncertainties within the scope of forecasts and analyzes the goodwill for impairment as well as for scenarios that are less favorable than forecast. Given that the recoverable amount exceeds the book value significantly for the divisions Design, Build and Media, management foresees no realistic scenario which could trigger an impairment. For the Division Manage an increase in the interest rate after tax of about 1.0%, a decrease

of the terminal value growth rate of about 1.9% or a decrease of the terminal value cash flow of about 16.6% would remove the headroom amounting to EUR 18.0 million. Management has taken further measures to improve the business of the Manage segment to strengthen the future performance, notably in longer existing operations.

The situation in the capital markets for Nemetschek has continued from 2022. The energy crisis in Europe and the significantly increased inflation rates in the economic environments are still affecting the equity and debt markets. The resulting betas are further high but not as volatile as in the previous periods. The interest rate levels are still high compared to the situation of the last decade. The WACC is therefore still on a high level as in the prior year.

On the basis of the impairment testing performed, as well as on the basis of the sensitivity analyses conducted within this scope, the Group has come to the conclusion that in the reporting year goodwill does not need to be impaired.

[17] Leases

The right-of-use assets resulting from leases are as follows:

RIGHT-OF-USE ASSETS

Thousands of €	December 31, 2023	December 31, 2022
Right-of-use assets – Property	56,211	65,436
Right-of-use assets – Office equipment	68	103
Right-of-use assets – Vehicles	4,643	4,256
	60,922	69,795

Property leases mainly include office space. Additions to the right-of-use assets during 2023 were EUR 11,392k (previous year: EUR 27,414k). The Group has estimated that potential future lease payments arising from extension options and leases not yet commenced but for which the Group is committed would result in cash outflows of EUR 1,051k (previous year: EUR 1,596k). Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation per asset class in the fiscal year is as follows:

DEPRECIATION

	Property	Vehicles	Office equipment
Depreciation 2023	14,234	2,428	66
Depreciation 2022	13,777	2,470	74

Information on the maturities of the corresponding lease liabilities can be found under note [23]. Expenses recognized in profit or loss besides depreciation are shown in the overview below:

AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Thousands of €	2023	2022
Interest on lease liabilities	1,906	1,372
Expenses relating to short-term leases	857	651
Expenses relating to leases of low-value assets	148	129
Variable lease payments not included in the measurement of lease liabilities	0	0

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2023	2022
Total cash outflow for leases	18,441	17,387

[18] Investments in associates

Details of each of the Group's associates at the end of the reporting period are as follows:

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity	Pro rata	Shareholding in %	Equity	Pro rata
				2023			2022
		2023	2023	2023	2022	2022	2022
Tech Company, Inc., United States		22.33	15,918	3,554	-	-	-
Nemetschek OOD, Bulgaria		20.00	11,967	2,393	20.00	9,883	1,977
Sablono GmbH, Berlin		22.14	338	75	22.14	1,048	232
Imerso AS, Norway		16.82	1,578	265	16.82	2,423	408

On November 20, 2023 the Group's equity interest in Tech Company increased from 11.32% to 22.33% percent and Tech Company became an associate from that date. A contractual nondisclosure obligation prevents the Group from publishing the name of the associate. Tech Company provides a web-based collaborative building design tool. The following table summarizes the financial information of Tech Company as included in its own financial statements, adjusted for fair value adjustments at acquisition.

Thousands of €	December 31, 2023
Current assets	15,529
Non-current assets	474
Current liabilities	85
Non-current liabilities	0
Net assets (100%)	15,918
Group's share of net assets (22.33%)	3,554
Goodwill	9,081
Acquisition related adjustments	312
Carrying amount of associate	12,947
Revenue	6
Profit from continuing operations (100%)	-2,489
Other comprehensive income (100%)	0
Total comprehensive income (100%)	-2,489
Group's share of pro rata total comprehensive income (22.33%)	-93

Nemetschek OOD develops customer-specific software within the scope of order developments. Sablono GmbH develops software solutions for the digital design, control and monitoring of complex building projects. Imerso AS offers a next-generation platform to automate construction quality monitoring through a combination of advanced artificial intelligence (AI), reality capture and BIM technologies.

Although the Group has less than 20% of the voting rights of Imerso AS, management determined that the Group has significant influence. This is on the basis that the Group participates in policy-making decisions by its board representation.

As the shares of Nemetschek OOD, Sablono GmbH and Imerso AS are immaterial to the Group, the following overview shows the amounts reported in the consolidated financial statements on an aggregated basis:

AGGREGATE INFORMATION OF ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

Thousands of €	December 31, 2023	December 31, 2022
Group's share of net income from continuing operations	332	82
Group's share of net income from discontinued operations	0	0
Group's share of net income for the year	332	82
Group's share of other comprehensive income	0	0
Group's share of total comprehensive income	332	82
Aggregate carrying amount of the Group's interests in these associates	4,174	4,010

[19] Financial liabilities

FINANCIAL LIABILITIES

Thousands of €	December 31, 2023	December 31, 2022
Borrowings	6,873	71,945
Trade payables	15,325	15,712
Other financial liabilities	63	1,884
Lease liabilities	69,465	77,297
	91,727	166,839

Borrowings include acquisition loans in the amount of EUR 6,600k (previous year: EUR 34,300k).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are usually settled on 60-day terms.

Other financial liabilities in the previous year comprise subsequent purchase price obligations in connection with business combinations. From the contingent consideration recognized in 2022 for DC-Software Doster & Christmann GmbH (EUR 1,277k), EUR 1,000k were paid and EUR 277k were released in 2023.

For leases, see note [17] and note [23].

[20] Provisions and accrued liabilities

Provisions and accrued liabilities contain the following items:

PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	December 31, 2023	December 31, 2022
Provisions		
Personnel	35,424	41,193
Warranty and liability risks	102	165
Other	437	442
	35,963	41,801
Accruals		
Outstanding invoices	13,516	12,987
Personnel	12,261	12,804
Legal and consulting fees	1,948	2,128
Other	3,107	2,113
	30,832	30,032

Provisions for personnel mainly consist of provisions for short- and long-term variable compensation components. Long-term variable compensation components have a term of up to three years.

Provisions for warranty and liability risks arise due to the obligation to fulfill customer claims with regard to goods and services sold. They are based on an individual assessment per entity.

Accruals for outstanding invoices mainly relate to goods and services not yet invoiced. Accruals for personnel mainly consist of outstanding vacation.

The development of provisions is as follows:

PROVISIONS

Thousands of €	As of January 1	Usage	Release	Additions	Reclassification	Currency trans- lation	As of Decem- ber 31	thereof long-term
Personnel	41,193	-37,544	-1,510	34,041	-	-757	35,424	691
Warranty and liability risks	165	-3	-81	20	-	-	102	-
Other	442	-	-	10	-	-16	437	437

[21] Other non-financial liabilities

Other non-financial liabilities primarily comprise liabilities to the tax authorities resulting from obligations to pay wage tax, value added tax (VAT), social security contributions to the social security authorities, tenant improvement allowance as well as customers with credit balances.

[22] Pensions and related obligations

As in the previous year, pensions and related obligations consist solely of defined benefit obligations.

German plans

The pension plans provide a benefit after reaching the age of 65 amounting to 60% of the last net salary, up to a maximum amount of EUR 4k per month. These claims are vested. In the year ending December 31, 2023 there were no curtailments to the plan, as was the case in the previous year.

Plan assets from these benefit plans have been invested in life insurances. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary entitled to these.

Non-German plans

The plans in Austria and Italy comprise severance compensation according to §23 and 23a of the Austrian Employee Act (Angestelltergesetz), article 2120 of the Italian Civil Code (Trattamento di Fine Rapporto or TFR) respectively and in Switzerland minimum requirements for pensions in accordance with the Swiss Federal Law on Occupational Retirement, Surviving Dependents' and Disability Pension (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge or BVG). The assets of the pension plans in Switzerland are held in foundations.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

PROVISIONS FOR PENSIONS

Thousands of €	As of January 1	Changes	As of December 31
Defined benefit obligation 2023	2,922	13,606	16,528
Less plan asset 2023	469	12,481	12,950
Status of coverage (= pension provisions) 2023	2,455	1,125	3,580
Defined benefit obligation 2022	4,047	-1,125	2,922
Less plan asset 2022	447	22	469
Status of coverage (= pension provisions) 2022	3,601	-1,147	2,455

The determination of assets and liabilities for defined benefit plans is based upon statistical and actuarial valuations. The principal assumptions used for the purposes of the actuarial valuations were as follows:

ASSUMPTIONS

	German Plans	Non-German Plans	German Plans	Non-German Plans
in %	2023	2023	2022	2022
Discount rate	3.60	1,4–4,25	3.60	3,3–3,75
Future pension increases	1.00	0.00	1.00	0.00
Salary increase	0.00	1,0–3,75	0.00	1,0–3,5

The actuarial assumptions as of the balance sheet date are used to determine the defined benefit liability at that date as well as the pensions expense for the upcoming fiscal year.

The mortality rates for German plans are based on the Heubeck 2018 G mortality tables. The ones for Austria are based on "AVÖ 2018-P-Angestellte"-tables of the Austrian association of actuaries (Aktuarvereinigung Österreich, AVÖ). In Italy, the mortality tables "RG48", issued by the General State Account Department (Ragioneria Generale dello Stato) of the Italian Ministry of Economy and Finance, are used as a basis. The ones for Switzerland are based on BVG 2020.

Movements in the present value of the defined benefit obligation and in the fair value of the plan assets were as follows:

CHANGE IN DEFINED BENEFIT OBLIGATIONS (DBO)

Thousands of €	2023		2022	
	German Plans	Non-German Plans	German Plans	Non-German Plans
DBO at beginning of fiscal year	1,771	1,151	2,588	1,459
Adjustment / reclass DBO at beginning of fiscal year	0	11,829	-	-
Current service cost	0	437	-	102
Past service cost	0	-165	-	-
Interest expense	64	284	32	13
Actuarial changes arising from changes in demographic assumptions	0	3	-	-11
Actuarial changes arising from changes in financial assumptions	0	1,223	-850	-295
Experience adjustments	1	149	-	56
Employee contributions	0	180	-	-
Benefits paid	0	-473	-	-
Settlements	0	0	-	-173
Effect of movements in exchange rates	0	76	-	-
DBO at end of fiscal year	1,836	14,693	1,771	1,151
Fair value of plan assets at beginning of fiscal year	468	0	446	0
Adjustment / reclass plan assets at beginning of fiscal year	0	11,375	-	-
Interest income	15	237	5	-
Return on plan assets	0	836	-	-
Actuarial gains / (losses)	-9	0	-1	-
Employer contributions	16	333	18	-
Employee contributions	0	180	-	-
Benefit payments	-108	-435	-	-
Effect of movements in exchange rates and other movements	0	42	-	-
Fair value of plan assets at end of fiscal year	382	12,567	468	0

The net interest expense amounts to EUR 96k. Plan assets in Switzerland comprise of cash and cash equivalents in the amount of EUR 156k, debt instruments in the amount of EUR 4.310k, equity instruments in the amount of EUR 4.639k, real estate in the amount of EUR 3.206k as well as alternatives in the amount of EUR 255k.

Significant actuarial assumptions for the determination of the defined obligation are presented below. The sensitivity analyses below have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

SENSITIVITY

Changes in actuarial assumptions	Thousands of €	2023		2022	
		German Plans	Non-German Plans	German Plans	Non-German Plans
Present value of pension obligation for the reporting date		1,836	14,693	1,771	1,151
Discount rate	increase by 0.5 percent points	1,709	13,821	1,641	1,098
	decrease by 0.5 percent points	1,977	15,663	1,916	1,209
Pension cost	increase by 0.5 percent points	1,950	–	1,882	–
	decrease by 0.5 percent points	1,731	–	1,670	–
Salary increase	increase by 0.5 percent points	–	14,803	–	1,197
	decrease by 0.5 percent points	–	14,589	–	1,109

The average duration of the benefit obligation at December 31, 2023 is 15.1 years (2022: 16.1 years) for German plans and 11.5 years (2022: 11.7 years) for non-German plans. The expected payments in the 2024 fiscal year amount to EUR 669k (previous year: EUR 50k).

[23] Financial instruments

The financial assets and liabilities are presented in the following table according to their measurement categories and classes:

FINANCIAL INSTRUMENTS

Thousands of €	Carrying amount per balance sheet Dec. 31, 2023	Measurement in accordance with IFRS 9			Fair value Dec. 31, 2023
		Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables	99,640	99,640	–	–	99,640
Other financial assets	30,943	4,960	25,983	–	30,943
Cash and cash equivalents	268,041	268,041	–	–	268,041
Total financial assets	398,623	–	–	–	398,623
Borrowings	6,873	6,873	–	–	6,873
Trade payables	15,325	15,325	–	–	15,325
Other financial liabilities	63	63	–	–	63
Total financial liabilities	22,262	–	–	–	22,262

FINANCIAL INSTRUMENTS

Thousands of €	Carrying amount per balance sheet Dec. 31, 2022	Measurement in accordance with IFRS 9			Fair value Dec. 31, 2022
		Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables	84,520	84,520	–	–	84,520
Other financial assets	20,869	8,574	12,295	–	20,869
Cash and cash equivalents	196,821	196,821	–	–	196,821
Total financial assets	302,210	–	–	–	302,210
Borrowings	71,945	71,945	–	–	71,945
Trade payables	15,712	15,712	–	–	15,712
Other financial liabilities	1,884	391	1,493	–	1,884
Total financial liabilities	89,541	–	–	–	89,541

Due to the short-term maturities of cash and cash equivalents, trade receivables and payables, current financial assets and liabilities, the respective fair values correspond to their carrying amount.

Other financial assets include minority equity holdings and convertible loan instruments in innovative start-up companies as well as interests in venture capital funds.

The following table shows the reconciliation from the opening balances to the closing balances for other financial assets and other financial liabilities categorized within Level 3.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

Thousands of €	Unlisted equity securities	Contingent consideration
Balance at January 1, 2022	7,063	7,783
Changes in scope of consolidation, currency adjustments	-	1,263
Changes with cash effect	-	-7,668
Changes recognized in profit or loss	-	115
Additions from acquisitions	5,232	-
Balance at December 31, 2022 / January 1, 2023	12,295	1,493
Changes in scope of consolidation, currency adjustments	-	-
Changes with cash effect	-	-1,271
Changes recognized in profit or loss	3,259	-222
Additions from acquisitions, currency adjustments	14,714	-
Change of status	-4,285	-
Balance at December 31, 2023	25,983	0

Regarding change in status and the non-retrospective application of IAS 28, reference is made to note [18].

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Thousands of €	2023	2022
Financial assets measured at amortized cost	367	6,376
Financial assets measured at fair value through profit or loss	2,987	437
Financial liabilities measured at fair value through profit or loss	223	-104
Financial liabilities measured at amortized cost	-3,277	-2,624
	301	4,086

Net gains and losses from financial instruments comprise the results from valuations, the recognition and reversal of loss allowances, and results from the translation of foreign currencies as well as interests. Financial assets measured at amortized costs include interest income in the amount of EUR 3,421k (previous year: EUR 490k). Financial liabilities measured at amortized cost include interest expenses in the amount of EUR -3,277k (previous year: EUR -2,624k).

Financial risk management

The objective of the Group with regard to financial risk management is to mitigate the risks presented below by the methods described. The Group generally pursues a conservative, risk-averse strategy.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and from the Group's cash and cash equivalents. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Accounts receivables

At the end of 2023, there was no relevant concentration of credit risk by type of customer. The Group's credit risk exposure is mainly influenced by individual customer characteristics. Sales of goods and services are made to customers after having conducted appropriate internal credit risk assessment. At the end of 2023 no customer accounted for more than 10% of accounts receivable.

Cash and cash equivalents

The credit risk from balances with banks and financial institutions of Group companies is managed in accordance with the Group's policy and in agreement with Group headquarters. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential default of a business partner.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at the balance sheet date, the Group holds cash and cash equivalents amounting to EUR 268,041k (previous year: EUR 196,821k).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

MATURITY ANALYSIS FINANCIAL LIABILITIES

Thousands of €	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
December 31, 2023					
Borrowings	6,873	6,896	6,825	72	–
Trade payables	15,325	15,325	15,325	–	–
Other financial liabilities	63	63	55	8	–
Lease liabilities	69,465	75,673	18,448	42,513	14,713
Total	91,727				
December 31, 2022					
Borrowings	71,945	72,307	65,411	6,896	–
Trade payables	15,712	15,712	15,712	–	–
Other financial liabilities	1,884	1,884	1,494	390	–
Lease liabilities	77,297	83,696	16,417	45,818	21,461
Total	166,839				

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise, in response to which derivatives are occasionally entered into. The exchange rate fluctuation only has a limited effect at the top Group level because the operating subsidiaries outside the euro area record revenue as well as cost of goods and services, personnel expenses and other expenses primarily in their local currency.

Sensitivity analysis of selected foreign currencies

The currency risk mainly relates to trade receivables held in a foreign currency. These exist in a subsidiary in Hungary. A reasonably possible strengthening (+) or weakening (-) of the euro or US dollar against the HUF at December 31 would have affected the measurement of trade receivables denominated in a foreign currency and affected EBIT by the amounts shown below. This analysis assumes that all other variables remain constant.

TRADE RECEIVABLES

2023	Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
Trade receivables			
HUF / EUR		+ 5%	-225
Total in kEUR: 4,730		- 5%	249
HUF / USD		+ 5%	-60
Total in kEUR: 1,267		- 5%	67

TRADE RECEIVABLES

2022	Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
Trade receivables			
HUF / EUR		+ 5%	-199
Total in kEUR: 4,172		- 5%	220
HUF / USD		+ 5%	-31
Total in kEUR: 653		- 5%	34

Interest risk and interest risk management

As a result of the current Group financing structure, there are no material interest risks.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business operations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital payments to shareholders. No changes were made to the objectives, policies or processes as of December 31, 2023 or as of December 31, 2022. The Group meets externally imposed minimum capital requirements.

The Group monitors its capital based on the key indicators of debt capacity and equity ratios.

Debt capacity

The debt capacity represents the relationship between net debt and EBITDA. Net debt is essentially defined as current and non-current loans less any cash and cash equivalents. Group net liquidity as of December 31, 2023 amounted to EUR 261.2 million (previous year: EUR 124.9 million).

Equity ratio

The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 61.4% (previous year: 57.5%).

Thus, external and internal key indicators have been met.

[24] Equity

The development of subscribed capital, the capital reserve, the revenue reserve, foreign currency translation and the retained earnings of the Group as well as shares without controlling interest are presented in the consolidated statement of changes in equity.

Nemetschek SE's **subscribed capital** as of December 31, 2023 amounted to EUR 115,500,000 (previous year: EUR 115,500,000) and is divided into 115,500,000 (previous year: 115,500,000) no-par value bearer shares. Each share is attributed with EUR 1.00 of share capital. The capital is fully paid in. With the consent of the Supervisory Board, the Executive Board is permitted to increase the company's share capital once or repeatedly, up to (and including) May 11, 2026 by issuing up to 11,550,000 new, no-par value bearer shares in return for cash contributions and/or contributions in kind up to a total of EUR 11,550,000 (**authorized capital 2021**).

The **capital reserve** mainly comprises the remaining share premium from the IPO.

The **other comprehensive income** comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

Maxon Computer GmbH has non-controlling interests that are material to the Group. The main non-current assets without goodwill amount to EUR 52,657k (previous year: EUR 70,925k), the current assets to EUR 28,599k (previous year: EUR 27,045k), the non-current liabilities to EUR 9,181k (previous year: EUR 9,523k) and the current liabilities to EUR 147,095k (previous year: EUR 168,370k). Sales correspond to those of the Media segment.

In connection with the alignment of the accounting guideline of some subsidiaries to the IFRS 15 group accounting guideline cumulated prior year effects from capitalized costs to obtain a contract (other non-financial assets) amounting to EUR 3,426k after deferred tax effects were adjusted in fiscal year 2023 against retained earnings. This value was the result of cumulated capitalization of dealer commission costs for short-term contracts in the past amounting to EUR 4,400k as of December 31, 2022, compared to EUR 3,757k as of December 31, 2021, meaning that the consistent application of the IFRS 15 accounting guideline would have caused an increase of other expenses and consequently a lower EBT in 2022 by EUR 644k, which would have reduced the net income by EUR 428k.

Dividends

In the fiscal year 2023 a dividend of EUR 51,975,000.00 (previous year: EUR 45,045,000.00) was distributed to the shareholders. This represents EUR 0.45 (previous year: EUR 0.39 per share). The Executive Board proposes to the Supervisory Board that a dividend be paid in the fiscal year 2024 amounting to EUR 55,440,000.00 This corresponds to EUR 0.48 per share.

[25] Share-based payments

Stock Appreciation Rights

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 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 by 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 shares 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 allocation date, otherwise they expire without compensation (the "exercise period").

On March 24, 2023, 220,000 Performance SARs and 40,000 New Hire SARs were granted to Executive Board members of

Nemetschek SE (previous year: 200,000 Performance SARs and 200,000 New Hire SARs). In addition, 50,000 Performance SARs were granted to another key employee of Nemetschek Group. The Supervisory Board may decide, at its reasonable discretion, to transfer Nemetschek shares instead of cash. 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 EUR 1,244k (previous year: EUR 898k) for the Performance SARs and EUR 406k (previous year: EUR 636k) for the New Hire SARs.

In total, the grants in fiscal years 2022 and 2023 resulted in expenses of about EUR 1,681k for fiscal year 2023 (previous year: EUR 403k).

For grants in fiscal year 2023, the following input parameters were used in the assessment of the fair value at grant date:

INPUT PARAMETERS FOR FAIR VALUE AT GRANT ASSESSMENT OF SARs¹⁾

Performance SARs 2023	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Valuation date	March 24, 2023	March 24, 2023	December 31, 2023	December 31, 2023
Number of granted SARs	67,500	67,500	67,500	67,500
Share price at grant date (in €)	63.4	63.4	63.4	63.4
Issue price (in €)	55.1	55.1	55.1	55.1
Risk-free interest rate based on government bonds (in %)	2.44%	2.34%	2.30%	2.27%
Dividend yield (in %)	0.37%	0.45%	0.52%	0.58%
Annualized volatility (in %)	45.72%	44.85%	43.84%	41.57%
Remaining vesting period as of December 31, 2023 (in months)	3	15	27	39
Average fair value per SAR (in €) ²⁾	12.55	11.98	11.62	11.21
New Hire SARs 2023	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Valuation date	March 24, 2023	March 24, 2023	December 31, 2023	December 31, 2023
Number of granted SARs	10,000	10,000	10,000	10,000
Share price at grant date (in €)	63.4	63.4	63.4	63.4
Issue price (in €)	53.71	53.71	53.71	53.71
Risk-free interest rate based on government bonds (in %)	2.44%	2.34%	2.30%	2.27%
Dividend yield (in %)	0.37%	0.45%	0.52%	0.58%
Annualized volatility (in %)	45.72%	44.85%	43.84%	41.57%
Remaining vesting period as of December 31, 2023 (in months)	3	15	27	39
Average fair value per SAR (in €)	10.84	10.3	9.83	9.65

1) The annualized volatility is based on an assessment of the historical volatility of the share price of Nemetschek SE, in particular in the period corresponding to the respective vesting and exercise period (assumed exercising after 2.5 years following the vesting date). The maturity of the government bonds and the period for the dividend yield also match the respective vesting and exercise period.

2) The fair value is reported as the average of the fair values of the individual beneficiaries. The proceeds from the SARs granted in fiscal year 2023 are limited in total to EUR 6.5 million for the Chief Executive Officer and EUR 3.0 million for another member of the Executive Board, which results in different fair values per beneficiary.

For grants in fiscal year 2022, the following input parameters were used in the assessment of the fair value at grant date:

INPUT PARAMETERS FOR FAIR VALUE AT GRANT ASSESSMENT OF SARs¹⁾

Performance SARs 2022	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Grant date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Number of granted SARs	50,000	50,000	50,000	50,000
Share price at grant date (in €)	57.76	57.76	57.76	57.76
Issue price (in €)	57.81	57.81	57.81	57.81
Risk-free interest rate based on government bonds (in %)	0.83%	1.00%	1.11%	1.13%
Dividend yield (in %)	0.40%	0.49%	0.57%	0.70%
Annualized volatility (in %)	38.14%	41.08%	37.11%	34.43%
Remaining vesting period as of December 31, 2022 (in months)	6	18	30	42
Fair value per SAR (in €)	4.65	4.52	4.42	4.37

New Hire SARs 2022	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Grant date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Number of granted SARs	50,000	50,000	50,000	50,000
Share price at grant date (in €)	57.76	57.76	57.76	57.76
Issue price (in €)	75.00	75.00	75.00	75.00
Risk-free interest rate based on government bonds (in %)	0.83%	1.00%	1.11%	1.13%
Dividend yield (in %)	0.40%	0.49%	0.57%	0.70%
Annualized volatility (in %)	38.14%	41.08%	37.11%	34.43%
Remaining vesting period as of December 31, 2022 (in months)	6	18	30	42
Fair value per SAR (in €)	3.18	3.21	3.19	3.14

1) The annualized volatility is based on an assessment of the historical volatility of the share price of Nemetschek SE, in particular in the period corresponding to the respective vesting and exercise period (assumed exercising after 2.5 years following the vesting date). The maturity of the government bonds and the period for the dividend yield do also match the respective vesting and exercise period.

The number of SARs were as follows:

RECONCILIATION OF OUTSTANDING SARs

	2023	2022
	Number of options	Number of options
Outstanding at January 1	400,000	–
Forfeited during the year	80,000	–
Exercised during the year	–	–
Granted during the year	310,000	400,000
Outstanding at December 31	630,000	400,000
Exercisable at December 31	–	–

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 and vesting period is three years. As the Supervisory Board may decide at its reasonable discretion to transfer Nemetschek shares instead of cash for the LTIPs starting 2022, they are accounted as equity-settled share-based payments.

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 Executive Board members with responsibility for (operating) divisions, 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 fair value at grant was EUR 1,786k (previous year: EUR 2,478k).

The total expenses recognized in the 2023 financial year amount to EUR 668k (previous year: EUR 1.219k). In equity, EUR 368k (previous year: EUR 519k) were recognized. The difference between expense recognized and equity relates to guaranteed amounts paid in 2023 as in the previous year. The EUR 519k recognized in equity in the previous year were released in 2023 due to the termination agreement concluded by two executive board members. The parties agreed that the LTIP will expire without compensation.

[26] Segment reporting

The Nemetschek Group is managed centrally by the Executive Board of Nemetschek SE in its function as chief operating decision maker (CODM).

Operating segments

The operating segments of the Group are Design, Build, Media and Manage .

The **Design** segment contains the architecture and engineering division and is mainly characterized by the development and marketing of CAD, static engineering and tender software.

The **Build** segment involves the creation and marketing of commercial and collaboration software for construction companies.

Furthermore, with the **Media** segment, the Group is involved in the field of multimedia software, visualization and animation.

The **Manage** segment covers facility and property management, which involves the extensive administration and management of property development projects. The business-unit Digital Twin is assigned to the segment Manage.

Management and reporting system

The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in the summary of significant accounting policies according to IFRS with the exception of intercompany leases, which are accounted as operating leases.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

SEGMENT REPORTING

2023	Thousands of €	Design	Build	Manage	Media	Reconciliation	Total
Revenue, total		423,320	265,425	59,067	111,413	-7,663	851,563
thereof revenue external		422,087	261,691	59,015	108,770	0	851,563
thereof intersegment revenue		1,233	3,734	52	2,643	-7,663	0
EBITDA		120,218	93,054	1,371	43,070	0	257,713
Depreciation/Amortization							-58,216
Net finance costs							4,805
Share of net profit of associates							239
EBT							204,542

SEGMENT REPORTING

2022	Thousands of €	Design	Build	Manage	Media	Reconciliation	Total
Revenue, total		389,887	259,948	54,680	104,744	-7,446	801,813
thereof revenue external		388,519	256,335	54,767	102,192	0	801,813
thereof intersegment revenue		1,368	3,613	111	25,525	-7,644	0
EBITDA		115,667	95,219	4,273	41,819	0	256,979
Depreciation/Amortization							-58,842
Net finance costs							1,312
Share of net profit of associates							82
EBT							199,530

Information related to geographic areas

Segment reporting by geographical region is as follows:

SEGMENT REPORTING - GEOGRAPHICAL REGION

	Thousands of €	Revenues 2023	Non-current assets 2023	Revenues 2022	Non-current assets 2022
Germany		177,980	84,225	167,800	67,494
Americas		324,917	430,993	309,210	470,702
Abroad (w/o Americas)		348,666	277,468	324,803	292,958
Total		851,563	792,686	801,813	831,154

With respect to information about geographical regions, revenue is allocated to countries based on the location of the customer. Non-current assets are presented according to the physical location of these assets.

[27] Notes to the cash flow statement

Cash flow from operating activities amounts to EUR 252,881k (previous year: EUR 213,784k).

The cash flow from investing activities amounts to EUR –37,846k (previous year: EUR –52,405k). In the current fiscal year, this mainly includes:

- » investments in intangible assets and office equipment
- » investments in start-ups

- » Contingent consideration payments mainly for DC-Software Doster & Christmann GmbH

The previous fiscal year primarily includes payments for the acquisition of Abvent SA and DC-Software Doster & Christmann GmbH, contingent consideration payments mainly for Redshift Rendering Technologies, Inc. and DEXMA Sensors S.L., investments in start-ups and investments in intangible assets and office equipment.

Changes in liabilities arising from financing activities, divided into cash and non-cash components were as follows:

LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023		2022	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
As of January 1	71,945	77,297	128,701	66,037
Cash changes	–65,072	–18,441	–57,880	–17,387
Non-cash changes				
New leases	0	7,434		23,613
Currency translation	0	–1,262	1,203	2,861
Other changes	0	4,438	–80	2,173
As of December 31	6,873	69,465	71,945	77,297

[28] Related party transactions

The Group enters into transactions with related parties. These transactions are part of ordinary activities and are treated at arm's length. Related parties are defined as parties who can exert influence on Nemetschek SE and its subsidiaries or over which Nemetschek SE and its subsidiaries exercise control or have a significant influence. They include associates accounted for using the equity method. Related parties also include the Executive and Supervisory Boards as well as their family members and partners. The ultimate controlling party is Prof. Georg Nemetschek.

Sales and purchases of goods and services

Along with the associates Nemetschek OOD, Imeraso AS and Tech Company, Inc., Concentra GmbH & Co. KG was identified as a related party due to the management role of a family member of the Group's ultimate controlling party there. During the year the following transactions were made with those:

(1) Concentra GmbH & Co. KG, Munich, Germany

- » Rental of space by Group companies as well as related maintenance services amounting to a total of EUR 1,475k (previous year: EUR 1,499k).
- » Reception services performed by Group companies amounting to a total of EUR 34k (previous year: EUR 27k).
- » As of December 31, 2023 trade payables amounted to EUR 9k (previous year: EUR 0k) as well as trade receivables amounted to EUR 0k (previous year: EUR 5k).

(2) Nemetschek OOD, Bulgaria

- » Use of services to a total of EUR 9,104k (previous year: EUR 6,480k).
- » Performance of services by Group companies amounting to a total of EUR 23k (previous year: EUR 6k).
- » As of December 31, 2023 trade payables amounted to EUR 825k (previous year: EUR 669k).

(3) Imerse AS, Norway

- » Use of services to a total of EUR 1k (previous year: EUR 0k).
- » Recharge of services from Group companies to Imerse AS, Norway amounting to a total of EUR 5k (previous year: EUR 5k).
- » As of December 31, 2023 trade receivables amounted to EUR 0k (previous year: EUR 2k).

(4) Tech Company, Inc., United States

- » Performance of services by Group companies amounting to a total of EUR 1k (previous year: EUR 0k).
- » As of December 31, 2023 trade payables amounted to EUR 0k (previous year: EUR 0k).

Compensation of members of the Executive Board

Total remuneration attributable to the Executive Board amounted to EUR 5,390k (previous year: EUR 9,455k). Thereof EUR 3,983k (previous year: EUR 5,685k) relate to short-term employee benefits, EUR -929k (previous year: EUR 460k) relate to other long-term benefits, EUR 1,096k (previous year: 1,715k) relate to termination benefits and EUR 1,239k (previous year: 1,595k) relate to share-based payments.

Executive Board members of Nemetschek SE participate in one-year Short Term Incentive Plans (STIP) and Long Term Incentive Plans (LTIP), that are part of the variable, performance-related remuneration system of the Group and provide an incentive to the Executive Board to achieve financial (mainly revenue and EBITDA) and individual non-financial targets. For STIPs, outstanding balances in the amount of EUR 1,171k (previous year: EUR 2,858k) are recognized as at December 31, 2023. Further, Executive Board members of Nemetschek SE participate in share-based payments in the form of Stock Appreciation Rights ("SAR"). Reference is made to [25] for LTIPs and SARs. For LTIPs, outstanding balances in the amount of EUR 840k are recognized as at December 31, 2023. Customary market benefits in kind complete the remuneration of the Executive Board members.

Two members of the executive board concluded a termination agreement in 2023. The parties agreed that all LTIP tranches will expire without compensation. Also, the claims to Stock Appreciation Rights granted to one of the executive board members were waived in the termination agreement.

Termination benefits include severance payments and compensated absences. Outstanding balances of the termination benefits as at December 31, 2023 amount to EUR 686k.

Compensation of members of the Supervisory Board

Remuneration of the supervisory board is short-term and breaks down as follows:

REMUNERATION OF THE SUPERVISORY BOARD

Thousands of €	2023			2022	Change 2023 vs. 2022
	Fix	Atten- dance fee	Total	Total	
Kurt Dobitsch	215	32	247	259	-5%
Dr. Gernot Strube (since May 12, 2022)	155	32	187	131	43%
Iris Helke (since July 1, 2023)	85	24	109	0	-
Patricia Geibel-Conrad (until June 30, 2023)	85	8	93	141	-34%
Bill Krouch	140	16	156	180	-13%
Christine Schöneweis (since May 25, 2022)	140	16	156	105	49%
Prof. Dr. Andres Söffing (since May 25, 2022)	140	16	156	105	49%
Prof. Georg Nemetschek (until May 12, 2022)	0	0	0	82	-
Rüdiger Herzog (until May 12, 2022)	0	0	0	73	-
	960	144	1,104	875	26%

A member of the Supervisory Board furthermore provided services amounting to EUR 126k (previous year: EUR 0).

Other related party transactions

In the fiscal year 2023 dividends amounting to EUR 26,547k (previous year: EUR 23,241k) were paid out to direct and indirect shareholdings of the Nemetschek family.

Total remuneration of the Supervisory Board and the Executive Board in accordance with §314 in conjunction with §315e of the German Commercial Code (HGB)

The total remuneration of the active members of the Executive Board granted in 2023 amounts to EUR 7,166k (previous year: EUR 10,943k). Included are 260,000 SARs (previous year: 400,000) with a grant date fair value of EUR 1,472k (previous year: EUR 1,534k) The total remuneration of the members of the Supervisory Board granted in 2023 amounts to EUR 1,104k (previous year: EUR 1,077k).

Former members of the Executive Board were awarded total remuneration of EUR 1,096k (previous year: 1,715k).

[29] Other information

Headcount

The average headcount breaks down as follows:

HEADCOUNT

Number of employees	2023	2022
Sales/Marketing/Customer Support	1,656	1,572
Development	1,329	1,316
Administration	430	404
Average headcount for the year	3,415	3,292
Headcount as of December 31	3,429	3,448

Auditor's fees

The following fees of the auditor of the consolidated financial statements were expensed in the fiscal year 2023:

AUDITOR'S FEES

in EUR million	2023	2022
Financial statements audit services	0.75	0.63
Other audit services	0.02	0.06
Other services	0.00	0.07
	0.78	0.75

The other audit services include costs for the confirmation of the non-financial statement (previous year: costs for the confirmation of agreed upon debt covenants within contracts with lenders). Other services in the previous year related to the audit of the introduction of the Treasury Management System.

[30] Information on the "German Corporate Governance Code"

The Declaration of Conformity was submitted on March 6, 2024. The relevant current version is available to the shareholders on the website of Nemetschek SE.

[/ir.nemetschek.com/declaration-of-conformity](https://ir.nemetschek.com/declaration-of-conformity)

[31] Events after the balance sheet date

Subsequent events

No significant events occurred after the balance sheet date.

Date of preparation

The Executive Board prepared and approved the consolidated financial statements on March 15, 2024, to be passed on to the Supervisory Board. It is the supervisory board's task to examine the consolidated financial statements and give its approval and authorization for issue.

[32] For a detailed overview of Nemetschek Group's shareholdings, please refer to the following chart:

AFFILIATED ENTITIES

Name, registered office of the entity	Shareholding in %
Design segment	
Allplan Česko s.r.o., Prague, Czech Republic	100.00
Allplan Deutschland GmbH, Munich, Germany*	100.00
Allplan France S.A.R.L., Puteaux, France	100.00
Allplan GmbH, Munich, Germany*	100.00
Allplan Italia S.r.l., Trento, Italy	100.00
Allplan Österreich GmbH, Puch bei Hallein, Austria	100.00
Allplan Schweiz AG, Wallisellen, Switzerland	93.33
Allplan Software Engineering GmbH, Puch bei Hallein, Austria	100.00
Allplan Software Singapore Pte. Ltd., Singapore	100.00
Allplan Slovensko s.r.o., Bratislava, Slovakia	100.00
Allplan Systems España S.A., Madrid, Spain	100.00
Allplan UK Ltd., Salford, Great Britain	100.00
DC-Software Doster & Christmann GmbH, Munich, Germany	100.00
Design Data Corporation, Lincoln, Nebraska, United States	100.00
FRILO Software GmbH, Stuttgart, Germany**	100.00
Graphisoft Asia Ltd., Hong Kong, China	100.00
Graphisoft Brasil Serviços de Tecnologia da Informação Ltda, São Paulo, Brazil	100.00
Graphisoft Building Systems GmbH, Ascheberg, Germany*	100.00
Graphisoft Deutschland GmbH, Munich, Germany*	100.00
Graphisoft France SAS, Paris, France***	100.00
Graphisoft Italia S.r.l., Spinea, Italy	100.00
Graphisoft Japan Co., Tokyo, Japan	100.00
Graphisoft México S.A. de C.V., Mexico D.F., Mexico	100.00
Graphisoft North America, Inc., Waltham, Massachusetts, United States	100.00
Graphisoft Scandinavia AS, Klepp Stasjon, Norway	100.00
Graphisoft SE, Budapest, Hungary	100.00
Graphisoft Switzerland SA, Estavayer-le-Lac, Switzerland***	100.00
Graphisoft UK Ltd., Uxbridge, Great Britain	100.00
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00
RISA Tech, Inc., Foothill Ranch, California, United States	100.00
Scia CZ s.r.o., Prague, Czech Republic	100.00
Scia France S.A.R.L., Lille, France	100.00
Scia Group International NV, Hasselt, Belgium	100.00
Scia Nederland B.V., Utrecht, Netherlands	100.00
Scia NV, Hasselt, Belgium	100.00
Scia SK s.r.o., Zilina, Slovakia	100.00
Solibri DACH GmbH, Hamburg, Germany	100.00
Solibri LLC, Scottsdale, Arizona, United States	100.00
Solibri Oy, Helsinki, Finland	100.00
Solibri UK Ltd., Leeds, Great Britain	100.00
Solibri Benelux B.V., Hoofddorp, Netherlands	100.00
Vectorworks Canada, Inc., Vancouver, British-Columbia, Canada	100.00
Vectorworks UK, Ltd., Newbury, Great Britain	100.00

Name, registered office of the entity	Shareholding in %
Vectorworks, Inc., Columbia, Maryland, United States	100.00
Vectorworks Australia Pty Ltd, Rosebery, New South Wales, Australia	100.00
Build segment	
123erfasst.de GmbH, Lohne, Germany	100.00
Bluebeam AB, Kista, Sweden	100.00
Bluebeam GmbH, Munich, Germany*	100.00
Bluebeam, Inc., Pasadena, California, United States**	100.00
Bluebeam Limited UK, Ltd., London, Great Britain	100.00
Bluebeam Australia Pty Ltd, Sydney, Australia	100.00
NEVARIS Bausoftware GmbH, Bremen, Germany*	100.00
NEVARIS Bausoftware GmbH, Elixhausen, Austria	100.00
Manage segment	
Crem Solutions GmbH & Co. KG, Ratingen, Germany*	100.00
Crem Solutions Verwaltungs GmbH, Munich, Germany	100.00
Dexma Sensors S.L., Barcelona, Spain	100.00
dRofus AB, Stockholm, Sweden	100.00
dRofus AS, Oslo, Norway	100.00
dRofus, Inc., Lincoln, Nebraska, United States	100.00
dRofus Pty Ltd, North Sydney, Australia	100.00
FASEAS NV, Antwerp, Belgium	100.00
MCS Americas Single Member LLC, New York City, New York, United States	100.00
MCS NV, Antwerp, Belgium	100.00
myMCS AB, Knivsta, Sweden	100.00
Nemetschek India Private Limited, Hyderabad, India	100.00
Spacewell International NV, Antwerp, Belgium	100.00
Spacewell Netherlands Holding B.V., Arnhem, Netherlands	100.00
Spacewell Netherlands B.V., Arnhem, Netherlands	100.00
Media segment	
Maxon Computer Canada, Inc., Montreal, Québec, Canada	83.55
Maxon Computer GmbH, Bad Homburg v.d. Höhe, Germany	83.55
Maxon Computer, Inc., Thousand Oaks, California, United States	83.55
Maxon Computer Ltd., Cranfield, Bedfordshire, Great Britain	83.55
Maxon Computer Japan KK, Tokyo, Japan	83.55
Other	
Nemetschek, Inc., Foothill Ranch, California, United States	100.00
Tech Company 1 Holding LLC, United States****	100.00
Tech Company 2 Holding GmbH & Co. KG, Germany****	100.00

* In the fiscal year 2023, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:

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

** In the fiscal year 2023 the following mergers were made:

- SCIA DACH GmbH was merged with FRILLO Software GmbH;
- Bluebeam Holding, Inc. was merged with Bluebeam, Inc.

*** In the fiscal year 2023 the following company name changes were made:

- Abvent SA, France was renamed into Graphisoft France SAS;
- Abvent SA, Switzerland was renamed into Graphisoft Switzerland SA.

**** A contractual nondisclosure obligation prevents the Group to publish the name of the subsidiaries

[33] Bodies of the Company

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 (publicly listed), Montabaur, Germany

Dr. Gernot Strube, Businessman

Deputy Chairman

Year of birth 1965, Nationality: German

First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:

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

Iris M. Helke, Auditor in own practice

Year of birth 1970, Nationality: German

First appointed as of July 1, 2023

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany,
Chairperson of the Audit Committee

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
- » 1 & 1 AG (publicly listed), Maintal, Germany
(as of May 16, 2023)

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

Patricia Geibel-Conrad, Auditor/Tax Consultant

in own practice

Deputy Chairwoman (until June 30, 2023)

Year of birth 1962, Nationality: German

First appointed 2022

Member of the following Supervisory Boards:

- » Nemetschek SE (publicly listed), Munich, Germany,
Chairwoman of the Audit Committee (until June 30, 2023)
- » DEUTZ AG (publicly listed), Cologne, Germany
Chairwoman of the Audit Committee
- » CEWE Stiftung & Co. KGaA (publicly listed), Oldenburg,
Germany, Chairwoman of the Audit Committee

Prof. Georg Nemetschek, Businessman

Honorary Chairman of the Supervisory Board

Year of birth 1934, Nationality: German

First appointed 2001

Committees of the Supervisory Board

Audit Committee

Iris M. Helke, Chairwoman (as of July 28, 2023)

Kurt Dobitsch

Dr. Gernot Strube

Patricia Geibel-Conrad, Chairwoman (until June 30, 2023)

Executive Board

Yves Padrines

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

Member of Advisory Boards of affiliated companies:

- » Maxon Computer GmbH, Germany

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
(until June 30, 2023)
Born in 1967, Nationality: Hungarian

Member of Supervisory Boards of affiliated companies:

- » Graphisoft SE, Hungary (until June 19, 2023)
- » RISA Tech. Inc., USA (until June 30, 2023)
- » SCIA Group International NV, Belgium (until June 30, 2023)
- » SCIA NV, Belgium (until June 30, 2023)
- » Solibri Oy, Finland (until June 21, 2023)
- » Vectorworks, Inc., USA (until June 30, 2023)

Jon Elliott

(Master in Business Administration, MBA)
Chief Division Officer, Build & Construct Division
(until September 5, 2023)
Born in 1976, Nationality: US American

Further group-internal mandate (until September 5, 2023) :

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

Member of Supervisory Boards of affiliated companies
(until September 5, 2023):

- » Nemetschek Inc., USA

Munich, March 15, 2024

Nemetschek SE

Yves Padrines

Louise Öfverström